GC RIEBER SHIPPING ASA

ANNUAL REPORT 2009

GCRIEBER

/ KEY FINANCIAL FIGURES

The GC Rieber Shipping group	2009	2008	2007	2006
Income Statement figures (in NOK 1000)				
CONTINUING OPERATIONS				
Operating income	668 455	573 050	580 659	333 547
Operating expenses	-501 592	-375 567	-342 012	-187 352
EBITDA	167 263	197 483	238 646	146 194
Depreciation	-117 284	-79 678	-67 249	-54 484
Write-downs	-50 385	-14 711	-	-
Gains (losses) on sale of fixed assets	-	4 327	-	-
EBIT	-405	107 420	171 397	91 710
Net financial items	-60 773	13 778	-11 058	-4 238
- whereof unrealized currency gains/losses	8 668	7 452	8 042	3 830
- where of profit from associated companies	-34 819	4 304	-	-
Profit before taxes	-61 197	121 197	160 340	87 472
Net profit from continuing operations	78 062	176 783	-10 982	73 428
DISCONTINUED OPERATIONS				
Profit after tax from discontinued operations	-	-	641 459	-41 665
PROFIT FOR THE YEAR				
Profit for the year	78 062	176 783	630 478	31 763
Minority share	38 441	4 119	9 257	19 143
Profit after minority share	116 503	180 902	639 735	50 906
Normalized profit (1)	3 020	124 129	152 298	83 642
Balance Sheet figures (in NOK 1000)				
Fixed assets	2 259 382	1 663 955	915 842	1 807 974
Current assets	621 146	1 010 335	1 275 482	695 775
Equity	1 545 026	1 507 300	1 441 868	1 034 894
Long-term liabilities	1 012 092	829 197	556 758	877 833
Current liabilities	323 409	337 793	192 698	591 021
Total equity and liabilities	2 880 528	2 674 290	2 191 324	2 503 749
Financial key figures				
Equity ratio (2)	54%	56%	66%	41%
Equity per share (3)	34	33	33	18
Current ratio (4)	5.0	5.1	8.1	3.2
Normalized cash flow (5)	120 304	203 807	219 547	138 126
Interest bearing debt	1 070 554	643 819	438 064	1 225 747
Bank deposits and liquid assets	361 816	742 754	1 139 411	437 999
Number of years to repay interest bearing debt (6)	5.9	-0.5	-3.2	5.7
Profitability				
EBITDA margin	25.0%	34.5%	41.1 %	43.8 %
Return on equity (7)	7.6%	12.3%	51.7 %	5.7 %
Normalized return on equity (8)	0.2%	8.4%	12.3 %	9.4 %
Return on total assets (9)	5.3%	8.6%	29.6 %	5.3 %
Normalized return on total assets (10)	1.2%	6.2%	8.8 %	6.9 %
Normalized cash flow per share (11)	2.76	4.68	5 .05	3.18
Earnings per share (12)	2.67	4.15	14.72	1.17
Normalized earnings per share (13)	0 .07	2.85	3.50	1.92
Weighted average number of shares	43 630 882	43 587 790	43 469 901	43 466 800

DEFINITIONS

1) Profit before taxes from continuing operations adjusted for unrealized currency gains/losses, sales gains and write-downs (incl. write-downs in associated companies)
2) Equity per 31.12 less minority interests divided by total equity & liabilities per 31.12
3) Equity per 31.12 divided by number of outstanding shares per 31.12
4) Current assets divided by current debt, with 1 year downpayment on long-term debt deducted
5) Normalized profit plus depreciation
6) Interest bearing debt less bank deposits and liquid assets, divided by cash flow
7) Net profit divided by average equity
8) Normalized profit divided by average equity
9) Net profit + financial expenses, divided by average total assets
10) Normalized profit plus financial expenses, divided by average total assets
11) Normalized cash flow divided by average weighted number of shares outstanding
12) Net profit divided by average number of shares outstanding
13) Normalized profit divided by average number of shares outstanding

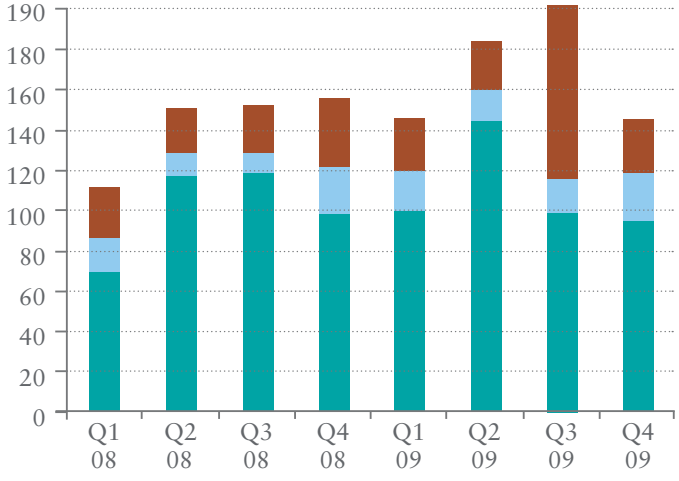
/ ANALYTICAL INFORMATION

Operating income, EBITDA and normalized pretax profit based on continuing operations.

Marine Seismic
Ice/Support
Subsea

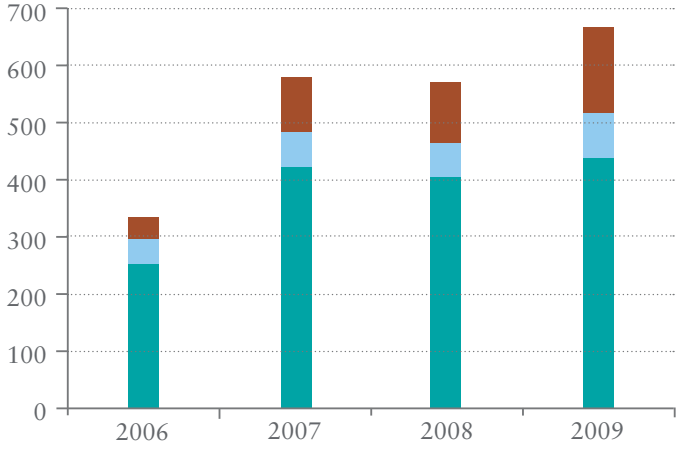
OPERATING INCOME / QUARTERLY DEVELOPMENT

NOK millions



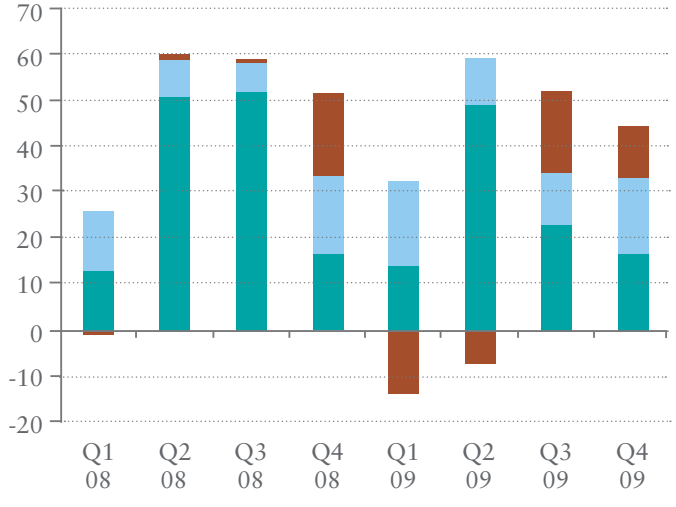
OPERATING INCOME / ANNUAL DEVELOPMENT

NOK millions



EBITDA / QUARTERLY DEVELOPMENT

NOK millions

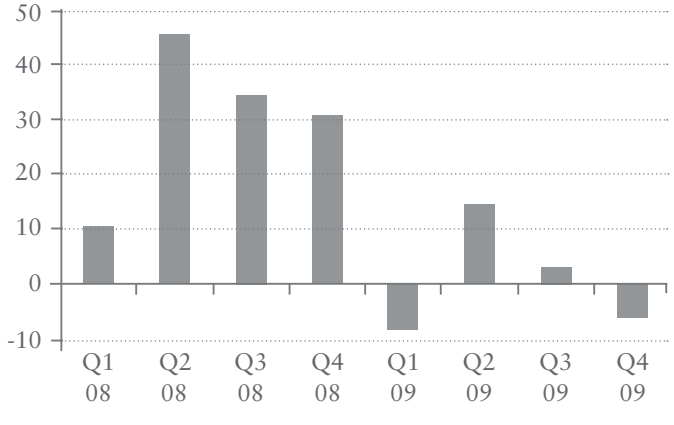


EBITDA / ANNUAL DEVELOPMENT

NOK millions

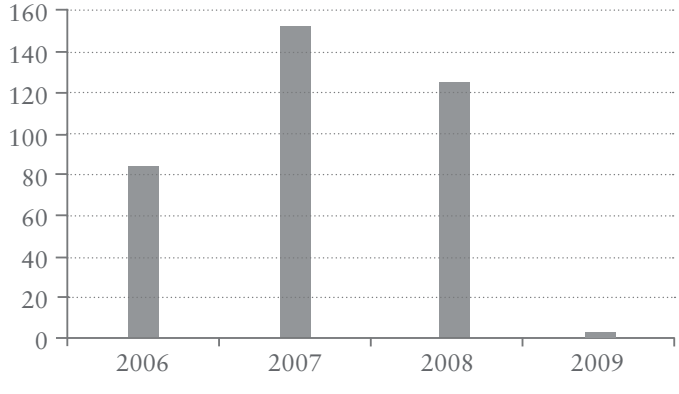
NORMALIZED PROFIT / QUARTERLY DEVELOPMENT

NOK millions



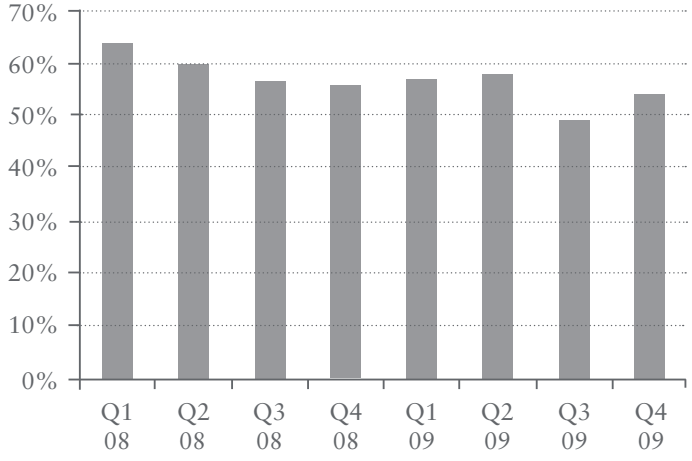
NORMALIZED PROFIT / ANNUAL DEVELOPMENT

NOK millions



EQUITY RATIO / QUARTERLY DEVELOPMENT

Percent (%)

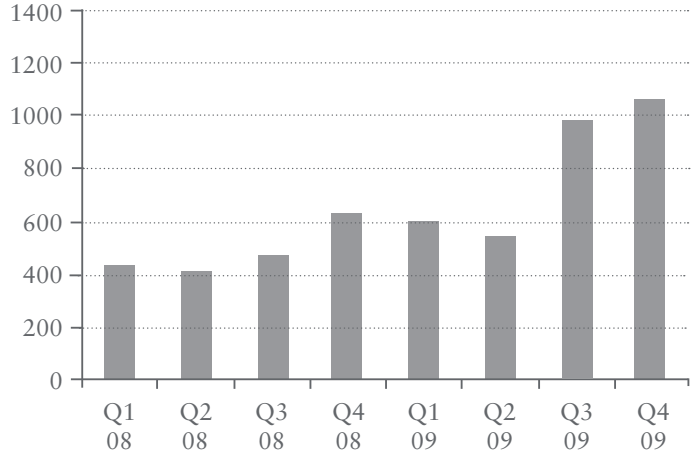


EQUITY RATIO / ANNUAL DEVELOPMENT

Percent (%)

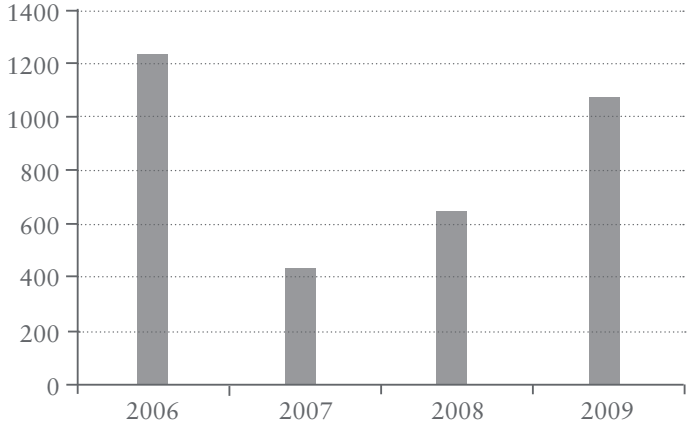
INTEREST BEARING DEBT / QUARTERLY DEVELOPMENT

NOK millions



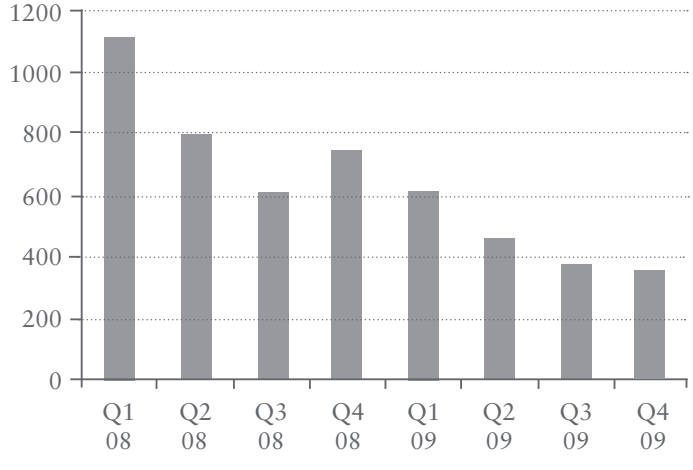
INTEREST BEARING DEBT / ANNUAL DEVELOPMENT

NOK millions



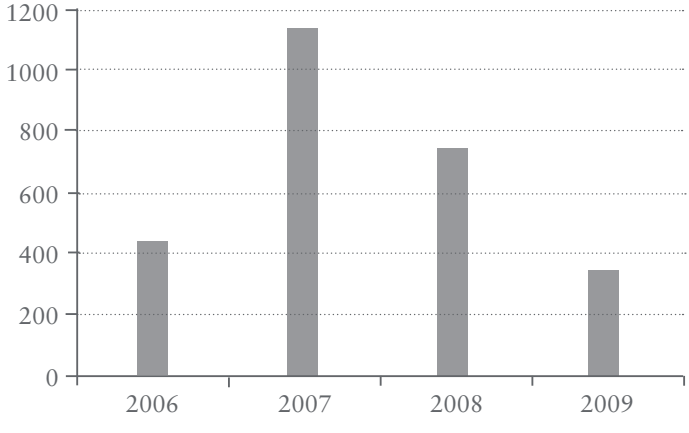
LIQUID ASSETS / QUARTERLY DEVELOPMENT

NOK millions

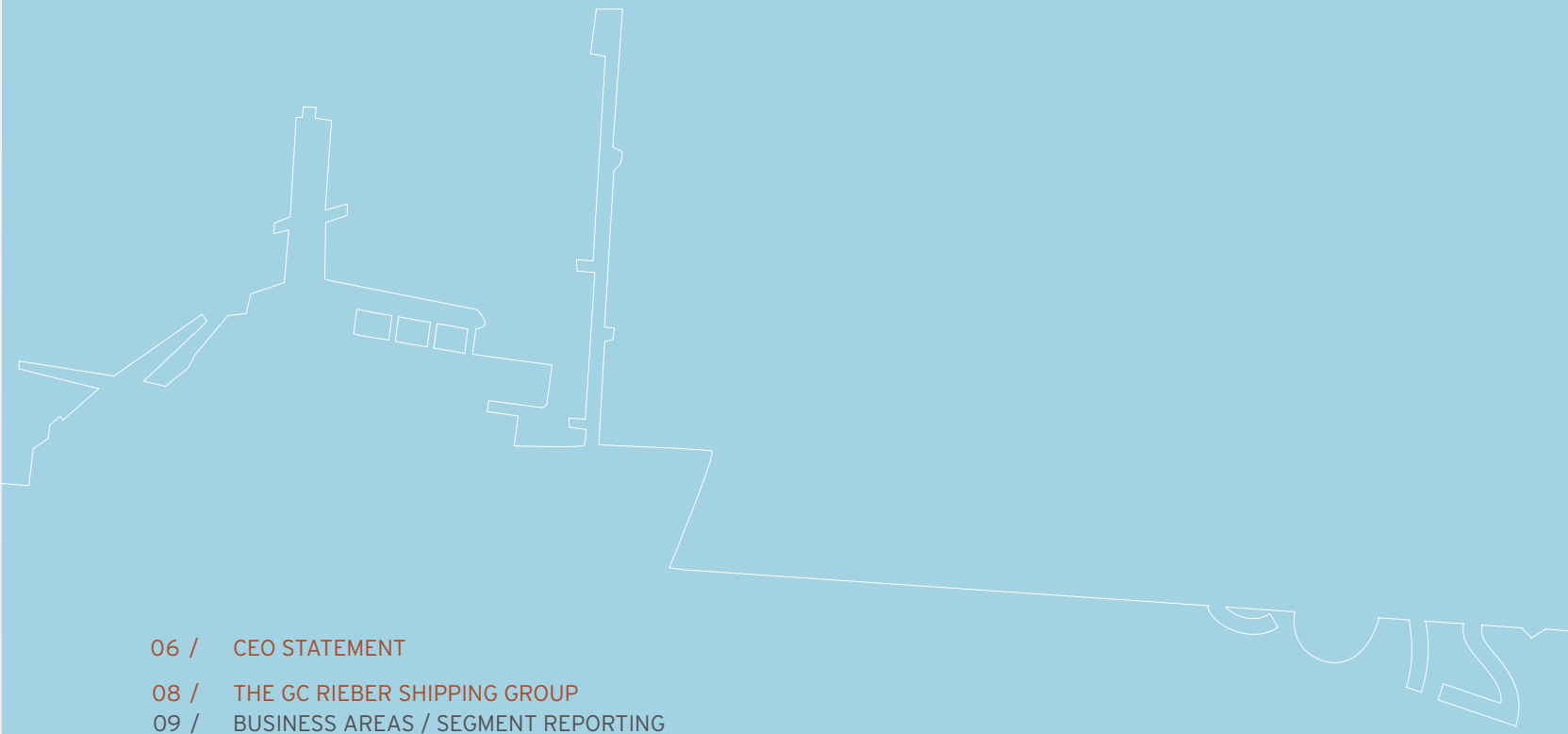


LIQUID ASSETS / ANNUAL DEVELOPMENT

NOK millions




G.C.RIEBER



MESSAGE FROM THE CEO

/ CEO STATEMENT

2009 has been a year marked by the credit crunch and the worldwide financial crisis. In this environment, GC Rieber Shipping has at strategic level strived for retaining a strong balance sheet and investment capacity while at the same time adjusting the balance between core ship owning investments and value chain investments. We have in 2009 utilized our financial strength for fleet renewal at favorable pricing levels. In parallel we have reduced the financial risk associated with our value chain investments in subsea by entering into a joint venture with the Private Equity Fund HitecVision securing a strong financial platform for growth. Operationally, we have stable and good results from our core ship owning business, significant negative results from our value chain investments and start up cost associated with our internationalization process. The consolidated pretax result for 2009 is thus negative and as previously advised significantly weaker than for 2008. We note that strong and continued Safety focus has given another year with no serious personnel accidents.

GC Rieber Shipping's activities – within all business areas - are closely related to the energy markets, and in the longer term the market outlook remains strong. In the short to medium term, however, we expect the development in the subsea and marine seismic market segments to continue to be slow. While our core ship owning business is expected to be stable going forward, we are still exposed through short term contract coverage on two out of our seven multifunctional vessels and through our value chain investments.

Our global ship management operations are strengthened by introducing a corporate marine management function for operations, human resources, QHSE and purchasing. This corporate function shall streamline and optimize our ship management activities internationally. These matrix functions are located in Bergen, but are common resources for all ship management companies - in Norway, UK, Singapore and Russia. Continued focus on Safety and on improving our systems have given another year with no major personnel accidents and a no important environmental spillage.

In line with our communicated strategy, we utilised the combination of our solid financial situation and the weak markets for fleet renewals in 2009. This was a required process to secure future earnings and the timing was good, allowing us to acquire vessels at significant discounts. In June, we acquired the high capacity 3D/4D vessel "Geo Atlantic" from PGS. In September, we acquired two subsea IMR new buildings from Sea4, with delivery in 2010/2011. In addition, in February we acquired two crew boats with long term contracts for operating in the Sakhalin area. Further, due to severe delays, we have cancelled two out of four new buildings which were ordered in 2008 by Polar Marine a 51/49 joint venture between GC Rieber Shipping and Otto Marine.

In October we entered into an agreement with HitecVision to form a 50/50 subsea services joint venture – later named Reef Subsea. As part of the agreement, GC Rieber Shipping contributed its shareholding in Bluestone and Technocean to the joint venture, as well as NOK 35 million in new equity. HitecVision contributed with NOK 160 million in equity. Reef Subsea was established in January 2010, with a total capital injection of NOK 195 million, providing a solid financial capacity for growth.

Despite a cost reduction process during 2009, our permanent monitoring (IOR) & towed seismic investment Octio Group managed to take important steps forward. In October, Octio Group completed a successful offshore test of its permanent monitoring system and the company has now entered the commercialisation phase. The system has received significant attention among international oil operators.

In conclusion, we are pleased to have managed to manoeuvre successfully through a challenging year. We believe the strategic steps taken during 2009 will allow us to harvest in the future. Our efforts in all parts of the organization, to live up to the slogan "Safe Competent Support" shall be essential in this connection.

THE GC RIEBER SHIPPING GROUP

/ BUSINESS AREAS / SEGMENT REPORTING

GC Rieber Shipping is organised in three business areas, which in the financial segment reporting are treated as three separate segments; Subsea, Ice/Support and Marine Seismic. The separate business areas each have sub segments as illustrated below.

The group has a clearly defined strategy on project development and possible disposal of part businesses if this is evaluated to be strategically right and beneficial for the purpose of visualizing values created. As a consequence the contents of GC Rieber Shipping's business areas will vary over time.

BUSINESS AREAS	ACTIVITIES AND ASSETS	CATEGORY	STAKE
SUBSEA	SUBSEA VESSELS / Owns and operates three vessels within subsea support / Two newbuildings with delivery 2010 / Two IMR/CSV newbuildings with delivery 2010/2011	CORE	100% 51% 100%
	SUBSEA SUPPORT & GEOTECHNICAL SERVICES REEF SUBSEA / Owns 76% of Technocean, including subsidiary Scan Mudring: ROV/ROT operations, Trenching operations, Underwater inspection, Movement of soil at seabed / Owns 95% of Bluestone Offshore: Deepwater geotechnical analysis (core drilling)	VALUE CHAIN	50%
ICE / SUPPORT	ICE / SUPPORT / Owns and operates two vessels within ice/research. Oil support – Sakhalin; Research – Antarctica / Two crew boats operating in the Sakhalin II field	CORE	50-100%
MARINE SEISMIC	PERMANENT MONITORING & TOWED SEISMIC OCTIO GROUP / Owns and operates one seismic vessel; Towed seismic / Permanent reservoir monitoring	VALUE CHAIN	60%
	SEISMIC VESSELS / Owns and operates one 3D seismic vessel	CORE	100%
	PROJECT MANAGEMENT & BUILDING SUPERVISION / Operates 7 seismic vessels owned by Fugro, PGS and CGGVeritas / Project management & building supervision for two seismic newbuildings for PGS	CORE	100%

In 2009, Octio Group (60% owned) and Technocean incl. Scan Mudring (58 % owned) have been fully consolidated as subsidiaries in GC Rieber Shipping's financial reporting, while Bluestone Offshore (40% owned) has been reported as an associated company.

As from 2010 Reef Subsea, the 50/50 joint venture with Hitec Vision comprising GC Rieber Shipping's investments in Technocean, Scan Mudring and Bluestone Offshore, will be reported as an associated company in GC Rieber Shipping's financial reporting using the equity method. Octio Group (60% owned) continues to be consolidated as a subsidiary.

After restructuring in Bluestone Offshore early 2010, Reef Subsea's shareholding in Bluestone Offshore increased to 95%. Reef Subsea's shareholding in Technocean increased from 58% to 76% after a capital increase in Technocean, which was completed in March 2010.

/ MARKET, RESOURCES AND STRATEGY

GC Rieber Shipping's business within offshore/shipping includes ownership in specialized vessels, high quality marine ship management, project development and industrial portfolio management within the segments subsea, ice/support, as well as marine seismic. The group has a unique competence on offshore operations in harsh environments and design, development and maritime operation of seismic vessels.Through strategic value chain investments the group has substantial knowledge and experience within offshore subsea and marine seismic.

MARKET

As a service provider for energy companies and energy services companies in relation to exploration and extraction activities, GC Rieber Shipping's activities within all business areas are dependent upon the development in the energy markets. The oil price, being the primary driver for exploration and extraction budgets, is the most important single factor for the group's growth. After the demand driven decline in oil price in the second half of 2008, the oil price has steadily increased during 2009 along with normalising demand growth. The exploration and extraction activities are still negatively influenced by the situation in the oil market at the end of 2008 and beginning of 2009, but the markets have now stabilised and there are signs of recovery. In a longer perspective, the market outlook for GC Rieber Shipping's activities are considered to be strong, driven by a continued drop in oil production (depletion) and corresponding need to increase production in existing fields as well as a need for exploration and extraction of new petroleum resources.

The market for subsea operations grew strongly from 2004 to 2007, as a consequence of a steadily increasing number of seabed installations related to new oilfields and satellites for existing fields, as well as clean-up work after the hurricane Katrina in the US Gulf. Since 2008, however, the market has been subdued by capacity shortages with suppliers and oil companies followed by lower activity arising from the financial crisis and a significant reduction in E & P spending. This has caused postponements on several projects. However, the inherent positive trend remains intact, based on planned seabed pipe laying activities, as well as an increase in the number of remotely operated wells. This indicates a strong long term growth in the market for subsea operations, particularly in Latin America, Asia and West Africa. Geotechnical analysis (core drilling) in deep waters is also a long term growing niche segment, as the oil companies increasingly turn to deep water exploration and extraction of oil and gas. Approximately 50% of the planned subsea development wells in the period 2010-2013 will be drilled at water depths above 900m and 900-1500m is the dominating range. GC Rieber Shipping is involved in deep water geotechnical analysis through Reef Subsea – the 50/50 joint venture with HitecVision – which owns about 95% of the geotechnical company Bluestone Offshore.

2009 was a turbulent time in the marine seismic market, with deferred exploration (2D and 3D) and production (4D) as a result of the oil price decline end 2008. The market is now normalising, but there is still not balance between demand and supply and the recovery is likely to be slow, also caused by new capacity entering into the market in 2010. Multi-client seismic is likely to pick up before contract seismic. Although capacity growth estimates have been adjusted downwards, there is still overcapacity in the market, which causes pressure on rates. The oil companies' focus on more optimal use of their budgets may however lead to increasing interest in better utilisation of production from existing fields and hence there is reason to expect higher emphasis on permanent monitoring of existing oil fields. Long term, the company consider the market outlook within seismic (both towed and seabed seismic) to be good, driven by continued depletion with a corresponding demand for increasing the production from existing fields, as well as a demand for exploration and extraction of new fields.

Within ice/support the major business opportunities are related to oil exploration and production in the arctic environment, although this market is still in an early phase. Substantial oil and gas exploration projects are currently in progress, especially in Russian sector, but also in the Canadian and American sector. There is a high demand for both special purpose vessels designed for ice environment and crew with ice competence. The research application of the vessels is currently affected by lacking funding from public research programmes, but increasing environmental/climate focus may contribute to change this going forward.

CORE ACTIVITIES

GC Rieber Shipping's core activities comprise vessel ownership, vessel operations and ship management, as well as project management.

GC Rieber Shipping currently develops, owns and operates seven advanced, multifunctional special-purpose vessels for defined markets within subsea and ice research and support, whereof one of the vessels – "Geo Explorer" – is owned by the subsidiary Octio Group. The multifunctional characteristics of the vessels allow them to be operated within several of the group's business

HISTORY

1930s / WOODEN FISHING VESSELS
Shipping activities begins with wooden fishing/hunting vessels

1950s / ICE/POLAR RESEARCH DEPLOYMENT
Participate in first Norwegian post-war scientific expeditions to the Antarctic

1960s / SEISMIC DEPLOYMENT
First employment in seismic surveys in the North Sea in 1968

1980s / OFFSHORE SUPPORT DEPLOYMENT
First employment in offshore support

1990s / SEISMIC DESIGN EXCELLENCE & LISTING ON OSLO BØRS
Built and was largest owner in the first Ramform seismic vessel in 1996

Demerger from GC Rieber, IPO and listing on Oslo Børs in 1998

2000s / SEISMIC BUILD-UP & HARVESTING
Demerger; seismic activity and assets spun off into Exploration Resources ASA in 2005. Exploration Resources was listed in March 2005 and acquired by CGGVeritas in the autumn 2005.

Arrow Seismic established late 2005, with subsequent listing on Oslo Axess in May 2007, and thereafter disposal of 42.5% stake in November 2007.

2006-2008 / EXPANSION IN THE VALUE CHAIN WITHIN SUBSEA & ESTABLISHING PRESENCE IN ASIA

2007: Acquisition of a 52% shareholding in Technocean

2008: Acquisition of 100% of Scan Mudring, a specialist within soil removal at the seabed

2008: Investment in four offshore new buildings – 51/49 JV – two vessels will be deployed within subsea

2008: Established ship management office in Singapore, Asia

2008: Acquisition of a 40% shareholding in Bluestone Offshore Pte Ltd – deepwater geotechnical analysis (core drilling)

2008: The shareholding in Technocean is increased to 58% in December 2008

2008-2009 / BUILD-UP WITHIN PERMANENT MONITORING & TOWED SEISMIC

2008: Established the permanent monitoring company Hexio (60% shareholding).

