



2011



SETTING THE STANDARD
ANNUAL REPORT



DOF ASA
2011
ANNUAL REPORT





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INDEX

Cover photo

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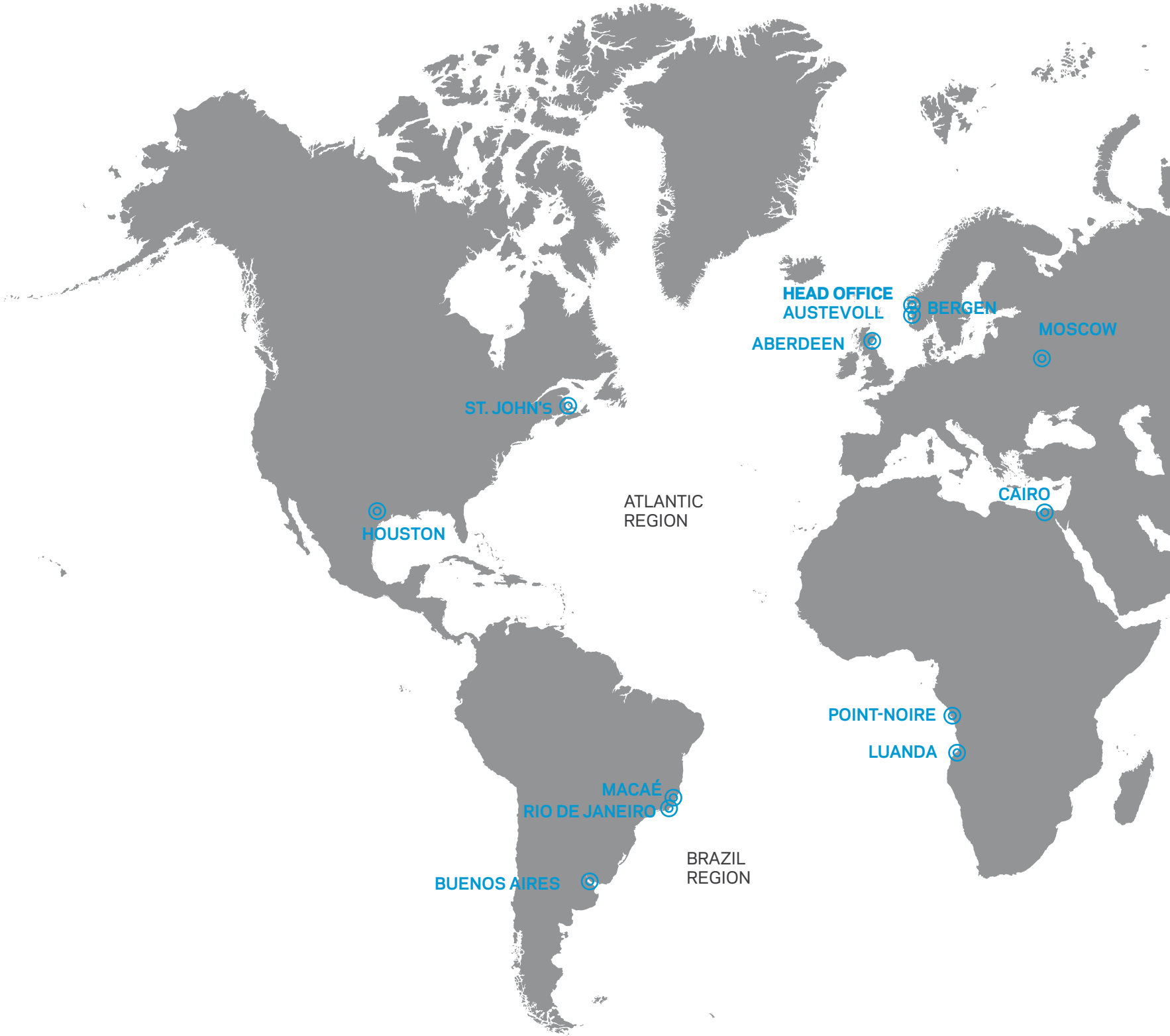
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30 Years into the DOF Story





SETTING THE STANDARD

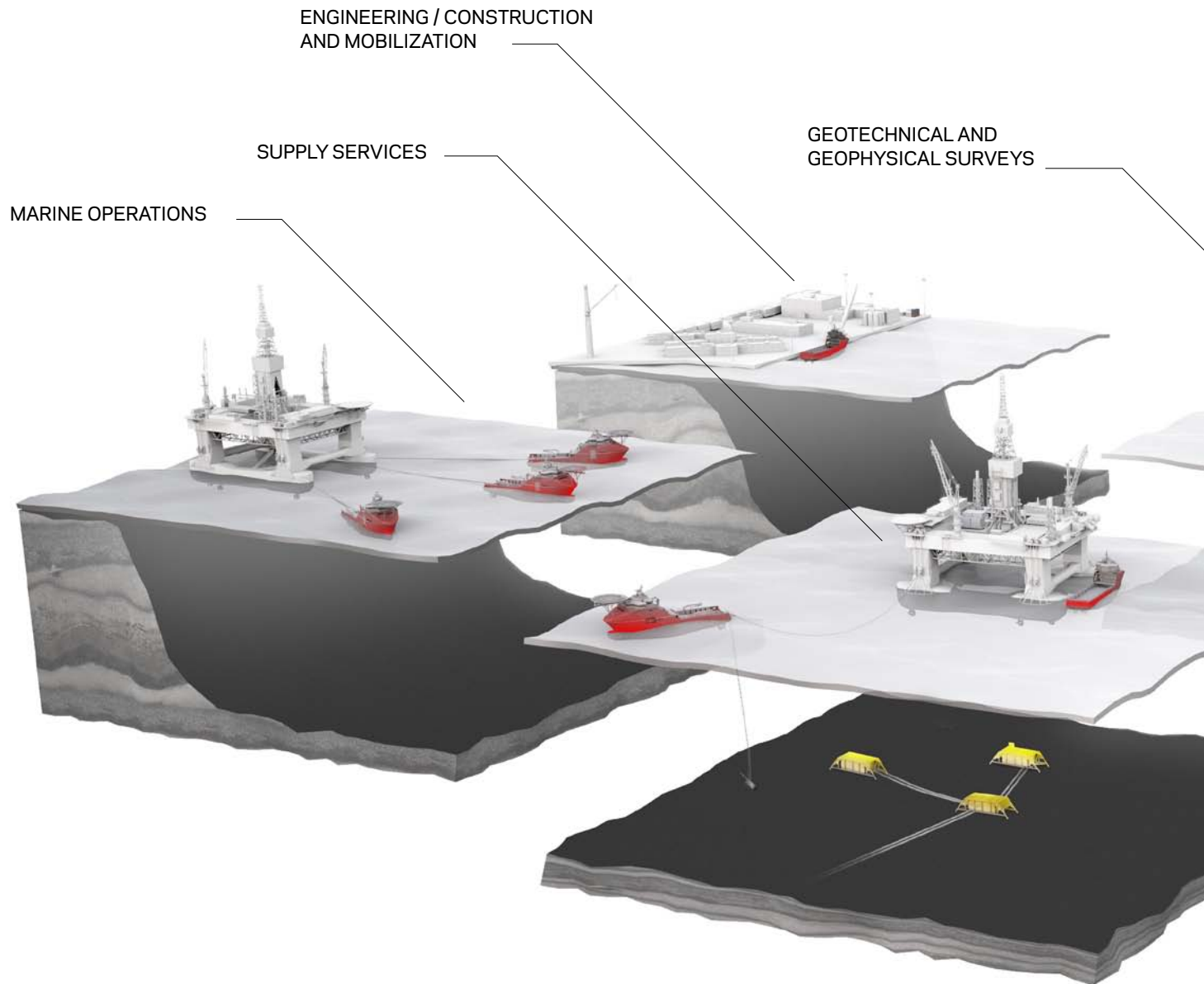
The DOF adventure started at Austevoll, Norway in 1981. DOF was founded with the aim to be a leading participant in the growing North Sea offshore industry. The business concept was based on a long-term strategy to provide a modern fleet of offshore vessels, and to engage these vessels on long-term contracts. 30 years have passed. We now operate with offices and vessels all over the world.

The primary vision remains the same, but the services offered to the market are more complex, diversified and on a global scale. We are always looking for new and profitable markets, innovative vessel designs and better, safer and more efficient ways to solve our operations. We understand that the success of tomorrow depends on our dedication and commitment today, and we are always ready for new challenges.

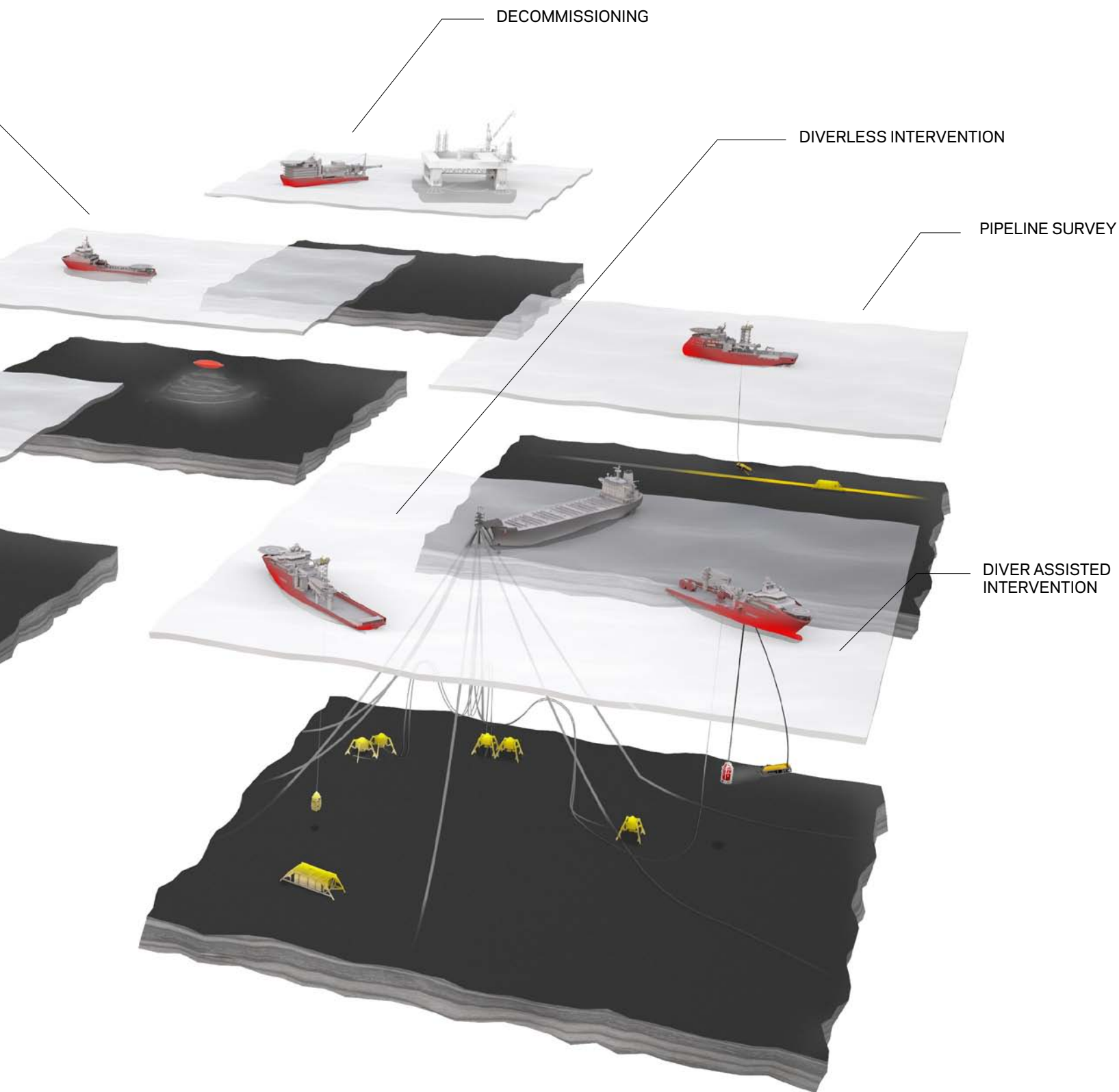


Supporting
Save the Children
Norway
since 2008

Life of Field Services



The 74 vessels of the DOF ASA fleet are continually in global demand for use in the oil and gas sector. The vessels are innovative and highly specialized, each designed to suit specific field services, supply services and tug services. Nonetheless, it is the over 4,000 DOF employees made up of a diversity of professions that bring projects to completion utilizing the precision tools that are DOF ASA's fleet.



2011 Highlights

2011

1ST QUARTER

CONTRACTS:

- New four-year contract with Petrobras for Skandi Leblon
- Four six-month contract for Skandi Falcon
- Two six-year contracts with ConocoPhillips Norway
- Three x seven-year contracts with ConocoPhillips Norway
- Two-year extension of Skandi Olympia with Fugro until March 2014

FLEET:

- Skandi Niteroi delivered, mobilization equipment in Europe
- Geograph on-hire to Petrobras in February
- Skandi Gamma delivered and on-hire to Statoil in February
- Two PSVs ordered for two ConocoPhillips contracts
- Two MRV vessels and a ROV vessel ordered for three ConocoPhillips contracts

FINANCE:

- MNOK 200 private placement in DOF Installer ASA; DOF Subsea AS owns approx 84% of the placement

2ND QUARTER

CONTRACTS:

- DOF Subsea has in July agreed a contract with ENI for Goliat FPSO Marine
- Skandi Niteroi is secured a four + four years contract with Petrobras in August
- Several contracts for DOF Subsea project fleet

FLEET:

- Purchase of Skandi Constructor (ex “Sarah”) in operation mid-June
- Sale of Geosounder
- Skandi Emerald on-hire to OGX in May
- Skandi Niteroi arrived Brazil mid-August for final completion as PLSV. Expected to be completed mid-September
- Skandi Commander rebuilt and on-hire to Petrobras in May
- Skandi Hercules commenced its first job in Vietnam early May
- Hull no 081 delivered to new owner in July

FINANCE:

- Bond loan in DOFSUB MNOK 750 completed in April

3RD QUARTER

CONTRACTS:

- Several contracts for DOF Subsea project fleet
- Skandi Singapore and Skandi Hercules secure several contracts in Asia and Australia
- Skandi Botafogo two-year firm contract for Petrobras
- Skandi Yare’s contract with Petrobras extended until November 2012
- Skandi Fjord’s, contract with Halliburton extended until October 2014
- Skandi Flamengo four-year firm contract with Petrobras from November

FLEET:

- Skandi Skansen delivered in July
- The new building Cochin 081 delivered and sold in July
- Skandi Saigon delivered in August
- Skandi Leblon on-hire on new contract for Petrobras from August
- Skandi Singapore delivered in September
- Skandi Botafogo on-hire on new contract for Petrobras from September
- Skandi Niteroi on-hire to Petrobras early October
- Geosea transferred to Norway for rebuild to RSV
- Skandi Pacific delivered to Aker DOF Deepwater in November

FINANCE:

- Share issue of MNOK 600 in DOF ASA in September

4TH QUARTER

CONTRACTS:

- High utilization in the North Sea with contracts for DOF Subsea project fleet
- Several vessels renewed in Brazil at higher rates
- Skandi Singapore and Skandi Hercules: secured several contracts in Asia and Australia
- Four-year Frame Agreement with Statoil and Call-Off for light construction work on the Norwegian Continental Shelf for Geosund
- Skandi Skansen secured four-year contract with Subsea 7
- Skandi Inspector, one-year contract with Integrated Subsea Services Ltd from April
- Skandi Falcon, 490 days in Australia
- Skandi Waveney, one-year (plus two one-year options) contract with Peterson in Holland
- Skandi Foula and Skandi Rona: five-year contracts with Shell UK

FLEET:

- Skandi Pacific delivered to Aker DOF Deepwater in November, on-hire from mid-November
- Skandi Niteroi on-hire to Petrobras early October
- Geosea finished rebuild to RSV in Norway on-hire to Petrobras 10 February
- Purchase of building contract for new subsea vessel
- Skandi Feistein delivered in November, on-hire early December (six-year contract to ConocoPhillips)
- Skandi Amazonas delivered in December, on-hire late December (eight-year contract to Petrobras)

2012

SO FAR IN 2012:

- Subsea: Sold MNOK 200 of bonds in DOFSUB 05 (April 2016) and bought back MNOK 100 in DOFSUB 03
- New bond of MNOK 700 (2015) and bought back MNOK 85 of DOFSUB 03(2012) and MNOK 149 of DOFSUB 04
- Skandi Hawk delivered and first contract secured; Operations start as subsea vessel in Asia Pacific at the end of March 2012
- Supply: New bond of MNOK 700 (2017) and bought back MNOK 520 of DOF 07 (2013)
- AHTS Skandi Atlantic delivered and first contract secured in Asia Pacific at the end of March 2012
- PSV Skandi Kvitsøy Delivered Norway April 2012
- Vessel under construction, yard no. 771 at STX OSV AS, sold to the Commonwealth of Australia (COA); Estimated delivery May, 2012; The ship sold for just under USD 130 million
- DOF Subsea Rederi AS signed a building contract with STX OSV AS for a new vessel of OSCV 11 design, delivery May 2013
- Multiple contracts awarded in Asia and Australia Q1 2012 with a total contract value of approximately USD 30 million

Key Figures DOF Group

Amounts in NOK mill

		2011	2010	2009
From the Comprehensive Income				
Operating income		6 503	5 403	4 327
Operating expenses		-4 455	-3 694	-3 094
Operating profit/(loss) before depreciation and write downs - EBITDA		2 048	1 709	1 234
Depreciation		-890	-1 166	-837
Write downs		-7	0	-179
Operating profit/(loss) - EBIT		1 151	543	218
Net finance costs		-1 176	-843	29
Unrealized gain/(loss) on currency		-445	97	758
Net changes in gain/loss on derivatives		-221	3	0
Profit/(loss) before taxes		-691	-200	1 005
Tax expenses (income)		-186	15	201
Profit/(loss) for the year		-505	-215	803
Non-controlling interests		-149	-75	201
From the Balance Sheet				
Vessels and other non-current assets		26 641	22 423	17 827
Current assets		4 187	4 629	3 957
Total assets		30 828	27 053	21 785
Interest free debt		2 389	2 230	1 688
Net financing of the entity		28 439	24 823	20 096
Interest bearing debt		21 770	18 095	13 287
Equity		6 669	6 728	6 809
Key figures				
Net cash flow	1)	872	866	1 263
Current ratio	2)	1,01	1,36	1,32
Equity ratio	3)	22 %	25 %	31 %
Value adjusted equity	4)	40 %	43 %	47 %
Capex	5)	5 686	5 702	3 578
Operating margin	6)	31 %	32 %	29 %
Return on equity	7)	-8 %	-3 %	12 %
Earnings per share	8)	-3,69	-1,53	6,87
Net cash flow per share	9)	9,03	9,51	14,39
Average number of shares		96 464 574	91 037 975	87 730 811
Outstanding number of shares		111 051 348	91 037 975	91 037 975

1) Profit/loss before taxes + depreciation and write downs +/- unrealized gain/loss on currency
+/- net changes in gain/loss on derivatives

2) Current assets/Current liabilities

3) Equity/Total assets

4) Equity adjusted for excess value from broker valuation/Total asset adjusted for excess value from broker valuation

5) Capex, see note 13

6) Operating result before depreciation and write downs/Operating income

7) Profit for the year/Booked equity

8) Majority share of profit for the year/Average number of shares

9) Cash flow item 1/Average number of shares



Photo: Crane operator on Skandi Skansen

Setting the Standard

The key to our success in 2012 remains unchanged – our employees.

CEO'S STATEMENT

For DOF, 2011 will be remembered for a number of new long-term contracts, a strong growth in the fleet with the delivery of ten new vessels and growing optimism brought about by an increase in demand from our markets. By year end 2011 we had 63 vessels in operation with another eleven vessels under construction.

In 2012, the Group plans to take delivery of eight new vessels. The fleet in operation will count 71 vessels by year end 2012. This is one of the world's largest fleets of modern high-end offshore support vessels. The delivery of new-builds implies a conversion of unemployed capital tied up in new-builds into employed capital. I therefore expect to see a significant boost to the company's earnings.

DOF remains the leading company in terms of quality, health, safety and the environment, according to our customers. This impressive track record we have developed is invaluable when competing for new contracts. And this would not have been possible without the expertise and hard work of our seafarers. The top performance of our offshore workers has helped develop a high level of trust among our customers, building the foundations for the future growth of the company.

In 2011, the markets for our services were improving from the bottom levels we experienced in 2010, but still rates and utilization were generally weak. Today we experience a high level of activity on the tender side on a worldwide basis with good opportunities within the term markets. We expect the market balance to improve in all our segments and expect increased rates and higher utilization over the next few years. As a consequence of stronger markets and a larger fleet we expect DOF's earnings to improve significantly in 2012 compared with 2011 and we also expect a further improvement in 2013.

We will continue to develop expertise for the company within the Subsea segment. We are actively involved in recruitment so that we can offer our customers more expertise and an even more complete organization.

We have developed a group of companies with offices in all parts of the world, with each office staffed by expert personnel. For every one of us the future presents significant challenges. Our employees are our most important resource. Our staff of skilled employees, both at sea and on land, helps DOF continue to win important contracts.

I believe 2012 will be a year where we continue on the current positive trend with improved earnings and strengthening of our market position in most areas. I am optimistic and think that we have several good years ahead of us. The key to our success in 2012 remains unchanged – our employees.

Best regards



Mons Aase CEO,
DOF ASA



This is DOF ASA

THE COMPANY

DOF ASA was founded in 1981 and is today an international group of companies which owns and operates a modern fleet of supply and subsea vessels as well as having the engineering capacity to service the subsea market. The company operates worldwide and offers services to the global oil and gas industry. The DOF fleet comprises 74 vessels, including new-builds and ships operated by subsidiaries. DOF ASA is the holding company for DOF Subsea AS, Norskan Offshore Ltda and DOF Management AS.

The company operates in three segments of the offshore vessel market. These are defined by strategic types of activities and vessel types: PSV (Platform Supply Vessels), AHTS (Anchor Handling Tug Supply Vessels) and CSV (Construction Support Vessels). The subsea engineering activities mainly comprise survey and IRM services, construction support and diving services.

The DOF fleet average age is 6 years, making it one of the most modern in the market. The total fleet (including new-builds) currently consists of 23 PSVs, 20 AHTS vessels and 31 CSVs. In addition, DOF also owns and operates a fleet of highly sophisticated ROVs.

DOF has offices all over the world, close to all major oil and gas regions. During the last decade the company has invested in key regions such as the South Atlantic, Brazil and Asia Pacific whilst continuing to grow in the North Sea and West Africa regions. The company is still heavily represented in the North Sea.

DOF strives to be the leader in the fields of quality, health, safety, and the environment (HSEQ) and systematically promotes these areas in the execution of all activities and operations. The company is the market leader when it comes to new and innovative vessel design and efficient and environmentally friendly operations.

DOF has a total multi-national workforce of over 4,000. Our team comprises professionals within their individual areas of expertise. The company understands that it is the people who are the key to success, and therefore follows a strategy for promoting career opportunities and employees' health and well-being.

DOF ASA

NORSKAN LTDA

Modern Fleet
17 AHTSs
6 PSVs
3 CSVs

DOF SUBSEA HOLDING AS

DOF SUBSEA AS

Modern fleet & equipment
22 CSV/ROV vessels
51 ROVs + 1 AUV
Leading subsea contractor

DOF INSTALLER ASA

3 state-of-the-art installation
CSV vessels

SHIP OWNING COMPANIES

Modern fleet
3 AHTSs
17 PSVs
3 CSVs

DOF MANAGEMENT AS

DOF Management AS provides ship management for the fleet in the DOF ASA group.

The company has a crew of highly skilled professionals, both onshore and offshore, to perform the tasks of ship-management, ship-operation and the services delivered to the customer.

DOF Management is certified according to: the ISM code, ISO 9001 and ISO 14001.

DOF SUBSEA AS

DOF Subsea was established in 2005. It has grown to become a leading provider of subsea services with an established capability in all the major oil and gas production areas around the world. The company provides a diversified range of services through three key business lines: vessel chartering, subsea projects and engineering.

DOF Subsea is certified according to: ISO 9001, ISO 14001 and OHSAS 18001.

NORSKAN OFFSHORE LTDA

Norskan Offshore Ltda represents the DOF group's activity in Brazil. The future potential of this region and the market was identified and the company established in 2001 to capitalize on this opportunity. Today, Norskan is the largest Norwegian capital company in its segment in Brazil. Norskan owns and operates one of the largest and most diversified fleets of state-of-the-art Brazilian-flagged vessels. The fleet is considered to be the most technologically advanced in the Brazilian offshore industry.

