

Q408

DEEP SEA SUPPLY PLC

31st of December 2008

Short version



SOME IMPORTANT MILESTONES

Deep Sea Supply is an offshore supply company with a modern fleet of anchor handling tug and supply vessels (AHTS) and platform supply vessels (PSV). The parent company is based in Cyprus with management companies in Cyprus, Singapore and Norway. Deep Sea Supply Plc (DESSC) is listed on Oslo Stock Exchange.

The company's focus is on the following main strategic areas;

- Chartering
- Business development
- Finance / Investor relations
- Monitoring of external suppliers

Technical and crew management of all vessels are outsourced to external companies.

July 2005

Purchase of 6 AHTS vessels (15,000 BHP/ 1998-99 built) and a private placement of NOK 420 mill (NOK 10,00 per share).

September 2005

Listed on Oslo Stock Exchange – IPO of NOK 35 mill (NOK 11,50 per share).

January 2006

NOK200 mill. Bond issued to Norwegian institutional investors.

April 2006

Purchase of 22 newbuilding contracts from Sea-tankers Management and a private placement of NOK 1,150 mill (NOK 13,60 per share). Hemen Holding became the largest shareholder; approximately 23,5% (increased during 2006 to 34,3%).

July 2006

Sale of 3 AHTS (6,500 BHP) newbuilding contracts entered into with ABG Shipyard.

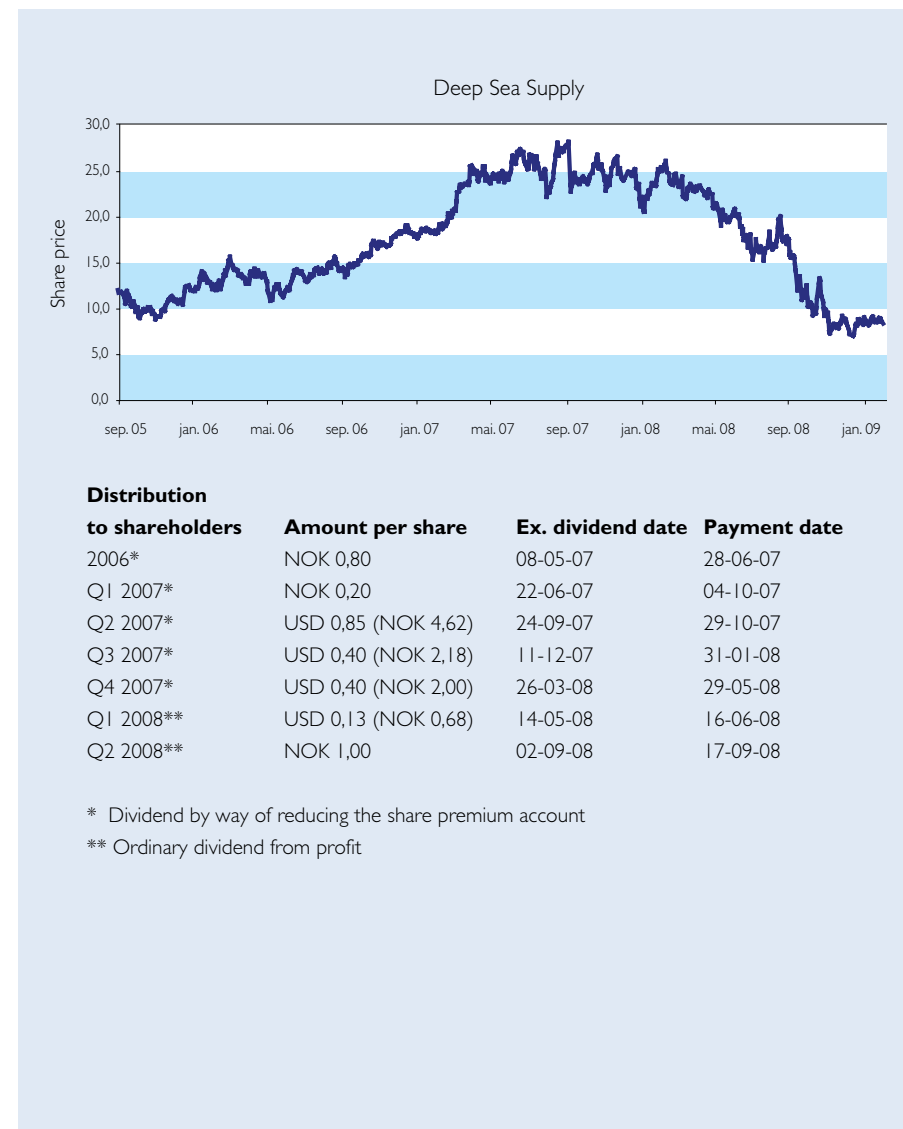
Purchase of a newbuilding contract for an AHTS vessel (17,520 BHP - tbn Sea Lion) with delivery September 2008 at Havyard (Norway).

August 2006

Purchase of a 1999-built AHTS vessel (15,000 BHP) from Bourbon Offshore (renamed Sea Cougar).