2009: Hexio changes name to Octio Group. Octio Group completes a successful offshore test of its Permanent Reservoir Monitoring system

2009-2010 / FLEET RENEWAL AND SECURING FINANCIAL PLATFORM FOR VALUE CHAIN INVESTMENTS

2009: Acquisition of 3D/4D vessel "Geo Atlantic" from PGS

2009: Acquisition of two subsea IMR new buildings from Sea4

2009: Two of the four new buildings contracted in 2008 were cancelled due to delays

2010: Reef Subsea established as 50/50 joint venture between GC Rieber Shipping and HitecVision. GC Rieber Shipping's stakes in Technocean (incl. Scan Mudring) and Bluestone transferred to Reef Subsea. Capital injection of NOK 195 million into Reef Subsea

FLEET

Vessel	Built (year)	Type	Contract end (year)
Geo Explorer	1988/2004	2D / ice	2010
Ernest Schackelton	1995	Ice / subsea IMR	2014
Polar Prince	1999	Subsea IMR & CSV	2011
Geo Atlantic	2000/2006	3D / 4D	2013
Polarbjørn	2001	Ice / subsea IMR	2010
Polar Queen	2001/2007	Flexi pipelay & light CSV	2012
Polar Pevek	2006	Ice / tug	2021
Bno 702	2010	Subsea IMR & CSV	
Bno 703	2011	Subsea IMR & CSV	
Polar Piltun	1998/2009	Crew boat	2013
Polar Baikal	2000/2009	Crew boat	2013

CORE INVESTMENTS &
STRATEGIC VALUE CHAIN INVESTMENTS

CORE ACTIVITY			VALUE CHAIN
PROJECT DEVELOPMENT Strategy, technical, S&P / M&A	SHIP OWNER Financing, tax/structure, chartering	SHIP MANAGEMENT Technical, crewing, HSEQ	SUBSEA PERMANENT MONITORING & TOWED SEISMIC
100% OWNERSHIP	50-100% OWNERSHIP	100% OWNERSHIP	34-60% STAKE
88% of total assets			12% of total assets

areas and this flexibility entails a reduced risk exposure to market changes.

GC Rieber Shipping is also in charge of the ship management of seven seismic vessels owned by PGS, CGGVeritas and Fugro, as well as project management and building supervision for two advanced seismic new buildings for PGS.

STRATEGIC VALUE CHAIN INVESTMENTS

GC Rieber Shipping has a strategy of expanding in the value chain within the oil service sector. Through its value chain investments GC Rieber Shipping gets access to important competence, which can provide a platform for further expansions in the value chain within oil service.

GC Rieber Shipping typically invests in companies in a build-up phase, which makes them exposed to general reductions in activities in the oil service segment. Thus GC Rieber Shipping seeks to balance exposure and control; typically stakes are in the range 34-60%. Only 12% of GC Rieber Shipping's capital employed is invested in value chain companies – so the overall exposure is limited.

The major value chain investments for GC Rieber Shipping are currently:

- **Reef Subsea;** a subsea services company, which is the majority shareholder in the geotechnical company Bluestone Offshore Pte Ltd and the subsea services company Technocean AS, including its subsidiary Scan Mudring. Reef Subsea is a 50/50 joint venture between GC Rieber Shipping and HitecVision.

- **Octio Group;** is a geophysical company focusing on permanent monitoring of oil & gas fields. GC Rieber Shipping has a 60% shareholding in Octio Group.

Reef Subsea and Octio Group are further described in separate sections after this chapter.

ORGANISATION

The group's headquarter is located in Bergen (Norway), while ship management companies are located in Sevenoaks (England), Yuzhno-Sakhalinsk (Russia) and Singapore. The presence in Singapore was established in 2008. The Singapore office is part of GC Rieber Shipping's market initiative in Asia, but will also be an important tool in recruiting marine crew for the group's vessels – which is easier accessible and more cost effective in Asia than in Western Europe.

As part of the internationalization process, GC Rieber Shipping introduced a corporate marine management function for operations, human resources, QHSE and purchasing. This corporate function shall streamline and optimize our ship management activities internationally. These matrix functions are located

in Bergen (Norway), but are common resources for all ship management offices - in Norway, UK, Singapore and Russia.

PERSONNEL

GC Rieber Shipping has a simple and flexible organisation with 142 employees onshore and approximately 179 offshore, including subsidiaries.

COMPETENCE

GC Rieber Shipping has a unique competence on maritime operation of vessels in harsh environments and subsea operations. The company culture promotes knowledge exchange between the various departments within the company. The combination of strong project development competence, leading shipping competence within the company's niches, well established culture for trend detection and strong financial competence provides the platform for continual innovation, rightly timed decisions and professional project completion and portfolio management.

STRATEGY

GC Rieber Shipping has through the company's history documented the ability to create value from the built-up competence, and has also been able to visualize the values created. Successful counter-cyclical and early-cyclical investments have provided substantial returns.

The basic principles of the company's strategy will be carried on going forward and the company will continue to expand in the value chain within oil service. By utilising partnering and joint ventures GC Rieber Shipping may, with limited risk exposure, build competence which provides a platform for further expansions in the value chain.

Within ice/support, GC Rieber Shipping will continue to develop its activities and investments within support vessels for the oil & gas sector in Russian waters, as well as possibly in the American and Canadian sector.

The company has a solid equity ratio, liquidity and well established bank relations, which gives access to long-term financing at favourable terms.

GC RIEBER SHIPPING ASA

NORWAY	ENGLAND	RUSSIA	SINGAPORE
41 employees Shipowner Ship Management & Project 43 employees subsea (Technocean and Scan Mudring) 34 employees seabed seismic (Octio)	12 employees Ship management	5 employees Ship management	7 employees Ship management
179 marine crew			

FUTURE POTENSIAL BUSINESS AREAS

New subniches via Reef Subsea. New vessels satisfying new HSE requirements.

Opportunities related to oil & gas exploration in Russia and US/Canada. JV vith local partner required.

New niches derived from core competence

Initiatives related to permanent monitoring of oil and gas fields. Utilize knowledge and network/ relations

/ STRATEGIC VALUE CHAIN INVESTMENTS - REEF SUBSEA

Reef Subsea is a subsea services company, which was established in January 2010 through a 50/50 joint venture agreement between GC Rieber Shipping and HitecVision. As part of the JV agreement a capital injection of NOK 195 million was provided to Reef Subsea, along with GC Rieber Shipping's shareholdings in Technocean (including Scan Mudring) and Bluestone Offshore. GC Rieber Shipping and HitecVision have also committed to certain follow-on investments in Reef Subsea which will have a strong financial capacity for expansion in niches within the subsea market.

BUSINESS AND ORGANISATION

Reef Subsea is a holding company, comprising three complementary subsea service companies:

Technocean (76% owned) is an international subsea contractor, headquartered in Bergen, Norway providing subsea inspection, maintenance and repair, survey and light construction support services. Technocean currently has one CSV vessel on long term contract in the North Sea offshore wind market and is well positioned to expand the fleet in the North Sea and to build a presence in West Africa and Brazil. Further, Reef Subsea plans to expand its activities within offshore wind. Technocean has 55 employees, of which 36 offshore.

Scan Mudring (100 % owned subsidiary of Technocean) is a specialist provider of subsea dredging services based in Mandal, Norway. The company has a track record of executing successful projects in deep water, with difficult operating conditions and in areas with restricted access. Scan Mudring has 24 employees.

Bluestone Offshore (95% owned) is a geotechnical survey services company, dedicated to deepwater core drilling. Geotechnical Survey Services involves drilling, sampling and analysis of the seafloor to provide data to oil companies and engineering companies for the design of subsea facilities and anchors for oil rigs and other floating facilities. Bluestone Offshore is headquartered in Singapore. In January 2010, the company entered into a two-year time charter agreement for the multipurpose support vessel "Greatship Maya", which was recently outfitted as a modern geotechnical vessel and is owned by a subsidiary of GC Rieber Shipping. In February 2010, the vessel commenced on its first two-month contract, which concerns geotechnical surveys offshore Australia for the client NERC.

COMPETITORS

While the international subsea support market in general is fragmented and highly exposed to competition, the niches of Scan Mudring (soil removal at seafloor) and Bluestone Offshore (deepwater core drilling) are less exposed to competition. The combination of the complementary competence of Technocean, Scan Mudring and Bluestone Offshore provides a competitive edge for Reef Subsea, which will be an important factor in the further international expansion of Reef Subsea.

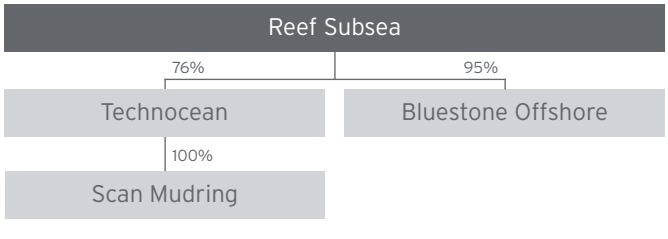
MARKET

After strong growth in the period 2004 to 2007, the market for subsea operations has since 2008 been subdued by capacity shortages with suppliers and oil companies followed by lower activity arising from the financial crisis and a significant reduction in E & P spending. This has caused postponements on several projects. However, the inherent positive trend remains intact, based on planned seabed pipe laying activities, as well as an increase in the number of remotely operated wells. This indicates a strong long term growth in the market for subsea operations, particularly in Latin America, Asia and West Africa. Geotechnical analysis (core drilling) in deep waters is a long term growing niche segment, as the oil companies increasingly turn to deep water exploration and extraction of oil and gas. Approximately 50% of the planned subsea development wells in the period 2010-2013 will be drilled at water depths above 900m and 900-1500m is the dominating range.

REEF SUBSEA - BRIEF FACTS

Established:	2010
Est. revenues 2010:	NOK 350-400 m
Headquarter:	Bergen (Norway)
Subsidiary offices:	Technocean: Bergen (Norway) Scan Mudring: Mandal (Norway) Bluestone Offshore: Singapore

REEF SUBSEA - CORPORATE STRUCTURE



/ STRATEGIC VALUE CHAIN INVESTMENTS - OCTIO GROUP

OCTIO Group is an integrated service supplier with sole focus on enhanced oil recovery (EOR). The company was established in 2008, when GC Rieber Shipping invested NOK 120 million in a 60% shareholding in the permanent monitoring & towed seismic company Hexio – later renamed OCTIO Group. The other partners in OCTIO Group are StatoilHydro Venture and Reservoir Innovation with a 20% shareholding each.

BUSINESS

OCTIO Group is in the process of building a full-fledged EOR company and has already developed an Integrated Digital Permanent Reservoir Monitoring system ready for commercial installation. OCTIO Group is ISO-9001:2008 certified.

TECHNOLOGY

OCTIO Group has developed one of the world's most advanced integrated systems, which not only can acquire seismic 4C/4D data, but is also ready for implementation of a number of future expansions to become the monitoring centre over the offshore reservoir. The system is built on proven sensor technology from the market leader ION Geophysical and is based on a redundant digital network connecting the sensor nodes at the seabed. The system is designed for a lifetime of 25 years, with extremely high reliability, outstanding data quality, network architecture and the integration possibilities makes this system far superior all reservoir monitoring systems available on the market today. A successful offshore test of OCTIO Group's Permanent Reservoir Monitoring system was completed in October 2009.

COMPETITORS

The market for permanent reservoir monitoring systems consists of only a handful number of players. Besides OCTIO Group, OYO Geospace offers a system with ocean cable design. There are also a few players offering analog fibre optic systems, such as CGGVeritas (Octowave), Petroleum Geo Resources (OptoSeis) and Stingray (Fosar). The analog fiber optic systems have limited to no expansion capabilities into future sensors and data requirements.

MARKET

Permanent 4C/4D monitoring is estimated to increase recovery rate on existing oilfields by 1-5%. Although in its infancy, the market for permanent monitoring of oil & gas reservoirs is expected to grow strongly in a longer perspective, as better utilisation of existing oil & gas reservoirs will be essential to compensate for the reduction in new exploration fields as well as being a more cost effective and environmental friendly solution. The reservoir monitoring system may also be applied for monitoring CO2 storage, which is a potential large market going forward.

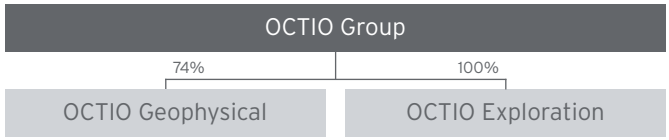
OCTIO GROUP'S CORPORATE STRUCTURE

OCTIO Group is headquartered in Bergen (Norway), with sales offices in Houston and Brazil. The group is currently organised in two business areas: Octio Geophysical (74% owned subsidiary-ION Geophysical holds 26%) and Octio Exploration (100% owned subsidiary) but the strategy is to include three new areas being Octio Subsea, Octio Data Processing and Octio Reservoir. Octio Geophysical is dedicated to permanent monitoring of oil and gas fields with the aim of increasing reservoir utilisation. Octio Exploration is dedicated to towed seismic, which may be applied in combination with seabed seismic, and owns a 2D/source vessel – the "Geo Explorer". In 2009, "Geo Explorer" completed a successful project for GX Technology in North-East Greenland, where the vessel was used for acquisition of approximately 6,500 Km of 2D seismic multi-client data. Through the towed seismic projects OCTIO group builds competence for future project deliveries within permanent monitoring.

OCTIO GROUP - BRIEF FACTS

Established:	2008
Employees 31 Des. 2009:	34
Revenues 2009:	NOK 73m
EBITDA 2009:	NOK -4.2m
Headquarter:	Bergen (Norway)
Subsidiary offices:	Houston (USA) Rio de Janeiro (Brazil)

OCTIO GROUP - CORPORATE STRUCTURE



HEALTH, SAFETY, ENVIRONMENT AND QUALITY (HSEQ)

/ HEALTH, SAFETY, ENVIRONMENT AND QUALITY (HSEQ)

Avoiding injuries on personnel, environment and property is the very basis of GC Rieber Shipping's operational targets. The group's slogan is:

"Safe Competent Support"

We also work actively to raise the consciousness of our core values Creativity, Diligence and Responsibility. The group reviews HSEQ with KPIs (Key Performance Indicators) quarterly and makes effort in having this as another dynamic tool for continuous improvement. These issues are a natural topic on the group's annual Officers Conferences and have priority attention on group Board level.

The HSEQ work is defined as a vital part of our operations, where all members of the organisation have responsibilities. During 2009 organizational changes have been implemented, in order to increase focus on preventive behaviour and to harmonise procedures, routines and reporting in the group. Through common targeted efforts the group's customers, owners and society shall perceive the group to be safely operated, providing services of high quality and achieving good earnings.

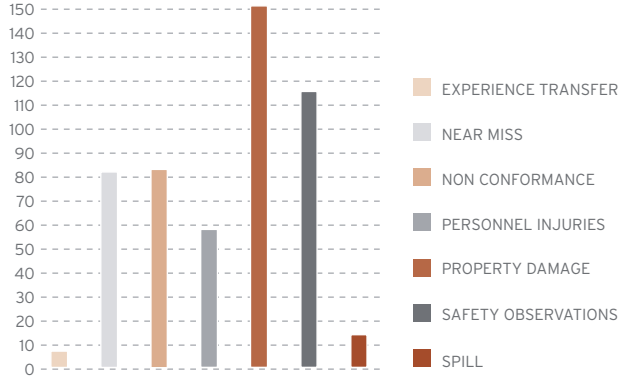
The group's ship management companies are certified by classification companies according to International Safety Management Code (ISM) and International Ship & Port Facility Code (ISPS). GC Rieber Shipping's ship management companies have operational permits from a number of flag states.

HEALTH

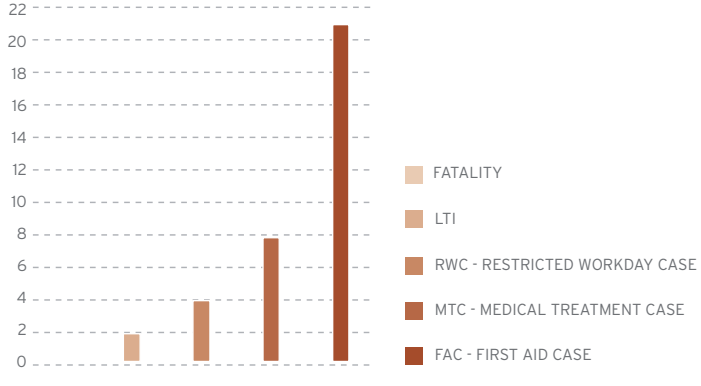
The oil industry sets the standard with respect to health, and this standard is adopted by the shipping/offshore industry. For GC Rieber Shipping, interfacing with oil related business also leads to organizational requirements – both onshore and offshore. The company has established annual key targets for Health in the form of KPIs. These key targets are reviewed according to internal and external requirements. In addition, individual health has been focused on. Restrictions on BMI (Body Mass Index) for offshore crew implies that the group is obliged to arrange for training facilities and availability of healthy diets onboard vessels, while individuals have also certain responsibilities for own health.

During 2009 two Lost Time Incidents (LTI), resulting in work absence, were registered. All incidents are reported and analyzed with the purpose of establishing measures to prevent re-occurring incidents of the same nature. Experience transfer to all vessels and offices are thus important and 11 relevant Experience Transfer were issued during 2009, based on occurrences on own vessels.

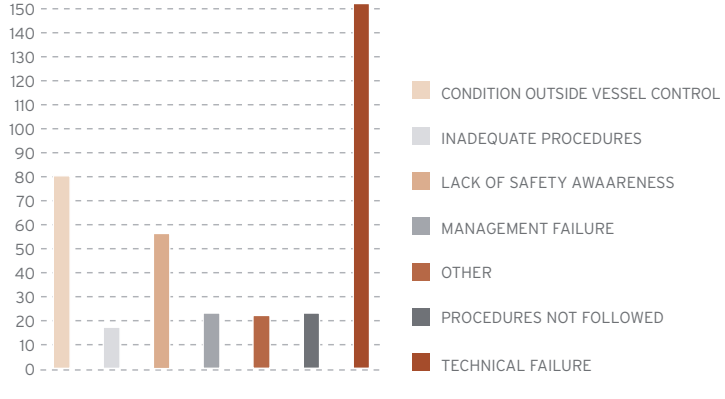
TOTAL REPORTS BY MAIN CATEGORY 2009



PERSONNEL ACCIDENTS/INJURIES 2009



TOTAL REPORTS BY ROOT CAUSE 2009



Due to changes in the reporting system, comparable figures for 2008 are not available

In addition, the group has distributed 44 Experience Feedbacks based on occurrences and new regulations from external organisations.

Sick leave in 2009 amounted to 2.9% in the onshore organisation and 6.0% among offshore crew.

ENVIRONMENT

The shipping industry, which the Company is part of, faces significant challenges with respect to the environment. The group has a proactive attitude to new environmental regulations, both regional and international. New buildings are now being built to "clean class" notation and environmental measures are also implemented on existing vessels.

The group's policy reflects the Norwegian Shipowners Association's vision of zero emission to sea and air but realise the challenge of meeting this in short and medium terms. During 2009 eight minor emissions to sea was reported - measures are taken to avoid reoccurrence of these incidents.

SAFETY

The group has a strong focus on safety. Risk Management and Risk Analysis, combined with "tool box meetings", are tools we use to identify and avoid risks and dangers connected to work processes onboard. The risk analysis encompasses the work to be done, the environment and the tools to be used. Based on the risk analysis, the group sets its standard for Personal Protection Equipment (PPE) and these measures are implemented in connection with job execution.

Safety is not only about personal protection, but also concerns the group's assets. Sailing through the Gulf of Aden puts safety in another perspective. Two of the group's vessels have sailed through this area in 2009 and planning and implementation requires a significant amount of preparatory work for both the onshore organisation and for the crew. A reliable vessel management and a stable crew is an important factor in order to succeed on these voyages.

For safety we are conscious of the importance of continuous motivation and adaptation.

QUALITY

A new procedure database has been introduced in 2009, and is now used by all offices except of OOO Polarus. We will further develop our management systems to ensure improvements in working methods both onboard vessels and in the onshore organisations. During 2009, feedback and findings by classification companies and Port State Control were again reduced compared to earlier years - outlining the fact that our common strives for improvements are succeeding. The group runs a high quality fleet, with stable operations and limited technical downtime during 2009. During the period 2003-2009 the technical downtime on the fleet was 0.6%.

New demands from clients have been introduced during 2009. Due to the market constraints and the new demands from our clients it has been even more essential to make the organisation conscious of the importance of documenting work procedures. International Safety Management Code (ISM) is the basis for the group's certifications and operations while specific requirements from clients come in addition.

Raising consciousness of the quality concept will continue to be an important focus area going forward, in order to make all employees, each from his or hers own standpoint, contribute to deliver "Safe Competent Support".

The group is conscious of the fact that efforts in health, environment, safety and quality precaution is a continuous process with the aim to improve. Motivation and enthusiasm will continue to be important factors in this work.


C
B
The Frog

CORPORATE GOVERNANCE

/ CORPORATE GOVERNANCE IN GC RIEBER SHIPPING

Corporate governance is primarily a question of sound business management with respect to the owners, the board of directors and the management of a company, and concerns mainly ownership management and making the boards of directors responsible to the shareholders. In a somewhat broader sense, corporate governance also deals with parties other than the owners, such as employees, creditors, local communities and other parties with which the companies have a relationship.

The Norwegian Corporate Governance Board (NCGB) published a revised version of the Norwegian Code of Practice for Corporate Governance on 21 October 2009, replacing the edition of 4 December 2007. The NCGB consists of representatives for various stakeholders, such as shareholders, issuers and the stock exchange. Below is a report on how the company handles the topics covered in the Norwegian code of practice.

REPORTING ON THE CODE OF PRACTICE

The duty of the board of directors is to ensure that the company implements sound corporate governance. If the company is not in full compliance with the Norwegian code of practice, then the deviations will be explained in this report on corporate governance.

Basic corporate values and ethical guidelines have been established for the GC Rieber Group; GC Rieber Shipping follows the Group's guidelines in this connection.

BUSINESS

GC Rieber Shipping's business within offshore/shipping includes ownership in specialized vessels, high quality marine ship management, project development and industrial portfolio management within the segments subsea, ice/support, as well as marine seismic. The group has a unique competence on offshore operations in harsh environments and design, development and maritime operation of seismic vessels. Through strategic value chain investments the group has substantial knowledge and experience within offshore subsea and marine seismic.

GC Rieber Shipping owns and operates seven advanced multi-functional special purpose vessels, as well as three crew boats, for defined markets within subsea, ice/support and marine seismic. Furthermore, GC Rieber Shipping has invested in building contracts for two subsea IMR new buildings for delivery in 2010/2011. Through a joint venture of which GC Rieber Shipping owns 51%, the group has in addition contracted two new offshore vessels for delivery in 2010. The group's strategic value chain investments include the subsea services company Reef Subsea (50% shareholding) and the company Octio Group (60% shareholding), which focus on permanent monitoring of existing oilfields. GC Rieber Shipping is also in charge of marine ship management for seven seismic vessels owned by PGS, CGGVeritas and Fugro, as well as project management and building supervision for two advanced seismic new buildings for PGS.

The company is headquartered in Bergen with ship management companies in Sevenoaks (England), Singapore and Yuzhno-Sakhalinsk (Russia), which provides global presence. The company is listed on Oslo Børs with ticker RISH. Further information is available on the company's website: *www.gcrieber-shipping.no*.

EQUITY AND DIVIDENDS

The company's book equity as at 31 December 2009 was NOK 1,545 mill. , corresponding to a book equity ratio of 54 %.

The company seeks to maintain financial strength and liquidity at a level that is appropriate to its goals, strategy and risk profile. The company's objective is to provide shareholders with a stable and competitive return on their invested capital through dividends and share price appreciation. In assessing dividend proposals, the board of directors will review the company's dividend capacity, capital structure and financial strength for further growth.

Authorisations granted to the board of directors to increase the company's share capital shall normally be restricted to defined purposes. At the general meeting on 1 April 2009 the board of directors was granted a mandate to buy back shares up to a total nominal value of NOK 7,886,304.-, corresponding to 10% of the company's share capital. Both the company and its subsidiaries can buy shares in the company. The board of directors may purchase and sell shares as it sees fit. The company shall pay a minimum of NOK 15.00 and a maximum of NOK 60.00 for each share purchased as a result of this authorisation. The nominal value and minimum and maximum prices shall change accordingly in the event of a change to the company's share capital by way of a bonus issue, share split, share consolidation or similar. This authorisation is valid for 14 months from 1 April 2009.

The validity of 14 months for the authorisation marks a deviation from the NCGB recommendation (maximum 12 months). The reason for this deviation is the company's intention to let the authorisation be valid until next ordinary general meeting, and the date for the general meeting in 2010 was not fixed at the time when the authorisation was passed. The company has not

used this authorisation and owns 150,800 own shares, which corresponds to 0.34% of all outstanding shares. The general meeting has not passed any other authorisations.

EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

The shareholders can exercise their rights primarily through participation and voting at the general meeting. Shareholders shall be ensured of participation at the general meeting without any unnecessary expenses. There are no voting right restrictions. The company attaches importance to the equal treatment of shareholders.

Any transactions by the company involving the company's own shares are carried out over the stock exchange or by other means at market price. Any services that are purchased from the main shareholder are purchased at market price.

FREELY NEGOTIABLE SHARES

The company has only one class of shares. All shares in the company are freely negotiable.

GENERAL MEETING

The general meeting will normally be held in late March or early April at the company's offices. Notices of general meetings will contain a thorough description of any items on the agenda and will give at least 21 days' notice. The notice will be available on the company's website in parallel.

The notice provides instructions for voting by proxy (including use of proxy forms), and informs about the shareholders' right to submit proposals to be considered by the general meeting, as well as the website where the notice and other supporting information will be available. The proxy form will facilitate separate voting instructions to be given for each matter to be considered by the meeting and for each of the candidates nominated for election. The company will nominate a person to vote as proxy for shareholders.

The registration deadline will be as close to the meeting date as possible. Shareholders who cannot participate in person may vote by proxy. The board of directors and auditor are present at the general meeting.

NOMINATION COMMITTEE

The nomination of board members up for election at the general meeting shall take place through an open dialogue between the largest shareholders. Based on the company's good experience with such a process and an assessment of the composition of the owners, the company has decided not to use a nomination committee.

THE BOARD OF DIRECTORS - COMPOSITION AND INDEPENDENCE

The company has no corporate assembly. This is not required since none of the companies within the GC Rieber Shipping Group has more than 200 employees.

Pursuant to the company's articles of association, the board of directors shall consist of at least five and no more than seven members and be elected by the general meeting for a term of two years. The chairman and vice-chairman of the board of directors shall be elected by the general meeting. The Chief Executive Officer is not a member of the board of directors. The board of directors currently consists of five members and the female representation is 40%. The board of directors is proposed on the basis of an overall assessment in which competence, experience and integrity are important criteria, and the composition of the board of directors represents the company's ownership situation. An overview board members competence, background and shareholding in the company are available on the company's website *www.gcrieber-shipping.no*. The board of directors shall safeguard the interests of the shareholders. Four out of five board members do not have direct or indirect ownership interests in the company.

THE WORK OF THE BOARD OF DIRECTORS

The board of directors has established instructions for the board of directors and the executive management with emphasis on internal responsibility and task division. The board of directors follows an annual plan for its work and performs an annual self-assessment. The management, cf. job description, will have at least one annual appraisal interview with the chairman of the board of directors.

The board of directors will normally hold eight board meetings per year; in February, March/April, May, June, August, September, October and December. The board meetings in February, May, August and October review the quarterly and annual accounts. The board meeting in June settles the salary and other compensation for the Chief Executive Officer. The general meeting is held in connection with the board meeting in March/April. In addition, a separate strategy conference is arranged in the autumn. In 2009, 13 board meetings were held, compared with 12 meetings in 2008, of which 4 of the board meetings were by telephone. Attendance at board meetings in 2009 was 92%, compared with 92% in 2008.

The board of directors has from the fiscal year 2009 established and appointed an audit committee with the purpose of supervising the group's internal control systems, providing quality assurance of the financial reporting and ensuring that the auditor is independent. The audit committee has one member who is independent of the company's business activities and principal shareholders. The committee has evaluated the procedures for financial control in the core areas of the group's business activities. The committee has been informed about the work of the external

auditor and the results of this work.

RISK MANAGEMENT AND INTERNAL CONTROL

The work of the board of directors seeks to ensure that the company has sound internal control and systems for risk management and reporting that are appropriate in relation to the extent and nature of the company's activities. Internal control and the systems also encompass the company's corporate values and ethical guidelines. Internal control of operating companies is carried out according to existing regulations. The company emphasize quality assurance.

REMUNERATION OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The company's board of directors received a total remuneration of NOK 710,000 in 2009. The remuneration for each board member in 2009 is given in note 3 to the parent company's Financial Statement. The remuneration to the board of directors is proposed by the largest shareholder and is approved by the general meeting.

The chief executive officer received in 2009 a salary of NOK 1,488,210, as well as car allowance and other compensation of NOK 137,301. The pension premium for the chief executive officer amounted to NOK 265,650. Guidelines for remuneration of the executive management are given in note 3 to the parent company's Financial Statement.

The fee paid to the board of directors and the remuneration of the executive management is determined based on a total evaluation, where the level of similar or corresponding companies, responsibility and required time spending on the appointments are evaluated. No agreements have been entered into with the managing director or board chairman with regard to special payments upon the termination or change of their employment or appointment. There are no option schemes in the GC Rieber Shipping, but the company has a scheme for sale of the company's own shares to employees, where legal tax discount is utilised.

INFORMATION AND COMMUNICATION

In its information work and reporting of financial information the company seeks to treat all the participants in the securities market equally. A financial calendar for the company's interim reports will be published annually. The company will announce the date of the annual general meeting and proposed dividend in the 4th quarter report. Open presentations via webcast will be arranged in connection with the posting of interim results.

The information submitted to Oslo Børs will in parallel and without delay be posted on the company's website.

The company applies caution in its contact with shareholders and financial analysts. The company's principles in providing information to individual participants follow from the Securities Trading Act, the Norwegian Accounting Act, as well as stock exchange regulations.

TAKEOVER

The board of directors will not seek to hinder or obstruct any takeover bids for the company's business activities or shares. In the event of a bid for the company's shares, the company's board of directors will not exercise authorisations to issue new shares or pass other resolutions in an attempt to obstruct the bid without the approval of the general meeting. Any transaction that in effect is a disposal of the company's business activities will be decided on by a general meeting.

AUDITOR

Ernst & Young has been the company's auditor since the general meeting in 2002.

The board of directors will at least once annually arrange a meeting with the auditor without the presence of the executive management in the company. The auditor will present the summary of an annual plan for carrying out the audit work, and the company's internal control procedures, including identified weaknesses and proposed improvements, will be reviewed together with the board of directors.

The auditor participates in board meetings which discuss the annual accounts. At such meetings the auditor reviews any material changes to the company's accounting principles, comments on any material estimated accounting figures and any material matters where there may have been disagreement between the auditor and the executive management.

The board of directors will inform about the remuneration paid to the auditor, divided between remuneration for audit work and other services, in the annual general meeting.

REPORT OF THE BOARD OF DIRECTORS

/ REPORT OF THE BOARD OF DIRECTORS FOR 2009

In a turbulent market characterised by the effects of the global financial crisis and a tight credit market, GC Rieber Shipping delivered solid and stable profits from core activities in 2009, while loss on value chain investments yielded a considerably weaker result compared with 2008. Profit after tax amounted to NOK 117 million. This includes NOK 128 million in previously paid taxes which are now booked as income, following the Norwegian Supreme Court ruling in February 2010 which sustained the claim made by shipping companies that the transitional rules passed by the Norwegian Parliament in December 2007 concerning the transition from old to new tonnage tax system, is in conflict with the Norwegian Constitution. Operating income for the year 2009 amounted to NOK 669 million.

During the year the group has carried out a number of investments as part of the group's expressed ambition to use its financial solidity to utilize attractive investment opportunities. The acquisition of three new favourably priced multi-functional vessels represented a considerable fleet renewal. At the same time the financial risk related to the group's value chain investments in the subsea segment has been reduced as a result of a joint venture with a large private equity investment company, which will secure a solid financial platform for growth.

