SOLSTAD OFFSHORE ASA

- a flexible and reliable partner

Annual Report 2009

www.solstad.no

Company philosophy

Our vision is to conduct profitable, integrated shipping operations with high specification vessels using both our own vessels and chartered vessels. The company's core business shall be petroleum-related operations.

Index

For electronic annual report:
www.solstad.no

Financial calendar 2010

Annual report 2009: 19. March 2010

Result 1st quarter 2010/Ordinary General Meeting: 07. May 2010

Result 2nd quarter 2010: 30. August 2010

Result 3rd quarter 2010: 08. November 2010

Preliminary result 2010: ultimo February 2011

Briefly about our business

Solstad Rederi AS was established in 1964 by Captain Johannes Solstad. The Company's head office and home port are still located in Skudesneshavn, Norway.
During the Company's first ten years of operation it acquired and operated 14 dry cargo vessels (liner type) and also took delivery of three new build semi-container vessels. The size of these vessels varied from 8,000 DW to 14,000 DW.

The Company's offshore activities began in 1973, when it ordered four supply vessels from a Dutch shipyard and by 1976 the Company operated 9 supply vessels of various types. Most of them were jointly owned with other Haugesund-based shipping companies and all were built at the same Dutch shipyard, Pattje.

From 1974 to 1982, the Company owned and operated a combined fleet of both offshore and dry cargo vessels and had several new builds on order. Two AHTS's and three AHT's were built in New Foundland and four semi-container vessels were built in Rostock in East Germany. However, the last dry cargo vessel was sold in 1982 and for the next eight years Solstad Rederi AS only operated offshore supply vessels.

In October 1997, the Company was listed on the Oslo Stock Exchange under the name of Solstad Offshore ASA. Solstad Shipping AS is wholly owned by Solstad Offshore ASA and is responsible for management and marketing.

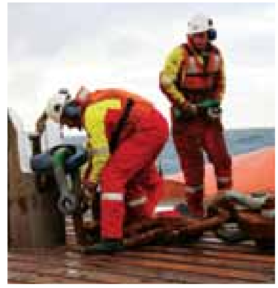
At the end of the year, the fleet consisted of 50 wholly owned, jointly owned and leased vessels including 6 new builds (5 in Norway and 1 through Nor Offshore Ltd in Singapore).

Our vessels currently operate world-wide and approximately half our fleet are operating outside the North Sea.

Solstad Offshore ASA has around 1.200 employees including around 880 Norwegian seafarers. In addition to its head office in Skudesneshavn, Solstad has branch offices in Aberdeen, Singapore and Brazil.

Solstad in Skudeneshavn

Our crews and vessels sail on all seas. Solstad's head office is located in charming Skudeneshavn on the Norwegian west coast. The offices were completed in the autumn of 2006. We are fortunate to be so close to the sea and the forces of nature. It was in Skudeneshavn our shipping business was established - and we are still here.



TRIPLEX

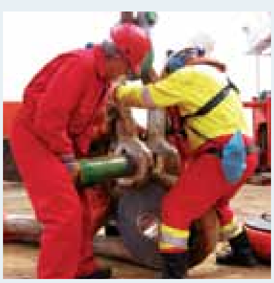
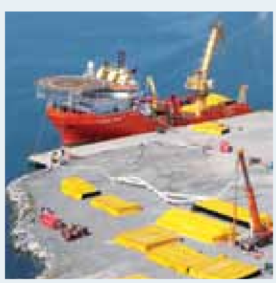
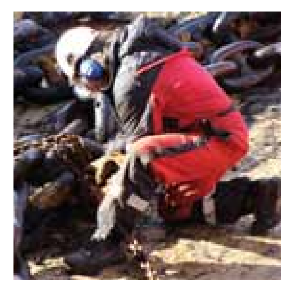


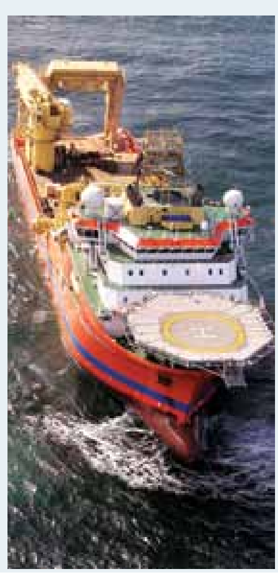


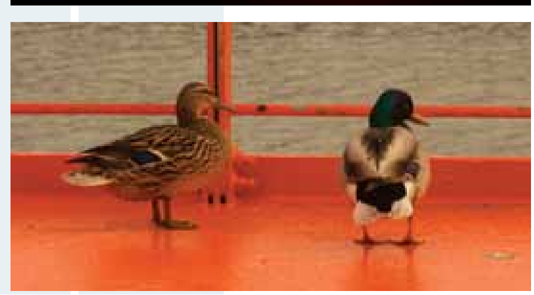


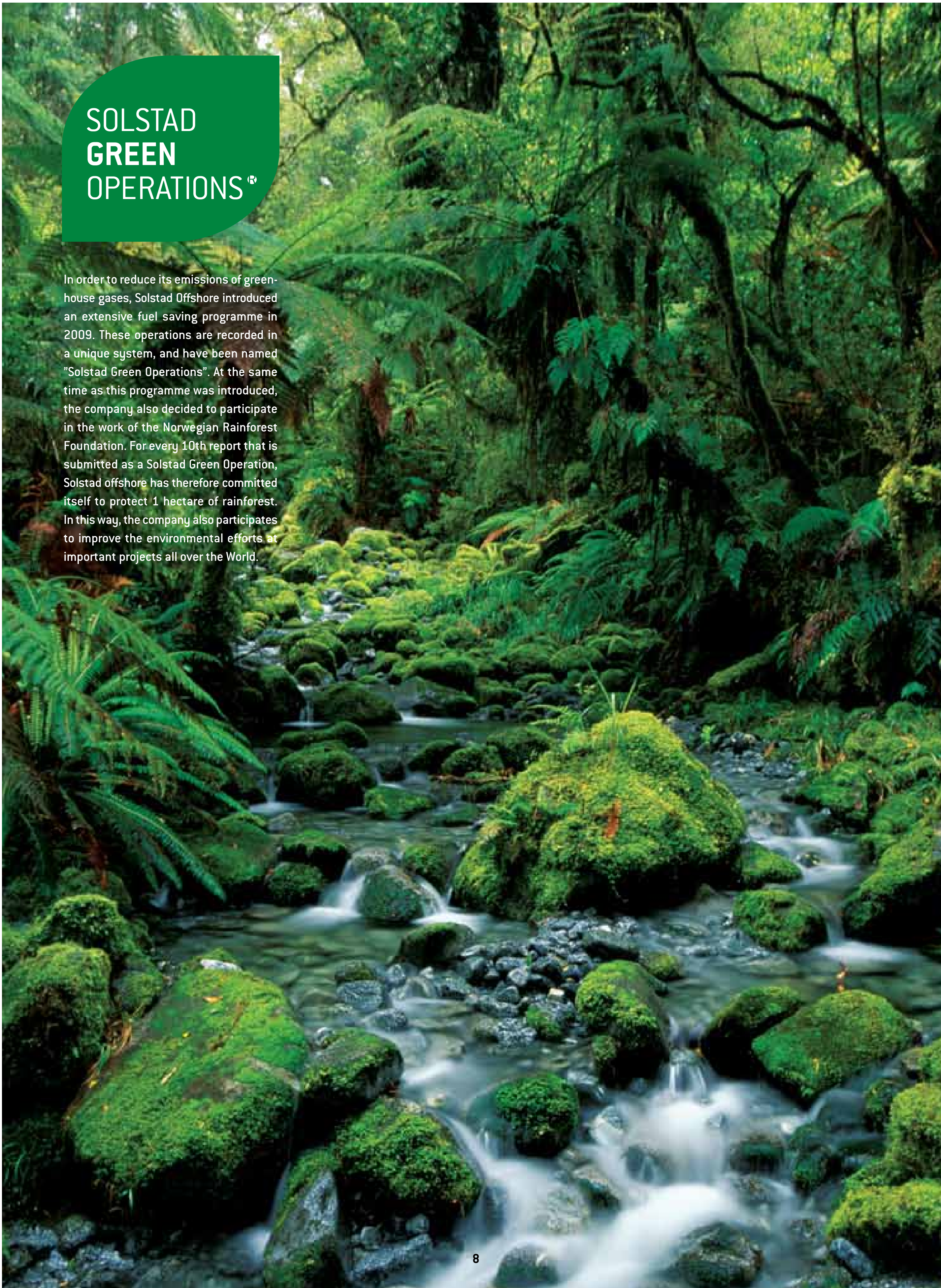








SOLSTAD **GREEN** OPERATIONS®

In order to reduce its emissions of greenhouse gases, Solstad Offshore introduced an extensive fuel saving programme in 2009. These operations are recorded in a unique system, and have been named "Solstad Green Operations". At the same time as this programme was introduced, the company also decided to participate in the work of the Norwegian Rainforest Foundation. For every 10th report that is submitted as a Solstad Green Operation, Solstad offshore has therefore committed itself to protect 1 hectare of rainforest. In this way, the company also participates to improve the environmental efforts at important projects all over the World.

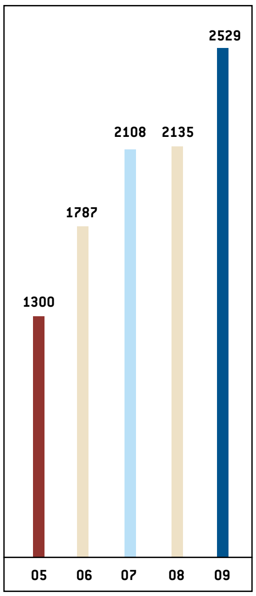
Company structure

PER. 31.12.2009

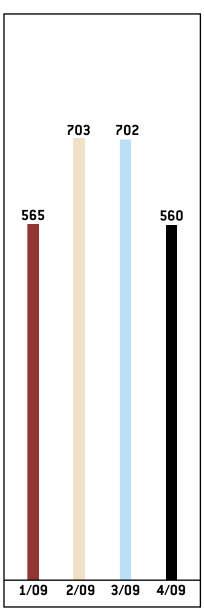
- SOLSTAD OFFSHORE ASA
  - NOR OFFSHORE LTD (50%)
    - NORCE OFFSHORE PTE LTD (100%)
  - SOLSTAD SHIPPING AS (100%)
  - SOLSTAD MANAGEMENT AS (100%)
  - SOLSTAD OFFSHORE UK LTD (100%)
    - SOLSTAD CABLE (UK) LTD (62,5%)
      - SOLSTAD CABLE HOLLAND LTD (62,5%)
      - SOLSTAD CABLE CUTTER LTD (62,5%)
      - SOLSTAD CABLE CLIPPER LTD (62,5%)
    - ADSI OFFSHORE UK LTD (100%)
    - SOLSTAD OFFSHORE SERVICE VESSEL UK LTD (100%)
      - PIONEER OFFSHORE LP (100%)
      - PROGRESS OFFSHORE LP (100%)
    - PIPRO (UK) LTD (100%)
      - PIONEER OFFSHORE LTD (100%)
      - PROGRESS OFFSHORE LTD (100%)
  - NORMAND DRIFT AS (100%)
  - SOLSTAD REDERI AS (100%)
    - TRYM TITAN AS (62,5%)
    - SOLSTAD REDERI II AS (99,96%)
      - SOLSHIP AS (100%)
  - ADSI INC (50%)
  - NISA INC (50%)
  - NORMAND SKARVEN AS/KS (72,1%)
  - SOLSTAD BRASIL AS (100%)
    - SOLSTAD OFFSHORE LTDA (100%)

Financial highligts

FREIGHT REVENUES OVER THE PAST FIVE YEARS (NOK mill)



FREIGHT REVENUES IN 2009 QUARTERLY (NOK mill)



PROFIT AND LOSS ACCOUNTS (NOK mill)	Ref	2009	2008	2007	2006	2005
Freight revenues		2 519	2 135	2 108	1 787	1 300
Other income / Gain on fixed assets		11	74	112	96	122
Operating result before depreciation/write-downs		1 195	1 318	1 398	1 040	833
Operating result		466	797	960	704	503
Net finance		401	-941	146	211	-201
Ordinary profit before tax		866	-144	1 106	915	302
Net profit for the year		1 038	27	704	890	286
Hereof majority's share		1 027	46	680	866	261
BALANCE SHEETS						
Long term assets		9 974	8 662	8 464	6 361	5 823
Current assets		2 293	1 551	1 851	1 933	1 214
Total assets		12 267	10 213	10 315	8 294	7 036
Equity		4 630	3 698	3 717	3 174	2 694
Deferred tax		27	-	25	17	24
Long-term liabilities		6 414	5 114	4 454	4 203	3 778
Current liabilities		1 176	1 402	2 118	901	540
Long-term interest bearing liabilities		6 945	5 267	5 328	4 487	3 858
Bank overdraft		100	439	410	-	120
Free and restricted bank deposits		1 445	830	1 618	1 939	1 102
Net interest-bearing liabilities		5 600	4 876	4 119	2 548	2 876
PROFITABILITY						
Operating margin	1	47 %	60 %	63 %	55 %	59 %
Earning on equity	2,6	21 %	-4 %	32 %	31 %	12 %
Earning on capital employed	3	5 %	9 %	12 %	10 %	9 %
LIQUIDITY						
Liquid assets		1 445	830	1 053	1 291	702
Working capital		1 117	149	768	1 032	673
EBITDA	4	1 195	1 124	1 292	1 067	716
Current ratio	5	2	1	1	2	2
ASSETS						
Total assets		12 267	10 213	10 315	8 294	7 036
Equity		4 630	3 698	3 717	3 174	2 694
Equity ratio	6	38 %	36 %	36 %	38 %	38 %

Key figures
PER SHARE

KEY FIGURES PER SHARE	Ref	2009	2008	2007	2006	2005
Result of the year	7	27,28	1,21	18,02	22,94	6,91
EBITDA	4	31,72	29,76	34,21	28,26	18,97
Booked equity	8	123,09	98,13	98,66	83,98	71,28
Price/Earnings (P/E)		3,96	48,49	8,46	5,95	13,89
Price/EBITDA		3,40	1,97	4,46	4,83	5,06
Dividend		2,50	2,00	4,00	4,00	2,00
Share capital (NOK mill)		75,59	75,59	75,59	75,59	75,59
Quoted share price 31.12. (NOK)		108,00	58,50	152,50	136,50	96,00
Market capitalisation (NOK mill)		4 082	2 211	5 764	5 159	3 628
Average number of shares incl. adj. for stock of treasury shares.		37 659 312	37 767 314	37 762 786	37 751 392	37 751 392
N. of shares per 31.12 incl. adj. for stock of treasury shares		37 617 495	37 682 466	37 677 966	37 791 266	37 791 266

REFERENCES:

1. Operating result before depreciation in percentages of total operating income.
2. Result before tax, in percentage of average equity including minority interests.
3. Operating result plus interest income and result from associated company divided by average book shareholders' equity and interest-bearing debt.
4. Operating result before depreciation adjusted for gain/(loss) on sale of fixed asset and other material non-cash effects.
5. Current assets divided by current liabilities.
6. Booked equity including minority interests as percentage of total assets.
7. Result of the year for the Group divided by average number of shares.
8. Shareholders' equity divided by outstanding number of shares per 31.12.

Joint ventures are gross consolidated as from 1.1.2006. Comperable figures for the balance and profit and loss acount for 2005 are recalculated according to this.

Annual report

In 2009, Solstad Offshore ASA Group achieved operating revenue of NOK 2,529 million with no gain on disposals compared to operating revenue of NOK 2,209 the previous year, NOK 64 million of which was gain on sale of assets. Profit after tax was NOK 1,038 million which was an increase of NOK 1,011 million compared to 2008. Cash flow (EBITDA) for the year was NOK 1,195 million compared to NOK 1,124 million in 2008 (excluding profit on disposal).

After many years with steadily increasing activity in the offshore industry, 2009 was distinguished by generally weak global economic development together with uncertain oil prices. This, combined with a larger number of new vessels, resulted in a downturn in the market. In the North Sea, day rates on the spot market fell to the level of operating costs and utilization was generally lower. In the remaining markets where vessels are normally on longer-term charter there was also pressure on the charter rates. For the future market balance it is positive that there were hardly any new vessels ordered in 2009 and that the global economy as well as the oil price has moved in the right direction.

The company, once again, achieved its best ever safety results. In addition, investment in equipment, training and safety campaigns has contributed greatly to the work to reduce undesired spillage from the company's vessels to the external environment.

At the end of the year the fleet consisted of 50 wholly owned, jointly owned or leased vessels including 6 new builds (5 in Norway and 1 through NOR Offshore Ltd (NOR) in Singapore. The composition of the fleet reflects the company's investment in modern construction service vessels (CSV's) and larger anchor-handling vessels (AHTS's).

The single largest transaction in the accounts this year is a result of the division of REM Offshore ASA, from which Solstad Offshore ASA acquired 7 vessels and a new build with the associated financing and which was effective in the accounts from 14.04.2009. In addition, the company took delivery of two new builds (CSV's) one of which is wholly owned and the other 50% owned. A new AHTS was ordered and two new builds were cancelled. The Supreme Court ruling in February 2010, relating to tax on exit from the previous shipping tax regime, has resulted in NOK 312 million being posted as tax income.

Compared to last year the Group's share of income from areas outside the North Sea market increased from 58% in 2008 to 70% in 2009.

1. COMPANY PHILOSOPHY, OBJECTIVES AND STRATEGY

The company's philosophy is to run a profitable and integrated shipping company with high specification vessels within its market segment based on owned or chartered vessels. The company's core business is to primarily offer services to petroleum-related offshore activity.

It aims to be a major player and offer a wide spectrum of services based on high quality vessels, equipment and maritime competence. In the North Sea, the objective is to continue to be one of the heavy-weights in the industry. On an international level, the company wants to have a significant presence in deep water, sub sea and construction service activities.

The company continues to focus on safety, the environment, solidity and profitability and aims to meet the targets set for these areas. The most important targets relate to health, safety and the environment in order to prevent injury to personnel and damage to equipment as well as any uncontrolled spillage from the vessels.

The company's strategy is to deliver customer focus-based solutions, high quality services and to actively develop these services in close co-operation with both new and existing customers.

Generally, the company manages the total operation of the vessels, including freight, crewing and technical support.

The company will evaluate where it is possible to achieve cost-effective operations and optimize the return on capital employed by co-operation with new suppliers with a view to long-term strategic collaboration. Such collaboration is also evaluated with respect to risk and capital injection.

2. THE COMPANY'S ACTIVITIES

Solstad Offshore ASA's activities are almost 100% directed towards the offshore petroleum industry. Most of the vessels are equipped to carry out more complex projects than traditional supply and anchor-handling services. In addition to international expansion, the company has focused on providing vessels and equipment for use on installations and the monitoring and maintenance of sub sea installations. The continuous renewal of the fleet combined with investment in NOR Offshore Ltd (Singapore) and the establishment of Solstad Offshore Ltda (Brazil) reflects this commitment.

The company's net freight income was divided in 2009 as follows: 50% from AHTS, 38% from CSV's, and 12% from PSV's. Geographically freight income was divided as: 30% from the North Sea, 24% from South America, 3% from West Africa, 11% from the Middle East and North America, 12% from the Mediterranean and 20% from Asia.

At the end of the year the fleet consisted of 50 wholly owned, jointly owned and leased vessels, 6 of which are new builds (5 in Norway and 1 through NOR Offshore Ltd in Singapore). A total of 34 vessels are managed from offices in Skudeneshavn and Aberdeen. Of these, 5 are currently operating on the Brazilian Continental Shelf, 1 in the US/Gulf of Mexico, 2 in West Africa, 6 in Asia, 1 in the Mediterranean and the remaining 19 vessels are operating in the North Sea. In addition, 5 new builds are managed from Skudeneshavn. The remaining fleet which consists of 10 vessels and 1 new build are operated and managed by NOR Offshore Ltd in Singapore which is 50% owned by Solstad Offshore ASA.

At the end of the year Solstad Offshore ASA's new builds in Norway consisted on 3 CSV's of varying size and 2 large AHTS's. The latter two are to be delivered in April 2010 and two of the CSV's will be delivered in the second half of 2010. With the exception of one CSV with a scheduled delivery in 2011, long-term finance agreements have been entered for all the new builds. There are currently no long-term charter contracts entered for any of these new builds.

The fleet operated by NOR Offshore Ltd in Singapore consists of 2 wholly owned CSV's and 8 AHTS's from 5,500 BHP to 11,000 BHP, 5 of which are owned and three are on bareboat leases. The company has options to purchase the leased vessels during the lease period. In addition, NOR has a new build Derrick Lay Barge (DLB) under construction, the hand over of which is expected in June 2010.