Norskan is certified according to: the ISM/ISPS code, ISO 9001, ISO 14001, and OHSAS 18001.

HSEQ

THE DOF GROUP

The DOF Group delivers safe, successful offshore and sub-sea projects across a wide range of services: supply, anchor handling, survey, diving, construction, installation and IRM (inspection, repair and maintenance) disciplines. All Group companies and personnel strive for continuous improvements in our operations, employing the optimal technical and organizational measures to control and manage risks.

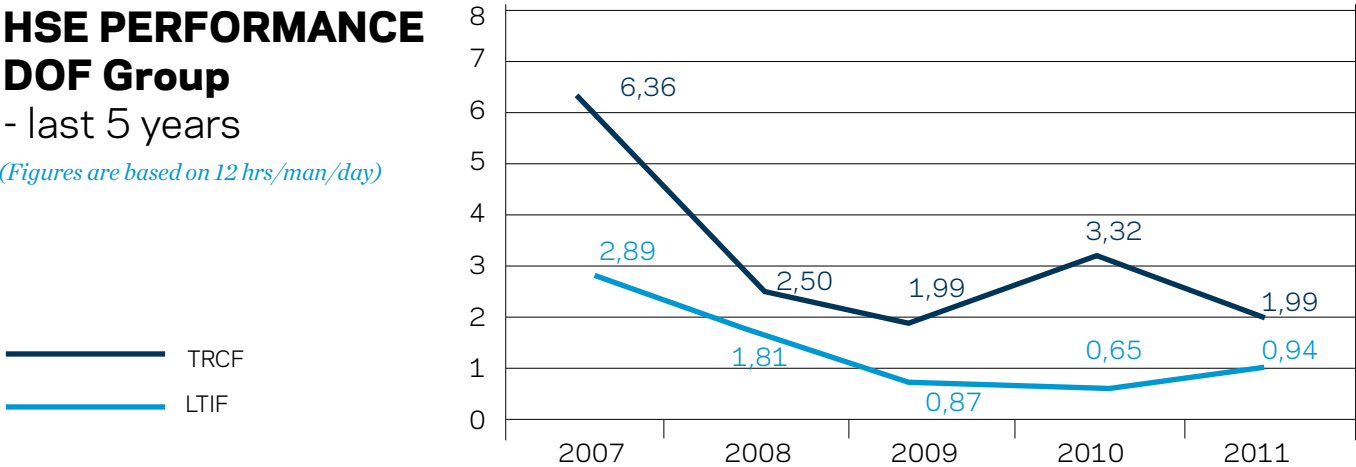
Our safety culture is guided by an overriding principle: to achieve an incident-free workplace. Our operating environment is complex; we have increased our fleet and extended our range of services. We have correspondingly strengthened the Group's position to meet future challenges and progress towards our Safety Leadership goals and objectives.

The overall safety performance in the DOF Group in 2011 shows a slight increase in lost-time injury frequencies. However, the DOF Group has experienced a reduction in the number of medical treatment and recordable cases, resulting in a reduction in the total recordable case frequency.

OUR SAFETY
CULTURE
IS GUIDED BY
AN OVERRIDING
PRINCIPLE:
**TO ACHIEVE
AN INCIDENT FREE
WORKPLACE.**

HSE PERFORMANCE
DOF Group
- last 5 years

(Figures are based on 12 hrs./man/day)



CODE OF BUSINESS CONDUCT:

The Code of Business Conduct has helped to unify the group. It has been in place for over a year and is applicable to all the companies in the DOF Group. The set of policies and guidelines are still valid and no changes are deemed necessary.

BUSINESS MANAGEMENT SYSTEMS:

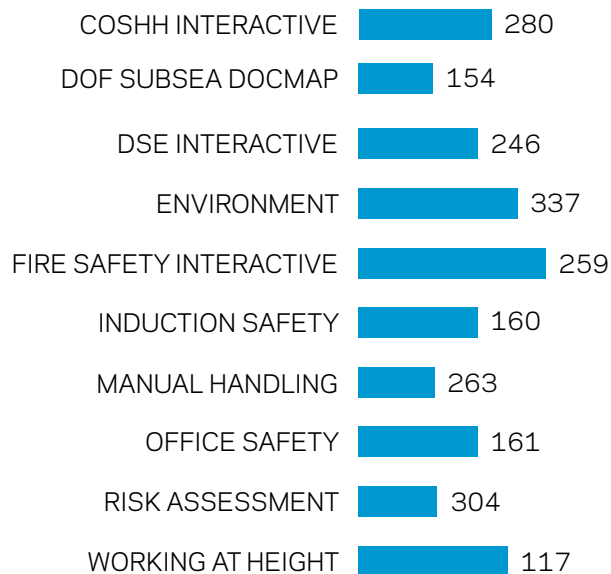
A global strategy to merge and harmonize the management systems for the DOF Group was implemented so that:

- All regions and divisions operate a common Business Management System and Emergency Response System
- All vessels report on the new DOF Vessel Reporting System allowing full control of NOx and CO2 emissions as well other operational data
- Maintenance is executed within a common maintenance system: vessel maintenance, ROVs and LARS (launch and recovery systems)

EXTERNAL ENVIRONMENT

DOF has one of the most modern fleets in the market. All regions and vessels are certified by DNV to the latest ISO 14001 standard. We utilize the most up-to-date and environmentally friendly technologies available in the development of our new build program. We have introduced a new generation of low-resistance hull lines, designed for speed and economic fuel consumption.

Our vessels are environmentally friendly design, clean design (DNV) and in 2011, we established Shipboard Energy Efficiency Plans (SEEMPs) for the whole fleet. The contract, undertaken with DNV, will see all vessels hold a high quality ship specific SEEMP by Q2 2012.



Figure, most utilized e-learn modules in 2011

DOF SUBSEA

In 2011, DOF Subsea's unwavering commitment to Safety Leadership received formal recognition. Our global systems have been re-certified towards International Standard ISO 9001:2008, ISO 14001:2004 and OHSAS 18001 certification. The introduction of a unified global Business Management System, and other targeted HSEQ initiatives, strengthen the Group's position to meet future challenges and demonstrate progress towards our Safety Leadership goals and objectives.

SAFETY

Our trend has been towards ever-improving safety achievement. However, despite proactive initiatives, the company sustained three lost-time injuries at the beginning of the year resulting in a LTIF frequency of 0.9 and a TRCF frequency of 3.0 per million man hours. No injured parties suffered any permanent disability and all returned to work.

HSEQ

In response, to build competence in the workforce in the most immediate and accessible way, the Global Training System, Safety E-Learning, has been introduced to the organization. Encouragingly, a score of over 93% correct answers on the overall test of the participants was achieved.

ENVIRONMENTAL PERFORMANCE

Our offshore teams work in remote locations, often exposed to extreme conditions and surrounded by diverse and fragile ecosystems. Identifying and managing hazards and environmental impacts are, and shall remain, a vital part of DOF Subsea's Management System. Significant progress has been made as we integrate environmental performance within our broader strategic and business planning processes to address potential issues.

Our focus is the identification of significant environmental aspects and the operational controls of our business to minimize our impact on the environment. During the year all DOF Subsea's activities, offshore and onshore, underwent a global environmental aspect and impact assessment. These processes were rated to be world class by DNV during the global ISO 14001 re-certification award.

QUALITY ASSURANCE AND QUALITY CONTROL

DOF Subsea delivers consistent, quality products and services, safely – time and time again. The combination of expertise and experience in quality assurance and dedicated resources to this function are key to our success.

To ensure customer satisfaction we have set ambitious key performance indicators (KPIs) for future deliveries. In 2011, we achieved 97% uptime for offshore operations on vessel and ROV operations.

DOF MANAGEMENT:

DOF Management has the management responsibility of vessels owned by the DOF Group and other ship-owning companies. Since 1995, DOF Management AS has certified according to the ISM code, followed by the ISO 9001 and ISO 14001 certifications in 2002.

HSEQ PERFORMANCE 2011:

Personnel injury frequencies in DOF Management remained at the same level as in 2010. The majority of the personnel injuries are recorded as finger/hand/arm injuries and the frequent root causes are unawareness, underestimating the risk and not following procedure. We did, however, record a high level of Safety Observation reporting.

Vessel reliability statistics were very encouraging with an average unplanned downtime rate of 0.5%. Increased focus on fuel economy and efficiencies successfully reduced the overall fuel consumption in the fleet. Our MODU DOC certification process is underway.

A rationalization of operations saw vessels managed by DOF Management Pte Ltd (Singapore) transferred to DOF Management AS, so that the Singapore office is now a Branch office. Communications were enhanced with the introduction of the DOF Management Portal, effectively implemented summer 2011. This ensures easy access to all systems and effective distribution of information.

FOCUS AREAS 2012:

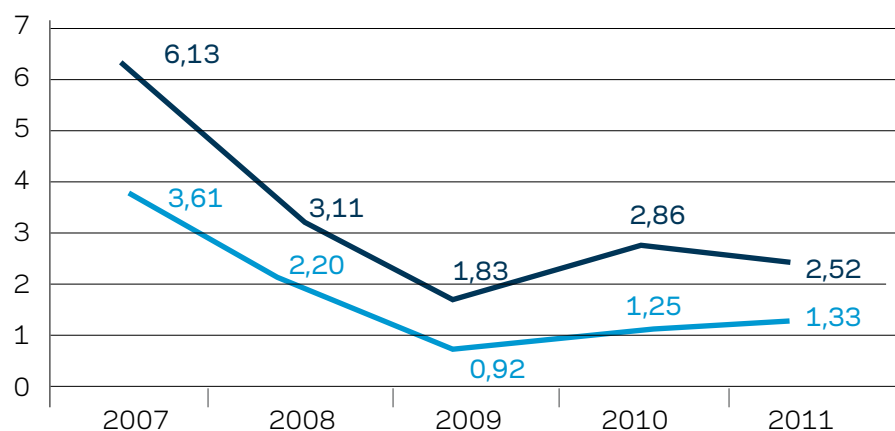
We will continue our focus on fuel reduction with the implementation of Ship Energy Efficiency Management Plans (SEEMP) for all vessels in the Group. Continuous improvement of the Management System and procedures, HSE training and processes is an ongoing undertaking.

As is further alignment and cooperation with DOF Subsea and Norskan in order to harmonize HSE procedures and common systems for the DOF ASA Group.

NORSKAN

Norskan has the management responsibility of vessels owned by the DOF Group and other ship owning companies. Since 2004, Norskan has been certified according to the ISM Code/ ISPS Code and the ISO 9001, ISO 14001, OHSAS 18001.

The Norskan fleet is the largest, youngest and most technologically advanced in its operations, supporting offshore

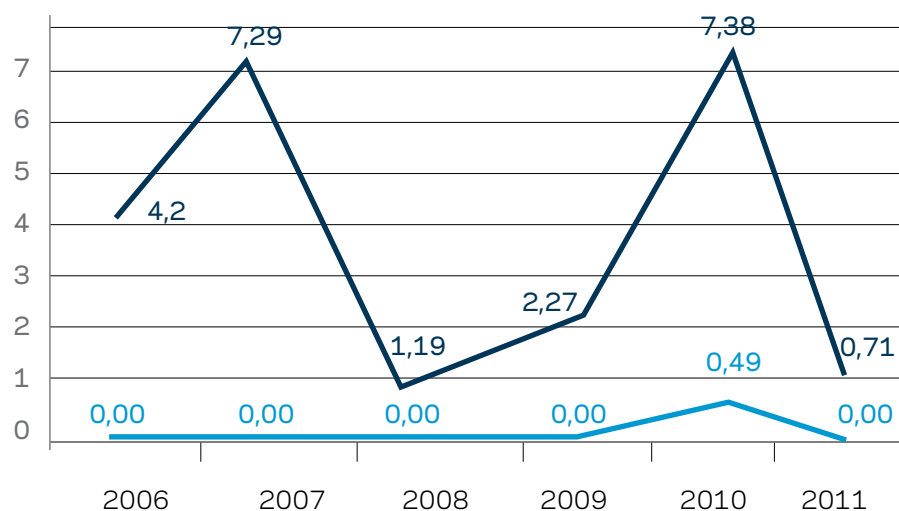


HSE PERFORMANCE Management

- last 5 years

(Figures are based on 12 hrs/man/day)

— TRCF
— LTIF



HSE PERFORMANCE Norskan

- last 5 years

(Figures are based on 12 hrs/man/day)

— TRCF
— LTIF

services in Brazil. The fleet is the market leader in the long-term charters sector, and sets the standard in terms of HSEQ, equipment, crew and technical support.

The ships provide a variety of high quality services that are cost-effective and safe. Norskan has 967 employees and owns one of the largest capacities in terms of tonnage and cargo in Brazilian waters - the average age of the fleet is 3.2 years.

There are 13 apprentices in the Rio de Janeiro and Macaé offices. They range between the ages of 17 and 23 years and are from low income neighbourhoods. It is gratifying for Norskan to help these adolescents and their families by offering them a range of opportunities in their lives that previously did not exist. These teenagers represent Norskan's investment in the future and they are afforded chances of career progression within the company becoming, without doubt, role models for young people in similar situations.

HSEQ PERFORMANCE 2011:

Norskan's excellent safety performance in 2011 showed zero lost-time injuries registered in 2011 and only one in its history, in 2010. A decrease in Total Recordable Case Frequency (TRCF) was also achieved. It is no surprise Norskan's HSEQ systems and performance have gained official recognition,

being ranked first place for the last five years in the Petrobras HSEQ supplier evaluation program (Peotram), competing against many other companies.

The fleet of 24 vessels, has many new Brazilian and foreign crew on board who require training and development and are supported at all times. In 2011, at Norskan, 100% of the employees were trained in environmental awareness.

FOCUS AREAS IN 2012:

Development programs, training in management and building HSE culture will be rolled out for all employees. A new and common Business Management System implementation is a priority in 2012. We will be building an Emergency Response Team supporting the training and implementation of internal and external interfaces in this area. Decreasing waste consumption, improving waste segregation and continuing environmental training will also be a high priority.

HR

OUR PEOPLE

DOF employs personnel from all over the world and in 2011 more than 4,066 personnel were working for the group on a global basis. Our approach to recruitment also supports the promotion of diversity among our employees. We strive to identify the most diverse pool of qualified candidates for any open position.

Our offshore expertise ranges from Captains, Chief Engineers, a full spread of marine crew, subsea engineers, ROV pilots, surveyors, divers, data processors to geologists.

DOF ASA, corporate management:	5
DOF Management, marine crew:	1,554
DOF Management, onshore personnel*:	126
Norskan, marine crew:	856
Norskan, onshore personnel:	125
DOF Subsea, personnel**:	550
DOF Subsea engineering/project personnel**:	850

*Including offices in Norway, UK, Singapore, Argentina and Australia

** Including contractors

We increased representation in our female technical employee numbers to address gender imbalance in our industry. We will continue this focus in 2012.

WORK-LIFE BALANCE

In 2011 the HR function continued its work monitoring absence and sick leave with return-to-work interviews and provided support to employees and managers in use of HR procedures. DOF encourages flexibility as experience shows it is necessary to ensure that both the needs of the employee and the business are met. We seek to provide benefits to employees that promote health, wellness and a sound work-life balance.

INTEGRATED HR SYSTEM, PEOPLE DEVELOPMENT AND WEB RECRUITMENT

We continued expansion of our HR system to incorporate various modules that allow us to increase staff participation in training, development, and individual career plans. DOF is currently reviewing professional web recruitment software for the entire group. This would enhance our recruitment 'reach' as applicants can apply online for positions worldwide.

BUILDING A WORLD-CLASS ORGANIZATION

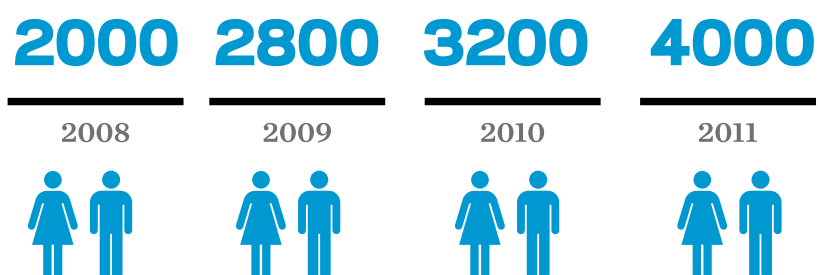
DOF has taken a comprehensive approach to the training and development of our personnel to increase flexibility and take advantage of leading technology. Our long-term strategy to improve workforce development is demonstrated through our focus on investing in our employees and growing our talent pool. HR has invested in new systems to develop high-performing individuals. These systems help to support the business objectives and increase efficiency.

We demonstrate competence through all of our offshore projects. DOF's Competence Management Program for seafarers and subsea personnel is created to meet the industry standards, as well as our client requirements. We are resourceful and responsive to our customers' needs and innovative in the solutions we apply to everyday problems.

DOF is an equal opportunity employer and provide growth opportunities worldwide. The company has a clear goal of employing the best employee based on their skills and competence. We build diverse and global teams and strive for free exchange of ideas, experience and knowledge worldwide.



Number of employees



We strongly believe that our strength lies in our employees' skills, knowledge, loyalty, and ability to set ambitious goals and deliver.

We would like to say thank you to all our employees who have done a remarkable job for the group by delivering outstanding services throughout 2011.

Our global superior strategic positioning gives us the confidence that we will continue to achieve our goals with our most powerful resource – our people.

DOF'S OFFICES

Brazil Rio de Janeiro and Macaé

The Brazil Region

Brazil is quickly becoming a world leading offshore oil and gas region, with upcoming field developments in ultra-deep waters. Forecasts are as large as 250 new vessels up to 2020 to service the development of deepwater fields. The Market is set for significant growth in the years to come and DOF ASA is positioned to grow with the demand.





Photo: Skandi Niteroi

THE BRAZIL REGION



Photo: Skandi Neptune

NORSKAN OFFSHORE

Norskan, established in Brazil 2001, is a fully owned subsidiary of the DOF Group and a leading operator of offshore supply, support and construction vessels. We provide marine services to the growing offshore market in Brazil.

Norskan emerged as a result of the bright forecast for the Brazilian offshore oil and gas industry. Today we operate one of the largest, state-of-the-art and most diversified fleets of Brazilian flagged vessels. Our fleet is considered to be the most technologically advanced in the region's offshore industry.

In recent years, we have managed to rapidly increase our number of vessels. In January 2009, the Norskan fleet stood at seven vessels. However, by the end of 2011 the fleet comprised 25 vessels under our control and management. Not only has the number of vessels increased, but the new vessels are more sophisticated and advanced. Among other vessels, we have provided marine management for the first two PLSVs ever built in Brazil: the Skandi Vitoria and Skandi Nit-eroi, as well as the first CSV ever built in Brazil which is the

Skandi Salvador and the largest AHTS ever built in Brazil, the Skandi Amazonas. Despite the high increase of new and more advanced vessels in operation, our fleet maintains its high-quality performance and receives great feedback from clients.

Since our establishment, we have experienced 100% contract coverage for all vessels. Our central strategy is to engage in long-term chartering and this is prevalent through the long-term chartering of all the vessels currently operating in Brazil under our management. Eleven of the 25 vessels under our management are built in Brazil, and well positioned to take advantage of the Brazilian local content regulations.

Norskan's main client, and the main player in the Brazilian oil and gas sector is Petrobras. Petrobras' expansion plans will continue to offer growth opportunities for this company. However, we will also continue to focus on building strong client relationships with other operators in Brazil. OGX, Shell, Statoil and Chevron are all on our client list and will continue to be so in 2012. Our goal is to operate high quality vessels for a diversified group of national and international clients.



Norskan's main asset is our people. Our workforce exceeds 900 personnel as well as the international crew working together with us on our international vessels. We believe that the success of the company is reliant on the quality of our performance, from all of our personnel, coming together from all over the world. Our people are dedicated to delivering the company's goals and strategies: focusing on safe and efficient teamwork to deliver success for Norskan and all clients and partners.

There is a global shortage of seafarers, especially from the Brazilian region. This is a challenge for Norskan as it is for our competitors. To attract new people and keep our existing crew, Norskan focuses on maintaining our company culture via ensuring a safe workplace, competitive salary, good working environment, career development opportunities and job security.

We have an unwavering commitment to safety and the well-being of our personnel. Since 2004, this company has been certified according to the ISM code/ISPS code and according to the ISO 9001, ISO 14001 and OHSAS 18001. Beyond the systems, our safety culture is the most significant element to avoid damage to people and equipment. The safety culture starts with a clear commitment to safety from the top

Norskan has continued to grow in 2011, the main events were:

Q1

- Baptism of the Skandi Peregrino in Rio. The vessel is an AHTS which was built in Vietnam and arrived in Brazil late 2010 for a two-year contract with Statoil.

Q1 and Q2

- Arrival of the Geograph and Skandi Commander. Both vessels are owned by DOF, and have started operations under five-year RSV contracts with Petrobras in Q1 and Q2 respectively. Norskan is providing the marine management, and DOF Subsea Brasil the ROV services onboard both vessels.

Q4

- Delivery of the Skandi Niteroi. The second PLSV and a sister vessel of Skandi Vitoria. The vessel started operation for Petrobras in Q4 on a four-year contract. Skandi Niteroi, as its sister, is owned by a JV between DOF Subsea and Technip. Norskan is providing the marine management onboard both vessels.
- Delivery of the Skandi Amazonas. This is the largest AHTS ever built in Brazil with a tested bollard pull of 324 tonnes. The Skandi Amazonas was delivered by STX Promar in Q4. The vessel is owned and operated by Norskan. Skandi Amazonas entered into an eight-year contract with Petrobras.

management. We teach our people that if a job cannot be done safely, it should not be done. For us this says it all. From a management perspective no compromise is acceptable and our philosophy is based on safety being good for both people and business.

Brazil is quickly becoming a world leading offshore oil and gas region, with upcoming field developments in ultra-deep waters. The large deepwater field developments are located at long distances from the main shore bases. This is driving demand for larger and more complex offshore vessels. Petrobras is forecasting the need for more than 250 new vessels up to 2020, to serve for the development of deepwater fields. Other oil producers, like OGX, have similarly ambitious forecasts – hence the market is set for a significant growth in the Brazilian offshore vessel segment in the years to come.

In addition to the increase in demand for vessels and vessel services, the increased focus on local content suggests that the position of the vessel owners with Brazilian content will strengthen even more. Our modern fleet of large and advanced Brazilian built vessels is exceptionally well positioned to take advantage of the expanding Brazilian oil and gas industry.

THE BRAZIL REGION



Photo: Skandi Ipanema

A new management structure was established in order to gain maximum advantage of synergies between both companies. Eirik Tørressen, currently the CEO of DOF Subsea Brasil, has been appointed as Country Manager for the DOF Group in Brazil, effective from 1st January 2012. Eirik Tørressen will hold the CEO position in Norskan and in DOF Subsea.

The decision was approved and fully supported by the board of both companies. At the same time Helge Austbø was appointed to the position of Executive Vice President and Deputy Manager in both companies. The new management will work to ensure the greatest market leverage of both organizations' complementary core competencies. The success of the two companies has been interlinked since the start of DOF Subsea Brasil in 2006.

The new management has started a number of initiatives to further strengthen this company as a vessel owner and marine management company. All initiatives have been communicated internally and are linked to one of the seven focus areas, which include:

Social responsibility is taken very seriously by this company and is implemented and exercised via participation and various social programs. Through the NGO Dream, Learn, Work program, we participate by sponsoring technical and maritime education for 65 students from low income areas. Not only is this beneficial for wider society, but these students may in the future progress their careers within the company.

Norskan and the DOF Group have a long-term commitment in Brazil and the offshore market off the Brazilian coast. In 2011 Norskan took delivery of the largest AHTS vessel ever built in Brazil, Skandi Amazonas, and the sister vessel Skandi Iguaçu will be delivered mid-year 2012. Both vessels are committed to eight-year contracts with Petrobras. In addition, Norskan is currently building another three AHTS vessels. Two of which are also committed to eight-year contracts with Petrobras.

These latest Brazilian new builds come in addition to eleven Brazilian built offshore vessels already operating for the DOF Group in the region, all managed by Norskan. These are clear indications that Norskan and DOF are serious about their long-term commitment to the Brazilian market.

SAFETY CULTURE

Enhancing the Group's unwavering commitment to safety

COMPANY CULTURE

Continuing to build the employee loyalty to Norskan

LEADERSHIP

Ensuring that leadership is carried out on all levels of the organization

PROJECT ORIENTATION

Changing the company into a project oriented organization

SYNERGIES

Between Norskan and DOF Subsea Brasil – Optimizing use of resources in DOF Brazil

GROUP ALIGNMENT

Aligning to DOF Group global systems and processes

RESULT ORIENTATION

Continuing our focus to maximize shareholders value



Photo: Skandi Vitoria

DOF SUBSEA BRASIL

DOF Subsea Brasil continues to be the fastest growing region in the Group. In the six years since we established a dedicated presence in Brazil we have grown: securing seven long-term contracts and employing over 300 personnel.

