Q409

Deep Sea Supply Plc

25th of February 2010

Complete version

DEEP SEA SUPPLY PLC – 4TH QUARTER AND YTD FINANCIAL REPORT 2009

Deep Sea Supply Plc (DESSC or Company) is an offshore supply company with a modern fleet operating world-wide. The fleet can be divided into two segments; Anchor Handling Tug Supply Vessels (AHTS) and Platform Supply Vessels (PSVs).

Summary: Weak market and hence reduced rates and commercial utilization resulting in a drop in revenues
2009 revenues were USD 167.6 mill. compared to USD 190.4 mill. for 2008 or a reduction of 11.9%. EBITDA was USD 111.7 mill. compared to USD 134.9 for the same period in 2008 or a reduction of 17.2%. The pre-tax profit for 2009 was USD 37.3 mill. compared to USD 50.3 mill. for the same period in 2008 or a reduction of 25.9%.

Earnings per share for 2009 were USD 0.36 compared to USD 0.42 for 2008.

Total revenues for 4Q09 were USD 30.3 mill. or a reduction of 46.3% compared to 4Q08 (USD 56.4 mill.). EBITDA in 4Q09 was USD 12.8 mill. compared to USD 24.1 mill. in 4Q08 or a reduction of 46.8%. The pre-tax profit for 4Q09 was negative (USD 4.7 mill.) compared to a positive USD 6.1 mill. in 4Q08.

After a High Court decision in Norway in February 2010, it was concluded that the transition rules from the old to the new tax system, were in breach of the constitution, paragraph 97. Following this decision, DESSC decided to reverse the provision made in 2007 and to recognize the tax already paid in 2008 and 2009 as a receivable in the balance sheet. One of the impacts on the results of 2009 is that the profit and loss has been impacted positively by USD 8.1 million, or USD 0.06 per share. This has been recognized in Quarter 4, 2009.

In 4Q09, Deep Sea Supply was established in Rio, Brazil and placed an order for one large Platform Supply Vessel of design STX PSV 09 CD at STX Offshore Brasil S.A. The vessel is expected to be delivered in Q1 2012. Brazil is a big market for Offshore Supply Vessels and is forecasted to grow considerably in the years to come. Constructing a newbuilding at a Brazilian shipyard provides access to the Brazilian market and an opportunity to grow the business in Brazil also for part of the existing fleet.

The AHTS vessel "Sea Weasel" was delivered from ABG Shipyard on 29 October and financed in accordance with the current loan agreements with the banks.

In order to enhance shareholders' value and eliminate treasury shares, the board of Directors will propose to the Annual General Meeting that Deep Sea Supply Plc's 3,101,000 own shares, constituting 2.4% of the total number of shares in the company, be redeemed and cancelled.

Earnings, rate levels and market conditions

The lower level of activity in the offshore sector combined with many deliveries of new offshore supply vessels have resulted in lower rates internationally and more commercial offhire in the offshore supply sector. The North Sea spot market was very weak in Q409.

<u>AHTS vessels</u>
In Q409 DESSC had 14 AHTS vessels in operation of which 4 have operated in the North Sea spot market and the remaining 10 in the international market. In addition, DESSC had 6 AHTS vessels on order/under construction.

Freight revenues
Total revenues from the AHTS vessels in 2009 reduced by 28% compared to 2008. The reduction was mainly due to (i) lower rates (especially in the North Sea spot market), (ii) lower commercial utilization and (iii) weaker currencies (Euro and GBP against USD). This impact was partly offset by the impact of new AHTS vessels and lower technical offhire.

<u>PSVs</u>
DESSC has 8 PSVs in operation worldwide committed of which 7 on long term charters. In addition, the Company placed an order for a new PSV in Brazil.

Freight revenues
Total revenues from the PSVs in 2009 increased by 38% compared to the same period in 2008. The increase was mainly due to revenues from new vessels.

Vessel operation and construction supervision:

<u>Reduced operating expenses:</u>
Vessel's operating expenses in 2009 were USD 66.1 mill. compared to USD 60.2 mill. in 2008. Adjusting for fleet growth, the operating expenses were reduced by 7%, a reduction of 9% for the AHTS vessels and an increase of 2% for the PSVs.

<u>Vessel operations:</u>
The Vessels Fleet of 22 vessels have been employed worldwide in Q409 and by end of the quarter, the Vessels operated in the following geographical areas;

North Sea	: 5 vessels
Mediterranean	: 7 vessels
West Africa	: 2 vessels
Asia and Australia	: 7 vessels
South America	: 1 vessel

Deep Sea Supply has chartering departments in Singapore and Norway responsible for the marketing and chartering of the vessels.

Of the 22 vessels, by end of 2009 16 vessels had Cyprus flag and 6 vessels had Norwegian flag. The NOR flagged vessels are primarily crewed with Norwegians and EU seafarers. The Cyprus' flagged vessels have full Filipino crew, a combination of Filipino crew and European Officers or a combination of Filipino and Indonesians.

Vessels under construction - Construction supervision:
Following the delivery of "Sea Weasel" in October 2009, DESSC has currently 6 vessels under construction at ABG Shipyard and in 2010, construction will commence at STX Offshore Brasil S.A. An external management company is responsible for the construction supervision and has a team located at the shipyard. This team is monitored by Fleet Managers employed with DESSC who regularly visit the shipyard.