December 2006

The Company changed its domicile from Norway to Cyprus.



**January 2007**

Delivery of Sea Trout, the first PSV from Cochin Shipyard in India.

February 2007

Delivery of Sea Cheetah, the first AHTS vessel (15,000 BHP) from Jaya Shipbuilding & Engineering in Singapore.

March 2007

Deeep Sea Supply bareboat chartered an AHTS-vessel, Sea Ocelot (10,800 BHP), with delivery from Jaya in September 2007 with purchase option after 1 year.

April 2007

Delivery of Sea Halibut, the second PSV from Cochin.

May 2007

Sea Angler and Sea Pike enters 3 + 1 years time charter with ENI Congo commencing in 3rd quarter.

July 2007

Delivery of Sea Angler, the third PSV from Cochin.

Delivery of Sea Jaguar, the second AHTS vessel (15,000 BHP) from Jaya.

August 2007

Delivery of Sea Otter, the first AHTS vessel (6,500 BHP) from ABG Shipyard in India.

Sale and leaseback transaction entered into with Ship Finance International Limited ("SFI") for Sea Cheetah, Sea Jaguar, Sea Trout, Sea Halibut and Sea Pike.

Gross sales proceeds are \$198,5 mill. (net \$181 mill.). The transaction improves the Company's cash position with \$96 mill. after repayment of existing debt. 12 years term with several purchase options.

September 2007

The Company acquired three newbuilding contracts; One PSV (VS470 MKII) built in Norway with expected delivery in May 2008, and two AHTS-vessels (12,000 BHP) built at Jaya with expected deliveries in December 2008 and March 2009.

October 2007

Delivery of Sea Ocelot, the third AHTS vessel (10,800 BHP) from Jaya.

Delivery of Sea Pike, the fourth PSV from Cochin.

January 2008

Second sale and leaseback transaction with SFI for Sea Leopard and Sea Bear. Gross sales proceeds are \$126 mill. (net \$104 mill.). The transaction improves the Company's cash position with \$63 mill. 12 years term with several purchase options.

Sale of Sea Trout, the first PSV delivered from Cochin. Sales price \$36,5 mill.

Delivery of Sea Bass, the fifth PSV from Cochin. 2 years t/c entered into with Melittah Gas (ENI) Libya for Sea Bass and Sea Cheetah.

April 2008

Delivery of Sea Pollock, the sixth PSV from Cochin.

May 2008

Sale of Sea Wolverine, the second AHTS from ABG, following delivery. Sales price \$21,9 mill.

4 years time charters from August 2008 entered into with Exxon Exploration Inc for Sea Pollock and Sea Turbot.

June 2008

Refinancing the Senior Bank Loan by a USD240 mill. and NOK970 mill. Loan facility.

Delivery of "Sea Trout", a PSV design VS470 from Karmsund Maritime Services AS in Norway. The vessel is chartered to Petrofac for operations in North Sea.

1 year time charter with option for another 2 years entered into with ENI North Africa for the AHTS vessel "Sea Jaguar".

July 2008

Prepayment of the NOK200 mill. Bond Loan facility for the purposes of facilitating further growth and enhanced financial flexibility.

August 2008

Delivery of "Sea Turbot", the 7th PSV from Cochin.

September 2008

1 year bareboat charter contract entered into for the PSV "Sea Witch" with commencement from delivery of the vessel at Cochin Shipyard in December 2008.

October 2008

The Company obtained GBP 160,000 per day in the North Sea spot market for the vessel "Sea Tiger", the highest freight rates in the Company's history.

After finishing a 12 month bareboat charter that commenced directly upon delivery from Jaya Shipyard, the option to purchase "Sea Ocelot" was exercised.