For more detail on the company's vessels, refer to the Fleet Overview at the back of the Annual Report.

3. OFFSHORE MARKET

Total investment in E&P offshore indicated a growth of around 20% per year during the past few years up to and including 2008 and the total investment was in the region of USD 200 billion. Increasing oil prices driven mainly by demand as a result of strong global economic growth resulted in a willingness to invest both in existing and new offshore areas. Extended and new investments combined with exploration (seismic and drilling), development (installations and transport pipelines etc.) and production (supply, inspection, maintenance etc,) had during this period a very strong impact on the demand for offshore services in general which includes maritime services. Investments in 2009 fell by approximately 8% as a result of the recession and the significant drop in oil prices in 2008 compared to the previous year, It is anticipated that in 2010, investments will increase and return to the same level as 2008. The oil service companies have experienced the same development.

The main categories of offshore service vessels are anchor-handling vessels (AHTS) and platform supply vessels (PSV). Technological developments have resulted in a demand for more advanced multi-purpose and specialized vessels such as construction service vessels (CSV). The functional overlap between the vessel types has therefore become more fluid. The world fleet of AHTS's of more than 15,000 BHP at the end of the year was 163 vessels but there were also around 464 PSV's with freight capacity of over 3,000 dwt. Approximately 48 and 162 of these sized vessels respectively were operating in the North Sea.

At the end of the year there were around 232 vessels on order (AHTS's over 15,000 BHP and PSV's over 3,000 DWT). Most of these are being build in Europe (Norway) and the Far East (Singapore, Vietnam, China, India and Indonesia). The number of vessels in the CSV segment has increased steadily over time and there is still relatively high new build activity. At the end of the year there were a total of 120 CSV's on order with the remaining 80% of the order book consisting of smaller vessels.

4. THE COMPANY AND ITS SHAREHOLDERS

It is an aim to make the company attractive in the long-term by reflecting the increase in value of the company through shares and dividends. The Board's objective is that the dividend will, over several years, average around 20% of the company's profit after tax, adjusted for any large currency fluctuations and minority shareholders. Therefore, annual dividend shall always be evaluated in light of future income, cash flow, financial commitments and other conditions that may affect the company's position.

The total number of shares issued by the company at the end of the year were 37,794,160. The number of shareholders was 3,062 which are 762 more than last year. Foreign investors accounted for around 7%.

The Board of Directors will propose at the general meeting on 7 May 2010, that a dividend of NOK 2.50 per share is paid for 2009. The payment will be made on 21 May 2010.

The company's share price has developed positively throughout the year. At the beginning of the year the share price was NOK 61.50 and at the end of the year the share price was NOK 109.50 which is an increase of 78%. The company will pay NOK 2.00 per share in dividend in 2009 (for the 2008 accounting year).

The Board has power of attorney until the next general meeting to acquire up to 10% of treasury shares. The Board has requested this power of attorney in order to continuously assess this as both a strategic and short-term investment option. As at 31.12.09, the total number of treasury shares held was 207,619 compared to 111,694 the previous year.

At the general meeting in May 2009, the Board of Directors extended their power of attorney in order to be able to increase share capital by up to NOK 4 million. This power of attorney which is effective until the next general meeting has so far not been exercised.

At the general meeting on 7 May 2010, the Board of Directors propose to extend their power of attorney in order to be able to increase share capital and acquire treasury shares.

Solstad Offshore ASA has been listed on the Oslo Stock Exchange since 1997. As the holding company for the Group, its main activity is the ownership of shares in its various subsidiaries and other strategic investments, the most important of which are Solstad Rederi AS (100%) with its subsidiaries Solstad Offshore (UK) Ltd (100%) and NOR Offshore Ltd (50%) in Singapore and Solstad Offshore Ltda (100%) in Brazil.

5. CORPORATE GOVERNANCE AND MANAGEMENT

Solstad Offshore ASA's corporate governance is based on the company's vision and strategy. As a company listed on the Oslo Stock Exchange and subject to the laws governing Norwegian share ownership, stock exchange reporting and stocks and shares, Solstad Offshore ASA adopts the "Norwegian recommendation for ownership and company management" - dated 21 October 2009. For further information on corporate governance refer to the relevant chapter in the Annual Report.

6. FINANCIAL – THE GROUP

The Annual Accounts for 2009 are prepared in accordance with IFRS (International Financial Reporting Standards) which are approved by the European Union and state comparable figures for 2008.

Total operating income for 2009 was NOK 2,529 million (no gain on disposal) compared to NOK 2,209 million in 2008, NOK 64 million of which was profit on disposal. The Group's fleet capacity measured by the number of days in 2009 compared to 2008, has increased by approximately 22%. Utilization in 2009 was 84% (92% in 2008). Cash

flow (defined as profit before depreciation and adjusted for reversal of provisions) from operations for the year was NOK 1,195 million (NOK 1,124 million).

Annual operating result after depreciation was NOK 466 million compared to NOK 797 million in 2008. One vessel has been written down by NOK 80 million in 2009 based on market developments and because the cost price of the vessel, (acquired in 2009) was relatively high due to delays and the yard going bankrupt during the construction period. Included in operating costs in 2008 was a one time post relating to reversal of allocation with a positive net effect of NOK 126 million.

The Group's result after tax in 2009 was a profit of NOK 1,038 million (NOK 27 million in 2008, including loss on investment in associated companies of NOK 335 million). A reversal of a tax provision of NOK 312 million has been posted after the Supreme Court's ruling that compulsory exit from the old shipping tax regime was unconstitutional. The remainder of the tax cost is tax payable and a change in the provision for deferred tax. In addition, the post for other financial income/cost includes larger realized and unrealized currency loss (net income of NOK 240 million) and financial derivatives (net income of NOK 271 million) together with the gain on the division of REM Offshore ASA (NOK 134 million).

Net earnings per share is NOK 27.28 (1.21).

Primarily, the operating income when apportioned by segments reflects the company's investment in a fleet of larger and modern CSV's and AHTS's. Operating results before depreciation and excluding any profit on disposal together with the one-off effect of reversing the provision (operating margin), accounted for 47% of the operating income compared to 55% in 2008.

The greatest impact on the Group balance in 2009 relates to the division of REM Offshore ASA, where the company took over 7 vessels and a new build with related financing which had an impact on the accounts from 14.04.2009. In addition, the company took delivery of two new builds (CSV's) in 2009, one of which is 100% owned and one 50% owned. In December 2009, Solstad Offshore ASA put out a five-year bond for a nominal NOK 700 million, NOK 250 million of which was used to repurchase shares in an existing bond and that was due to mature in the first half of 2011.

The market value of the Group's fleet at 31.12.2009 was NOK 13,269 million based on the average of three broker evaluations on vessels without contracts (excluding new builds). At the end of 2009, the value adjusted equity before tax was NOK 227 per share compared to NOK 232 in 2008. The average value of the vessels has decreased by approximately 3% in the last six months. Booked equity at 31.12.2009 was NOK 4,630 million which is NOK 123 per share. The Board has evaluated the book value of the vessels in accordance with IAS 36 relating to impairment of assets and has not found it necessary for further write-downs.

Interest-bearing debt at 31.12.2009 was NOK 6,980 million (5,304 million), NOK 566 million of which is classed as short-term debt (NOK 473 million in 2008). The debt is divided as follows: 57.5% NOK, 29% USD and 13.5% GBP. At the end of the year 2-5 year hedging agreements were entered in to for approximately 17% of the total long-term debt. Furthermore, some of the NOK debt is tied to financial instruments so that actual debt exposure is: 51.5% USD, 35% NOK and 13.5% GBP. Refer to Note 3 on Financial Risk.

The Group's net interest-bearing debt at the end of 2009 was NOK 5,636 million (NOK 4,913 million).

Solstad Offshore ASA's planned investment in new builds totals NOK 4.0 billion (excluding NOR) and long-term finance has been agreed with the company's bankers for the vessels with delivery in 2010. No finance agreements have been entered for the new build with delivery at the end of the first quarter in 2011, but there have been discussions with several banks. NOR Offshore has entered a finance agreement for its one remaining new build.

The Group is exposed to various financial market risks in its activities. Financial markets risks are changes in currency rates, interest rates and freight charges which affect the value of the Group's assets, liabilities and future cash flow. In order to reduce and control these risks, Solstad management periodically evaluates the Group's most significant risks on the financial market. When a larger risk factor is identified, measures are taken to reduce the specific risk. The Group is exposed to both interest and currency risks, mainly through its long-term financing and long-term charter contracts. The former risk is partially eliminated by hedging agreements. Currency risk is also partially eliminated by having loans and liabilities in the same currency as the freight contracts.

Under Financial Key Figures and Key Figures per Share are definitions of the different accounting principles used, together with an overview of the key figures in the Group accounts.

7. HEALTH, SAFETY AND THE ENVIRONMENT (HSE) AND QUALITY ASSURANCE (QA)

The company complies with international regulations and standards and is certified to ISM, ISO 14001:2004, ISO 9001:208 and ISPS (International Ship and Port Facility Security). The crew onboard are given training and familiarization with the company's approved procedures which comply with STCW 95 (Seafarers Training Certification and Watch-keeping Code).Internal audits are completed on all vessels on an annual basis.

The company focuses on preventative activities to eliminate accidents and injury. In 2009 a total of 4,000 HSE reports were processed in the company's HSE and QA system. These reports are registered, managed and analyzed in a database reporting system which gives a good platform to determine preventative activities to avoid these accidents and injuries in future.

When entering contracts on new vessels, the company strives to ensure a safe work place and minimize emissions to the air and sea.

The company's onshore and offshore organizations sort and report on their waste. In 2009, the company's vessels reported a total of 992

SOLSTAD **GREEN** OPERATIONS®

Solstad Offshore is comitted to reduce its emissions of greenhouse gases (GHG) to a minimum. As a consequence of this, the company introduced a fuel saving campaign in 2009 that encourages all employees to come up with measures that will reduce the total GHG-emissions. These measures are recorded in a unique environmental control system and have been named 'Solstad Green Operations'.

tons of waste, 876 tons of which was delivered onshore for recycling or other processing which gives us a reclycing rate of 88%.

The main focus on the environmental side in 2009 was to introduce a campaign to increase awareness of the fuel consumption in the company. By involvement and cooperation with the crew onboard, a 10% reduction in the fuel consumed by the fleet has been achieved, with the subsequent reduction of emissions in the air. In addition, it is anticipated that this will also bring savings on maintenance costs within the fleet.

In 2009 the company's vessels had a total of 26 uncontrolled spills to the sea with a total volume of 957 liters.

The company had a total of 2 work-related accidents which resulted in lost time and this gives an H factor of 0.42 for 2009 (number of lost time incidents per 1,000,000 working hours). One case involved a fall and the other, a crushed finger. They were minor injuries and both are back in active service. The aim is still zero lost time incidents and to achieve this target the company continues to focus on preventing personal injury onboard.

The working environment onshore as well as at sea is considered to be good. Sick leave amongst employees in the company was 5% in 2009 (compared to 4% in 2008).

The division between employees in the administration is 72% men and 28% women. There were 21 women at sea at the end of 2009. Equal opportunity is an important criterion in our recruitment of employees however the number of women wanting a career at sea is limited, both in Norway and internationally. The company is the leading shipping company in Norway for recruitment and training of cadets and trainees and works actively to encourage young Norwegians to take a maritime education. Despite this focus there has been limited success through schools and shipping organizations to persuade females to invest in a maritime education or profession.

The company has a clear recruitment policy that gender, nationality, religion etc., shall not affect the recruitment process. The main criteria in the employment process are that the candidate has the required qualifications, combined with previous experience and that the candidates references and other documentation supports the conditions required for the actual work.

8. EXPECTATIONS IN 2010

Solstad Offshore ASA has a diverse fleet equipped to offer various services within offshore activities relating to exploration, development, installation, operations and maintenance. A strong demand is anticipated for modern tonnage that is adapted to work in different waters and at greater water depths. At the time of accounts submission the contract cover for the remainder of 2010 is 65% for vessels which are part of the Group (a comparable figure for 2008 was 60%) and in 2011 the coverage is currently 44% (45% in 2008). Including options contract cover for the remainder of 2010 and for 2011 is 72% and 57% respectively.

As implied in last years report, there was a steep drop in oil prices in 2008 coupled with a general down-turn in the global economy which after a normal time-lag resulted in lower demand for offshore services. Signs indicate that the main parameters (oil price and economic growth) are about to improve so much that it is expected that the oil and oil service companies will budget for new investments for exploration and development offshore. There are also 72 new floating drilling rigs under construction (35 semis and 37 drilling vessels) and 53 jack ups for delivery by 2013. In addition there are 35 floating production units that are planned for installation.

In the longer term it is expected that the oil price will rise and remain high. Even with a lower estimate for oil consumption in the years to come, there is a need to replace produced volumes of oil with new reserves and improved production capacity. The company anticipates there will be greater focus on deep water areas and sub sea activities. West Africa, Brazil, Gulf of Mexico and parts of Asia and Australia appear to be regions with the greatest growth potential in the offshore sector.

In 2010 it is anticipated that a combination of continued low activity and the large number of vessels available will result in a weak spot market for offshore service vessels in the North Sea. The day rates so far in 2010 have been on par with operating expenses and in addition there has been low utilization. Solstad Offshore ASA will have relatively high exposure on the spot market in the first quarter of 2010. After this point, 7 vessels will enter longer contracts. An increase in tender activity has been noticed lately. The company recently entered a contract for 1 year plus 1 year option and two shorter-term contracts for 3 CSV's.

It is positive for the market that in 2009 there were almost no new contracts placed for new builds. The effect of the delivery of the many vessels already on the order books will continue to have a negative impact on the market balance.

9. FINANCIAL – PARENT COMPANY

Solstad Offshore ASA achieved a profit of NOK 1,602 million (NOK -160 million in 2008). Net financial postings are a positive NOK 1,620 million (NOK -180 million) including dividends from subsidiaries of NOK 1,639 million. The annual loss from operations is NOK 3 million (NOK -9 million).

Cash flow throughout the year was primarily linked to receiving dividend from its subsidiary which in turn has been used as a capital injection in the subsidiary. Furthermore, the company issued a five year bond for approximately NOK 700 million, NOK 250 million of which was used to redeem a previous bond issued by the company.

The company's assets are primarily associated with the value of its shares in its subsidiaries, joint ventures and associated companies as well as its bank deposits. Booked equity at the end of the year was NOK 2,465 million, NOK 2,093 million of which can be legally paid as dividend. Debt at the end of the year was NOK 1,051 million, NOK 837 million of which are bonds, NOK 100 million is short-term credit and NOK 94 million is offset for dividend for the 2009 year.

The Board are of the opinion that the company will continue its operations and the annual accounts are prepared on this basis in compliance with § 3-3.

At the next General Meeting, the Board will propose a resolution for directors' fees for 2009 of NOK 1,025,000. The auditor's charges of NOK 400,000 for the parent company for 2009 will be recommended for approval which solely relates to audit fees.

The Board of Directors proposes that the following disposals are made:

Offset for dividend	NOK 94,485,400
Transfer to other equity	NOK 1,507,622,052
Net transfer	NOK 1,602,107,452

Board of Directors of Solstad Offshore ASA
Skudeneshavn, 19 March 2010

Harald Eikesdal Chairman	**Johannes Solstad** Deputy Chairman	**Anette Solstad** Board Member
Toril Eidesvik Board Member	**Arne Austreid** Board Member	**Lars Peder Solstad** Managing Director

Declaration by the Board and Managing Director

We confirm that the annual accounts for the period 1 January to 31 December 2009, are to be the best of our knowledge, prepared in accordance with the current accounting standards and that the information given in these accounts gives a true and fair view of the entity and groups assets, liabilities, financial position and result.
Furthermore, we confirm that the annual accounts give a true and fair view of the development, result and position of the entity and the group and a description of the risks and uncertainties that the group is exposed to.

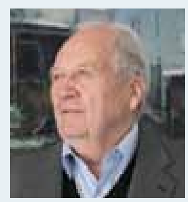
Board of Directors of Solstad Offshore ASA
Skudeneshavn, 19 March 2010

Harald Eikesdal Chairman	**Johannes Solstad** Deputy Chairman	**Anette Solstad** Board Member
Toril Eidesvik Board Member	**Arne Austreid** Board Member	**Lars Peder Solstad** Managing Director

THE BOARD

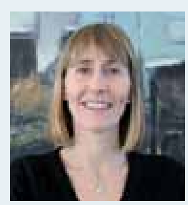
Harald Eikesdal, Chairman (born 1946)

Harald Eikesdal is a lawyer with the firm Eikesdal, Meling, Nygård, Lande and Sveinal. He previously held a position as Divisional Head with the Norwegian Ministry of Finance and as a deputy judge and notary public at Haugesund Magistrates Court. Harald Eikesdal has been our chairman since 2002 and is up for re-election in 2010. He also holds a number of other directorships. He is independent of the Company's main shareholders.
Shares in Solstad Offshore ASA: 0



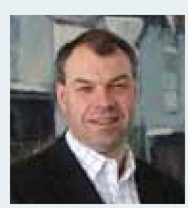
Johannes Solstad, Deputy Chairman (born 1930)

Johannes Solstad is a former Captain. He is the founder of the Solstad Group and was Managing Director from its conception in 1964 until 2002. He has been Deputy Chairman since the company was listed on the Oslo Stock Exchange in 1997. Johannes Solstad has an interest in Solstad Offshore ASA's shareholding in SOFF Holding AS, Ivan II AS and Solstad Invest AS.
Shares in Solstad Offshore ASA: 18,126,268



Anette Solstad (born 1965)

Anette Solstad has been living in the USA since 1989. She has a BA in International Business and has worked for Wilhelmsen Lines, USA in operations and commercial analysis and as a systems developer for Prudential Securities. Anette Solstad has been a board member since 2007. She has an interest in Solstad Offshore ASA's shareholding in SOFF Holding AS, Solstad Invest AS and Solhav Invest X AS.
Shares in Solstad Offshore ASA: 56.402



Arne Austreid (born 1956)

Arne Austreid is a Petroleum Engineer and also holds an MBA. He is CEO at Prosafe SE and previously worked for 16 years for Transocean ASA. Arne Austreid has been a board member since 2004 and is up for re-election in 2010. He is independent of the Company's main shareholders.
Shares in Solstad Offshore ASA: 4.000

Toril Eidesvik (born 1968)

Toril Eidesvik is Managing Director at Green Reefers ASA and has previously worked as a lawyer in the firm Simonsen Musæus and for Gjensidigie Nor Sparebank. Toril Eidesvik has been a board member since 2005 and is independent of the Company's main shareholders.
Shares in Solstad Offshore ASA : 0

Corporate Governance and Management

Solstad Offshore ASA's corporate governance and management is based on the Company's vision and strategy. The Company is listed on the Oslo Stock Exchange and is subject to the laws governing Norwegian share ownership, accounts, stock exchange reporting and stocks and shares. Solstad Offshore ASA adopts the "Norwegian recommendation for ownership and company management" dated 21 October 2009.

Accountability for corporate governance and management
The Company wishes to clarify the division of duties between the shareholders, the Board and the Managing Director and therefore accounts for its corporate governance and management in accordance with the "Norwegian Recommendation for corporate governance and company management". Solstad Offshore ASA has established ethical guidelines with the aim of securing values and an organizational culture in the Company that forms the basis of added value, secure operations, a pleasant work place, a sound reputation and innovation.

Activities
According to its Articles of Association, the Company's activity is to "operate a shipping company and related activities£..". With this aim, the Company's business plan is to operate an integrated shipping company- with high specification vessels in its market segment, using owned or chartered vessels. The Company's core business is to offer services to the oil-related offshore industry. The Company's Articles of Association are available in their entirety on the Company's website www.solstad.no. Solstad Offshore ASA's objectives and strategy are outlined in point 1 in the Board's Annual Report.

Company equity and dividend
Solstad Offshore ASA's posted share capital amounts to 37.8% at the end of 2009. The Company maintains a solid financial position which supports the Company's declared strategy and dividend policy. The Company wishes to give its shareholders a high and stable yield. Yield on shareholders' capital is understood to include the total of the earnings per share and paid dividend.

The Company's objective is to pay dividend to its shareholders. The dividend is normally 20% of the Company's profit after tax, adjusted for any larger currency fluctuation and minority shareholders. The dividend is always evaluated in the light of future income and cash flow, financing requirements and other conditions that may affect the Company's position. In 2009, Solstad Offshore ASA paid a dividend of NOK 2 per share for the 2008 accounting year. The Board will propose at the Company's General Meeting that a dividend of NOK 2.50 per share is paid for the 2009 accounting year.