Market outlook for the group's main segments – subsea, ice/support and marine seismic – is regarded as positive in the long perspective, driven by a continued drop in oil production and corresponding need to increase production on existing fields, as well as a need for exploration and extraction of new petroleum resources. In the short to medium term, however, the group expects the weak development to continue as the market is still influenced by the postponements of exploration and extraction projects in the wake of the global financial crisis and the drop in oil prices towards the end of 2008 and the beginning of 2009. This will affect the parts of the group's business that operate on short-term contracts.

Despite large-scale investments in 2009, the group still has a solid financial position, reflected in its good liquidity, low gearing and the long contract coverage for several of the group's vessels. This is expected to give strategic room for manoeuvre and competitive advantages in the years to come.

In February 2010, GC Rieber Shipping ASA received a letter from GC Rieber AS proposing a merger of the two companies. GC Rieber AS currently owns 52.74 per cent of GC Rieber Shipping, making it GC Rieber Shipping's largest shareholder. The proposal implies that compensation will be offered in GC Rieber shares at a conversion ratio that has yet to be determined. The plan is that shareholders in GC Rieber Shipping who do not want compensation in GC Rieber shares will be able to choose to receive a cash consideration for a total of up to 20 per cent of the merger consideration, based on NOK 31 per GC Rieber Shipping share. The board of directors of GC Rieber Shipping ASA has engaged independent advisers to assist the board in the evaluation of the proposal and the consideration of possible negotiations with GC Rieber AS.

OPERATIONS AND STRATEGY

GC Rieber Shipping's operations within the offshore/shipping business include ownership in special-purpose vessels, high quality marine ship management, project development and industrial portfolio management within the segments subsea, ice/support, as well as marine seismic. The company has a unique competence on offshore operations in harsh environments as well as design, development and maritime operation of seismic vessels. Through strategic value chain investments the company has substantial knowledge and experience within subsea and marine seismic.

GC Rieber Shipping currently owns and operates seven advanced multifunctional purpose-built vessels and three crew vessels for defined markets within the subsea, ice/support and marine seismic segments. Furthermore, GC Rieber Shipping has invested in building contracts for two IMR vessels for delivery in 2010/2011. Through a joint venture company, of which GC Rieber Shipping owns 51 %, the group also has two new offshore vessels for delivery in 2010. The company's strategic value chain investments include the subsea service company Reef Subsea (50 % stake) and Octio (60 % stake), which focuses on permanent monitoring of oil and gas fields. The company also has ship management responsibility for seven seismic vessels owned by PGS, CGGVeritas and Fugro, as well as project management and building supervision for two advanced seismic newbuildings for PGS.

The company is headquartered in Bergen, Norway. The ship management offices in Sevenoaks (England), Singapore and Yuzhno-Sakhalinsk (Russia) provide global presence for the group. The company is listed on Oslo Børs with ticker RISH.

The group's solidity provides a considerable strategic capacity in the times ahead. GC Rieber Shipping has documented its ability

to create value from the competence it has built up. Successful counter cyclical and early cyclical investments have yielded good returns, also through public listings and spin-offs. The basic principles in this strategy will be continued.

Areas of strategic focus ahead include:

- Utilize the long-term growth market for subsea installations by owning and operating high-quality subsea IMR and construction vessels, and to expand within the value chain by committing to the growth of Reef Subsea.
- Strengthen activities within ice/support vessels for the oil and gas sector in Russian offshore areas, and evaluate opportunities in offshore American and Canadian Arctic areas.
- Strengthen activities within the fields of permanent monitoring/seabed seismic through the subsidiary Octio, and explore new opportunities for growth in the marine seismic segment.
- Financial and project oriented approach to new activities that build on the group's existing competence and that fit into the group's strategy and structure.

IMPORTANT ASPECTS OF 2009

At the beginning of 2009 the group expressed its ambition to use the financial solidity to utilize attractive investment opportunities that might arise as a result of the financial crisis and a tight credit market. The group's strategic activities in 2009 reflect this ambition. During 2009 the group's fleet has been substantially renewed at affordable prices. At the same time the group has maintained both a strong balance sheet and investment capacity. Fleet renewal combined with strategic measures taken to reduce risk in the value chain investments within the subsea segment also contribute to adjusting the balance between core activities and value chain investments, with a stronger focus on core activities.

During the year the group has acquired a number of vessels as part of the group's fleet renewal process:

- In July the 3D/4D vessel "Geo Atlantic" was acquired from PGS at a price of USD 58 million, including a time charter contract with Fugro until 2013, with a charterer's option to extend until 2017. The acquisition was partly financed through a mortgage loan of USD 44 million from DVB Bank.
- In September the group acquired building contracts for two subsea IMR newbuildings from Sea4, which will involve a total investment of approximately NOK 800 million. The investment will be partly financed by a USD 107 million mortgage loan from Nordea, Sparebanken Vest and Sparebanken 1 SR-Bank. A discount of approximately 30-40 % compared to similar vessels was granted for the newbuildings, which are due for delivery in 2010/2011. The vessels are multifunctional, but will most likely be used within the subsea IMR and construction markets.
- Two new crew vessels – the "Polar Piltun" and the "Polar Baikal" – were acquired in February 2009. Following a conversion the vessels embarked on five-year charter contracts with the Sakhalin Energy Investment Company in June. The total investment including conversion amounted to approximately NOK 90 million. The charter contracts have a total contract value of approximately NOK 145 million. The company has a 50 % stake in this project.

Two of the four vessels that were ordered in May 2008 by Polar Marine I Pte Ltd and Polar Marine II Pte Ltd – a 51/49 joint venture between GC Rieber Shipping and Otto Marine – were cancelled during 2009 due to substantial delays. Newbuilding number 7037 was cancelled in July, while newbuilding number 7038 was cancelled in November. The cancellations, submitted by Polar Marine I and Polar Marine II in accordance with conditions in the contract, were contested by the counterpart, and preparations for an arbitration case have been initiated. The cancellations are unlikely to have a negative financial effect on GC Rieber Shipping, as the company's share in the advance payment will be covered by refund guarantees.

The group has also taken measures to reduce risks in the value chain investments in the subsea segment, as well as to secure the companies' financial capacity for growth. In October GC Rieber Shipping and the private equity fund associated with Hitec-Vision entered into a 50/50 joint venture agreement to form a new subsea service company. The new company was established in January 2010 under the name Reef Subsea AS. Please refer to the section "Subsea" for more details on Reef Subsea.

The group's value chain investment in the seabed seismic company Octio (60 % owned by GC Rieber Shipping) has taken important steps in 2009. The company has now entered the commercialisation phase, and carried out a successful offshore test of its system for permanent monitoring of oil and gas fields in October. The system has attracted the attention of several large international oil companies. Predictability in terms of earnings from new technology is low, however, and the outlook is characterised by a great deal of dynamics.

During 2009 the group has strengthened its global management organisation by introducing common functions for operations, human relations and HSEQ. The purpose of these functions is to streamline operational activities worldwide. The matrix functions are localized in Bergen, but will serve as common resources for management companies in Norway, the UK, Singapore and Russia.

In December 2007 the Norwegian parliament approved the government's proposals for changes in the Norwegian tonnage tax regime. This entailed a nominal payable tax for the group's companies under the tonnage tax regime of approximately NOK 236 million where the net present value of the payable tax estimated at NOK 160 million was charged to the accounts for 2007. In February 2010 the Norwegian Supreme Court ruled in favour of the shipping companies' claims that the transitional rules adopted by the parliament in 2007 concerning the trans-

ition from old to new tonnage tax regime, is in conflict with section 97 in the Norwegian constitution. Due to the Supreme Court ruling that the tax assessment of the companies is invalid, a new tax assessment needs to be carried out. The consequences of this are outlined in the profit and loss accounts below.

Please refer to the section "Market development and segments" below for a more detailed account of the group's operational activities.

KEY FIGURES - PROFIT AND LOSS ACCOUNT

Figures in NOK million	31.12.2009	31.12.2008
Operating income	668.5	573.0
EBITDA	167.3	197.5
EBIT	-0.4	107.4
Net financial items	-60.8	13.8
Profit before taxes	-61.2	121.2
Taxes	139.2	55.6
Net profit	78.1	176.8
Net profit	78.1	176.8
Minority share	38.4	4.1
Profit for period	116.5	180.9
Normalized profit before taxes (1)	3.0	124.1

(1) Profit before taxes adjusted for unrealised currency gains/losses, sales gains and write-downs (including write-downs in associated companies)

In the following comments, comparative figures as at 31 December 2008 are given in parentheses.

PROFIT AND LOSS

The group's charter income and other operating income in 2009 amounted to NOK 668.5 million (NOK 573.0 million), operating profit before depreciation, write-downs and gains on sale of fixed assets (EBITDA) amounted to NOK 167.3 million (NOK 197.5 million), while operating loss (EBIT) amounted to NOK -0.4 million (NOK 107.4 million). Net financial items were NOK -60.8 million (NOK 13.8 million). The group's loss before tax in 2009 totalled NOK -61.2 million (NOK 121.2 million).

The Norwegian Supreme Court has sustained the shipping companies' claim that the transitional rules adopted by the Norwegian parliament in December 2007 concerning the transition from the old to the new tonnage tax regime, is in conflict with section 97 in the Norwegian Constitution. As a result of this ruling, GC Rieber Shipping has reversed previously charged tax expenses under the old tonnage tax regime. A total of NOK 128.2 million was booked as tax income as at 31 December 2009.

Net profit for the group amounted to NOK 78.1 million (NOK 176.8 million), and the majority's share of the net profit amounted to 116.5 million (NOK 180.9 million).

Earnings and diluted earnings per outstanding share amounted to NOK 2,67 (NOK 4,15).

The financial statements are prepared on the principle of going concern, in accordance with section 3-3 of the Norwegian Accountancy Act, and the board of directors confirms that there is basis for adopting this principle.

CASH FLOW

Cash flow from operating activities in 2009 amounted to NOK 80.4 million (NOK 141.3 million), cash flow from investment activities was NOK -1,013.9 million (NOK -518.3 million), while cash flow from financing activities totalled NOK 552.6 million (NOK -19.6 million). Cash flow from investments is largely related to the acquisition of the vessel "Geo Atlantic", investments in two subsea IMR newbuildings, acquisition of two crew vessels and purchase of equipment. Cash flow from financing activities is mainly related to long term loans drawn to acquire the "Geo Atlantic" and the crew vessels "Polar Baikal" and "Polar Piltun", as well as the utilisation of the group's credit facility in connection with investments into the two subsea IMR newbuildings.

ASSETS, EQUITY, DEBT AND LIQUID ASSETS

The group's total assets as at 31 December 2009 amounted to NOK 2,880.5 million (NOK 2,674.3 million), while total assets in GC Rieber Shipping ASA amounted to NOK 1,277.5 million (NOK 938.8 million).

At the beginning of 2009 the group carried out a write-down of vessel equipment amounting to NOK 50.4 million. Write-downs are distributed between the marine seismic and subsea segments by NOK 48.2 million and NOK 2.2 million respectively. The group's value chain investment in Octio is sensitive to the development in utilisation ratios and day rates. Furthermore, the predictability of income from new technology is generally low, and outlook is characterised by considerable dynamics. We are therefore continuously monitoring goodwill in the balance sheet.

The group's booked equity as at 31 December 2009 was NOK 1,545.0 million (NOK 1,507.3 million) while booked equity for GC Rieber Shipping ASA was NOK 861.7 million (NOK 724.4 million) and includes NOK 766.5 million (NOK 629.3 million) in other (distributable) equity.

Average interest-bearing liabilities in 2009 amounted to NOK 673.7 million (NOK 481.8 million) and the average interest rate on the loan portfolio was 4.38 % (5.55 %). The average interest rate was reduced as a consequence of a lower USD interest rate. With a financing mainly held in USD the group is exposed to the development in US interest rates. The group has entered into interest rate hedging agreements for parts of its interest-bearing liabilities, valid until 2018. For 2009, these agreements have led to an increase in interest expenses of NOK 3.3 million. The group

has a stable and long-term financing structure. Lenders include recognized Norwegian and international shipping banks. During 2009, NOK 310.5 million in new loans have been drawn, and NOK 257 million has been drawn on the group's available credit facility. Payment of long-term liabilities amounts to NOK 55.3 million. The group's liquid assets in terms of bank deposits and interest-bearing securities as at 31 December 2009 amounted to NOK 361.8 million (as at 31 December 2008: NOK 742.8 million). The group's liquid assets are primarily held in NOK. In terms of liquidity management, investments are made in financial institutions with high financial status as well as interest-bearing securities with high liquidity and low credit risk.

The group had net liabilities (liquid assets minus interest-bearing debt) of NOK 661.6 million as at 31 December 2009, compared with a net cash position of NOK 104.3 million as at 31 December 2008.

FOREIGN CURRENCY SITUATION

The group's reporting follows the accounting principles adopted by the EU in the International Financial Reporting Standards (IFRS). The group does not use hedge accounting for its financial instruments, and according to the international accounting standard IAS 39 changes in the market value of financial hedging instruments are recognised in the profit statement. The value of the group's portfolio of financial hedging instruments had a positive development of NOK 26.3 million in 2009.

The GC Rieber Shipping group uses the Norwegian krone (NOK) as its presentation currency. Several of the subsidiaries have US dollar (USD) as their functional currency, and therefore the international accounting standard IAS 21 applies.

Any change in the USD/NOK exchange rate affects the group's equity and profit, as the group's debt is denominated mainly in USD, and most of its vessels are valued in USD and translated at the USD/NOK exchange rate on the balance sheet date. Where subsidiaries have USD as their functional currency, translation differences arising in respect of vessels and debt are recognized in the profit and loss statement. Translation differences will also arise for subsidiaries that have the USD as their functional currency and hold liquid assets in NOK. These holdings are translated into USD at the exchange rate on the balance sheet date, and the translation differences in profit as unrealized currency gains/ losses.

During 2009 the USD has devalued by 18 % against NOK, and as at 31 December 2009, a lower USD/NOK exchange rate has reduced equity by NOK 33.7 million due to translation differences on vessels, debt and liquid assets in companies with USD as functional currency.

The group has secured parts of its net currency risk exposure next year at satisfactory forward rates.

The USD/NOK exchange rate has developed as follows:

	2009	2008
Final exchange rate 31.12	5.78	7.00
Average exchange rate	6.29	5.64

Net financial items for 2009 include NOK 8.7 million in unrealized currency gain (2008: gain of NOK 7.5 million).

RISK EXPOSURE AND MANAGEMENT

GC Rieber Shipping operates in a global market, and this makes the group exposed to a number of risk factors. The board of GC Rieber Shipping therefore focuses on risk management and risk control, and routines have been established to limit and reduce the total exposure to risk down to an acceptable level. The main risk factors can be categorized into market risks and financial risks.

MARKET RISK

GC Rieber Shipping operates in the global market for subsea, marine seismic operations as well as oil-related activities in icy waters and research-related operations in arctic environments. The markets related to oil and subsea activities in particular have varied greatly over the years and mainly in terms of the development of the price of crude oil.

GC Rieber Shipping aims to reduce the exposure to market fluctuations by ensuring the most suitable balance of long- and short-term contracts. There is also an ongoing focus on cost-effective operations as a means to reduce exposure in periods of weaker markets.

FINANCIAL RISK

Financial risk can be further divided into credit risk, exchange rate risk, interest risk, liquidity risk and transaction risk.

The group's credit risk is considered to be low. The group's customers are primarily major Norwegian and international oil and offshore companies that have a long-standing reputation for being prompt payers. As a general comment it should be added that because of the current financial crisis even solid companies have experienced a more strained liquidity – with a corresponding increased credit risk.

The group is greatly exposed to fluctuations in exchange rates as a major part of its income is in USD and GBP while the main part of its operational and administration costs is in NOK. To reduce the exchange rate risk the group's liabilities are mainly held in USD. In addition, there is a continuous evaluation of hedging methods related to expected future net cash flow in USD, GBP and other relevant currencies. The main hedging instrument used by the group is forward contracts for the sale of USD against NOK and GBP against NOK.

The interest risk is related to the group's liquid assets (NOK 362 million as at 31 December 2009), which is mainly held in NOK,

as well as interest-bearing liabilities (NOK 1,023 million as at 31 December 2009), also mainly held in USD. In terms of its liabilities, the group is exposed to the development of the US interest rate and has entered into interest rate hedging agreements for parts of its interest-bearing liabilities until 2018. The group has a stable and long-term financing structure. Lenders include recognized Norwegian and international shipping banks.

The group's liquidity risk is limited. In terms of liquidity management, investments are made in financial institutions with high financial status as well as interest-bearing securities with high liquidity and low credit risk.

One part of the group's strategy is creating value through disposal and acquisition of companies. Disposal on the capital market reduces the total exposure to risk and releases capital, whereas acquisitions are always related to transaction risks in terms of the valuation of acquired assets.

MARKET DEVELOPMENTS AND SEGMENTS

THE MARKET IN GENERAL

As a supplier of services to the oil and gas industry and oil service companies in connection with exploration and extraction activities, GC Rieber Shipping's level of activities within all business segments is closely linked to the development in the energy markets. The development in oil prices is the most important driver for exploration and extraction budgets and offshore activities, and consequently the most important single factor for the group's development ahead. Following the demand-driven drop in the price of oil during the last half of 2008, the oil price increased steadily throughout 2009, while the demand gradually returned to normal. The price of Brent Blend went from approximately USD 40 per barrel at the beginning of 2009 to close to USD 80 per barrel towards the end of the year. The oil companies' activity and exploration and extraction budgets are however still marked by the situation on the oil market towards the end of 2008 and beginning of 2009, even though markets seem to have stabilised and there are signs that conditions are improving. GC Rieber Shipping's market segments subsea, ice/support and marine seismic are expected to remain weak in a short to medium perspective. In a longer perspective, however, market outlook within subsea, ice/support and seismic activities are regarded as strong, driven by a continued drop in oil production (depletion) and corresponding need to increase production in existing fields as well as a need for exploration and extraction of new petroleum resources.

The demand for shipping services peaked in 2007. Half way through 2008 the market started to decline, and remained weak into 2009. The declining trend for contracting of new tonnage also continued in 2009. This is mainly due to the prospects of considerably lower global economic activity as well as the financial crisis and the corresponding loss of financing capacity. A reduction in new contracts will in time minimise the effect of the reduced demand for shipping services within the group's segments, but in the short to medium perspective overcapacity will continue to put a strain on the market.

CONTRACTS AND OPERATIONS

Vessels are operating satisfactorily without any significant technical downtime. The employment rate for vessels owned operated by GC Rieber Shipping has been 91 % in 2009, while the employment rate for vessels owned and/or operated by the subsidiaries Octio and Technocean has been 83% and 83% respectively. The contract situation is considered to be good, with five out of seven vessels, as well as two crew boats, on long-term contracts with good operational margins to solid charterers.

As at 31 December 2009 the group had through its portfolio of charter parties for vessels a contract backlog of NOK 1,666 million, with an average contract duration of 3.3 years. Contract coverage for 2010-2012 is 70 %, 63 % and 56 % respectively. All figures exclude charterers' extension options.

SUBSEA

Following the record-high year of 2007, activities in the market for subsea operations has levelled off, initially due to capacity problems among suppliers and oil companies, and later also as a result of the financial crisis and the subsequent reduction in exploration and extraction budgets. This has resulted in the postponement of a number of projects. However, planned seabed pipe-laying activities and an increase in the number of remotely operated wells indicate a strong long-term growth in the market for subsea operations, particularly in Latin America, Asia and West Africa.

During 2009 the group has been committed to establishing a robust platform for further growth in the value chain investments in the subsea segment. In October GC Rieber Shipping and the private equity investment company HitecVision entered into an agreement to set up a new 50/50 joint venture subsea service company. The new company was established in January 2010 under the name of Reef Subsea. As part of the joint venture agreement GC Rieber Shipping's stakes in Bluestone Offshore and Technocean, including the subsidiary Scan Mudring, has been transferred to Reef Subsea. In addition GC Rieber Shipping injected NOK 35 million and HitecVision NOK 160 million into the company. Reef Subsea has in parallel contributed USD 17.5 million in new equity to the subsidiary Bluestone, which allows a restructuring of Bluestone's balance sheet. In addition bondholders in a NOK 70 million loan have accepted redemption of the loan at a value of 60 % of the nominal value, and other shareholders in Bluestone Offshore have accepted a write-down of the equity value. As a result, Reef Subsea owned 58 % of Technocean (including the fully owned subsidiary Scan Mudring) and 95 % of Bluestone Offshore, thus giving the company solid financial capacity for further growth within the company's subsea niches. In March 2010 a capital increase of NOK 75 million was carried out in Technocean AS. Reef Subsea's shareholding in Technocean increased to 76% after the capital increase.

In January 2009, the charter contract with the subsidiary Technocean for the "Polar Prince" was extended until March 2009, with a charterer's option to extend up to six months. This option was partly exercised in February 2009 and the charter contract was extended until June 2009. In this period the vessel was employed outside Congo in West Africa, where Technocean was performing IMR services for Total. In May 2009 the group's charter contract with Technocean for the "Polar Prince" was extended until July 2011, with an option to extend for one additional year. Since August 2009, Technocean has employed the "Polar Prince" for subsea operations for Subocean, a company that specialises in subsea services for offshore wind-farm development projects. The contract duration is two years, with a charterer's option to extend the contract for one additional year.

Employment rate for the remaining vessels in the group's fleet within the segment has been good throughout 2009. The "Ernest Shackleton" has been employed mainly in the North Sea through the compulsory four-month period that the ship has been available. The group's largest vessel, the "Polar Queen", is chartered to Acergy until 2012, with various commissions laying flexible steel pipes. The "Polarbjørn" which is mainly employed on short-term contracts and partially on the spot market, had a low employment rate at the beginning of 2009, but entered a three-month charter contract with Petromarker from April to October 2009 before it was chartered to an Australian oil company from November 2009 (effective until April 2010).

Operating profit before depreciations and gain on disposal of fixed assets (EBITDA) in 2009 amounted to NOK 106.1 million (2008: NOK 133.8 million). The vessels "Polarbjørn", "Polar Prince", "Polar Queen" and "Ernest Shackleton" (for the period of May - September) have been employed in this segment. Employment rate for chartered vessels was 87 % (96 %).

MARINE SEISMIC

Towed seismic operations

2009 was a volatile and weak year in the market for seismic operations, with postponements of exploration projects (2D and 3D) and extraction projects (4D) as a result of the severe drop in oil prices towards the end of 2008. The market is currently returning to normal, but there is still a lack of balance between supply and demand, and market recovery is expected to be slow due to new capacity entering the market in 2010. The market for multi-client seismic activities is expected to recover more rapidly than the market for contract seismic. In the longer perspective market outlook within towed seismic is regarded as positive, driven continued drop in oil production (depletion) and corresponding need for exploration and extraction of new petroleum resources. The development of new technology with a more accurate recording of new resources is also expected to be an important underlying market driver in the times ahead.

Following the disposal of the group's shareholding in Arrow Seismic towards the end of 2007, activities within the seismic segment were reduced to maritime ship management of a total of 12 seismic vessels (later reduced to seven) for other owners as well as project management/building supervision of four (now reduced to two) advanced seismic new builds for PGS (Arrow). In 2008 and 2009, however, the group has reinforced its activities within the segment of towed seismic operations by acquiring and converting the ice-going 2D/source vessel "Geo Explorer" (purchased July 2008) and acquiring the 3D/4D vessel "Geo Atlantic" from PGS (July 2009).

The "Geo Explorer" has mainly been employed in various commissions by GXT in the year 2009, and in October the vessel completed the collection of seismic data for GXT outside Greenland. This was a pioneer project where the vessel collected 2D data up to 79 degrees N, assisted by an ice-breaking vessel. The "Geo Atlantic" is chartered to Fugro until October 2013, with a charterers' option to extend the contract until 2017, and has been employed in Australia since the start of the contract.

Seabed seismic

As in the case of towed seismic, activities within seabed seismic are also expected to be influenced in the short to medium term by the after effects (postponed extraction and exploration projects) of the low oil prices at the beginning of 2009. The oil companies' focus on a more optimal use of exploration and extraction budgets may however lead to greater interest in expanding production of existing fields, and therefore there is reason to expect increased focus on permanent monitoring of oil and gas fields (seabed seismic operations). In the longer perspective market outlook within seabed seismic is regarded as positive, driven by a continued drop in oil production (depletion) and corresponding need to increase extraction on existing fields.

In July 2008 GC Rieber Shipping invested NOK 120 million in a 60 % shareholding in the seabed seismic company Octio. The other partners in Octio are StatoilHydro Venture and Reservoir Innovation, each owning 20 per cent. During 2009 Octio has taken some important steps forward and has now entered the commercialisation phase marked by the company's successful offshore testing of its system for permanent monitoring of oil and gas fields. The system has attracted the attention of several large international oil companies. Octio works actively to strengthen its working capital and investment capacity.

Ship management

In 2009, the group has managed a total of seven seismic vessels for other owners out of its Bergen management office. Furthermore the ship management company in Sevenoaks in the UK has managed two seismic vessels for other owners, while the ship management office in Singapore had management responsibility for one geotechnical vessel. As part of the group's strategy of increased focus on competence building and project development, a four-person project management organisation has been established in Bergen with a responsibility for project planning and supervision of four (now reduced to two) seismic new buildings for PGS, four (now reduced to two) offshore new

buildings for GC Rieber Shipping's joint venture company in Singapore, as well as building supervision for the two IMR subsea new buildings acquired from Sea4. In collaboration with the ship management office in Sevenoaks, the project management organisation was also in charge of the completion of a project where two crew vessels were acquired and converted for operation on the Sakhalin oil and gas field (Russia), starting July 2009.

Operating profit before depreciations and gain on disposal of fixed assets (EBITDA) in 2009 amounted to NOK 9.9 million (2008: NOK 19.6 million). Through its subsidiary Octio the group owns the vessel "Geo Explorer" which operates in this segment. The "Geo Explorer" had an employment rate of 83 % in 2009. The 3D/4D vessel "Geo Atlantic" which was acquired in June 2009 has been fully employed since.

ICE/SUPPORT

Research

There has been a slight increase in activities in the Antarctic, but there seems to be a tendency to employ additional tonnage out of political considerations. As a result, new research vessels are currently being built in both Japan and South Korea. The "Ernest Shackleton" continued on a long-term charter with the British Antarctic Survey and has operated this market throughout the season in the Antarctic. The research market is influenced by a lack of financing from public R&D programmes, but an increased focus on environmental and climate issues may change this trend in the future.

Support (oil related)

The activity within oil-related operations in icy waters has increased, but still remains in an initial phase. Large-scale oil and gas exploration projects have been implemented in the Sea of Okhotsk on the Sakhalin field, while activities in Russian Arctic waters remain low. Operations of the icebreaker/tug vessel "Polar Pevek", of which the group owns 50 %, has gone according to plan throughout 2009. The "Polar Pevek" started on a 15-year long charter with Exxon Neftegaz in 2006. The vessel has functioned as expected, also as icebreaker, and feedback from Exxon Neftegaz is positive. The "Polar Pevek" is fully Russian operated, managed by the group's ship management company in Yuzhno-Sakhalinsk.

The group is considering an expansion of activities in this area, which is expected to develop substantially due to oil exploration and increased extraction in the Sea of Okhotsk. In Februay 2009 the group acquired two crew vessels – the "Polar Piltun" and the "Polar Baikal" – which in June 2009 entered into five-year charter contracts with the Sakhalin Energy Investment Company ("SEIC"). The crew vessels are fully Russian operated, managed from the group's ship management company in Yuzhno-Sakhalinsk, and represent an important addition to the company's activities in the area.

The development in the American and Canadian arctic areas is monitored. New activities are being planned, but this will take time and protectionist considerations are predominant here too. In order to access this market, it may therefore be necessary to establish a local presence in the US and/or Canada.

Operating profit before depreciations and gain on disposal of fixed assets (EBITDA) in 2009 amounted to NOK 51.3 million (2008: NOK 44.2 million). The vessels "Ernest Shackleton" and "Polar Pevek" have been employed in this segment. Employment rate was 100 % (100 %). In addition the two crew vessels "Polar Piltun" and "Polar Baikal" have been fully employed since the contract with SEIC took effect in June 2009. The crew boat "Polar Kaigan" has, after upgrading, operated in the spot market. The crew boat has had an employment rate of approximately 40 % in the second half of 2009.

ADMINISTRATION, EMPLOYEES AND EQUAL OPPORTUNITIES

At the end of 2009, the GC Rieber Shipping group, including subsidiaries, employed a total of 321 man-years, divided between 142 in the land organisations and 179 marine crew. Out of the permanently employed in the land organisation, 41 are employed at the head office and management company in Bergen (Norway), 43 are employed in the subsidiary Technocean in Bergen (Norway), 34 are employed in the subsidiary Octio in Bergen (Norway), 12 are employed in the management company in Sevenoaks (Great Britain), 7 are employed in the management company in Singapore and 5 are employed in the management company in Yuzhno-Sakhalinsk (Russia). Officers' conferences and management training programmes have been part of the group's strategy for many years. These are venues where the sea and land organisations meet to share experiences. In recent years, GC Rieber Shipping has actively dedicated resources to increase levels of competency, both through extensive use of professional courses as well as management training programmes in cooperation with other companies in the GC Rieber group. Employee representative arrangements are in place at all of the vessels owned by the group.

The group operates a policy of complete equality between male and female workers on all levels in the organisation, based on the assumption that an even gender distribution will contribute to an improved working environment, greater adaptability and improved earnings in the long run. However, the number of qualified applicants for some of the group's vacant positions has been limited. Of a total of 321 permanent employees, 13 % are women. The female representation is 0.6 % among marine crew and 30 % in the land organisation. The board consists of 3 men and 2 women, i.e. a 40% female representation.

HSEQ (HEALTH, SAFETY, ENVIRONMENT AND QUALITY)

The basis for GC Rieber Shipping's operational goals is to prevent personal injuries and damage to the environment and property. This is reflected in the slogan "Safe Competent Support". The group works actively to increase awareness of its core

values Creativity, Diligence and Responsibility, and its key measures for HSEQ each year are stated in the form of KPI's ("Key Performance Indicators"). The HSEQ activities are defined as an important part of the group's operations, where everyone in the organisation has a responsibility. The group's management companies are certified by classification companies in accordance with the International Safety Management Code (ISM) and International Ship & Port Facility Code (ISPS) in addition to permission for operation from a number of flag states.

HEALTH

The oil industry sets the standard with respect to health, and this standard is continually being adopted by the shipping/offshore industry in which the group operates. The group has key measures for KPI's, and these are revised according to the demands and challenges that the group faces both internally and externally. Sick leave in 2009 amounted to 2.9 % in the land organisation and 6.0 % among crew.

ENVIRONMENT

The shipping industry faces significant challenges with respect to the environment. GC Rieber Shipping has a proactive attitude to new environmental regulations, both regional and international. New buildings are now designed in compliance with the clean class notation, and environmental regulations are also considered and implemented on existing vessels.

The group endorses the Norwegian Shipowners' Association vision of zero emission into the sea, acknowledging that it may take time achieve this. During 2009 eight minor incidents of substance emission into the sea were registered, and measures have been taken to prevent this from happening again.