In 2011 we continued to build capacity, strengthening our position in this strategically significant offshore oil and gas region. We had great success in both the long-term contracts sector and in changing our organization from an ROV service provider to a project oriented organization, meeting our clients' expectations in the delivery of complex construction vessels for their projects.

We focus on delivering a full range of project related services to our clients in accordance with their needs and in line with their corporate HSEQ philosophies and work scopes. We aim to deliver these services within agreed schedules and budgets - to the full satisfaction of the client. All projects are performed according to the standards and policies of DOF Subsea Brasil and monitored to provide positive performance indicators upon which we can build and improve our performance and services.

The market in Brazil is fast growing, particularly in deep and ultra-deep water. The region is forecast to double its current fleet of 250 by 2020 as a result of the demand for oil related vessels. The harsh conditions of deep and ultra-deep water development, as well as more remote locations and longer distances from shore, means there is a greater demand for larger, highly advanced vessels which utilize the latest technology.

Our existing fleet and subsea equipment is closely matched to the challenges of the offshore market as it consists of state-of-the-art world-class vessels and an excellent new build program. Our high-quality subsea equipment employs the latest technology in order to operate in very harsh environments down to water depths of 4,000m.

In Q1 the second Brazilian built pipe-lay vessel, Skandi Nit-eroi, was delivered to DOF Subsea. The vessel was finalized in Norway and France during Q2 and Q3. Together with her sister ship the Skandi Vitoria, delivered in 2010, they are the most advanced vessels ever built in Brazil. Not only are they rated as two of the most advanced, flexible pipe-lay vessels in the world but both are successfully working on long-term contracts with Petrobras and owned 50/50 in a joint venture with Technip.

PEOPLE HAVE AND WILL ALWAYS BE THE MOST VALUABLE RESOURCE.

THE BRAZIL REGION

We also secured long-term contracts with Petrobras for multi-purpose vessel Geosea as well as four separate ROV systems, all mobilizing in 2012. In addition, we worked with several other international companies, such as Chevron and Shell to solve their requirements for short- and long- term ROV, Survey and Construction vessel-related projects. Our vessel Skandi Salvador has been selected to undertake the subsea challenges on the BC-10 project for Shell.

Our success in Brazil is closely linked to the good relationship with our sister company Norskan. Together, we continue to ensure we take maximum advantage of synergies between the two companies in relation to personnel, vessel operations and onshore bases. This has proven to be both operationally and financially beneficial.

We leverage the complementary core competencies of DOF Subsea and Norskan, providing a seamless vessel and subsea service operation, utilizing seven high quality DOF owned and operated vessels. This allows us flexibility: on the one hand providing long-term ROV contracts onboard Norskan vessels, as with Skandi Botafogo and Skandi Fluminense for Petrobras, and likewise onboard Skandi Santos for AKOFS; on the other, providing both vessel and subsea services, as with three RSV contracts with Skandi Chieftain, Geograph and Skandi Commander (also for Petrobras). Additionally there is one long-term construction vessel contract with Skandi Salvador for Chevron providing subsea support services for the installation and commissioning support for the Frade subsea developments.

DOF Subsea and Norskan are strong brands, known for high quality vessels, subsea equipment and personnel. Our longterm goal is to, in Brazil, become the leading supplier of project services, related to survey, IRM and construction support. In 2011, we took several more steps towards reaching this goal. The excellent customer feedback we received on our project deliveries demonstrates our success to date.

People have been, and will always be, the most valuable resource in DOF Subsea. This company's success is indebted to our people, who have the knowledge, skills and expertise, as well as the energy and enthusiasm as they enjoy working for this company.



Photo: Brazil region DOF crew

We face a challenge in the coming years: the lack of qualified subsea personnel available in Brazil. To address this situation we have established and implemented comprehensive training programs for onshore and offshore personnel. We aim to retain and also attract people. To achieve this we reinforce the DOF Subsea culture, which is based on ensuring a safe work place, competitive salary, good working environment, career opportunities, training and job security.

By doing this and remaining committed to our values Integrity, Respect, Teamwork Excellence and Safety we believe we will be successful in retaining our personnel and attracting the best qualified people available.

My job as General Manager of DOF Subsea Brasil is to ensure that we have a highly skilled team, onshore and offshore, to deliver our vision: to be the preferred integrated subsea service provider in Brazil.

**Eirik Tørresen, CEO,
DOF Subsea Brasil & Norskan Offshore SA**

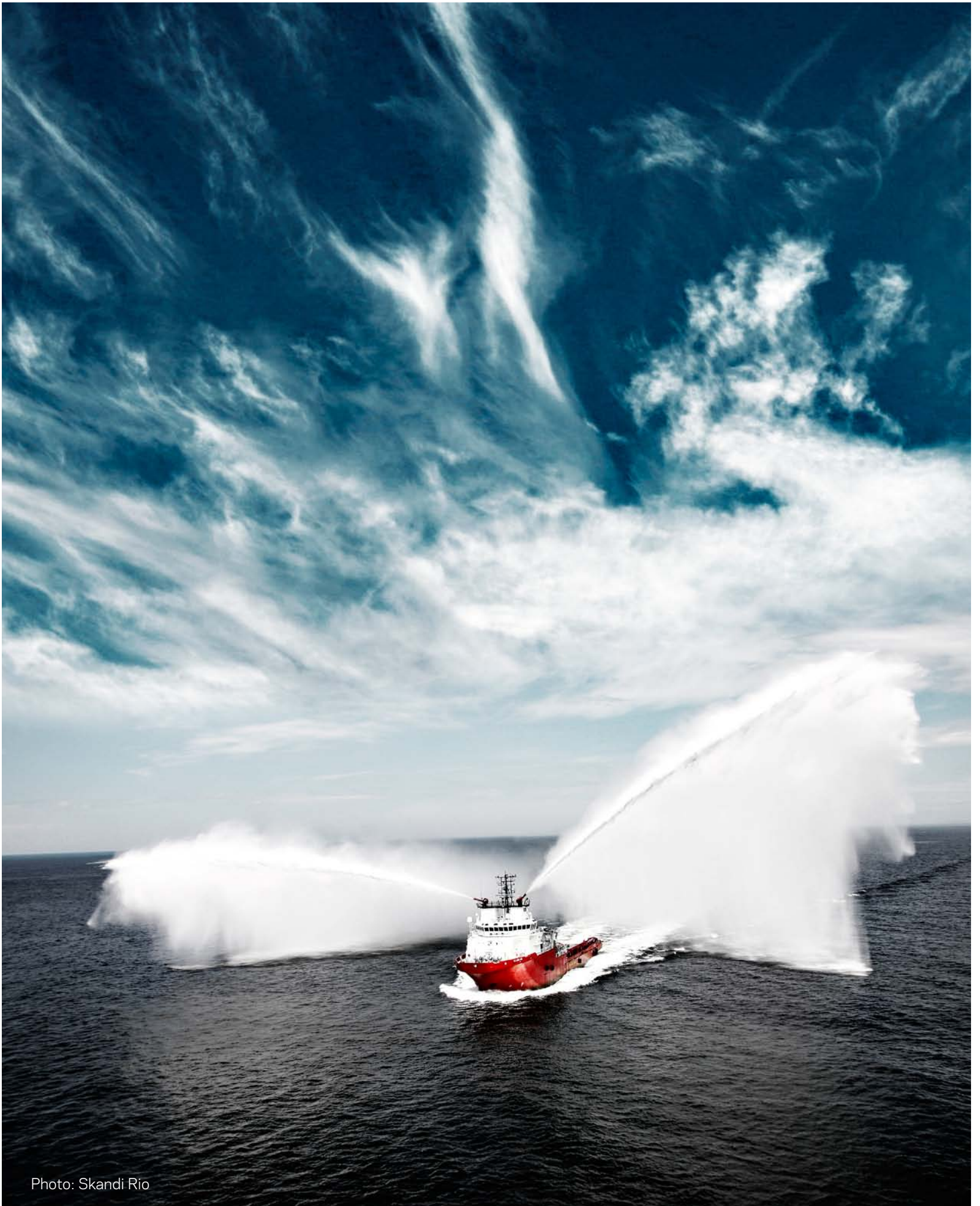


Photo: Skandi Rio

DOF'S OFFICES

Norway Austevoll and Bergen

UK Aberdeen

Russia Moscow

Canada St. John's

USA Houston

Egypt Cairo

Congo Pointe Noire

Angola Luanda

Argentina Buenos Aires

The Atlantic Region

We strive for the highest quality safe, environmentally friendly services for our clients and seafarers. Our strategic remit supports DOF's business model, which has always been to provide the market with a modern high quality fleet of offshore vessels and to engage the vessels on long-term contracts. It extends to our close partnership with DOF Subsea, to enable the provision of a complete package for vessel and subsea solutions.





Photo: Skandi Vega

WE TAKE THE LEAD, BY SETTING THE STANDARD OF SERVICES AND VESSEL SPECIFICATIONS, FOR OTHERS TO FOLLOW.

THE ATLANTIC REGION

DOF MANAGEMENT NORTH ATLANTIC

DOF Management AS has continued to focus on the company's original main objectives:

- Engage in long-term offshore vessel supply and management
- Continue to develop our position as a leading supplier of offshore services focusing on safe operations, high quality and cost-effective solutions for our clients
- Meet our objectives via a balanced chartering strategy; focus on long-term contract coverage to ensure conservative risk profile
- Continue to focus on the environment and initiatives towards technical solutions for environmentally friendly vessel concepts
- Develop long-term client relationships and be the vessel provider of choice to the industry

We strive for the highest quality safe, environmentally friendly services for our clients and seafarers. Our strategic remit supports DOF's business model, which has always been to provide the market with a modern high quality fleet of offshore vessels and to engage the vessels on long-term contracts. It extends to our close partnership with sister company, DOF Subsea, to enable the provision of a complete package for vessel and sub-sea solutions.

We take the lead, by setting the standard of services and vessel specifications, for others to follow. In delivering this and to meet our objectives, we have focused on the long-term, using innovative design, industry insight and experience. We foster close cooperation with DOF Subsea and our clients to deliver the most environmentally friendly, efficient and highest quality vessel designs to the market - pushing the boundaries of technology forward to provide efficient integrated solutions.

Safe operations and minimizing our environmental impact are imperative, thus we are continually searching for innovative ways to continue to deliver this. The safety of our employees, clients, contractors, assets and the environment will always be the number one priority, above all else.

With the continued focus on these objectives DOF will continue with its goal to be the preferred supplier of vessels and integrated subsea services to our current and future clients.

THE MOST IMPORTANT ASSET

DOF has always recognized that a dedicated and professional team is the most valuable asset in the delivery of success for its business. Delivering the company goals and first rate reputation would not be possible without the professionalism and dedication of the DOF team, on- and offshore.

In order to continue to maintain this position, investment in future employees is essential, not only to feed future growth but also as a part of the industry's social responsibility. Our activities to address the forecasted future shortage of seafarers in the offshore marine industry are part of a bigger picture.

We have increased our training programs for Norwegian, British and Filipino cadets and junior officers as a consequence. With our growing, high specification, modern fleet we continue to attract top quality crew and cadets as we are able to offer excellent career development prospects.

YEAR'S HIGHLIGHTS

2011 has been an exciting year for DOF with a number of new-builds delivered, new contracts awarded and option periods declared. DOF has had minimal exposure to the spot market, continuing to focus on the benefits of our long-term vessel contract strategy and has thus secured a number of new term charters globally, for new-builds and existing vessels coming to the end of charter periods.

Our commitment to the environment was further underlined with the delivery of the company's first LNG powered PSV, this vessel immediately commenced a term charter with Statoil.

Additional 2011 highlights was the awarding of two new long-term PSV contracts and three long-term OSV contracts with ConocoPhillips Scandinavia AS. ConocoPhillips is a new, long-term client for DOF. Shell UK has awarded two



Photo: Skandi Flora

new long-term PSV charters to DOF that will follow in direct continuation on the completion of the current ten-year term charters fulfilled by Skandi Rona and Skandi Foula in April 2012, highlighting the long-term relationships DOF builds with our clients.

TEAMWORK

The DOF Group highly values the ability to provide a global integrated solution to our clients. This continues to be achieved through fostering a single-team culture and harmonizing systems across the Group. To do this we work in close collaboration with DOF Subsea and Norskan in Brazil.

DOF Subsea's growth has continued during the year with the delivery of a number of vessels which are marine managed and crewed by DOF Management. We provide highly competent and motivated crews, specialized onshore management and experts in their individual fields that enable DOF Group to have the perfect operational platform to deliver quality, safe and efficient solutions to their clients.

DOF MANAGEMENT ARGENTINA

In Argentina the Skandi Patagonia started 2011 with the renewal of a contract it had held for the last ten years. The renewal period is for 15 years, as a multipurpose diving support vessel for the offshore operations of Total Austral SA in the very south of Argentina.

The operational area is 3000 Km from the city of Buenos Aires where DOF Management Argentina SA has the office to handle the logistics, crewing and administrative work for keeping the vessel in operations all year round. Typically the Skandi Patagonia will only call at port for no more than six or eight days per year, excepting occasional time off for maintenance.

Because the vessel is NIS flag and operates in Argentinian coastal waters (cabotage) the rules dictate that the crew has to be 100% Argentine nationals. The three officers who alternate as Master of the ship have been located to Norway to sit for their exam with the NMD to become a foreigner handling a Norwegian vessel.

Diving with mixed gases by the diving subcontractor Mohn Drilling AS has gone very smoothly. The charterers have conducted several seabed operations one of which was correcting free span openings in the several underwater pipelines. Charterers have announced the development of a new area that will call for drilling and additional diving operations for 2012.

Anders A. Waage, CEO,
DOF Management AS

THE ATLANTIC REGION

DOF SUBSEA ATLANTIC

The Atlantic region had a good operational performance in 2011 in a highly competitive environment. The combination of state-of-the-art assets and a highly skilled workforce both onshore and offshore enabled us to maintain our position in the market as a specialist provider of integrated subsea services and subsea engineering.

Our operational success, however, was not reflected in the financial results we had anticipated. As a consequence we reviewed and ultimately restructured our business early in August. With a strong emphasis on reducing our cost base and strengthening our business acquisition and project management and engineering organization: the aim is to build a longer term and robust backlog of work.

We have already started to see the positive results from the restructuring program and together with a strong subsea market we believe the region is well positioned to deliver both strong operational and financial performance.

ESTABLISHING A CLIENT-FACING CULTURE

One of our major focus areas in 2011 was creating a 'client-facing culture' throughout the region. We worked to align the whole organization with our primary business acquisition objective - to win new projects and create a robust backlog of work. The role our teams play and the value they create in the delivery of our core services was reinforced in the business. We believe these are important steps in the right direction and we have seen successes through the year having won a number of key contracts:

We were awarded a five-year Frame Agreement in Q1 by ConocoPhillips for both Norway and the UK. A contract which enables us to provide our integrated subsea services as a prime vendor to ConocoPhillips.

Later, in Q2 we won the largest contract ever awarded to DOF Subsea on a global project basis, the Goliat mooring project. The work scope is broad as we are responsible for providing and installing the mooring system including final hook-up of

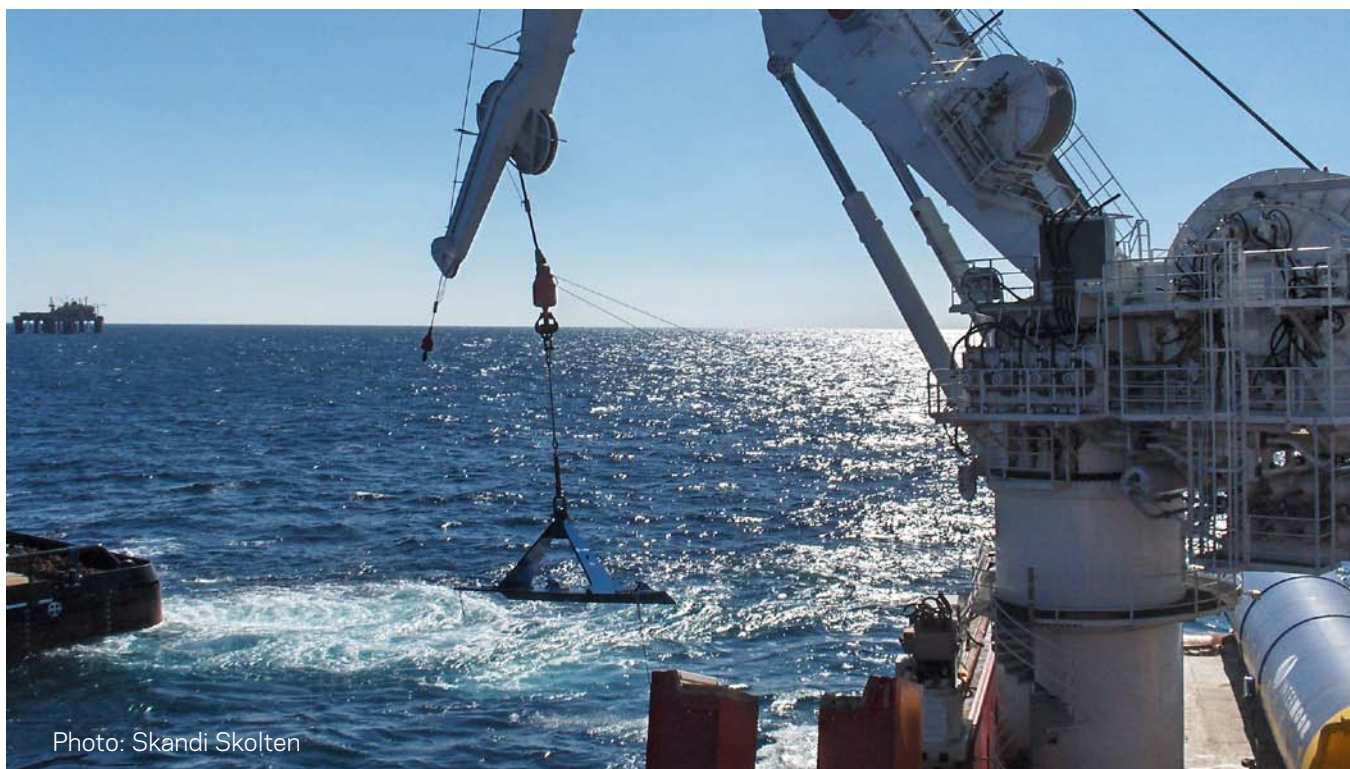


Photo: Skandi Skolten

the Goliat FPSO but it has strategic importance. Adding to our track record and experience will position us to win and execute more of the increasing FPSO installation market in the region. The North Sea alone is scheduled to see more than 20 FPSO units installed between 2013 and 2015.

The Total Norge AS four-year Frame Agreement for the North Sea was awarded in Q3, creating the opportunity for us to work with Total on the development of new subsea architecture, modifications or maintenance of existing subsea infrastructure.

We reached an agreement with Shell UK for the Skandi Constructor in November for accommodation and subsea services commencing Q1 2012. This project will utilize the vessel and related project services from the end of March until October.

And in Q4 we won the Statoil survey four year Frame Agreement (with two one-year options) for survey and light construction services worldwide. Again, working closely with our prime customer in the North Sea, Statoil, we will deliver project services from the Geosund in 2012.

ENHANCING OUR PROJECT ORGANIZATION

Another key initiative in 2011 has been to further enhance our project management and engineering organization. Using a combination of organic growth strategies and recruitment, and by fostering closer co-operation with sister engineering companies Semar AS and CSL Ltd, we have established a significant engineering resource. Our core project team manages resources from the wider organization to deliver the right solution to our clients. And, as a part of the enhancement we built a strong corps of specialist subsea project engineers.

Today we have a project engineering team of close to 80 engineers in the region. We aim to raise this to over 100 before the end of 2012.

OUR FLEET

In 2011 we took delivery of two world-class construction vessels and the Skandi Inspector returned to operations following a major upgrade. Skandi Constructor and new build, Skandi Skansen, were in service in Q2. The combination of increased project management and engineering capability along with our high-specification fleet has strengthened our integrated

project delivery range. We successfully completed a variety of projects from Geotechnical services, subsea construction support, deepwater tie-ins and well abandonment to FPSO decommissioning.

We have been active in the North Sea, Gulf of Mexico and West Africa, where the Geoholm has been based. The vessel and the project team have built a strong brand for our services, particularly in Angola, where we have been involved in various field development, subsea construction and inspection activities.

SURVEY & POSITIONING

Our discrete survey & positioning business line, which provides survey and positioning services to third-party vessels has seen steady growth in 2011. We have built close relationships with our clients and experience a high level of repeat business. We believe there are opportunities to further enhance this business, and have therefore structured it as a service with a clearer profit responsibility in the organization. Using our equipment, personnel and reputation we believe we are positioned to capitalize on growing global demand for this service.

MARKET LOOK-AHEAD

We saw a significant increase in demand in the market in Q4 and a high level of bidding activity, in particular, in West Africa and the North Sea for projects in 2012 and 2013.

We will continue to expand our project capacity and capabilities, balancing growth with cost efficiency to capture this increasing market.

We will continue to strengthen our human capital in terms of engineers and project execution personnel, both onshore and offshore. We aim to be an employer of choice; having the right people onboard will be the key to our success and secure good return on investment.

**Jan Kristian Haukeland, EVP,
DOF Subsea AS**

DOF'S OFFICES

Singapore Singapore

Indonesia Jakarta

Philippines Manila

Borneo Brunei

Australia Perth, Darwin and Melbourne

The Asia/ Pacific Region

Growth in the offshore oil and gas sector has been forecast in the region for the last decade. We are ideally positioned to capitalize on growing markets having done the ground work over the last six years. We have the expertise, purpose-built fleet and equipment in place as well as the track record to undertake complex subsea projects. Now we also have the foundations in place to strengthen our vessel presence in the Asia Pacific region.





Photo: Skandi Singapore

THE ASIA/ PACIFIC REGION

DOF MANAGEMENT ASIA PACIFIC

2011 was a great consolidation year for DOF Management in the Asia Pacific market region. DOF has had a strong presence in this area for many years via DOF Subsea but had not operated any of the AHTS or PSV fleet previously.

2011 saw the establishment of a chartering office in Melbourne Australia and a strong push to capture some of the market for our PSV and AHTS vessels in both Australia and South East Asia.

The Australian market is strong at the moment with a large number of major LNG projects commencing or gaining approval to proceed and the drilling market is strengthening. We envisage an upward demand for the larger modern AHTS and PSV vessels that are capable of operating in the deeper and harsher waters of the region.

The South East Asian market has seen a slow rise from a number of very quiet years brought about by the world financial crisis and is now seeing a gain both in vessels operating and the commercial conditions. As with the Australian market, the deeper water projects are seeing an increase in demand for the higher horsepower AHTS and larger PSV that suit our fleet makeup.

We have marketed the DOF AHTS and PSV fleet extensively, with some success, and gained pre-qualification for the right to bid to many of the major oil and gas companies in the region.

The STX AH08 180T minimum bollard pull AHTS building program in Vietnam has seen the delivery of vessel four, the Skandi Saigon, in August 2011. This vessel relocated to the North Sea. In November 2011 vessel five, the Skandi Pacific, was delivered and was immediately contracted to PTSC for work with TNK off Vietnam on drilling support, servicing the MODU Ocean Monarch. This vessel will continue with PTSC in Vietnam in late first quarter 2012. In March 2012 we expect delivery of vessel six, the Skandi Atlantic, the last of this build program.



Photo: Riser transfer operation in the Asia Pacific region

The STX PSV 09 Skandi Hawk is to be delivered end of January 2012 in Cochin India and will transfer to Singapore for its 60 tonne deck crane and hipap fit out. This vessel will be available in the Asia Pacific region both as a specialist subsea support vessel and as a large capacity PSV.

DOF have also recently been awarded an 18-month contract with our PSV Skandi Falcon for work in Queensland with MacDow GeoSea JV on a major coal loading berth construction. This vessel will be mobilized from the North Sea and is expected to commence operations in Australia around mid-2012.

Developments in Australia have seen the move to direct employment of our seafarers. To date we have been using a labour contractor in Australia for the provision of Australian mariners. Local regulations require vessels operating in

Australian waters to be crewed by Australian seafarers. Both DOF and our clients see direct employment as a major step in our establishment here. DOF have registered agreements in place with the major maritime unions and are commencing direct employment of some senior officers.

We now have the foundations in place to strengthen our vessel presence in the Asia Pacific region. With increasing demand and greater access to our fleet of modern high-end support vessels we expect to see a new third arm of the DOF worldwide structure to develop and grow in stature to sit alongside both the North Sea and Brazil.»