The general meeting held on the 18 May 2009, gave the Board the power of attorney to:

- Increase share capital in Solstad Offshore ASA by up to NOK 4,000,000 by issue of up to 2,000,000 new shares at NOK 2. This power of attorney also applies to mergers according to the Joint Stock Public Companies Act § 13-5. The power of attorney extends until the next General Meeting in 2010..

- Acquire treasury shares for a value up to NOK 7,558,832, up to 10% of share capital. The Board has power of authority to acquire and dispose- of treasury shares. The Company shall pay a minimum of NOK 1 and a maximum of NOK 250 per share acquired by exercising this power of attorney. The power of attorney extends until the next general meeting in 2010..

- Propose an increase of share capital of up to NOK 280,000 by subscription- of up to 140,000 new shares at NOK 2. The Board shall determine, within these parameters, whether there shall be one or several- share emissions and the size of the emissions. Capital injection is limited to the Company's employees and shareholders relinquish their option to subscribe to these shares. The Board determines the subscription rate and conditions. The power of attorney extends until the next General Meeting in 2010.

Equality of shareholders and transactions with associates
Solstad Offshore ASA has only one class of share. The Articles of Association do not limit the voting rights. All shares have equal rights.

The Board's right to acquire treasury shares is on the assumption that there are treasury shares on the market.

During 2009 there have not been any transactions between the Company and shareholders, board members, key personnel or any relatives of these, other than those stated in Note 15 of the Annual Accounts.

The Company has the right to ensure that the board members and key personnel inform the Board if they, directly or indirectly, have a significant interest in an agreement entered by the Company.

Freely transferable
Shares in Solstad Offshore ASA are freely transferable. The Articles of Association do not limit the transferability of the shares.

General meeting and elected committee
The Ordinary General Meeting is usually held in May. Shareholders with known addresses are invited by post. An agenda is issued with the invitation to attend. At the General Meeting in 2010, the Board will propose an amendment to a resolution which means that the company can publicize documents to be processed in the general meeting on the company's home page instead of issuing them together with the invitation to attend the general meeting. If this resolution is passed this will be implemented immediately and for the invitation to the general meeting in the spring of 2011. It is important that this contains all the necessary information for the shareholders to form an opinion on all matters to be reviewed. The Chairman of the Board shall participate in the general meeting together with the company's auditor. An invitation to attend, together with the agenda for the general meeting is available on the Company's website (www.solstad.no) no later than 3 weeks before the general meeting is held and sent to shareholders in writing at least 2 weeks before the meeting. The Board wishes to give as many shareholders as possible the opportunity to attend. The registration deadline is as close to the meeting date as possible. Any shareholders unable to attend are encouraged to use their vote. The invitation to the general meeting contains information on the procedures the sharehold-

ers must follow to participate and vote at the general meeting. This also relates to the use of a proxy. Two persons shall be appointed who have power of attorney for the shareholders. This power of attorney will be prepared as far as is possible, to include a voting right for each individual point that is raised and foe selection of candidates.

The agenda is determined by the Board and the main points are covered under § 6 of the Articles of Association. The Chairman of the Board opens the general meeting and elects a chair person. The General Meeting protocol is published as a stock exchange notice and is available on the Company's website. There is no resolution stating that the Company must have an elected committee. The Chairman and Deputy Chairman of the Board form the committee.

Composition and independence of the Board

The elected committee's primary objective is to propose candidates that ensure the Company has a Board with the best possible relevant expertise, capacity and diversity. Furthermore, the Board is formed so that it can act independently of special interests and has at least two board members elected by the shareholders who are independent of the Company's main shareholders. When recruiting new board members, the policy of equal opportunity is applied as well as relevant competence and capacity. Board members are elected for a period of two years. Representatives from executive management are not members of the Board.

The Board's work

The Board prepares an annual plan. Normally there are 7 to 8 ordinary shareholders. In addition, tele-conferencing is used for meetings where necessary. Instructions for the Board and executive management are prepared. The Company's internal controls are practiced according to adopted guidelines and reviewed annually with the auditors. The Board receives monthly financial reports in which the Company's economic and financial status is reviewed. The elected Deputy Chairman leads the Board's work in the absence of the Chairman.

An audit committee has been established to act as a preparatory and advisory committee to the Board. The audit committee consists of 2 members that are independent of the enterprise and elected by and from amongst the board members. The Board carries out an annual evaluation of its work and competence, when required.

Risk Management and Internal Controls

Through its work the Board ensures that the Company has good internal controls and adequate systems for risk management in relation to the scope and type of industry and any regulations that apply. The company has established a system for operations and administration which include procedures and job descriptions. This system also includes the Company's ethical guidelines. The Company prioritizes quality assurance. The Board collates information on the Company's operational, administrative- and financial development through monthly reporting. The Board carries out an annual review of the Company's strategy and business plan including an analysis of the Company's risk exposure. The exposure is reviewed monthly in the management reports.

Remuneration to the Board

The Board's remuneration reflects its responsibility, competence, time spent and the complexity of the industry and is not dependent on the result. Any remuneration to the Board is listed in the annual accounts. No options are allocated to the Board. In cases where board members take on additional projects for the Company, the whole Board shall be informed and the fee must be approved by the Board. Remuneration for such projects will be highlighted in the annual accounts. All transactions between board members or employees (or the companies they represent or associated with) are carried using the "arms length" principle.

There is no requirement for the Company to release any other information- than that in the notes to the accounts relating to remuneration or agreements with board members. Remuneration to board members is considered to be at market level for the industry.

Remuneration to key personnel

The remuneration of the Managing Director is fixed by the Board at a meeting. Other benefits to the Managing Director are stated in the Annual Accounts. Guidelines for remuneration of key personnel are presented at the general meeting for information.

There is no requirement for the Company to release any other information than that in the notes to the accounts relating to remuneration or agreements with the Managing Director or Deputy Managing Director. Remuneration to the general manager is considered to be at market level for the industry.

There are no options programs for employees.

Information and communication

To ensure equal treatment of shareholders, the company aims at all times to ensure that the share market has correct, clear and timely information regarding the Company's activities and position. Presentation of the quarterly and annual accounts is done in accordance- with the time plan stated in the financial calendar on the Company's website www.solstad.no and the information sent to the Oslo Stock Exchange. There is continuous dialogue with, and presentations to, analysts and investors. Information is imparted by stock exchange reports, dialogue with analysts and general presentations to investors as well as presentations to brokers and investors.

Company take-over

Solstad Offshore ASA has no protective mechanism in its Articles of Association relating to share acquisition and has no other measures in place that limit the possibility to purchase shares in the Company. If a bid is made for Company shares the Board will work to ensure that the shareholders have the information and time to make a decision on the bid and make a statement on the and recommendation as to whether it should be accepted or not.

Auditor

The auditors present an annual plan to the audit committee for implementing their audit, Furthermore the auditors will prepare a report on their observations relating to adherence to accounting principles, risk areas, internal control routines etc. The auditors will also produce annual written confirmation that they remain independent and objective. The auditors will attend the board meeting relating to the annual accounts as well as the Company's ordinary general meeting.

If the auditors are to be involved in an advisory capacity, this must first be approved by the Board. The auditors' fees are stated in the notes to the annual accounts. The audit committee and auditor meet annually without the Managing Director or a representative from the administration.

Group accounts
FOR SOLSTAD OFFSHORE ASA

Profit & loss account

1.1 - 31.12

GROUP		(NOK 1 000)	
	Notes	**2009**	**2008**
Freight income	4	2.518.532	2.134.860
Other operating income	4,5	10.851	74.019
Total operating income		**2.529.383**	**2.208.880**
Personnel costs	5,6	-804.252	-608.292
Ordinary depreciation and write down	8	-583.523	-416.641
Depreciation on capitalised periodic maintenance	8	-145.425	-104.210
Other operating expenses	5	-565.559	-349.292
Insurance settlement	10	32.571	26.004
Income from investment in associated companies	9	2.413	40.799
Total operating costs		**-2.063.775**	**-1.411.632**
Operating profit		**465.608**	**797.248**
Interest income	7	13.753	56.312
Financial income	7	1.314.342	651.664
Interest charges	7	-254.153	-315.493
Finance costs	7	-673.200	-1.333.797
Net financing		**400.742**	**-941.313**
Profit before taxes		**866.350**	**-144.065**
Taxes	12	171.441	170.994
Net profit for year		**1.037.791**	**26.929**
Comprehensive income			
Translation adjustments foreign currency		-46.029	56.340
Net gain on available for sale financial assets		30.713	50.472
Comprehensive income		**1.022.475**	**133.741**
Net profit attributable to:			
Minority shares		10.333	-18.632
Majority shares		1.027.458	45.561
Comprehensive income attributable to:			
Minority shares		10.333	-18.632
Majority shares		1.012.141	152.373
Earnings and diluted earnings per share (NOK)	14	27,28	1,21

Balance sheet

GROUP		(NOK 1 000)	
	Notes	31.12.09	31.12.08
ASSETS			
Long-term assets			
Intangible fixed assets			
Deferred tax asset	12		24.244
Total intangible fixed assets			**24.244**
Long-term fixed assets			
Vessels and new build contracts	2,8	9.678.572	7.289.858
Capitalized periodic maintenance	8	177.386	201.928
Other tanglible fixed assets	8	28.986	33.338
Total long-term fixed assets		**9.884.944**	**7.525.125**
Financial assets			
Investments in associated companies	9	18.789	4.135
Investments in stocks and shares	9	2.793	1.083.396
Other financial assets	3	44.068	
Other long-term receivables	19	5.971	15.072
Pension funds	6	17.074	9.954
Total financial assets		**88.695**	**1.112.557**
Total long-term assets		**9.973.639**	**8.661.925**
Current assets			
Stock	**21**	**39.471**	**19.358**
Receivables			
Account receivables	20	466.456	497.218
Other short-term receiavbles	20	264.653	141.091
Other current financial assets	3	77.348	46.857
Total receivables		**808.458**	**685.167**
Investments			
Marked based shares	9	306	16.972
Bank deposits and cash equivalents	**16**	**1.444.672**	**829.936**
Total current assets		**2.292.906**	**1.551.432**
TOTAL ASSETS		**12.266.546**	**10.213.357**

Balance sheet

GROUP		(NOK 1 000)	
	Notes	**31.12.09**	**31.12.08**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (37.794.160 at NOK 2.00)	13	75.588	75.588
Treasury shares	13	-415	-223
Other paid-in capital		111.648	111.648
Share premium reserve		1.541.815	
Total restricted equity		**1.728.636**	**187.013**
Earned equity			
Other equity		2.883.158	3.494.676
Total earned equity		**2.883.158**	**3.494.676**
Minority interests		**18.525**	**15.934**
Total equity		**4.630.320**	**3.697.624**
Liabilities			
Provisions			
Deferred tax	12	26.970	
Taxes payable	12		214.817
Deferred income	22	8.596	
Other financial liabilities	3	10.392	67.768
Total provisions		**45.959**	**282.585**
Other long-term liabilities			
Debt to credit institutions/leasing obligations	11	6.379.214	4.793.870
Other long-term loans		34.668	37.338
Total long-term liabilities		**6.413.882**	**4.831.208**
Current liabilities			
Accounts payable		162.735	167.399
Bank overdraft	3	100.332	438.694
Taxes payable	12	91.845	50.966
Accrued salaries and related taxes		49.756	40.855
Other current financial liabilities	3		24.698
Other current liabilities	23	205.851	206.306
Current interest bearing liabilities	10,11	565.866	473.023
Total current liabilities		**1.176.384**	**1.401.941**
Total liabilities		**7.636.225**	**6.515.734**
TOTAL EQUITY AND LIABILITIES		**12.266.546**	**10.213.357**
Mortgages	11		
Guarantees etc.	3,7,11		

Skudeneshavn, 19 March 2010

Harald Eikesdal Chairman	**Johannes Solstad** Deputy Chairman	**Toril Eidesvik** Board Member
Anette Solstad Board Member	**Arne Austreid** Board Member	**Lars Peder Solstad** Managing Director

Rio de Janeiro, Brazil - an exciting growth market

Brazil has quickly developed into one of the World's most important and prosperous areas for the exploration and production of oil. Solstad Offshore has therefore established a branch office in the city of Rio de Janeiro.

The company Solstad Offshore Ltda currently employees around 10 office personell that assists those of the company's vessels operating in Brazil.

Changes in equity

GROUP (NOK 1 000)

	Share capital	Treasury shares	Share premium reserve	Other paid-in capital	Translation adjustments	Value changes	Other equity	Total majority shares	Minority shares	Total equity
Equity 01.01.2008	**75.588**	**-232**		**111.648**	**-6.131**	**46.080**	**3.454.902**	**3.681.855**	**35.604**	**3.717.459**
Annual result					56.340	50.472	45.561	152.373	-18.632	133.741
Other adjustments							-791	8.808	-172	8.636
Comprehensive income					**46.741**	**50.472**	**54.369**	**151.583**	**-18.804**	**132.779**
Purchase treasury shares		-40					-2.505	-2.545		-2.545
Sale treasury shares		49					1.380	1.429		1.429
Paid-out dividend/ surplus							-151.177	-151.177	-866	-152.043
Unallocated dividend on treasury shares							545	545		545
Equity 31.12.2008	**75.588**	**-223**		**111.648**	**40.610**	**96.552**	**3.357.514**	**3.681.690**	**15.934**	**3.697.624**
Equity 01.01.2009	**75.588**	**-223**		**111.648**	**40.610**	**96.552**	**3.357.514**	**3.681.690**	**15.934**	**3.697.624**
Annual result					-46.029	30.713	1.027.458	1.012.141	10.333	1.022.475
Other adjustments							1.687	1.687	203	1.890
Comprehensive income					**-46.029**	**30.713**	**1.029.144**	**1.013.828**	**10.536**	**1.024.364**
Purchase treasury shares		-229					-10.105	-10.335		-10.335
Sale treasury shares		37					1.939	1.977		1.977
Capital contribution			1.541.815				-1.541.815			
Paid-out dividend/ surplus							-75.588	-75.588	-7.945	-83.533
Unallocated dividend on treasury shares							223	223		223
Equity 31.12.2009	**75.588**	**-415**	**1.541.815**	**111.648**	**-5.419**	**127.265**	**2.761.313**	**4.611.795**	**18.525**	**4.630.320**

Statement of cash flow

1.1 - 31.12

GROUP		(NOK 1 000)	
		2009	**2008**
CASH FLOW FROM OPERATIONS			
Result before tax		**866.350**	**-144.065**
Taxes payable		-44.410	-45.933
Ordinary depreciation and write downs		728.949	520.851
Loss/ gain long-term assets		-152.789	275.150
Interest income		-13.753	-56.312
Interest expense		254.153	315.493
Effect of change in pension assets		-7.120	-13.527
Unrealised currency gain/loss		-260.140	321.539
Change in short-term receivables/payables		145.659	63.809
Change in other accruals		-16.522	-127.678
Net cash flow from operations	**(A)**	**1.343.746**	**1.109.326**
CASH FLOW FROM INVESTMENTS			
Investment in tangible fixed assets (vessels)		-885.674	-1.107.865
Payment of periodic maintenance		-120.883	-175.284
Sale of fixed assets (vessels)		229.077	80.656
Write-down of financial assets		-430	
Investments in other shares/ interests		-12.482	-75.472
Realized shares and interests		31.277	61.463
Net cash flow from investments	**(B)**	**-759.114**	**-1.216.501**
CASH FLOW FROM FINANCING			
Payment to minority interests		-7.945	-866
Payment of dividends		-75.365	-150.632
Paid-in interests		16.303	57.725
Paid-out interests		-284.973	-301.974
Purchase/ sale treasury shares		-8.358	-1.116
Change in restricted bank deposits			565.651
Paid-in long-term receivables		9.101	
Payment of long-term receivables			-95.796
Bank overdraft		-338.362	28.870
Long-term debt		2.809.205	1.500.693
Repayment of long-term debt		-2.089.502	-1.718.157
Net cash flow from financing	**(C)**	**30.104**	**-115.603**
Net change in cash and cash equivalents	**(A+B+C)**	**614.735**	**-222.779**
Cash and cash equivalents at 01.01		**829.936**	**1.052.715**
Cash and cash equivalents at 31.12	**(Note 16)**	**1.444.672**	**829.936**

SOLSTAD GREEN OPERATIONS®

Deforestation in general and deforestation of rainforest in particular, is a global challenge in the ongoing efforts to reduce the CO_2 in the atmosphere. In cooperation with the Norwegian Rainforest Foundation, Solstad Offshore has committed to fund protection of 1 hectare of rainforest area for every 10th Green Operations that is recorded in Solstad. The company believes that this arrangement will increase the employees environmental awareness and at the same time the company supports the global efforts to protect the rainforest.

Notes

NOTE 1 ACCOUNTING PRINCIPLES

The Group, Solstad Offshore ASA (SOFF), operates a shipping business from its head office in Skudeneshavn, Norway, and its main activity is the operation of offshore service and construction vessels. The Group is listed on Oslo Stock Exchange. The financial statements were approved by the Board of Directors on 19th of March 2010, and will be presented for approval at the Annual General Meeting.

STATEMENT OF COMPLIANCE AND BASIS FOR PREPARATION The consolidated financial statements are prepared in accordance with the Norwegian Accounting Act, International Financial Reporting Standards (IFRS) and interpretations by the International Accounting Standards Board (IASB) which is approved by the European Union (EU).

The consolidated financial statements are prepared on a historical cost basis and presented in Norwegian Kroner except for derivative financial instruments that are measured at fair value.

CHANGES IN ACCOUNTING PRINCIPLES During 2009, the Group used the following new and amended IFRS and IFRIC interpretations. These amendments have not had any material impact on the profit and loss account but more detailed information is given in the notes.

IAS 1 (Revision) – Presentation of Financial Statements. The revised standard requires changes in the presentation of the Financial Statement, especially the changes in equity, where a statement of non-owners transactions shall be included in the note Changes in Equity. The Group has used IAS 1 (R) from January 1st, 2009.

IAS 19 (Addition) – Employee benefits. The appendix to this standard refers to the result of changes to defined benefit pension plans. Changes to pension plans involving the exclusion of or limits to, future wage increases in the calculation of pension benefits shall be considered a curtailment of benefits whilst any amendment to pension benefits attributable to past service will have a negative cost in respect of previously earned pension benefit if this results in a reduction of the current value of the defined pension liability. This appendix does not have a material effect on the Group's financial statement.

IAS 36 (Addition) – Impairment of assets. This appendix states that if discounted cash flows are used to estimate actual value, more information must be provided regarding the selected discounted rate. This is in addition to the current requirement to use a discounted rate when estimating the residual value of the asset. This amendment was implemented on 1st January 2009, but has not had any material effect on the Group's financial statement.

IAS 38 (Addition) – Intangible assets. This appendix states that a prepayment shall only be posted if the payment results in the right to receive goods or services. This change is effective in the accounts from 1st January 2009. No material effect is noted in the Group's financial statement.

IFRS 8 – Operating Segments has, with effect from January 1st 2009, replaced IAS 14 – Segment Reporting. The information in segment reporting in the financial statement shall, according to IFRS 8, be the same the Group uses internally to evaluate the results from the different segments. Furthermore, the basis for the preparation of segment information must be disclosed. The Group has implemented these changes from 1st January 2009. This change has not had any material effect on the Group's financial statement.

APPROVED IFRS AND IFRIC INTERPRETATIONS THAT ARE NOT YET IMPLEMENTED

IAS 1 (Revision) – Presentation of Financial Statements. This revised standard provides clarification that the classification (short or long-term) of a liability should not be affected by whether or not the liability can be settled by the issue of equity. This change is effective from January 1st 2010.

IAS 27 (Revision) – Consolidated and separate Financial Statements. Compared to the current IAS 27 the new, revised standard includes further guidelines for accounting for changes in shares in subsidiaries and disposal of subsidiaries. Furthermore, the current rules for apportionment of losses between majority and minorities have been amended and any deficit shall be charged to the minority even if it is negative. The Group plan to implement IAS 27 (R) from 1st January 2010.

IFRS 3 (Revision) – Business consolidation. This revised standard states that all payments relating to the acquisition of a business shall be recorded as the fair value at the acquisition date. Contingent payments shall be classified as debt with any subsequent evaluation recorded through profit and loss. All acquisition costs shall be expensed. These changes will come into effect for acquisitions after July 1st, 2009.

IFRS 5 (Addition) – Fixed assets held-for-sale. This revision to the standard means that all the assets and debts of a subsidiary should be classified as held-for-sale if a planned partial sale results in the loss of controlling interests in the subsidiary. This change is effective from July 1st, 2009.

CONSOLIDATION The consolidated financial statements comprise of the financial statements of Solstad Offshore ASA and its subsidiaries as at 31st December each year. Any deviating accounting principles are adjusted for in this consolidation.