Technical management of the Fleet
DESSC's vessels are managed by external ship management companies. Their performance is monitored by Fleet Managers employed with DESSC. DESSC considers it vital to do proactive maintenance and ensure the vessels are safe and in a technical good condition. At the same time, we have strong focus on reducing the operating expenses. This is done by imposing restrictions on the managers, by better planning and control and by selecting the right manager for the right vessel based on experience. This will be a continuous task.

Other items

Other gains:
The Company sold its shares in CH Offshore in 3Q09 at accumulated realized profits of USD 8.5 mill.

Gain on sales:
This consists mainly of gain on related to the sale of vessels to Ship Finance International in 2007 and 2008 where the gain on sale is recorded as revenue over a period of 12 years.

Other operating expenses:
These are general and administration expenses for the offices in Cyprus, Singapore, Brazil and Norway.

Depreciations:
All vessels are depreciated to zero when they are 30 years old.

Net financial items
Interest expenses are related to interest on the senior bank loan facility financing most of the Company's vessels and the interest portion of the bareboat paid to Ship Finance International regarding the vessels on sale and leaseback.

Net currency items
The main item was an unrealized revaluation of the Company's NOK Loan Facility due to a weaker USD/NOK exchange rate contributing negatively with USD 9.8 mill.

Change in value of financial derivatives
For hedging purposes, the Company has entered interest rate swaps. The market to market value of these developed positively in 2009. The value of the interest rate swaps is negative USD1.77 mill.

Tax
In 2007 the Company has recognized an amount (USD 8.1 mill.) as taxes payable following the transition rules from the old tax regime to the new tonnage tax system adopted by the Government.

After a High Court decision in Norway, made at 12th of February 2010, it was concluded with 6 votes in favour and 5 against that the transition rules were in breach of the constitution, paragraph 97.

Following this decision, The Company has decided to reverse the provision made in 2007 and to recognize the tax already paid in 2008 and 2009 as a receivable in the balance sheet.

The impact on the results of 2009 is:
The equity has improved by USD 8.1 million (NOK 46.6), liabilities has been reduced by USD 6.5 million (NOK 37.6) and assets have increased by USD 1.6 million (NOK 9.1), which corresponds to taxes already paid.

The profit and loss has been impacted positively by USD 8.1 million, or USD 0.06 per share. This has been recognized in Quarter 4, 2009.

Cash, cash flow and equity

The Company's cash balance by the end of 4Q09 was USD 31.6 mill. compared to USD 33.8 mill. by end of 2008. The cash generated from operating activities after interests paid were USD 89.7 mill., net cash from investing activities was - USD 61.0 mill. (acquisition of "Sea Eagle 1", "Sea Weasel", 1st instalment to STX Brasil Offshore S.A. and expenses related to special surveys), proceeds from borrowings related to "Sea Weasel" was USD 9.66 mill. , repayment of debt was USD 40.4 mill. and the reduction in cash hence USD 2.1 mill.

Total Equity by the end of the quarter was USD 162.2 mill. compared to USD 112.2 mill. by end of 2008.

Balance sheet

Trade and other receivables
Total receivables from customers were USD 22.5 mill. which is a significant reduction from USD 47.9 mill. by end of 2008 due to improved internal routines and lower revenues. Of the total receivables, 85% was less than 1 month old and 14% between 1 and 4 months old.

Impairment
Market values of vessels have dropped somewhat during the last months of 2009 and DESSC has tested all vessels for possible impairment. However, of the total DESSC fleet, only the four AHTS vessels which are leased from Ship Finance International are impaired. Total impairment from these four vessels is USD 33.4 mill. The impact on 2009 accounts is a reduction in the book value of the vessels and a reduction in deferred gain and no implications on the P&L. The onward effect on the P&L will be reduced gain on sale (approx. USD 3.4 mill. p.a.) and reduced depreciations (approx. USD 1.7 mill. p.a.).

CIRR Loans
During 2008 the Group applied for Commercial Interest Reference Rate (CIRR) loans from the Norwegian Export Credit Agency. The total loan amount was in NOK equivalent to USD 54.5 mill. The duration of the loans are 12 years and the cash proceeds from the loans have been deposited in a fixed deposit account with a Norwegian bank at a higher interest rate than that of the loans. The agreed period of the deposits is identical with the one of the loans. The loans and the interest thereof will be repaid from that account and the difference has been recognized as deferred gain and will be amortized over the period of the life of the loans.

Currencies of revenues and costs
Revenues are mainly in USD, Euro and GBP. Operating expenses are mainly in USD with the exception of NOK salaries on the NOR flagged vessels. Financial expenses are in USD and NOK.

Future outlook

The activity level amongst international oil companies is picking up somewhat, which is positive for the demand for offshore supply vessels. A significant number of new offshore supply vessels (and in particular AHTS) are expected to be delivered during the next months, but also a significant number of vessels have left the market. The first quarter is normally a slow quarter, and rate levels are expected to pick up somewhat during the year.

As the world economy picks up, the demand for oil is expected to increase and also the oil price. This is expected to increase exploration activity which again will increase the demand for AHTS and PSVs.

With respect to the North Sea, the spot market is expected to remain weak for some period. Internationally, we are more optimistic and see more tenders which can lead to more charter contracts at satisfactory levels. Also, the Company will benefit from strategic moves made in Brazil and other countries, and expect increased utilization of the fleet due to these recent initiatives.

Company's shareholders

As per the end of Q409, the Company's largest shareholder is Hemen Holding Limited with a shareholding of 34.30%.