November 2008

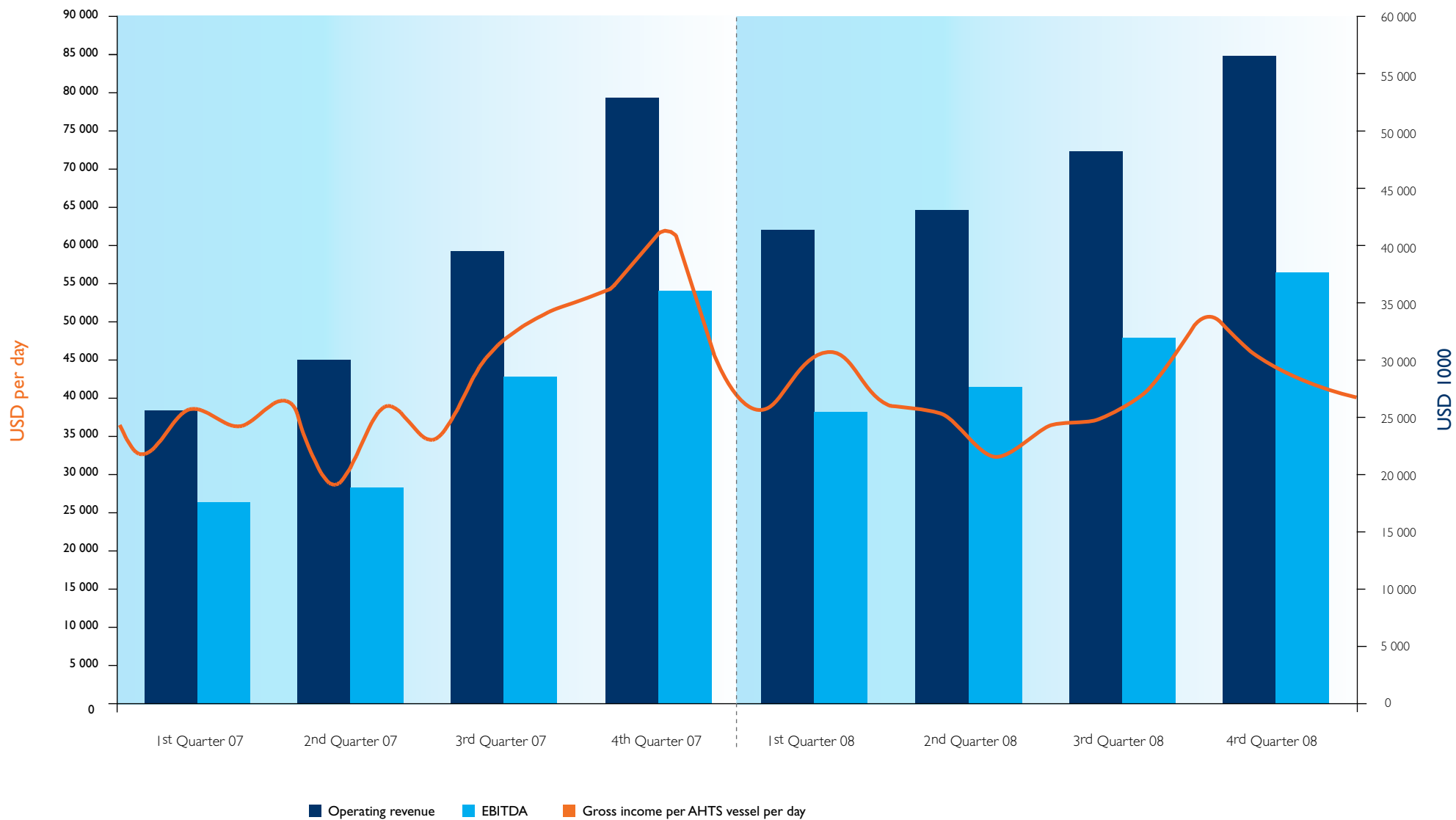
Delivery of "Sea Lion", a Havyard 842 design with 17,520 BHP, from Havyard Leirvik.

December 2008

Delivery of "Sea Witch", the 8th and last in a series of 8 newbuilding PSVs delivered to Deep Sea Supply from Cochin Shipyard.



QUARTERLY OPERATING REVENUE AND EBITDA



CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

Accounts prepared in accordance with IFRS



(Unaudited figures in USD 1,000)

	YTD 2008	YTD 2007	4Q 2008	4Q 2007
Operating revenue	190 405	146 660	56 366	53 365
Vessel operating expenses	-60 199	-40 176	-16 222	-14 789
Other operating expenses	-7 970	-5 952	-2 522	-2 449
Total operating costs	-68 168	-46 128	-18 743	-17 238
EBITDA	122 237	100 532	37 623	36 127
Depreciation	-30 277	-16 561	-8 633	-5 293
Other losses	-16 759	0	-12 593	0
Gain on sale	29 440	1 518	2 076	1 173
EBIT	104 641	85 489	18 473	32 008
Financial income	2 122	2 616	181	680
Financial expenses	-41 545	-19 878	-8 578	-6 777
Net currency items	-2 951	-4 535	3 562	545
Change in value of financial derivatives	-11 929	2 928	-4 515	-1 345
Net financial items	-54 303	-18 869	-9 350	-6 898
Pre-tax result	50 338	66 620	9 123	25 110
Taxes	3 110	-12 843	3 330	-12 843
Net result	53 448	53 776	12 452	12 267
Average number of shares	126 863 860	125 607 818	126 863 860	126 863 860
Earnings per share	0,42	0,43	0,10	0,10
Earnings per share diluted	0,42	0,42	0,10	0,10
Cash flow per share I)	0,86	0,64	0,27	0,25

I) Profit before taxes+depreciation-unrealized gain on currencies



CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

Accounts prepared in accordance with IFRS



(Unaudited figures in USD 1,000)