The Group accounts state the total profit & loss and financial position of Solstad Offshore ASA and its controlling interests as a whole. The consolidated accounts include companies in which Solstad Offshore ASA has direct or indirect ownership of more than 50% of the voting shares, or otherwise has direct control. Share options, convertibles and other equity instruments are evaluated when assessing whether control exists.

Subsidiaries are consolidated 100% line by line in the group accounts. A subsidiary is an entity where the Group has controlling interest, direct or indirect, of more than 50% of the voting shares.

Joint ventures are consolidated line by line in the group accounts, based on the Group's share in the joint venture. A joint venture is an entity in which the Group has significant influence, but when agreements are entered, requires that strategic decisions have to be unanimous

Subsidiaries and joint ventures are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The Group accounts are prepared in accordance with uniform principles. The cost of shares in a subsidiary and joint venture are eliminated against the equity in the subsidiary and joint venture at the point of acquisition.

Acquisitions of subsidiaries and joint ventures are accounted for using the purchase method of accounting. The cost of an acquisition is calculated as the fair value of assets acquired, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. Any excess cost of acquisition over the fair value of the net assets of the subsidiary or joint venture acquired calculated at the date of handover, is posted as goodwill.

All inter-company transactions, receivables, liabilities and unrealized profits, as well as intra-group profit distributions, are eliminated. In the

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consolidation, the profit and loss accounts of foreign subsidiaries and joint ventures are translated using the exchange rate on the day of transaction. The balance sheet is translated using the balance sheet date exchange rate. Translation adjustments between local currency and functional currency are classified as financial items, while adjustments arising from translation from functional to presentation currency are booked as equity.

Minority interests in equity as well as net income are reported separately in the consolidated financial statements.

INVESTMENT IN ASSOCIATES The Group's investment in its associates is accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence but which is not a subsidiary. The reporting dates of the associates and the Group are the same and the same accounting policies are applied.
Investment in an associate is posted in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The profit and loss for the Group reflects the associates' share of profits under operating costs. Changes posted directly to the associates' comprehensive income or equity, are recognized pro-rata in the Group accounts, and are, where applicable, disclosed in comprehensive income and in the statement of changes in equity. Profit and loss on transactions in the associated company are eliminated in the Group accounts in the Group's equity.

OTHER INVESTMENTS Other investments, such as shares, loans, receivables and similar items are classified under one of the following categories according to IAS 39:

- Financial assets at fair value through profit and loss

This category consists of financial assets held for sale (trading) which are normally realized within 12 months after the balance sheet date. Such assets are initially booked at fair value on the balance sheet. Changes in fair value are booked through profit and loss.

- Assets available for sale

The category includes non-derivative financial assets which not fit into any of the other categories. If management's intention is to realize the investment within 12 months of the balance sheet date, they are classified as current assets. The investments are initially valued at fair value. Impairment is booked through profit and loss. All changes in fair value, including reversal of previously booked impairment, are booked directly to equity.

- Investments held until maturity

Non-derivative financial assets with a fixed maturity date and which it is the management's intention to retain until maturity are included in this category. Such investments are initially valued at amortized cost. Any reduction in value is booked through profit and loss as impairment.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed payments not quoted in an active market. These financial assets are initially valuated at amortizsed cost. Any reduction in value is booked through profit and loss as impairment.

FINANCIAL INVESTMENTS All investments are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

Other long-term investments that are intended to be held to maturity, such as bonds, are subsequently measured at the amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the acquisition for the period to maturity. For investments booked at amortized cost, gains and losses are posted to income when the investments are devalued or depreciated as well as through the amortization process.

For investments that are actively traded in organized financial markets, the fair value is determined by reference to the stock exchange market value at the close of business on the balance sheet date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Financial investments are devalued if the right to receive cash flow from the investment no longer exists, or if the Group has undertaken an obligation to redeem the asset to a third party, without delay, by a pass-through agreement. Furthermore, when financial investments are devalued, the right to receive cash flows from the investment is transferred together with almost all of the risk or profit from the asset, or if almost all of the risk and reward is retained, but control of the investment is transferred.

Financial liabilities are devalued when the obligation is fulfilled, cancelled or matured in accordance with the contract.

CLASSIFICATION OF ITEMS IN THE BALANCE SHEET Current assets and short term debt are posts which mature within one year of the balance sheet date as well as any posts relating to stock turnover if this occurs later. The short-term portion of the long-term debt is classified as current liability. Investments in shares not considered as strategic are classified as current assets. All other assets are classified as long-term assets.

FOREIGN CURRENCY TRANSLATION The functional and reporting currency of Solstad Offshore ASA is Norwegian Kroner (NOK). Transactions in foreign currencies are posted at the currency rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date. Non-monetary items such as vessels that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of initial transaction. Non-monetary items in companies where the functional currency deviates from the reporting currency are measured at the exchange rate at the date of the balance sheet. Any translation adjustments are included in comprehensive income.

The Group's most used currencies had the following exchange rates at the balance sheet date:

	GBP	USD	EUR	BRL
Per 31.12.08	10,121	6,9989	9,8650	3,0024
Per 31.12.09	9,3170	5,7767	8,3150	3,3200

SEGMENT INFORMATION The Group's primary reporting format is business segments and its secondary format is geographical segments. The Group's three main business activities are anchor-handling vessels (AHTS), supply vessels (PSV) and construction service vessels (CSV). Any other activities, including vessels under construction, are included in a separate segment. Overhead costs are apportioned between these segments in the same way as any other operating expenses.

The Group's geographical segments are determined by the location of the Group's vessels and operations throughout the year.

PROPERTY, PLANT AND EQUIPMENT – DEPRECIATION AND WRITE OFF
Property, plant and equipment acquired by Group companies are stated at historical cost, except the assets of acquired subsidiaries that are stated

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at the fair values at the date of acquisition. Depreciation is calculated on a straight-line basis and adjusted for residual value and impairment, if any. Residual value is the current estimated amount that would be obtained from disposal of the asset, after deducting the estimated cost of disposal, as if the asset were already of the age and in the condition anticipated at the end of its useful lifespan. The book value of the property, plant and equipment on the balance sheet represents the cost less accumulated depreciation and any impairment.

Each part of a fixed asset that is significant to the total cost of the item is separately identified and depreciated over that component's useful lifetime. The ships are divided into the following components (depreciation profile): hull (30 years), anchor handling, loading and unloading equipment (20 years), thrusters, DP and lifting equipment (15 years) and other equipment (15 years).

The residual value and expected useful lifetime assumptions of long-lived assets are reviewed at each balance sheet date, and where they differ significantly from previous estimates, depreciation charges are amended accordingly.

Ordinary repairs and maintenance costs are charged to the income statement in the period in which they are incurred. The cost of major conversions and periodic maintenance of vessels is capitalised and depreciated over the useful lifespan of the parts replaced. The useful lifespan of periodic maintenance will normally be the period until the next docking.

The booked values of plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the booked value may not be recoverable. If any such indications exist and where the book value exceeds the estimated recoverable amount, the asset or cash-generating units are depreciated to their recoverable amount. The recoverable amount of plant and equipment is the greater of the net selling price and their recoverable value. When assessing recoverable value, estimated future cash flows are discounted to their current value using a pre-tax discount rate that reflects current market assessments of the monetary value and the specific risk to the asset. For an asset that does not generate cash inflow, a recoverable amount is calculated for the cash-generating unit to which the asset belongs. Any previously calculated depreciation is reversed if there are any amendments to the estimates used to calculate the recoverable amount. Reversal of previously calculated depreciation is limited to the book value of the asset if its value had not been impaired.

The business segments are the Group's strategic units of control. However, while calculating the recoverable amount, each vessel is treated as one cash-generating unit.

Gains and losses on disposal are determined by comparing the disposal proceeds with the book value and any profit or loss is included in operating profit.

NEW BUILD CONTRACTS Installments on new build contracts are posted in the balance sheet as fixed assets. Costs related to the on-site supervision and other pre-delivery construction costs including construction loan interest are capitalized per vessel. When a new build is delivered from the yard, the depreciation begins.

LEASES Lease of property, plant and equipment where the Group has all the risks and rewards of ownership, are classified as financial leases. Financial leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term interest-bearing liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful lifetime of the asset or the lease term.

Any leases where a significant number of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases net of any incentives received from the lessor are charged to profit and loss on a straight-line basis over the period of the lease.

TRADE AND OTHER RECEIVABLES Trade receivables are booked at their anticipated realizable value, which is the original invoice amount less an estimated amount for depreciation of these receivables. The amount for depreciation of trade receivables is calculated when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms and conditions.

CASH AND CASH EQUIVALENTS Cash and cash equivalents comprise of cash in hand, short-term deposits and other short-term highly liquid investments with maturity dates of less than three months. Bank overdrafts are included within borrowings in current liabilities on the balance sheet. Tied bank deposits are funds on separate bank accounts for tax deductions.

TREASURY SHARES The nominal value of treasury shares held is deducted from registered share capital. Any differences between the nominal value and the acquisition price of treasury shares, together with any gains or losses on transactions therein, are recorded directly to reserves.

INTEREST-BEARING LOAN AND BORROWINGS All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial registration, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recorded in the profit and loss over the period of the interest-bearing liabilities. Amortized cost is calculated by taking into account any issue costs, and any discounts or premiums on settlement.

Gains and losses are recognized in net profit or loss when the liabilities are devalued or depreciated, as well as through the amortization process.

PROVISIONS Provisions are made in the financial statements if the Group considers it likely, based on the legal provisions or business liabilities of past events, that an outflow of resources will be required to cover its liabilities and if the amount can be accurately estimated. All provisions shall be reviewed on the balance sheet date and adjusted, if necessary, to reflect a more accurate estimate. In instances where the time-frame may be of significance, a provision is made for the current value of future payments to cover liabilities. Provisions are not made for future operating losses

TAX The tax expense in the Financial Statement consists of payable tax and changes in deferred tax.

Companies taxed under the Norwegian shipping tax regime will not be taxed on its net operating profit. Taxation under the shipping tax regime requires adherence to stringent requirements, and voluntary or compulsory exit from the regime will result in taxation of net profits based on ordinary taxation. Net financial income is taxed on current basis (28%).

Deferred tax is calculated using the liability method at 28% of all temporary differences between the taxable value of assets and liabilities and their booked amounts at the end of the accounting year. Any temporary differences that may increase or decrease tax are offset and posted as a net figure.

Deferred tax is calculated for assets and liabilities for which future

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realization will lead to payable tax.

The recognized amount of deferred tax assets is reviewed at each balance sheet date. If it is no longer likely that adequate taxable profit will be generated, then the deferred tax asset will be reduced. Anticipated utilization of tax losses are not discounted when calculating the deferred tax asset.

The treatment of the exit-taxation from the former Shipping Tax Regime in Norway is explained in Note 12.

Tonnage tax paid under the tonnage tax regime is classified as an operational expense.

PENSION OBLIGATIONS The Group has a defined benefit plans for seamen and administrative personnel. The liability of the defined benefit pension plans is the present value of the defined benefit liability at the balance sheet date minus the fair value of plan assets, together with adjustments for actuarial gains and losses and administration costs. The defined benefit liability is calculated by independent actuaries using the projected unit credit method and is measured as the present value of the estimated future cash outflows using the interest rates of government securities that have terms maturing at the same time as the liability.

The cost of providing pensions is charged to profit and loss to spread the regular cost over the working lives of the employees. Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting year exceed 10% of the higher of the defined benefit liability and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans.

POSTING TO INCOME

Charter income Revenue and expenses relating to charter contracts are apportioned according to the number of days for each contract occurring before and after the end of the accounting period. The contract begins when the vessel is "delivered" to the charterer, and ends when the vessel is "redelivered". Freight revenue is posted net after deduction for direct, contract-related charter costs. Any loss on contracts is accrued when a loss is probable.

Dividends Dividends are calculated when the shareholders' right to receive a payment is established (by resolution at the general meeting).

Other revenues Other revenues, such as commission, provisions, management fee, are recognized in the period in which it is incurred.

GOVERNMENT GRANTS Grants related to the net tax agreement (NOR vessels from 01.07.03) and crew subsidiaries are posted as a reduction in cost.

FINANCIAL DERIVATIVES The Group uses financial derivatives such as foreign currency contracts and interest rate swaps to reduce the risk associated with interest rates and foreign currency fluctuations. Such financial derivatives are stated at fair value. Gains and losses on derivatives are booked directly to profit and loss

TRANSACTIONS WITH RELATED PARTIES

All transactions and agreements with related parties are on an "arm's length" basis in the same way as transactions with third parties.

STOCK Stock consists mainly of bunkers onboard the vessels. Stock is valued at the lower of cost price and fair value.

EARNINGS PER SHARE The calculation of basic earnings per share is based on the majority's share of the result using the weighted average number of shares outstanding during the year after deduction of the average number of treasury shares held over the period.

CASH FLOW The Group applies the indirect method. Investment in shares and other liquid assets with maturity over three months are not included under cash equivalents.

USE OF ESTIMATES AND KEY ASSUMPTIONS The preparation of financial statements in conformity with IFRS requires using estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Accounting estimates are employed in the financial statements to determine the reported amounts. Useful lifespan and residual value of vessels, depreciation of planned maintenance, pensions, contingent liabilities and taxes are items where the use of estimates may have significant impact on reported amounts.

Useful lives of vessels affect the ordinary depreciation. The useful life of different components on the vessel is based on the condition and experience of wear and tear of each group of components.
Residual value of vessels will also affect ordinary depreciation. The residual value of the Group's vessels is mainly estimated based on the vessels weight in steel and the steel price at the balance sheet date. The steel price used for both 2009 and 2008 is USD 280 per ton.

Depreciation of planned maintenance is affected by the estimated interval between each docking. This interval is fixed based on experience with the Groups' fleet combined with official requirements for classification of the vessels.

Pension benefit is an estimate affected by several assumptions. The discounted rate and expected regulation of salary has the highest impact. Regulation of salaries is based on experience and expectation linked to salary regulation in the industry. The discounted rate is based on Norwegian 10 year state obligation interest rates, adjusted for average remaining time to maturity. Posted pension liability for 2008 was NOK 9.9 million whilst at the end of 2009 there was an over-funding of NOK 17.1million.

Provision for contingent liabilities and taxes is based on collating information on a case by case basis. The probability of a contingent liability occurring which would affect the provision is evaluated. The discounting rate used for liabilities is based on a risk-free interest rate, adjusted to the maturity date.

Impairment testing is based a number of estimates. The main elements for long-term assets are future revenues (rates), the anticipated extension of existing contracts, level of operational costs, estimated return on equity, general market conditions and the assets remaining useful life-span. With regard to financial assets, evaluations are based on observable market rates, public accounting information and general and specific market conditions relevant to the asset.

Allocation of excess value relating to any acquisition is based on anticipated cash flows and results from the individual components of the acquired assets.

Although these estimates are based on the management's best knowledge and evaluations at the time of submitting the accounts, actual figures may differ from the estimates.

SOLSTAD **GREEN** OPERATIONS®

It is a target for the company that each vessel shall record a minimum of 100 so called Green Operations during 2010. It is expected that these fuel saving operations will cause a total reduction of 40,000 tons of CO_2 emissions of the company in 2010.

The Solstad Green Operations campaign was introduced in the 4th quarter of 2009 and within the end of the year, a CO_2 emission reduction of 10,000 tons was achieved.

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NOTE 2 MAJOR TRANSACTIONS/EVENTS

Major transactions/ events in 2009:
In 2009 the Group took delivery of two construction service vessels (CSV). The first was delivered in the 2nd quarter, and is 50% owned through Nor Offshore Ltd (NOR), while the second was delivered in the 4th quarter, and is 100% owned by Solstad Rederi AS. The vessels' cost price was USD 37.5 million and NOK 800 million, respectively.

In the 2nd quarter the Group reached an agreement with the other owners of Rem Offshore ASA for division of the company. By a de-merger the Group took control over, amongst others, 7 vessels (3 CSV's, 3 PSV's and one AHTS) and one new build contract (AHTS). In addition, the transaction resulted in a gain of NOK 261.5 million, NOK 134, of which million is posted through profit and loss, while NOK 127.5 million is booked directly to equity. The division was done by a demerger of existing companies. Only a part of the shares was deemed to be realized through the de-merger, hence the remainder part was booked directly to equity. For further details, refer to note 25.

One new build contract (AHTS), cancelled in 2008 as a result of bankruptey of the yard, was re-contracted in 2009 through a different yard. The vessel, with expected delivery in April 2010, has a cost price of NOK 720 million.

In the 4th quarter the Group issued a bond loan of net NOK 450 million.

In February 2010 the Norwegian Supreme Court ruled the lawsuit against the Norwegian State, relating to the proposed exit-tax from the previous tonnage tax system, as unconstitutional. Hence, the Group has posted NOK 312 million as a tax revenue in the 4th quarter. This amount equals the remaining 2/3 of the dicounted tax charged as tax expense in 2007. The last third part ("environmental share") was posted as income in 2008. For further details, refer to notes 12 and 26.

Major transactions/ events in 2008:
In 2008 the Group took delivery of one construction service vessel (CSV) and three anchor-handling vessels (AHTS). The vessels are 50% owned through Nor Offshore Ltd (NOR). The CSV was delivered in July 2008 with a cost price of USD 23.8 million. The AHTS's were delivered in February, March and April and their cost prices were USD 19 million, 15 million and 26.9 million respectively.

NOR sold one smaller AHTS in 2008. The ship was delivered to the buyer in October. Gain on disposal was NOK 49 million.

The Group's investment in MPU Offshore Lift ASA was booked as a loss in 2nd quarter of 2008, as the company filed for a bankruptcy petition. Total loss was NOK 335 million, divided between shares and a convertible share-holders loan.

One third of the tax related to the exit from the former tonnage tax system, expensed in 2007, was reversed in 2008. An amount of NOK 130 million was booked as tax income.

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NOTE 3 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

GENERAL. The Group is exposed to different financial market risks. Financial market risk is the impact of fluctuations on currency rates, interest rates and freight rates on the value of the Group's assets, liabilities and future cash flows.

To reduce and control these risks, management periodically evaluate the Group's most important financial market risks. Once a risk factor is identified, action is taken to reduce this risk. The main strategy to reduce financial market risk is the use of financial derivatives, both for the specific exposure and for the net exposure of the Group. If financial derivatives are appropriate, only conventional derivatives are used. The Group only uses recognized financial institutions.

Derivatives are only used to manage the risk to fluctuations in interest and currency rates. The Group does not use financial derivatives to achieve financial income if no underlying exposure exists.

Management performs a continuous evaluation of the effect of financial instruments on the accounts with a view to hedge accounting. Based on this evaluation, hedge accounting is not used.

The use of financial instruments is not significant when compared to the Group's level of activity, revenues and equity.

CREDIT RISK. The Group is exposed to possible losses on trade accounts receivables. However, no material losses are anticipated. As at December 31, 2009, accounts receivables were NOK 465.5 million (NOK 497.2 million). The Group is also exposed to losses if a counter party in a financial derivative contract fails to fulfil their payment obligations on the settlement date. Non-fulfilment of such contracts is not anticipated as the Group only uses well known conventional derivates with recognized financial institutions.

Further, the Group is exposed through guarantees issued on behalf of subsidiaries, joint ventures and associated companies. As the value of the assets placed as security for the guaranteed mortgages exceeds the loans, the credit risk related to the guarantees is considered to be low. Further refer to note 11.

The following table shows the ageing trade accounts receivables:

per. 31.12.2008	Not yet due	0 - 1 month over due	1- 3 months over due	Older than 3 months
Trade accounts receivable	318.406	131.007	35.950	11.855

per. 31.12.2009	Not yet due	0 - 1 month over due	1- 3 months over due	Older than 3 months
Trade accounts receivable	264.762	140.787	58.558	2.349

90% of the trade accounts receivable at year-end relates to 28 customers. The top 10 customers amount to 65% of total trade accounts receivable.

There are no accruals for bad debt at 31.12.2009 or at 31.12.2008. Over due receivables are not considered bad debt.

INTEREST RISK. The Group's exposure to fluctuations in interest rates is mostly due to its long-term liabilities with floating interest rates. With regard to interest rate fluctuations, the strategy is to limit the impact on cashflow due to fluctuations in the interest rate level. Depending on the development in the interest market, the Group enters into different types of interest rate contracts.
As at December 31, 2009 the Group has entered 2 fixed interest rate contracts with up to 4 years maturity, for approximately 7% of total debt. In addition, 3 fixed interest rate contracts, in the form of CIRR financing with up to 9 years maturity, are entered for approximately 10% of the debt. The remaining 83% of the debt has floating interest. As at December 31, 2009 the interest swaps have a negative value of NOK 10.4 million (negative NOK 2 million). The Group has entered interest and currency swap agreements with 1-10 years maturity. At December 31, 2009 these agreements had a net positive value of NOK 32 million (negative NOK 71 million).