Main risk factors and uncertainties

A number of the Company's vessels are in the spot market, on short or medium term charters and the earnings on these vessels are hence sensitive to changes in the charter rates and utilization. Reduced charter rate can result in a drain of the Company's cash. Currently the Company has 7 newbuildings under construction or on order from shipyards and the Company is hence exposed to delays in deliveries which may impact future revenues. Further delays may result in delivery beyond the banks' availability date for financing.

The Company is furthermore sensitive to changes in interest rates as part of its NOK and USD loans have floating interest. The current low rate levels in the offshore supply market can cause further reductions in value of vessels and as a consequence reduced financing of newbuildings and trigger the minimum value clauses on the loans. The financial turmoil may also change the number of delivered offshore supply vessels and rigs and floaters and hence affect the supply and demand situation for the offshore supply sector. The banking sector is recovering although still suffering following the international financial turmoil which still impacts negatively on the international shipping/offshore banks' ability to lend money.

Transaction between related parties

DESSC has entered into two sale and leaseback transactions with Ship Finance International Limited ("SFI") in 2007 and 2008. SFI's largest shareholder is Hemen Holding Ltd. who is also DESSC's largest shareholder. The sale and leaseback transactions are done on fully competitive terms.

Corporate Governance - Audit Committee

In accordance with new principles for good corporate governance, DESSC established in 2008 an Audit Committee.

Statement of the members of the board of Directors for the interim financial statements

In accordance with Article 10, sections (3) (c) and (7) of the Transparency Requirements (Securities for Trading on Regulated Market) Law of 2007 ("Law"), we the members of the Board of Directors of Deep Sea Supply Plc for the period of twelve months ended 31 December 2009 confirm that to the best of our knowledge:

a. The interim consolidated financial statements that are presented on pages 7 to 19:

(i) were prepared in accordance with the International Financial Reporting Standard 34 "Interim Financial Reporting" as adopted by the European Union, and in accordance with the provisions of Article 10, section (4) of the Law, and

(ii) give a true and fair view of the assets and liabilities, the financial position and the profit or losses of Deep Sea Supply Plc, and

b. The Directors' Report gives a fair review of the information required by Article 10, section (6) of the law.

Responsibility statement:

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 31 December 2009 have been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the Company's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

Limassol, 25 February 2010
The Board of Deep Sea Supply PLC

Svein Aaser
Chairman

Frixos Savvides

Kathrine Fredriksen

Anna Cecilie Holst

Bjørn Giaever

Deep Sea Supply (or the "Company") is an offshore supply company with a modern fleet of Anchor Handling Tug Supply vessels (AHTS) and Platform Supply Vessels (PSVs). The parent company is based in Cyprus and listed on Oslo Stock Exchange under the ticker "DESSC".

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

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

Deep Sea Supply's business model is to maintain an organization of qualified staff engaged in above activities.

The technical and crew management of the Fleet and construction supervision of the newbuilding program is outsourced to external professional management companies whose performance is closely monitored by the Company.

The Company's strategy is to become one of the world's leading offshore supply companies and to achieve this by being an active player and consolidator in this segment. The strategy is furthermore to be shareholder friendly with the aim of securing good return and dividend distributions to its shareholders. The Company practices an open investor relations strategy.

The Company has management companies in Cyprus, Singapore, Brazil and Norway with a total staff of 18 people.

The Company's main shareholder is Hemen Holding Ltd., owning 34,3% of the shares of the Company. The DESSC share has been the most liquid offshore supply stock on Oslo Stock Exchange.

Share price and total return* since IPO

Distribution to shareholders	Amount per share	Ex. dividend date	Payment date
2006*	NOK 0,80	08-05-07	28-06-07
Q1 2007*	NOK 0,20	22-06-07	04-10-07
Q2 2007*	USD 0,85 (NOK 4,62)	24-09-07	29-10-07
Q3 2007*	USD 0,40 (NOK 2,18)	11-12-07	31-01-08
Q4 2007*	USD 0,40 (NOK 2,00)	26-03-08	29-05-08
Q1 2008**	USD 0,13 (NOK 0,68)	14-05-08	16-06-08
Q2 2008**	NOK 1,00	02-09-08	17-09-08

* Dividend by way of reducing the share premium account
** Ordinary dividend from profit

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

(Unaudited figures in USD 1,000)	Note	YTD 2009	YTD 2008	4Q 2009	4Q 2008	3Q 2009
Operating revenue	**4**	**167 633**	**190 405**	**30 287**	**56 366**	**45 783**
Vessel operating expenses	4	-66 163	-60 199	-17 162	-16 222	-17 107
Other gains / (losses)		9 160	-16 759	406	-15 603	3 587
Gain on sale		8 765	29 440	2 271	2 076	2 303
Other operating expenses	4	-7 696	-7 971	-2 981	-2 522	-1 415
Total operating costs		**-55 933**	**-55 489**	**-17 467**	**-32 271**	**-12 632**
EBITDA		**111 700**	**134 916**	**12 820**	**24 095**	**33 151**
Depreciation	5	-36 369	-30 277	-9 115	-8 633	-9 308
EBIT		**75 332**	**104 639**	**3 704**	**15 462**	**23 843**
Financial income		665	2 122	157	181	211
Financial expenses		-30 012	-41 545	-7 877	-8 578	-6 901
Net currency items		-12 471	-2 951	-994	3 562	-4 695
Change in value of financial derivatives		3 752	-11 972	267	-4 515	296
Net financial items		**-38 066**	**-54 346**	**-8 447**	**-9 351**	**-11 089**
Pre-tax result		**37 266**	**50 293**	**-4 743**	**6 113**	**12 754**
Taxes	9	8 084	3 110	8 095	3 330	-3
Net result		**45 350**	**53 404**	**3 351**	**9 441**	**12 751**
Average number of shares		126 863 860	126 863 860	126 863 860	126 863 860	126 863 860
Earnings per share	8	0,36	0,42	0,03	0,07	0,10
Earnings per share diluted	8	0,35	0,42	0,03	0,07	0,10
Cash flow per share 1)		0,65	0,75	0,04	0,12	0,21