	31.12.2008	31.12.2007
Non-current assets		
Vessels	360 920	275 738
Vessels under sale and leaseback contracts	279 028	231 323
Drydocking cost	8 484	4 760
Drydocking cost under sale and leaseback	6 257	2 005
Construction contracts	31 735	83 871
Equipment	95	88
Total property, plant and equipment	686 520	597 785
Pension Schemes	0	103
CIRR deposit	44 799	0
Total non-current assets	731 319	597 888
Current assets		
Financial derivatives	0	2 074
Trade and other receivables	47 866	41 631
Other short term receivables	9 307	18 981
CIRR deposit - short term portion	4 144	0
Inventories	878	1 767
Financial assets at fair value through profit and loss	6 335	0
Cash and cash equivalents	33 799	31 396
Total current assets	102 330	95 849
Total assets	833 650	693 737



CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

Accounts prepared in accordance with IFRS



(Unaudited figures in USD 1,000)

	31.12.08	31.12.07
Shareholder equity		
Share capital	2 599	2 639
Share premium and reverse acquisition reserve	15 276	66 021
Other paid in capital	1 242	231
Treasury shares	-9 787	-9 787
Hedging reserve	-11 759	0
Retained earnings and currency translation	99 007	100 221
Total equity and minority interest	96 578	159 325
Liabilities		
Bank borrowings	266 998	179 012
Leasing debt	225 199	169 707
CIRR loan	44 799	0
Deferred gain on sale	90 752	56 087
Deferred gain on CIRR loan	1 426	0
Long term tax liability	5 336	11 565
Total long-term liabilities	634 511	416 371
Bank borrowings falling due within 1 year	23 724	13 453
Leasing debt falling due within 1 year	15 495	39 578
CIRR loan falling due within 1 year	4 144	0
Deferred gain falling due within 1 year	9 201	0
Deferred gain on CIRR loan falling due within 1 year	229	0
Current income tax liability	667	1 338
Financial derivatives	23 909	0
Other short-term liabilities	25 163	12 928
Pension Schemes	30	0
Dividend payable	0	50 746
Total short-term liabilities	102 561	118 041
Total liabilities	737 072	534 411
Total equity and liabilities	833 650	693 737



CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD 1,000)

	Share Capital	Reverse acquisition reserves	Share premium reserves	Treasury shares	Other paid-in -equity	Hedging Reserve	Retained earnings	Minority interest	Currency translation differences	Total
Balance at 1 January 2007	2 487	-123 386	349 753	0	496	0	37 380	17 472	0	284 202
Currency translation differences									9 065	9 065
Net income recognised directly in equity									9 065	9 065
Result for the year							53 776			53 776
Total income recognised for the year ended 31 December 2007							53 776		9 065	62 841
Issuance of new shares in January 2007 from mandatory offering	116		15 929					-17 472		-1 427
Issuance of new shares in August 2007 relating to exercise of share warrant agreement	36		3 644		-496					3 184
Value of share option scheme, issued in December 2007					231					231
Buy back of own shares				-9 787						-9 787
Payment of dividend			-179 919							-179 919
Balance at 31 December 2007	2 639	-123 386	189 407	-9 787	231	0	91 156	0	9 065	159 325
Balance at 1 January 2008	2 639	-123 386	189 407	-9 787	231		91 156	0	9 065	159 325
Currency translation differences									-15 259	-15 259
Net income recognised directly in equity									-15 259	-15 259
Result for the year							53 448			53 448
Total income recognised for the year ended 31 December 2008							53 448		-15 259	38 189
Cancellation of own shares (non traded)	-40									-40
Value of share option scheme, issued in December 2007					1 011					1 011
Fair value changes on items that qualify for hedge accounting						-11 759				-11 759
Payment of dividend			-50 746				-39 404			-90 150
Balance at 31 December 2008	2 599	-123 386	138 661	-9 787	1 242	-11 759	105 200	0	-6 194	96 578



CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT



<i>(Unaudited figures in USD 1,000)</i>	2008	2007
Cash flows from operating activities		
Cash generated from operations	123 343	79 642
Interest paid	-38 351	-12 799
Income tax paid	3 789	555
Net cash generated from operating activities	88 780	67 398
Cash flows from investing activities		
Acquisitions and disposals of vessels and construction contracts	-75 145	-159 329
Net cash used in investing activities	-75 145	-159 329
Cash flows from financing activities		
Payment of dividend to shareholders	-140 896	-125 898
Proceeds from borrowings	430 099	307 300
Repayments of borrowings	-300 435	-93 194
Cash flow from acquisition of own shares	0	-9 787
Cash flow from acquisition of shares in Deep Sea Supply ASA / Change in domicile	0	-6 539
Net cash used in financing activities	-11 232	71 882
Total changes in liquidity in the year	2 403	-20 049
Cash and cash equivalents at beginning of year	31 396	51 445
Exchange gains/loss	0	0
Cash and cash equivalents at end of the year	33 799	31 396

FUTURE CAPITAL EXPENDITURE NEWBUILDING CONTRACTS

<i>(Unaudited figures in USD 1,000)</i>	2009	2010	Total
Contractual yard payments	36 753	112 048	148 801
Committed bank borrowings from delivery	36 600	48 800	85 400

**Secondary Segment - Type of Vessel**

The segment results for the year ended 31 December 2008 is as follows:



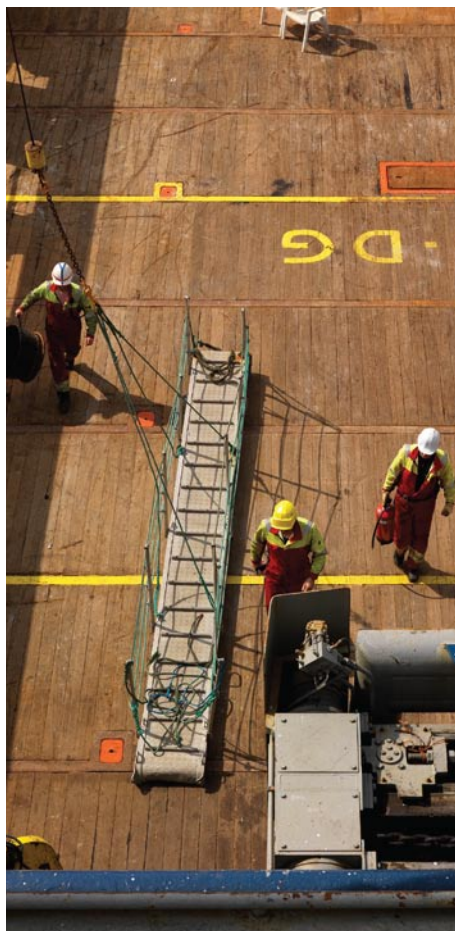
	AHTS	PSV	Un-allocated items	Total
Segment revenues	146 061	44 344	0	190 405
Vessel operating expenses	-46 907	-13 292	0	-60 199
Other operating expenses	-6 114	-1 856	0	-7 970
EBITDA per segment	93 040	29 196	0	122 237
Depreciation	-24 657	-5 574	-47	-30 277
Other gains/(losses)			-16 759	-16 759
Gain on sale	13 695	15 717	27	29 440
EBIT per segment	82 079	39 339	0	104 641
Net Financial Items				-54 303
Pre-tax result				50 338
Taxes				3 110
Net Result				53 448

The corresponding segment results for the year ended 31 December 2007 is as follows:

	AHTS	PSV	Un-allocated items	Total
Segment revenues	127 943	18 717	0	146 660
Vessel operating expenses	-35 552	-4 624	0	-40 176
Other operating expenses	-5 192	-760	0	-5 952
EBITDA per segment	87 199	13 333	0	100 532
Depreciation	-14 497	-2 064	0	-16 561
Other gains/(losses)	0	0	0	0
Gain on sale	914	604	0	1 518
EBIT per segment	73 616	11 873	0	85 489
Net Financial Items				-18 869
Pre-tax result				66 620
Taxes				-12 843
Net Result				53 776

SHAREHOLDERS

THE LARGEST SHAREHOLDERS AS PER 17 FEBRUARY 2009 REGISTERED IN VPS



	Citizen	No. of shares:	%
HEMEN HOLDING LIMITED	CYP	44 583 853	34,30 %
SVENSKA HANDELSBANKEN	SWE	4 725 415	3,64 %
SKANDINAVISKA ENSKILDA BANKEN	SWE	4 000 000	3,08 %
ORKLA ASA	NOR	3 779 000	2,91 %
J.P. MORGAN CHASE BANK	LUX	2 799 813	2,15 %
DNB NOR MARKETS	NOR	2 607 000	2,01 %
MLPF&S NORWEGIAN	USA	2 334 005	1,80 %
SEB ENSKILDA	NOR	2 235 000	1,72 %
CITIBANK	USA	1 809 792	1,39 %
DNB NOR SMB VPF	NOR	1 500 000	1,15 %
J.P. MORGAN CHASE BANK	LUX	1 240 804	0,95 %
STICHTING SHELL PENSIOENFONDS	NLD	1 136 000	0,87 %
TERRA SPAR VPF	NOR	1 030 000	0,79 %
CARNEGIE ASA	NOR	997 000	0,77 %
CITIBANK	USA	959 363	0,74 %
SEB LONDON	GBR	886 000	0,68 %
BANK OF NEW YORK	CAN	782 427	0,60 %
J.P. MORGAN CHASE BANK	GER	754 200	0,58 %
STATE STREET BANK	USA	674 000	0,52 %
CITIBANK	USA	665 000	0,51 %
Total 20 largest shareholders:		79 498 672	61,17 %
Total shares owned by Deep Sea Supply Plc		3 101 000	2,39 %
Total other shareholders:		47 365 189	36,44 %
Total number of shares:		129 964 861	100,00 %