**Anders A. Waage, CEO,
DOF Management AS**



Photo: Skandi Skolten

THE ASIA/ PACIFIC REGION

DOF SUBSEA ASIA PACIFIC

2011 marked a transition year for DOF Subsea Asia Pacific with the introduction of two world-class construction support vessels. We also expanded our project management organization in order to successfully undertake a wider range of projects.

The introduction of two 'game changing' vessels to the market: the Skandi Hercules Installer Class construction vessel and the Skandi Singapore diving support vessel contributed in large part to the shift in our competitive position in the region. The vessels were introduced into service in Q2 and Q3 2011 respectively with immediate effect.

2011 also saw the departure of the Geosea from the region for a long-term assignment for Petrobras in Brazil. The Geosea was the foundation of our Asian business over the last six years and she will be missed by all. However, the Geosea's departure signals a major shift in our regional focus. Over the last six years, DOF Subsea has been organically growing capable subsea services and a construction business that, in December 2011, employed a core project management and engineering group of 180 dedicated and competent employees in Perth Australia. Through a highly targeted investment program with the Skandi Hercules and Skandi Singapore the company now has both the tools and the core human resources to take a major position in the regional market.

The combination of our project management capability and high-specification vessels designed for the widest possible regional operating envelope has enabled the successful completion of projects ranging from FPSO Installation in Vietnam through to the replacement of deepwater flexible flow-line in Australia. Inspection, repair and maintenance activities continued as a core activity and end-of-life field decommissioning continued to grow as an area of high competence.

Growth in the offshore oil and gas sector has been forecast in Asia Pacific for the last decade. Although we have seen some investment decisions postponed and development schedules stretched as a result of the post GFC environment, the forecast trend for offshore CAPEX is upward to 2016. Australia is set to become a world power in LNG production with a large number of LNG developments underway or approaching final investment decision approval.



The move towards deepwater E&P in the region goes hand in glove with what is expected to be a long-term increase in the Floating Production Sector. FPSOs (Floating Production, Storage and Off-loading Vessels) dominate this sector as they are favoured in frontier offshore regions with little existing storage and transportation infrastructure. Asia alone accounts for 49 of these installation projects from 2011–2015.

We are ideally positioned to capitalize on these growing markets having completed the ground work over the last six years. We have the expertise, purpose-built fleet and equipment in place and have established the requisite track record. Our experience and success executing technically complex construction and installation projects over the last 18 months is significant. And we have expanded operations to geographically important territories earmarked for growth.

2012 will see us further expand our subsea execution capacity to match the wider and changing operational needs of our clients. The arrival of the Skandi Hawk in Q2 2012 brings a modern ROVSV into the regional fleet to complement our larger assets.

Our fleet allows for flexibility in application, from near shore to deepwater project execution. Our high-specification vessels are highly marketable and provide us with a clear differentiator in the market. However, it is people, their expertise and professionalism that are the key to harnessing the operational range of our vessels and subsea equipment.

Steve Brown, EVP, DOF Subsea AS



Photo: Skandi Hercules

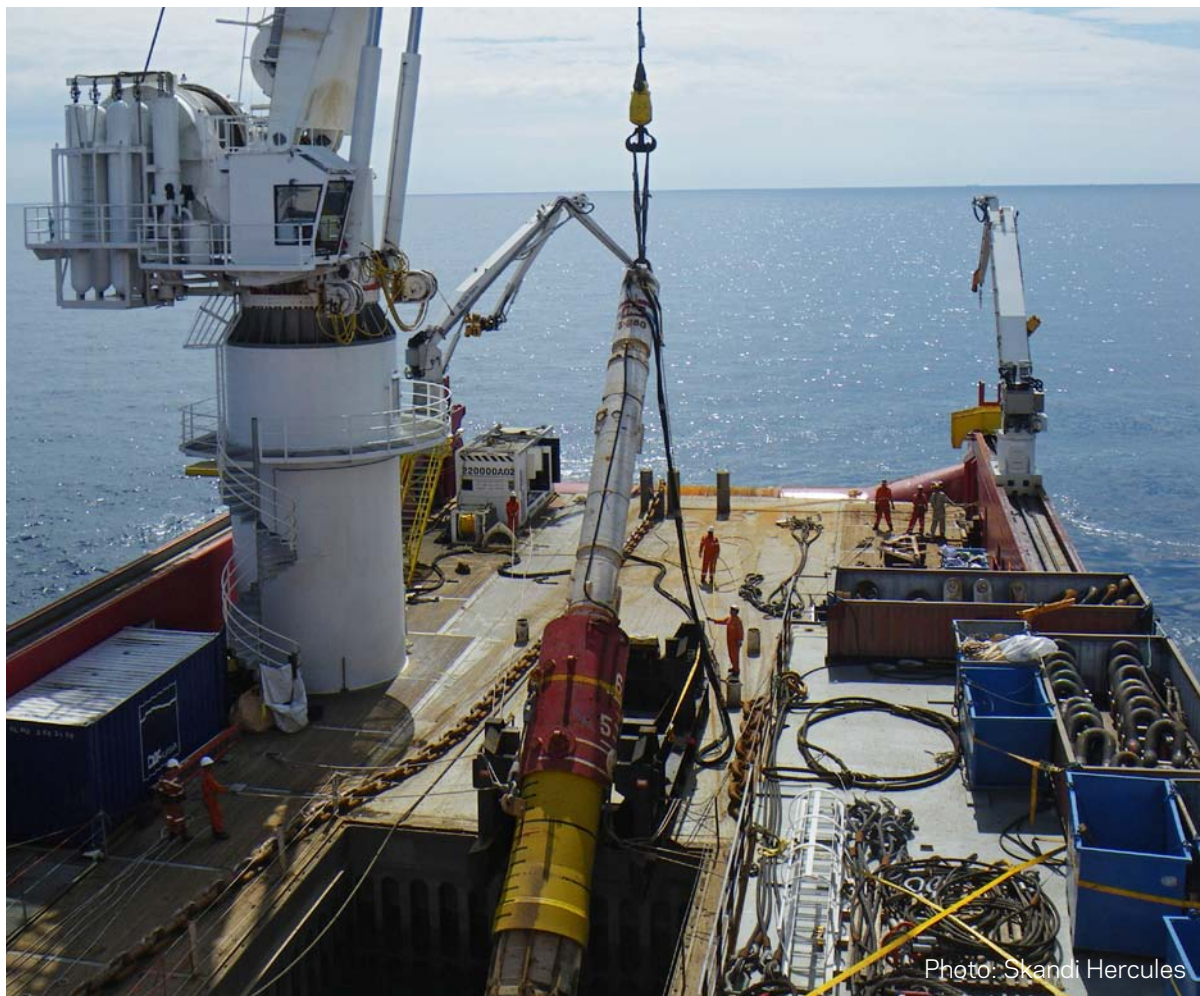


Photo: Skandi Hercules





Photo: Skandi Mogster tugging Pride Venezuela



The **FL**

FLEET

No. of vessels 2011	PSV	AHTS	CSV	Total fleet
DOF ASA	17	3	3	23
Norskan Offshore	6	17	3	26
DOF Subsea	0	0	25	25
Total Fleet	23	20	31	74

PSV

These vessels are used to transport oil field products and supplies to offshore drilling and production facilities.

THE
DOF FLEET
PSV



Skandi Barra



Skandi Buchan



Skandi Caledonia



Skandi Captain

PLATFORM SUPPLY VESSELS



Skandi Falcon



Skandi Flamengo



Skandi Flora



Skandi Foula



Skandi Leblon



Skandi Marstein



Skandi Mongstad



Skandi Rona



Skandi Stolmen



Skandi Waveney



Skandi Sotra



Skandi Texel



Skandi Yare



Skandi Feistein Delivered 2011



Skandi Gamma Delivered 2011



Skandi Hugen Delivery 2012



Skandi Kvitøy Delivery 2012



Skandi Marøy Delivery 2012



Skandi Nova Delivery 2012

AHTS

These vessels are used to set anchors for drilling rigs, tow mobile drilling rigs and equipment from one location to another.

THE
DOF FLEET
AHTS



Skandi Admiral



Skandi Botafogo



Skandi Copacabana



Skandi Emerald

ANCHOR HANDLING TUG SUPPLY VESSELS



Skandi Fluminense



Skandi Giant



Skandi Ipanema



Skandi Møgster



Skandi Peregrino



Skandi Rio



Skandi Stord



Skandi Vega



Skandi Amazonas Delivered 2011



Skandi Angra Delivery 2013



Skandi Atlantic Delivered 2012



Skandi Iguaçu Delivery 2012



Skandi Pacific Delivered 2011



Skandi Paraty Delivery 2013



Skandi Saigon Delivered 2011



Skandi Urca Delivery 2012

CSV

The most complicated vessels in the DOF fleet, and are used for various subsea operations such as diving vessels, well stimulation vessels, pipe-lay vessels and others belong in this category.

THE DOF FLEET CSV



Geobay



Geograph



Geoholm



Geosea

CONSTRUCTION SUPPORT VESSELS



Ocean Protector



Skandi Acergy



Skandi Achiever



Geosund



Skandi Aker



Skandi Arctic



Skandi Constructor



Skandi Hav



Skandi Carla



Skandi Hercules



Skandi Chieftain



Skandi Inspector



Skandi Commander



Skandi Fjord



Skandi Neptune

**THE
DOF FLEET
CSV**



Skandi Olympia



Skandi Santos



Skandi Skolten



Skandi Patagonia



Skandi Seven



Skandi Vitoria



Skandi Salvador



Skandi Bergen Delivery 2013



Skandi Hawk Delivered 2011



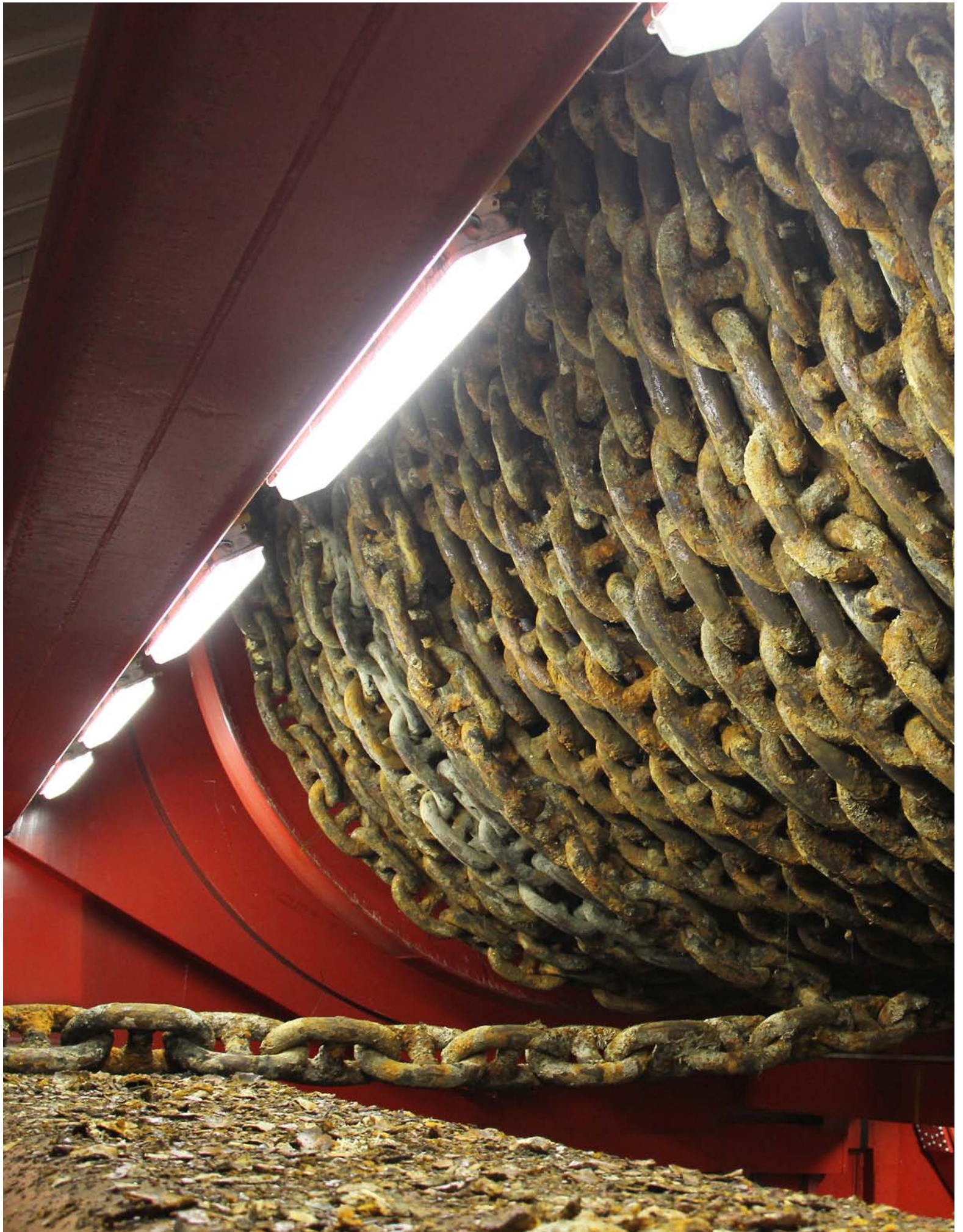
Skandi Niteroi Delivered 2011



Skandi Singapore Delivered 2011



Skandi Skansen Delivered 2011



DOF Group New-Build Program 2011

NEW-BUILD PROGRAM 2011

The DOF Group's New-Build program continued according to plan in 2011, with a high level of project completions throughout the year. We took delivery of no less than ten high-specification, technologically advanced, new-build vessels.

Clearly, managing and delivering such an exceptional number of new-build projects makes demands of an organization. We have grown organically and over time to match the challenges of such an ambitious program. We have gained invaluable experience, established unrivaled capability and knowledge building advanced offshore service vessels, and in accessing developing regions worldwide.

The majority of new-builds, delivered this year, were built in the Far East and Brazil. Our focus has been the establishment of expert project teams in all regions and to ensure good cooperation and support worldwide, ensuring the efficient transfer of knowledge across locations. Our objective is to build vessels according to a common standard and to meet our rigorous principles for our fleet quality. Based on the world-class new-build vessels delivered to our fleet in 2011, it is my opinion we have succeeded.

We are particularly satisfied with the performance of the STX Vietnam shipyard in Vungtau, which in 2011, delivered three advanced anchor handling vessels to our Joint Venture Aker/DOF partnership - all on schedule and to a high standard of quality. Also, another important milestone for DOF, in the Asia Pacific region was the delivery of our offshore service and diving vessel Skandi Singapore from ST Marine Shipyard. We experienced some delays in the shipyard, but the vessel was built to a high quality and immediately won contract awards, performing subsea construction and saturation diving operations for DOF Subsea.

Furthermore the highly advanced vessels - among the most advanced in our fleet - delivered by STX Promar in Brazil, the PLSV Skandi Niteroi and anchor handler Skandi Amazonas, represent a great achievement by the shipyard located in Niteroi/Brazil.

In summary the following new-builds were delivered to DOF & JV owner companies in 2011; all projects were followed up by DOF Management.

Based on the high number of deliveries particularly the last two years, the new-build program in DOF Group is now significantly reduced, and we are in a good position to further sharpen the focus on our vessel operations in the years to come.

We have built an impressive fleet of advanced vessels that in my opinion should be capable of handling most types of demanding offshore projects in the future, also in deepwater. I am sure this will create great opportunities for DOF in the future.

Arnstein Kløvrud
CTO, DOF ASA



New-Build Program 2011



Photo: Skandi Feistein

SKANDI AMAZONAS

Our first vessel of design STX AH12, hybrid propulsion anchor handler, similar concept as the slightly larger AH04 design vessels. Built at STX Promar, Brazil. Vessel achieved impressive 324 tons on bollard pull test. Vessel on long-term contract with Petrobras.

COCHIN YNO. 81

Platform supply vessel of design STX PSV 09. First vessel delivered from Cochin shipyard in India, after some extensive project delays. Vessel was sold at delivery.

SKANDI EMERALD

Medium size anchor handler of design STX AH 08, third in a series of six vessels. Built at STX Vungtau shipyard, Vietnam for Aker DOF Deepwater AS. On contract to OGX in Brazil.

SKANDI FEISTEIN

Supply vessel of design PSV 09. First vessel of a total of five new-builds to be delivered to ConocoPhillips on long-term charter.

SKANDI GAMMA

Platform supply vessel on charter to Statoil, built at Søviknes shipyard. Our first vessel with LNG and dual fuel propulsion system, and furthermore arranged with multi-product tank and cargo handling systems.

SKANDI NITEROI

Offshore construction and flexlay vessel, built at STX Promar, Brazil. Sister vessel of Skandi Vitoria, but with different topside equipment, including flexlay carousel and tower, and 250 ton crane. Joint venture project with Technip, on long-term contract to Petrobras.

SKANDI PACIFIC

Medium size anchor handler of design STX AH 08, fifth in a series of six vessels. Built at STX Vungtau shipyard, Vietnam for Aker DOF Deepwater AS.

SKANDI SAIGON

Medium size anchor handler of design STX AH 08, fourth in a series of six vessels. Built at STX Vungtau shipyard, Vietnam for Aker DOF Deepwater AS.

SKANDI SINGAPORE

Offshore construction and diving vessel of design STX DSV 06. Impressive vessel that can handle a wide range of subsea service work and diving. Vessel in operation for DOF Subsea.

SKANDI SKANSEN

Our last new-build of design AH 04 built at Aukra, for DOF Subsea, now on charter to Subsea 7. Combined anchor handler & construction vessel, hybrid propulsion, bollard pull 350 ton, fully outfitted for construction work with 250 ton crane, two ROV systems and A-frame for ploughing operations. This vessel also has the new fuel efficient bow design.

DOF Group New-Build Program Delivered 2011

NEW-BUILD PROGRAM 2011



Cochin YNO. 81 CSV



Skandi Gamma PSV



Skandi Pacific AHTS



Skandi Amazonas AHTS



Skandi Saigon AHTS



Skandi Emerald AHTS



Skandi Singapore CSV



Skandi Feistein PSV



Skandi Niteroi CSV



Skandi Skansen CSV

DOF Group New-Build Program Delivery 2012/2013



Skandi Angra AHTS



Skandi Huguenot PSV



Skandi Nova PSV



Skandi Atlantic AHTS



Skandi Iguaçu AHTS



Skandi Paraty AHTS



Skandi Bergen CSV



Skandi Urca AHTS



Skandi Hawk CSV



Skandi Marøy PSV



Skandi Kvitøy PSV





Photo: Skandi Iguaçu is baptized

The Market

MARKET

In the North Sea, spot and term rates for large sized AHTSs (16,000+bhp) increased substantially. Annual average spot rates increased from GBP 22,000 in 2010 to GBP 34,000 in 2011. Term rates for 20,000+bhp vessels also increased considerably and were quoted at the end of the year at GBP 30,000, an increase of 20 percent from the start of the year. Term rates for all sizes of AHTSs in Brazil also increased by an average of 10-15 percent, but the net effect was not considerable, given the increases in operational costs.

Average annual spot rates in 2011 for medium and large sized PSVs in the North Sea were in line with levels achieved in 2010. However, term rates in the North Sea increased 30 percent for medium sized vessels and 27 percent for the larger sized vessels. Fleet utilization of medium sized PSVs in the North Sea decreased from 90 percent in 2010 to 86 percent in 2011. Large sized PSVs averaged 91 percent fleet utilization in 2011, similar to levels achieved in 2010. The higher utilization of large sized PSVs reflects the continued preference among oil companies to charter relatively modern and sophisticated tonnage in the North Sea.

Term rates for medium sized PSVs in Brazil also increased, but as with the AHTS vessels, they were subject to higher operational costs. Higher UDW activity in West Africa and East Africa made DP2 PSVs increasingly scarce and lifted day rates by close to 30 percent during 2011, to a peak of USD 27,000 per day. This lack of supply has led to a relatively large income differential between West Africa and some other regions.

Global demand for OSVs in 2012 is expected to grow 9-11 percent on the back of higher E&P spending and offshore activity. OSV demand growth in 2012 is likely to be driven by a further focus on exploring and developing deepwater assets. The main region propelling demand further will again be Brazil. As vessels per unit serviced in Brazil tends to be relatively high compared with other regions, combined with longer distances offshore, demand for offshore supply vessels is expected to receive an additional boost.

Offshore activity is also expected to rise substantially in the Norwegian sector, with new discoveries and regions opening up. Investment counts done by the State Statistical Agency (SSB) in Norway indicate that upstream investments could rise by as much as 20 percent.

The current AHTS order book is indicating that 191 units will be delivered in 2012 and 34 units will be delivered in 2013. However, it is expected that delays at yards, which were extensive in 2011, will continue in 2012 and mitigate the fleet growth. Scrapping/removal of tonnage is expected to remain insignificant, despite a large part of the fleet being built as early as the 70s/80s. Given the above, we expect the AHTS fleet will probably grow by close to six percent in 2012. The large AHTS fleet (16,000+bhp) is likely to grow more rapidly - closer to 10 percent in 2012 - as there are still a number of large AHTS vessels in the order book for the year ahead. The current PSV order book is indicating 146 units will be delivered in 2012 and 100 units in 2013. Significant delays are also expected for PSV new builds in 2012, although many of the large PSVs to be delivered are from Norwegian yards, which have a history of delivering on time. The PSV fleet is therefore expected to grow by nine percent in 2012.

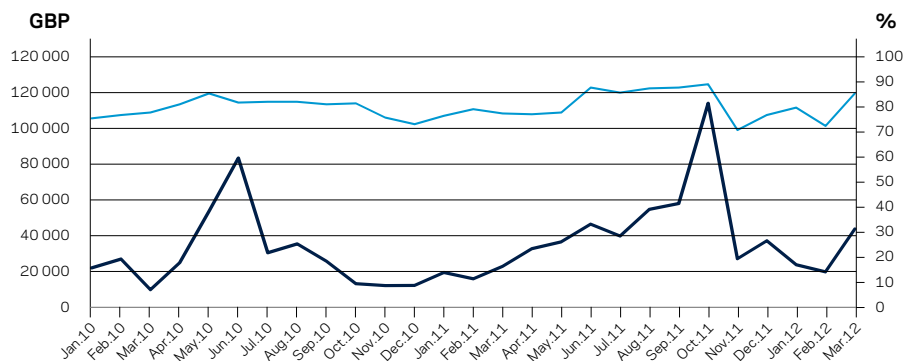
The North Sea may be a beacon of light for large AHTS owners, as demand is expected to increase, especially in the Norwegian sector. It should also be noted that only a limited number of new builds are likely to enter the North Sea market. However, the harsh environment weather will have the final say in the strength of the large AHTS market in the North Sea.

Global day rates for PSVs in 2012 are expected to rise, as demand tightens the market. The deepwater activity is raising the demand for PSVs and the main region of deepwater activity, Brazil, is unlikely to cover its own demand with locally built vessels.