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

STATEMENT OF COMPREHENSIVE INCOME	2009	2008	Q4 09	Q4 08	Q3 09
Profit for the period	45 350	53 404	3 351	9 441	12 751
Other comprehensive income					
Currency translation differences	4 630	-15 258	-134	-27 546	2 361
Total comprehensive income for the period	**49 980**	**38 146**	**3 217**	**-18 105**	**15 112**

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

(Unaudited figures in USD 1,000)	**Note**	**31.12.09**	**31.12.08**
Non-current assets			
Vessels	5	412 342	369 404
Vessels under sale and leaseback contracts	5	236 197	285 285
Construction contracts	5	26 534	31 735
Equipment	5	65	95
Total property, plant and equipment		**675 138**	**686 520**
CIRR deposit		49 426	44 799
Total non-current assets		**724 564**	**731 319**
Current assets			
CIRR deposit - short term portion		5 038	4 144
Inventories		2 221	878
Trade and other receivables		22 483	47 866
Other short term receivables		6 349	6 172
Financial assets at fair value through profit and loss		0	6 335
Cash and cash equivalents		31 616	33 799
Total current assets		**67 707**	**99 195**
Total assets		**792 271**	**830 515**

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

(Unaudited figures in USD 1,000)	Note	31.12.09	31.12.08
Shareholder equity			
Share capital		2 599	2 599
Share premium and reverse acquisition reserve		16 207	16 203
Other paid in capital		1 720	1 242
Treasury shares		-9 787	-9 787
Retained earnings and currency translation		151 463	101 965
Total equity and minority interest		**162 202**	**112 221**
Liabilities			
Bank borrowings	6	260 698	266 998
Finance lease liability	6	210 901	225 199
CIRR loan	6	49 374	44 799
Deferred gain	7	53 057	92 178
Long term tax liability		0	5 336
Pension scheme		80	30
Total long-term liabilities		**574 110**	**634 541**
Trade and other payables		3 588	25 039
Current income tax liability		0	667
Bank borrowings falling due within 1 year	6	25 207	23 724
Finance lease liability falling due within 1 year	6	14 298	15 495
CIRR loan falling due within 1 year	6	5 038	4 144
Deferred gain falling due within 1 year	7	6 058	9 430
Financial derivatives		1 770	5 254
Total short-term liabilities		**55 959**	**83 752**
Total liabilities		**630 068**	**718 294**
Total equity and liabilities		**792 271**	**830 515**

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-equiy**	**Retained earnings**	**Currency translation differences**	**Total**
Balance at 1 January 2008	2 639	-123 386	190 334	-9 787	231	95 085	8 138	163 254
Currency translation differences							-15 258	-15 258
Cancellation of own shares (non traded)	-40							-40
Value of share option scheme					1 011			1 011
Result for the period						53 404		53 404
Payment of dividend			-50 746			-39 404		-90 150
Balance at 31 December 2008	**2 599**	**-123 386**	**139 588**	**-9 787**	**1 242**	**109 085**	**-7 120**	**112 221**
Balance at 1 January 2009	**2 599**	**-123 386**	**139 588**	**-9 787**	**1 242**	**109 085**	**-7 120**	**112 221**
Currency translation differences							4 630	4 630
Result for the period						45 350		45 350
Balance at 31 December 2009	**2 599**	**-123 386**	**139 588**	**-9 787**	**1 242**	**154 435**	**-2 490**	**162 202**

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

(Unaudited figures in USD 1,000)	**2009**	**2008**
Cash flows from operating activities		
Cash generated from operations	110 598	127 132
Interest paid	-20 911	-38 351
Net cash generated from operating activities	**89 687**	**88 780**
Cash flows from investing activities		
Acquisitions of vessels and construction contracts	-61 052	-133 756
Disposals of vessels and construction contracts	0	58 611
Net cash used in investing activities	**-61 052**	**-75 145**
Cash flows from financing activities		
Payment of dividend to shareholders	0	-140 896
Proceeds from borrowings	9 660	430 099
Repayments of borrowings	-40 478	-300 435
Net cash used in financing activities	**-30 818**	**-11 232**
Total changes in liquidity in the period/year	**-2 183**	**2 403**
Cash and cash equivalents at beginning of period/year	**33 799**	**31 396**
Cash and cash equivalents at end of the period/year	**31 616**	**33 799**

1. General information

Deep Sea Supply PLC ("the Company") and its subsidiaries', here after collectively ("the Group") principal activities are to engage and invest, directly or indirectly, by itself or through subsidiaries or part-owned companies, partnerships or other forms of entities, in the international offshore supply vessel business.

The Company was incorporated as a public limited liability company on 7 November 2006 in Cyprus in accordance with the provisions of the Companies Law, Cap. 113.

The Company was established for the purpose of acquiring all shares of Deep Sea Supply ASA.

The Company has its primary and only listing on the Oslo Stock Exchange.