The following table shows the sensitivity of the Group's result before taxes at a reasonable change in the interest rate, while all other variables are unchanged

Increase/ decrease of basis points		Effect on result before tax
+ / - 100	2009	+ / - 52.742
+ / - 100	2008	+ / - 49.603

FOREIGN CURRENCY RISK. The Group's reporting currency is NOK. Revenues are divided into NOK, USD, GBP and EUR. The Group's future freight revenues are partly hedged using foreign currency loans. Furthermore, some revenue is sold forward on a term agreement. This hedging reduces the effect of any fluctuation in currency rates on the profit and loss account. The Group's long-term debt has the following allocation as at December 31, 2009; NOK 50%, USD 37%, GBP 13% and Euro 0%. Accordingly, the currency exposure related to the new-build program, for ships already contracted to a charterer, is partly hedged using currency swaps. At year end, the Group had 5 new ships on contract from Norwegian shipyards, with a total contract price of approx NOK 3.7 billion. As at 31.12.2009, none of these ships has any firm charter party.

The following table shows the sensitivity of the Group's profit and loss before tax due to changes in USD, GBP and EUR versus NOK. All other variables remain unchanged. These variations are mainly due to changes in the Group's freight income.

Increase/decrease in all currencies		Effect on result before tax
+ / - 10%	2009	+ / - 175.360
+ / - 10%	2008	+ / - 161.442

Increase/decrease in all currencies		Effect on result before tax
+ / - 10%	2009	+ / - 117.986
+ / - 10%	2008	+ / - 99.689

Increase/decrease in all currencies		Effect on result before tax
+ / - 10%	2009	+ / - 49.829
+ / - 10%	2008	+ / - 59.411

Further effect on equity is considered immaterial.

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LIQUIDITY RISK. The Group's objective is to maintain a balance between external and equity financing. Ltoans, bank overdraft and financial leasing are instruments used to maintain this balance. Furthermore, the Group's objective is that unrestricted equity shall, at all times, exceed 12 months liability of interest and installments. This objective was met both at the end of 2008 and 2009. The Group monitors the risk of lack of available capital by thorough evaluation of the maturity of its financial investments, financial assets and projected cash flows from operations. Risk management includes maintenance of sufficient liquid assets and the possibility of financing through credit facilities.

The following table shows the maturity of the Group's financial obligations based on contractual, un-discounted cash flows.

	Less than	3 to 12	1 to 5	over 5	
per 31.12.2009	**3 months**	**months**	**years**	**years**	**Total**
Interestbearing loans	244.356	755.102	6.727.953	489.207	8.216.619
Other debt			34.668		34.668
Trade accounts payable	162.735				162.735
Financial derivatives	52.858	375.427	70.542		498.828
	459.949	**1.130.530**	**6.833.163**	**489.207**	**8.912.849**

CAPITAL STRUCTURE. One of the Group's main goals is to maintain its strong creditworthiness and solidity to support the Group's business and to maximize the share value. The Group manages and adjusts its capital structure based on changes in economic structures and assumptions. Its policy is to maintain or adjust the Group's capital structure by changes in dividend to the shareholders, issuing of new shares or sale of assets to reduce debt.
The Group monitors its capital based on equity versus total assets. The ratio is calculated as booked equity divided by total assets. The aim is to have a ratio above 30%.

	December 31st	
	2009	**2008**
Total equity	4.630	3.698
Total assets	12.267	10.213
	38 %	36 %

FAIR VALUE. Estimated market values on financial intruments are determined using suitable market information and evaluation methods. Nominal value of cash and loan obligations are a reasonable estimate of the items' market value. The estimated fair value of the Group's long-term loan obligations is based on the interest level at the balance sheet date. The value of the Group's financial derivatives is fixed at the market value at the balance sheet date. A thorough evaluation must be done prior to fixing the estimated market value. The estimates used therefore do not necessarily indicate the current value that can be realised. The fair value of the shares in a non registered organisation are estimated in the organization's latest financial report and therefore a thorough evaluation is required prior to estimating the market value.

INTEREST RATE RISK
The following table shows the book value and maturity of the Group's financial instruments exposed to changes in interest rates.

	Nominal	Yearly				Value as at	Value as at
Fixed rate	**value**	**regulation**	**Currency**	**Maturity**	**Interest rate**	**31.12.2009**	**31.12.2008**
Contract 1	150.000	30.000	NOK	05.11.2011	4,29 %	-3.434	-2.489
Contract 2	75.000	8.000	NOK	03.09.2009	3,70 %		436
Contract 3	30.000		USD	07.07.2011	3,01 %	-6.958	-1.057

	Nominal	Yearly			Value as at	Value as at
Interest- and currency swap contracts	**value**	**regulation**	**Currency**	**Maturity**	**31.12.2009**	**31.12.2008**
Interest- and currency swaps NOK/USD	427.500	45.000	NOK	05.07.2019	32.773	-67.768

FINANCING RISK
The following table shows the total mortgage loan based on existing financing and their maturity dates as per 31.12.2009:

	Mortgage loan	Drawn	Maturity	Duration	Interest
Loan 1 Floating interest - NOK	50.000	50.000	03.09.2012	32	4,34 %
Loan 2 Floating interest - NOK	68.750	46.244	14.02.2013	37	3,17 %
Loan 3 Floating interest - NOK	304.500	259.930	13.05.2013	40	3,02 %
Loan 4 Floating interest - NOK	675.000	577.038	31.05.2015	64	3,51 %
Loan 5 Floating interest - NOK	700.000	694.204	22.09.2013	44	5,22 %
Loan 6 Floating interest - NOK	500.000	502.760	01.10.2014	56	4,76 %
Loan 7 Floating interest - NOK	450.000	450.000	06.07.2015	65	2,02 %
Loan 8 Floating interest - NOK	40.000	40.000	06.07.2015	65	3,57 %
Loan 9 Floating interest - NOK	135.000	135.000	14.03.2016	73	4,57 %
Loan 10 Floating interest - USD	12.919	12.919	16.09.2014	55	3,49 %

Notes

	Mortgage loan	Drawn	Maturity	Duration	Interest
Loan 11 Floating interest - USD	21.294	21.294	30.01.2014	48	2,45 %
Loan 12 Fixed interest - NOK	179.867	179.867	29.03.2019	109	5,36 %
Loan 13 Fixed interest - NOK	313.133	313.133	15.09.2014	55	5,29 %
Loan 14 Fixed interest - NOK	180.000	180.000	15.09.2014	55	5,29 %
Loan 15 Floating interest - NOK	167.438	167.438	15.09.2014	55	4,60 %
Loan 16 Floating interest - NOK	175.000	175.000	22.04.2013	39	4,17 %
Loan 17 Floating interest - NOK	24.450	24.450	21.12.2012	35	3,59 %
Loan 18 Floating interest - NOK	102.667	92.038	16.06.2014	53	3,46 %
Loan 19 Floating interest - GBP	15.086	10.753	14.01.2014	48	2,29 %
Loan 20 Floating interest - USD	29.422	20.915	14.01.2014	48	1,68 %
Loan 21 Floating interest - NOK	312.500	312.500	30.09.2015	68	4,06 %
Loan 22 Floating interest - USD	116.667	116.667	18.07.2016	77	2,02 %
Loan 23 Floating interest - NOK	2.400	2.400	22.10.2011	21	5,21 %
Loan 24 Floating interest - NOK	10.000	10.000	22.04.2011	15	5,04 %
Loan 25 Floating interest - USD	21.537	21.537	16.04.2012	27	1,86 %
Loan 26 Floating interest - USD	4.333	4.333	16.04.2012	27	1,96 %
Loan 27 Floating interest - USD	12.480	12.480	14.01.2011	12	3,55 %
Loan 28 Floating interest - USD	82.100	76.640	30.09.2015	68	2,73 %
Loan 29 Floating interest - USD	18.281	16.875	30.09.2012	32	2,86 %
Total mortgage loan in NOK	**7.113.591**	**5.898.881**			
Bank overdraft - USD	17.500	16.975	31.12.2010	12	3,48 %
Bond loan - NOK	700.000	700.000	11.12.2014	58	7,02 %
Bond loan - NOK	137.000	137.000	19.05.2011	16	3,69 %
Bond loan - NOK	209.200	209.200	23.03.2011	14	3,64 %
Total bond loans	**1.046.200**	**1.046.200**			

FOREIGN CURRENCY RISK The following table shows the booked value of forward contracts. All active forward contracts are entered into after 01.01.2009.

Purchase / sale currency	Value based on forward contract	Value as at 31.12.09	Value based on forward contract	Value as at 31.12.08
Currency contract NOK/GBP (current)			351.885	45.387
Currency contract NOK/USD (current)			161.011	-21.151
Currency contract NOK/USD (current)			28.961	1.034
Currency contract NOK/USD (current)	428.286	77.349		
Currency contract NOK/USD (long-term)	70.542	11.295		
Total currency contracts	**498.828**	**88.644**	**541.857**	**25.270**

Fair value The following table shows the booked value of financial assets and obligations.
Booked value corresponds to fair value.

Financial assets	Note	2009	2008
Cash at bank	11,18	1.444.672	829.936
Investments in shares (long-term)	9	21.582	1.087.531
Other current financial investments		77.348	46.857
Other long-term financial investments		50.039	15.072
		1.593.641	**2.856.334**

Financial obligations	Note	2009	2008
Short-term part of long-term debt	11	565.866	473.023
Mortgage loan with floating interest	11	5.225.881	5.884.214
Mortgage loan with fixed interest	11	673.000	495.000
Leasing obligation with floating interest	11	10.158	15.699
		6.474.905	**6.867.937**

FAIR VALUE HIERARCHY
The Group use the following hierarchy for valuation and presentation of financial instruments:

Level 1: quoted prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs that have significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques using inputs which have significant effect on the recorded fair value that are not based on observable market data

The Group's level 1 includes shares in listed companies, refer to note 9 for further details.
Level 2 includes fixed interest contracts, interest- and currency swap contracts and currency contracts. Refer above for further details.
The Group has no financial instruments in level 3 as per 31.12.2009.

Notes

NOTE 4 REPORTING BY SEGMENTS AND GEOGRAPHICAL MARKETS

The Group's main activity is to offer ships and maritime personnel in all geographical regions. The business is divided into three segments based on the different types of vessel: Anchor-Handling Vessels (AHTS) delivering services related to rig moves and anchoring of rigs and other devices at sea, Platform Supply Vessels (PSV) delivering services relating to transportation of material to offshore installations and Construction Service Vessels (CSV) delivering services relating to development of both sub sea and floating installations.

Results from associated companies (TS) are allocated to the segments based on number of ships per segment while the allocation of investments is based on book value of each ship in its current segment.

	AHTS		PSV	
Revenues	**2009**	**2008**	**2009**	**2008**
Net reveneus	1.260.857	1.179.539	295.780	291.258
Deferred income from assets	5.432	68.761	1.274	531
Total operating income	**1.266.289**	**1.248.300**	**297.054**	**291.788**
Results				
Operating result	448.092	541.807	-1.339	96.253
Result from associated companies	2.413	43.290		
Segment result (1)	**450.506**	**585.096**	**-1.339**	**96.253**
Assets and liabilities				
Fixed assets	2.411.720	2.064.584	1.371.220	729.667
Investments in associated companies		4.135		
Total assets	**2.411.720**	**2.068.719**	**1.371.220**	**729.667**
Segment liabilities	1.886.801	2.009.666	786.074	466.121
Total liabilities	**1.886.801**	**2.009.666**	**786.074**	**466.121**
Other segment information				
Annual investment	500.110	72.132	709.528	9.758
Depreciations and write-downs (2)	222.757	190.232	86.755	55.995

	CSV		Andre	
Revenues	**2009**	**2008**	**2009**	**2008**
Net revenues	961.896	664.064		
Deferred income from assets	4.144	4.728		
Total operating income	**966.040**	**668.792**		
Results				
Operating result	13.607	152.237	-8.016	-37.735
Result from associated companies				-2.491
Segment result (1)	**13.607**	**152.237**	**-8.016**	**-40.226**
Assets and liabilities				
Fixed assets	4.985.214	3.196.509	939.405	1.331.312
Investments in associated companies			18.789	
Total assets	**4.985.214**	**3.196.509**	**958.194**	**1.331.312**
Segment liabilities	3.334.590	2.414.841	12.558	19.299
Total liabilities	**3.334.590**	**2.414.841**	**12.558**	**19.299**
Other segment information				
Annual investment	2.290.534	240.813	-341.104	785.162
Depreciations and write-downs (2)	411.420	236.889	8.016	37.735

Notes

	Total	
Revenues	**2009**	**2008**
Net revenues	2 518 532	2 134 860
Deferred income from assets	10 851	74 019
Total operating income	**2 529 383**	**2 208 880**
Results		
Operating result	452 344	752 560
Result from associated companies	2 413	40 799
Segment result (1)	**454 757**	**793 359**
Assets and liabilities		
Fixed assets	9 707 558	7 322 073
Investments in associated companies	18 789	4 135
Unallocated assets	2 540 199	2 887 150
Total assets	**12 266 546**	**10 213 357**
Segment liabilities	6 020 023	4 909 927
Unallocated liabilities	925 058	356 967
Total liabilities	**6 945 081**	**5 266 894**
Other segment information		
Annual investment	3 159 069	1 107 865
Depreciation and write-downs (2)	728 949	520 851

(1) The segment result is presented excluding interests, currency gain/ loss and other financial items.

(2) Depreciation includes both ordinary depreciation and depreciation of periodic maintenance. For allocation of revenues and cost to different segments see note 1.

The Group's vessels operate in several geographical areas during a year. Allocation between the different areas is based on freight revenue. In 2009, PSV revenue is mainly from activity in the North Sea and the Mediterranean, while revenues for AHTS and CSV activity are divided over all geographic areas.

Net revenues are allocated to the following areas:		**2009**		**2008**
North Sea	30%	762 348	42%	898 832
North- and Central America	11%	270 430	7%	149 005
Mediterranean/remainder of Europe	12%	298 062	15%	313 323
West Africa	3%	71 658	8%	176 117
South America	24%	593 765	9%	197 110
Asia	21%	526 988	19%	400 473
Total	**100%**	**2 523 250**	**100%**	**2 134 860**

The Group's vessels generally operate in more than one geographic region during the year. Therefore assets cannot be allocated per segment in accordance with IFRS 8.

Notes

NOTE 5 OTHER INCOME, OTHER EXPENSES, WAGES, EMPLOYEES AND DISTINCTIVE CONTRIBUTIONS

Other operating income	**2009**	**2008**
Gain on sale of vessels		63 550
Other income	10 851	10 470
Total other operating income	**10 851**	**74 019**

Other operating expenses	**2009**	**2008**
Technical cost	343 369	318 554
Bunkers and lube oil	36 284	24 392
Administration expenses - vessels	23 566	13 105
Insurance	64 388	48 698
Accrued liabilities		-126 227
IT, communications and other costs	97 952	70 770
Total other operating expense	**565 559**	**349 292**

Wages and personnel costs	**2009**	**2008**
Employees, vessels	733 869	545 770
Employees, administration	70 383	62 521
Total employee cost	**804 252**	**608 292**

Wages and employee cost	**2009**	**2008**
Wages	556 936	382 570
Social security	57 303	47 309
Pension costs	20 015	12 632
Other benefits	28 923	14 000
Travelling costs, courses and other personnel costs	141 074	151 781
Total employee cost	**804 252**	**608 292**

Average number of employees	990	808

The Group has received grants in respect of crew subsidiaries and net wage agreements totalling NOK 86 million (2008 NOK 90 million) which have been booked as a reduction of personnel costs.

REMUNERATION TO DIRECTORS, MANAGING DIRECTOR AND AUDITORS

Charged cost during the year	**Director's fee**	**Wages**	**Other benefits**	**Pension cost**
Key personnel:				
2009	12	3 281	194	148
2008	10	3 666	219	141

There are no distinctive agreements regarding remuneration for the Chairman of the Board and neither are there any distinctive bonus or option programmes for any Board Member or Group management. No loans have been given to the company management.
The Managing Director has an agreement securing 12 months salary.

	2009	**2008**
Audit - statutory accounts	2 015	1 428
Other attestation services	6	5
Tax related services	519	1 499
Other services	888	798
Total	**3 428**	**3 730**

Audit fees relate to the statutory audit of accounts. The fee for tax counselling includes, amongst other, assistance related to tax reporting to authorities in other countries. Auditor-related services include consultancy, reports and assistance on accounting matters.

Notes

NOTE 6 PENSION

The Group has one defined benefit pension plan both for administative and seafaring personnel employed in Norway. The pension plan is insurance based. As at December 31, 2009 there are 793 members of the pension plan. The scheme is based on the following assumptions: discounted interest 4.4% (3.8%), expected return 5.6% (5.8%), regulation of salaries 4.25% (4.0%) and regulation of pensions 4.0% (3.75%).
The Group also has a contribution plan for its administrative staff. Personnel employed prior to 1.1.2007 could choose membership of either scheme. Employees joining the firm after 1.1.2007 are automatically members of the contribution plan. At 31st December 2009 the plan had 51 members.

Changes in pension obligation	**2009**	**2008**
Estimated liability at beginning of the year	130 917	95 449
Interest expense	4 920	4 441
Annual pension earnings	16 274	11 661
Benefits paid	-2 876	-1 918
Actuarial (gain)/ loss on the obligation	1 547	21 284
Estimated liability at year end	**150 782**	**130 917**
Changes in plan assets		
Opening value of plan assets	85 159	73 210
Expected return	5 581	4 843
Contributions by employer	25 813	24 368
Benefits paid	-2 876	-1 918
Administration expense	-823	-406
Actuarial gain/ (loss)	-5 906	-14 082
Estimated plan assets at year end	**106 947**	**86 015**
Expected contribution by the employer in 2010 is NOK 27 million.		
Net plan assets/liabilities		
Pension liabilities	-150 782	-130 917
Plan assets	106 947	86 015
Unrecognized changes in assumptions	58 799	53 625
Social security	-2 110	-1 230
Net plan assets/ (liabilities)	**17 074**	**9 954**
Pension cost		
Present value of pension obligation	16 274	11 661
Interest expense on obligation	4 920	4 441
Expected return on plan assets	-5 581	-4 843
Administration expense	823	406
Changes in assumtions charged	3 579	967
Social security	2 318	1 645
Pension cost	**22 333**	**14 276**
Payments on contribution plan	1 671	1 246
Actual return on plan assets	-326	-9 239
Total pension cost	**24 004**	**15 522**

Pension liability for 2008 and 2009 is based on table K2005.
Plan assets are invested in a wide portfolio by an external insurance company. The insurance company is responsible for total administration of the pension plan.
Expected returns on plan assets are based on market prices at year end and expected development during the remaining period of the pension plan. The rate of return has been adjusted from 5.8% to 5.6% in 2009.
The effect of changes of estimates between actual and return is charged over a 10 year amortisation period, when the changes exceed 10% of the higher of the pension liability or fair value of the plan assets.