**Kristian Vea, Chartering Manager,
DOF Management AS**

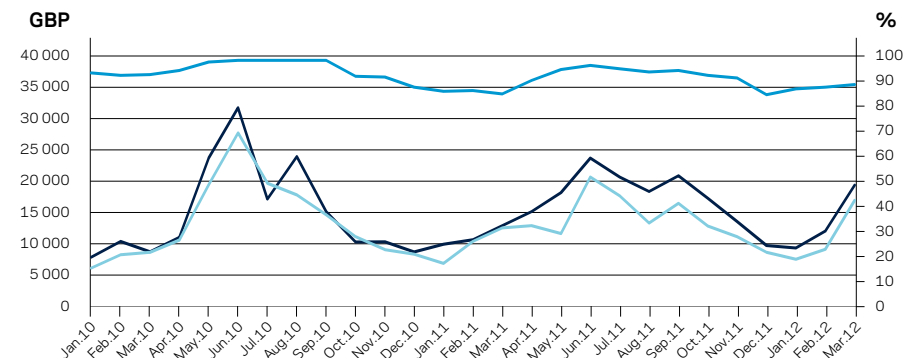
AHTS Utilization - N.S Spot Rates 2010-2012

Spot rates AHTS 16,500+
Utilization Total AHTS



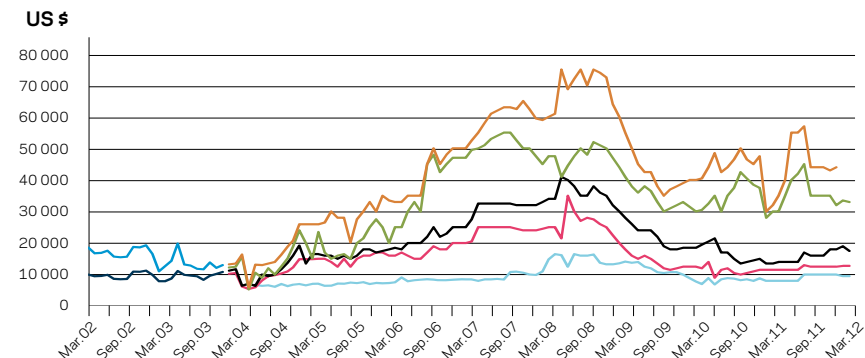
PSV Utilization - N.S Spot Rates 2010-2012

Spot rates PSV with deck larger than 750m2
Spot rates PSV with deck less than 750m2
Utilization Total PSV



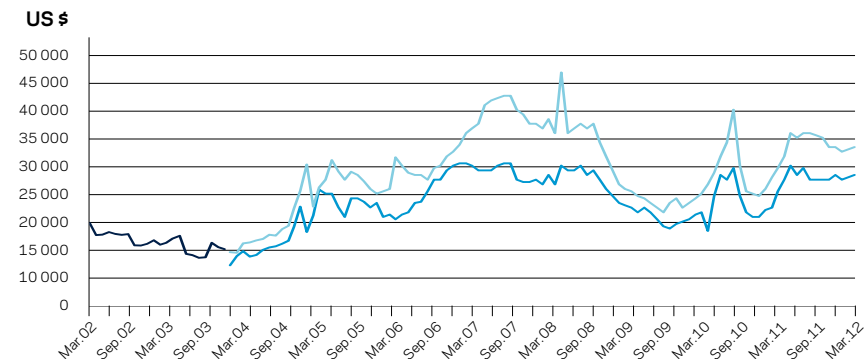
Term fixture rates - AHTS (Worldwide US \$)

AHTS 7-10,000 BHP
AHTS 10,000 + BHP
AHTS 5-6,999
AHTS 7-9,999 BHP
AHTS 16,500 BHP +
AHTS 10-11,999 BHP
AHTS 12-16,499 BHP



Term fixture rates - PSV (Worldwide US \$)

PSV USD (3000 dwt+)
PSV with deck less than 750m2
PSV with deck larger than 750m2



Source of information: Fearnley Offshore

Shareholder Information

FINANCE

SHARE CAPITAL AND SHAREHOLDERS

Largest shareholders as of 31.12.11

	No. shares	Shareholding	Voting shares
MØGSTER OFFSHORE AS	56 876 050	51,22 %	51,22 %
ODIN NORGE	7 178 214	6,46 %	6,46 %
PARETO AKSJE NORGE	6 234 692	5,61 %	5,61 %
SKAGEN VEKST	5 702 213	5,13 %	5,13 %
PARETO AKTIV	2 844 930	2,56 %	2,56 %
ODIN OFFSHORE	2 451 563	2,21 %	2,21 %
MP PENSJON PK	2 325 600	2,09 %	2,09 %
PARETO VERDI	1 570 373	1,41 %	1,41 %
VESTERFJORD AS	1 027 650	0,93 %	0,93 %
KANABUS AS	987 684	0,89 %	0,89 %
MUSTAD INDUSTRIER AS	700 000	0,63 %	0,63 %
MOCO AS	638 100	0,57 %	0,57 %
NORDEA BANK NORGE ASA	614 043	0,55 %	0,55 %
ODIN MARITIM	579 800	0,52 %	0,52 %
SKANDINAVISKA ENSKILDA BANKEN	530 487	0,48 %	0,48 %
FORSVARETS PERSONELLSERVICE	436 500	0,39 %	0,39 %
PACTUM AS	400 000	0,36 %	0,36 %
UBS AG, LONDON BRANCH	399 334	0,36 %	0,36 %
PARETO SICAV	382 246	0,34 %	0,34 %
DNB NOR SMB	375 000	0,34 %	0,34 %
Total	92 254 479	83,07 %	83,07 %
Total other shareholders	18 796 869	16,93 %	16,93 %
Total no. of shares	111 051 348	100 %	100 %

SHAREHOLDER POLICY

DOF ASA shall at all times provide its shareholders, the Oslo Stock Exchange and the finance market in general (through the Oslo Stock Exchange information system) timely and exact information. Such information will be given in the form of annual reports, quarterly reports, press releases, stock exchange notifications and investor presentations, as appropriate. The Company will strive to clarify its long-term potential, including strategy, value drivers and risk factors. The Company will have an open and active policy in its approach to investor relations and will make regular presentations in connection with annual and preliminary results.

In general, DOF will present all inside information. In any event, the Company will provide information about individual events, such as resolutions adopted by the Board and the AGM concerning dividends, mergers/demergers or changes in share capital, the issue of subscription rights, convertible loans and all agreements of significance between Group companies or related parties.

The Chairman and the other Board members shall be available for discussions with major shareholders in order to achieve a balanced understanding of these shareholders' viewpoints and focus, but under due care of the regulations in ASAL, VPHL and BØRSREG. The Chairman shall ensure that the shareholders' views are communicated to the entire Board. The Board shall consider the interests of all shareholders and treat all shareholders equitably.

All transactions that are not of minor significance between the Company and a shareholder, a Board member or a senior employee (or related parties) shall be subject to value assessment by an independent third party. If the consideration exceeds 5% of DOF's share capital, such transactions shall be subject to the approval of the shareholders at the AGM, in so far as this is required by ASAL, section 3-8.

Board members and senior employees shall inform the Board if they have any significant interest in a transaction to which the Company is a party.

There are no restrictions in the trade of shares in DOF, and DOF shall not establish mechanisms designed to prevent or repel take-over bids, unless this has been approved by the General Meeting with a two-thirds majority (of votes cast and of the share capital represented). However, in the event of a take-over bid, the Board may take steps that are clearly in the best interest of the shareholders, for example by offering the shareholders advice on the offer or, where relevant, by finding an alternative buyer ("white knight").

DIVIDEND POLICY

DOF's objective is to provide a competitive return on the shareholders' invested capital through payment of a dividend

and appreciation of the share price. In considering the scope of the dividend, the Board emphasizes safety, predictability and stability, as well as the Company's dividend capacity, the need to have a healthy and optimal level of equity, and also adequate financial resources in order to pave the way for future growth and investment, and the wish to minimize capital costs.

POWER OF ATTORNEY TO THE BOARD OF DIRECTORS INCREASE OF THE SHARE CAPITAL

In the General Meeting held on 26 May 2011, the Directors were given a Power of Attorney to increase the Company's share capital up by up to NOK 45,500,000 through the issue of up to 22,750,000 shares, each with a nominal value of NOK 2.00. The Power of Attorney is valid until the Ordinary General Meeting in 2012, no later however than 30 June 2012.

The Power of Attorney includes a right to deviate from the shareholders pre-emptive right by law to subscribe for new shares. Further, the Power of Attorney includes a right to increase the Company's share capital in return for non-cash contributions. The Power of Attorney does not include a decision on a merger pursuant to the Norwegian Public Limited Companies Act, Section 13-5.

ACQUISITION OF OWN SHARES

In the General Meeting 26 May 2011, the Directors were given a Power of Attorney to acquire up to 10% of the Company's shares, pursuant to the provisions of chapter 9. II in the Norwegian Public Limited Companies Act.

The highest nominal value of shares that may be acquired pursuant to this Power of Attorney is NOK 18,207,595.00. The lowest amount that can be paid is NOK 20 per share and the highest amount NOK 100 per share.

Within the limits of the law, the Board of Directors are granted Power of Attorney to decide the manner in which the purchase and sale of own shares can take place, taking due account of the principle of unanimity whereby no one shall derive particular or special advantage from such acquisitions.

The Power of Attorney is valid until the Ordinary General Meeting in 2012, no later however than 30 June 2012.

The justification for the proposal is that shares can be used in payment for possible acquisitions of other companies and for similar purposes.

Analytical Information

ANALYTICAL

The DOF Group operates within three different business segments related to types of vessels and activities. The majority of all revenues are based on day rates. The result, volume and cash flow for the group can be influenced by a number of variable factors and variance in types of business segments which are mostly relevant for the subsea activity. The company policy is to manage all risks and to reduce the major risks which are related to changes in currency rates, interest rates and utilization of vessels and equipment. Our intention is to monitor and understand the impact of changing market conditions on our results and cash flow and to initiate actions to reduce the effects of such changes.

SEGMENTS

The group reports in three segments; PSV (Platform Supply Vessel), AHTS (Anchor Handling Tug and Supply) and CSV (Construction Support and Subsea Vessel). In addition the group earning structure can be divided into two categories: 1) Time-charter activity: Vessels operating on firm time charter agreements and the revenues reflect vessel and marine costs and 2) Project activity: Vessels operating on short-term project contracts or Frame Contracts where the revenue reflects engineering services in addition to vessel and marine costs. Vessels under category one are basically PSV and AHTS. The CSVs work under both categories one and two, and the majority of these vessels are owned by DOF Subsea. DOF Subsea's strategy is to have a mix of vessels on firm contracts and vessels on project contracts. Earnings from the project vessels can vary based on utilization of the vessels and scope of the projects. The services offered by DOF Subsea also include a fleet of ROVs in their vessel operations. In addition a part of DOF Subsea's business is revenue which only includes subsea engineering services and not vessels. All the subsea activities are included in the CSV segment.

OPERATING RESULT

OPERATING REVENUE

DOF Group's total revenue in 2011 amounted to MNOK 6,503 compared to MNOK 5,403 in 2010 of which gain from sale of assets was MNOK 36.5 (MNOK 37). This is an increase of approx 20% and reflects more vessels in operation in 2011. The Group took delivery of ten new vessels in 2011 of which one new-build was sold directly after delivery. In addition the Group has acquired one vessel and sold one vessel during 2011. The majority of the new-builds were delivered during the second half of 2011 and the earnings from these vessels do not have a considerable impact on the P&L in 2011. Included in the deliveries in 2011 are four large and complex subsea support vessels, of which three vessels are expected to work in the project market. Total revenues from vessels and ROV operations in 2011 were MNOK 6,284 (MNOK 5,186) and total revenues from engineering activities were MNOK 219 (MNOK 217).

OPERATING COSTS

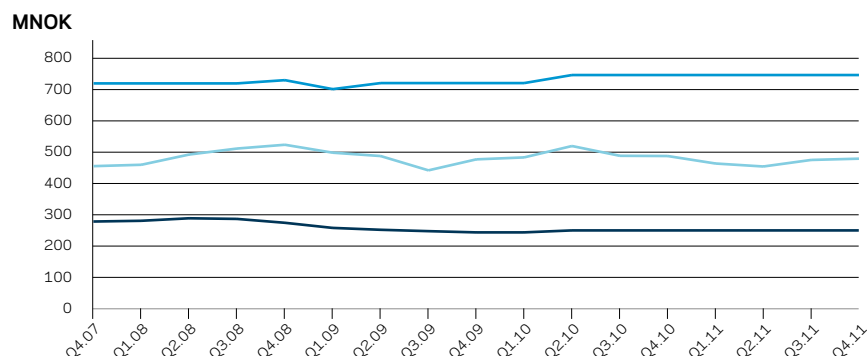
Total salary and operating costs were MNOK 4,455 in 2011 compared to MNOK 3,694 in 2010 which is a cost increase of approx 20%. The increase in costs is driven by operation of more vessels and higher project activity compared to previous year.

Total depreciation costs decreased from MNOK 1,166 in 2010 to MNOK 890 in 2011. This reduction is due to the Group's amendment to depreciation estimate for the Group's vessels, implemented on 1 January 2011. The amendment principally involves a lower degree of decomposition for vessels (only decomposition of classification dry-docks). Furthermore, the Group has been instructed by the Financial Supervisory Authority in Norway to utilize market value as the basis for residual value estimates. In total, the updated estimates of residual value and reduction in decomposition have resulted in a reduction to depreciation of approx 135 million for 2011. Based on that the market values will be utilized as the basis for the residual values; future depreciations can be more volatile if there are variances in market values.

Market value vessel - Split on segment

Valuations PSV: MT 6000, AHTS: UT 722, CSV: OSV 03

— PSV
— CSV
— AHTS



Operating profit before depreciation (EBITDA) amounted to MNOK 2,048 (MNOK 1,709) which gives a margin of 31% (32%). Average Ebitda margins in 2011 for PSV segment were 39%, 47% for the AHTS segment and 27% the CSV segment. Included in the CSV segment are engineering and project activity which normally have lower margins than vessel operations. Currency fluctuations have partially impacted the margins, approx 81% of the Group's revenues currencies other than NOK.

FINANCIAL RESULT

Net financial result totals MNOK -1,842 (MNOK -743) and mainly consist of net finance costs of MNOK -1,176 (MNOK -843), unrealized loss on foreign currencies of MNOK -445 (MNOK 97) and loss on net changes on derivatives of MNOK -221 (MNOK 3). Higher finance costs are mainly due to increased long-term debt. Total interest-bearing debt has increased by MNOK 4,320 during 2011. The loss on currency mainly represents variations between USD, NOK and BRL. The currency fluctuations have limited cash impact for the Group. One example is the operation in Brazil where the majority of all long-term contracts are hedged in the same currencies as the operating costs (BRL) and financial costs (USD). However, as long as the Brazilian activity has BRL as functional currency, significant fluctuations between BRL and USD can have considerable impact on the accounts. The net loss on derivatives is mainly due to market assessments of the Group's interest swaps.

TAXES

Tax costs/revenue are in total MNOK -186 (MNOK -15). The tax costs reflect different tax regimes, including taxation for shipping companies and a voluntary settlement scheme. A provision has been made to reflect a potential tax risk on the former UK tax leases.

COMMENTS TO BALANCE SHEET

ASSETS

The Group's total assets increased from MNOK 27,053 to MNOK 30,828, an increase of approx 24% from year end 2010. This growth mainly reflects investments in new vessels and ROVs. By year end 2011 the group had eleven vessels under construction for delivery in 2012 and 2013. Paid instalments on new-builds of MNOK 1,969 are reflected in the balance by December 2011. The main payment terms on the new-build contracts are 20% payment during construction phase and 80% on delivery.

The Group's fleet consists of young vessels with an average age of six years and adjusted at fair market value the average age is three and a half years. The Group obtains valuation estimates for its fleet on a quarterly basis from two independent ship-brokers. These valuations assume that the vessels are without charter contracts. The average fair market value of the Group's fleet in operation at year end 2011 indicates a total value of MNOK 31,149. The brokers' valuation estimates of the Group's fleet have not changed considerably since 2007 and only marginal during 2011.

The graph showing the development in valuations of vessels.

EQUITY

The Group's total equity has, during 2011, reduced from MNOK 6,728 to MNOK 6,669. The non-controlling interest amounts to MNOK 2,633 (MNOK 2 750) and mainly represents the minority shares in DOF Subsea Holding AS.

A share issue of net MNOK 591 has been completed in 2011; however unrealized losses on currencies and on derivatives have had a total negative impact on the equity of in total MNOK 827 during 2011.

The equity ratio on a fully consolidated basis is approx 22% (25%) at year end 2011. The value adjusted equity ratio (VAE), considering the relative share of the company's assets and the fair market value of the fleet, was approx 40%, equivalent to NOK 73.76 per share.

ANALYTICAL

LIABILITIES

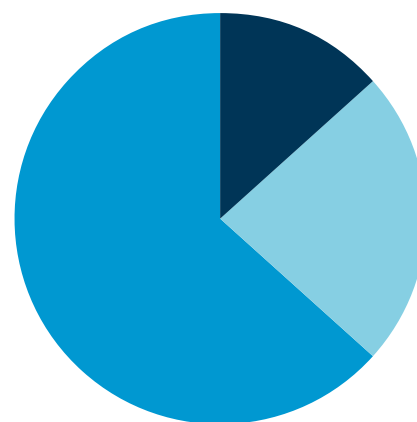
The Group's net-interest bearing debt (NIBD) amounted to MNOK 19,692 at year end 2011 compared to MNOK 15,356 at year end 2010. Adjusted with unemployed capital the NIBD is 17,683. The Group's long-term debt has increased as a result of deliveries of new vessels and subsea equipment. The short-term portion of long-term debt was MNOK 2,251 (MNOK 2,007) and includes normal amortization on long-term liabilities and one bond that matures in July 2012. This bond has, in February 2012, been refinanced.

The debt/equity ratio was 3.61 calculated on 31.12.11 and 3.02 at year end 2010.

FUTURE COMMITMENTS

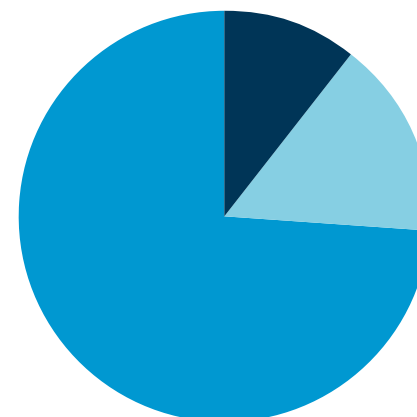
By year end 2011 the Group had eleven vessels under construction, which represent a total remaining commitment of MNOK 5,436 of which MNOK 5,200 represent the Group's share. By April three of these new-builds have been delivered and one new-build, Skandi Bergen, has been sold and replaced by a new vessel to be delivered in May 2013. Current commitments after these events are approx MNOK 4,200 and represent eight vessels with deliveries in 2012 and 2013.

The Group expects to achieve long-term financing representing a leverage of between 70-80% of its remaining new-build program, which represents a total long-term financing of approx MNOK 4,800. The new-builds in Brazil will be financed via the FMM/BNDES scheme, GIEK and ordinary banks. The FMM/BNDES funding represent an average loan profile of 20 years and a fixed interest during the entire loan period. The new-builds in Norway are secured CIRR options and are planned to be financed via the new Norwegian export institute and guaranteed by GIEK and ordinary banks. Three of in total four vessels not secured with long-term financing are committed on seven-years charter contracts.



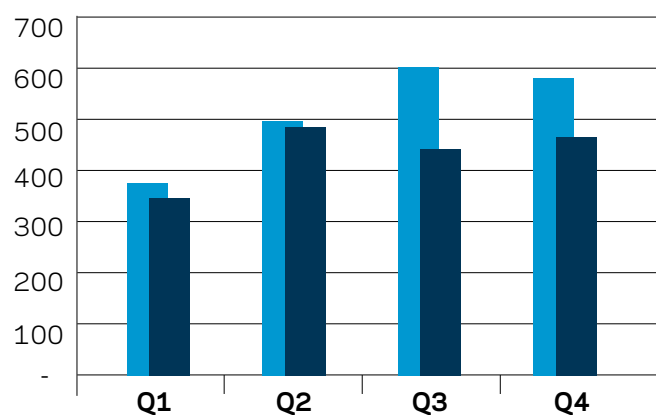
EBITDA per segment 31.12.2011

■ PSV	276
■ AHTS	478
■ CSV	1294

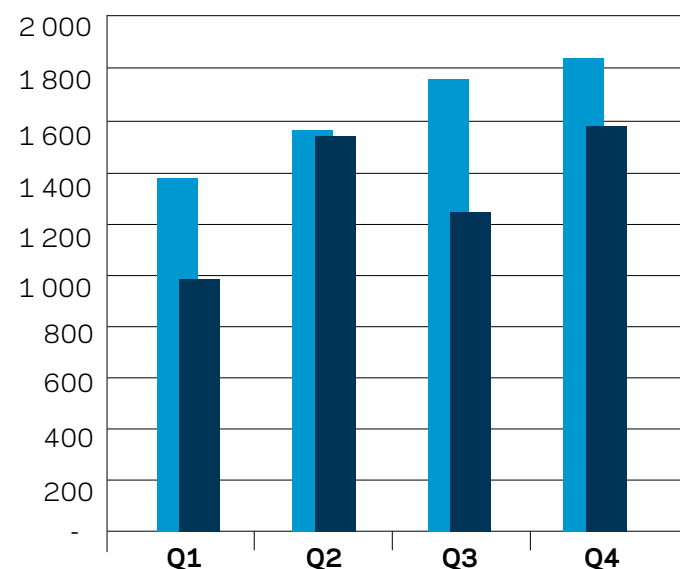


Revenue per segment 31.12.2011

■ PSV	701
■ AHTS	1008
■ CSV	4794



EBITDA Quarterly	2011	2010
Q1	375	338
Q2	495	485
Q3	597	433
Q4	581	453



Revenue Quarterly	2011	2010
Q1	1 386	1 129
Q2	1 548	1 521
Q3	1 710	1 237
Q4	1 859	1 574

NEW BUILDS

DOF GROUP

April 2012

MNOK

Vessel Name	Owner	Owner ship	Design	Delivery	Remaining capex	Long term financing	Equity	Charter Contracts
Skandi Iguaçu, hull 27	DOF Navegecao	100 %	STX AH 12	Jun 12	761	820	-59	8 yrs Petrobras
Skandi Urca, hull nr 30	DOF Navegecao	100 %	STX AH 11	Nov 12	646	648	-2	8 yrs Petrobras
Skandi Angra , hull nr 31	DOF Navegecao	100 %	STX AH 11	May 13	646	648	-2	8 yrs Petrobras
Skandi Paraty , hull nr 33	DOF Navegecao	100 %	STX AH 11	Dec 13	646	648	-2	uncommitted
Skandi Nova, hull 778	DOF Rederi	100 %	STX MRV 05	Sep 12	299	250	49	7 yrs ConocoPhillips
Skandi Marøy, hull 779	DOF Rederi	100 %	STX MRV 05	Oct 12	294	250	44	7 yrs ConocoPhillips
Skandi Hugen, hull 780	DOF Rederi	100 %	STX MRV 05/ROV	Nov 12	319	270	49	7 yrs ConocoPhillips
Skandi Bergen, hull 776	DOF Subsea	51 %	STX OSV 11	May 13	600	575	25	uncommitted
Sum New Builds DOF ASA Group					4 211	4 109	102	

DOF ASA has a minority share in PSV Invest II (15%) who has one PSV under construction with delivery in July 2012. Remaining committed equity for DOF in this project is approx. MNOK 5.

1 INTRODUCTION

1.1 BACKGROUND

DOF ASA (“DOF” or the “Company”), is the parent company in DOF’s group of companies (“The Group”), it is established and registered in Norway and subject to Norwegian law, hereunder corporate and other laws and regulations.

In 2006 the Company adopted its first formal document of Corporate Governance. The Company at all times acts in compliance with laws and regulations as applicable from time to time in respect of handling and control of insider trading rules and information to the shareholders and the market. On 21 October 2010, revised Corporate Governance guidelines from the Norwegian NUES were published and some revisions to these guidelines were made by NUES on 20 October 2011. On 16 November 2011, the Company’s Board of Directors approved and adopted its current Corporate Governance Policy based in full on the revised NUES guidelines. This fully reflects the Board’s approval of these guidelines without reservation.

1.2 OBJECTIVE

The Corporate Governance Policy of the Company is a governing document containing measures which are continuously implemented to secure efficient management and control of the activities of the Company. The main objective is to establish and maintain systems for communication, surveillance and incentives which will increase and maximize the financial results of the Company, its long term soundness and overall success, and investment return for its shareholders. The development and improvement of the Company’s Corporate Governance is a continuous and important process, on which the Board of Directors and the Executive Management keep a keen focus.

1.3 RULES AND REGULATIONS

As a Norwegian public limited company listed on the Oslo Stock Exchange, the Company is subject to corporate governance regulations contained in the Public Limited Companies Act 1997 (asal.), the Securities Trading Act 2007 (vhl), the Stock

Exchange Act with regulations (børsreg) and other applicable legislation and regulations, including the NUES recommendations.

1.4 MANAGEMENT OF THE COMPANY

Management of and control over the Company is divided between the shareholders, represented through the general meeting of the shareholders, the Board of Directors and the Managing Director (CEO) in accordance with applicable legislation. The Company has an external and independent auditor.

1.5 IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

The Board of Directors observes and ensures that the Company implements sound corporate governance.

The Board of Directors is obliged to provide a report on the Company’s corporate governance in the directors’ report or in a document that is referred to in the directors’ report. The report on the company’s corporate governance must cover sectional items of the Corporate Governance Code of Practice.

The Group has drawn up a separate policy for corporate governance, and the Board of Directors has decided to follow the Norwegian Recommendation for Corporate Governance without reservation.

2. BUSINESS

The Company’s business is defined in its Articles of Association.

The Company aims at securing and developing the Company’s position as a leading participator within its business activities, to the benefit of its owners, and based on strategies founded on ethical behaviour within applicable laws and regulations.

The objective of the Company is to be engaged in trading and shipping business and other offshore related activity, including participation in other companies with the same or similar objects. This statement of objective appears in §2 of the Company’s Articles of Association.

3. EQUITY AND DIVIDENDS

The Company has an equity capital at a level appropriate to its objectives, strategy and risk profile.