SAFETY

Safety has a very high priority in the group. Risk management and risk assessment, combined with on-site tool box meetings are some of the instruments designed to identify dangerous situations for work carried out on board. Risk analysis addresses the job in question, the working environment and the tools used for the job. Based on the risk analysis a standard is set for personal protective equipment (PPE). For certain jobs on board a system of work permits has been introduced. The group also focuses on safety when it comes to the company's assets. Two of the group's vessels sailed through the Gulf of Aden in 2009, and sailings of this type require extensive preparations on the part of both crew and land organisation. Reliable management and a stable crew are important success factors for such voyages.

During 2009 two Lost Time Incidents (LTI), resulting in work absence, were registered. All incidents are reported and analyzed with the purpose of establishing measures to prevent reoccurring incidents of the same nature. Experience transfer to all vessels is thus important and 11 relevant Experience Transfers were issued during 2009. In addition the group has distributed 44 so-called Experience Feedbacks based on incidents and new requirements from external organisations.

QUALITY

A new common procedural database for the company was introduced in 2009. The control system will be developed further to ensure improvements in working methods both on and off shore. During 2009 the number of reports from classification societies and Port State dropped compared to the year before, clearly indicating that the group has succeeded in its focus on continuous improvements. The group runs a high quality fleet, with stable operations and limited technical downtime periods during 2009. During the period 2003-2009 the technical downtime on the fleet was as low as 0,6 %.

New requirements from clients were also introduced in 2009. A strained market combined with new requirements from clients has made it even more important to make the organisation aware of the importance of documenting work procedures. ISM (International Safety Management) provides the basis for the group's certifications and operations, supplemented by specific requirements from clients.

Raising consciousness of the quality concept will be an important focus area going forward, in order to make all employees, each from his or hers own standpoint, contribute to deliver "Safe Competent Support".

SHAREHOLDER INFORMATION

During 2009 the group's shares have been traded between NOK 25.00 and NOK 33.00. The last price recorded in 2009 was NOK 25.50. At the general meeting on 1 April 2009, the board was authorised to purchase own shares at a total price of NOK 7,886,304 – corresponding to 10 % of the group's share capital. Both the group and its subsidiaries may acquire shares in the company. The board is free to decide on ways to dispose of and acquire own shares. The company shall pay a minimum of NOK 15 and a no more than NOK 60 per share acquired as part of this authorisation. If the company's share capital is changed by capitalization issues, stock splits, reverse stock splits or similar, the total face value, minimum and maximum price shall be adjusted correspondingly. The authorisation is valid for 14 months from 1 April 2009. The authorisation has not been exercised. After the balance sheet date, in February 2010, the company sold 28,500 of its shares to GC Rieber Shipping employees at a price of NOK 25.50 per share. As a consequence the company now holds 150,800 own shares, corresponding to 0.34 % of the total number of shares. The board has proposed for the General Meeting to pay a dividend of NOK 0.30 per share, compared with NOK 0.50 last year.

In February 2010, GC Rieber Shipping ASA received a letter from GC Rieber AS proposing a merger of the two companies. GC Rieber AS currently owns 52.74 per cent of GC Rieber Shipping, making it the group's largest shareholder. The proposal implies that compensation will be offered in GC Rieber shares at a conversion ratio that has yet to be determined. The plan is that shareholders in GC Rieber Shipping who do not want compensation in GC Rieber shares will be able to choose to receive a

cash consideration for a total of up to 20 per cent of the merger consideration, based on NOK 31 per GC Rieber Shipping share. The board of directors of GC Rieber Shipping ASA has engaged Carnegie ASA as financial advisers and Wikborg Rein as legal advisers to assist the board in the evaluation of the proposal and the consideration of possible negotiations with GC Rieber AS.

CORPORATE GOVERNANCE

GC Rieber Shipping aims at strengthening its leading position within development, ownership and operations of ship for the subsea, marine seismic and ice/support market by combining good financial results with verifiable and professional business operations. To achieve this, the company sets a high standard for corporate governance, in accordance with The Norwegian Code of Practice for Corporate Governance (cf. most recent edition dated 21 October 2009).

A more detailed description of the group's corporate governance is provided in a separate chapter in the annual report.

ALLOCATION OF PROFITS

The Board proposes that the profit for the year in the parent company of NOK 139,587,000 is allocated as follows:

Allocated for dividends:	NOK 13,104,000
Transferred to other equity:	NOK 126,483,000
Total allocated:	NOK 139,587,000

OUTLOOK

GC Rieber Shipping's liquidity and solidity is good, the gearing is low, and the financial risk related to a possibly long-lasting recession is considered to be manageable. The group's financial capacity may give relative advantages over competitors and thereby strategic opportunities. Following a lengthy period of negative developments in the world economy, both the economy in general and the oil and gas industry are experiencing growth, and there seems to be renewed access to risk capital. The group's market segments subsea and marine seismic are however still exposed to postponements of projects due to the low oil price at the beginning of 2009 and the oil companies' demand for cost reductions, a situation which is expected to continue into 2010. At the beginning of 2010 the group has short-term contracts for two of its vessels. The company's investments in the value chain are exposed to a reduction in activities in the oil service segment.

In the long term the group considers the market outlook in the subsea and seismic segment to be good. This is driven by a continued drop in oil production with a corresponding need to increase production on existing fields, as well as exploration and extraction of new petroleum resources.

Within the ice segment, a growing demand is expected in connection with increased oil extraction in Russia and in other arctic waters. No changes are expected within the market for ice-going expeditions to Antarctica. The group's fleet consists of multi-functional vessels that can operate within several of the group's business areas. This flexibility is expected to remain important also in the future.

Through the times, GC Rieber Shipping has documented its ability to create value from accumulated know-how and capacity, as well as making the values created visible. Successful counter-cyclical and early cyclical investments have yielded substantial returns in the past. The group will maintain the basic principles governing its strategy.

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 31 December 2009 has been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations determined by the International Accounting Standards Board and adopted by the EU effective as at 31 December 2009, and that the information gives a true and fair view of the group's assets, liabilities, financial position and profit or loss as a whole, and a fair review of the information as stated in the Norwegian Securities Trading Act, § 5-6 fourth section. We also confirm, to the best of our knowledge, that the annual report includes a fair review of important events that have occurred in the accounting period and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the coming accounting period, and major related parties transactions.

Bergen 10 March 2010
The Board of Directors of GC Rieber Shipping ASA

Paul-Chr. Rieber
chairman

Trygve Arnesen
vice-chairman

Cecilie Astrup

Jan Erik Clausen

Inga Lise Moldestad

Sven Rong
CEO

FINANCIAL STATEMENTS

GC RIEBER SHIPPING GROUP

/ PROFIT AND LOSS STATEMENT
THE GC RIEBER SHIPPING ASA GROUP

NOK 1000	Note	2009	2008
OPERATING INCOME			
Charter income		586 282	485 458
Other operating income		82 173	87 592
Total operating income		*668 455*	*573 050*
OPERATING EXPENSES			
Voyage expenses		-66 565	-56 485
Vessel operating expenses		-107 616	-78 587
Crew and catering expenses	8, 9	-175 195	-143 601
Administration expenses	9, 23, 24	-151 816	-96 894
Total operating expenses		*-501 192*	*-375 567*
Operating profit before depreciation, write-down and gain (loss) on sale of fixed assets		167 263	197 483
Depreciation	13	-117 284	-79 678
Write-down	13, 14	-50 385	-14 711
Gains (losses) on sale of fixed assets	13	0	4 327
Operating profit		**-405**	**107 420**
FINANCIAL INCOME AND EXPENSES			
Income (loss) from investing in associated company	15	-34 819	4 304
Financial income	25	15 940	48 347
Financial expenses	25	-44 663	-41 754
Changes in market value of financial current assets	25	13 869	-9 039
Realized currency gains (losses)	25	-19 768	4 466
Unrealized currency gains (losses)	25	8 668	7 453
Net financial income and expenses		*-60 773*	*13 778*
Profit before taxes		**-61 179**	**121 198**
Taxes	10	139 241	55 586
PROFIT FOR THE YEAR		**78 062**	**176 783**
Minority interests		38 441	4 119
Profit after minority interests		**116 503**	**180 902**
Earnings and diluted earnings per share	11	2,67	4,15
STATEMENT OF COMPREHENSIVE INCOME (NOK 1000)			
Profit for the year		78 062	176 783
Other comprehensive income:			
Foreign currency translation subsidiaries		-4 872	20 660
Foreign currency translation vessels		-113 664	137 285
Foreign currency translation long term liabilities and other cash equivalents		84 819	-66 523
Changes in pension estimates		-8 154	-1 613
Tax effect changes in pension estimate		1 784	353
Comprehensive income for the year		**36 191**	**266 592**
Minority interests		38 441	4 119
Comprehensive income for the year after minority share		**74 416**	**271 064**

/ STATEMENT OF FINANCIAL POSITION
THE GC RIEBER SHIPPING ASA GROUP

NOK 1000	Note	31.12.2009	31.12.2008
ASSETS			
FIXED ASSETS			
Intangible assets	14	70 926	14 300
Deferred tax asset	10	53 610	54 932
Goodwill	14	76 592	100 164
Total intangible fixed assets		*201 128*	*169 396*
Vessels	13	1 318 124	1 124 338
Newbuilding contracts	13	628 073	261 472
Machinery and equipment	13	100 248	67 971
Total tangible fixed assets		*2 046 445*	*1 453 781*
Investments in associated companies	15	9 319	36 504
Other long-term receivables		2 489	4 273
Total financial fixed assets		*11 808*	*40 777*
Total fixed assets		**2 259 382**	**1 663 955**
CURRENT ASSETS			
Stores	16	11 940	8 364
Total Inventories		*11 940*	*8 364*
Accounts receivables	17	74 573	144 815
Other current assets	17	172 817	114 402
Total debtors		*247 391*	*259 217*
Quoted financial investments	18	87 089	162 052
Total investments		*87 089*	*162 052*
Cash and bank deposits	19	274 727	580 702
Total current assets		*621 146*	*1 010 335*
TOTAL ASSETS		**2 880 528**	**2 674 290**

/ STATEMENT OF FINANCIAL POSITION
THE GC RIEBER SHIPPING ASA GROUP

NOK 1000	Note	31.12.2009	31.12.2008
EQUITY AND LIABILITIES			
EQUITY			
Share capital (43,812,800 shares at NOK 1.80)	20, 24	78 863	78 863
Portfolio of own shares (179,300 shares at NOK 1.80)	20	-323	-405
Share premium reserve		16 604	19 401
Total restricted equity		*95 145*	*97 860*
Other equity		1 404 347	1 325 465
Total retained earnings		*1 404 347*	*1 325 465*
Minority interests		45 534	83 975
Total equity		**1 545 026**	**1 507 300**
LIABILITIES			
Pension liabilities	22	31 025	23 879
Tax payable	10	0	92 108
Total provisions		*31 025*	*115 987*
Liabilities to financial institutions	21	855 679	599 392
Other long term liabilities	28	125 388	113 819
Total other long term liabilities		*981 067*	*713 210*
Liabilities to financial institutions	21	214 875	89 025
Accounts payable		34 813	95 796
Tax payable	10	11 316	41 458
Public duties payable		21 203	18 580
Other current liabilities		41 202	92 934
Total current liabilities		*323 409*	*337 793*
Total liabilities		**1 335 502**	**1 166 990**
TOTAL EQUITY AND LIABILITIES		**2 880 528**	**2 674 290**

Bergen 10 March 2010
The Board of Directors of GC Rieber Shipping ASA

Paul-Chr. Rieber
Chairman

Trygve Arnesen
Vice-chairman

Cecilie Astrup

Jan Erik Clausen

Inga Lise Moldestad

Sven Rong
Man. director

/ CASH FLOW STATEMENT
THE GC RIEBER SHIPPING ASA GROUP

NOK 1000	2009	2008
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes	-61 179	121 197
Taxes paid	-29 513	-30 766
Depreciation	117 284	79 678
Write-downs on fixed assets	49 981	14 711
Gains (losses) on sale of fixed assets	-113	-4 327
Income (loss) from investing in associated company	34 819	-4 304
Changes in market value of financial current assets	-3 492	0
Capitalized costs previously charged as en expense	-21 600	0
Unrealized currency losses (gains)	-5 311	-7 452
Change in stock	-3 576	2 412
Change in accounts receivables	11 826	-128 136
Change in current liabilities	-39 242	93 348
Change in other current assets and other liabilities	30 520	4 954
Net cash flow from operating activities	**80 405**	**141 316**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Payments from sale of financial fixed assets	2 548	4 911
Payments from investments in financial fixed assets	-1 008 563	-454 507
Payments for investments in financial fixed assets	-7 905	-68 752
Net cash flow from investment activities	**-1 013 920**	**-518 348**
CASH FLOW FROM FINANCING ACTIVITIES		
Payments from taking new long-term liabilities	628 650	241 902
Payment of instalments on long-term liabilities	-55 253	-42 735
Payment for purchase of own shares	997	3 340
Equity	0	39 394
Dividend payment	-21 817	-261 528
Net cash flow from financing activities	**552 577**	**-19 627**
Net change in bank deposits, cash and quoted financial investments	-380 937	-396 658
Bank deposits, cash and quoted financial investments at 01.01.	742 753	1 139 411
Bank deposits, cash and quoted financial investments at 31.12.	**361 816**	**742 753**

/ STATEMENT OF CHANGES IN EQUITY
THE GC RIEBER SHIPPING ASA GROUP

NOK 1000	Share capital	Own shares	Share premium reserve	Foreign currency translation	Other equity	Minority interest	Total equity
Balance at 1 January 2008	78 863	-419	19 401	-179 589	1 506 969	16 644	1 441 868
Profit for the year	0	0	0	0	180 902	-4 119	176 783
Other comprehensive income	0	0	0	91 962	-1 260	0	90 702
Total comprehensive income	*0*	*0*	*0*	*91 962*	*179 642*	*-4 119*	*267 485*
Equity	0	0	0	0	0	10 507	10 507
Addition of equity from acquisition of subsidiary	0	0	0	0	-12 279	60 943	48 664
Sale of own shares	0	14	0	0	289	0	304
Dividends to the shareholders	0	0	0	0	-261 528	0	-261 528
Balance at 31 December 2008	**78 863**	**-405**	**19 401**	**-87 626**	**1 413 092**	**83 975**	**1 507 300**
Balance at 1 January 2009	78 863	-405	19 401	-87 626	1 413 092	83 975	1 507 300
Profit for the year	0	0	0	0	116 503	-38 441	78 062
Other comprehensive income	0	0	0	-33 717	-6 370	0	-40 087
Total comprehensive income	*0*	*0*	*0*	*-33 717*	*110 133*	*-38 441*	*37 975*
Addition of equity from acquisition of subsidiary	0	0	0	0	24 858	0	24 858
Other changes	0	0	-2 797	0	-1 471	0	-4 268
Sale of own shares	0	82	0	0	895	0	977
Dividends to the shareholders	0	0	0	0	-21 817	0	-21 817
Balance at 31 December 2009	**78 863**	**-323**	**16 604**	**-121 343**	**1 525 690**	**45 534**	**1 545 026**

/ NOTES
GC RIEBER SHIPPING

NOTE 1 – CORPORATE INFORMATION

GC Rieber Shipping's business within offshore/shipping includes ownership in specialized vessels, high quality marine ship management, project development and industrial portfolio management within the segments subsea, ice/support, as well as marine seismic. The group has a unique competence on offshore operations in harsh environments and design, development and maritime operation of seismic vessels. Through strategic value chain investments the group has substantial knowledge and experience within subsea and marine seismic.

GC Rieber Shipping owns and operates seven advanced multifunctional special purpose vessels for defined markets within subsea, ice/support and marine seismic. Furthermore, GC Rieber Shipping has acquired the contract for two subsea IMR new buildings for delivery in 2010/2011. Through a joint venture of which GC Rieber Shipping owns 51%, the group has in addition two new offshore vessels for delivery in 2010. The group's strategic value chain investments include the subsea services company Reef Subsea (50% shareholding) and the seismic company Octio Group (60% shareholding). GC Rieber Shipping is also in charge of marine ship management for seven seismic vessels owned by PGS, CGGVeritas and Fugro, as well as project management and building supervision for two advanced seismic new buildings for PGS.

The company is headquartered in Bergen with ship management companies in Sevenoaks (England), Singapore and Yuzhno-Sakhalinsk (Russia), which provides global presence. The company is listed on Oslo Børs with ticker RISH. Further information is available on the company's website: www.gcrieber-shipping.no.

The financial statements were authorised for issue by the board of directors on 10 March 2010.

NOTE 2 – ACCOUNTING PRINCIPLES

2.1 MAIN PRINCIPLE

The consolidated financial statements of the GC Rieber Shipping ASA Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and relevant interpretations, which have been published by the International Accounting Standards Board and approved by the EU effective as at 31.12.09.

The consolidated financial statements have been prepared on a historical cost basis, except for investments held for trading and available for sale investments that have been measured at fair value.

The preparation of financial statements in accordance with IFRS requires the use of estimates. The application of the Group's accounting principles also requires the management to use professional judgment. The areas that to a significant extent include such judgemental assessments, a high degree of complexity or areas where assumptions and estimates are material for the consolidated financial statements are described in the accompanying notes.

2.2 CHANGES IN ACCOUNTING PRINCIPLES

Interpretations effective in 2009

IFRS 8, '*Operating segments*', replaces IAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the FASB standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

IAS 23 (Amendment), '*Borrowing costs*' (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The group capitalise interests from building loans directly related to new builds, but does not capitalize. The group applies IAS 23 (Amendment) prospectively from 1 January 2009.

IAS 1 (Revised), '*Presentation of financial statements*' (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement

of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The group applies IAS 1 (Revised) from 1 January 2009. Both the income statement and statement of comprehensive income will be presented as performance statements.

IFRS 2 (Amendment), *'Share-based payment'* (effective from 1 January 2009).
The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. As such these features would need to be included in the grant date fair value for transactions with employees and others providing similar services, that is, these features would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The group applies IFRS 2 (Amendment) from 1 January 2009, but is not expected to have a material impact on the group's financial statements.

IAS 32 (Amendment), *'Financial instruments: Presentation'*, and IAS 1 (Amendment), *'Presentation of financial statements' – 'Puttable financial instruments and obligations arising on liquidation'* (effective from 1 January 2009).
The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions. The group applies the IAS 32 and IAS 1 (Amendment) from 1 January 2009, but is not expected to have any impact on the group's financial statements.

IFRS 1 (Amendment) *'First time adoption of IFRS'* and IAS 27 *'Consolidated and separate financial statements'* (effective from 1 January 2009). The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The group applies IFRS 1 (Amendment) from 1 January 2009 if subsidiaries of the group transitions to IFRS. The amendment will not have any impact on the group's financial statements.

IAS 27 (Revised), *'Consolidated and separate financial statements'* (effective from 1 July 2009).The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. The group applies IAS 27 (Revised) prospectively to transactions with non-controlling interests from 1 January 2010.

IFRS 3 (Revised), *'Business combinations'* (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair vale or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group applies IFRS 3 (Revised) prospectively to all business combinations from 1 January 2010.

IFRS 5 (Amendment), *'Non-current assets held for sale and discontinued operations'* (and consequential amendment to IFRS 1, *'First-time adoption'*) (effective from 1 July 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control, and relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to IFRS 1 states that these amendments are applied prospectively from the date of transition to IFRSs. The group applies the IFRS 5 (Amendment) prospectively to all partial disposals of subsidiaries from 1 January 2010.

IAS 23 (Amendment), *'Borrowing costs'* (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The definition of borrowing costs has been amended so that interest

expense is calculated using the effective interest method defined in IAS 39 *'Financial instruments: Recognition and measurement'*. This eliminates the inconsistency of terms between IAS 39 and IAS 23. The group applies the IAS 23 (Amendment) prospectively to the capitalisation of borrowing costs on qualifying assets from 1 January 2009.

IAS 28 (Amendment), *'Investments in associates'* (and consequential amendments to IAS 32, *'Financial Instruments: Presentation'* and IFRS 7, *'Financial instruments: Disclosures'*) (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. An investment in associate is treated as a single asset for the purposes of impairment testing and any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. The group applies the IAS 28 (Amendment) to impairment tests related to investment in subsidiaries and any related impairment losses from 1 January 2009.

IAS 36 (Amendment), *'Impairment of assets'* (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The group applies the IAS 28 (Amendment) and provides the required disclosure where applicable for impairment tests from 1 January 2009.

IAS 19 (Amendment), *'Employee benefits'* (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008.

- The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.
- The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.
- The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.

IAS 37, *'Provisions, contingent liabilities and contingent assets'*, requires contingent liabilities to be disclosed, not recognised. IAS 19 has been amended to be consistent. The group applies the IAS 19 (Amendment) from 1 January 2009.

IAS 39 (Amendment), *'Financial instruments: Recognition and measurement'* (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. This amendment clarifies that it is possible for there to be movements into and out of the fair value through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit-taking is included in such a portfolio on initial recognition.

The current guidance on designating and documenting hedges states that a hedging instrument needs to involve a party external to the reporting entity and cites a segment as an example of a reporting entity. This means that in order for hedge accounting to be applied at segment level, the requirements for hedge accounting are currently required to be met by the applicable segment. The amendment removes this requirement so that IAS 39 is consistent with IFRS 8, *'Operating segments'* which requires disclosure for segments to be based on information reported to the chief operating decision maker. Currently for segment reporting purposes, each subsidiary designates and documents (including effectiveness testing) contracts with group treasury as fair value or cash flow hedges so that the hedges are reflected in the segment to which the hedged items relate. This is consistent with the information viewed by the chief operating decision maker. See note 3.1 for further details. After the amendment is effective, the hedge will continue to be reflected in the segment to which the hedged items relate (and information provided to the chief operating decisions maker) but the group will not formally document and test this hedging relationship. When remeasuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) are used. The group applies the IAS 39 (Amendment) from 1 January 2009. It is not expected to have an impact on the group's income statement.

IAS 1 (Amendment), *'Presentation of financial statements'* (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39, *'Financial instruments: Recognition and measurement'* are examples of current assets and liabilities respectively. The group applies the IAS 39 (Amendment) from 1 January 2009. It is not expected to have an impact on the group's financial statements.

IAS 31 (Amendment), *"Interests in joint ventures"* (and consequential amendments to IAS 32 and IFRS 7) (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where an investment in joint venture is accounted for in accordance with IAS 39, only certain rather than all disclosure requirements in IAS 31 need to be made in addition to disclosures required by IAS 32, 'Financial instruments: Presentation' and IFRS 7 *'Financial instruments: Disclosures'*.

There are a number of minor amendments to IFRS 7, *'Financial instruments: Disclosures'*, IAS 8, *'Accounting policies, changes in accounting estimates and errors'*, IAS 10, *'Events after the reporting period'*, IAS 18, *'Revenue'* and IAS 34, 'Interim financial reporting', which are part of the IASB's annual improvements project published in May 2008 (not addressed above). These amendments are unlikely to have an impact on the group's accounts and have therefore not been analysed in detail.

IFRIC 16, *'Hedges of a net investment in a foreign operation'* (effective from 1 October 2008). IFRIC 16 clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held anywhere in the group. The requirements of IAS 21, *'The effects of changes in foreign exchange rates'*, do apply to the hedged item. The group applies IFRIC 16 from 1 January 2009. It is not expected to have a material impact on the group's financial statements.

The following interpretations and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2010 or later periods but are not relevant for the group's operations:

Amendments to IFRS 2 *'Share-based Payments – Group Cash-settled Share-based payment Transactions'*
The amendment to IFRS 2 provides more guidance on the accounting for group cash-settled share-based payment transactions. In addition, the definition of share based payment is somewhat modified. This amendment supersedes IFRIC 8 and IFRIC 11. This amendment is effective for annual periods beginning on or after 1 January 2010. The Group will apply the amendment from 1 January 2010.

IFRS 3 (revised) *'Business Combinations'*
Compared to the existing IFRS 3, the revised IFRS 3 incorporates certain amendments and clarifications related to the use of the purchase method. This includes issues such as goodwill in business combinations achieved in stages, minority interests and contingent considerations. Transactions costs other than share and debt issuance costs will be expensed as incurred. IFRS 3 (R) is effective for annual periods beginning on or after 1 July 2009. The Group expects to implement IFRS 3 (R) as of 1 January 2010.

IFRS 9 *'Financial Instruments'*
IFRS 9 replaces the classification and measurement rules in IAS 39 Financial Instruments - Recognition and measurement for financial instruments. According to IFRS 9 financial assets with basic loan features shall be measured at amortised cost, unless one opts to measure these assets at fair value. All other financial assets shall be measured at fair value. IFRS 9 is effective for annual periods beginning on or after 1 January 2013, but the standard is not yet approved by the EU. The Group expects to apply IFRS 9 as of 1 January 2013.

IAS 24 (revised) *'Related Party Disclosures'*
The revised IAS 24 clarifies and simplifies the definition of a related party, compared to the current IAS 24. The revised standard also provides some relief for government-related entities to disclose details of all transactions with other government-related entities (as well as with the government itself). IAS 24 (R) is effective for annual periods beginning on or after 1 January 2011, but the revised standard is not yet approved by the EU. The Group expects to implement IAS 24 (R) as of 1 January 2011.

IAS 27 (revised) *'Consolidated and Separate Financial Statements'*
The revised IAS 27 provides more guidance on accounting for changes in ownership interest in a subsidiary and the disposal of a subsidiary, compared to the current IAS 27. According to the revised standard the entity measures the interest retained in a former subsidiary at fair value upon loss of control of the subsidiary, and the corresponding gain or loss is recognised through profit and loss. The revised standard also includes a change in the requirements relating to the allocation of losses in a loss-making subsidiary. IAS 27 (R) requires total comprehensive income to be allocated between the controlling and the non-controlling party, even if this results in the non-controlling interest having a deficit balance. IAS 27 (R) is effective for annual periods beginning on or after 1 July 2009. The Group plans to implement IAS 27 (R) as of 1 January 2010.

Amendments to IAS 32 *'Financial Instruments: Presentation – Classification of Rights Issues'*
The amendment to IAS 32 Financial Instruments - Presentation provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met. Application of the amendment is retrospective and will result in the reversal of profits or losses previously recognised. The amendment is effective for annual periods beginning on or after 1 February 2010. The Group expects to implement the amendments as of 1 January 2011.

Amendments to IAS 39 *'Financial instruments – Recognition and measurement - Eligible Hedged Items'*
The amended IAS 39 clarifies the principles for determining whether a hedged risk or portion of cash flows is eligible for designation for certain risks or components of the cash flow. The approved changes gives primarily additional guidance for hedging a one-sided risk (hedging with options) and hedging of inflation risk, but also clarifies that designated risks and cash flows must be identifiable and can be reliable measured. The amendment is effective for annual periods beginning on or after 1 July 2009. The Group plans to implement the amendments as of 1 January 2010.

Amendments to IFRIC 14 IAS 19 *'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction - Prepayments of a Minimum funding Requirement'*
The amendment to IFRIC 14 intends to correct an unintended consequence of IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. This amendment will allow entities to recognise a prepayment of pension contributions as an asset rather than an expense. The amendment is effective for annual periods beginning on or after 1 January 2011, but the amendment is not yet approved by the EU. The Group expects to implement the amendment as of 1 January 2011.

IFRIC 16 *'Hedges of a net investment in a foreign operation'*
The interpretation addresses issues relating to the accounting of a hedge of the foreign currency exposure arising from a net investment in a foreign entity. The interpretation clarifies what types of hedges that might qualify for hedge accounting and what types of foreign currency risks that might be hedged. The interpretation is effective for annual periods beginning on or after 1 July 2009. The Group plans to implement IFRIC 16 as of 1 January 2010.

IFRIC 17 *'Distributions of non-cash assets to owners'*
The interpretation provides guidance on how to account for distributions of non-cash assets to its owners and distributions that give owners a choice of receiving either non-cash assets or a cash alternative. The interpretation applies prospectively and is applicable for annual periods beginning on or after 1 July 2009. The Group plans to implement IFRIC 17 as of 1 January 2010.

IFRIC 18 *'Transfers of Assets from Customers'*
The interpretation provides guidance on accounting for transfers of assets which an entity receives from a customer for the acquisition or construction of such items. These items of plant, property and equipment must then be used to connect the customer to a network, or provide the customer ongoing access to a supply of goods and services, or both. The interpretation is effective for annual periods beginning on or after 1 November 2009. The Group plans to implement IFRIC 18 as of 1 January 2010.

IFRIC 19 *'Extinguishing Financial Liabilities with Equity Instruments'*
The interpretation clarifies the accounting treatment of financial liabilities that, as a result of a renegotiation of the terms of the financial liability, are fully, or partially, extinguished with equity instruments. The interpretation is effective for

annual periods beginning on or after 1 July 2010, but the interpretation is not yet approved by the EU. The Group expects to implement IFRIC 18 as of 1 January 2011.

The following interpretations and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2009 or later periods but are not relevant for the group's operations:

IFRIC 13, *'Customer loyalty programmes'* (effective from 1 July 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. IFRIC 13 is not relevant to the group's operations because none of the group's companies operate any loyalty programmes.

IAS 16 (Amendment), *'Property, plant and equipment'* (and consequential amendment to IAS 7, *'Statement of cash flows'*) (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Entities whose ordinary activities comprise renting and subsequently selling assets present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for- sale. A consequential amendment to IAS 7 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities. The amendment will not have an impact on the group's operations because none of the group's companies ordinary activities comprise renting and subsequently selling assets.

IAS 38 (Amendment), *'Intangible assets'* (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services.

IAS 27 (Amendment), *'Consolidated and separate financial statements'* (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where an investment in a subsidiary that is accounted for under IAS 39, *'Financial instruments: recognition and measurement'* is classified as held for sale under IFRS 5, *'Non-current assets held for sale and discontinued operations'*, IAS 39 would continue to be applied. The amendment will not have an impact on the group's operations because it is the group's policy for an investment in subsidiary to be recorded at cost in the standalone accounts of each entity.

IAS 28 (Amendment), *'Investments in associates'* (and consequential amendments to IAS 32, *'Financial Instruments: Presentation'* and IFRS 7, *'Financial instruments: Disclosures'*) (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where an investment in associate is accounted for in accordance with IAS 39 *'Financial instruments: recognition and measurement'* only certain, rather than all disclosure requirements in IAS 28 need to be made in addition to disclosures required by IAS 32, *'Financial Instruments: Presentation'* and IFRS 7 *'Financial Instruments: Disclosures'*. The amendment will not have an impact on the group's operations because it is the group's policy for an investment in an associate to be equity accounted in the group's consolidated accounts.

IAS 29 (Amendment), *'Financial reporting in hyperinflationary economies'* (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The guidance has been amended to reflect the fact that a number of assets and liabilities are measured at fair value rather than historical cost. The amendment will not have an impact on the group's operations, as none of the group's subsidiaries or associates operate in hyperinflationary economies.

IAS 38 (Amendment), *'Intangible assets'*, (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment deletes the wording that states that there is 'rarely, if ever' support for use of a method that results in a lower rate of amortisation than the straight line method. The amendment will not currently have an impact on the group's operations as all depreciable intangible assets are amortised using the straight line method.

IAS 40 (Amendment), *'Investment property'* (and consequential amendments to IAS 16) (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Property that is under

construction or development for future use as investment property is within the scope of IAS 40. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable. The amendment will not have an impact on the group's operations, as there are no investment properties are held by the group.