FLEET LIST AS PER 17 FEBRUARY 2009



Existing Vessels	Yard	Built	Type	BHP/DWT
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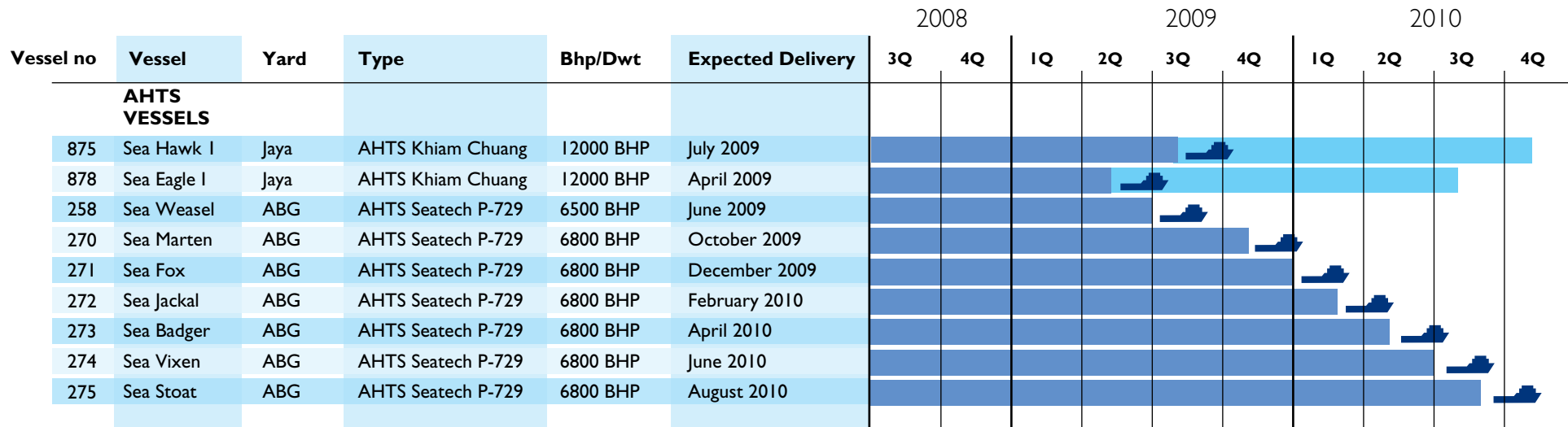
AHTS VESSELS


Sea Lion	Havyard Leirvik	04.11.08	AHTS Havyard 842	17520 BHP
Sea Tiger	Kværner Leirvik	1998	AHTS KMAR 404	15000 BHP
Sea Leopard	Kværner Kleven	1998	AHTS KMAR 404	15000 BHP
Sea Lynx	Kværner Leirvik	1999	AHTS KMAR 404	15000 BHP
Sea Panther	Kværner Leirvik	1999	AHTS KMAR 404	15000 BHP
Sea Wolf I	Kværner Leirvik	1999	AHTS KMAR 404	15000 BHP
Sea Bear	Kværner Kleven	1999	AHTS KMAR 404	15000 BHP
Sea Cougar	Kværner Leirvik	1999	AHTS KMAR 404	16000 BHP
Sea Cheetah	Jaya Shipbuilding	25.01.07	AHTS Khiam Chuang	15000 BHP
Sea Jaguar	Jaya Shipbuilding	06.07.07	AHTS Khiam Chuang	15000 BHP
Sea Ocelot	Jaya Shipbuilding	01.10.07	AHTS Khiam Chuang	10800 BHP
Sea Otter	ABG Shipyard Ltd	17.08.07	AHTS Seatech P-729	6500 BHP

PSVs

Sea Halibut	Cochin Shipyard Ltd	27.04.07	PSV UT 755 L	3250 DWT
Sea Angler	Cochin Shipyard Ltd	19.07.07	PSV UT 755 L	3250 DWT
Sea Pike	Cochin Shipyard Ltd	10.10.07	PSV UT 755 L	3250 DWT
Sea Bass	Cochin Shipyard Ltd	18.01.08	PSV UT 755 L	3250 DWT
Sea Pollock	Cochin Shipyard Ltd	30.04.08	PSV UT 755 L	3250 DWT
Sea Trout	Karmsund Maritime Services	18.06.08	VS 470 MK II	3300 DWT
Sea Turbot	Cochin Shipyard Ltd	20.08.08	PSV UT 755 L	3250 DWT
Sea Witch	Cochin Shipyard Ltd	17.12.08	PSV UT 755 L	3250 DWT

NEWBUILDING DELIVERY



 Deep Sea Supply Plc secured a purchase option at the end of the bareboat charter.