These unaudited condensed consolidated financial statements have been approved for issue by the Board of Directors on 24 February 2010.

2. Basis of preparation

These condensed unaudited consolidated interim financial information for the year ended 31 December 2009 have been prepared in accordance with IFRS as adopted by the E.U. applicable to interim financial reporting, IAS 34 'Interim Financial Reporting' and the regulations of Oslo stock exchange. The interim financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2008, which have been prepared in accordance with IFRS as adopted by the European Union.

3. Summary of significant accounting policies

Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in those financial statements.

The accounting policy adopted by the Company in relation to the recognition of impairment on non financial assets is consistent to the one followed for the annual 2008 financial statements; however in Quarter 4, 2009 four of the Company's AHTS vessels that are held under a sale and finance leaseback arrangement had a carrying amount that exceeded their recoverable amount. The policy adopted by the Group is to recognize the impairment difference first within the unamortized part of the deferred gain for the same asset that is presented as liability and any excess is charged in the income statement.

Taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual earnings. At the date of approval of these financial statements a number of accounting standards were issued by the International Accounting Standards Board but were not yet effective. The effect of those standards is not expected to be material for the Group.

There has been no further impact on the measurement of the Group's assets and liabilities. Comparatives for 2008 have been restated.

4. Segment information

The chief operating decision maker for the Group is the top management in matters that concern the day to day running of the business and in matters concerning acquisition and disposals of vessels, the chief operating decision maker is the top management together with the board of directors.

Day to day running of the business includes decision on where the vessels should be located and duration of the contracts with the customers.

4. PRIMARY SEGMENT - AREA OF OPERATIONS

The segment results for the year ended 31 December 2009 is as follows:

	North Sea	Africa	Australia/ Far East	North/South America	Mediterranean	Unallocated items	Total
Segment revenues	20 822	15 893	45 295	8 535	77 089	0	**167 633**
Vessel operating expenses	-17 166	-5 574	-10 815	-3 180	-29 426	0	-66 163
Other gains/(losses)	0	0	0	0	0	9 160	9 160
Gain on sale	0	659	0	1 689	6 863	-447	8 765
Other operating expenses	-956	-730	-2 079	-392	-3 539	0	-7 696
EBITDA per segment	**2 700**	**10 248**	**32 401**	**6 653**	**50 988**	**8 713**	**111 700**
EBITDA margin per segment	**13 %**	**64 %**	**72 %**	**78 %**	**66 %**		**67 %**
Depreciation	-7 140	-1 967	-5 764	-3 077	-18 361	-60	-36 369
EBIT per segment	**-4 440**	**8 281**	**26 636**	**3 576**	**32 627**	**8 653**	**75 332**
EBIT margin per segment	**-21 %**	**52 %**	**59 %**	**42 %**	**42 %**		**45 %**
Net Financial Items							-38 066
Pre-tax result							**37 266**
Taxes							8 084
Net Result							**45 350**

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

	North Sea	Africa	Australia/ Far East	North/South America	Mediterranean	Unallocated items	Total
Segment revenues	33 832	35 349	34 274	25 512	61 438	0	**190 405**
Vessel operating expenses	-11 183	-9 643	-8 272	-9 179	-21 922	0	-60 199
Other gains/(losses)	0	0	0	0	0	-16 759	-16 759
Gain on sale	0	1 387	0	21 614	6 411	27	29 440
Other operating expenses	-1 416	-1 480	-1 435	-1 068	-2 572	0	-7 971
EBITDA per segment	**21 233**	**25 613**	**24 567**	**36 879**	**43 355**	**-16 732**	**134 916**
EBITDA margin per segment	**63 %**	**72 %**	**72 %**	**145 %**	**71 %**		**71 %**
Depreciation	-4 455	-3 096	-4 240	-3 738	-14 703	-46	-30 277
EBIT per segment	**16 778**	**23 904**	**20 327**	**54 755**	**35 063**	**-16 751**	**104 641**
EBIT margin per segment	**50 %**	**68 %**	**59 %**	**215 %**	**57 %**		**55 %**
Net Financial Items							-54 346
Pre-tax result							**50 294**
Taxes							3 110
Net Result							**53 404**

SECONDARY SEGMENT - TYPE OF VESSEL

The segment results for the year ended 31 December 2009 is as follows:	AHTS	PSV	Un-allocated items	Total
Segment revenues	**105 971**	**61 662**	**0**	**167 633**
Vessel operating expenses	-48 502	-17 659	0	-66 163
Other gains/(losses)	0	0	9 160	9 160
Gain on sale	7 828	937	0	8 765
Other operating expenses	-4 865	-2 831	0	-7 696
EBITDA per segment	**60 432**	**42 110**	**9 160**	**111 700**
EBITDA margin per segment	**57 %**	**68 %**		**67 %**
Depreciation	-28 704	-7 603	-61	-36 369
EBIT per segment	**39 556**	**34 507**	**9 160**	**75 332**
EBIT margin per segment	**37 %**	**56 %**		**45 %**
Net Financial Items				-38 066
Pre-tax result				**37 266**
Taxes				8 084
Net Result				**45 350**