Notes

NOTE 7 FINANCIAL ITEMS

Financial items	2009	2008
Interest expense	-254 153	-315 493
Interest income	13 753	56 312
Currency loss	-609 749	-844 356
Currency gain	849 851	606 300
Gain financial derivatives (ref note 3)	311 026	8 178
Loss on financial derivatives	-39 866	-125 749
Gain sale shares (ref note 2)	152 181	8 982
Loss on sale of stocks, shares and other investments (1)	-5 155	-219 849
Dividends	1 284	28 204
Other financial expense (2)	-18 429	-143 844
Net financial items	**400 742**	**-941 313**

(1) Includes loss on the investment in MPU Offshore Lift ASA of NOK 198 million (2008)

(2) Includes loss on the convertible loan to MPU Offshore Lift ASA of NOK 138 million (2008)

NOTE 8 TANGIBLE FIXED ASSETS

	Vessels	Vessels New-buildings	Equipment	Total
Cost price 01.01.2008	**8 040 499**	**526 841**	**58 828**	**8 626 168**
Acc depreciation/ write downs 01.01.2008	-2 076 110		-20 657	-2 096 767
Book value 01.01.2008	**5 964 389**	**526 841**	**38 172**	**6 529 401**
Additions	264 659	840 239	2 967	1 107 865
Transfer	58 044	-58 044		
Disposals	-37 813		-35	-37 848
Translation adjustment	125 286	15 134		140 420
Cost price 31.12.2008	**8 450 674**	**1 324 170**	**61 761**	**9 836 604**
Acc depreciations/ write downs 31.12.2008	-2 454 852	-30 133	-28 422	-2 513 408
Book value 31.12.2008	**5 995 822**	**1 294 036**	**33 338**	**7 323 196**
Depreciation/ write down current period	-378 742	-30 133	-7 766	-416 641
Cost price 31.12.2008	**8 450 674**	**1 324 170**	**61 761**	**9 836 604**
Acc depreciation/ write downs 31.12.2008	-2 454 852	-30 133	-28 422	-2 513 408
Book value 31.12.2008	**5 995 822**	**1 294 036**	**33 338**	**7 323 196**
Additions	2 638 344	746 100	3 702	3 388 146
Transfer	860 275	-860 275		
Disposals	-3 508	-255 665	-250	-259 423
Disposal of acc depreciation/ write downs		30 133	213	30 346
Translation adjustment	-147 273	-43 911		-191 184
Cost price 31.12.2009	**11 798 512**	**910 419**	**65 212**	**12 774 143**
Acc depreciation/ write downs 31.12.2009	-3 030 359		-36 226	-3 066 585
Book value 31.12.2009	**8 768 153**	**910 419**	**28 986**	**9 707 558**
Depreciation/ write down current period	-575 507		-8 016	-583 523

Capitalized periodic maintenance	2009	2008
Capitalized periodic maintenance at 01.01	201 928	130 855
Additions this year	120 883	175 284
Depreciation of planned periodic maintenance this year	-145 425	-104 210
Capitalized periodic maintenance at 31.12	**177 386**	**201 928**

Notes

The vessels are divided into the following categories with different depreciation profiles:

	Useful life
Hull	30 year
Anchor-handling-, loading- and unloading equipment	20 year
Main/auxilliary engine	20 year
Thrusters, DP and cranes	15 year
Other equipment	15 year

Periodic maintenance is depreciated over the period until the next planned docking takes place. The normal interval for docking is 24-36 months.

The vessels' residual value at the end of their useful lives is calculated based on the weight of the ship and estimated steel price on the reporting date. Any cost related to the disposal is deducted from the residual value.
The depreciation rate for other equipment is 15-25%.
Vessels with a book value of NOK 8,680 million are held as a guarantee for the Group's loans, see note 11. Included in these additions is capitalized interest of NOK 38.7 million. The applied interest rate is 3.61% and 4.35%.

Impairment valuation of fixed assets
Once a quarter, the Group evaluates, any issues that might indicate impairment of fixed assets. Throughout 2009, the Group's stock value has been lower than the book value of equity. This is an indicator for impairment. Management has therefore estimated the vessels' value based on the Group's approved budgets for 2010 and for the period 2011-2014. The discounted rate (WACC) used in the recoverable amounts calculation is 7.6%. The impairment tests resulted in a write-down of NOK 80 million for one vessel.

NEW BUILD CONTRACTS
As at 31.12.2009 the following ships were under construction (100%):

New build contracts	Delivery	Owner	Solstad Share	Contract Price	Paid Instalments	Remaining 31.12.2009	Due Date 2010
NB "290" TBN Normand Ranger	April 2010	Solstad Rederi AS (*)	100%	720 000		720 000	720 000
NB "069" TBN Normand Baltic	July 2010	Solstad Rederi AS (*)	100%	465 500	62 455	403 045	403 045
NB "730" TBN Normand Oceanic	March 2011	Solstad Rederi AS (*)	100%	1 250 000	148 673	1 101 327	49 250
NB "167" TBN Normand Pacific	September 2010	Solstad Rederi AS (*)	100%	780 000	106 823	673 178	673 178
NB "724" TBN Normand Prosper	April 2010	Solship AS (**)	100%	770 000	140 000	630 000	630 000
NorCE Endevour	June 2010	NorCE Offshore Ltd	50%	1 126 139	633 554	492 585	492 585

As at 31.12.2008 the following ships were under construction (100%):

New build contracts	Delivery	Owner	Solstad Share	Contract Price	Paid Instalments	Remaining 31.12.2008	Due Date 2009
Normand TBN1 "IMR"	August 2009	Solstad Rederi AS (*)	100%	703 450	477 000	226 450	226 450
Normand TBN2 "030"	October 2009	Solstad Rederi AS (*)	100%	594 000	111 300	482 700	482 700
Normand TBN3 "031"	May 2010	Solstad Rederi AS (*)	100%	594 000	85 850	508 150	24 450
Normand TBN4 "069"	July 2010	Solstad Rederi AS (*)	100%	464 900	62 455	402 445	20 819
Normand TBN5 "730"	March 2011	Solstad Rederi AS (*)	100%	1 250 000	124 625	1 125 375	98 500
Normand TBN6 "167"	September 2010	Solstad Rederi AS (*)	100%	780 000	35 608	744 393	106 823
NOR Australis	March 2009	NOR Offshore Ltd	50%	288 565		288 565	288 565
NorCE Endevour	December 2009	NorCE Offshore Ltd	50%	1 139 267	571 369	567 898	567 898

The company has the option to change some of the equipment on the vessels and therefore there may be some variation in the prices above.
Newbuilds to be delivered in 2010 are all financed, while the financing of the vessel with delivery in 2011 is under negotiation.

(*) All new build contracts are normally entered in to by Solstad Rederi AS. On delivery, ownership can be transferred to other companies in the Group.
(**) New builds transferred due to the division of Rem Offshore ASA.

Notes

NOTE 9 SHARES IN ASSOCIATED COMPANIES AND OTHER INVESTMENTS

The Group has the following shares in associated companies (TS):

	Place of Business	Ownership	Date of Financial statement
Rig Supporter KS (liquidated)	Skudeneshavn	21%	
Deep Well AS	Haugesund	39%	31-12-09

Associated companies	**Rig Supporter KS**	**Deep Well AS**	**Total**
Cost price	5 210	1 307	6 516
Acc result and adjustments	-1 075		-1 075
Book value 01.01.2009	**4 135**	**1 307**	**5 442**
Share of result 2009	2 413		2 413
Other adjustments 2009	-6 549	17 482	10 934
Book value 31.12.2009		**18 789**	**18 789**
Share of balance sheet:			
Current assets		10 341	10 341
Long-term assets		33 161	33 161
Short-term liablilities		-12 129	-12 129
Long-term liabilities		-21 104	-21 104
Net assets		**10 270**	**10 270**
Share of revenue and profit:			
Revenue		20 226	20 226
Operating expense	2 394	-19 582	-17 187
Financial expense	19	-644	-625
Result before tax	**2 413**		**2 413**
Taxes			
Result	**2 413**		**2 413**

Other adjustments include capital injection, dividends, booked losses and repayment of capital.

At 31.12.2009, Solstad's share of uncalled joint venture capital in associated companies was NOK 0.

Investments available for sale - long term	**2009**		**2008**	
Unlisted shares	**Share**	**Book value**	**Share**	**Book value**
ResQ AS	22,35%	2 750	22,35%	2 750
Skudenes Næringsutvikling AS			33,34%	302
Karm-Med AS	23,40%	43	23,40%	171
Deep Well AS			18,00%	1 307
		2 793		**4 530**
Listed shares				
Rem Offshore ASA			48,70%	1 078 866
		2 793		**1 083 396**

Based on, a , lack of board representation, the Group does not have significant influence on the above mentioned companies.

Investments available for sale - current		**2009**			**2008**	
Listed shares	**Cost price**	**Share**	**Book value**	**Book Cost price**	**Share**	**value**
Farstad Shipping ASA				35 266 141	0,6 %	16 972
Rem Offshore ASA	428 752	0,04%	306			
			306			**16 972**

Investments available for sale are shares which have no fixed maturity or return.
Shares in listed companies are valued at fair value at year end. Fair value of shares in unlisted companies is based on the companies latest financial report.

In 2009, the Group used it's option to convert a subordinated loan to Deep Well AS to share capital. As a result of the convertion the Group's share in Deep Well AS increased from 18% to 39%. Deep Well AS is now presented as an associated company in the Group accounts.

Notes

Net change in value on available for sale financial assets:	**2009**	**2008**
Opening balance	96 552	46 080
Sale/ change in value Farstad Shipping shares	- 1 945	
Exchange of Rem Offshore shares	-94 607	
Change in value of Rem Offshore shares	-123	50 026
Change in value/ sale of DeepOcean shares		446
Ending balance	**-123**	**96 552**

NOTE 10 INSURANCE SETTLEMENTS

In case of averages and damages of vessels and equipment, the Group pay for the repairs in advance. After company deductibles, the Group has received the following net compensation from the insurance companies:

	2009	**2008**
Received compensation	32 571	26 004

During the last two years the Group has posted Loss of Hire revenues of NOK 5.1 million and 8.6 million respectively.

NOTE 11 MORTGAGE DEBT AND OTHER LONG-TERM LIABILITIES

	2009	**2008**
Mortgages	6 379 214	4 778 171
Leasing obligations	10 158	15 699
Total long-term debt	**6 389 373**	**4 793 870**
Short-term portion of long-term debt (1st year installment)	565 866	473 023

Book value of assets	**2009**	**2008**
Account receivables	466 456	497 218
Vessels	8 562 852	6 122 458
Total booked value	**9 029 308**	**6 619 675**

Some vessels are placed as security for the mortgages. In addition, accounts receivables are tied.
As security for completion of the lease agreements, guarantees from the Parent Company and subsidiary are secured.
The Group's long-term debt was apportioned 57.5% NOK, 29% USD and 13.5% GBP at 31.12.2009. The long-term debt in NOK is partly linked to the USD through financial instruments. Actual apportionment is 51.5% USD, 35% NOK and 13.5 GBP.

The loan agreements are subject to the owner's working capital being positive at all times and that the market value of the vessels amounts to at least 110-125% of the outstanding loans. The first year's loan instalments are exempt from calculation of working capital.

The Group satisfies all conditions of the loan agreements at 31.12.09. In addition to the tied assets/negative security clauses the agreements include assignment of insurance terms.

Borrowing cost	**2009**	**2008**
Capitalized borrowing cost	29 630	12 116

Borrowing cost is presented net with the loans and is amortizised until maturity of the loan.

Notes

Operational lease

Some of the Group's ships are rented out on long-term charter parties. Revenue from these vessels is posted as operational leases.

	31-12-09		31-12-08	
	Minimum payment	**Present value minimum payment**	**Minimum payment**	**Present value minimum payment**
Next year	2 047 882	1 997 934	2 108 629	2 057 199
Next 2-5 years	4 458 237	4 247 985	3 600 999	3 431 850
Over 5 years	1 347 799	1 134 087	239 738	204 204
Finance cost		473 913		256 113
Total minimum lease payment	**7 853 919**	**7 853 919**	**5 949 366**	**5 949 366**

Financial lease

The Group's financial lease agreement is for an offshore crane placed on one of the Group's vessels.

	31-12-09		31-12-08	
	Minimum payment	**Present value minimum payment**	**Minimum payment**	**Present value minimum payment**
Next year	5 079	4 955	7 850	7 658
Next 2-5 years	5 079	4 834	7 850	7 471
Over 5 years				
Finance cost		369		570
Total minimum lease payment	**10 158**	**10 158**	**15 699**	**15 699**

Other lease agreements:

The Group has entered the following lease agreements:	**Yearly payment**	**Maturity**	**Extension**	**Adjustment of rent**
Offices Skudeneshavn	3 250	2026	4 times 5 years	Consumer price and 5 years swap-rate
Workshop Husøy, Karmøy	2 570	2016		Consumer price
Offices Aberdeen	404	2018		Fixed for the next 5 years

Future minimum payments of lease agreements:	
During the next year	6 224
In next 2-5 years	24 896
Beyond 5 years	41 561
Total minimum lease payments	**72 682**

Solstad Offshore ASA has furnished the following guarantees (NOK mill):		
Solstad Offshore UK Ltd	302	- for purchase of vessels
Solstad Offshore Service Vessel UK Ltd	221	- for purchase of vessels
Trym Titan AS	337	- for purchase of vessels
Nor Offshore Ltd	115	- for bare-boat rental and purchase of vessels
Normand Drift AS	12	- for financial lease of fixed assets and loans
ADSI Inc	245	- for financial lease of vessels
Deep Well AS	52	- for financing of fixed assets
Solstad Rederi AS	3	- for building of vessel
Solstad Rederi AS II	68	- for bond loan

Solstad Rederi AS has furnished the following guarantees (NOK mill):		
Solship AS	917	- for financing of vessel

Solstad Shipping AS has furnished the following guarantees (NOK mill):		
Solstad Rederi AS	2	- for building of vessel
ResQ AS	2	- for bank loan

Notes

NOTE 12 TAXES

	2009	2008
Taxes payable (incl. correction tax)	62.015	11.347
Under/over accrual of tax payable	27.745	-2.004
Exit tax - old shipping tax regime	-312.415	-130.676
Change in deferred taxes	51.214	-49.660
Tax on ordinary result	**-171.441**	**-170.994**
Apportionment of tax on ordinary result		
Norwegian exit tax - old shipping regime	-312.415	-130.676
Norwegian tax - ordinary	108.531	-49.434
Foreign	32.443	9.117
Total tax	**-171.441**	**-170.994**
Outside Shipping Tax Regime		
Temporary differences:		
Shares/ownership (current assets)	8.702	2.025
Pension over-funding	32.025	25.653
Fixed assets/ provisions	129.057	-337
Unrecovered loss carried forward	-73.461	-113.926
Total temporary differences	**96.323**	**-86.585**
Tax effect of temporary differences:		
Shares/ownership (current assets)	2.437	567
Pension over funding	8.967	7.183
Fixed assets/provisions	36.136	-94
Unrecovered loss carried forward	-20.569	-31.899
Net deferred taxt/ deferred tax asset (-)	**26.970**	**-24.244**
Changes in deferred tax in the balance sheet		
Opening balance deferred tax	-24.244	25.417
Booked to profit and loss	51.214	-49.660
End balance deferred tax/ deferred tax asset (-)	**26.970**	**-24.244**
Payable tax in the balance sheet consist of		
Payable exit tax - old shipping tax regime - long-term		214.817
Payable exit tax - old shipping tax regime - current		34.823
Other payable corporation tax	91.845	16.142
Total payable tax in the balance sheet	**91.845**	**265.783**
Analysis of effective tax rate		
28% of pre-tax result	242.578	-40.338
Payable exit tax - old shipping tax regime	-312.415	-130.676
Differential in tax rates foreign entities	-6.034	-36.171
Permanent differences/ Shipping Tax Regime	-95.569	36.192
Estimated tax	**-171.441**	**-170.994**

The Norwegian Shipping Tax Regime was amended from 1.1.2007. Companies subject to the old regime had to exit this regime, before they could enter into the new regime. On exit, any gain or surplus earned under the old regime was taxed at 28%. 2/3 of the calculated tax was payable and a minimum of 10% per year was payable over ten years. Several shipping companies raised a joint lawsuit against the Norwegian State, claiming that the taxation was unconstitutional. In the first hearings the state was awarded one case and the shipping companies the other. This ruling was appealed directly to the Supreme Court was won by the shipping companies and was effective from February 2010.
There is still uncertainty related to the government's follow-up of this ruling. However, based on the decision by the Supreme Court, the previously booked, and partly paid tax expense is reversed in the 2009 accounts. A total of NOK 312 million is posted as tax income. The Group has no firm plans to exit the present tonnage tax regime.
Deferred tax on deviating values in associated companies with foreign partnerships has been included in the Group accounts. Further, deferred tax is calculated on scenarios where a future realization will lead to a tax liability.
Deferred tax assets from losses carried forward are recognized under the assumption that companies under the ordinary tax regime will have taxable income in the future. This taxable income is related to gain from sale of fixed assets and taxable financial income.

Notes

NOTE 13 SHARE CAPITAL, SHAREHOLDERS AND TREASURY SHARES

	Share capital	Treasury shares
31.12.2008	75.588	-223
Purchase treasury shares (114.600)		-229
Sale treasury shares (18.675)		37
31.12.2009	**75.588**	**-415**

At 31.12.09, the Company's share capital represents 37,794,160 shares at NOK 2. The number of shareholders at 31.12.09 was 3,062. The Board has the power of attorney to implement a capital appreciation of up to 140,000 shares at NOK 2 for employees of the Group. Furthermore, the Board has power of attorney to increase the share capital by NOK 4 million by issuing 2 million shares. The Board also has the power of attorney to acquire treasury shares in line with current legislation (10%). These powers of attorney are valid until the next General Meeting.

As at 31.12.2009 the Group had 207,619 treasury shares with cost price of NOK 23.5 million

NOTE 14 EARNINGS PER SHARE

Earnings per share is calculated by dividing the Group result by the average number of shares, adjusted for the stock of treasury shares. There are no instruments that allow the possibility of dilution.

	2009	2008
Majority result from ordinary operations	1.027.458	45.561
Average number of shares	37.867	37.873
Treasury shares	208	112
Average number of shares to calculate earnings per share	**37.659**	**37.762**
Earnings per share (NOK)	**27,28**	**1,21**

NOTE 15 TRANSACTIONS WITH RELATED PARTIES

The Group accounts consists of the financial statements of Solstad Offshore ASA and the following subsidiaries, and line-by-line consolidated accounts from joint ventures and associated companies booked as equity investments:

		Solstad Offshore ASA share ownership	
Navn:	**Land:**	**2009**	**2008**
Solstad Offshore (UK) LTD	UK	100 %	100 %
Solstad Cable (UK) LTD	UK	63 %	63 %
Solstad Offshore Service Vessel (UK) LTD	UK	100 %	100 %
Pioneer Offshore LP	UK	100 %	100 %
Progress Offshore LP	UK	100 %	100 %
Pioneer Offshore Ltd	UK	100 %	100 %
Progress Offshore Ltd	UK	100 %	100 %
PIOPRO (UK) Ltd	UK	100 %	100 %
Solstad Cable Cutter Ltd	UK	63 %	63 %
Solstad Cable Clipper Ltd	UK	63 %	63 %
Solstad Cable Holland BV	UK	63 %	63 %
ADSI Offshore (UK) Ltd	UK	100 %	100 %
Solstad Management AS	Norway	100 %	100 %
Normand Drift AS	Norway	100 %	100 %
Solstad Rederi AS	Norway	100 %	100 %
Trym Titan AS	Norway	63 %	63 %
Solstad Shipping AS	Norway	100 %	100 %
Normand Skarven AS	Norway	100 %	100 %
Normand Skarven KS	Norway	71 %	71 %
Solstad Brasil AS	Norway	100 %	100 %
Rig Supporter KS (liquidated)	Norway	0 %	21 %
Solship AS	Norway	100 %	0 %
Solstad Rederi II AS	Norway	100 %	0 %
Deep Well AS	Norway	39 %	18 %
Solstad Offshore Ltda	Brazil	100 %	0 %
ADSI INC (Joint Venture)	Switzerland	50 %	50 %
NISA INC (Joint Venture)	Switzerland	50 %	50 %
Nor Offshore LTD (Joint Venture)	Singapore	50 %	50 %
Normand Edda AS (Joint Venture)	Norway	50 %	50 %

Notes

Solstad Offshore UK LTD is the parent company of Solstad Cable (UK) LTD, Solstad Offshore Service Vessel (UK) LTD, ADSI Offshore (UK) Ltd, and PIOPRO (UK) Ltd. Solstad Cable (UK) Ltd is the parent company of Solstad Cable Cutter, Ltd, Solstad Cable Clipper Ltd and Solstad Cable Holland BV. Solstad Offshore Service Vessel (UK) Ltd is the parent company of Pioneer Offshore LP and Progress Offshore LP, whilst PIOPRO (UK) Ltd is the parent company of Pioneer Offshore Ltd and Progress Offshore Ltd. Solstad Rederi AS is the parent company of Trym Titan AS, Solstad Rederi II AS and Solship AS. Solstad Brasil AS is the parent company of Solstad Offshore Ltda. Solstad Offshore ASA is the parent company for the remaining companies, and also has ultimate control of all companies.
In addition to general management services, the Group has entered the following transactions with associated parties:

	Sale (-) / purchase (+)		Receivables		Payables	
Associated company	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Deep Well AS	45		5.000	13.343		
Trym Titan KS (liquidated)		-24.070				
MPU Offshore Lift ASA (liquidated)		-2.342				
Rig Supporter KS (under liquidation)		-349				
Management and Board of Directors						
Managing Director						
Chairman of the Board	8	34				
Other associated parties						
Owner of office premises	5.869	3.519				
Owner of shipyard for repairs	481	805			-120	-115

The Group's affiliation with associated parties:
Deep Well AS is an associated company in which the Group has a 39% share. The Group hired a consutant from the company before it became an associate. Receivables are subordinated loans.
Trym Titan KS was an associated company in which the Group had a 30% interest. The company's operations were managed by the Group. The company has since been liquidated.
MPU Offshore Lift ASA was an associated company in which the Group had a 30% interest. The Group performs management services for the company related to building supervision. The company is liquidated.
Rig Supporter KS is an associated company in which the Group had a 21% interest. The Group managed a vessel on a bare-boat contract. The company is liquidated.
The Chairman of the Board is a legal adviser for the Group.
The Group rents offices and a warehouse at market price from a company controlled 100% by the main shareholder.
The Group also uses a shipyard for repairs and conversions of the Group's vessels where the main shareholder controls 100%.
The Managing Director is Chairman of the Board of Normand Skarven KS.
The Deputy Managing Director is a board member in Rig Supporter and Normand Skarven KS.
Associated parties are considered to be Board Members (including associated companies) and the company management.
There are no management agreements with associated parties outside the Group that charge management fees.
Transactions with related parties are completed at normal market prices. Interest is not calculated on outstanding balances at year end that are normal accounts receivable or accounts payable. Current assets are included in the ordinary evaluation of bad debt.