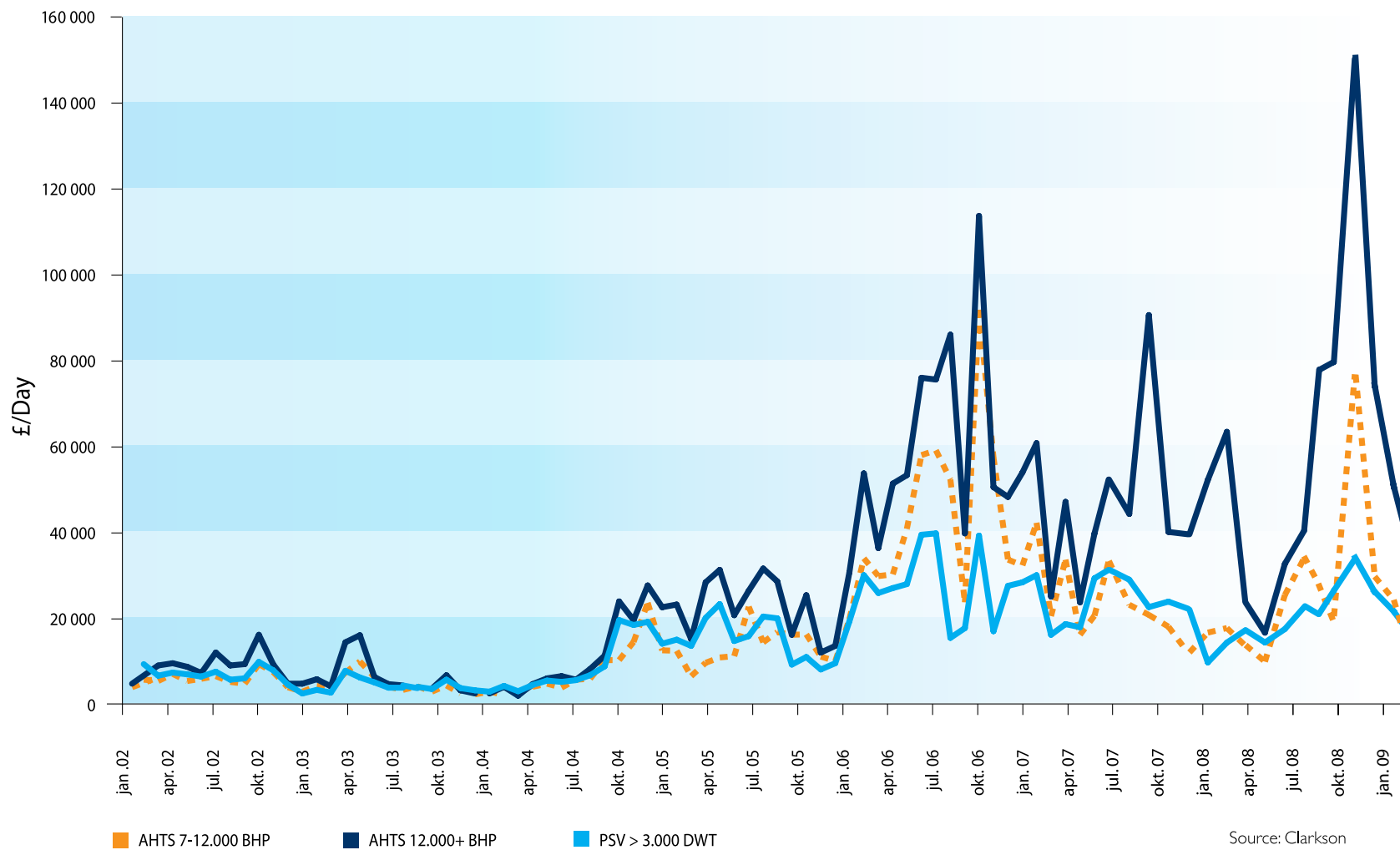
CHARTER STATUS

Firm: Option: Spot:

AHTS VESSELS		2008		2009				2010	2011	2012
		3Q	4Q	1Q	2Q	3Q	4Q			
Large	Sea Lion		North Sea							
Large	Sea Tiger	North Sea								
Large	Sea Lynx	North Sea	Saipem							
Large	Sea Panther	PetroCanada/T&T		Repsol/Mediterranean						
Large	Sea Leopard	VROON/Italy	Petronas/Mauritania		ENI/Brazil					
Large	Sea Bear		Total/Libya	Saipem						
Large	Sea Wolf I	PetroCanada/T&T	Petronas/Mauritania	Total/Libya						
Large	Sea Cougar		EDT Egypt							
Large	Sea Cheetah		Melittah Gas (ENI) Libya							
Large	Sea Jaguar		ENI/Libya							
Medium	Sea Ocelot	Nippon/Malaysia		ConocoPhillips/Indonesia		LOI				
Medium	Sea Eagle I					LOI				
Small	Sea Otter	Kangean	ConocoPhillips	BP Indonesia						
PSVs										
	Sea Trout	Petrofac/North Sea								
	Sea Halibut	Total Angola		ENI/Libya						
	Sea Angler	ENI/Congo								
	Sea Pike	ENI/Congo								
	Sea Bass		Melittah Gas (ENI) Libya							
	Sea Pollock			Exxon Exploration Inc/Indonesia						
	Sea Turbot		Murphy Oil/Indonesia	Exxon Exploration Inc/Indonesia						
	Sea Witch			OMS/Australia						