The aim of the Company is to produce a competitive return on the investment of its shareholders, through distribution of dividends and increase in share prices. The Board of Directors, in its assessment of the scope and volumes of dividend, emphasizes security, predictability and stability, dividend capacity of the Company, the requirement for healthy and optimal equity as well as adequate financial resources to create a basis for future growth and investment, and considering the wish to minimize capital costs.

Mandates granted to the Board of Directors to increase the Company's share capital are subject to defined purposes and frames and are limited in time to no later than the date of the next Annual General Meeting. If a General Meeting is to consider mandates to the Board of Directors for the issue of shares for different purposes, each mandate will be considered separately by the meeting. This also applies to mandates granted to the Board of Directors for the Company to purchase own shares.

EQUITY:

The Board of Directors considers the Company's consolidated equity to be satisfactory. The Company's need for financial strength is considered at any time in the light of its objective, strategy and risk profile.

CURRENT CAPITAL INCREASE MANDATE:

The Board of Directors has been given authority, in time until the Ordinary General Meeting in 2012, to increase the share capital by issuing up to 45,500,000 new shares.

CURRENT MANDATE FOR PURCHASE OF TREASURY SHARES:

The Board of Directors has been given authority, in time until the Ordinary General Meeting in 2012, to purchase treasury shares in DOF ASA, limited to 10% of the Company's share

capital. Shares may not be purchased for less than NOK 20 per share, and no more than NOK 100 per share. At 31 December 2011, the Group owned no treasury shares.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

The Company has only one class of shares.

Any decision to waive the pre-emption right of existing shareholders to subscribe for shares in the event of an increase in share capital must be properly justified.

Any transactions the Company carries out in its own shares must be carried out either through the stock exchange or at prevailing stock exchange prices if carried out in any other way.

In the event of any not immaterial transactions between the Company and shareholders, members of the Board of Directors, members of the Executive Management or close associates of any such parties, the Board shall arrange for valuation to be obtained from an independent third party. This will not apply if the transaction requires the approval of the General Meeting pursuant to the requirements of the Public Limited Companies Act. Independent valuation will also be arranged in respect of transactions between companies in the same group where any of the companies involved has minority shareholders.

Members of the Board of Directors and the Executive Management are obliged to notify the Board if they have any material direct or indirect interest in any transaction entered into by the Company.

VOTING RIGHTS:

The Company's Articles of Association place no restrictions on voting rights. All shares are equal.

TRADING IN TREASURY SHARES:

The Board's authorisation to acquire treasury shares is based on the assumption that any acquisition will take place in the open market. Acquired shares may be disposed in the market or used as payment for acquisitions.

TRANSACTIONS BETWEEN RELATED PARTIES:

See note 30 for related party transactions.

5. FREELY NEGOTIABLE SHARES

No restrictions on negotiability of the Company's shares are included in the Company's Articles of Association.

6. GENERAL MEETINGS

EXERCISING RIGHTS.

The Board of Directors takes steps to ensure that as many shareholders as possible may exercise their rights by participating in General Meetings of the Company, and that General Meetings are an effective forum for the views of shareholders and the board. Such steps include:

- Inviting the notice of calling the meeting and the support information on the resolutions to be considered at the General Meeting, including the recommendations of the Nomination Committee, available on the Company's website no later than 21 days prior to the date of the General Meeting ensuring that the resolutions and supporting information distributed are sufficiently detailed and comprehensive to allow shareholders to form a view on all matters to be considered at the meeting
- Setting a deadline as close to the date of the meeting as possible for shareholders to give notice of their intention to attend the meeting, and in compliance with the Articles of Association
- If the General Meeting is to consider mandates to the Board of Directors for the issue of shares for different purposes, each mandate will be considered separately by the meeting
- Ensuring that the members of the Board of Directors and the Nomination Committee and the Company's auditor are present at the General Meeting
- Making arrangements to provide, if desired, an independent chairman of the General Meeting
- Shareholders who cannot attend the meeting in person

are given the opportunity to vote. The Company provides information on the procedure for representation at the meeting through a proxy, including a form to appoint a proxy

- Nominating a person who will be available to vote on behalf of shareholders as their proxy
- Preparing a form for appointment of a proxy, which allows 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, at the earliest possible opportunity, makes available on its website:

- Information on the right of shareholders to propose matters to be considered by the General Meeting
- Proposals for resolutions to be considered by the General Meeting, alternatively comments on matters where no resolution is proposed
- A form for appointing a proxy

By virtue of the Annual General Meeting, the shareholders are guaranteed participation in the Group's supreme governing body. The following matters are discussed and resolved at all Annual General Meetings:

- Adoption of the annual financial statement and the annual report for the previous year, including distribution of dividends.
- Any other matters which by virtue of law or the Articles of Association pertain to the General Meeting

Notification:

The Annual General Meeting is held each year no later than six months after the end of each financial year. The 2012 annual general meeting is scheduled for 24 May. Notification will be sent out within the deadlines in the Code of Practice, and relevant documentation will be available on the Group's website at least 21 days prior to the general meeting. The Financial Calendar is published on the internet and through a notification to Oslo Stock Exchange.

Participation:

It is possible to register by post, telefax or e-mail. Shareholders who cannot attend the meeting can authorise a proxy, and the system facilitates the use of proxies on each individual item for discussion.

7. NOMINATION COMMITTEE

The Company has a Nomination Committee. The Annual General Meeting elects the chairperson and members of the Nomination Committee and determines the Committee's remuneration.

The appointment and election of the Nomination Committee is imbedded in the Company's Articles of Association.

The selection of members of the Nomination Committee takes into account the interest of shareholders in general. The majority of the Committee are independent of the Board of Directors and the Executive Management. No more than one member of the Nomination Committee may be a member of the Board of Directors, and such member may not offer him/herself for re-election. Neither the Company's CEO nor any other member of the Company's Executive Management is a member of the Nomination Committee.

The Nomination Committee proposes candidates for election to the Board of Directors and proposes remuneration to be paid to members of the Board of Directors.

The Nomination Committee is obliged to submit arguments for its recommendations.

The Company provides information on the membership of the Nomination Committee and any deadlines for submitting proposals to it.

The Nomination Committee consists of three members. The members are elected by the General Meeting for terms of two years at a time. The General Meeting determines the remuneration of the Committee's members.

Composition:

The current Nomination Committee, with the exception of Mr. Harald Eikesdal who has been elected for the period ending in 2012, was re-elected in the Annual General Meeting held on May 26 2011 for a period of two years and consists of:

Kristine Herrebrøden. Mrs. Herrebrøden is a corporate lawyer at Thommessen law firm and has worked as a lawyer since 2004. She has extensive experience in financial and corporate transactions. Mrs. Herrebrøden is currently on

temporary leave from Thommessen and serves in the position of Associate Judge with Bergen City Court.

Roy Reite. Mr. Reite is President, Offshore & Specialized Vessels at STX OSV AS. He has been in charge of the Offshore & Specialized Vessels business area in STX OSV since 2001.

Harald Eikesdal. Mr. Eikesdal was elected in the Annual General Meeting in 2010 for a period of two years.

All three members of the Nomination Committee are independent of DOF ASA's main shareholder(s) and the Executive Management.

8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

The composition of the Board of Directors ensures that it can attend to the common interests of all shareholders and meets the Company's need for expertise, capacity and diversity. Attention is paid to ensuring that the Board of Directors can function effectively as a collegiate body.

The composition of the Board of Directors ensures that it can operate independently of any special interest. The majority of the shareholder-elected members of the Board of Directors are independent of the Company's Executive Management and material business contacts. At least two of the members of the Board of Directors elected by shareholders are at all times independent of the Company's main shareholder(s). In the assessment of independency the following criteria are considered:

- whether the relevant person has been employed with the Company during the foregoing three years
- whether the relevant person has received or is receiving other kinds of remuneration from the Company other than the annual remuneration to Directors awarded through the Annual General Meeting, or participates in a share option program or result-based remuneration arrangement
- whether the relevant person has had major business relation with the Company over the three previous years.

The Board of Directors does not include representatives of the Company's Executive Management. With a view to effective group management, representatives from the Executive

Management may, however, serve as Directors in Group subsidiaries.

The Chairman of the Board of Directors is elected by the General Meeting.

Members of the Board of Directors are not elected for more than two years at a time.

The annual report provides information to illustrate the expertise and capacity of the members of the Board of Directors and identify which members are considered to be independent.

Members of the Board of Directors are encouraged to own shares in the Company.

Composition of Board of Directors:
According to the Articles of Association § 5 The Company's Board of Directors shall consist of four – seven directors elected by the shareholders. The Company endeavours to adapt directors' backgrounds, competence, capacity and affiliation to the Group's business activities and its need for diversity.

The Board of Directors consists of the following persons:
Helge Møgster, Chairman. Mr. Møgster is one of the main owners of Møgster Offshore AS, the main shareholder of DOF ASA, and of Laco AS, the main shareholder of Austevoll Seafood ASA. He has extensive experience over the years from both the offshore shipping activities and fishing industry. He holds Board positions in several companies.

Helge Singelstad, Mr. Singelstad is CEO of Laco AS and Chairman of the Board of Austevoll Seafood ASA and Lerøy Seafood Group ASA. Mr. Singelstad holds a degree in engineering from Bergen Engineering College, he is a business school graduate from the Norwegian School of Economics and Business Administration (NHH), and he has a first year degree from the law school at the University of Bergen (UiB). Mr. Singelstad has extensive experience from various types of businesses: oil companies, ship equipment and the seafood sector.

Wenche Kjølås, Mrs. Kjølås is Group Managing Director in Grieg Maturitas AS since 2009. She has vast experience from various industries in Norway. She holds a business graduate degree from NHH.

Britt Mjellem, Mrs. Mjellem is Market Manager in MDE Consultans AS. Having worked in both the investment banking sector and the shipbuilding industry, Mrs. Mjellem has over 20 years' experience from the monetary exchange markets.

Oddvar Stangeland, Mr. Stangeland started his career with DOF in 1982 as a Technical Manager before becoming the CEO of the Company in 1985. He stepped down as CEO in 2005 handing over his position to Mons Aase. He holds a degree in Marine Engineering and Naval Architecture (MSc) from the Norwegian Institute of Technology (NTNU) in Trondheim.

The Boards autonomy:
Except for the Chairman Helge Møgster, Helge Singelstad and Oddvar Stangeland, the members of the Board of Directors are independent of the Company's major shareholders, the Company's management and the Company's main business relations. There are no conflicts of interest between any duties to the Company of the members of the Board of Directors or the Company's management, and their private interests or other duties.

No members of the management team of the DOF Group are Directors.

Directors are elected by the Annual General Meeting for a term of two years.

Directors' ownership of shares:
Helge Møgster personally owns 290,930 shares, through H Møgster AS 50,000 shares and indirectly through Møgster Offshore AS owns 56,876 050 shares in the Company.

Oddvar Stangeland personally owns 20,000 shares, and indirectly through Kanabus AS owns 987,684 shares in the Company.

Britt Mjellem owns indirectly, through Mjellem Invest AS, 1,000 shares in the Company.

Wenche Kjølås owns indirectly, through Jawendel AS, 3,000 shares in the Company.

9. THE WORK OF THE BOARD OF DIRECTORS

The Board of Directors agrees on an annual schedule for its work, with particular emphasis on objectives, strategy and implementation.

The Board of Directors from time to time issues instructions for its own work as well as for the Executive Management with particular emphasis on clear internal allocation of responsibilities and duties. The Chief Executive Officer/Managing Director (CEO), the Chief Financial Officer (CFO) and the Director of Legal Affairs are obliged and authorised to participate in the meetings of the Board of Directors so long as nothing to the contrary has been decided.

In order to ensure a more independent consideration of matters of a material character in which the Chairman of the Board is, or has been, personally involved, the Board of Directors' consideration of such matters, if any, is chaired by another member of the Board.

The Company has an Audit Committee. The majority of the members of the Committee are independent.

The Board of Directors evaluates its performance and expertise annually.

Board responsibilities:

Norwegian law regulates the tasks and responsibilities of the Board of Directors. These include overall management and supervision of the Company. Towards the end of each year the Board adopts a detailed plan for the subsequent financial year. This plan covers the monitoring of the Company's operations, internal control, strategy development and other issues. The Company complies with the deadlines published by the Oslo Stock Exchange with regard to interim reports.

Instructions to the Board of Directors:

The Board's instructions are extensive and were last revised on 28.03.2008. The instructions cover the following points: the Board's responsibilities and obligations, the guidelines and instructions for the CEO's information and reporting to the Board, the Board's procedures.

Board committees:

The appointment and election of a Nomination Committee is

regulated by the Company's Articles of Association.

The Audit Committee has responsibilities related to financial reporting, the independent auditor and risk management, and prepares issues for consideration by the Board of Directors.

The two committees are solely responsible to the full Board of Directors and their authority is limited to making recommendations to the Board. The independent auditor usually attends the meetings of the Audit Committee. The CEO and other Directors are entitled to attend if they so desire.

Current members of the Audit Committee are Wenche Kjølås, Chairman, Britt Mjellem and Helge Singelstad.

The Board of Directors' self-evaluation:

Each year, a special Board meeting is organised on topics related to the Group's operations and the Board of Directors' duties and working methods. The Board's working methods and interaction are discussed on an ongoing basis.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ensures that the Company has sound internal control and systems for risk management 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.

The Board of Directors carries out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements.

The Board of Directors provides an account in the annual report of the main features of the Company's internal control and risk management systems as they relate to the Company's financial reporting.

The Board of Directors regularly receives reports that cover financial status and important Key Performance Indicators for the operating companies within the DOF Group. The quarterly financial statements and management reports are also subject to review at quarterly meetings of the Board of Directors.

The Board holds an annual meeting with the Company's

auditor where the auditor gives an assessment on important internal control areas. The Directors present a review of the Company's financial status in the Annual Report.

11. REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the Board of Directors shall at all times reflect the Board's responsibility, expertise, time commitment and the complexity of the Company's activities.

The remuneration of the Board of Directors is not linked to the Company's performance. The Company shall not grant share options to Members of the Board of Directors.

Members of the Board of Directors and/or companies with which they are associated will normally not take on or be given specific assignments for the Company. If they nevertheless are requested to take on such assignments this will be disclosed to, and discussed by, the full Board. The remuneration for such additional duties must in any case be approved by the Board.

The annual report provides information on remuneration paid to each Member of the Board of Directors. Remuneration, if any, in addition to normal Directors' fees will be specifically identified.

The Directors' fees are decided by the AGM. The Directors' fees are not linked to the Company's performance.

Oddvar Stangeland has had certain assignments for the Company as a technical adviser in various new-build and re-building projects. None of the other Members of the Board have during 2011 had assignments for the Company in addition to being Directors.

12. REMUNERATION OF THE EXECUTIVE MANAGEMENT

The Board of Directors is required by law to establish guidelines for the remuneration of the members of the Executive Management. These guidelines are communicated to and approved by the Annual General Meeting.

The guidelines for the remuneration of the Executive Management set out the main principles applied in determining the

salary and other remuneration of the Executive Management. The guidelines help ensure convergence of the financial interests of the Executive Management and the shareholders.

Performance-related remuneration of the Executive Management in the form of bonus programs or the like are linked to value creation for shareholders or the Company's earnings performance over time. Such arrangements emphasize performance and are based on quantifiable factors over which the employee in question can have influence. See note 12 in respect of guidelines for remuneration to Executive Management.

The existing remuneration policy, approved at the 2011 Annual General Meeting, allows performance-related remuneration. The Executive Management currently has no performance-related remuneration or share option programs.

13. INFORMATION AND COMMUNICATION

The Board of Directors has established guidelines for the Company's reporting of financial and other information based on openness and taking into account the requirement for equal treatment of all participants in the securities market.

The Company each year publishes an overview of the dates for major events, such as its Annual General Meeting, publication of interim reports, public presentations, dividend payment date if appropriate etc. A calendar of most important dates is published on the Oslo Stock Exchange and the Company's website. Information to the Company's shareholders is distributed via the Oslo Stock Exchange and the Company's website on an ongoing basis, immediately after decisions have been made.

All information distributed to the Company's shareholders is published on the Company's website at the same time as it is sent to the shareholders.

The Board of Directors is in the process of reviewing guidelines for the Company's contact with shareholders other than through General Meetings.

14. TAKE-OVERS

The Board of Directors adheres to generally accepted and

approved Corporate Governance principles for how it will act in the event of a take-over bid.

During the course of a take-over process, the Boards of Directors and Management of both the party making an offer and the target company have an independent responsibility to help ensure that shareholders in the target company are treated equally, and that the target company's business activities are not disrupted unnecessarily. The Board of the target company has a particular responsibility to ensure that shareholders are given sufficient information and time to form a view of the offer.

The Board of Directors will not seek to hinder or obstruct take-over bids for the Company's activities or shares unless there are particular reasons for this.

In the event of a take-over bid for the Company's shares, the Company's Board of Directors will not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the General Meeting following announcement of the bid.

If an offer is made for a Company's shares, the Company's Board of Directors will issue a statement evaluating the offer and making a recommendation as to whether shareholders should or should not accept the offer. If the Board finds itself unable to give a recommendation to shareholders on whether or not to accept the offer, it will explain the background for not making such a recommendation. The Board's statement on a bid will make it clear whether the views expressed are unanimous, and if this is not the case it will explain the basis on which specific members of the Board have excluded themselves from the Board's statement. The Board will consider whether to arrange a valuation from an independent expert. If any member of the Board or Executive Management, or close associates of such individuals, or anyone who has recently held such position, is either the bidder or has a particular personal interest in the bid, the Board will arrange an independent valuation in any case. This also applies if the bidder is a major shareholder. Any such valuation will be either appended to the Board's statement, reproduced in the statement or referred to in the statement.

Any transaction that is in effect a disposal of the Company's activities will be decided by a general meeting of shareholders.

DOF ASA's Articles of Association contain no limitations with regard to share acquisitions. The shares are freely transferable. Transparency and equal treatment of shareholders is a fundamental policy. If and when a bid is made for the Company, the Board of Directors will make a well-founded evaluation of the bid.

15. AUDITOR

The Company's auditor submits the main features of the plan for the annual audit of the Company to the Audit Committee.

The auditor participates in meetings of the Board of Directors that deal with the annual accounts. At these meetings the auditor reviews any material changes in the Company's accounting principles, comments on material estimated accounting figures and reports material matters on which there has been disagreement between the auditor and the Executive Management of the Company.

The auditor once a year presents to the Audit Committee a review of the Company's internal control procedures, including identified weaknesses and proposals for improvement.

The Board of Directors holds a meeting with the auditor at least once a year at which neither the CEO nor any other member of the Executive Management is present.

The Board of Directors reviews guidelines in respect of the use of the auditor by the Company's Executive Management for services other than the audit of the Company.

The Board of Directors reports the remuneration paid to the auditor at each Annual General Meeting of shareholders, including details of the fee paid for audit work and any fees paid for other specific assignments, provided such information is available at the time of the Annual General Meeting.

The auditor each autumn prepares a plan for auditing activities in the subsequent year. The auditor attends a number of Board meetings during the year.

In addition to ordinary audit, the auditing company has provided consultancy services related to accounting. Reference is made to the notes to the consolidated financial statements.

The Board 2011

2011



Helge Møgster
Chairman

Born: 1953

Helge Møgster is one of the main owners in the Møgster family's holding company, Laco AS. Laco AS has 99.53% stake in Møgster Offshore AS, the majority shareholder of DOF ASA. Mr. Møgster has extensive experience from the offshore service sector and all aspects of the fisheries sector. He chairs and serves on numerous Boards of Directors, including being the Chairman of the Board of DOF Subsea AS and a Member of the Board of Austevoll Seafood ASA.



Britt Mjellem
Board member

Born: 1961

Britt Mjellem is Market Manager in MDE Consultants AS. Her background is from the shipbuilding industry and more than 20 years' experience from investment management in the foreign exchange market. She has extensive sales and marketing experience and held a leading position with direct recruitment of personnel and consulting. She serves on numerous Boards of Directors.



Helge Singelstad
Board member

Born: 1963

Helge Singelstad is CEO in Laco AS, and Chairman of the Board in Austevoll Seafood ASA and Lerøy Seafood Group ASA. Mr. Singelstad has extensive experience from various types of businesses: oil companies, ship equipment and the seafood sector.



Oddvar Stangeland
Board member

Born: 1944

Oddvar Stangeland started his career with DOF in 1982 as Technical Manager, and held the position as the company's CEO 1985–2005. Prior to this he was a project engineer/project manager in Norwegian and International shipping companies.



Mons S. Aase
CEO

Born: 1966

Mons Aase has been part of the management team since 1998. He served as CFO and Deputy Managing Director in the company before becoming CEO of DOF ASA from 2005. Mons Aase has a wide range of experience from financing and ship-broking industries.



Wenche Kjølås
Board member

Born: 1962

Wenche Kjølås has been Group Managing Director of Grieg Maturitas since 2009. She has experience from various industries in Norway and internationally, incl. shipping, seismic, seafood, food and retail. Mrs. Kjølås has Board experience from different listed companies, and today serves on the Board of Grieg Seafood ASA in addition to several other companies.

Report of the Board of Directors DOF ASA

BUSINESS SEGMENTS

DOF ASA ("the Company") is an international corporation involved in the ownership and operation of a fleet comprising supply and subsea vessels and engineering companies providing services to the subsea market. The DOF Group (the Group) divides its activities into three principal segments: PSV (platform supply vessels), AHTS (anchor handling tug support vessels) and CSV (construction support and subsea vessels). All the Group's PSVs and the main share of the AHTS fleet are owned via wholly-owned subsidiaries in Norway and in Brazil, while the main share of the CSV fleet and all subsea engineering companies are owned via the subsidiary DOF Subsea AS.

The Group has a modern fleet of offshore vessels with an average age of 6 years. The Group also owns a modern fleet of ROVs (Remote Operated Vehicles).

As of 31 December 2011, the Group had 74 vessels, including 11 under construction. The Group's fleet comprises the following:

- 23 platform supply vessels (PSV)
- 20 anchor handling tug supply vessels (AHTS)
- 31 subsea/construction vessels (CSV)
- 52 ROVs

The Group has offices on all five continents and is the main/part owner of 6 service engineering companies with specialised expertise related to subsea operations. The head office is located on the island of Storebø in Austevoll municipality.

The Group's business concept is to engage in long-term and industrial offshore business. The Group is an international supplier of offshore services and its main strategy is to invest in advanced offshore vessels in combination with highly qualified personnel. The Group operates with a balanced contract strategy which centres on long-term contractual coverage for the main share of its fleet. The nominal value of the Group's contractual coverage was NOK 36 billion in February 2012, of which a figure of NOK 19 billion represents the value of options. Contract coverage in 2012 is 84% with 61% for 2013.

GROUP ACTIVITIES IN 2011

PSV-AHTS

The supply fleet is principally owned by the subsidiaries DOF Rederi AS / DOF UK Ltd. (DOF Supply) and Norskan Offshore AS (Norskan), which also owns 50% Aker DOF Deepwater AS (ADD), a joint venture with Aker Solutions.

In 2011, DOF Supply had the major share of its fleet on long-term contracts, mainly operating in the North Sea. Utilisation of the fleet has been high in 2011, including two vessels operating on the spot market. In 2011, DOF Supply took delivery of two PSVs, Skandi Gamma in February and Skandi Feistein in November. Both vessels started on long-term contracts after delivery; a four-year contract for Statoil and a six-year contract for ConocoPhillips respectively. At year-end, DOF Supply had 24 vessels, of which five were newbuildings scheduled for delivery in 2012. Throughout the year, DOF Supply has entered into a number of important contracts in the North Sea, including five long-term contracts for ConocoPhillips with a duration of six and seven years, in addition to two five-year contracts for Shell. DOF Supply is also responsible for maritime operations of vessels for the entire Group, via DOF Management in Norway, UK, Singapore and Argentina.

Norskan is engaged in shipowning activities and operational responsibility for the Group's vessels operating in Brazil. Norskan has experienced growth in 2011 with the take-over of new vessels and operating responsibility for new vessels. In December, Norskan took delivery of one AHTS vessel, Skandi Amazonas. After delivery, this vessel started on an eight-year contract for Petrobras. Moreover, Norskan has been assigned operational responsibility for the three vessels, Skandi Commander, Geograph and Skandi Niteroi. After reconstruction work in Norway, Skandi Commander and Geograph started on two five-year contracts for Petrobras. The pipe-laying vessel, Skandi Niteroi, started on a four-year contract for Petrobras in October. In June, Norskan sold one newbuilding, constructed at a yard in India. The gain from this sale was approximately NOK 36,5 million. At year-end, Norskan had direct ownership of 20 vessels, including four vessels under construction and due for delivery in 2012 to 2013. The company also had operational responsibility for a further nine vessels. The Group has taken an active approach to newbuildings in Brazil. Having achieved a high rate of Brazilian tonnage, Norskan has been

able to develop a strong market position in this region. As of December 2011, the Group had received delivery of 11 new-buildings from Brazil, and has a further four newbuildings under construction in the region. In 2011, the Group implemented a reorganisation of its business activities in Brazil. The organisation in Brazil now has one management team in charge of both Norskan (maritime operations) and DOF Subsea (subsea engineering).