IAS 41 (Amendment), '*Agriculture*' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. It requires the use of a market-based discount rate where fair value calculations are based on discounted cash flows and the removal of the prohibition on taking into account biological transformation when calculating fair value. The amendment will not have an impact on the group's operations as no agricultural activities are undertaken.

IAS 20 (Amendment), '*Accounting for government grants and disclosure of government assistance*' (effective from 1 January 2009). The benefit of a below-market rate government loan is measured as the difference between the carrying amount in accordance with IAS 39, 'Financial instruments: Recognition and measurement', and the proceeds received with the benefit accounted for in accordance with IAS 20. The amendment will not have an impact on the group's operations as there are no loans received or other grants from the government.

The minor amendments to IAS 20 '*Accounting for government grants and disclosure of government assistance*' and IAS 29, '*Financial reporting in hyperinflationary economies*' IAS 40, '*Investment property*' and IAS 41, '*Agriculture*', which are part of the IASB's which are part of the IASB's annual improvements project published in May 2008 (not addressed above). These amendments will not have an impact on the group's operations as described above.

IFRIC 15, '*Agreements for construction of real estates*' (effective from 1 January 2009). The interpretation clarifies whether IAS 18, '*Revenue*', or IAS 11, '*Construction contracts*' should be applied to particular transactions. It is likely to result in IAS 18 being applied to a wider range of transactions. IFRIC 15 is not relevant to the group's operations as all revenue transactions are accounted for under IAS 18 and not IAS 11.

IFRIC 12 '*Service concession arrangements*'. IFRIC 12 deals with public services related to infrastructure provided by private sector when public authorities regulates or controls which services that shall be provided, to whom the services shall be provided and at what price. The interpretation describes how such arrangements shall be accounted for. The interpretation is effective for annual periods beginning on or after 29 March 2009. IFRIC 12 will not have an impact on the group's operations.

IFRIC 15 '*Agreements for the construction of real estate*'
The interpretation addresses the divergence in accounting treatment for real estate projects, and also provides guidance on whether a project is within the scope of IAS 11 '*Construction Contracts*' or IAS 18 '*Revenue*'. The interpretation is effective for annual periods beginning on or after 1 January 2010. IFRIC 15 will not have an impact on the group's operations.

The IASB issued amendments to its standards and the related Basis for Conclusions in its annual "improvements to IFRSs". The amendments are effective in 2010:

IFRS 2 *Share-based Payment:* Clarifies that the contribution of a business on formation of a joint venture and combinations under common control are not within the scope of IFRS 2 even though they are outside of scope of IFRS 3 (R).

IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations:* Clarifies that the disclosures required in respect of non-current assets or disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations.

IFRS 8 *Operating Segments:* Clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.

IAS 1 *Presentation of Financial Statements:* The terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification.

IAS 7 *Statement of Cash Flow:* Explicitly states that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities.

IAS 17 *Leases:* The amendment removes the specific guidance on classifying land as a lease so that only the general guidance remains.

IAS 18 *Revenue:* More guidance is added to determine whether an entity is acting as a principal or as an agent.

IAS 36 *Impairment of Assets:* Clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in IFRS 8 before aggregation for reporting purposes.

IAS 38 I*ntangible Assets:* Clarifies that if an intangible asset acquired in a business combination is identifiable only with another intangible asset, the acquirer may recognise the group of intangible assets as a single asset provided the individual assets have similar useful lives.

IAS 39 *Financial Instruments – Recognition and Measurement:*
- Clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host 'contract.
- Clarifies that the scope exemption for contracts between an acquirer and a vendor in a business combination to buy or sell an acquiree at a future date, applies only to binding forward contracts, and not derivative contracts where future actions by either party are still to be taken.
- Clarifies that gains or losses on cash flow hedges of a forecast transaction that subsequently results in the recognition of a financial instrument or on cash flow hedges of recognised financial instruments should be reclassified in the period that the hedged forecast cash flows affect profit or loss.

IFRIC 9 *Reassessment of Embedded Derivatives:* The scope paragraph is amended to clarify that the interpretation does not apply to possible reassessment, at the date of acquisition, to embedded derivatives in contracts acquired in a combination between entities or businesses under common control or the formation of a joint venture.

IFRIC 16 *Hedges of a Net Investment in a Foreign Operation:* The amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied.

2.3 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency NOK or USD). The consolidated financial statements are presented in NOK which is the parent company's functional and presentations currency.

Transactions in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items are translated at the current exchange rate, non-monetary items that are measured at historical cost are translated at the rate in effect on the original transaction date, and non-monetary items that are measured at fair value are translated at the exchange rate in effect at the time when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of such cash transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investments hedges (see below).

Foreign operations

When the operation of a foreign company is integrated into the Group, translation of the transactions is performed as if the Group had carried out the transactions in a foreign currency.

At the balance sheet date, monetary items will be translated at the exchange rate in effect at the balance sheet date, non-monetary items will be translated at the historical exchange rate in effect on the date of the transaction, and non-monetary items that are assessed at fair value will be translated at the exchange rate in effect on the date of the assessment of fair value.

Revenue and expenses are translated at the exchange rate in effect on the date of the transaction. Exchange rate fluctuations are recognised in the profit and loss statement as they occur during the accounting period.

Foreign entities

The majority of the consolidated foreign subsidiaries are deemed to be independent entities since they are financially, economically and organisationally independent. Non-independent entities are regarded as foreign operations. The functional currency of foreign entities is normally the local currency or USD. The balance sheet is translated at the rate in effect at the balance sheet date, while the profit and loss statement is translated at the average exchange rate for the accounting period. Exchange differences are recognised as a separate component of equity.

Exchange differences that arise as a result of this are included in the statement of comprehensive income. Upon the disposal of foreign subsidiaries the accumulated currency exchange-rate differences related to the subsidiary are recognised in the profit and loss statement.

2.4 CONSOLIDATION PRINCIPLES

The consolidated accounts for the Group include GC Rieber Shipping ASA and the companies in which GC Rieber Shipping ASA has a controlling interest. A controlling interest is normally achieved when the Group owns, directly or indirectly, more than 50 per cent of the shares in the company and the Group is able to exercise control over the company. Minority interests are included in the Group's equity. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting principles.

Business combinations are accounted for using the acquisition accounting method. Companies which are acquired or sold during the period are included in the consolidated financial statements from the point in time when the parent company acquires control or when the control ceases.

Jointly controlled entities are entities over which the Group has joint control through a contractual agreement between the parties. The consolidated financial statements include jointly controlled entities using proportionate consolidation from the date the joint control arises until the date the joint control ceases. The Group includes its proportionate share of assets, liabilities, revenues and costs in the jointly controlled entity, line by line, in the consolidated financial statements. The financial statements for the jointly controlled entity are prepared during the same period as the parent company and using consistent accounting principles.

Intragroup transactions and balances, including internal profits and unrealised gains and losses, have been eliminated in full. Unrealised gains from transactions with associated companies are eliminated in the Group's share of the associated companies. Correspondingly, unrealised losses are eliminated, but only if there are no indications of any impairment in the value of the asset that is sold internally.

The consolidated financial statements have been prepared under the assumption of uniform accounting principles for equal transactions and other events under equal circumstances.

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted

against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

2.5 CASH AND BANK DEPOSITS

Cash and bank deposits, etc. include bank deposits, cash in hand and short-term bank deposits with an original maturity of three months or less.

2.6 TRADE RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is accounted for when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or insufficient payments (more than 30 days overdue) are considered indicators that the trade receivables are impaired. The provision is equal to the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the trade receivables is reduced through the use of an allowance account, and changes in the loss provision are recognised in the profit and loss statement as operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the profit and loss statement.

2.7 INVENTORIES ON VESSELS

Inventories on vessels are valued at the lower of cost and net realisable value. Costs incurred are accounted for using purchase cost on a first in, first out basis, and includes costs accrued in acquiring the inventories and bringing the inventories to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated sales cost.

2.8 FIXED ASSETS

Fixed assets are decomposed for depreciation purposes. Components that represent a substantial portion of the vessel's total cost price are isolated for depreciation purposes, and are depreciated over their expected useful lives. The useful live is the period that the Group expects to use the vessel, and this period can thus be shorter than the economic life. If various components have approximately the same useful life and the same depreciation method as other components, the components are depreciated collectively.

For vessels, the straight line method for ordinary depreciation is used based on an economic life of 20 and 25 years from when the vessel was new. With reference to IAS 16, Property, Plant and Equipment, the Group uses estimated recoverable amount as residual value. In special circumstances the Group will consider an alternative depreciation horizon if the circumstances so indicate, such as the purchase and/or upgrading of older vessels.

Improvements and upgrading will be capitalised and depreciated over the remaining economic life of the vessel. The straight line method for ordinary depreciation based on a period of 2.5 to 5 years is used for periodic maintenance. The straight line method for ordinary depreciation based on a life of 3 to 10 years is used for other depreciable assets.

The depreciation period and method will be assessed annually to ensure that the method and period used are in accordance with the financial realities of the fixed asset. This applies correspondingly to the scrap value. The scrap value of the vessels is calculated by multiplying the steel weight of the vessel by the market price for steel as at the balance sheet date.

Tangible fixed assets are valued at historical cost less any accumulated depreciation and write-downs. When assets are sold or disposed of, the historical cost and accumulated depreciation are reversed in the accounts and any loss or gain on the disposal will be recognised in the profit and loss statement.

The write-down of assets will be considered when there is indication of impairment in value. If the carrying amount of an asset is higher than the recoverable amount the asset will be written down towards the profit and loss statement. The recoverable amount is the higher of the net sales price and discounted cash flow from continued use. The net sales price is the amount that can be raised from sale to an independent third party less sales costs. The recoverable amount is determined separately for all assets, or if this is not possible, then together with the unit the asset belongs to.

Write-downs recorded in prior periods will be reversed when there is information indicating that there is no longer any need for the write-down or the correct write-down amount has changed. The reversal is recorded as income or an increase in other reserves. However, the reversal will not be performed if the reversal entails that the recorded value will exceed what the recorded value would have been using normal depreciation periods.

The Group capitalises expenses incurred at the docking of the Group's vessels and amortises these expenses over the period until the next docking (the capitalisation method).

Vessels under construction are classified as fixed assets and are recorded at the value of the incurred expenses related to the fixed asset. Vessels under construction are not depreciated until the vessel is placed in service.

2.9 LEASES

The Group as a lessee:

Financial leases

The Group presents its financial leases in the financial statements in accordance with IAS 17; Leases, as assets and liabilities, at the asset's cost, or if lower, at the present value of the minimum lease payments. When calculating the present value of the minimum lease payments, the implicit interest rate in the financial lease agreement is applied when this can be determined. If the implicit interest rate can not be determined, the company's marginal borrowing rate in the market is used. Direct costs related to the lease agreement, is included in the asset's cost. The monthly lease payments are separated into an interest element and an instalment.

Assets that are part of a financial lease agreement is depreciated. The depreciation period is consistent for similar assets owned by the Group. If it is uncertain whether the company will take ownership of the asset at the end of the leasing period, the asset is depreciated over the shorter of the period of the agreement's rental period and the depreciation period for similar assets owned by the Group.

Operational leases

Leases where the Group does not transfer substantially all the risk and benefits of ownership of the assets are classified as operating leases. The lease payments are classified as operating expenses and are taken to the profit and loss linearly over the contractual period.

The Group as a lessor:

Operational leases

The Group presents assets it has leased to others as fixed assets in the balance sheet. The rental amount is taken to revenue linearly over the lease period. Initial direct costs incurred in establishing the lease relationship are included in the carrying amount of the leased asset, on the same basis as the rental amount.

2.10 FINANCIAL INSTRUMENTS

In accordance with IAS 39, Financial Instruments: Recognition and Measurement, financial instruments are classified in the following categories: at fair value through profit and loss, held to maturity investments, loans and receivables and available-for-sale.

At initial recognition of financial instruments the Group capitalise a financial instrument when, and only when, they has become a part of the instrument's arrangement. When financial instruments are recognised initially, they are measured at fair value, plus, in case of investments not at fair value through profit and loss, directly attributable transaction or share capital costs.

All purchases and sales of financial instruments are recognised on the transaction date.

Financial assets at fair value through profit and loss:

Financial instruments that are held with the intention of making a gain on short-term fluctuations in prices, financially motivated investments in obligations and other securities which enters into a trade portfolio or derivatives which are not classified as hedge instruments or is a financial guarantee contract, are classified as financial assets at fair value through profit or loss. The same applies for financial instruments which qualify for, or are designated as, financial assets at fair value trough profit and loss.

Financial instruments that are classified as at fair value through profit and loss are carried at fair value as observed in the market at the balance sheet date, with no deduction for sale costs. Financial assets at fair value trough profit or loss are classified as current assets.

Changes in the fair value of financial instruments classified as financial instruments at fair value through profit and loss are recognised in the profit and loss statement and presented net as financial income/expense.

Held-to-maturity investments

Held-to-maturity investments are non-derivative assets which carry fixed or determinable payments and fixed maturities and which the Group has the positive intention and ability to hold to maturity, except those investments classified as financial assets at fair value trough profit and loss, available for sale investments or loans and receivables.

Held-to-maturity investments are measured at amortised cost using the effective interest method. The effective interest method is used to calculate the amortised cost and to allocate interest income or interest cost over a relevant period. Profit or loss are recognised in profit and loss through the amortisation process or when the financial instrument (a) are derecognised, (b) are impaired or (c) the carrying amount increases when earlier impairments are reversed.

Financial instruments that are held to maturity are included in financial fixed assets unless the maturity date is less than 12 months after the balance sheet date.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables, except those instruments classified as financial assets at fair value through profit and loss or available for sale.

Loans and receivables are measured at amortised cost and are classified as current assets.

Available for sale investments

All other financial instruments, with the exception of loans and receivables originally issued by the company, are classified as available for sale. They are included in current assets, except for investments which the Group has the intention to sell within 12 months after the balance sheet date.

Financial instruments that are classified as available for sale through profit or loss are carried at fair value as observed in the market at the balance sheet date, with no deduction for costs relating to the sale.

Interest earned on available for sale investments using the effective interest rate method is taken to the profit and loss and presented under financial income. Dividends earned on investments are recognised in the profit and loss under financial income when the right of payment has been established.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis, and option pricing models.

Hedging

The Group has decided not to apply hedging accounting according to IAS 39, Financial Instruments; Recognition and measurement, in 2009.

Derivative financial instruments which are not classified as hedging instruments are classified as fair value through profit and loss and are measured at fair value. Changes in fair value are recognised in profit and loss.

An embedded derivative will be separated from the host contract and classified as a derivative if the following conditions are fulfilled:
- The economic characteristics and risks of embedded derivatives are not closely related to those of the host contract
- Separate instruments with similar terms as the embedded derivatives exist, which satisfy the conditions for a derivative
- The combined instrument (host contract and embedded derivative) is not measured at fair value through profit and loss.

2.11 INTANGIBLE ASSETS

Goodwill

Goodwill is the difference between the acquisition cost and the fair value of the net identifiable assets on the date of the acquisition. For investments in associated companies, goodwill is included in the recorded carrying amount of the investment.

Goodwill is recognised at cost, less any accumulated write-downs. Goodwill is not amortised, but tested annually for impairment at the balance sheet date.

Regarding impairment testing, goodwill that has been acquired through business combinations, shall be allocated to each of the acquirer's cash generating units or groups of cash generating units, that are expected to benefit from synergies following the combination, regardless of whether any of the acquired company's assets or liabilities have been allocated to any of these units or groups of units. Each unit or groups of units to which goodwill is allocated, shall:
- represent the lowest level within the Group where goodwill is supervised for internal management purposes
- not be larger than a segment based on the Group's primary or secondary reporting, presented in accordance with IFRS 8, Segment Reporting.

A cash generating unit to which goodwill is allocated shall be tested for impairment on an annual basis, plus when there are indications of impairment, by comparing the unit's capitalised value, including goodwill, with the unit's net recoverable amount. If the unit's capitalised value exceeds the unit's net recoverable amount, the Group shall record the impairment through profit and loss. Losses due to impairment in previous periods shall not be reversed in following periods. The Group performs impairment tests as at 31 December.

Negative goodwill that arises through business combination is taken to the profit and loss at the date of the acquisition.

2.12 RESEARCH AND DEVELOPMENT

Expenses related to research are recognised in the profit and loss statement when they are incurred. Expenses related to development are recognised in the profit and loss statement unless the following criteria are met in full:
- the product or process is clearly defined and the cost elements can be identified and measured reliably;
- the technical solution for the product has been demonstrated;
- the product or process will be sold or used in the operations;
- the asset will generate future financial benefits; and
- there are adequate technical, financial and other resources to complete the project.

When all the above criteria have been met, the capitalisation of expenses related to development begins. Expenses that have been charged against income in earlier accounting periods are not capitalised. Expenses that are capitalised include costs of material, direct wages and a part of directly assignable common expenses. Capitalised development costs are measured at cost less accumulated depreciation costs and impairment losses.

Capitalised development costs are depreciated on a straight line basis over the estimated useful life of the asset.

2.13 PROVISIONS

Provisions are accounted for in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. Provisions are recognised when, and only when, the company has an existing liability (legal or assumed) as a result of events that have taken place, it can be demonstrated as probable (more likely than not) that a financial settlement will be made as a result of the liability, and the amount can be measured reliably. Provisions are reviewed at each balance sheet date and the level reflects the best estimate of the obligation. When the time factor is insignificant, the size of the provisions will

be equal to the size of the expense required for redemption from the obligation. When the time factor is significant the provisions will be equal to the net present value of future payments to cover the obligation. Increases in provisions due to the time factor will be presented as interest expenses.

2.14 EQUITY

Liabilities and equity

Financial instruments are classified as liabilities or equity in accordance with the underlying financial reality. Interest, dividends, gains and losses related to financial instruments classified as liabilities are presented as an expense or income. Distributions to the holders of financial instruments that are classified as equity will be recorded directly against equity. When rights and obligations related to how distributions from financial instruments are made are dependent on certain types of contingent events in the future that lie beyond the control of the issuer and holder, the financial instrument will be classified as a liability unless the probability that the issuer must contribute cash or other financial assets is remote at the time of issuance. In such cases the financial instrument will be classified as equity.

Convertible bonds that contain both a liability and equity element are divided into two components upon issuance based on the net present value of the bond's cash flow, and each of these elements is accounted for separately as a liability and equity, respectively.

Company's own shares

The nominal value of the company's own shares is presented in the balance sheet as a negative equity element. The purchase price in excess of the nominal value is recognised in other equity. Losses or gains on transactions with the company's own shares are not recorded in the profit and loss statement.

Equity transaction costs

Transaction costs related to equity transactions are recognised directly against equity after the deduction of tax. Only transaction costs directly related to the equity transaction are recorded directly against equity.

Other equity

Foreign currency exchange differences

Foreign currency exchange differences arise in connection with translation of foreign currency transactions in the consolidation of foreign entities. Foreign currency exchange differences with respect to monetary items (liabilities or receivables) that are in reality part of the company's net investment in a foreign unit are treated as foreign currency exchange differences. Upon the disposal of a foreign unit the accumulated foreign currency exchange differences related to that entity are reversed and recorded in the profit and loss statement in the same period that the gain or loss on the disposal is recorded.

2.15 MINORITY INTERESTS

Minority interests include the minority's share of the carrying amount of subsidiaries including the share of identified excess values at the date of the acquisition.

Losses in a consolidated subsidiary that can be allocated to the minority interests cannot exceed the minority's share of equity in the consolidated subsidiary. Exceeding losses are recorded against the majority interests' share in the subsidiary to the extent that the minority is not obligated to, or can, take its part of the loss. If the subsidiary starts to generate profit, the majority's share of the subsidiary's equity shall be adjusted until the minority's share of previous losses have been covered.

2.16 REVENUE RECOGNITION

Revenue is recognised when it is probable that the transaction will generate future economic benefits that will accrue to the company and the value of such benefits can be estimated reliably. Sales revenues are recorded less value added tax and discounts. Income and expenses related to the vessels' journeys are accrued based on the number of days the journey lasts before and after the end of the year and such income is classified as charter income. Management fees for project management, building supervision and maritime operations of vessels for external owners are presented as other operating income.

Dividend income

Dividend income is recognised when the shareholders' right to receive dividends have been approved by the general meeting.

2.17 PENSIONS

The Group accounts for its pensions schemes in accordance with IAS 19, Employee Benefits.

The companies in the Group have different pension schemes. In general, the pension schemes are financed through payments to insurance companies or pension funds as determined by actuarial calculations. The Group has both defined contribution plans and defined benefit plans. A defined contribution plan is a pension scheme where the Group pays fixed contributions to a separate legal entity. The Group has no legal or other commitment to pay further contributions if the entity does not have adequate funds to pay all employees the benefits related to the earned contribution in current and previous periods.

A pension scheme that does not meet the definition of a defined contribution plan is a defined benefit plan. The Group's commitment towards the employee consists of contributing with pension payments of a certain amount. The pension plan will describe how the pension shall be calculated. Normally, the salary at or just before retirement together with the length of employment in the Group, will be factors that contribute to the decision of the size of the pension.

The pension funds in defined benefit plans are measured at fair value. The pension obligation and the pension costs are determined using a linear contribution calculation. A linear contribution calculation distributes the contribution of future pension benefits linearly over the contribution period, and regards the earned pension rights of the employees during a period as the year's pension cost. The introduction of a new defined benefit plan or an improvement of an existing defined benefit plan will entail changes in the pension obligation. The change in the pension obligation will be taken to the profit and loss statement linearly over the period until the effect of the change has been earned. The introduction of new plans or changes of existing plans that happen with retrospective effect so that the employees have immediately earned a pension benefit (or a change in pension benefit), is immediately taken to the profit and loss statement. Gains or losses related to downsizing or the termination of pension plans are recorded in profit and loss when this occurs. Actuarial gains or losses are recorded directly in equity.

The pension obligation is calculated based on the present value of future cash flows. The discount rate is equal to the interest rate on a 10 year government bond with an additional margin of 0.5% in order to adjust for the maturity. The calculations have been performed by a qualified actuary.

With regards to defined contribution plans, the Group pays premiums to publicly or privately administered insurance plans for pensions on an obligatory, contractual or voluntary basis. The Group has no further payment commitments after the premiums have been paid. The premium payments are recorded as wage costs when they are due. Prepayments are recorded as an asset to the extent that the prepayments can be refunded or will reduce future premium payments.

2.18 LOANS

Borrowing expenses are recognised in the profit and loss statement when the borrowing expenses arise. Borrowing expenses are capitalised if they are directly related to the purchase, construction or production of a fixed asset. The capitalisation of borrowing expenses occur when interest expenses are incurred during the construction of the fixed asset. Borrowing expenses are capitalised until the point in time when the fixed asset is placed into service. If the cost price exceeds the fair value of the fixed asset, an impairment loss is recognised.

Loans are recorded as the proceeds that are received, net of any transaction costs. Loans are subsequently accounted for at the amortised cost through application of the effective interest rate, where the difference between the net proceeds and redemption value are recognised in the profit and loss statement over the term of the loan.

2.19 PUBLIC GRANTS

In accordance with IAS 20; Government Grants, government grants shall not be recorded until it is reasonably certain that the company will comply with all attaching conditions and that the grant will be received. The recognition of public grants is deferred and amortised over the period that the costs, that the grants are meant to cover, accrue. Public grants are recorded as a deduction of the cost the grant is meant to cover.

When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

The Group receive grants from the Reimbursement system for Seamen for some ships due to secure employment of Norwegian seamen. The grants are recognised as reduction in crew expenses.

2.20 TAXES

Taxes consist of the tax payable and change in deferred tax. Deferred tax liabilities/assets are calculated based on the differences between the financial and tax values of assets and liabilities, with the exception of:

- deferred tax that arises as a result of goodwill depreciation that is not tax deductible
- temporary differences related to investments in subsidiaries, associated companies or joint ventures, since the Group determines when the temporary differences will be reversed and this is not assumed to occur in the foreseeable future.

Deferred tax assets are recorded in the accounts when it is probable that the company will have sufficient taxable profit to benefit from the tax asset. On the date of each balance sheet the Group will review unrecognised deferred tax assets and the carrying amount of such assets. The companies record prior unrecognised deferred tax assets in the accounts if it becomes probable that the company can use the deferred tax asset. Moreover, the Group will reduce the deferred tax asset if the company can no longer benefit from the deferred tax asset.

Deferred tax liabilities and assets are measured based on the current tax rates that apply to the companies in the Group where temporary differences have arisen.

Deferred tax liabilities and assets are recorded in the accounts regardless of when the differences will be reversed. Deferred tax liabilities and assets are recorded at their nominal value and are classified as fixed asset investments (long-term liabilities) on the balance sheet.

Tax payable and deferred tax related to changes in pension estimate is recognized in the statement of comprehensive income. The tax effect of a particular item is specified in the statement of comprehensive income.

Tax payable and deferred tax assets/liabilities are measured at the tax rate that applies to accrued, undistributed equity. The tax effects of dividends are taken into account when the company has incurred a liability to distribute a dividend.

After the changes in the shipping tax regime with effect from 01.01.2000, foreign exchange rate gains and losses are included in taxable financial income, and long term liabilities in USD were translated using the exchange rate as at 31.12.1999 when calculating the value upon entry. At the same time, companies subject to the shipping tax regime were allowed to carry forward negative taxable financial losses against positive financial income in future years. Temporary differences regarding financial items are offset when calculating the deferred assets/liabilities, amounting to 28 % of the temporary differences. The accounting treatment follows the general principles for capitalisation.

2.21 CLASSIFICATION OF ASSETS AND LIABILITIES IN THE BALANCE SHEET

Assets intended for permanent ownership or use and receivables that mature later than one year after the end of the accounting period are classified as fixed assets. Other assets are classified as current assets. Liabilities that mature later than one year after the end of the accounting period are classified as long-term liabilities. Other liabilities are classified as current liabilities. The first year's installments on long-term loans are classified as current liabilities in the balance sheet.

2.22 OPERATING SEGMENTS

The Group presents financial numbers for the business segments research projects in polar waters, offshore subsea support and marine seismic. The Group's vessels can perform assignments within several of the business segments. Indirect attributable costs are allocated to the operating segments. Financial information regarding the segments is presented in note 7. Internal profit from sales between the business segments is eliminated in the segment reporting.

2.23 CONTINGENT LIABILITIES AND ASSETS

Contingent liabilities are defined as

- possible liabilities resulting from prior events where the existence of the liability is dependent on future events.
- liabilities that have not been recognised because it is not probable that they will entail any payment.
- liabilities that cannot be measured with an adequate degree of reliability.

Contingent liabilities are not recorded in the annual accounts. Significant contingent liabilities are disclosed unless the probability of the liability occurring is low.

A contingent asset is not recorded in the financial statements, but it will be disclosed if there is a certain probability that it will benefit the Group.

2.24 EVENTS AFTER THE BALANCE SHEET DATE

New information on the company's position on the balance sheet date has been incorporated into the financial statements. Events after the balance sheet date that do not affect the company's position on the balance sheet date, but will affect the company's position in the future, have been disclosed if they are material.

2.25 USE OF ESTIMATES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The management has used estimates and assumptions that have affected the assets, liabilities, income, expenses and disclosures about potential obligations. This in particular relates to revenue recognition of construction contracts, pension obligation (note 22), assessment of goodwill and other impairment assessments. The estimates may change as a result of future events. The estimates and the underlying assumptions are reassessed on a regular basis. Changes in accounting estimates are recognised in the profit and loss statement in the period the changes arise. If the changes also relate to future periods, the effect will be distributed over present and future periods.

With reference to note 14, goodwill is not amortised, but tested annually for impairment at the balance sheet date. Recoverable amount from cash generating units is based on the groups value in use. Value in use calculations are based on discounted before tax cash flows, which requires use of estimates.

The Groups depreciation profile for fixed assets is based on estimates of value in use and residual value. Value in use is based on expected useful live of the vessels, and is estimated to 20-25 years for new vessels (note 13). For vessels that have been acquired in the second hand market and thereafter upgraded and/or converted, the expected useful life of the vessels is estimated to up to 30 years. Residual values are estimated to recoverable amount at the end of the vessels useful life.

The Group capitalises expenses incurred at the dry docking of the Group's vessels and amortises these expenses over the period until the next dry docking.

Deferred tax assets are recorded in the accounts when it is probable that the company will have sufficient taxable profit to benefit from the tax asset. Deferred tax assets are recorded at nominal value according to IAS 12.

2.26 CASH FLOW STATEMENT

The Group's cash flow statement shows the Group's consolidated cash flows distributed between operating activities, investments activities and financing activities. The statement shows the impact of the different activities on the Group's cash and cash equivalents. The cash flow statement is presented based on the indirect method.

NOTE 3 – GROUP COMPANIES

The consolidated financial statements consist of GC Rieber Shipping ASA and the following subsidiaries:

Company	Business office	Parent company	Owner's share
GC Rieber Shipping AS	Norway	GC Rieber Shipping ASA	100%
Polar Ship Invest I AS	Norway	GC Rieber Shipping ASA	100%
Polar Ship Invest II AS	Norway	GC Rieber Shipping ASA	100%
Polar Ship Invest III AS	Norway	GC Rieber Shipping ASA	100%
GC Rieber Offshore Asia AS	Norway	GC Rieber Shipping ASA	100%
Polar Explorer AS	Norway	GC Rieber Shipping ASA	100%
Polarus AS	Norway	GC Rieber Shipping ASA	100%
Polar Queen Ltd	Isle of Man	GC Rieber Shipping ASA	100%
GC Rieber Shipping Asia Pte Ltd	Singapore	GC Rieber Shipping ASA	100%
GC Rieber Shipping Ltd	Great Britain	GC Rieber Shipping ASA	100%
Octio AS	Norway	GC Rieber Shipping ASA	60%
Technocean AS	Norway	GC Rieber Shipping ASA	58%
Reef Subsea AS	Norway	GC Rieber Shipping ASA	100%

NOTE 4 – CHANGES IN CORPORATE STRUCTURE

PURCHASE OF SEA4 SHIPPING I LTD AND SEA4 II SHIPPING LTD

GC Rieber Shipping ASA acquired in September 2009 100 % of the companies Sea4 I Shipping Ltd and Sea4 II Shipping Ltd. Sea4 I Shipping Ltd and Sea4 II Shipping Ltd have contracted two IMR subsea vessels of Skipsteknisk ST-254L CD design. The vessels are currently being built at Freire Shipyard (Spain). Expected delivery dates for the vessels are in the second half 2010 and in the first half 2011 respectively. The purchase price for the companies was NOK 301 million. The acquisition was financed through NOK 71 million in equity and NOK 230 million by utilising existing credit facility. Included in the acquisition of the companies are two new building contracts and payment obligations towards the yard. The acquisition implies a total investment of approximately NOK 800 million. The acquisition of the companies is classed as purchase of assets and not business according to IFRS 3, Business combinations.