NOTE 16 BANK DEPOSITS

The Group's tied deposits total NOK 28.7 million (NOK 22.6 million) on which tax is withheld.
As at December 31, 2009 the balance of cash and cash equivalents in the cash flow statement consist of the following:

	2009	2008
Cash and bank deposits	1.444.672	829.936
Total cash and cash equivalents	**1.444.672**	**829.936**

NOTE 17 ENVIRONMENTAL CONDITIONS

All of the company's vessels comply with current environmental requirements. In 2009, none of the company's vessels had conditions imposed on them for upgrading or improving technical equipment or any other measures necessary to satisfy current environmental standards.
The company's HSE and ISPS system complies with international regulations (IMO's International Safety Management Code). All vessels and our administration hold ISM certification from Det Norske Veritas or relevant Flag State. The company's Quality Assurance System is certified in accordance to NS-EN ISO 9001:2000.

NOTE 18 PAID-OUT AND PROPOSED DIVIDEND

Approved and paid out during the year:	**2009**	**2008**	**2007**
Ordinary dividend	75.588	151.177	151.177

Proposed dividend at general meeting:	**2009**	**2008**	**2007**
Ordinary dividend	94.485	75.588	151.177
Per share (NOK)	2,50	2,00	4,00

Notes

NOTE 19 OTHER LONG-TERM ASSETS

	2009	2008
Loan to other companies	5.785	14.016
Other receivables	186	1.056
Total other long-term assets	**5.971**	**15.072**

The loans are secured convertible loans. The interest rate during 2009 has been 5%.

NOTE 20 ACCOUNTS RECEIVABLE AND OTHER SHORT-TERM RECEIVABLES

	2009	2008
Accounts receivable	466.456	497.218
Total Accounts receivable	**466.456**	**497.218**
Prepaid expenses	30.440	67.496
VAT raceivable	3.439	5.121
Other short-term receivables	230.774	68.474
Total short-term receivables	**264.653**	**141.091**

Other short-term receivables are mainly paid tonnage tax (refundable), refundable insurance claims and prepayment to suppliers.

NOTE 21 STOCK

Stock consists of provisions, bunkers and lube oil on the Group's vessels:

	2009	2008
Provisions	9.063	7.976
Bunkers	20.767	3.124
Lube oil	9.642	8.258
Total stock	**39.471**	**19.358**

NOTE 22 DEFERRED INCOME

Deferred income consists of:	2009	2008
Fair value charter party contracts	8.596	
Total	**8.596**	

In connection with the division of Rem Offshore ASA, some of the charter party agreements were deemed to have a lower fair value.
These lower values are amortized over the remaining life of the contracts.

NOTE 23 OTHER CURRENT LIABILITIES

Other current liabilities consist mainly of accrued interests, provision for unrealized loss on financial instruments and provision for planned periodic maintenance at year end.

NOTE 24 LINE-BY-LINE CONSOLIDATION OF JOINT VENTURES

The joint ventures (JV) ADSI Inc (50%) and Nor Offshore Ltd (50%) are consolidated line-by-line in the financial statement.
The joint ventures contribute to the Group accounts as follows:

	2009	2008
Revenue	284.990	362.522
Expenses	-235.932	-164.167

	2009	2008
Current assets	196.056	204.060
Long term assets	1.121.314	1.085.170
Current liabilities	403.352	287.440
Long term liabilities	693.637	724.949

The JV's run similar business to the rest of the companies in the Group.
Their businesses are based in Switzerland and Singapore, but they operate ships all over the world.

Notes

NOTE 25 BUSINESS COMBINATIONS

On April 13th, 2009, the Group gained control of assets, equaling 48.7% of Rem Offshore ASA, through a de-merger of companies that the Group now controls. This acquisition has been accounted for using the purchase method. The result at 31.12.2009 includes approximately 8.5 months profit from the de-merged part of Rem Offshore ASA.

The fair value of the identifiable assets and liabilities at the date of acquisition were:

	Fair Value	Previous carrying value
Ship and newbuild-contracts	2.559.241	2.047.681
Short-term receivables	284.549	75.490
Bank	0	264.763
Deferred income	-59.621	0
Tax liabilities	-14.853	-44.529
Debt to credit institutions	-1.503.941	-1.515.919
Other current liabilities	-19.969	0
Net assets	1.245.407	827.486
Total acquisition cost	1.245.407	

The total acquisition cost of NOK 1,245 million was settled by redemption of the Group's shares in Rem Offshore ASA, totalling NOK 1,239 million plus costs of NOK 6.5 million which were directly attributable to the acquisition.

As a result of this transaction the Group has identified a gain on the shares in Rem Offshore ASA of NOK 261.6 million, NOK 134.2 million of which is booked through profit and loss, whilst NOK 127.4 million is booked directly to equity. The division was performed as a de-merger of existing companies. The gain relating to the de-merged part of the companies is deemed to be unrealized gain and is therefore posted directly to equity.

From the date of acquisition, the de-merged part of Rem Offshore ASA has contributed NOK 21.2 million. If the acquisition had taken place at the beginning of the year, the ordinary result before taxes for the period would have been NOK 946.1 million, with net freight revenues of NOK 2,867 million.

Subsequent to the General Meeting on June 2nd, 2009, two of the minority shareholders raised objections to the division of Rem Offshore ASA. The objections were rejected by both Oslo Stock Exchange and Søre Sunnmøre County Court. In the latter, interim legal action was requested. The court judgement from the County Court was appealed to Frostating Court of Appeal. As per 31.12.2009 there is no date set for the appeal.

Furthermore, through REM Offshore ASA these minority shareholders issued an application for conciliation proceedings relating to the division. The application, which is currently on hold, states Solstad Rederi AS as one of the defendants.

The transaction was legally settled September 15th, 2009.

NOTE 26 SUBSEQUENT EVENTS

In February 2010, the Supreme Court ruled as unconstitutional, the taxation of shipping companies related to the forced exit from the previous tonnage tax regime. Consequently, the Group posted NOK 312 million to tax income in 2009. This amount equates to the remainder of the exit tax which was previously charged as a tax expense.

Parent company accounts
FOR SOLSTAD OFFSHORE ASA

June 2009. Normand Pioneer tows Statoils Hywind, the worlds largest offshore windmill, to its location on the south east coast of Karmøy.

Profit & loss account

1.1 - 31.12

PARENT COMPANY **(NOK 1 000)**

	Notes	2009	2008
Other operating income		8.027	1.700
Total operating income		**8.027**	**1.700**
Personnel costs	4	-5.584	-6.262
Other operating expenses	4	-5.456	-4.461
Total operating costs		**-11.040**	**-10.722**
Operating loss		**-3.012**	**-9.022**
Interest income from companies in the Group		9.327	17.120
Other interest income		4.959	9.788
Financial income	5	1.650.857	167.746
Interest charges		-16.596	-22.546
Financial charges	5,7	-28.964	-352.224
Net financing		**1.619.583**	**-180.116**
Profit before taxes		**1.616.571**	**-189.139**
Taxes	10	-14.463	28.932
Net profit for year		**1.602.107**	**-160.207**
Transfers and disposable income			
Dividends	11	94.485	75.588
Transfer from other equity	11	1.507.622	-235.796
Total transfers and disposable income		**1.602.107**	**-160.207**

Balance sheet

PARENT COMPANY (NOK 1 000)

	Notes	31.12.2009	31.12.2008
ASSETS			
Fixed Assets			
Intangible fixed assets			
Deferred tax asset	10	19.795	34.459
Financial fixed assets			
Investments in subsidiaries	6	2.419.860	876.525
Loan to companies in the Group	9	247.351	261.931
Investment in jointly-owned companies	7	59.096	59.096
Investment in associated companies	7	18.789	3.433
Investments in stocks and shares	7		1.307
Other long-term receivables	8	227.080	82.489
Total financial fixed assets		**2.972.175**	**1.284.781**
Total fixed assets		**2.991.971**	**1.319.240**
Current assets			
Investments			
Marked-based shares	7	140.800	
Receivables			
Other short-term receivables	9	52.225	31.859
Bank deposits and cash equivalents		330.789	14.045
Total current assets		**523.813**	**45.904**
TOTAL ASSETS		**3.515.784**	**1.365.144**

Balance sheet

PARENT COMPANY (NOK 1 000)

	Notes	31.12.2009	31.12.2008
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (37,794,160 at NOK 2.00)		75.588	75.588
Treasury shares		-415	-223
Share premium reserve		111.648	111.648
Total restricted equity	**11**	**186.821**	**187.013**
Earned equity			
Other equity	11	2.278.255	778.576
Total earned equity		**2.278.255**	**778.576**
Total equity	**11**	**2.465.076**	**965.589**
Liabilities			
Other long-term liabilities			
Bond Loan		837.127	300.000
Total long-term liabilities		**837.127**	**300.000**
Current liabilities			
Accounts payable	9	13.019	10.603
Bank overdraft		100.332	8.696
Dividends	11	94.485	75.588
Other current liabilities		5.744	4.668
Total current liabilities		**213.581**	**99.555**
Total liabilities		**1.050.708**	**399.555**
TOTAL EQUITY AND LIABILITIES		**3.515.784**	**1.365.144**
Guarantees etc.	14		

Skudeneshavn, 19. mars 2010

Harald Eikesdal
Chairman

Johannes Solstad
Deputy Chairman

Toril Eidesvik
Board Member

Anette Solstad
Board Member

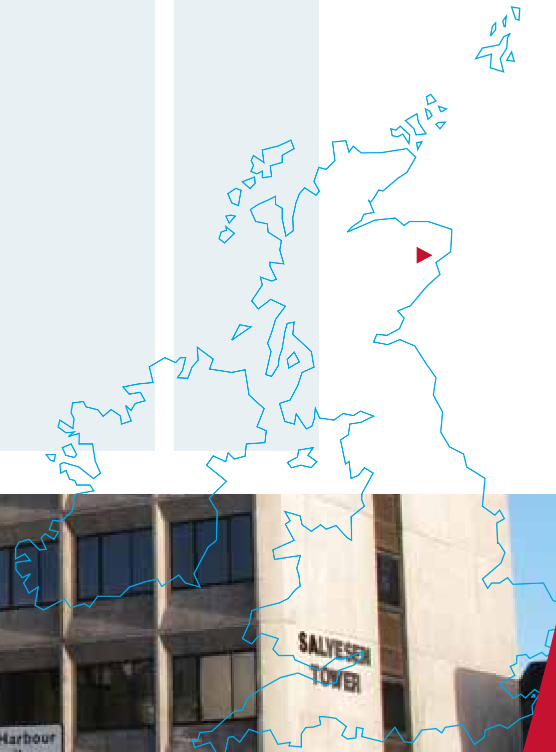
Board Member

Lars Peder Solstad
Managing Director

Cash flow

1.1 - 31.12

PARENT COMPANY		(NOK 1 000)	
		2009	**2008**
CASH FLOW FROM OPERATIONS			
Profit/loss before taxes		**1.616.571**	**-189.139**
Taxes payable		201	
Write-down of financial assets			-96
Loss on financial assets			347.752
Unrealised currency gain/loss		49.620	271
Change in short-term receivables/payables		2.417	7.880
Change in other accruals		-19.289	-14.468
Net cash flow from operations	**(A)**	**1.649.518**	**152.199**
CASH FLOW FROM INVESTMENTS			
Investments in shares		-1.701.617	-11.850
Disposal of shares		3.433	
Net cash flow from investments	**(B)**	**-1.698.184**	**-11.850**
CASH FLOW FROM FINANCING			
Payment of dividends		-75.365	-150.632
Purchase and sale of treasury shares		-8.358	-1.116
Payment of long-term receivables		-169.274	-187.737
Bank overdraft		81.279	8.696
New/ repayment of (-) long-term debt		537.127	
Net cash flow from financing	**(C)**	**365.410**	**-330.788**
Net change in cash and cash equivalents	**(A+B+C)**	**316.744**	**-190.438**
Cash and cash equivalents at 01.01		**14.045**	**204.484**
Cash and cash equivalents at 31.12	**(Note 15)**	**330.789**	**14.045**



Solstad to Europe´s oil capital - Aberdeen

In 1999, Solstad Offshore UK division office was opened in the Scottish oil city, Aberdeen. There are many charterers located in the city – as well as most offshore vessel shipping companies, so it was natural for Solstad Offshore ASA to establish itself in Aberdeen. There are 9 employees at this division office.

Notes

NOTE 1 ACCOUNTING PRINCIPLES

GENERAL The annual accounts have been prepared in accordance with the Accounting Act and best practice accounting principles in Norway. The most important accounting principles are described below.

USE OF ESTIMATES In the preparation of the accounts, estimates and assumptions are used which affect the accounts. Actual figures may differ slightly from the estimates.

FOREIGN CURRENCY Monetary items in foreign currency are converted at the exchange rate at the balance sheet date.

The following exchange rates have been used in the accounts:

	GBP	USD	Euro
Per 31.12.08	10,121	6,9989	9,8650
Per 31.12.09	9,3170	5,7767	8,3150

COST OF BORROWING The cost of borrowing is capitalized at the time of borrowing and the cost is charged over the maturity period of the loan.

EVALUATION AND PRESENTATION OF CURRENT ASSETS Stocks are valued as the lowest of either the acquisition or the estimated sales value. Receivables are posted at face value with deduction for anticipated loss.

FINANCIAL FIXED ASSETS Long-term investment in shares and other investments are valued at the lowest of either the acquisition cost or the estimated sales value if the reduction in the sales value is not considered temporary.

TAXES / DEFERRED TAX Deferred tax/ deferred tax assets are calculated, using the liability method, at 28% based on temporary differences between the accounting and tax-related values existing at the end of the financial year and any tax deficits are carried forward.

Temporary tax increases and decreases are recorded in the balance sheet as net figures.

CLASSIFICATION OF ITEMS IN THE ACCOUNTS Assets determined for long-term ownership or use, and receivables which are due more than one year after the expiry of the financial year, are posted as fixed assets. Any remaining assets are classified as current assets.

Liability which is due more than one year after the expiry of the financial year is posted as long-term debt.

CONTINGENCIES Contingent losses that are probable and quantifiable are posted to the accounts, whilst contingent gain/income is not.

SHARES AND HOLDINGS IN OTHER COMPANIES Short-term investments related to shares are not treated as a trading portfolio and are valued at the lowest of cost price and market value.

SHARES IN SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY-OWNED COMPANIES Shares in subsidiaries, associated and jointly-owned companies are posted in the parent company accounts at cost and written down to the extent that there is a significant deficit value which is not considered temporary.

TREASURY SHARES Treasury shares are posted as a nominal value under the item “share capital”. The difference between nominal and acquisition cost is entered as “other equity”.

CASH FLOW The Group applies the indirect method. Investment in shares and other liquid assets with maturity over three months are not included under cash equivalents.

Notes

NOTE 2 MAJOR TRANSACTIONS/EVENTS

Major transactions and events in 2009:
In 2009, the company issued a bond loan of NOK 450 million net.

Major transactions and events in 2008:
The company's investment in MPU Offshore Lift ASA was booked as a loss in the 2nd quarter of 2008, as the company filed for a bankruptcy petition. The total loss was NOK 335 million, divided between shares and a convertible shareholders' loan.

NOTE 3 FINANCIAL RISK

The company is exposed to various financial risks in its activities. Financial risk is the risk that any changes in currency an interest rates together with counter-parties ability to pay, impact the value of the company's assets, liabilities and future cash flows.

NOTE 4 OTHER EXPENSES, WAGES, EMPLOYEES AND DISTINCTIVE CONTRIBUTIONS

	2009	**2008**
Wages	4.292	4.416
Employer's National Insurance	657	695
Pension costs	148	141
Other benefits	179	21
Travelling costs, courses and other personnel costs	308	989
Total employee costs	**5.584**	**6.262**
Average number of employees	2	2

REMUNERATION TO DIRECTORS, MANAGING DIRECTOR AND AUDITOR

Charged cost during the year	**Director's fee**	**Wages**	**Other benefits**	**Pension cost**
Key employees:				
Lars Peder Solstad (Managing Director)	7	1.722	111	55
Sven Stakkestad (Deputy Managing Director)	5	1.559	83	93
Board of Directors:				
Harald Eikesdal, Chairman	300			
Johannes Solstad, Deputy Chairman	156			
Toril Eidesvik	156			
Arne Austreid	156			
Anette Solstad	204			
Per Gunnar Solstad	252			

In 2009, NOK 400,000 and NOK 74,080, was charged as auditors fees relating to auditing and consultancy services respectively. There are no distinctive agreements regarding remuneration for the Chairman of the Board and nor are there any distinctive bonus or option programmes for any Board Member or Group Management. No loans have been given to key employees. The Managing Director has an agreement that secures 12 months salary.
The employees are included in the Group's standard pension plan. Pension fund liability is posted in Solstad Management AS.

NOTE 5 FINANCIAL ITEMS

Financial income, totalling NOK 1,651, million includes dividends of NOK 1,619 million from subsidiaries, guarantee provision of NOK 8 million, payments from limited partnerships of NOK 20 million, group contributions of NOK 2 million and gain on repurchase of the bond loan of NOK 2 million.
Comparative figures of NOK 168 million includes dividends of NOK 150 million from subsidiaries, guarantee provision of NOK 12 million, payment from limited partnerships of NOK 2 million and group contribution of NOK 3.6 million.

Financial costs of NOK 29 million is realized currency loss.
Comparative figures, totalling NOK 352 mill, include loss of shares and a shareholders' loan to an associate company of NOK 348 mill, impairment of financial assets of NOK 2 million and realized currency loss of NOK 2 million.

Notes

NOTE 6 SHARES IN SUBSIDIARIES

	Place of Business	Ownership	Number of Shares	Nominal Value	Share Capital	Cost price/ Book value
Solstad Shipping AS	Skudeneshavn	100 %	10.000	1.000	10.000	10.000
Solstad Rederi AS	Skudeneshavn	100 %	69.850	100	6.985	2.216.271
Normand Drift AS	Skudeneshavn	100 %	150	1.000	150	150
Solstad Offshore UK Ltd	Aberdeen	100 %	11.000.100	GBP 1	GBP 11.000	145.284
Solstad Management AS	Skudeneshavn	100 %	2.000	1.000	2.000	10.000
Normand Skarven AS	Skudeneshavn	100 %	1	950.000	950	1.250
Solstad Brasil AS	Skudeneshavn	100 %	480	1.000	480	1.554
Normand Skarven KS	Skudeneshavn	72 %				35.350
Total						**2.419.860**

NOTE 7 SHARES IN JOINTLY OWNED AND ASSOCIATED COMPANIES

Shares in jointly owned and associated companies

	Place of Business	Ownership	Number of Shares	Nominal Value	Equity 31.12.2009	Result 2009 (100%)
NorOffshore PTE (FKV)	Singapore	50 %	5.837	57.390	424.995	-14.261
ADSI Inc. (FKV)	Marly,Switzerland	50 %	250.050	1.337	1.171	8.330
NISA Inc. (FKV)	Marly,Switzerland	50 %	501	295	-1.188	-1.827
Normand Edda AS (FKV)	Haugesund	50 %	75	75	160	3
Total				**59.096**	**425.138**	**-7.755**
Deep Well AS	Haugesund	39 %	93.680	18.789	26.131	-1.870
Total				**18.789**	**26.131**	**-1.870**

Investments available for sale - long term	**Ownership**	**Booked value 31.12.2009**
Bond loan		
Sore 01 (intercompany)	67,00 %	140.800

NOTE 8 OTHER LONG TERM ASSETS

Other long term assets include:	**31.12.2009**	**31.12.2008**	**Interest**
Shareholders loan ADSI Inc	47.939	32.396	2,57 %
Shareholders loan Nor Offshore Ltd	162.660	36.338	3,79 %
Loan to Deep Well AS	5.087	13.343	5% - fixed
Posted financial cost	11.395	413	
Total	**227.080**	**82.489**	

The loans are convertible subordinated loans.