The corresponding segment results for the year ended 31 December 2008 is as follows:				
Segment revenues	**146 061**	**44 344**	**0**	**190 405**
Vessel operating expenses	-46 907	-13 292	0	-60 199
Other gains/(losses)	0	0	-16 759	-16 759
Gain on sale	13 695	15 717	27	29 440
Other operating expenses	-6 114	-1 856	0	-7 971
EBITDA per segment	**106 735**	**44 913**	**-16 732**	**134 916**
EBITDA margin per segment	**73 %**	**101 %**		**71 %**
Depreciation	-24 657	-5 574	-47	-30 277
EBIT per segment	**82 078**	**39 339**	**-16 779**	**104 639**
EBIT margin per segment	**56 %**	**89 %**		**55 %**
Net Financial Items				-54 346
Pre-tax result				**50 293**
Taxes				3 110
Net Result				**53 404**

	Vessels	Finance lease vessels	Vessels in progress	Vehicles & equipment	Total
Opening net book value as at 1 January 2008	**280 498**	**233 328**	**83 871**	**89**	**597 785**
Additions	17 733	0	77 753	54	**95 540**
Vessels leased	-28 451	89 500	0	0	**61 049**
Disposals	0	-21 847	-15 731	0	**-37 578**
Delivered new buildings	114 158	0	-114 158	0	**0**
Depreciation and amortisation	-14 534	-15 696	0	-47	**-30 277**
Closing net book value as at 31 December 2008	**369 404**	**285 285**	**31 735**	**95**	**686 520**
Opening net book value as at 1 January 2009	**369 404**	**285 285**	**31 735**	**95**	**686 520**
Additions	53 266	-345	8 910	44	**61 875**
Currency effect translations	0	0	0	0	**0**
Disposals	0	0	0	-14	**-14**
Vessel impairment	0	-33 426	0	0	**-33 426**
Cancellation of new buildings	0	0	-3 448	0	**-3 448**
Delivered new buildings	10 664	0	-10 664	0	**0**
Depreciation and amortisation	-20 991	-15 317	0	-60	**-36 368**
Closing net book value as at 31 December 2009	**412 342**	**236 197**	**26 534**	**65**	**675 139**

FUTURE CAPITAL EXPENDITURE NEWBUILDING CONTRACTS**

(Unaudited figures in USD 1,000)	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Total
Contractual yard payments	0	12 000	24 000	36 000	72 000
Maximum committed bank borrowings*	0	12 200	0	0	12 200

* Based on current market values of the vessels, the total available bank commitment is USD 9.66 mill.

** Does not include the newbuilding in Brazil.

6. BORROWINGS AND LOANS

Borrowings	31 December 2009	31 December 2008
Non-current	260 698	266 998
Current	25 207	23 724
	285 905	**290 722**
Sale and leaseback and bareboat		
Non-current	210 901	225 199
Current	14 298	15 495
	225 199	**240 694**
CIRR Loan		
Non-Current	49 374	44 799
Current	5 038	4 144
	54 412	**48 943**
Total Borrowings	**565 515**	**580 359**

Movement in borrowings are analysed as follows:

Year ended 31 December 2008	Borrowings	Sale and leaseback	CIRR Loan	Total
Opening balance as at 1 January 2008	**192 465**	**209 285**	**0**	**401 750**
Loan drawn on new vessels	326 099	104 000	49 729	479 828
5% Premium on early call of the bond	2 713			2 713
Repayment of loans	-215 416	-72 591	-787	-288 794
New borrowing costs	-3 721			-3 721
Amortization of borrowing costs	892			892
Currency translations	-12 310			-12 310
Closing amount as at 31 December 2008	**290 722**	**240 694**	**48 943**	**580 359**

Year ended 31 December 2009	Borrowings	Sale and leaseback	CIRR Loan	Total
Opening balance as at 1 January 2009	**290 722**	**240 694**	**48 943**	**580 359**
Loan drawn on new vessels	9 660	0	0	9 660
Repayment of loans	-25 002	-15 495	-5 038	-45 535
Currency translations	9 584		10 502	20 086
Amortization of borrowing costs	940		5	945
Closing amount as at 31 December 2009	**285 905**	**225 199**	**54 412**	**565 515**

7. DEFERRED GAIN

	2009	2008
Opening balance at the beginning of the year	101 608	56 087
Additions due to new vessels leased	0	54 736
Amortized during the year	-9 067	-9 215
Vessel impairment effect	-33 426	0
Closing balance at year end	**59 115**	**101 608**

The opening and closing balances pertain to both current and non current balances.

8. EARNINGS PER SHARE

Basic	**2009**	**2008**	**Q4 09**	**Q4 08**	**Q3 09**
Profit attributable to equity holders of the company	44 312	53 404	2 313	9 441	12 751
Weighted average number of ordinary shares diluted (thousands)	126 863 860	126 863 860	126 863 860	126 863 860	126 863 860
Diluted earnings per share (USD per share)	0,35	**0,42**	**0,02**	**0,07**	**0,10**

Diluted	**2009**	**2008**	**Q4 09**	**Q4 08**	**Q3 09**
Profit attributable to equity holders of the company	44 312	53 404	2 313	9 441	12 751
Weighted average number of ordinary shares diluted (thousands)	128 592 187	126 863 860	128 592 187	126 863 860	128 592 187
Diluted earnings per share (USD per share)	**0,34**	**0,42**	**0,02**	**0,07**	**0,10**

9. TAXES

In 2007 the Company has recognised an amount (USD 8.1) as taxes payable following the transition rules from the old tax regime to the new tonnage tax system adopted by the Government.
After a High Court decision in Norway, made at 12th of February 2010, it was concluded with 6 votes in favor and 5 against that the transition rules were in breach of the constitution, paragraph 97.
Following this decision, The Company has decided to reverse the provision made in 2007 and to recognize the tax already paid in 2008 and 2009 as a receivable in the balance sheet.
The impact on the results of 2009 is:

The equity has improved by USD 8.1 million (NOK 46.6), liabilities has been reduced by USD 6.5 million (NOK 37.6) and assets have increased by USD 1.6 million (NOK 9.1), which corresponds to taxes already paid.