ADD owns a modern fleet of five vessels (AHTS). In 2011, two of ADD's vessels (Skandi Peregrino and Skandi Emerald) had operations in Brazil, both on long-term contracts for Statoil and OGX respectively. The latter vessel sailed to West Africa/Europe for operations in 2012. One vessel, Skandi Saigon, has been operating on the spot market since delivery in August 2011. Skandi Pacific has been operating in Asia since delivery in November 2011. The last vessel in ADD's fleet, Skandi Atlantic, is scheduled for delivery in March 2012.

CSV-SUBSEA ENGINEERING

The Company owns 51% of DOF Subsea Holding AS (DOF-SUB), which owns DOF Subsea AS and DOF Installer ASA, among others. As of December 2011, DOFSUB had a fleet of 25 vessels (CSV), of which one vessel is scheduled for delivery in 2012. DOFSUB also owns a ROV fleet of 52 units. The company is also engaged in subsea and engineering services, provided by highly qualified personnel and covering surveying, diving services, ROV operations, construction and IRM (Inspection, Repair and Maintenance). The Company has operations world wide.

DOFSUB took delivery of three advanced subsea vessels in 2011, including Skandi Niteroi (pipe-laying vessel), Skandi Skansen (combined AHTS/subsea vessel) and Skandi Singapore (diving vessel). Delivery of Skandi Niteroi from a Brazilian yard took place in February 2011. During the second half of the year, the vessel was completed as a pipe-laying vessel. Skandi Skansen has been operating on the subsea project market in the North Sea/West Africa since delivery in July. The company took delivery of Skandi Singapore in September and the vessel has since been engaged on a number of subsea assignments in Australia/Asia. In June, DOFSUB purchased the well intervention vessel Skandi Constructor which subsequently was assigned operations in the project market in the North Sea and in West Africa. DOFSUB also has a further ROV vessel, Skandi Bergen, which is under construction and

scheduled for delivery in 2012. DOFSUB has entered into an agreement for sale of this vessel after delivery. The company has therefore contracted a new and larger version of the vessel. Thanks to DOFSUB's substantial newbuilding program in recent years, the company is now established as the owner of the world's largest fleet of advanced subsea vessels.

DOFSUB's contract strategy requires the company to have vessels on long-term fixed contracts and short-term project contracts. In 2011, DOFSUB increased its exposure to the project market and was awarded several significant project contracts. In July, DOFSUB won a contract for Goliat FPSO, representing an important step forwards for the company's strategy to become a leading operator in the installation market. This contract involves engineering services in addition to shipping services in 2012 to 2013. Moreover, DOFSUB was awarded a four-year general agreement with Statoil for subsea assignments in the North Sea. Also in 2011, DOFSUB has signed a number of new fixed contracts for its fleet.

NEWBUILDINGS

The Group has once again had a considerable rate of newbuilding activity in 2011. Throughout the year, the Group took delivery of 10 new vessels of which one was sold immediately after delivery. The level of activity for 2012 is expected to remain the same. At year-end 2011, the Group had 11 vessels under construction, for delivery in 2012 and 2013. Three of these newbuildings have already been delivered in Q1 2012. The Group's remaining contractual commitment for newbuildings at year-end 2011 amounted to NOK 5,200 million. As planned, the level of newbuilding activity will diminish from 2013. Plans for 2013 include the take-over of three vessels, including two newbuildings from yard in Brazil.

FINANCING AND CAPITAL STRUCTURE

In 2011 and Q1 2012, the Group issued three new bond loans totalling NOK 2,150 million. The main share of these loans has been utilised to repurchase existing loans. The loans have a maturity of 3-5 years. The net positive cash effect of these transactions is approx. NOK 800 million. As such, the Group has refinanced all its bond loans maturing in 2012 and 2013.

In 2011, the Group signed new long-term loan agreements totalling approx. NOK 7,200 million in connection with the delivery and purchase of 10 new vessels and the planned refinancing program. The newbuildings in Brazil are financed

via FMM/BNDES, providing long-term financing with an average maturity of 20 years. The financing obtained has a competitive fixed rate of interest for the entire duration of the loan. Financing for the other newbuildings has principally been obtained via Eksportfinans (Norwegian export finance scheme), ordinary banks and GIEK.

In September, the Company carried out a share issue of NOK 600 million, comprising 20 million new shares. The company's main shareholder, Møgster Offshore AS, took part in the issue and thereby retained its shareholding of approx. 51%. A so-called repair issue was executed in November, for NOK 0.4 million.

THE MARKET

The main market regions for the Group are the North Sea, West Africa, Asia/Australia and Brazil. The majority of subsea and supply markets have shown a positive development in 2011.

The spot market in the North Sea/West Africa has been volatile for the AHTS segment and more stable for the PSV segment. In 2011, the Group has only had a limited degree of exposure to the spot market for supply vessels, as only 2-3 vessels have had spot market operations. Activities on the subsea market have shown an increase, particularly in the last half of 2011, and DOFSUB has significantly increased its exposure on the subsea/project market in 2011, with the addition of several newbuildings.

The trend in Brazil is unchanged, with a considerable demand for vessels within all segments. The market in Asia/Australia is also experiencing growth, with high demand for vessels and subsea services. The Group has a good position for the subsea market, via DOFSUB's activities in Perth.

HEALTH, SAFETY AND THE ENVIRONMENT

In 2011, the Group has continued to control its activities related to Quality, Health, Safety and the Environment according to the goals to achieve zero occupational injuries and illness, maintain a good working environment, focus on environmental aspects and sustain high regularity for operations. In 2011, the "Code of Business Conduct" was implemented

for all Group companies and includes a shared set of policies and guidelines. The Group has also worked hard during 2011 to establish shared systems for all Group companies, so that they can operate with the same management systems and the same crisis management systems. In 2012, the Group aims to increase its focus on reinforcing coordination of HSE procedures between DOF Management, Norskan and DOF Subsea.

Our zero injury goal is definite, and the Group is working on the long-term measures established in recent years, which focus on management involvement and the individual employee's impact on the HSE results. When compared with 2010, the Group has witnessed a minor increase in the frequency of lost time injuries (LTIF), but a reduction in the frequency of personal injuries which includes medical treatment and alternative work – total recordable case frequency (TRCF).

DOF MANAGEMENT

DOF Management is responsible for maritime operations for the Group's fleet outside of Brazil. Since 1995, DOF Management has had certification according to the ISM code, with ISO 9001 and ISO 14001 certification since 2002. The number of incidents reported by DOF Management is equal to that reported in 2010, and the number of observations made during the year has been high. Reliable reporting from vessels has been good, with non-scheduled off-hire time of 0.5%. In 2012, DOF Management shall focus on establishing systems and procedures for reducing oil consumption, making further improvements to management systems and procedures.

NORSKAN

Norskan is responsible for maritime operations for the Group's fleet in Brazil. Since 2004, Norskan has had certification according to the ISM code, ISO 9001, ISO 14001 and OHSAS 18001. Norskan has been able to report a substantial reduction in the number of personal injuries in 2011 when compared with 2010. Over the past five years, Norskan has been ranked number 1 in Petrobras' annual evaluation of HSE among suppliers. In 2012, Norskan will focus on reducing emissions from its vessels and continuing to provide training and make further improvements to the Company's HSE culture.

DOF SUBSEA

In 2011, DOF Subsea implemented a common HSE system for all Group companies, including joint certification according to

ISO 9001, ISO 14001 and OHSAS 18001. Although DOF Subsea has seen an improvement in HSE, the Company reported three events (LTI) at the start of the year, none of which were serious. In 2011, DOF Subsea introduced a global electronic training system for safety. The feedback received from all companies involved has been purely positive. Customer satisfaction is a high priority for DOF Subsea, and the company has established high KPIs for all future deliveries. In 2011, up-time for offshore operations of vessels and ROVs was 97%.

EXTERNAL ENVIRONMENT

The Group owns the newest and most modern fleet of vessels on the market. All the vessels have certification according to DNV ISO 14001. The Group follows a standard to utilise eco-friendly, modern technical systems on its newbuildings. The next generation of vessels will have powerful hulls, high speeds, low oil consumption and comfortable working conditions for crew, including low noise levels. In the autumn of 2011, the Group made the decision to establish a common set of "Shipboard Energy Efficiency Management Plans" (SEEMPs) for the entire fleet. DNV has been requested to assist in the process, in order to ensure that all vessels fulfil the requirements made by the new standard.

The first phase is to establish procedures for various types of offshore vessels and the chosen vessels are Skandi Flora, Skandi Acergy and Skandi Vega. The project focus is to evaluate additional actions on how to reduce energy consumptions above initiatives already invested in and implemented on board these vessels. The initiatives can vary from vessel to vessel and every SEEMP will reflect the vessel design, technology and operations/functions. Actual fields that will be developed to reduce energy consumptions are: optimalization of power systems, cleaning of the hull, polishing of the propellers, planning of routes, logistics, various energy systems (cranes, compositions constructions, boilers, among others). One example is a project on Skandi Flora which was executed in cooperation with a client and here the fuel consumption was reduced with 3,5% after the propellers were polished.

The Group will continue to focus on identifying environmental aspects related to activities, thereby achieving a higher level of control and minimising the Group's impact on the external environment. One example of this work in 2011 is the global review by DOF Subsea of environmental aspects both offshore and onshore. During this process, the company was

named "top of the class" during DNV's annual audit of certificates issued.

MANPOWER AND WORKING ENVIRONMENT

WORKING ENVIRONMENT

At year-end, the Group had 4,066 persons, comprising both employees and hired-in personnel. Sick leave among the employees in DOF Sjø/DOF Management in 2011 was 4.1%, a significant reduction in comparison with 2010 when sick leave was 5.4%. Sick leave for the subsidiaries, DOF Subsea and Norskan comprised 2% and 2.2% respectively. The Group has a target to keep sick leave at a low ratio and will continue working proactively and making investments in measures to protect the health of the employees in order to achieve this target. The HR Department maintains close contact with employees in order to promote positive measures at work, aiming to further develop the level of involvement and focus on results among our talented employees.

ACCESS TO MANPOWER

The Group has witnessed a stable level of activity in the supply market for the North Sea in 2011, but expects to see increased competition for manpower in 2012 due to the delivery of a number of newbuildings scheduled for operations on the Norwegian continental shelf. The level of activity in Brazil continues to rise, and the Group focuses on retaining a staff of experienced seafarers in Brazil. It is essential for the Group to maintain the current level of expertise in this region. The market for talented, local seafarers will continue to be difficult in Brazil.

The competition for personnel with advanced technical expertise onshore remains tough, and the competition to recruit the most experienced engineers is still challenging. As an initiative towards attracting the best candidates, the Group compiled a global "Graduate Program" in 2011, which is due for implementation in 2012. The Group has an important competitive edge on the labour market due to its new, advanced fleet of vessels which will attract talented employees for both offshore and onshore positions.

DIVERSITY AND INCLUSION

Equal opportunities represent an important part of the Group's personnel policy. The Group aims to be an inclusive

workplace for both sexes, with a particular focus on diversity. A good mix of ages, sexes, cultures and expertise provides us with added strength from day to day and helps make DOF an attractive employer. Our industry is traditionally dominated by males and the number of female employees onboard offshore vessels is normally low. However, the Group's has gradually boosted its efforts to increase the female ratio of seafarers in 2011. The process of recording the ratio of women and men in the Group has continued for a number of years, and the ratio of women versus men on shore was 40% women and 60% men as of 31 December 2011 in DOF Management, and 35% women versus 65% men as of 31 December 2011 in DOF Subsea AS.

The Board of Directors comprises three men and two women.

In 2011, the Group has invested considerable resources in the further development of diversity and creating positive role models within the Group. The level of expertise and know-how among our employees represents an important key to success. A higher level of diversity among personnel promotes growth and provides us with valuable know-how. Future developments rely on access to manpower and the correct level of expertise. By remaining true to our in-house guidelines, the Group has achieved a multi-cultural and international workforce which we can proudly confirm to be our most important resource. Our policy remains to recruit and select the persons best suited to a position in terms of their skills, qualifications and capacity.

The Group aims to be a workplace free of discrimination. Our "Code of Business Conduct" covers the requirements laid down in the Norwegian Anti-discrimination and Accessibility Act, which are obligatory for our employees.

SALARY AND OTHER REMUNERATION OF SENIOR EXECUTIVES

The Chairman of the Board is authorised by the Board to determine salary for the CEO. Pursuant to Norwegian company legislation, the Board of Directors has compiled a personal statement regarding salary and other remuneration of senior executives which will be presented and discussed during the Annual General Meeting. We refer to the notes to the accounts for more detailed information on remuneration of senior executives.

SHAREHOLDERS

The Company is listed on the Oslo Stock Exchange. As of 31 December 2011, the company had 4,233 shareholders. The company's majority shareholder is Møgster Offshore AS, with control of 51.2% of share capital.

The annual general meeting in May 2011 authorised the Board of Directors to issue up to 22,750,000 shares, of which 20,013,375 were realised in connection with the issue in September and the so-called repair issue in November 2011.

The Company's Board of Directors is authorised to acquire up to 10% of the company's shares at highest nominal value of NOK 100 per share and lowest nominal value of NOK 20 per share.

An extension of the existing mandates will be recommended to the annual general meeting.

CONSOLIDATED FINANCIAL STATEMENT

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) and the accounting report is based on current IFRS and interpretations. Amendments in standards and interpretations may result in changes to the figures presented. The same accounting principles and calculation methods applied in the last set of financial statements have been applied to this document. However, please note that there has been an amendment to estimates for residual value of vessels, including consolidated depreciation.

Consolidated operating income in 2011 totalled NOK 6,503 million (NOK 5,403 million). The increase in operating income is attributed to the increase in the number of vessels in operation when compared with 2010. The Group has a high level of newbuilding activity, and took delivery of 10 vessels in 2011. The majority of these vessels were delivered during the second half of the year. Operating profit before depreciation (EBITDA) amounted to NOK 2,048 million (NOK 1,709 million), with an operating profit of NOK 1,151 million (NOK 543 million). Depreciation fell from NOK 1,166 million in 2010 to NOK 890 million in 2011. This reduction is due to the Group's amendment to depreciation estimate for the Group's vessels, implemented on 1 January 2011. The amendment principally

involves a lower degree of decomposition for vessels (only decomposition of classification dry-docks). Furthermore, the Company has been in dialogue with the Financial Supervisory Authority in Norway regarding the stipulation of the residual value of vessels, and the Group has been instructed to utilise market value as the basis for residual value estimates. In total, the updated estimate of residual value and reduction in decomposition have resulted in a reduction to depreciation of approx. NOK 135 million for 2011. For more information on this issue, see note 13 to the accounts.

Net financial items for 2011 were negative at NOK 1,843 million (negative NOK 743 million). When compared with 2010, currency rate fluctuations have been much higher, with NOK/BRL against USD fluctuations having a particular impact on the accounts. The Group's businesses in Brazil represent a significant share of the consolidated balance sheet, and BRL is the functional currency for operations in Brazil. Major fluctuations in currency exchange with USD have a high accounting impact, even though Brazilian operations have a limited degree of exposure to foreign exchange as all long-term contracts are hedged in the same currencies as the operating and financial costs. Consolidated financial items excluding unrealised foreign exchange/market impact were negative at NOK 1,176 million (negative NOK 843 million).

The Group reported an annual loss after tax of NOK 505 million (loss of NOK 215 million). Cash flow for the year (pre-tax result, unrealised loss on foreign exchange and depreciation) totalled NOK 872 million (NOK 866 million). The result for the year minus minority interests amounted to NOK -356 million (NOK -3.69 per share) compared with NOK -140 million (NOK -1.53 per share) in 2010.

The consolidated balance sheet at year-end 2011 totalled NOK 30,828 million (NOK 27,053 million). The increase in balance sheet total is attributed to the addition of new vessels. The Group took delivery of 10 newbuildings, purchased one vessel and sold two vessels in 2011. In addition, the Group's ROV fleet saw a significant increase when compared with 2010.

The Group's net interest-bearing liabilities total NOK 19,652 million as of 31 December 2011 (NOK 15,356 million). Net interest-bearing liabilities including unemployed capital (advance payments for vessels under construction) amounted to NOK 17,683 million.

The total cash flow from operating activities for the Group was NOK 922 million. Net cash flow from investment activities was negative at NOK 5,106 million. From financing activities, the cash flow totalled NOK 3,553 million.

The Group's cash reserves as of 31 December 2011 totalled NOK 2,040 million (NOK 2,645 million), of which NOK 984 million (NOK 948 million) comprises liquidity tied up for long-term financing of vessels. The short-term share of long-term liabilities which mature in 2011 amount to NOK 2,125 million (NOK 1,876 million), of which NOK 356 million represents maturity of a bond loan in July 2011, which has been refinanced in Q1 2012. With the exception of the above, the Group does not have any loans (balloon loans) which mature in 2012.

The estimated tax cost reflects different tax regimes, including taxation for shipping companies, voluntary settlement and significant in-house restructuring in 2011.

PARENT COMPANY FINANCIAL STATEMENTS

The parent company's financial statements show income of NOK 204 million (NOK 173 million) and an operating profit of NOK 46 million (NOK 21 million). The improvement in profit figure is attributed to an increase in activity, including operation of Skandi Vega throughout the year.

Net financial items returned a loss of NOK 144 million (profit of NOK 224 million) and a loss after tax of NOK -69 million (profit of NOK 264 million).

The parent company's balance sheet as of 31 December 2011 totalled NOK 8,631 million (NOK 7,670 million). The increase in balance sheet total is principally related to increased investments in subsidiaries and increased mortgage debt issued to subsidiaries.

RISK

FINANCIAL AND LIQUIDITY RISK

With a requirement for long-term financing of newbuildings, the Group is exposed to financing risk and liquidity risk. The Group is currently approaching the completion of a significant newbuilding program which, by the end of 2012, has been

under way for around five years. At year-end 2011, the Group had 11 vessels under construction. Despite the significant turbulence on global finance markets during this five-year period, the Group has obtained a satisfactory level of new long-term financing, and sufficient refinancing with security in the Group's existing fleet. One main contributory factor is the stable market value of the Group's fleet, and steady cash flow for the Group in that the main share of its fleet is on long-term contracts with financially strong customers. The Group has a new and modern fleet, with a market value for the entire fleet (including newbuildings), according to broker estimates, of approx. NOK 33.5 billion.

CURRENCY RISK

The Group is exposed to fluctuations in exchange rates as the Group's income is mainly generated in other currencies than NOK. Financial risk management is performed by the central financial and treasury department, which aims to minimise any negative impact on the Group's cash flow and financial results. Financial derivatives are utilised when appropriate to hedge against exposure. Alternatively, long-term liabilities are adapted to earnings in the same currency.

INTEREST RATE RISK

The Group is exposed to changes in interest rates as the main share of the Group's liabilities has a floating rate of interest. However, throughout 2011, the Group has reduced its interest rate exposure by entering into interest rate swaps. A fixed rate of interest has been secured for the entire loan period for all the vessels built in Brazil. This form of financing constitutes a significant part of the consolidated balance sheet.

CREDIT RISK

The Group's credit risk is considered to be low as the Group's customers traditionally have good financial capability to meet their obligations and have high credit ratings. Historically, the Group has had a limited level of bad debts.

MARKET AND PRICE

The Group is exposed to changes in prices for newbuildings and delayed delivery of newbuildings. The Group attempts to reduce this exposure by making use of fixed price contracts and entering into contracts with suppliers with the necessary financial strength and expertise to complete projects in accordance with agreements.

The Group is exposed to market fluctuations which may result in a lower degree of utilisation of the Group's fleet. Attempts are made to reduce this risk by securing long-term charters for the main part of the fleet.

GOING CONCERN

The Group has a satisfactory economical and financial position which provides the grounds for continued operations and further development of the Company, section 3-3a of the Norwegian Accounting Act. The Company aims to sustain its strategy for securing long-term utilisation for the main part of its fleet. The Group's accounts are submitted on assumption of going concern.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group's risk management and internal control is based on principles established in the Norwegian Code of Practice for Corporate Governance dated 21 June 2010, available at www.nues.no.

The Group managers are responsible for ensuring a satisfactory monitoring of risk and internal control, including a focus on full exploitation of business opportunities and establishing cost-efficient solutions, in addition to a focus on financial reporting which will provide comprehensive background material for decision-making.

Every year, the Group carries out detailed and thorough budgeting processes at all levels of the organisation in preparation for the next year's budget, which is submitted to the Board of Directors for approval. Procedures have been established for monthly reports on operations, investments, financing and liquidity. The Board of Directors receives monthly and quarterly operating reports, including information on status, HSE and personnel along with information on market factors. The Board of Directors is of the opinion that the Group's reporting procedures are sufficient to fulfil the requirement for risk management and internal control. It should be noted that any type of control system may contain faults, but the Board of Directors is confident that the management is actively involved in improving and further developing the Group's procedures and systems.

**REPORT OF THE
BOARD OF
DIRECTORS
DOF ASA**

In 2011, the Group has invested in a shared financial and operating system (ERP system), Agresso. The system will be implemented in all Group companies with effect from 1 January 2012. A new financial manual has been compiled for the entire Group in preparation for implementation. The new shared ERP system and financial manual provide shared guidelines for internal control, shared policies, defined requirements and distribution of responsibilities (authorisation tables) for the different departments and companies within the Group. The Board of Directors is of the opinion that the implementation of a shared ERP system is an important initiative which will provide improvements to internal control. In 2011, the Group has also implemented a financial management system (treasury system), referred to as IT2. This new system will simplify the process of financial reporting.

ALLOCATION OF ANNUAL RESULT

The parent company's financial statements have returned a loss of NOK 69 million. The Board of Directors proposes to cover this loss from other equity. After the above-mentioned allocation, the company's distributable equity totals NOK 3,309 million.

The consolidated financial statements have returned a loss of NOK 505 million, of which NOK 149 million is transferred from minority interests and NOK 356 million is transferred from other equity.

OUTLOOK

The Group has a high contractual coverage for its supply fleet and has low exposure to a volatile spot market.

DOF SUB aims to secure a satisfactory contractual coverage for its project fleet in 2012 and will continue to follow its contract strategy, with a combination of fixed long-term contracts (TC) and project contracts. With the addition of several new vessels in 2011, this business segment has an excellent position with which to meet the projected improvements on the subsea market in the years to come.

In 2011 and during the first months of 2012, the Group has secured satisfactory long-term financing for the majority of the remaining part of its newbuilding program. The Group's newbuilding program comprises four vessels for which a final long-term financing agreement has not yet been obtained. Long-term contracts have been signed for three of these vessels. In Q1 2012, the Group reinforced its financial position by issuing new bond loans, thereby postponing maturity from 2012 and 2013 to 2015 and 2017.

On the basis of the Group's strong growth, contracts and expectations of high employment for the Group's project vessels on the project market, the Board of Directors expects earnings in 2012 to be considerably higher than the figures reported for 2011.