NOTE 5 – BUSINESS COMBINATIONS (NOK 1000)

Assets and liabilities related to the acquisition of Octio Geophysical AS per 31.12.2008 is as follows:

	Fair Value - Final Purchase Price Allocation	Fair Value - Provisional Purchase Price Allocation	Acquired company carried amount
Cash and cash equivalents	88 507	88 507	88 507
Fixed assets	238	238	238
Deferred tax asset	0	14 363	14 363
Research and development (included in intangible assets)	49 515	14 300	14 300
Goods	4 398	4 398	4 398
Accounts receivables and other receivables	8 418	8 418	8 418
Liabilities	4 605	4 605	4 605
Acquired net assets	**146 471**	**125 619**	**125 619**
Goodwill	22 269	43 121	
Minorities	-60 591	-60 591	
Payment in cash and cash equivalent	120 000	120 000	
Cash and cash equivalents in acquired subsidiary	88 507	88 507	
Cash disbursement at acquisition date	**31 493**	**31 493**	

The fair value in the table above showing the purchase price allocation from the business combination where Octio Geophysical became a part of the group, is a final purchase price allocation. Goodwill in the provisional allocation represents the difference between booked values in the acquired company and the purchase price. Goodwill is related to future sales to customer relations and trademark, together with human resource (workforce) and technology. As at 31 December 2008 a temporary allocation of the final purchase price was made, pending a final evaluation of existing assets.

COSTS RELATED TO THE BUSINESS COMBINATION

Expenses related to the business combination is treated in accordance with IFRS3 as an increase in the purchase price. No external costs were incurred in connection with the acquisition of Octio Geophysical.

In 2008, a purchase price allocation was carried out regarding acquisition of Scan Mudring as at 1 March 2008. It was agreed with the vendor that up to NOK 18 million of the purchase price was contingent upon the company's profit in 2008/09 (earn-out). As it was not expected to be paid, the earn-out amount was set at zero as at 31 December 2008. The company's profit for 2008/2009 has not met the earn-out condition.

NOTE 6 - INVESTMENTS IN JOINT VENTURES (NOK 1000)

The Group has the following investments in joint ventures:

Joint venture	Country	Business	Owner's share
Polar Pevek Ltd	Cyprus	Ice-breaker/tug	50%
OOO Polarus	Russia	Ice-breaker/tug	50%
OOO De Kastri Tugs	Russia	Ice-breaker/tug	50%
Shipworth Shipping Company Ltd	Cyprus	Crewboat	50%

Joint ventures are accounted for using proportionate consolidation. The group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the group's financial statements. The group recognises the portion of gains or losses on the sale of assets by the group to the joint venture that is attributable to the other venturers. The group does not recognise its share of profits or losses from the joint venture that result from the group's purchase of assets from the joint venture until it re-sells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

The Group has a 50 % stake in the vessel "Polar Pevek" that operates as a ice-breaker/tug in Russia on a 15 year's time charter from 2006 to 2021 for Exxon Neftegas Ltd. The ownership and operation of the vessel is performed through three joint venture companies. The business was incorporated during 2006.

Furthermore, the Group has a 50 % stake in the crew vessels "Polar Piltun", "Polar Baikal" and "Polar Kaigan". The "Polar Piltun" and the "Polar Baikal" are employed as crew vessels in Russia on 5-year charter contracts with the Sakhalin Energy International Company Ltd., from 2009 to 2013. The "Polar Kaigan" is employed in the spot market. Ownership and operation of the three vessels is performed through two joint venture companies.

The Group's total share of assets, liabilities, income and expenses related to the investments in joint ventures that are incurred together with the other participants are as follows:

	2009	2008
Assets		
Current assets	21 507	26 879
Fixed assets	213 179	222 673
Liabilities		
Current liabilities	45 440	50 108
Non-current liabilities	112 068	114 185
Net assets (share of equity)	**77 178**	**85 259**
Operating income	52 256	32 437
Operating expenses	-32 507	-18 570
Net financial items	-8 916	-8 392
Net profit	**10 833**	**5 475**

NOTE 7 - SEGMENT INFORMATION (NOK 1000)

PRIMARY SEGMENT REPORTING - BUSINESS SEGMENTS:

GC Rieber Shipping owns and operates seven advanced, multi functional special purpose vessels for defined markets within subsea, ice/support and marine seismic. The Group also has, pursuant to agreements with other ship owners, the maritime responsibility for seven seismic vessels and project management/building supervision for two advanced seismic new buildings.

The Group shows the operating segments subsea, ice/support and marine seismic as the primary segment information as the three business areas are perceived to have different operational and financial risk profiles. Transactions between segments are on arm`s length and are eliminated in the Group`s consolidation.

Subsea

The Group owns and operates three vessels in the subsea segment. The vessels are primarily used for inspection, maintenance and repair of subsea installations. GC Rieber Shipping is the majority shareholder of the subsea contractor Technocean (58 % stake)

Ice/support

The Group owns and operates two vessels within ice/research as well as three crew vessels. The "Ernest Shackleton" is on a bareboat charter to the British Antarctic Survey until 2014, for operations in Antarctica. The "Polar Pevek" and the crew vessels "Polar Piltun", "Polar Baikal" and "Polar Kaigan" are owned through a 50/50 joint venture with Primorsk Shipping Corporation, and are operated by a joint venture company in Yuzhno-Sakhalinsk.

Marine Seismic

This segment includes the 3D/4D vessel "Geo Atlantic", the subsidiary Octio (60 % stake) which owns the vessel "Geo Explorer", and ship management of seven seismic vessels for other owners as well as project management/building supervision for two vessels owned by PGS.

SECONDARY SEGMENT REPORTING - GEOGRAPHICAL SEGMENTS:

The Group has defined its geographic areas as the secondary segment information.

OPERATING SEGMENTS

2009	Ice/ support	Subsea	Seismic	Not allocated	Total
From the profit and loss statement:					
Operating income	77 878	439 989	150 589		668 456
Operating profit before depreciation, write-down and gain (loss) on sale of fixed assets	51 293	106 082	9 887		167 263
Operating profit	28 443	33 831	-62 679		-405
From the balance sheet:					
Vessels	245 076	633 124	439 924		1 318 124
Newbuild contracts		628 073			628 073
Non-current liabilities to financial institutions	112 068	487 417	256 193	-	855 679
From the cash flow statement:					
Operating profit before depreciation, write-down and gain (loss) on sale of fixed assets	51 293	106 082	9 887		167 263
Payment on instalments on long-term liabilities	-12 306	-35 232	-7 714		-55 252
Payments from taking new long term liabilties	68 748	276 731	283 171		628 650
Investments	-86 638	-497 551	-429 731		-1 013 920
Other changes, not allocated		-49 283	-21 600	-36 794	-107 677
Net change in bank deposits, cash and quoted financial investments					*-380 937*

Not allocated other changes in 2009 is among other things related to payment of dividend in 2009 of NOK 21.8 million.

OPERATING SEGMENTS

2008	Ice/ support	Subsea	Seismic	Not allocated	Total
From the profit and loss statement:					
Operating income	61 290	405 382	106 378	-	573 050
Operating profit before depreciation, write-down and gain (loss) on sale of fixed assets	44 154	133 778	19 550	-	197 483
Operating profit	27 230	76 221	3 968	-	107 419
From the balance sheet:					
Vessels	310 476	709 195	104 668	-	1 124 339
Newbuild contracts		261 472			261 472
Non-current liabilities to financial institutions	133 184	489 040	90 986	-	713 210
From the cash flow statement:					
Operating profit before depreciation, write-down and gain (loss) on sale of fixed assets	44 154	133 778	19 550		197 483
Payment on instalments on long-term liabilities	-11 372	-31 363			-42 735
Payments from taking new long term liabilties		150 113	91 789		241 902
Investments	-19	-396 523	-121 807		-518 348
Proceeds from issue of share capital		10 887			10 887
Other changes, not allocated		-30 766	28 507	-283 587	-285 846
Net change in bank deposits, cash and quoted financial investments					*-396 658*

Not allocated other changes in 2008 is among other things related to payment of dividend in 2008 of NOK 261 million.

GEOGRAPHICAL SEGMENTINFORMATION:

Operating income from customers

	2009	2008
Norway	210 493	191 561
Europe	178 219	349 052
Africa	120 247	-
North-America	112 158	32 437
Australia	47 338	-
Total operating income	**668 455**	**573 050**

The allocation of the operating income above is based on the country where the customer is located.

Operating income in the geographical area Africa is related to one customer and is reported within the subsea segment. One customer represents approximately 50 % of the operating income in Norway. Here too the operating income relates to the subsea segment.

Fixed assets

Out of the fixed assets in the balance sheet, ship building contracts amounting to NOK 250 million relate to Asia. The remaining ship building contracts belong geographically to Europe. In terms of vessels, NOK 213 million of the book value is located in Europe and the remaining vessels and other equipment belong geographically to Norway.

NOTE 8 - OTHER INCOME AND EXPENSES (NOK 1000)

PUBLIC GRANTS:

The Group has recorded as income grants from the Reimbursement system for Seamen. The objective of the Reimbursement system for Seamen is to secure Norwegian maritime competence and employment of Norwegian seamen, as well as competitive conditions for Norwegian shipping companies compared with the conditions in other countries. The reimbursement is given for seamen on board vessels registered in Norway and that are comprised by the Norwegian Act of Seamen. The seamen must have residence in Norway and be taxable to Norway. The size of the reimbursement is determined in the annual tax resolution from the Norwegian Parliament. The crew's wages are the basis for the reimbursement.

The Group makes use of the reimbursement system: Ordinary and special reimbursement system for vessels in NOR and NIS. The grants are recognized as a reduction in crew expenses.

	2009	2008
Recognised grants from the Reimbursement system for Seamen	1 770	5 820

NOTE 9 - PAYROLL EXPENSES, NUMBER OF EMPLOYEES, OTHER REMUNERATIONS, LOANS TO EMPLOYEES, ETC. (NOK 1000)

Payroll expenses include salary to employees and hired personnel in the administration and on own vessels.

Payroll expenses	2009	2008
Crew wages	115 047	106 693
Administration wages	73 317	55 850
Social security tax	24 440	22 278
Pension costs	13 675	12 316
Other social costs	9 008	7 116
Total payroll expenses	**235 487**	**204 253**

Number of employees employed by the Group (man-labour years):		
Seamen	188	198
Administration	138	104

Payroll expenses are classified as follows in the profit and loss statement:

	2009	2008
Crew and catering expenses	142 033	122 231
Administration expenses	93 455	82 022
Total payroll expenses	**235 487**	**204 253**

Management remuneration	2009	2008
Wages	3 703	3 717
Other benefits	174	155
Paid pension contribution	450	320
Total management remunerations	**4 327**	**4 192**

The expenses are included in the Group's administration expenses.

Board renumeration	2009	2008
The Board in GC Rieber Shipping ASA	710	570
The Board in Technocean AS	453	500
Total board renumeration	**1 163**	**1 070**

The expenses are included in the Group`s administration expenses

The CEO Sven Rong is not employed in the company GC Rieber Shipping ASA, but has been contracted from the subsidiary GC Rieber Shipping AS. The CEO is included in the Group's contractual pension scheme. He has an early retirement pension agreement through which he has a right and an obligation to retire from the age of 62 with a remuneration equal to 70% of the pensionable income from 62-65 years and 63% from 65-67 years. No agreements have been entered into with the CEO or the chairman of the board with regards to special payments upon the termination or change of their employment. Further, no agreements exists that give employees or representatives entitlement to subscribe for or purchase or sell shares in the company.

Auditor's fees (excl. VAT)	2009	2008
Auditing	1 090	1 096
Other attestation services	176	44
Tax consulting	376	283
Other services	173	526
Total auditor's fees	**1 815**	**1 949**

NOK 124.550 (2008:NOK 187.530) related to auditing and NOK 40.200 (2008:NOK 19.000) related to other services refers to audit fees from other than the auditor of the parent company.

NOTE 10 - TAXES (NOK 1000)

INCOME TAX EXPENSE:

Taxes in the profit & loss statement	2009	2008
Tax payable in Norway	11 353	23 465
Tax payable outside Norway	953	280
Reverse payable tax upon Supreme court ruling	-92 108	-
Reverse paid tax upon Supreme court ruling	-30 520	
Reversed payable tax environmental fund	-	-43 897
Change in tax from earlier periods	-20 050	-
Change in deferred tax	-8 869	-35 433
Income tax expense (income)	**-139 241**	**-55 586**

Reconciliation of income tax expense for the year	2 009	2 008
Profit before tax	**-61 179**	**121 197**
Estimated tax based on nominal rate (28%)	-17 130	33 935
Reverse payable tax upon Supreme court ruling	-122 628	-
Effect of shipping tax regime/tax payable outside Norway	-	-26 385
Reversed payable tax environmental fund	-	-43 897
Permanent differences	499	-20 879
Other/correction of tax payable in earlier periods	18	1 640
Income tax expense (income)	**-139 241**	**-55 586**

DEFERRED TAX:

Deferred tax liabilities/assets:	2009	2008
Gain and loss account	161	201
Other temporary differences	-21 150	-8 841
Financial instruments	-	-10 663
Net financial items for companies in the shipping tax regime	7 610	-9 027
Pension liabilities	-31 025	-23 879
Write down shares outside EEA	-30 515	-
Tax losses carried forward	-116 546	-143 977
Basis for calculation of deferred tax	**-191 466**	**-196 186**
Tax rate	28%	28%
Deferred tax liabilities/assets in the balance sheet:	**-53 610**	**-54 932**
Directly capitalised deferred tax assets that are not included in change in temporary differences:		
Corridor pensions taken directly to equity	-7 757	-660
Of which directly capitalised deferred tax assets (28%)	-2 172	-185

At the end of 2009, the Group had tax losses carried forward of NOK 117 million in Norway. Based on budgets, the Group expects to be able to use the deferred tax assets through future taxable profit.

The tax computations are based on the assumption that Polar Marine I Pte Ltd and Polar Marine II Pte Ltd will enter the Singaporian tonnage tax regime.

The Norwegian shipping tax regime was changed with effect from 01.01.07. The change entails that the ship owning companies that were part of the old regime can choose either to enter into the new shipping tax regime or exit the existing regime. GC Rieber Shipping has for its shipping tax companies, chose to enter the new regime with effect from 01.01.07. In connection with the exit, a gain that is taxable with 28% has been estimated. The nominal value of the tax is NOK 236 million. In February 2010 the Norwegian Supreme Court sustained the claim by shipping companies that the transitional rules passed by the Norwegian Parliament in December 2007, concerning transition from old to new tonnage tax system, is in conflict with section 97 in the Norwegian Constitution.

As a consequence of this judgment, GC Rieber Shipping has reversed provisions made in accordance with the previous tonnage tax regime, and taxes already paid have been booked as income. The Department of Finance has stated that it will analyse the judgment and evaluate how to respond. Treatment in the accounts of the untaxed amount of NOK 842 million has yet to be settled.

NOTE 11 – EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

The company has no convertible loans or equity instruments and the diluted earnings per share are thus equal to earnings per share.

	2009	2008
Net profit for the year (basis, NOK 1000)	116 503	180 902
Time weighted average number of shares applied in the calculation of earnings per share	43 630 882	43 587 790
Number of outstanding shares as at 31.12.	43 633 500	43 588 000
Earnings and diluted earnings per share (NOK)	2.67	4.15

NOTE 12 – PROFIT AND LOSS STATEMENT BY CATEGORY (NOK 1000)

	2009	2008
Charter income	586 282	485 458
Other operating income	82 173	87 592
Gains on sale of fixed assets	-	4 327
Total operating income	**668 455**	**577 377**
Payroll expenses	-235 487	-204 253
Depreciation	-117 284	-79 678
Write-down/reversal of write-down vessels	-50 385	-14 711
Other operating expenses	-265 705	-171 314
Operating profit	**-405**	**107 421**
Income (loss) from investing in associated company	-34 819	4 304
Other interest income	15 743	46 949
Other financial income	8 865	13 317
Change in fair value of quoted financial current assets	13 869	-9 039
Other interest expense	-37 353	-38 097
Other financial expense	-27 078	-3 657
Profit before tax	**-61 179**	**121 198**
Taxes	**139 241**	**55 586**
NET PROFIT FOR THE YEAR	**78 062**	**176 783**

NOTE 13 – TANGIBLE FIXED ASSETS (NOK 1000)

VESSELS AND VESSEL EQUIPMENT:

	2009	2008
Acquisition cost as at 01.01	1 766 423	1 437 405
+ Additions during the year	438 790	133 435
+ Additions during the year for periodic maintenance	10 954	13 456
- Disposals during the year	-2 523	-1 126
+ Changes in translation differences during the year	-153 556	183 253
= Acquisition cost as at 31.12.	2 060 088	1 766 423
Accumulated depreciation and write-downs as at 01.01.	642 085	569 326
+ Depreciation for the year	87 881	63 199
+ Depreciation for periodic maintenance for the year	10 426	6 106
+ Write-downs for the year	1 572	3 633
= Accumulated depreciation and write-downs as at 31.12.	741 964	642 085
Carrying amount as at 31.12.	**1 318 124**	**1 124 338**

All vessels expect for "Polar Prince" has carrying amounts in USD that are translated to NOK at the exchange rate at the balance sheet date in the consolidated accounts. Changes in the exchange rate USD/NOK result in translation differences that are taken directly to equity. Accumulated translation differences are included in the amounts above and are further specified below.

	2009	2008
Accumulated translation differences 31.12.	-115 954	37 602

Depreciation rates of 5 % – 12.5 % have been used for vessels and depreciation rates of 6.67 % - 33.33 % have been used for vessel equipment. The carrying amount of capitalized periodic maintenance as at 31.12.09 amounts to NOK 21.7 million.

GC Rieber Shipping applies IAS 36, Impairment of Assets, when assessing the impairment criteria for tangible fixed assets. Valuations for certain vessels have been obtained, and a calculation of the vessels' value in use has been performed through discounting cash flows stemming from the activities of the vessels. When estimating fair value, the company has estimated the vessels' expected future discounted cash flows. Furthermore, sensitivity analyzes have been carried out by simulating on changes in utilization and day rates for the vessels. This analysis showed that the vessel "Geo Explorer" is sensitive to changes in employment and day rates because of the short remaining life time of the vessel of 8.5 years. The booked value of the vessel of NOK 145.7 million is considered to be intact as at 31 December 2009. A write-down of NOK 1.6 million has been carried out for the crewboat "Polar Kaigan" in 2009. Except for this write-down, there are no other indications of write-downs for the remaining part of the fleet as at 31 December 2009.

SHIPBUILDING CONTRACTS:

	2009	2008
Acquisition cost as at 01.01.	261 472	-
'+ Additions during the year	466 494	261 472
'+ Changes in translation differences during the year	-51 081	
= Acquisition cost as at 31.12	676 885	261 472
Accumulated depreciation as at 01.01.	-	-
+ Write down for the year	48 813	-
= Accumulated depreciation as at 31.12.	48 813	-
Carrying amount as at 31.12.	**628 073**	**261 472**

Vessels under construction are not depreciated until the vessel is placed in service. Write-downs amounting to NOK 48.8 million relating to vessel equipment and building supervision costs for cancelled building contracts, have been carried out.

MACHINES, INVENTORY AND EQUIPMENT:

	2009	2008
Acquisition cost as at 01.01.	85 834	10 853
+ Additions during the year	51 255	74 981
= Acquisition cost as at 31.12	137 089	85 834
Accumulated depreciation as at 01.01.	17 864	7 490
+ Depreciation for the year	18 977	10 374
= Accumulated depreciation as at 31.12.	36 841	17 864
Carrying amount as at 31.12.	**100 248**	**67 971**

Carrying amount as at 31.12.2009 includes a financial lease of NOK 17 million which the Group has entered into for financing equipment for subsea operations. Depreciation rates of 10 % - 33.33 % have been used for ordinary depreciation for machines, inventory and equipment.

NOTE 14 – INTANGIBLE FIXED ASSETS (NOK 1000)

GOODWILL

Cost price	2009	2008
Acquisition cost as at 01.01.	104 888	34 008
+ Additions during the year	-	67 342
- Disposals during the year	-20 852	-
+ Changes in translation differences during the year	-2 719	3 538
= Acquisition cost as at 31.12.	**81 316**	**104 888**
Accumulated depreciation and write-downs as at 01.01.	4 724	-
+ Write-downs for the year	-	4 724
= Accumulated depreciation and write-downs as at 31.12.	**4 724**	**4 724**
Carrying amount as at 31.12.	**76 592**	**100 164**
Depreciation	0%	0%
Economic life	Perpetual	Perpetual
Depreciation method	None	None

NOK 12.8 million (USD 2,25 million) in goodwill per 31.12.2009 relates to the subsidiary GC Rieber Shipping Ltd.'s acquisition in 2006 of 100 % of the business TechMarine International Ltd., a company that offered ship management services within marine seismic. The acquisition included an organisation of 13 employees with an office in Sevenoaks (England). The goodwill relates to the value of the organisation as well as key personnel and their competence. Goodwill is not amortised, but is subject to an annual impairment test. An impairment test is based on the discounted future expected cash flows generated from GC Rieber Shipping Ltd's ship management services related to technical management and maritime crewing of specialized vessels for use within oil/offshore activities. Future cash flows are discounted with a discount rate that reflects the risk profile.

Goodwill is only written down if the recoverable amount of the cash generating unit is lower than the carrying amount of net assets. Based on a value in use impairment test there is no need for write down of the goodwill. A nominal rate of return of 14.7 % before tax is used in the impairment test. The discount rate is an after tax weighted average cost of capital and based on the capital asset pricing model (CAPM). The pre-tax discount rate is derived from the after tax rate, in compliance with IAS 36. The terminal value is based on a growth rate of 2.5 %, which is in line with expected inflation. A sensitivity analysis has been carried out in which goodwill is tested by increasing the discount rate by up to 3 percentage points. Increasing the discount rate by 3 percentage points shows no indications of write-down of the goodwill.

NOK 18.3 million in goodwill per 31.12.2009 relates to GC Rieber Shipping ASA's acquisition of a 52 % shareholding in Technocean AS. The total investment amounts to NOK 34.3 million and the entire investment were financed by equity. Technocean is a subsea contractor company that has an organisation of about 50 employees within onshore operations and ROV operations. The company is a contractor for the oil companies and has a growth strategy within subsea niches characterised by demanding operational conditions. Through the investment in Technocean, GC Rieber Shipping aims to be involved in a larger part of the value chain within the offshore subsea segment. The group has increased its shareholding in Technocean to 58 % during 2008. Goodwill is related to the value of the organisation, the brand as well as key personnel and their competence and has been estimated to NOK 18.3 million. Goodwill is not amortised, but is subject to an annual impairment test. The group has estimated recoverable amount as fair value less cost to sell of the cash generating unit, based on stock transactions with independent third party in January 2010. Based on such estimate, no write down of goodwill has been done in 2009.

GC Rieber Shipping's 58 % owned subsidiary Technocean acquired the company Scan Mudring in March 2008. The acquisition resulted in goodwill of NOK 24.7 million. Goodwill is not amortised, but is subject to an annual impairment test. The group has estimated recoverable amount as fair value less cost to sell of the cash generating unit, based on stock transactions in the parent company Technocean AS with independent third party in January 2010. Based on such estimate, no write down of goodwill has been done in 2009.

Through a private placement in 2008, GC Rieber Shipping became a 22 % shareholder in Octio Geophysical AS, a company developing technology for permanent monitoring of seabed installations. These shares were together with 52 % external owned shares in Octio used as contribution in kind in the 100 % owned GC Rieber Shipping subsidiary Octio AS on December 23, 2008. As compensation for the contribution, GC Rieber Shipping was diluted to 60 % in Octio AS, which in turn has a 74 % stake in Octio Geophysical AS. This company has been in a development phase with focus on R&D and in October 2009 carried out a successful test of its new 4C/4D permanent monitoring system and is now in the process of entering a commercialization phase. Goodwill will be written down if the recoverable amount is lower than the book value of the cash-generating unit. Based on such a write-down test, it has been decided that there is no need to write-down goodwill. The nominal discount interest before tax used for the test is 18.1 %. The discount interest is set by calculating the Weighted Average Capital Cost (WACC) after tax and then deriving, before tax, the requirement set by IAS 36 (Impairment of assets). The discount interest after tax has been based on the capital assets pricing model (CAPM). The growth rate used is 2.5% for the terminal period, which equals the anticipated inflation rate. A sensitivity analysis has been carried out by simulating whether sale of the technology will be postponed for one, two or three years. There is no indication of write-down of goodwill in any of these outcomes.

However, in the current market climate there is low predictability and considerable dynamics with respect to future prospects. The Board are thus continuously monitoring the balance sheet items, in particular goodwill.

OTHER INTANGIBLE ASSETS

Cost price	2009	2008
Acquisition cost as at 01.01.	21 000	21 000
+ Additions during the year	21 611	-
- Purchase price allocation Octio	35 015	-
= Acquisition cost as at 31.12.	**77 626**	**21 000**
Accumulated depreciation and write-downs as at 01.01.	6 700	2 500
+ Depreciation for the year	-	4 200
+ Write-downs for the year	-	-
= Accumulated depreciation and write-downs as at 31.12.	**6 700**	**6 700**
Carrying amount as at 31.12.	**70 926**	**14 300**
Depreciation	20%	20%
Economic life	5 years	5 years
Depreciation method	Linear	Linear

Intangible assets of NOK 70.9 million in patents and licences relate to the operations of the subsidiary Octio Geophysical which was consolidated effective 23 December 2008. The stake implies an exclusive right to use the technology "VectorSeis" developed by ION (24 % stake in Octio), used in connection with permanent monitoring of existing oil fields. Intangible assets in the balance sheet are depreciated as at 1 January 2010, which is when the technology is fully developed and ready to be utilized.

NOTE 15 – FINANCIAL FIXED ASSETS (NOK 1000)

ASSOCIATED COMPANY:

Additions of associated company refers to January 2009 when GC Rieber Shipping ASA subscribed for a NOK 7.5 million share issue to preserve its stake in the associated company Bluestone Offshore Pte Ltd. The Group books its stake according to the equity method. In 2009 Bluestone Offshore Pte Ltd had a loss of NOK 74.9 million and a negative equity of NOK 15.1 millon. The value in the accounts is NOK 7.1 million.

Through its subsidiary Technocean Scan Mudring has a 40 % stake in the company Vako AS as at 31 December 2009. The value of the accounts is NOK 2,2 million.

2009	Associated company	Total
Cost price		
Acquisition cost as at 01.01.2009	36 504	36 504
+ Addition during the year	7 635	7 635
- Disposals during the year	-34 819	-34 819
+ Change in translation differences during the year	-	-
= Acquisition cost as at 31.12.2009	**9 319**	**9 319**
Accumulated depreciation and write-downs as at 01.01.2009	-	-
+ Write-downs for the year	-	-
- Disposals during the year		-
= Accumulated depreciation and write-downs as at 31.12.2009	**-**	**-**
Carrying amount as at 31.12.2009	**9 319**	**9 319**

NOTE 16 - INVENTORIES (NOK 1000)

	2009	2008
Supplies stock	1 304	992
Bunkers stock	3 552	2 956
Inventory (components/other equipment)	7 084	4 416
Total inventories	**11 940**	**8 364**

The provision for impairment of inventories is 0.-. No reversal of impairments in earlier periods has been recorded.

NOTE 17- ACCOUNTS RECEIVABLE AND OTHER CURRENT RECEIVABLES (NOK 1000)

	2009	2008
Accounts receivable and other current receivables:		
Receivables, not due	214 540	224 060
Receivables, due by 1-30 days	7 014	32 346
Receivables, due by 30-60 days	17 005	8 090
Receivables, due by 60-90 days	5 405	1 994
Receivables, due by >90 days	12 328	-
Gross receivables	**256 292**	**266 490**
Loss provision as at 01.01.	-7 272	-
New loss provisons during the year	-4 150	-7 272
Reversals	2 520	-
Total receivables	**247 390**	**259 217**

The loss provision is classified as operating expenses vessels in the profit and loss statement. During 2009 no new loss provisions finally ascertained.

NOTE 18 - QUOTED FINANCIAL INVESTMENTS (NOK 1000)

BONDS AND CERTIFICATES:

	2009	2008
Acquisition cost	87 883	172 715
Carrying amount	87 089	162 052
Fair value	87 089	162 052

As part of the company's liquidity management, the company uses interest bearing securities with good liquidity and low credit risk. Both bonds and certificates are used and with both fixed and floating interest rates, mainly in NOK. According to guidelines established by the board, amounts up to NOK 20 million can be invested per issuer. The issuer can be a government, municipality, state-owned enterprise, large mortgage companies, utility companies as well as companies listed on the Oslo Stock Exchange with a minimum rating of BBB. The Group has as at 31.12.2009 invested NOK 84 million with five different issuers. The largest investment amounts to NOK 19.7 million whereas the smallest investment amounts to NOK 11.6 million. All securities have a floating interest rate with an effective margin to maturity of between 0.03 % and 1.05 % over 3 months NIBOR. The duration is between 2 months and about 4 years, with an average duration of 2 years. The bonds and certificates are classified as available for sale.

NOTE 19 - BANK DEPOSITS AND CASH (NOK 1000)

BANK DEPOSITS AND CASH:

	2009	2008
Cash at banks and on hand	195 574	367 647
Tax withholdings	9 134	13 055
Short term bank deposits	70 019	200 000
Cash and bank deposits	**274 727**	**580 702**

Bank deposits earn interest income based on the banks' prevailing terms at all times. Short term bank deposits are placed for varying periods from one day to three months depending on the company's need for liquidity. These deposits earn interest income based on the banks' terms related to short term deposits.

In addition to the amount tied in the withholding tax account, the subsidiary Octio AS has tied-up tax-withholding funds secured through bank guarantees of NOK 1.1 million.

NOTE 20 - EQUITY (NOK 1000)

ORDINARY SHARES

Ordinary shares:	2009	2008
Par value	1.80	1.80
Number of shares	43 812 800	43 812 800
Share capital	78 863	78 863

OWN SHARES

The general meeting on 1 April 2009 gave the board the authority to purchase own shares limited to 10% of the total number of shares at a share price between NOK 15 and NOK 60. The company has not used this authority. The company has sold 45,500 shares during 2009 and as at 31.12.09 the company owns 179,300 own shares, representing 0.41 % of the total number of shares.

DIVIDENDS:

Paid dividend:	2009	2008
NOK per share (2009: NOK 0.50, 2008: NOK 6)	21 817	261 528
Dividend proposed by the Board as at 31.12.	13 104	21 733

NOTE 21 – LIABILITIES TO FINANCIAL INSTITUTIONS (NOK 1000)

The Group's long term liabilities including the first year's instalments were as follows as at 31.12.2009:

Long term liability	Effective interest rate	Maturity	Balance 2009	Balance 2008
Secured				
Mortgage loan Polar Ship Invest II AS	USD LIBOR + 2,75 %	04/2010	62 424	80 627
Mortgage loan Polar Ship Invest I AS	USD LIBOR + 0,60 %	11/2014	228 310	300 953
Mortgage loan Polar Ship Invest II AS	USD LIBOR + 3,125 %	07/2014	254 320	-
Mortgage loan Polar Pevek Ltd (50 % share)	USD CIRR 4,04 % + 1,75 %	06/2018	104 618	132 979
Mortgage loan Shipworth Shipping Company Ltd (50 % share)	USD LIBOR + 4,5 %	12/2014	31 504	
Mortgage loan Technocean AS	NIBOR + 2,25%	12/2012	19 800	25 200
Mortgage loan Scan Mudring AS	Floating interest	06/2014	13 386	14 900
Mortgage loan Scan Mudring AS	CAD LIBOR + 0,05%	03/2011	6 556	6 800
Mortgage loan Octio AS	USD LIBOR + 1,85%	05/2014	69 316	90 986
Total secured			**790 234**	**652 445**
Financial lease				
Financial lease Technocean AS (unsecured)	NIBOR + 1,15 %	01/2017	15 133	
Financial lease Octio Group (unsecured)	NIBOR + 2,2 %	08/2013	2 018	-
Total			**17 151**	**-**
Credit facility				
Credit facility GC Rieber Shipping ASA (unsecured)	NIBOR + 2,25 %	12/2011	250 000	
Credit facility Technocean AS (unsecured)	NIBOR + 1,5 %	06/2010	12 298	
Credit facility Octio Group (secured)	NIBOR + 3 %	06/2010	7 000	
Total			**269 298**	
Amortisation effect mortgage loan Polar Pevek Ltd. (50% share)			-6 129	-8 626
Total long term liabilities			**1 070 554**	**643 819**

The instalment scheme for the Group's long term liabilities including first year's instalments at the end of 2009 was as follows:

Maturity in 2010	226 616
Maturity in 2011	325 578
Maturity in 2012	75 578
Maturity in 2013	73 778
Maturity in 2014	69 673
Later maturity	299 331
Total interest-bearing debt	**1 070 554**

In addition, interests on the principal amount falls due on the instalment dates. Except for the mortgage loan of "Polar Pevek", the loans are based on floating interests rates and payments varies with interest development in the money market. See above for margins for the floating rates as indication of amounts which are due in the respective periods. The fixed rate loan above is booked at amortised cost. The market value of the loan is NOK 6.1 million higher than booked value, based on CIRR rate loans with 8 years to maturity.