The profit and loss has been impacted positively by USD 8.1 million, or USD 0.06 per share. This has been recognized in Quarter 4, 2009.

10. SALE AND LEASEBACK EFFECT

The impact from the sale and leaseback transtactions on the profit and loss and balance sheet is as follows:

	2009	2008	
Interest paid	-17 887	-23 303	
Deferred gain recognised in profit and loss	9 212	9 215	
Depreciation charge of leased vessels	-15 317	-15 696	

11. SEASONALITY

Operating income and expenses are not subject to seasonable fluctuations other than changes in spot rates due to changes in the underlying market conditions.

12. EVENTS AFTER THE BALANCE SHEET DATE

No material events after the balance sheet date.

THE LARGEST SHAREHOLDERS AS PER 18 FEBRUARY 2010 REGISTERED IN VPS

	Citizen	No. of shares:	%
HEMEN HOLDING LIMITED	CYP	44 583 853	34,30 %
SKAGEN KON-TIKI	NOR	11 096 000	8,54 %
PERESTROIKA AS	NOR	4 805 000	3,70 %
ORKLA ASA	NOR	3 366 500	2,59 %
SVENSKA HANDELSBANKEN	NOR	3 091 415	2,38 %
STICHTING SHELL PENSIOENFONDS	GBR	1 442 746	1,11 %
MLPF&S NORWEGIAN	USA	1 366 506	1,05 %
TERRA SPAR	NOR	1 130 000	0,87 %
DNB NOR MARKETS	NOR	1 039 093	0,80 %
CARNEGIE ASA	NOR	1 000 000	0,77 %
HETI AS	NOR	900 000	0,69 %
CITIBANK N.A.	USA	825 181	0,63 %
LIVSFÖRSÄKRINGSAKTIEBOLAGET	GBR	780 500	0,60 %
J.P. MORGAN CHASE BANK	GBR	754 200	0,58 %
MP PENSJON	NOR	658 800	0,51 %
VPF NORDEA SMB	NOR	644 000	0,50 %
NORDNET BANK AB	SWE	598 086	0,46 %
NATIXIS BLEICHROEDER LLC	USA	589 086	0,45 %
J.P. MORGAN CHASE BANK	GBR	545 500	0,42 %
G STRAND EIENDOM AS	NOR	500 000	0,38 %
Total 20 largest shareholders:		**79 716 466**	**61,34 %**
Total shares owned by Deep Sea Supply Plc		**3 101 000**	**2,39 %**
Total other shareholders:		**47 147 395**	**36,28 %**
Total number of shares:		**129 964 861**	**100,00 %**

NEWBUILDING DELIVERY

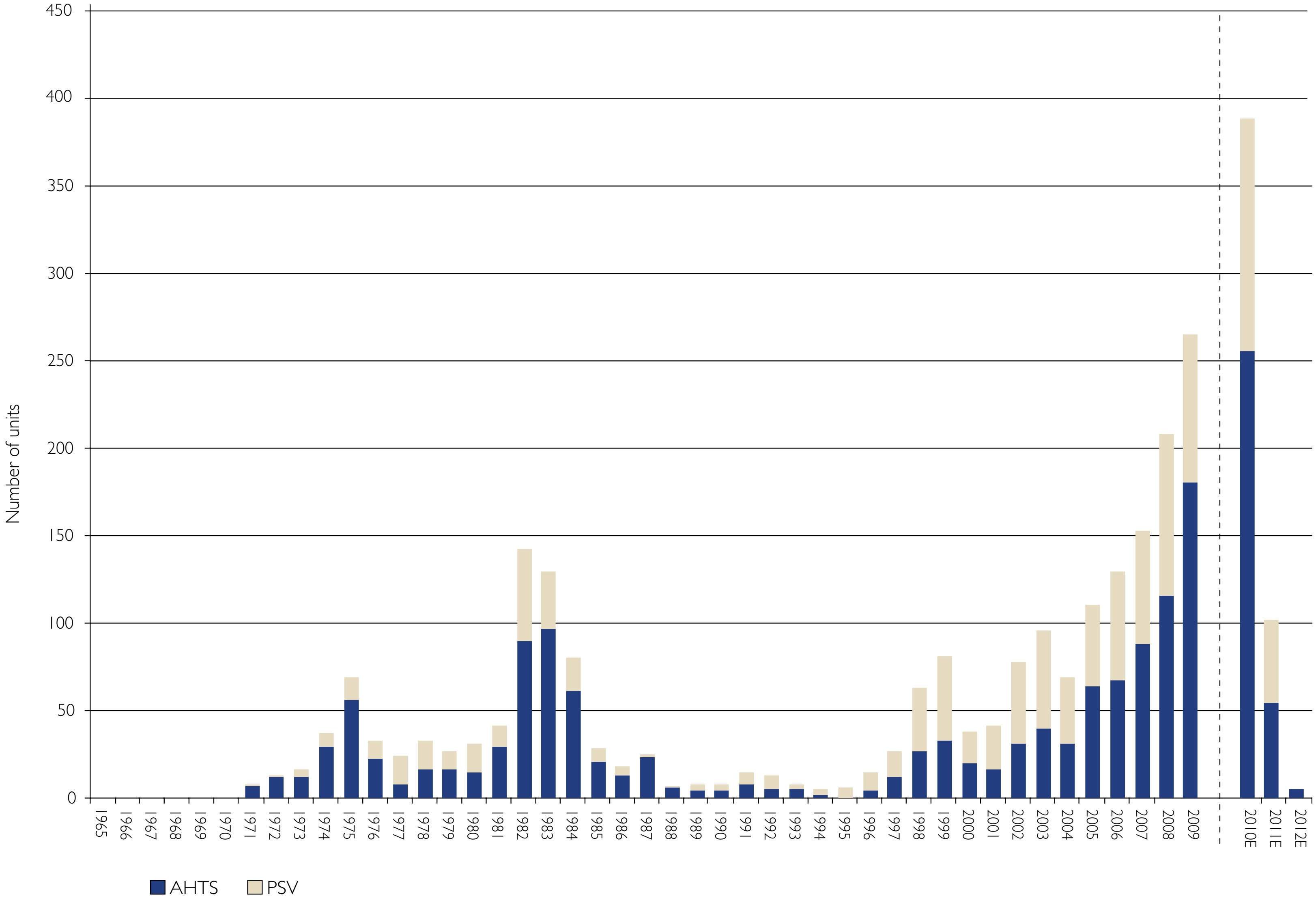
Vessel no	Vessel	Yard	Type	Bhp/Dwt	Expected Delivery
AHTS Vessels					
270	Sea Marten	ABG	AHTS Seatech P-729	6800 BHP	Apr 10
271	Sea Fox	ABG	AHTS Seatech P-729	6800 BHP	Aug 10
272	Sea Jackal	ABG	AHTS Seatech P-729	6800 BHP	Sep 10
273	Sea Badger	ABG	AHTS Seatech P-729	6800 BHP	Oct 10
274	Sea Vixen	ABG	AHTS Seatech P-729	6800 BHP	Nov 10
275	Sea Stoat	ABG	AHTS Seatech P-729	6800 BHP	Dec 10
PSV's					
28	TBN	STX Offshore Brazil S.A.	STX PSV 09 CD	4700 DWT	Jan 12