Notes

NOTE 9 INTER COMPANY GROUP

Solstad Offshore ASA had the following receivables/debt from companies in the Group:	**31.12.2009**	**31.12.2008**	**Interest**
Solstad Cable (UK) Ltd	40.284	43.945	3,50 %
Solstad Offshore (UK) Ltd	199.028	209.026	3,90 %
Solstad Shipping AS		2.327	0,00 %
Solstad Management AS		2.336	0,00 %
Normand Skarven AS		378	0,00 %
Normand Drift AS	1.990	1.886	4,00 %
Solstad Brasil AS	6.049	2.033	3,94 %
Inter company loans	**247.351**	**261.931**	
Solstad Brasil AS		1.704	
Solstad Shipping AS	49.315	23.970	
Normand Drift AS		1.940	
Other companies	2.910	4.244	
Other current assets	**52.225**	**31.859**	
Solstad Management AS	-13.019	-10.603	
Trade account payable	**-13.019**	**-10.603**	

Group receivables, due more than one year after the end of the financial year, are around NOK 254 million.

NOTE 10 TAX

	2009	**2008**
Taxable income		
Result before tax	1.616.571	-189.139
Changes in temporary differences	-8.540	9.584
Permanent differences	-629	784
Share of result in limited partnerships	25.286	27.751
Dividends/ repayments from limited partnerships	-1.638.140	-152.059
Dividend received- taxable	48.564	
Loss on sale of shares	3	209.335
Taxable income	**43.114**	**-93.743**
Over-accrued tax 2008	-201	
Change in deferred taxes	14.664	-28.932
Tax on ordinary result	**14.463**	**-28.932**
Shares/ownership (current assets)	967	-7.573
Long term receivables	-2.000	-2.000
Unrecovered loss carried forward	-69.665	-113.496
Total temporary differences	**-70.698**	**-123.069**
Deferred tax (-)/ tax asset	**19.795**	**34.459**
Analysis of effective tax rate:		
28% of Profit before Tax	452.640	-52.959
Tax effect of dividends and gain/ loss sale of shares	-438.000	23.808
Tax effect of permanent differences	-176	220
Estimated tax	**14.463**	**-28.932**

A provision has been made for deferred tax where future realization will incur payable taxes.

Notes

NOTE 11 EQUITY, SHAREHOLDERS AND TREASURY SHARES

	Share Capital	Treasury shares	Other restricted Equity	Other Equity	Total Equity
Equity 31.12.2008	75.588	-223	111.648	778.576	965.589
Purchase of treasury shares (114,600)		-229		-10.105	-10.335
Sale of treasury shares (18,675)		37		1.939	1.977
Unallocated dividend on treasury shares				223	223
Annual result				1.602.107	1.602.107
Allocated dividend				-94.485	-94.485
Equity 31.12.2009	**75.588**	**-415**	**111.648**	**2.278.255**	**2.465.076**

At 31.12.09, the Company's share capital represented 37,794,160 shares at NOK 2. The number of shareholders at 31.12.09 was 3,062.
The Board has the power of attorney to implement a capital appreciation of up to 140,000 shares at NOK 2 for employees of the Group.
Furthermore, the Board has power of attorney to increase the share capital by NOK 4 million by issuing 2 million shares.
The Board also has the power of attorney to acquire treasury shares in line with current legislation (10%). This power of attorney is retained until the next General Meeting.

Shareholders with more than 1% holding at 31.12.2009:	**Number of shares**	**Ownership**
SOFF Holding AS	13.906.506	36,79 %
Odin Norden	2.365.497	6,25 %
Ivan II AS	2.358.158	6,23 %
Skagen Vekst	2.275.000	6,01 %
Pareto Aksje Norge	2.111.150	5,58 %
Solhav Invest III AS	1.861.604	4,92 %
Brown Brothers Harriman & Co	1.280.500	3,38 %
Pareto Aktiv	1.064.800	2,81 %
Odin Offshore	844.400	2,23 %
Solhav Invest X AS	563.080	1,48 %
MP Pensjon	460.000	1,21 %
	29.090.695	**76,97 %**

BOARD OF DIRECTORS AND MANAGING DIRECTORS SHARE INTEREST IN THE COMPANY

In accordance with the definition in corporation law, the Directors had the following holdings at 31.12.09:

Harald Eikesdal	0	shares
Johannes Solstad	18.126.268	shares
Per Gunnar Solstad	563.080	shares
Anette Solstad	56.402	shares
Toril Eidesvik	0	shares
Arne Austreid	4.000	shares

The Deputy Managing Director Sven Stakkestad owned 2,650 shares at 31.12.2009. The company's auditor does not own shares in the company.
On 31.12.2009 the company acquired 207,619 treasury shares at a cost price of NOK 23.5 million.

Notes

NOTE 12 EARNINGS PER SHARE

In 2009, earnings per share was NOK 42.43. The equivalent value in 2008 was NOK -4.25
Earnings per share is calculated by dividing the result by the average number of shares, adjusted for the stock of treasury shares.
There are no instruments that allow the possibility of dilution.

NOTE 13 TRANSACTIONS WITH RELATED PARTIES

Related parties are considered to be Board Members (including associated companies) and the company management.
There are no management agreements with related parties outside the Group that charge management fees.
Inter-company debt/receivables are interest-bearing.

NOTE 14 GUARANTEES

Solstad Offshore ASA has placed the following guarantees (NOK million):

Solstad Offshore UK Ltd	302	- for purchase of vessels
Solstad Offshore Service Vessel UK Ltd	221	- for purchase of vessels
Trym Titan AS	337	- for purchase of vessels
Nor Offshore Ltd	115	- for bare-boat rental and purchase of vessels
Normand Drift AS	12	- for financial lease of fixed assets and loans
ADSI Inc	245	- for financial lease of vessels
Deep Well AS	52	- for financing of fixed assets
Solstad Rederi AS	3	- for building of vessels
Solstad Rederi AS II	68	- for bond loan

NOTE 15 ADDITIONAL INFORMATION RELATING TO CASH FLOW

The Group use the indirect method. Investment in stocks and shares with a maturity of more than three months are not included in the cash equivalents.

ERNST & YOUNG

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Ernst & Young AS

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Medlemmer av Den norske Revisorforening

To the Annual Shareholders' Meeting of
Solstad Offshore ASA

Auditor's report for 2009

We have audited the annual financial statements of Solstad Offshore ASA as of 31 December 2009, showing a profit of NOK 1 602,1 million for the Parent Company and a profit of NOK 1 042,3 million for the Group. We have also audited the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet, the statements of income, cash flows and the accompanying notes. The financial statements of the Group comprise the consolidated balance sheet, the statements of income, cash flows and changes in equity as well as the accompanying notes. The regulations of the Norwegian Accounting Act and accounting standards, principles and practices generally accepted in Norway have been applied in the preparation of the financial statements of the Parent Company. IFRSs as adopted by the EU have been applied in the preparation of the financial statements of the Group. These financial statements and the Directors' report are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including the auditing standards adopted by the Norwegian Institute of Public Accountants. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards, an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements of the Parent Company are prepared in accordance with laws and regulations and present fairly, in all material respects the financial position of the Company as of 31 December 2009, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the financial statements of the Group are prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as of 31 December 2009, and the results of its operations, cash flows and changes in equity for the year then ended, in accordance with IFRSs as adopted by the EU
- the Company's management has fulfilled its duty to properly record and document the Company's accounting information as required by law and bookkeeping practice generally accepted in Norway
- the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with law and regulations.

Stavanger, 19 March 2010
ERNST & YOUNG AS
Jostein Johannessen
State Authorised Public Accountant (Norway)
(sign)
Note: The translation to English has been prepared for information purposes only.

A member firm of Ernst & Young Global Limited

Singapore - the city with the world´s most harbour traffic

Singapore is a vibrant commercial, financial and industrial centre in Asia. The city's strategic location was the reason for Solstad Offshore ASA establishing itself in Singapore through the joint venture company NOR Offshore Ltd (NOR). Total number of colleagues in NOR at the end of 2009 was 285 people. There are 26 employees at this division office.

A brief look at 2009

IMPORTANT EVENTS

JANUARY

Deep Ocean ASA declares its intention to extend the charter for the Normand Flower, a construction service vessel (CSV), by one year.

The sale agreement with a foreign buyer for the anchor-handling vessel (AHTS) Normand Skarven, entered in to in May 2008 is cancelled. The buyer paid a 10% deposit but did not fulfill the payment obligations of the sale agreement. Therefore, the owner of the vessel, Normand Skarven KS, revoked the sale agreement.

Solstad Offshore ASA (SOFF) enters a long-term freight agreement for the AHTS's Normand Atlantic and Normand Ivan. The length of the contracts is 26 months with a total value of around NOK 800 million. Newfield (2 months) and Murphy Oil (24 months) will utilize the vessels in their operations in Malaysia. The contracts begins 1 February 2009 as a continuance of the existing contracts. Both the Normand Atlantic and Normand Ivan have worked for the same charterers since the end of 2004.

MARCH

Two new build contracts with Karmsund Maritime Service AS are cancelled by the company after the yard advised that they were going in to receivership. Solstad Rederi AS, 100% owned by SOFF, has two new build contracts with this yard. The company is reimbursed for the paid installments by the guaranteeing bank.

APRIL

SOFF, through its wholly owned subsidiary Solstad Rederi AS, owned 48.7% of the shares in Rem Offshore ASA (REM), and enters an agreement for the division of REM with REM and Åge Remøy who through various companies represented 39.9% of the shares. The agreement is for 8 vessels including a new build contract and various intangible assets and liabilities are transferred to a newly established company, the shares of which are held by Solstad Rederi AS in redemption for its shares in REM.

The seafarers in REM are offered the opportunity to continue their service on their respective vessels. In total, 200 crew are offered a transfer from REM to SOFF.

MAY

In Singapore, a long-term charter agreement between Nor Offshore Ltd (NOR) and Petroleum Marine Services (PMS), Egypt is terminated for the CSV Nor Valiant. The reason is technical problems after delivery from yard second half 2008.

NOR enters a long-term charter agreement for Nor Sky with Statoil SP Gas AS for a period of 1 year, and for Nor Star with BG Tunisia also for a period of 1 year. SOFF also enters an agreement with EOG for Normand Skarven. The contract period is approximately 240 days. The total value of these three contracts is around NOK 125 million.

JULY

The company enters an agreement for building a large anchor handling vessel that was originally ordered by SOFF from Karmsund Maritime Services AS. The vessel shall be completed by Ulstein Verft for delivery in April 2010 at a cost price of NOK 680 million.

AUGUST

SOFF enters a charter agreement for the AHTS Normand Neptun with EDT Offshore Egypt SAE for two years, starting December 2009. Its area of operations is Egypt.

Consecutively, NOR Offshore enters an agreement for the AHTS Nor Supporter with Murphy Oil in Malaysia starting September 2009. The length of the agreement is a fixed 22 months period with charterers option for a further 1 year extension.

Acergy declares its option to charter the CSV Normand Mermaid for a further year from 1 November 2009. The fixed term of this charter has a total value of NOK 315 million.

SEPTEMBER

In accordance with a resolution passed at its general meeting on 2 June 2009, REM implemented the capital reduction in the company and the formal transfer of vessels, values and legal obligations from REM is done.

The company takes over the new build Normand Subsea. The vessel is a very advanced CSV and was built and developed in close cooperation with Subsea7 and Shell and is to carry out inspection, repairs and maintenance work on sub sea installations in the North Sea.

NOVEMBER

SOFF enters a freight agreement for the platform supply vessels (PSV) Normand Vibran and Normand Trym with Petrobras Brazil. The length of the agreement is 3 years per vessel with a start up during the first quarter of 2010. The total contract value is around NOK 270 million.

The history of Solstad Offshore goes back to when Solstad Rederi AS was registered as a limited company in 1964. The above picture shows M/S Solstrott of 8.700 DWT which was the company's first vessel. M/S Soldrott was purchased 15th September 1964 as was traded in the far east until she was sold in 1971.

The Fleet

PER. APRIL 16th, 2010

		Built year	Design	Reg.	HP	DWT	Deck m²	Winch power	Bollard pull	A-frame Cap. t.	Constr. crane t	DP class	Cabin cap.	Dry bulk	Other equipment
	CONSTRUCTION SERVICE VESSEL														
1	**TBN Normand Oceanic**	2011	OSCV 06L		26 000	11 300	2 100				400	3	140		
2	**TBN Normand Pacific**	2010	ST 256L		20 560	4 500	1 000				200	3	120		
3	**TBN Normand Baltic**	2010	PSV/ROV 06CD		12 000	4 100	1 000				100	2	69		
4	**Normand Subsea**	2009	VS 4710	IoM	21 000	6 100	750				150	2	90		
5	**Normand Clough**	2008	MT 6022	NIS	14 885	6 500	1 300				200	2	121		
6	**Normand Seven**	2007	VS 4420	NIS	26 000	10 000	2 000				250	3	100		
7	**Normand Installer**	2006	VS 4204	NIS	31 500	8 600	1 300	500	308	350	250	3	102		
8	**Normand Commander**	2006	MT 6016 MkII	NOR	10 197	4 305	800				100	2	100		
9	**Normand Fortress**	2006	MT 6016M RSV	NIS	10 197	4 300	800				140	2	100		
10	**Normand Flower**	2002	UT 737	IOM	10 600	4 500	960				100	3	85		2
11	**Normand Mermaid**	2002	P 103	IOM	11 000	4 000	780				100	3	69		2
12	**Normand Cutter**	2001	VS 4125	IOM	22 000	10 000	1 800		120	60	300	2	114		
13	**Normand Clipper**	2001	VS 4125	NIS	22 000	10 000	1 800		120	60	250	2	102		
14	**Normand Pioneer**	1999	UT 742	IOM	27 800	5 000	1 000	500	286	150	140	2	75		
15	**Normand Progress**	1999	UT 742	IOM	27 800	5 000	1 000	500	304	250	100	2	70		
16	**Normand Tonjer**	1983	UT 705	NIS	7 200	3 200	573				50	2	60		
	LARGE AHTS														
17	**TBN Normand Ranger**	2010	VS 490	NOR	28 000	4 250	750	500	280			2	60	X	1,2,3
18	**Normand Prosper**	2010	AH 12	NOR	32 000	5 000	800	500	338			2	70		
19	**Normand Ferking**	2007	VS 490	NOR	20 000	5 000	700	500	250			2	32	X	1,2,3
20	**Normand Titan**	2007	UT 712L	NIS	16 092	2 600	510	400	187			2	28	X	
21	**Normand Master**	2003	A101	NOR	23 500	3 700	600	500	282	150*		2	52		2
22	**Normand Mariner**	2002	A101	NOR	23 500	3 700	600	500	282	150*		2	52		2
23	**Normand Ivan**	2002	VS 180	NOR	20 000	4 140	600	500	240	250*		2	52	X	1,2
24	**Normand Borg**	2000	UT 722	NIS	16 800	2 873	570	500	202			1	35	X	2
25	**Normand Atlantic**	1997	UT 740	NOR	19 400	4 200	560	500	220			2	50	X	1,2,3
26	**Normand Neptun**	1996	UT 740	NOR	19 400	4 200	560	500	222			2	40	X	1,2,3
	SMALLER AHTS														
27	**Normand Mjolne**	1985	UT 718	NOR	18 000	2 500	590	300	170			2	22	X	1,2,3
28	**Normand Draupne**	1985	UT 718	NOR	18 000	2 500	590	300	170			2	16	X	1,2,3
29	**Normand Jarl**	1985	UT 712	NIS	12 000	2 000	536	300	150			1	35	X	1,2,3
30	**Normand Skarven**	1986	UT 716	NOR	13 000	2 500	570	250	156			2	21	X	1,2,3
31	**Normand Drott**	1984	UT 712	NIS	12 000	2 000	536	300	148			-	30	X	1,2,3
	PSV														
32	**Normand Vibran**	2008	UT 755 LN	NIS	5 310	3 240	680					2	18	X	
33	**Normand Corona**	2006	MT 6000 MkII	NOR	8 931	4 100	941					2	24	X	
34	**Normand Trym**	2006	UT 755 LN	NIS	5 310	3 240	680					1	16	X	
35	**Normand Aurora**	2005	P 105	NOR	10 000	4 900	960					2	25	X	
36	**Normand Skipper**	2005	VS 4420	NOR	9 500	6 400	1 220					2	23	X	2,3
37	**Normand Flipper**	2003	UT 745E	NOR	9 000	4 500	960					2	17	X	2
38	**Normand Vester**	1998	UT 745	NOR	10 300	4 590	956					2	37	X	2,3
39	**Normand Carrier**	1996	UT 745	NOR	10 300	4 560	956					2	37	X	2,3
	NOR OFFSHORE LTD. CSV / AHTS / DLB														
40	**TBN NorCE Endeavor**	2010	DLB	Panama	N.A.	18 000	3 300				1100		280		5
41	**Nor Australis**	2009	CSV	SIN	5 500	2 500	780				70	X	120		1,4
42	**Nor Valiant**	2008	CSV	SIN	5 500	3 100	700				50	X	120		1
43	**Nor Chief**	2008	Kiam Chian	SIN	10 800	2 100	450	300	140			2	40	X	1
44	**Nor Sky (1)**	2008	Kiam Chian	SIN	5 500	1 800	475	150	70	50	30	2	60	X	1
45	**Nor Spring (1)**	2008	SasaShip	SIN	8 000	2 600	500	200	111	50	20	2	60	X	1
46	**Nor Captain (1)**	2007	Kiam Chian	SIN	10 880	2 300	450	300	143			2	40	X	1
47	**Nor Tigerfish**	2007	Kiam Chian	SIN	5 500	1 650	475	150	70	50	30	2	60	X	1
48	**Nor Sun**	2006	Kiam Chian	SIN	8 000	1 700	490	200	101			2	54	X	1
49	**Nor Star**	2005	Kiam Chian	SIN	5 500	1 860	475	150	71			2	42	X	1
50	**Nor Supporter**	2005	Kiam Chian	SIN	8 000	1 810	475	200	93			2	42	X	1

Explanation:
(1) Bareboat
* A-Frame shared
"Other equipment" : 1) = Firefighting / Fi-Fi. 2) = Oil resque 3) = Standby / Resq 4) = Diving system 5) = 150 T pipelay system for 48" pipes

Contract coverage

PER. APRIL 16th, 2010

2010 | 2011 | 2012 | 2013

CONSTRUCTION SERVICE VESSEL

1	TBN Normand Oceanic	Delivery March 2011
2	TBN Normand Pacific	Delivery September 2010
3	TBN Normand Baltic	Delivery Juli 2010
4	Normand Subsea	04/2014 + option
5	Normand Clough	11/2013 + option
6	Normand Seven	09/2015 + option
7	Normand Installer	200 days/8 year + option
8	Normand Commander	06/2011 + option
9	Normand Fortress	06/2010 + option
10	Normand Flower	09/2010 + option
11	Normand Mermaid	05/2010 + option
12	Normand Cutter	05/2013 + option
13	Normand Clipper	04/2011 + option
14	Normand Pioneer	150 days/year + option
15	Normand Progress	09/2011 + option
16	Normand Tonjer	03/2011 + option

LARGE AHTS

17	TBN Normand Ranger	Delivery April 2010
18	Normand Prosper	Spot
19	Normand Ferking	09/2012 + option
20	Normand Titan	03/2013
21	Normand Master	Spot
22	Normand Mariner	Spot
23	Normand Ivan	02/2011 + option
24	Normand Borg	05/2010
25	Normand Atlantic	02/2011 + option
26	Normand Neptun	10/2011

SMALLER AHTS

27	Normand Mjolne	03/2011 + option
28	Normand Draupne	Laid up
29	Normand Jarl	07/2010 + option
30	Normand Skarven	04/2010
31	Normand Drott	07/2013 + option

PSV

32	Normand Vibran	04/2013
33	Normand Corona	03/2012 + option
34	Normand Trym	04/2013
35	Normand Aurora	03/2012 + option
36	Normand Skipper	04/2011 + option
37	Normand Flipper	03/2012 + option
38	Normand Vester	09/2010 + option
39	Normand Carrier	03/2012 + option

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40	TBN NorCE Endeavor	Delivery June 2010
41	Nor Australis	08/2016
42	Nor Valiant	08/2010
43	Nor Sky	12/2010
44	Nor Chief	06/2010
45	Nor Tigerfish	06/2012
46	Nor Captain	Spot
47	Nor Spring	Spot
48	Nor Sun	05/2013
49	Nor Star	11/2010 + option
50	Nor Supporter	07/2011 + option

Contract
Charters option
Under construction

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