Octio AS was in breach with the banks covenant of positive working capital per 31.12.2009. Octio`s mortgage loan of NOK 69.3 million is per 31.12.2009 classified as current liability. Octio has received waiver from the bank after the balance sheet date.

First year's instalments on long-term liabilities are classified as current liabilities in the balance sheet. The Group's long term liabilities, except for mortgage loan in Technocean and Scan Mudring, are denominated in USD only, and have been translated to NOK using the exchange rate at the balance sheet date. The average interest rate on the Group's interest-bearing debt in 2009 was 4,38 % (2008: 5.55 %).

According to the Group's loan agreements:
- the Group's book equity ratio shall be a minimum of 30 %.
- the Group's working capital shall as a minimum equal one year's ordinary instalments, but not less than NOK 50 million.

NOTE 22 - PENSION COSTS AND OBLIGATIONS (NOK 1000)

The Group has a company pension scheme for its employees with tax deduction in a life insurance company. The pension scheme gives right to future defined benefits. The benefits depend on the number of contribution years, the salary level at retirement and the size of the benefits from the national insurance. Full retirement pension constitutes about 63% of the pensionable income (limited to 12G) and the pension scheme also includes disability, spouses and children's pensions. The retirement age is 67 years. The Group has the right to undertake changes in the Group's company pension scheme. The benefits accruing under the scheme are funded obligations.

The seamen have a separate tariff rated pension scheme. The retirement pension from age 60 to 67 amounts to 60 % of the pension qualifying income under full contribution (360 months of sea duty), including the Pension Insurance for Seamen. These are funded obligations.

The Group also has an early retirement pension agreement with certain employees, through which the company pays 63% of the pension qualifying income between 65 and 67 years of age. These are non-funded obligations.

Finally, the Group has non-funded obligations for the CEO. This includes an early retirement pension and pension for salaries exceeding 12G.

Defined benefit plans
All pension schemes have been treated in accordance with IAS 19. Changes in the pension obligations due to changes in actuarial assumptions and deviations between actual and expected return on pension funds are taken directly to equity.

The discount rate is equal to the interest rate on a 10 year Norwegian governmental bond with an addition for duration which is determined based on the difference in interest rates between a 5 year and a 10 year Norwegian governmental bond. If the discount rate is reduced by 1%, it will normally result in an increase in the gross pension obligation of about 20 %.

The pension cost is based on the actuarial assumptions as at 01.01., whereas the pension obligations are based on the actuarial assumptions as at 31.12.

	2009	2008
Discount rate	4.50%	3.80%
Estimated return on plan assets	5.70%	5.80%
Increase of National Insurance Basic Amount (G)	4.25%	3.75%
Rate of salary increase	4.50%	4.00%
Rate of pension increase	4.25%	3.75%
Number of employees	192	193
Number of pensioners	17	14

Specification of the Group's net pension cost	2009	2008
Current service cost	8 880	7 627
Interest cost on benefit obligations	2 499	2 501
Estimated return on plan assets	-2 431	-2 166
Administration costs	497	696
Net pension cost	**9 446**	**8 657**
Social Security Tax	1 262	1 122
Pension cost in the profit and loss statement	**10 708**	**9 780**

Estimated pension cost 2009		
Current service cost	8 397	
Interest cost on benefit obligations	3 004	
Estimated return on plan assets	2 533	
Administration costs	432	
Net pension cost	**9 300**	
Social Security Tax	1 250	
Pension cost in the profit and loss statement	**10 551**	

Specification of the Group's net pension obligations	31.12.2009	31.12.2008
Gross obligations, secured	-59 038	-55 042
Gross obligations, non secured	-13 691	-9 468
Fair value of pension assets	45 537	43 447
Social Security Tax	-3 834	-2 816
Carrying value of the net pension obligations	**-31 025**	**-23 879**
Carrying value 1.1.	**-23 879**	**-19 561**
Cost in financial statement	10 708	9 680
Contributions / benefits during the year	-8 291	-6 874
Recognized net actuarial (loss) / gain in SoRIE	4 728	1 512
Carrying value 31.12	**-31 025**	**-23 879**

	31.12.2009	31.12.2008	31.12.2007	31.12.2006	31.12.2005
Gross pension obligation	-72 729	-64 510	-55 832	-39 564	-27 831
Fair value of pension assets	45 537	43 447	38 688	28 919	23 815
Social Security Tax	-3 834	-2 816	-2 417	-1 529	-690
Changes in pension estimate					-1 034
Net obligation	**-31 025**	**-23 879**	**-19 561**	**-12 174**	**-5 740**

The value adjusted return on plan assets per 31.12.2009 was 4.8%.

DEFINED CONTRIBUTION PLANS

In addition to the defined benefit plans as described above, the Group's subsidiary in Great Britain has made contributions to local pension plans. The contributions have been provided to pension plans covering 12 employees. The pension premium is recognised as an expense when it falls due and amounts to NOK 0.8 million in 2009.

NOTE 23 - LEASES (NOK 1000)

FINANCIAL LEASES:

The Group has entered into one financial leases with a financial lease company for financing equipment for subsea operations. The amount is capitalized as machines/equipment in note 13.

The Group has entered into a lease agreement in Great Britain (UK Tax Lease) related to the vessel Ernest Shackleton. Generally, the terms in these agreements are such that the Group transfers the vessel to the financial institution in Great Britain and rents it back under a long term lease agreement. After the expiration of the lease agreement, the Group can purchase the vessel at a low nominal value. Such UK Tax Leases provide the financial institutions the opportunity to depreciate the assets for tax purposes in Great Britain. As an element in the agreement, the Group receives a gain relating to the financial institution's tax advantage. In addition, the Group acknowledges a responsibility for certain possible changes in the tax regulations that can reduce the financial institution's expected tax advantage from the agreement. In 2008 Great Britain reduced the ordinary tax rate to 28% which implies that the Group`s income in the remaining part of the lease agreement up to year 2014 will be reduced by NOK 1,1 million per year.

The Group's accounting principle is that the agreement does not constitute a transaction and that the vessel is still regarded as owned by the Group. No provision for any future responsibility related to the financial institution's tax exposure is made as this is not regarded to be a likely event.

OPERATING LEASES:

The Group has entered into several operating lease agreements regarding office premises, IT equipment and services as well as certain administrative services. The lease agreements do not include any restrictions regarding the company's dividend policy or financing possibilities.

The lease costs relating to office premises, IT services and certain administrative services consist of the following:

	2009	2008
Ordinary lease payments	8 254	8 110
Total	**8 254**	**8 110**

Future minimum lease payments related to lease agreements that cannot be cancelled are due as follows:

Within 1 year	10 564	10 305
1 to 5 years	27 916	33 853
Later than 5 years	12 470	14 171
Total	**50 950**	**58 329**

The Group charters its owned vessels under charter parties of varying duration to different charterers.

NOTE 24 - RELATED PARTIES

The 20 largest shareholders in GC Rieber Shipping ASA as at 31 December 2009 (outstanding shares):

Name	Number of shares	Owner`s share
GC RIEBER AS	23 108 110	53.0 %
AS ODIN II	5 003 555	11.5 %
A/S JAVIPA	1 414 800	3.2 %
PELICAHN AS	1 300 000	3.0 %
LEIF HILMAR SØRENSEN	922 000	2.1 %
G.C. RIEBER OG HUSTRU FØDT GYSINS LEGAT	860 000	2.0 %
G.C.RIEBER & CO. A/S UNDERSTØTTELSESFOND	800 000	1.8 %
P.G. RIEBER OG HUSTRU FØDT MARTENS LEGAT	700 000	1.6 %
PARETO AKSJE NORGE	618 900	1.4 %
JOHANNE MARIE MARTENS	400 000	0.9 %
VIBEN AS	398 900	0.9 %
BENEDICTE MARTENS NES	356 250	0.8 %
STORKLEIVEN AS	335 646	0.8 %
PARETO AKTIV	327 700	0.8 %
DELTA A/S	327 675	0.8 %
CELSIUS AS	305 900	0.7 %
JO-ANN MIETLE	272 000	0.6 %
TANNLEGE RANDI ARNESEN AS	243 814	0.6 %
RANDI JEBSEN ARNESEN	218 000	0.5 %
DAG FREDRIK JEBSEN ARNESEN	202 000	0.5 %

Shares owned or controlled by members of the board and the CEO:

Name	Number of shares
Sven Rong	230 500
Paul-Chr. Rieber	1 300 000

As at 31.12.2009, GC Rieber AS owns 23,108,110 shares in GC Rieber Shipping ASA. This constitutes 53 % of the outstanding shares in the company. At 31.12.2009 the company owns 179,300 own shares, representing 0.41 % of the total number of shares.

TRANSACTIONS WITH THE PARENT COMPANY:

One of the Group's subsidiaries has entered into a 5 year lease agreement regarding the renting of office premises from a subsidiary of GC Rieber AS. The agreement expires on 31.12.2013 and has been entered into on an arm's length basis. In 2006, the same subsidiary entered into an agreement with GC Rieber AS concerning purchase/hiring of IT services and equipment as well as purchase of certain administrative services. The agreements have been entered into on an arm's length basis.

	2009	2008
Lease payments	4 841	5 200

TRANSACTIONS WITH JOINT VENTURE:
The Group has had several transactions with joint ventures. All transactions have been performed on a commercial basis and at arm's length prices. The most significant transactions are as follows:

	2009	2008
Income	2 161	2 042
Expenses	-	-
Total	**2 161**	**2 042**

The balance sheet includes the following amounts from transactions with joint ventures:

	2009	2008
Accounts receivable	352	1 190
Loans (Other short term receivables)	25 557	25 617
Equity interest	47 405	47 405
Total (net)	**73 314**	**74 212**

NOTE 25 - CAPITAL STRUCTURE AND FINANCIAL INSTRUMENTS (NOK 1000)

1. CAPITAL STRUCTURE

The Group has a capital intensive business model where the capital requirement mainly relates to investments in new vessels, rebuilding/conversion of vessels, repayment of debt and acquisitions of companies. The Group aims to secure a long term financing of new investments from recognized and long term financial institutions that are familiar with the Group's business. The terms of such financing will normally reflect the different investments' equity ratio which in itself is normally influenced by the risk profile of the investments. Further, the public listing of GC Rieber Shipping ensures that the Group has an efficient access to equity markets if and when a need for such capitalisation should arise.

The Group's superior strategy is to have a capital structure with good solidity and liquidity that ensures favorable terms on long term financing and that gives the Group the opportunity to have a stable dividend policy combined with freedom and flexibility with regards to respond to new investment possibilities. Interests and instalments on the long term financing will normally be repaid with the operating cash flows from the related investments, mainly from cash flows from operations of vessels.

2. BALANCE SHEET INFORMATION

The Group's financial assets and liabilities are included in the balance sheet as follows:

As at 31.12.2009	Available for sale Fair value	Hold to maturity Cost price	TOTAL
Assets			
Financial investments	87 089	-	87 089
Accounts receivable	-	74 573	74 573
Cash and bank deposits	-	274 727	274 727
Total financial assets	**87 089**	**349 300**	**436 389**
Liabilities			
Interest bearing long term liabilities	-	843 938	843 938
Interest bearing short term liabilities	-	226 616	226 616
Accounts payable	-	34 813	34 813
Total financial liabilities	**-**	**1 105 367**	**1 105 367**

Security/guarantees for values in the balance sheet:

- No security has been provided for the Group's accounts payable.
- The parent company has guaranteed for NOK 750 million of the interest bearing liabilities of NOK 1.070 million.
- The Group has received parent company guarantees for part of the outstanding accounts receivable.

The Group has no significant credit risk related to a single counterpart or several counterparties that can be regarded as a group due to similar credit risks. The Group has not used derivatives in handling credit risk. The Group seeks to obtain that charterers provide parent company guarantees for their obligations under the agreements where this appears reasonable and commercially attainable.

The Group has not guaranteed for any third party liabilities, except for agreements relating to joint ventures. The Group's share of contingent liabilities that have arisen together with the other joint venture participants is mentioned in note 6. The maximum risk exposure is represented by the carrying amount of the financial assets, including derivatives, in the balance sheet. As the counterparty in derivative transactions normally is a financial institution, the credit risk related to derivatives is regarded as limited. The Group therefore regards its maximum risk exposure to equal the carrying amount of accounts receivable (note 17) and other current assets.

3. PROFIT AND LOSS INFORMATION

The Group's gains and losses related to financial assets and liabilities are presented below:

As at 31.12.2009	Available for sale Fair value	Hold to maturity Cost price	TOTAL
Assets			
Interest income on quoted financial instruments	7 014	-	7 014
Change in fair value on quoted financial instruments	13 869	-	13 869
Change in fair value of financial hedge instruments	-	-	-
Realized currency gains/losses bank deposits and cash	-	-19 768	-19 768
Unrealized currency gains/losses bank deposits and cash	-	-7 484	-7 484
Interest income on bank deposits and cash		8 926	8 926
Total financial income in the profit and loss statement	**20 883**	**-18 326**	**2 557**
	-	-	-
Liabilities			
Interest expenses on interest bearing debt	-	-37 492	-37 492
Realized loss on quoted financial investments	-7 171	-	-7 171
Realized currency gains/losses on interest bearing debt	-	-	-
Unrealized currency gains/losses on interest bearing debt	-	16 152	16 152
Total financial losses in the profit and loss statement	**-7 171**	**-21 340**	**-28 511**

The financial instruments have not been subject to hedge accounting and the company has in accordance with IAS 39 recorded the change in fair value ("Mark-to-market") of financial instruments in the profit and loss statement.

4. HEDGING

Since the Group's income is in USD, GBP and NOK and the operating expenses mainly are in NOK, GBP and USD, the Group performs a continuously assessment regarding the need for cash flow hedging of future expected net cash flows in USD, GBP and other relevant currencies against NOK. Such cash flow hedging are mainly performed by entering into forward contracts regarding the sale of USD and GBP against NOK. Realized gains/losses and changes in fair value are taken to the profit and loss statement. The Group has decided not to apply hedging accounting according to IAS 39.

The Group's interest bearing debt is denominated in USD and NOK and has according to the prevailing loan agreements a floating interest rate that varies with the development in the money market rates. In order to increase the predictability of the Group's future interest expenses related to the interest bearing debt, a continuous assessment is made regarding hedging of future interest rates. Such hedging is mainly done by entering into forward interest rate swap contracts. Realized

gains/losses and changes in fair value are taken to the profit and loss statement. The Group also has a fixed rate loan with a derivate for the "Polar Pevek" which is classified as "held to maturity".

The Group's portfolio of financial derivatives used for hedging as at the balance sheet date was as follows:

	Currency	Amount (1000)	Maturity	Hedge rate	Fair Value (1000)
USD/NOK - put option	USD	3 000	2010	6.06	241
USD/NOK - call option	USD	6 000	2010	6.06	
GBP/NOK - put option	GBP	4 200	2010	10.32	3 552
GBP/NOK - call option	GBP	8 400	2010	10.32	
USD/NOK derivate - income hedging	USD	6 000	2010	7.16	7 997
Total financial derivatives used for hedging					**11 789**

The Group has entered into a USD/NOK put/call structure; buying USD/NOK put options financed with selling USD/NOK call options at the double amount with a total option premium of zero. The put/call structure expires with 1/12 every month through 2010. Further, the Group has entered into a GBP/NOK put/call structure; buying GBP/NOK put options financed with selling GBP/NOK call options at the double amount with a total option premium of zero. The put/call structure expires with 1/12 every month through 2010.

The Group has entered into USD/NOK forward agreements hedging part of the net cash flow in USD for 2010. The forward rate in the table above is the average rate of the forward agreements maturing during through the year.

	Currency	Amount (1000)	Maturity	Interest rate swap	Fair Value (1000)
Interest rate swap	USD	18 000	2013	4.22%	-6 462
Total financial swaps					**-6 462**

5. OTHER INFORMATION

Accounting principles

The fair value of financial instruments classified as available for sale or held for trading is equal to the quoted market price on the balance sheet date.

The fair value of forward currency contracts is calculated by using the exchange rate on the balance sheet date. The fair value of interest rate swap contracts is estimated by calculating the present value of future cash flows.

The carrying amount of cash and cash equivalents and bank overdrafts is approximately equal to fair value due to the short maturity of these instruments. Similarly, the carrying amount of accounts receivable and accounts payable is approximately equal to fair value as normal terms apply.

The fair value of long term liabilities is calculated by using quoted market prices or interest rate terms for liabilities with equal duration and credit risk.

For financial assets and liabilities that are recorded at carrying amount, the fair value is calculated as the present value of estimated cash flows discounted with a discount rate that applies for similar assets and liabilities on the balance sheet date. This is relevant for deposits made to the lessor regarding operating leases (note 23) and liabilities that follow from financial leases (note 23).

The fair value of hold-to-maturity investments is estimated using available market prices.

The carrying amount for all financial instruments is equal their fair value.

Risk management

As the Group runs an international business, it is exposed to various risks, such as credit, liquidity, interest rate, bunkers and currency risk. The Group makes use of derivates to reduce its risk in accordance with a strategy for hedging interest rate and currency risk that has been approved by the board of directors. The operative risk management is performed by the finance department and regular reports are made to the board of directors.

Credit risk

The Group has no significant credit risk related to a single counterpart or several counterparties that can be regarded as a group due to similar credit risks. The Group has guidelines to ensure that agreements regarding vessel contracting over a certain period are only entered into with customers with no previous insolvency issues. This goes especially for long term agreements. The Group seeks to secure to the greatest extent possible that charterers provide parent company guarantees for their obligations under the agreements.

The Group has not guaranteed for any third party liabilities, except for agreements relating to joint ventures. The Group's share of contingent liabilities that have arisen together with the other joint venture participants is mentioned in note 6.

The maximum risk exposure is represented by the carrying amount of the financial assets, including derivatives, in the balance sheet. As the counterparty in derivative transactions normally is a financial institution, the credit risk related to derivatives is regarded as limited. The Group therefore regards its maximum risk exposure to equal the carrying amount of accounts receivable (note 17) and other current assets. The credit quality on outstanding accounts receivable is regarded as good.

Liquidity risk

The Group has a stable and long term financing structure. The lenders are recognized Norwegian and international shipping banks. The Group's strategy is to have sufficient liquidity in the form of bank deposits, interest bearing securities and credit facilities so that the Group at all times can finance the running operations and ongoing investments of a moderate size. The cash management policy of the Group is to invest liquidity in financial institutions with high credit worthiness and interest bearing securities with high liquidity and low credit risk.

The maturity of the Group's financial assets and liabilities are presented below:

	Remaining period			
per 31.12.2009	0-12 months	1-5 years	More than 5 years	SUM
Financial assets				
Financial investments	21 214	65 875		87 089
Receivables	74 573			74 573
Cash and bank deposits	274 727			274 727
Sum financial assets	**370 514**	**65 875**	-	**436 389**

The Group has through the 51% owned companies Polar Marine I and II a newbuild programme consisting of two vessels with estimated delivery in 2010. Agreed payment schedule on a 100% basis in EUR million is as follows:

Vessel (TBA)	Delivery	Contract	Already paid	Payments 2010
YN 7037	Cancelled	€ 23.5	€ 4.7	
YN 7038	Cancelled	€ 23.5	€ 4.7	
YN 7039	2010	€ 29.7	€ 5.9	€ 23.8
YN 7040	2010	€ 29.7	€ 5.9	€ 23.8
Sum		**€ 106.4**	**€ 21.3**	**€ 47.5**

As at 31 December 2009 the Group has not secured financing of the two newbuildings. The companies are currently funded with subordinated loan from shareholders.

Two of the four vessels which were ordered in May 2008, were cancelled during 2009 due to substantial delays. Newbuilding number 7037 was cancelled in July, while newbuilding number 7038 was cancelled in November. The cancellations, submitted by Polar Marine I and Polar Marine II in accordance with contractual conditions, were contested by the counterpart and preparations for an arbitration case have been initiated. The cancellations are unlikely to have a negative financial influence on GC Rieber Shipping, as the company's share in the advance payments are covered by refund guarantees.

The Group has through the subsidiaries Sea4 I & II Shipping Ltd a newbuild programme consisting of two vessels with estimated delivery in 2010 and 2011. Agreed payment schedule in EUR million is as follows:

Skip (TBA)	Delivery	Committed investment	Already paid	Payments 2010	Payments 2011
YN 702	2010	€ 46.0	€ 33.0	€ 13.0	
YN 703	2011	€ 46.0	€ 7.0	€ 31.2	€ 7.8
Sum		**€ 92.0**	**€ 40.0**	**€ 44.2**	**€ 7.8**

Through a USD 107 million loan facility the vessels are secured long term financing.

Market risk

As the Group runs an international business, it is exposed to various risks, such as credit, liquidity, interest rate, bunkers and currency risk. The Group makes use of derivates to reduce its risk in accordance with a strategy for hedging interest rate and currency risk that has been approved by the board of directors. The operative risk management is performed by the finance department and regular reports are made to the board of directors.

Interest rate

The Group assesses on a continuous basis how much of its exposure to interest rate fluctuations shall be hedged. Several types of interest rate derivatives are considered in this connection, primarily interest rate swaps to hedge against profit and loss variations due to changes in the interest rate level. Based on the financial instruments and the interest rate swap contracts on the balance sheet date, a general increase in the interest rate level of 1% will improve the result with NOK 1,95 million, and correspondingly a reduction in the interest rate level of 1% will reduce the result with NOK 1,95 million.

The Group has the following interest rate swap contracts as at 31.12.2009:

2010	USD 17,0 mill. - 4,22% p.a and USD 16,8 mill. - 4,04% p.a
2011	USD 15,0 mill. - 4,22% p.a and USD 15,2 mill. - 4,04% p.a
2012	USD 13,0 mill. - 4,22% p.a and USD 13,6 mill. - 4,04% p.a
2013	USD 11,0 mill, - 4,22% p.a and USD 12,0 mill. - 4,04% p.a
2014	USD 9,0 mill, - 4,22% p.a and USD 10,4 mill. - 4,04% p.a

The table below presents an overview of the carrying amount at maturity for the Group's financial instruments that are subject to interest rate risk, less Interest Rate Swap, which is stated separately:

As at 31.12.2009	Remaining period					
	Less than 1 year	1-2 years	2-3 years	3-4 years	More than 4 years	Total
Fixed interest rate						
Assets:						
Bank loans - hedged	11 560	11 560	11 560	11 560	58 378	104 618
Floating interest rate						
Assets:						
Cash	274 727	-	-	-	-	274 727
Bonds	21 214	19 914	33 524		12 438	87 089
Liabilities:						
Bank loans	193 091	61 351	61 351	59 551	310 272	685 616

As at 31.12.2008	Remaining period					
	Less than 1 year	1-2 years	2-3 years	3-4 years	More than 4 years	Total
Fixed interest rate						
Assets:						
Bank loans - hedged	13 998	13 998	13 998	13 998	76 987	132 979
Floating interest rate						
Assets:						
Cash	580 702	-	-	-	-	580 702
Bonds		17 000	23 500	33 250	11 500	85 250
Liabilities:						
Bank loans	127 321	52 693	52 693	52 693	234 065	519 465

See note 21 for information on long term liabilities and note 23 on commitments relating to financial leases.

Foreign currency

The Group's income is in USD, GBP and NOK, operating expenses are mainly in NOK, GBP and USD, whereas administrative expenses are mainly in NOK and partly in GBP, SGD and USD. In order to reduce the Group's foreign currency exposure, the Group's debt is mainly in USD. A continuous assessment is made of the hedging of the expected future net cash flow in USD, GBP and other relevant currencies. Hedging is achieved primarily by entering into forward contracts for sale of USD against NOK and GBP against NOK.

Based on the composition of the Group's operating income and operating expenses, liabilities in USD and forward contracts entered into as at 31.12.2009, a change in the exchange rate of USD and GBP against NOK will affect the Group's result as follows:

- A change in USD/NOK with 1,00 affects the result with NOK 14,8 million
- A change in GBP/NOK with 1,00 affects the result with NOK 11 million

Bunkers

As a main principle the Group is not exposed to any change in bunkers prices as this risk lies with the charterer. The Group has therefore not entered into any forward contracts to hedge the risk for changes in bunkers prices.

NOTE 26 - FOREIGN EXCHANGE RATES

Exchange rates against NOK:

At the balance sheet date:	31.12.2009	31.12.2008
USD	5.78	7.00
Euro	8.32	9.87
Pound sterling	9.32	10.12

Monthly average exchange rates:	2009	2008
USD	6.29	5.64
Euro	8.73	8.22
Pound sterling	9.81	10.33

NOTE 27 - EXCHANGE DIFFERENCES (NOK 1000)

The Group has NOK as presentation currency and in part NOK and in part USD as functional currency as the functional currency differs between the different Group companies.

The following companies have USD as the functional currency:
GC Rieber Shipping Ltd
Polar Ship Invest II AS
Polar Queen Ltd
Polar Ship Invest I AS
Rieber Shipping AS
Polarus AS
Polar Pevek Ltd
Shipworth Shipping Company Ltd
OOO De Kastri Tugs
OOO Polarus
GC Rieber Shipping Asia Pte Ltd

The remaining companies in the Group have NOK as functional currency. There has not been any change in the functional currency for the parent company or any of the subsidiaries in 2009.

Exchange differences recognised in profit and loss are as follows:

	2009	2008
Depreciation vessels	4 213	8 434
Unrealized currency gains/losses	-84 334	66 223
Realized currency gains/losses	-516	4 466

NOTE 28 - OTHER LONG TERM LIABILITY

	2009	2008
Liability to joint venture partner	122 110	112 107
Other long term liability	3 277	1 711
Sum	**125 388**	**113 819**

GC Rieber Shipping ASA and Otto Marine Ltd owns the companies Polar Marine I Pte Ltd and Polar Marine II Pte Ltd through a joint venture (51/49). The joint venture partners have granted long term loans to the Polar Marine companies in relation with the new building programme in Indonesia. NOK 122,1 million are the Polar Marine companies long term liability to Otto Marine Ltd. GC Rieber Shipping ASA`s long term loan of NOK 127,1 million to the Polar Marine companies are eliminated in the consolidation.

NOTE 29 - EVENTS AFTER THE BALANCE SHEET DATE

In January 2010 GC Rieber Shipping and the private equity company Hitec Vision injected capital into their 50/50 joint venture company Reef Subsea AS. Through a share issue, a total of NOK 195 million in liquid assets was invested in Reef Subsea AS. As part of the transaction Reef Subsea has taken over GC Rieber Shippings investments in the geotehcnical company Bluestone Offshore Pte Ltd (Bluestone) and the subsea service company Technocean AS, including the subsidiary Scan Mudring (Technocean). At the same time Reef Subsea has contributed USD 17.5 million in new equity in the subsidiary Bluestone (95 % stake), thereby facilitating a restructuring of Bluestone's balance sheet. Furthermore, Reef Subsea subscribed in March 2010 for a share issue in the subsidiary Technocean amounting to NOK 75 million. The share issue leaves Reef Subsea with a 76 % stake in Technocean, thereby giving Bluestone and Technocean, including the subsidiary Scan Mudring, a solid financial capacity for further growth within the company's niches. Bluestone has also entered into a time charter agreement with one of GC Rieber Shipping's subsidiaries for the vessel "Greatship Maya".

Following the Norwegian Supreme Court ruling in January 2010 concerning the transition from old to new tonnage tax system, taxes already paid according to the previous tonnage tax regime have been booked as income in GC Rieber Shipping's accounts for 2009. The Department of Finance has stated that it will analyse the judgment and evaluate how to respond. Treatment in the accounts of the untaxed amount of NOK 842 million has yet to be settled.

In February 2010 GC Rieber Shipping ASA received a letter from GC Rieber AS with a proposal to merge the two companies. GC Rieber AS is RISH's largest shareholder owning 52.74 % of the shares outstanding. The proposal is for a merger with consideration in GC Rieber AS shares. However, no exchange ratio has bee proposed as of yet. The proposal includes an opportunity for GC Rieber Shipping shareholders who do not want shares in GC Rieber AS as consideration to opt for cash consideration of NOK 31 per GC Rieber Shipping share, limited to a maximum cash consideration of 20 % of the total merger consideration. The Board of Directors of GC Rieber Shipping ASA has retained Carnegie ASA as financial advisor and Wikborg Rein as legal advisor to assist the Board of Directors in their evaluation of the proposal and assessment of possible merger negotiations.