FLEET LIST & CHARTER STATUS AS PER 19 FEBRUARY 2010

Vessel	Type	Bhp/Dwt	Year built	2010 1Q	2010 2Q	2010 3Q	2010 4Q	2011	2012
AHTS Vessels									
Sea Lion	AHTS Havyard 842	17520 BHP	04.11.08	Egypt					
Sea Tiger	AHTS KMAR 404	15000 BHP	1998	North Sea					
Sea Lynx	AHTS KMAR 404	15000 BHP	1999	North Sea Tunis					
Sea Panther	AHTS KMAR 404	15000 BHP	1999	North Sea					
Sea Leopard	AHTS KMAR 404	15000 BHP	1998	Brazil Brazil					
Sea Bear	AHTS KMAR 404	15000 BHP	1999	North Sea Tunis					
Sea Wolf I	AHTS KMAR 404	15000 BHP	1999	West Africa					
Sea Cougar	AHTS KMAR 404	16000 BHP	1999	North Sea					
Sea Cheetah	AHTS Khiam Chuang	15000 BHP	25.01.07	Melittah Gas (ENI) Libya					
Sea Jaguar	AHTS Khiam Chuang	15000 BHP	06.07.07	Mediterranean					
Sea Eagle I	AHTS Khiam Chuang	12000 BHP	20.04.09	KNOC Korea					
Sea Ocelot	AHTS Khiam Chuang	10800 BHP	01.10.07	KNOC Korea					
Sea Otter	AHTS Seatech P-729	6500 BHP	17.08.07						
Sea Weasel	AHTS Seatech P-729	6500 BHP	29.10.09	Petronas Malaysia					
PSVs									
Sea Trout	VS 470 MK II	3300 DWT	18.06.08	Petrofac North Sea					
Sea Halibut	PSV UT 755 L	3250 DWT	27.04.07	Mediterranean					
Sea Angler	PSV UT 755 L	3250 DWT	19.07.07	ENI/Congo					
Sea Pike	PSV UT 755 L	3250 DWT	10.10.07	ENI/Congo					
Sea Bass	PSV UT 755 L	3250 DWT	18.01.08	Melittah Gas (ENI) Libya					
Sea Pollock	PSV UT 755 L	3250 DWT	30.04.08	Exxon Exploration Inc/Indonesia					
Sea Turbot	PSV UT 755 L	3250 DWT	20.08.08	Exxon Exploration Inc/Indonesia					
Sea Witch	PSV UT 755 L	3250 DWT	17.12.08	ENI Indonesia					

Firm: **Option:** **Spot:**

AGE DISTRIBUTION CURRENT FLEET AND ORDER BOOK



AHTS		PSV	
Vessels > 20 years:	41,0 % of total fleet	Vessels > 20 years:	25,5 % of total fleet
Vessels > 30 years:	12,5 % of total fleet	Vessels > 30 years:	8,2 % of total fleet

Source: ODS Petrodata

Supply vessels	Total fleet		AHTS		PSV	
Existing fleet	**2218**		**1301**		**917**	
Orderbook	503	23 %	306	24 %	197	21 %
Average age	14,0		15,2		12,5	

Rig market	Total fleet		Semis/drillships		Jackups	
Existing fleet	**696**		**237**		**459**	
Orderbook	130	19 %	73	31 %	57	12 %

Source: ODS Petrodata

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