MONTHLY AVERAGE SPOT RATES NORTH SEA

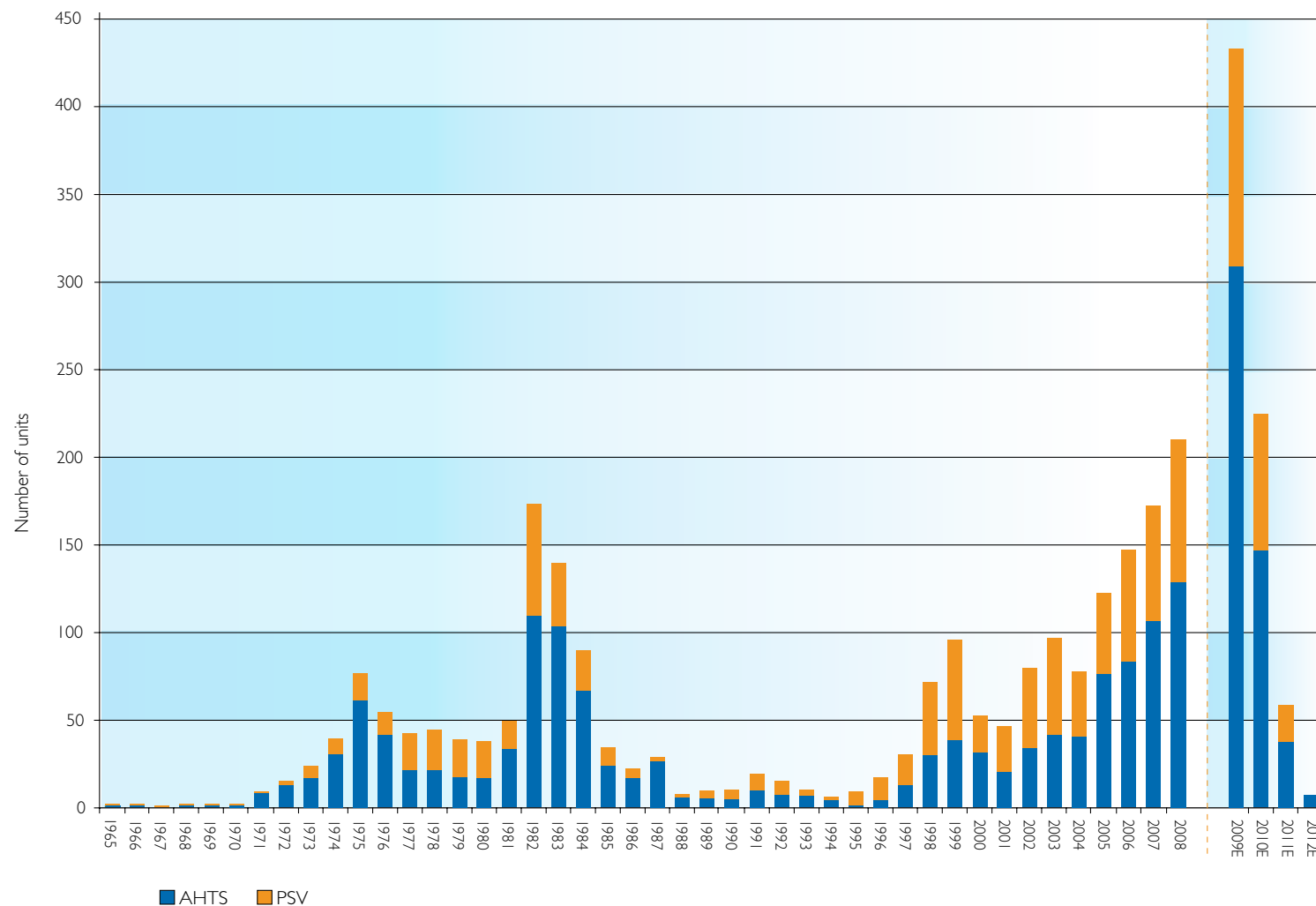
for ATHS and PSV



Source: Clarkson

Source: Clarkson

AGE DISTRIBUTION CURRENT FLEET AND ORDER BOOK



■ AHTS ■ PSV

AHTS
 Vessels > 20 years: 47,2 % of total fleet
 Vessels > 30 years: 32,7 % of total fleet

PSV
 Vessels > 20 years: 15,9 % of total fleet
 Vessels > 30 years: 10,8 % of total fleet

Source: ODS Petrodata

MARKET SUMMARY



Supply vessels	Total fleet	AHTS		PSV		
Existing fleet	2227		1325		902	
Orderbook	703	32 %	481	36 %	222	25 %
Average age	15,4		16,5		13,7	
Rig market	Total fleet	Semis/drillships		Jackups		
Existing fleet	630		214		416	
Orderbook	157	25 %	90	42 %	67	16 %
Average age	23,0		22,7		23,2	
Key drivers	P.t.	2011 E	Chg.	Chg. %		
Number of offshore rigs	630	779	149	24 %		
Number of FPSOs	126	190	64	51 %		
Number of other floating production installations	73	90	17	23 %		
World fleet AHTS / PSV vessels	2227	2919	692	31 %		

Source: ODS Petrodata





DEEP SEA SUPPLY Plc

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