FINANCIAL STATEMENTS

GC RIEBER SHIPPING ASA

/ PROFIT AND LOSS STATEMENT
GC RIEBER SHIPPING ASA

NOK 1000	Note	2009	2008
OPERATING EXPENSES			
Administration expenses	3, 4	-17 489	-8 250
Other expenses		0	-7 272
Total operating expenses		*-17 489*	*-15 523*
Operating profit before depreciation, write-down and gain (loss) on sale of fixed assets		**-17 489**	**-15 523**
Write-down	5	-11 645	-1 377
Operating profit		**-29 134**	**-16 900**
FINANCIAL INCOME AND EXPENSES			
Income from subsidiaries	15	204 700	63 910
Write-down investment in associated company	6	-30 515	0
Write-down long term receivables subsidiary	15	-16 628	0
Financial income		2 400	19 725
Financial expenses		-7 752	-4 225
Changes in market value of financial current assets	13	10 663	-10 663
Realized currency gains (losses)	14	3 241	1 340
Unrealized currency gains (losses)	14	-22 707	26 712
Net financial income and expenses		*143 402*	*96 799*
Profit before taxes		**114 268**	**79 899**
Taxes	9	25 319	-9 859
NET PROFIT	8	**139 587**	**70 041**
Allocation of Net Profit			
Dividend	7	-13 104	-21 794
Transferred to Other Equity		-126 483	-48 247
Total allocation		**-139 587**	**-70 041**

/ STATEMENT OF FINANCIAL POSITION
GC RIEBER SHIPPING ASA

NOK 1000	Note	31.12.2009	31.12.2008
ASSETS			
FIXED ASSETS			
Deferred tax asset	9	30 671	5 351
Total intangible fixed assets		*30 671*	*5 351*
Vessel equipment	5	750	12 395
Total tangible fixed assets		*750*	*12 395*
Investments in subsidiaries	6	379 761	523 048
Investments in associated companies	6	7 119	30 000
Other long-term receivables subsidiaries	15	134 966	118 028
Total financial fixed assets		*521 846*	*671 075*
Total fixed assets		**553 267**	**688 821**
CURRENT ASSETS			
Accounts receivables	15	44 836	18
Receivables from subsidiaries	15	589 857	104 334
Other current assets	15	59 068	59 755
Total debtors		*693 761*	*164 106*
Quoted financial investments	13	0	85 250
Total investments		*0*	*85 250*
Cash and bank deposits	11	20 615	600
Total current assets		**714 376**	**249 956**
TOTAL ASSETS		**1 267 643**	**938 778**

/ STATEMENT OF FINANCIAL POSITION
GC RIEBER SHIPPING ASA

NOK 1000	Note	31.12.2009	31.12.2008
EQUITY AND LIABILITIES			
EQUITY			
Share capital (43,812,800 shares at NOK 1.80)	7, 12	78 863	78 863
Portfolio of own shares (179,300 shares at NOK 1.80)	7	-323	-405
Share premium reserve		16 604	16 604
Total restricted equity		*95 145*	*95 063*
Other equity		756 665	629 289
Total retained earnings		*756 665*	*629 289*
Total equity	7	**851 809**	**724 352**
LIABILITIES			
Liabilities to financial institutions	10	250 000	0
Total other long term liabilities		*250 000*	*0*
Liabilities to financial institutions	11	149 829	175 759
Accounts payable		706	16 250
Public duties payable		0	98
Dividends	7	13 104	21 794
Liabilities to subsidiaries	15	1 259	0
Other current liabilities		936	525
Total current liabilities		*165 833*	*214 426*
Total liabilities		**415 833**	**214 426**
TOTAL EQUITY AND LIABILITIES		**1 267 643**	**938 778**

Bergen 10 Mach 2010
The Board of Directors of GC Rieber Shipping ASA

Paul-Chr. Rieber
Chairman

Trygve Arnesen
Vice-chairman

Cecilie Astrup

Jan Erik Clausen

Inga Lise Moldestad

Sven Rong
CEO

/ CASH FLOW STATEMENT
GC RIEBER SHIPPING ASA

NOK 1000	2009	2008
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes	114 268	79 899
Depreciation	30 515	0
Write-downs on fixed assets	3 969	1 377
Profit on sale of financial fixed assets	7 171	0
Change in market value investment	-10 663	10 663
Change in accounts receivables	-34 627	-18
Change in accounts payable	-15 544	15 907
Change in receivables from subsidiaries	-465 379	-38 607
Change in other current assets and other liabilities	-36 549	-57 045
Net cash flow from operating activities	**-406 836**	**12 177**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Payments for purchase of fixed assets	0	-13 772
Payments from investments in financial fixed assets	232 668	25 256
Payments for investments in financial fixed assets	-9 067	-462 883
Net cash flow from investment activities	**223 601**	**-451 399**
CASH FLOW FROM FINANCING ACTIVITIES		
Payments from new long term liabilities to financial institutions	250 000	0
Repayment of current liabilities to financial institutions	-25 931	150 286
Payment for sale of own shares	997	304
Dividend payment	-21 817	-261 528
Net cash flow from financing activities	**203 249**	**-110 939**
Net change in bank deposits, cash and quoted financial investments	20 014	-550 161
Bank deposits, cash and quoted financial investments at 01.01.	600	550 762
Bank deposits, cash and quoted financial investments at 31.12.	**20 615**	**600**

/ NOTES
GC RIEBER SHIPPING ASA

NOTE 1 -CORPORATE INFORMATION
GC Rieber Shipping ASA was established following the demerger of the previous Rieber Shipping ASA, effective 8 March 2005, through which the seismic operations were transferred to the company Exploration Resources ASA. In regards to the accounts, the demerger was effective from 1 January 2005.

GC Rieber Shipping ASA is a listed public limited company registered in Norway. The corporate head office is located at Solheimsgaten 15, 5058 Bergen, Norway.

The financial statements were authorised for issue by the board of directors on 10 March 2010.

NOTE 2 - ACCOUNTING PRINCIPLES
The financial statements are prepared in accordance with the Norwegian Generally Accepted Accounting Principles (NGAAP) as set out in the Norwegian Accounting Act of 1998. The accounting principles are described below.

BALANCE SHEET CLASSIFICATION
Fixed assets consist of assets intended for permanent ownership or use and receivables due later than one year after the balance sheet date. Other assets are classified as current assets. Liabilities due later than one year after the balance sheet date are classified as long term debt. Other liabilities are classified as short term debt. The first year's installments on long term debt are classified as long term debt, but are specified in accompanying notes.

FIXED ASSETS
Tangible fixed assets are valued at historical cost less any accumulated depreciation and write-downs. When assets are sold or disposed of, the historical cost and accumulated depreciation are reversed in the accounts and any loss or gain on the disposal will be recognised in the profit and loss statement.

Vessel equipment is classified as fixed assets and is recorded at the value of the incurred expenses related to the fixed asset. Vessel equipment is not depreciated until the equipment is placed in service.

The write-down of assets will be considered when there is indication of impairment in value. If the carrying amount of an asset is higher than the recoverable amount the asset will be written down towards the profit and loss statement.

RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCY
Receivables and liabilities in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Realised and unrealised gains and losses are classified as financial items.

FINANCIAL INSTRUMENTS
Financial instruments are recognised in accordance with the substance of the relevant contracts. At the inception, the contracts are defined as either hedging or commercial transactions. When defined as hedging, the income and costs are recognised and classified in the same manner as the underlying balance sheet items.

BORROWING COSTS
Borrowing costs are capitalised in the balance sheet and charged against income linearly over the loan's term to maturity.

INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES
Investments in subsidiaries and associated companies are valued at cost. If fair value is lower than cost, and the fall in value is not considered temporarily, the investment will be valued at fair value.

RECEIVABLES
Receivables are valued at the lower of their nominal value or fair value.

INVESTMENTS IN SHARES AND OTHER SECURITIES
Financial investments in shares, bonds, and other securities that are held for trading are classified as current assets and are recorded at fair value at the balance sheet date.

Shares classified as fixed assets and are not investments in associated companies, are strategic investments where the Group does not have a significant influence. These shares are valued at cost or at fair value unless the impairment in value is temporarily.

CASH AND BANK DEPOSITS

Cash and bank deposits, etc. include bank deposits, cash in hand and short-term bank deposits with an original maturity of three months or less.

CONTINGENCIES

Contingent losses are recognised if they are probable and can be reliably measured. Contingent gains that are probable and contingent losses that are less probable, are not recognised but disclosed in the annual report or in the accompanying notes.

TAXES

Tax expenses are related to profit before tax and are expensed for when they incur. The tax expense consists of tax payable and change in net deferred tax. The tax expense is allocated to ordinary profit and extra-ordinary profit. Deferred tax liability and deferred tax assets are presented net in the balance sheet.

CASH FLOW STATEMENT

The company`s cash flow statement shows the company's consolidated cash flows distributed between operating activities, investment activities and financing activities. The statement shows the impact of the different activities on the company's cash and cash equivalents. The cash flow statement is presented based on the indirect method.

NOTE 3 - PAYROLL EXPENSES, NUMBER OF EMPLOYEES, REMUNERATIONS TO BOARD AND AUDITOR (NOK 1000)

The company has no employees, but CEO Sven Rong is contracted from the subsidiary GC Rieber Shipping AS. The CEO does not receive any remuneration from GC Rieber Shipping ASA as all his salary is provided from the subsidiary GC Rieber Shipping AS. The CEO is included in the Group's contractual pension scheme. He has an early retirement pension agreement through which he has a right and an obligation to retire from the age of 62 with a remuneration equal to 70% of the pensionable income from 62-65 years and 63% from 65-67 years. No agreements have been entered into with the CEO or the chairman of the board with regards to special payments upon the termination or change of their employment. Further, no agreements exist that give employees or representatives entitlement to subscribe for or purchase or sell shares in the company.

The board of directors presents the following statement to the general meeting for consultative voting:
"The purpose of this statement is to provide superior guidelines for the company's adoption of salary and other remunerations to management, cf. the Public Limited Company Act §6-16 a. Management shall be offered competitive conditions such that the company is ensured continuity in management and the possibility to recruit qualified personnel to leading positions. By competitive conditions is meant conditions on the same level as offered by comparable companies. The remuneration shall be designed such that it promotes added value in the company. Bonus arrangements shall depend on collective or individual performance measures. The remuneration shall not be of such character or size that it can damage the company's reputation. The remuneration can consist both of a fixed salary and other supplementary benefits, including, but not limited to, payment in kind, bonus, severance pay and retirement and insurance schemes, company car, car allowance, telephone and broadband service. The fixed salary will normally constitute the main part of the remuneration. The company does not have options programs or other schemes as mentioned in the Public Limited Company Act § 6-16 a, 1st paragraph number 3. There are no specific limits for the different categories of remunerations or the total level of remuneration to management."

Management remuneration 2008:	Salary	Other benefits	Paid pension premium	Total remuneration
Sven Rong, CEO	1 488	137	266	1 891
Arnstein Øvsthus, COO	1 079	15	95	1 188
Hans Petter A. Klohs, CFO	1 136	21	90	1 248
Total managment remuneration	**3 703**	**174**	**450**	**4 327**

Management remuneration 2008:	Salary	Other benefits	Paid pension premium	Total remuneration
Sven Rong, CEO	1 462	118	190	1 770
Arnstein Øvsthus, COO	1 050	127	67	1 244
Hans Petter A. Klohs, CFO	989	127	62	1 178
Total managment remuneration	**3 501**	**372**	**319**	**4 192**

Board remuneration:	Board remuneration 2009	Total remuneration 2009	Board remuneration 2008	Total remuneration 2008
Paul-Chr. Rieber, chairman	200	200	175	175
Trygve Arnesen, vice-chairman	150	150	125	125
Jan Erik Clausen	120	120	90	90
Cecilie Astrup	120	120	90	90
Inga Lise Moldestad	120	120	22	22
Anne Marit Steen	-	-	68	68
Total board remuneration	**710**	**710**	**569**	**569**

Auditor's fees (excl. VAT):	2009	2008
Audit	226	182
Tax consulting	189	271
Other services	115	163
Total auditor's fees	**530**	**616**

NOTE 4 – SPECIFICATION OF EXPENSES BY CATEGORY (NOK 1000)

	2009	2008
Board remuneration incl. Social security tax	810	650
Auditor's fees	530	616
Management fee to GC Rieber Shipping AS	6 000	3 000
Legal fee	336	1 106
Consultancy fee	1 618	1 483
Project costs	856	111
Cancellation costs	5 749	-
Other administration expenses	1 590	1 284
Total operating expenses	**17 489**	**8 250**

NOTE 5 - FIXED ASSETS (NOK 1000)

VESSEL EQUIPMENT:

	2009	2008
Acquisition cost as at 01.01	13 772	
+ Additions during the year	-	13 772
= Acquisition cost as at 31.12	13 772	13 772
Accumulated depreciation and write-downs as at 01.01.	1 377	
+ Depreciation for the year	-	-
+ Write-downs for the year	11 645	1 377
Accumulated depreciation and write-downs as at 31.12	13 022	1 377
Carrying amount as at 31.12.	**750**	**12 395**

NOTE 6 - INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES (NOK 1000)

Company	Business office	Owner's share	Carrying amount 31.12.2009	Profit 2009	Equity 31.12.2009
Polar Ship Invest I AS	Bergen	100%	61 945	764 567	1 096 019
GC Rieber Shipping AS	Bergen	100%	37 406	-4 478	76 342
Polar Explorer AS	Bergen	100%	34 137	-8 577	205 781
Polar Ship Invest II AS	Bergen	100%	135	-10	90
Polar Ship Invest III AS	Bergen	100%	108	-187	-87
Polarus AS	Bergen	100%	50 000	-3 434	50 000
GC Rieber Offshore Asia AS	Bergen	100%	110	990	1 873
GC Rieber Shipping Asia Pte Ltd	Singapore	100%	11 473	-9 660	10 039
GC Rieber Shipping Ltd	Storbritannia	100%	5 443	-394	-16 796
Technocean AS	Bergen	58%	58 859	-11 696	39 295
Octio AS	Bergen	60%	120 010	-4 704	270 753
Reef Subsea AS	Bergen	100%	135	-	100
Polar Queen Ltd.	Isle of Man	100%	0	0	0
Total			**379 761**	**722 417**	**1 733 409**
ASSOCIATED COMPANY					
Bluestone Offshore Pte Ltd (profit for associated company on 100% basis)	Singapore	40%	7 119	-74 903	-15 100

The investment in Bluestone Offshore Pte Ltd is valued at fair value. Total write down of the investment in 2009 is NOK 30.5 million.

NOTE 7 - EQUITY

STATEMENT OF CHANGES IN EQUITY (NOK 1000):

	Restricted equity		Other equity		
	Share capital	Portfolio of owvn shares	Share premium reserve	Other equity	Total
Equity 01.01	78 863	-405	16 604	629 289	724 352
Sale of own shares		82	-	915	997
Profit of the year				139 587	139 587
Additional dividend paid out		-	-	-23	-23
Dividends				-13 104	-13 104
Equity 31.12	**78 863**	**-323**	**16 604**	**756 665**	**851 809**

ORDINARY SHARES:

	Number of shares	*Par value*	*Carrying amount*
Share capital	43 812 800	1.80	78 863 040
Own shares	179 300	1.80	-322 740

OWN SHARES:

The general meeting on 1 April 2009 gave the board the authority to purchase own shares limited to 10 % of the total number of shares at a share price between NOK 15 and NOK 60. The company has not used this authority. The company has sold 45,500 shares during 2009 and as at 31.12.2009 the company owns 179,300 own shares, representing 0.41 % of the total number of shares.

DIVIDEND (NOK 1000):

Paid dividend:	2009	2008
NOK 0,50 per share	21 817	261 528

Proposed dividend:		
NOK 0,30 per share	13 104	21 794

NOTE 8 - EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

The company has no convertible loans or equity instruments and the diluted earnings per share are thus equal to earnings per share.

	2009	2008
Profit for the year (NOK 1000)	139 587	70 041
Time weighted average number of shares applied in the calculation of earnings per share	43 630 882	43 587 790
Number of ordinary shares outstanding as at 31.12.	43 633 500	43 588 000
Earnings per share (NOK)	3.20	1.61
Diluted earnings per share (NOK)	3.20	1.61

NOTE 9 - TAXES (NOK 1000)

INCOME TAX EXPENSE:

	2009	2008
Profit before taxes	114 268	79 899
PERMANENT DIFFERENCES		
Other non tax deductable costs	6	10
Income on investments in subsidiaries	-204 700	-44 700
TEMPORARY DIFFERENCES		
Change gain and loss account	40	50
Change in other temporary differences	36 353	19 312
Utilisation of tax losses carried forward	-	-52 342
Utilisation of dividend compensation carried forward	-	-2 230
Tax base for the financial year	**-54 033**	**0**
Payable income tax expense (28%)	**0**	**0**
TAXES IN PROFIT AND LOSS STATEMENT:		
Change in deferred tax	25 319	9 859
Taxes (tax income)	**25 319**	**9 859**
Reconciliation of current year's taxes:		
Profit before taxes	114 268	79 899
Calculated tax using nominal tax rate (28 %)	31 995	22 372
Permanent differences	-57 314	-12 519
Taxes (tax income)	**-25 319**	**9 853**
DEFERRED TAX LIABILITIES/ASSETS		
Gain and loss account	161	201
Temporary differences financial instruments	-	-10 663
Temporary differences receivables	-23 900	-7 272
Temporary differences fixed assets	-1 250	-1 377
Tax losses carried forward	-54 033	-
Temporary differences loss associated company	-30 515	-
Basis for calculation of deferred tax	-109 538	-19 111
Tax rate	28%	28%
Deferred tax liabilities/assets on the balance sheet	**-30 671**	**-5 351**
Received group contribution without tax effect	204 700	44 700

NOTE 10 - LONG TERM LIABILITIES TO FINANCIAL INSTITUTIONS (NOK 1000)

The company has per 31.12.2009 fully drawn upon a credit facility of NOK 250 million.The facility amount of NOK 250 million falls due in December 2011 and is presented as long term debt in the financial statements.

NOTE 11 - BANK DEPOSITS/SHORT TERM LIABILITIES TO FINANCIAL INSTITUTIONS (NOK 1000)

The company is a part of the GC Rieber Shipping group`s multi currency cash pool system without credit. This implies that the net total of deposits and withdrawn amounts on the bank deposits related to all the companies in the group account system is positive.

The company's withdrawn amounts/bank deposits in financial institutions included the group account system as at 31.12.2009 consist of:

	2009	2008
Cash at banks and on hand	20 615	600
Tax withholdings	-	-
Short term bank deposits	-	-
Total cash and bank deposits	**20 615**	**600**
Bank accounts related to the group account system	-149 829	-175 759
Total short term liabilities to financial institutions	**-149 829**	**-175 759**

NOTE 12 - RELATED PARTIES

The 20 largest shareholders in GC Rieber Shipping ASA as at 31 December 2009 (outstanding shares):

Name	Shares	% of shares
GC RIEBER AS	23 108 110	53.0 %
AS ODIN II	5 003 555	11.5 %
A/S JAVIPA	1 414 800	3.2 %
PELICAHN AS	1 300 000	3.0 %
LEIF HILMAR SØRENSEN	922 000	2.1 %
G.C. RIEBER OG HUSTRU FØDT GYSINS LEGAT	860 000	2.0 %
G.C.RIEBER & CO. A/S UNDERSTØTTELSESFOND	800 000	1.8 %
P.G. RIEBER OG HUSTRU FØDT MARTENS LEGAT	700 000	1.6 %
PARETO AKSJE NORGE	618 900	1.4 %
JOHANNE MARIE MARTENS	400 000	0.9 %
VIBEN AS	398 900	0.9 %
BENEDICTE MARTENS NES	356 250	0.8 %
STORKLEIVEN AS	335 646	0.8 %
PARETO AKTIV	327 700	0.8 %
DELTA A/S	327 675	0.8 %
CELSIUS AS	305 900	0.7 %
JO-ANN MIETLE	272 000	0.6 %
TANNLEGE RANDI ARNESEN AS	243 814	0.6 %
RANDI JEBSEN ARNESEN	218 000	0.5 %
DAG FREDRIK JEBSEN ARNESEN	202 000	0.5 %

Shares owned or controlled by members of the board and the CEO:

Name	Shares
Sven Rong	230 500
Paul-Chr. Rieber	1 300 000

As at 31.12.2009, GC Rieber AS owns 23.108.110 shares in GC Rieber Shipping ASA. This constitutes 53 % of the outstanding shares in the company.

NOTE 13 - QUOTED FINANCIAL INVESTMENTS (NOK 1000)

GC Rieber Shipping ASA has sold its portfolio of bonds to a subsidiary in 2009. Realized loss totalled to NOK 7.2 million.

NOTE 14 - CURRENCY GAIN / LOSS (NOK 1000)

	2009	2008
REALIZED AGIO/DISAGIO (-)		
Owners supplies Singapore/Spain	2 702	-
Fixed assets	387	1 329
Cash and cash equivalents	84	14
Loan to GC Rieber Shipping Ltd (USD)	68	-3
Total realized agio/disagio	**3 241**	**1 340**
UNREALIZED AGIO/DISAGIO (-)		
Fixed assets	-	-1 568
Other receivables	-	402
Loan to GC Rieber Shipping Ltd (USD)	-7 334	9 569
Loan to Polar Marine I Pte Ltd (EUR)	-10 948	9 588
Loan til Polar Marine II Pte Ltd (EUR)	-10 948	9 588
Loan to GC Rieber Shipping Asia Pte Ltd (USD)	244	-
Loan to Bluestone Offshore Pte Ltd (USD)	211	-
Cash and cash equivalents	6 069	-868
Total unrealized agio/disagio	**-22 707**	**26 712**

NOTE 15 - RECEIVABLES/LIABILITIES (NOK 1000)

	2009	2008
INTERCOMPANY TRANSACTIONS		
Long term receivables group	158 866	118 028
Write down long term receivables group	-23 900	-
Short term receivables group	589 857	104 334
Total receivables group	**724 823**	**222 362**
Short term liability group	1 259	-
Total liability group	**1 259**	**-**
OTHER SHORT TERM RECEIVABLES		
Accounts receivables	44 836	18
Other short term receivables	59 068	67 027
Write-down other short term receivables	-	-7 272
Total other short term receivables	**103 904**	**59 773**

None of the short term receivables or liabilities falls due more than a year per 31.12.2009.

Short term receivables consists of group contribution received from Polar Ship Invest I AS of NOK 204.7 million (without tax effect) and sellers credit of NOK 348 million to Polar Ship Invest III AS.

NOTE 16 - SECURITY AND GUARANTEES

GC Rieber Shipping ASA has guaranteed for NOK 673.3 million of interest bearing liabilities in the Group.

AUDITOR'S REPORT

ERNST & YOUNG

Statsautoriserte revisorer
Ernst & Young AS

Thormøhlens gate 53 D, NO-5008 Bergen
Postboks 6163 Postterminalen, NO-5892 Bergen

Foretaksregisteret: NO 976 389 387 MVA
Tlf.: +47 55 21 30 00
Fax: +47 55 21 30 01
www.ey.no

Medlemmer av Den norske Revisorforening

To the Annual Shareholders' Meeting of
GC Rieber Shipping ASA

Auditor's report for 2009

We have audited the annual financial statements of GC Rieber Shipping ASA as of 31 December 2009, showing a profit of NOK 139 587 000 for the Parent Company and a profit of NOK 78 062 000 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 and cash flows as well as 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 Chief Executive Officer. 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 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.

Bergen, 10 March 2010
ERNST & YOUNG AS
Jørund Haga Indrehus
State Authorised Public Accountant (Norway)
(sign)

Note: The translation to English has been prepared for information purposes only.

/ FLEET

/ FLEET

/ POLARBJØRN

The “Polarbjørn" is purpose-built for undertaking both long duration Antarctic expeditions and offshore subsea support duties. With her large public areas, accommodation capacity, helicopter deck and DP2 class, the vessel is well suited for undertaking flotel-and base ship functions on offshore fields and other operations. The vessel’s large deck areas and cargo holds offer “unlimited” storage capacity for ROV and related equipment. The vessel’s 50 ton knuckle boom crane and the A-frame offer efficient solutions for handling equipment over the side and over the stern.

/ POLAR QUEEN

The largest vessel of our fleet - the 146 meter long “Polar Queen” was built in 2001 and purchased by GC Rieber Shipping in 2005. The vessel has previously undertaken ROV and cable trenching work globally. The vessel was in 2006/07 converted to a state-of-the-art umbilical & flow line vessel for global operations and is on a long term charter to Acergy until 2012.

/ POLAR PRINCE

The “Polar Prince” is a DP 2 subsea support vessel designed in-house and launched in 1999. The vessel has since delivery been chartered by several major subsea contractors for inspection, maintenance and repair duties (IMR) on subsea installations. The “Polar Prince” has also undertaken heavy-duty ROV and construction support duties, including removing oil from the sunken tanker “Prestige” at water depths of almost 4000 m. The vessel is on a charter to subsea contractor Technocean AS, a subsidiary of GC Rieber Shipping.

/ POLAR PEVEK

The “Polar Pevek” represents a new generation icebreaking tug, purpose-built to provide support for shuttle tankers in harsh weather conditions on the Sakhalin 1 project off eastern Russia. The vessel, measuring 72 x 17 metres with engine power of 11,000 kW, is owned through a 50/50 joint venture with Primorsk Shipping Corporation. The “Polar Pevek” is on a long term charter to Exxon Neftegas Ltd until 2021 and operates out of the De-Kastri oil terminal, assisting tankers carrying oil from the Sakhalin I project offshore of eastern Russia.

/ RRS ERNEST SHACKLETON

The "Ernest Shackleton" is a polar research and subsea support vessel built in 1995 based on long term experience and accumulated in-house expertise in polar research and subsea support operations in the North Sea. The vessel is on a long term bare boat charter to British Antarctic Survey until 2014.

/ GEO EXPLORER

"Geo Explorer" was acquired by GC Rieber Shipping in June 2008 and later transferred to the subsidiary Octio (December 2008). "Geo Explorer" is a 2D/source vessel built in 1988 and converted in 2004.

/ GEO ATLANTIC

The high capacity 3D/4D vessel "Geo Atlantic" was acquired from PGS in June 2009 for a price of USD 58 million, including the current charter with Fugro. The "Geo Atlantic" was built in 2000 and owned by GC Rieber Shipping until 2005 when it was sold to Arrow Seismic. In 2006, the vessel was converted to a high capacity 3D/4D seismic vessel, capable of deploying 10 streamers and dual sources. The vessel is time chartered to Fugro until October 2013.

/ NEW BUILD "7039" / "7040"

In 2008 GC Rieber Shipping, through a joint venture in which GC Rieber Shipping owns 51%, contracted four specialized offshore vessels with MT design for delivery in 2009/2010. Two of the vessels were cancelled in 2009. The remaining two vessels are to be delivered in 2010. The vessels will be outfitted for subsea IMR operations. The vessels have a length of 80 meters and a beam of 17 meters with diesel electric machinery and an accommodation capacity of 70.

/ NEW BUILD "702" / "703"

The newbuildings no. 702 and 703 was acquired from Sea4 in September 2009. The two IMR/CSV subsea vessels are of Skipsteknisk ST-254L CD design. The vessels are currently being built at Freire Shipyard (Spain) and expected delivery dates for the vessels are in the second half 2010 and in the first half 2011 respectively. Both vessels have a length of 110.6 meter and beam of 20 meter. Each vessel is fitted with a 150t offshore AHC crane, 120 persons accommodation and 1000m2 deck space. Environmental topics have been emphasized in the design, through class notation "Clean Design", and will be built to IMO SPS 2008 rules.

/ POLAR PILTUN

The "Polar Piltun" is one of two crew boats that GC Rieber Shipping in joint venture with Prisco operates out of our Yuzhno-Sakhalinsk office. This particular vessel was built in 1998 and converted in 2009 into a purpose built crew boat to serve various oilrigs for our charterer Sakhalin Energy Investment Company for the next 5 years.

/ POLAR BAIKAL

The "Polar Baikal" is one of two crew boats that GC Rieber Shipping in joint venture with Prisco operates out of our Yuzhno-Sakhalinsk office. This particular vessel was built in 2000 and converted in 2009 into a purpose built crew boat to serve various oilrigs for our charterer Sakhalin Energy Investment Company for the next 5 years.

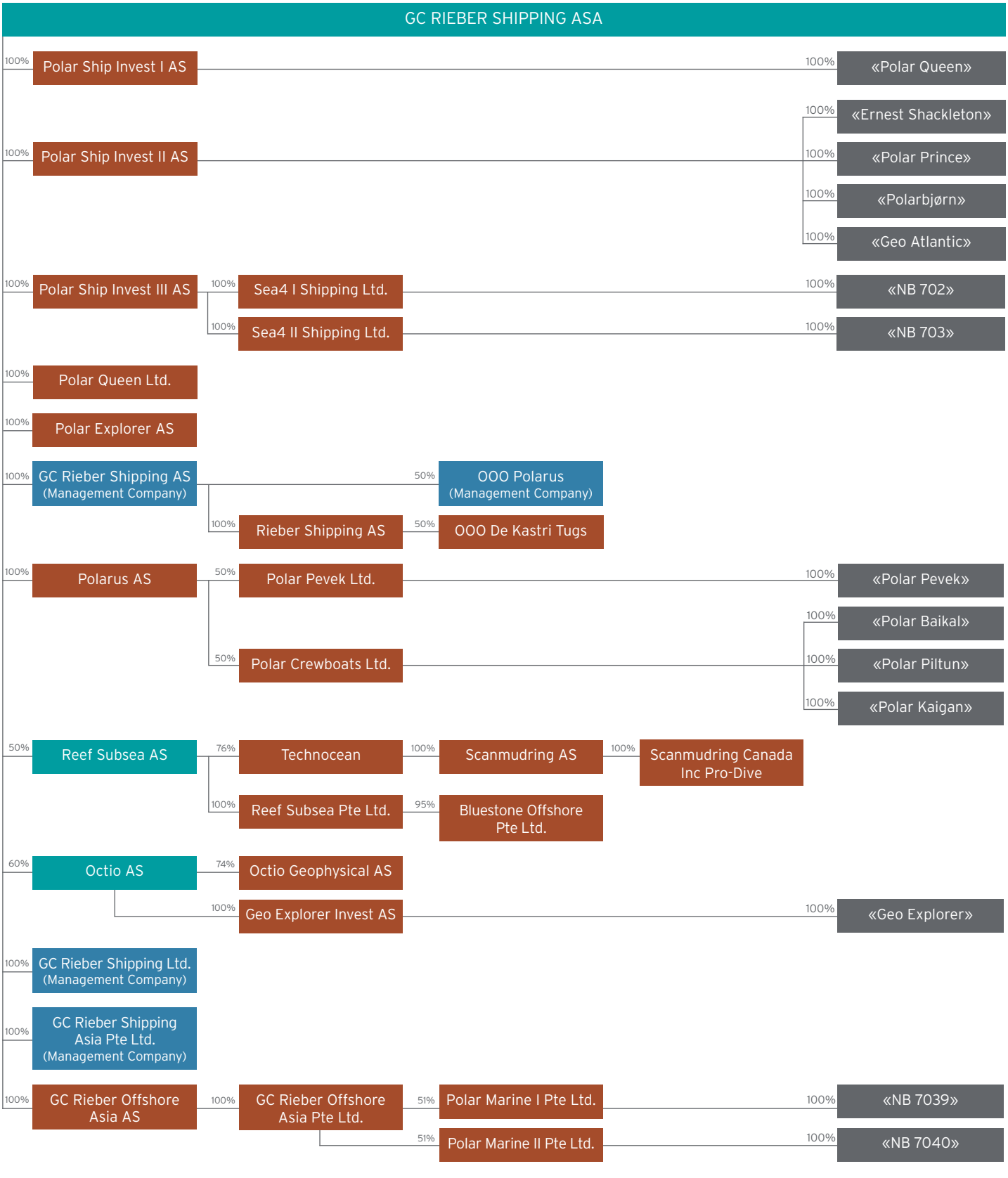
SHIP MANAGEMENT FLEET
GC RIEBER SHIPPING - BERGEN (NORWAY)
CGG Duke
CGG Venturer
CGG Princess
Search
Geo Pacific

PROJECT MANAGEMENT
GC RIEBER SHIPPING - BERGEN (NORWAY)
2 seismic newbuildings

SHIP MANAGEMENT FLEET
GC RIEBER SHIPPING - SEVENOAKS (ENGLAND)
Polar Sea
Beaufort Explorer

CORPORATE STRUCTURE

/ CORPORATE STRUCTURE PER MARCH 2010



GC RIEBER SHIPPING ASA
SOLHEIMSGATEN 15 / P.O. BOX 1114 SENTRUM / N-5809 BERGEN / NORWAY
TEL + 47 55 60 68 00 / FAX +47 55 60 68 05 / WWW.GCRIEBER-SHIPPING.NO