Storebø, 19 April 2012
The Board of Directors for DOF ASA

Helge Møgster
Chairman

Oddvar Stangeland

Britt Mjellem

Helge Singelstad

Wenche Kjølås

Mons Aase
CEO

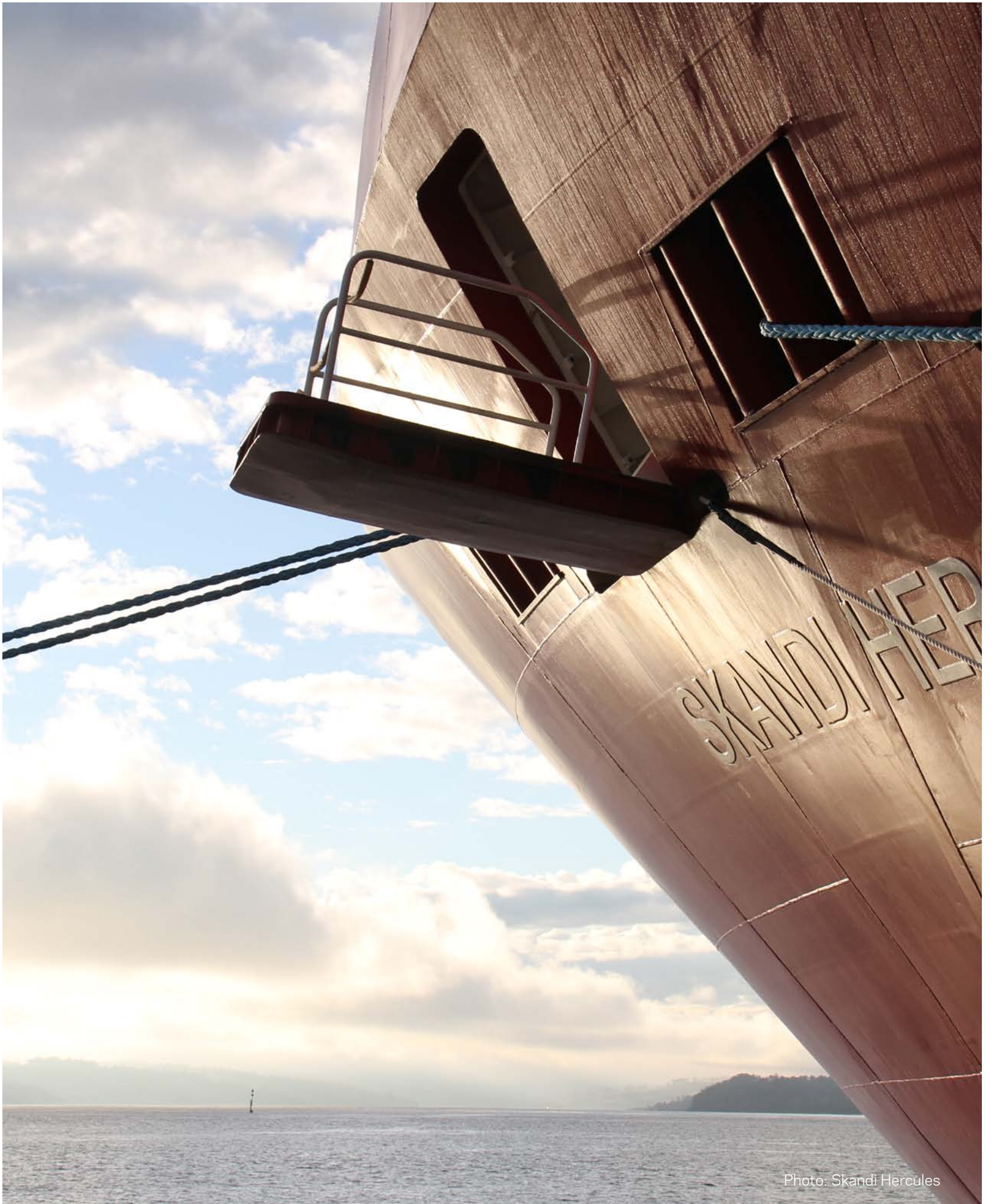


Photo: Skandi Hércules



Accounts DOF GROUP

Income Statement and Statement of Comprehensive Income

DOF GROUP

Amounts in NOK mill

	Note	2011	2010
Sales income	6,14	6 503	5 403
Operating income	5	6 503	5 403
Payroll expenses	7,29,30	3 121	2 486
Other operating expenses	8,14,28,29	1 367	1 266
Net (gain) loss on sale of tangible assets		-33	-59
Operating expenses		4 455	3 694
Operating profit before depreciation/write downs - EBITDA	5	2 048	1 709
Depreciation	4,13	890	1 166
Impairment loss	4,13	7	-
Operating profit - EBIT	5	1 151	543
Investments in affiliated companies	9,32	-	-5
Finance income	9	69	76
Finance costs	9	-1 189	-953
Realized gain/loss on currencies	9	-56	38
Unrealized gain/loss on currencies	9	-445	97
Net change in unrealized gain/loss on derivatives	9	-221	3
Net financial items		-1 843	-743
Profit (loss) before taxes		-691	-200
Tax expense (income)	10	-186	15
Profit (loss) for the year		-505	-215
Other comprehensive income net of tax			
Currency translation differences		-186	90
Cash flow hedge	25,26	-31	-1
Other comprehensive income net of tax		-217	89
Total comprehensive income for the year net of tax		-722	-126
Profit attributable to			
Non-controlling interest		-149	-75
Majority		-356	-140
Total comprehensive income attributable to			
Non-controlling interest		-189	-72
Majority		-533	-54
Earnings and diluted earnings per share (NOK)	11	-3,69	-1,53

Statement of Financial Position Balance Sheet

DOF GROUP

Amounts in NOK million

	Note	31.12.2011	31.12.2010
Assets			
Deferred tax assets	10	211	29
Goodwill	12	401	478
Intangible assets		611	506
Vessels	13,14,22	22 312	18 148
Newbuildings	13	1 969	1 925
Machinery and other operating equipment	13,22	1 406	1 559
Tangible assets	13,22	25 686	21 632
Investments in affiliated companies and joint-ventures	31,32	65	71
Investments in shares and units	15,26	7	9
Other non-current receivables	16,26	272	205
Financial assets		343	285
Non-current assets		26 641	22 423
Fuel reserves and other inventory	17	51	28
Trade receivables	18,26	1 534	1 266
Other receivables	19,25,26	562	690
Current assets		2 096	1 956
Restricted deposits		984	948
Cash and cash equivalents		1 056	1 696
Cash and cash equivalents included restricted deposits	20,26	2 040	2 645
Current assets		4 187	4 629
Total assets	5	30 828	27 053

Statement of Financial Position Balance Sheet

DOF GROUP


Amounts in NOK million

	Note	31.12.2011	31.12.2010
Equity and liabilities			
Share capital	21	222	182
Share premium fund		1 230	678
Other equity		2 585	3 118
Non-controlling interests		2 633	2 750
Equity	21	6 669	6 728
Deferred tax	10	219	402
Pensions	30	13	13
Financial derivatives	25,26	256	77
Non-current provisions for commitments		489	493
Bond loan	22,26	2 804	2 754
Debt to credit institutions	14,22,26	16 391	13 256
Other non-current liabilities	22,26	328	429
Non-current liabilities		19 523	16 438
Debt to credit institutions	22,26	2 251	2 007
Accounts payable	23,26	603	415
Tax payable	10,26	141	100
Public duties payable	26	108	80
Other current liabilities	24,25,26	1 043	792
Current liabilities		4 146	3 393
Total liabilities	5	24 159	20 325
Total equity and liabilities		30 828	27 053

Storebø, 19th April 2012

The Board of Directors for DOF ASA


Helge Møgster
Chairman


Oddvar Stangeland


Wenche Kjolås


Britt Mjøllem


Helge Singelstad


Mons Aase
CEO

Statement of Changes in Equity

DOF GROUP

Amounts in NOK million

	Note	Share capital	Share premium fund	Retained earnings	Currency translation differences	Total	Non-controlling interest	Total equity
Balance at 1.1.2011		182	678	2 701	417	3 978	2 750	6 728
Profit/loss for the year				-356		-356	-149	-505
Conversion differences					-161	-161	-25	-186
Other gains/losses charged through OCI				-16	-	-16	-15	-31
Total comprehensive income for the year				-372	-161	-533	-189	-722
Share issues		40	551			591		591
Share issues in subsidiaries								-
Changes in non-controlling interests	33						72	72
Total transactions with owners		40	551	-	-	591	72	663
Balance at 31.12.2011		222	1 230	2 329	256	4 036	2 633	6 669
Balance at 1.1.2010		182	678	2 841	330	4 032	2 777	6 809
Profit/loss for the year				-140		-140	-75	-215
Conversion differences					87	87	3	90
Other gains/losses charged through OCI				-1		-1		-1
Total comprehensive income for the year				-140	87	-55	-72	-126
Changes in non-controlling interests							45	45
Total transactions with owners		-	-	-	-	-	45	45
Balance at 31.12.2010		182	678	2 701	417	3 977	2 750	6 728

Statement of Cashflows

DOF GROUP

Amounts in NOK million

	Note	2011	2010
Profit before taxes		-691	-200
Profit/loss on disposal of tangible assets		-33	-37
Depreciation of tangible assets	13	890	1 166
Write down of tangible assets	13	7	-
Change in trade receivables	18	-269	184
Change in accounts payable	23	189	198
Foreign exchange losses/gains		597	-83
Change in other working capital items not specified above		175	-122
Gain on sale of shares		2	-
Share of loss/profit from associates	32	0	5
Cash from operating activities		867	1 112
Interest income/cost		1 009	814
Interest received		54	58
Interest paid		-944	-827
Tax paid for the period		-64	-73
Net cash generated from operating activities		922	1 084
Payments received for sale of tangible assets	13	341	460
Purchase of tangible assets	13	-5 367	-5 708
Purchase of share		-11	-19
Payments received on long-term receivables		-68	-85
Net cash used in investing activities		-5 106	-5 352
Proceeds from borrowings		5 976	10 718
Repayment of borrowings		-3 087	-6 070
Change in minority interest	33	72	41
Equity payments received		591	-
Net cash flow from financing activities		3 553	4 689
Net changes in cash and cash equivalents		-632	421
Cash and cash equivalents at the start of the period	20	2 645	2 214
Exchange gain/loss on cash and cash equivalents		27	10
Cash and cash equivalents at the end of the period	20	2 040	2 645

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NOTES TO ACCOUNTS DOF GROUP

1 GENERAL

DOF ASA is a public limited company registered in Norway. The head office is located at Storebø in the municipality of Austevoll, Norway. DOF is involved in business of industrial offshore activities as owner and operator of modern offshore vessels. DOF ASA is the parent company of a number of companies, as specified in note 31.

The Group's activities comprise three segments, as specified in note 5.

The Annual Accounts were approved for publication by the Board of Directors on 19 April 2012.

The financial report is divided in the Groups accounts and the parent company account. The report starts with the Groups accounts.

If not any other is stated all amounts in the notes are stated in NOK million.

2 ACCOUNTING PRINCIPLES

Summary of significant accounting principles

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The consolidated financial statements have been prepared in accordance with the historical cost convention with the following exceptions: available-for-sale financial assets and financial instruments at fair value through profit or loss are subsequently carried at fair value.

The accounting year is the same as the calendar year.

Going concern

The Group has a satisfactory economical and financial position which provides the basis for the going concern assumption in accordance with the Accounting Act 3-3a.

Changes in accounting principles and errors

The effects of changes in accounting principles and correction of significant errors in previous annual accounts are reported directly against equity. Comparative figures are revised accordingly if applicable.

Changes in classification

The Group has changed classification of finance income and cost, earned not invoiced income, lease debt and overdraft facilities. Comparable figures from 2010 are restated accordingly.

Consolidation principles

The consolidated accounts include DOF ASA and companies of which DOF ASA has a controlling interest. A controlling interest is normally achieved when the Group owns, either directly or indirectly, more than 50% of the shares in the company, and the Group has the capacity to exercise actual control over the company. Non - controlling interest is included in the Group's equity. Subsidiaries are consolidated from the date upon which control is transferred to the Group. Consolidation ends on the date upon which the Group no longer has control.

The Group uses the acquisition method of accounting to account for business combinations. The consideration for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the initial fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

IntraGroup transactions and intraGroup balances, including internal profit and unrealised gain and loss are eliminated. Unrealised gain generated from transactions with associated companies is eliminated in proportion to the Group's holding in the associated company. Unrealised loss is eliminated in the same manner, but on the condition that there is no indication of impairment of the asset sold within the Group. The consolidated accounts are prepared using uniform accounting principles to similar transactions and events. The accounts of subsidiaries are adjusted if necessary to bring them in line with the accounting policies of the Group.

Jointly controlled companies

Jointly controlled companies are economic activities regulated by an agreement between two or more parties, so that these parties have joint control over the activities. Participation in jointly controlled companies is recognised using proportionate consolidation (line by line). According to this method, each participant reports in their accounts their share of income, costs, assets and liabilities.

Associated companies

Associated companies are entities over which the Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associated companies are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associated companies includes goodwill identified on acquisition, net of any subsequent write-downs.

The Group's share of profit or loss from associated companies is recognised on the profit & loss account along with the balance sheet value of the investments and the share of changes to equity not recognised in the profit & loss account. The Group does not recognise its share of losses when this would result in a negative balance sheet value for the investment (including unsecured receivables for the entity), unless the Group has taken on a commitment or issued guarantees for the obligations of the associated company.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

The Group's primary reporting format is determined by business segment, and the Group operates within three business segments:

NOTES TO ACCOUNTS DOF GROUP

- 1) PSV (Platform Supply Vessel)
- 2) AHTS (Anchor Handling Tug Supply Vessel)
- 3) CSV (Construction Support Vessel)

The Group's business is reported in the following geographical areas: The North Sea, Mediterranean/South-East Asia, West Africa and America.

Conversion of foreign currency

a) Foreign 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 ('the functional currency'). The functional currency is mainly NOK, USD and BRL (Brazilian real). The consolidated financial statements are presented in Norwegian Kroner (NOK).

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the conversion at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement as financial income or costs.

c) Group companies

The results and financial position of all the Group entities that have a functional currency which differs from the presentation currency are converted into the presentation currency as follows:

- I. assets and liabilities presented at consolidation are converted to presentation currency at the foreign exchange rate on the date of the balance sheet,
- II. income and expenses are converted using the average rate of exchange, and
- III. all resulting exchange differences are recognised in other comprehensive income and specified separately in equity as a separate post.

When the entire interest in a foreign entity is disposed of or control is lost, the cumulative exchange differences relating to that foreign entity is reclassified to the income statement.

Classification of assets and liabilities

Assets are classified as current assets when:

- the asset forms part of the entity's service cycle, and is expected to be realised or consumed over the course of the entity's normal operations; or
- the asset is held for trading; or
- the asset is expected to be realised within 12 months of balance sheet date;

All other assets are classified as non-current assets.

Liabilities are classified as short-term when:

- the liability forms part of the entity's service cycle, and is expected to be settled in the course of normal production time; or
- the liability is held for trading; or
- settlement of the liability has been agreed upon within 12 months of the balance sheet date; or
- the entity does not have an unconditional right to postpone settlement of the liability until at least 12 months after balance sheet date.
- All other liabilities are classified as long-term.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Restricted deposits are classified separate from unrestricted bank deposits under cash and cash equivalents. Restricted deposits include deposits with restriction past twelve months.

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected within one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Accrued, not invoiced revenues are classified as trade receivables.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. Discounting is ignored if insignificant. A provision for loss is made when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the accounts receivable are impaired. The amount of the provision is the difference between the asset's nominal value and the recoverable value, which is the present value of estimated future cash flows, discounted at the original effective interest rate. Changes to this provision are recognised under other operating costs.

When a trade receivable is uncollectible, it is written off against the provision for trade receivables.

Tangible assets

Tangible assets are measured at cost less accumulated depreciation and write-down. Cost for the tangible assets is the purchase price including duties/tax (inclusive import tax) and direct purchasing costs associated with the acquisition of the tangible asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

When assets are sold or disposed of, the cost price and accumulated depreciation are derecognised and any loss or gain from the disposal reported in the profit and loss account.

Depreciation of assets is calculated using the straight-line method based on their estimated useful lives and residual value. Each part of a tangible asset which has a significant value of the total cost price is depreciated separately using the straight-line method over their estimated useful lives. Components with similar useful lives are depreciated as one component. Estimated useful life for a tangible asset and the method of depreciation are reviewed on an annual basis to ensure that the method and period applied are in accordance with the economic reality for the tangible asset. The same applies to residual value.

NOTES TO ACCOUNTS DOF GROUP

DOF has an intention that the Group not shall own vessel which is older than 20 years. Hence DOF has to calculate a residual value after the estimated useful life of the vessel within the DOF Group. During 2011 DOF had a discussion with the Financial Supervisory Authority in Norway for establishing the basis for residual value. DOF has agreed that the basis for residual value should be market valuation of charter free vessel. However such market values have to be adjusted to reflect the market value of the vessels if it had been of an age and in the condition expected at the end of the useful life. To estimate the residual value DOF has applied a linear model depending on the age of the vessel increasing from 50% (on a new build) to 100% (of a 20 year old vessel) of the received market valuation. The change in residual value has been applied as of January 1, 2011.

Capitalised costs on vessels that is directly related to the negotiations and arrangements of a contract is depreciated over the contract period.

The company monitors sales transactions for similar vessels in the market and carries out an annual re-assessment of residual value at the end of the useful life of its fleet of vessels.

Vessels under construction are classified as tangible assets and are recognised in accordance with payments of instalments. Vessels under construction are not depreciated before the tangible asset is in use.

Tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash in-flows (cash-generating units). Non-financial assets other than goodwill that previously has suffered an impairment loss are reviewed for possible reversal of the impairment when there are indicators of a recovery of the value.

Periodic maintenance

Periodic maintenance is reported on the balance sheet as a part of the vessel, and straight line depreciated over the period until the next periodic maintenance, normally after 30-60 months. On the purchase of new vessels, a portion of the cost price is classified as periodic maintenance.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Group leases certain vessels and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce

a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated

impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Interest expenses related to the borrowing are recognised as part of cost of an asset when the borrowing costs accrue during the construction period of a qualifying asset. Borrowing costs are capitalised until the time the fixed asset has been delivered and is ready for its intended use.

Borrowing is classified as short-term liabilities unless the borrowing involves an unconditional right to postpone payment of the liabilities for more than 12 months from balance sheet date.

Provisions

Provisions are recognised when, and only when, a company faces an obligation (legal or constructive) as a result of a past event and it is probable (more than 50%) that a settlement will be required for the obligation, and that a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to the best estimate. When timing is insignificant, the liability is reported at the estimated cost of release from the liability.

Otherwise, when timing is significant for the amount of the obligation, it is recognised at present value. Subsequent increase in the amount of the obligation due to interest accretion is reported as interest costs.

NOTES TO ACCOUNTS DOF GROUP

Contingent liabilities:

Contingent liabilities are defined as:

- (I) possible liabilities resulting from past events, but where their existence relies on future events;
- (II) liabilities which are not reported on the accounts because it is improbable that the commitment will result in an outflow of resources;
- (III) liabilities which cannot be measured to a sufficient degree of reliability.

Contingent liabilities are not reported in the accounts, with the exception of contingent liabilities which originate from business combinations. Significant contingent liabilities are presented in the notes to the accounts, except for contingent liabilities with a very low probability of settlement.

A contingent asset is not recognised in the accounts, but is disclosed in the notes to the accounts if there is a certain degree of probability that the Group will benefit economically.

Equity

Ordinary shares are classified as equity.

Transaction costs related to equity transactions, including tax effect of transaction costs, are directly charged against equity. Only transaction costs which are directly related to equity transactions are charged to equity.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the non-controlling interests is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

Revenue recognition

The Group recognises income when it is probable that future economic benefits will flow to the entity and when the amount of income can be reliably measured.

Income from the rental of ships is recorded on a linear basis over the lease period. The rental period starts from the time the ship is made available to the customer and expires on the agreed return date. Crew rental and compensation for coverage of other operating costs, is recorded over the contract period on a linear basis.

Sales income is shown net of discounts, value-added tax and other taxes on gross rates.

a) Sale of services

The Group's operational vessels are leased out on charter parties. Customers lease vessels, crew inclusive. The charterer determines (within the contractual limits) how the vessel is to be utilised. There is no time charter revenue when the vessels are off-hire, for example during periodic maintenance.

In addition to the lease of vessels, the company has a number of agreements for lease of room on vessels (hotel), provisions and extra crews.

b) Dividend income

Dividend income is recognised when the right to receive payment is established.

c) Interest income

Interest income is recognised using the effective interest method.

Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associated companies operate and generate taxable income. Permanent establishment of the operation will be dependent of the Group's vessels amount operating in the period. Tax is calculated in accordance with the legal framework in those countries in which the Group's subsidiaries, associated companies or vessels with permanent establishment operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated accounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised on the balance sheet to the extent it is probable that the future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is calculated on the basis of temporary differences related to investments in subsidiaries and associated companies, except when the company has control of the timing of the reversal of the temporary differences, and it is probable that reversal will not take place in the foreseeable future.

Both tax payable and deferred tax are recognised directly in equity, to the extent they relate to items recognised directly in equity. Similarly any tax related to items reported as other comprehensive income is presented together with the underlying item.

Companies under the shipping company tax regime

The Group is organised in compliance with the tax regime for shipping-companies in Norway. This scheme entails no tax on profits or tax on dividends from companies within the scheme. Net finance, allowed for some special regulations, will continue to be taxed on an ongoing basis at a rate of 28%. In addition tonnage tax is payable, which is determined based on the vessel's net weight. This tonnage tax is presented as an operating expense.

Employee benefits

a) Pensions and pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or

NOTES TO ACCOUNTS DOF GROUP

constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains and losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates for government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity similar to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the contribution period). In this case, the past-service costs are amortised on a straight-line basis over the contribution period.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as salary costs when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

b) Bonus plans and severance pay

Certain contracts of employment include the right to receive a bonus in relation to the fulfilment of defined financial criteria and agreements which provide the right for severance pay upon termination of the working relationship.

Provisions are made in those cases where the company has a commitment to make payment of such and are immediately charged through profit and loss.

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired

principally for the purpose of profiting from short-term price fluctuations. Derivatives are also categorised as held for trading unless they are designated for hedge accounting. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as fixed assets. Loans and receivables are classified as "accounts receivable and other receivables", and as cash and cash equivalents in the balance sheet.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit & loss account. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category, including interest income and dividends, are presented in the profit & loss account within financial income or financial loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised on the profit & loss account as part of financial income when the Group's right to receive payments is established. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a Group of financial assets is impaired. See separate paragraph in the note regarding accounts receivable.

Derivative financial instruments and hedging activities

Before a hedging transaction is carried out the Group's finance department assesses whether a derivative (or possibly another financial instrument in the case of a currency hedge) is to be used to

a) Hedge the fair value of a recognized asset or liability or a firm commitment,

b) hedge a future cash flow from a recognised asset, obligation, identified very probable future transaction or, in the case of a currency risk, a firm commitment or

c) hedge a net investment in a foreign operation.

NOTES TO ACCOUNTS DOF GROUP

The Group has only recognized hedge accounting of future cash flow related to interests on long term debt.

The Group's criteria for classifying a derivative or other financial instrument as a hedging instrument are as follows:

- a) the hedge is expected to be effective in that it counteracts changes in the fair value of or cash flows to an identified asset - a hedging efficiency of 80-125% is expected,
- b) the effectiveness of the hedge can be reliably measured,
- c) there is adequate documentation when the hedge is entered into that the hedge is effective, among other things,
- d) for cash-flow hedges, the forthcoming transaction must be highly probable, and
- e) the hedge is evaluated regularly and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

Cash-flow hedges

The effective part of changes in the fair value of a hedging instrument is recognized in other comprehensive income. The ineffective part of the hedging instrument is recognized directly in the income statement within financial instruments as part of net financial result.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognized in the income statement within financial items. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within financial instruments as part of net financial result.

Financial derivatives that are not recognised as hedging instruments are assessed at their fair value. Changes in the fair value are recognised in the statement of comprehensive income as they arise. They are classified within Net financial results.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 25.

Events after the balance sheet date

New information regarding the Group's financial standing on the balance sheet date is included in the accounts. Events occurring after balance sheet date, which do not impact the Group's financial standing on balance sheet date, but which have a significant impact on future periods, are presented in the notes to the accounts.

Use of estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management

to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4. Changes in accounting estimates are recognised for the period in which they occurred. If the changes also apply to future periods, the effect of the change is distributed over current and future periods.

Statement of cash flows

The statement of cash flow is prepared in accordance with the indirect model.

Government grants

The Group recognises grants when it is reasonably secured that it will comply with the required conditions for the grant and the grant will be received. Investments grants are presented as deduction in the asset's carrying amount on the balance sheet.

New standards and amendments

Below is a list of standards/interpretations that have been issued and are effective for periods starting on or after 1 January 2011.

Amendment to IAS 32

'Financial instruments: Presentation – Classification of rights issues'

Amended to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. Effective date: 1 February 2010.

IAS 24, 'Related party disclosures' (revised 2009)

Amends the definition of a related party and modifies certain related-party disclosure requirements for government-related entities. Effective date: 1 January 2011.

Amendment to IFRIC 14, 'IAS 19 – The limit on a defined benefit assets, minimum funding requirements and their interaction'

Removes unintended consequences arising from the treatment of pre-payments where there is a minimum funding requirement. Results in pre-payments of contributions in certain circumstances being recognised as an asset rather than an expense. Effective date: 1 January 2011.

Improvements to IFRSs 2010

The amendments are applicable for annual periods beginning after 1 January 2011 unless otherwise stated IFRS 3, 'Business combinations'

(a) Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS Clarifies that the amendments to IFRS 7, 'Financial instruments: Disclosures', IAS 32, 'Financial instruments: Presentation', and IAS 39, 'Financial instruments: Recognition and measurement', that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008). Effective date: Applicable to annual periods beginning on or after 1 July 2010. Applied retrospectively.

NOTES TO ACCOUNTS DOF GROUP

(b) Measurement of non-controlling interests

The choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by IFRS. Effective date: Applicable to annual periods beginning on or after 1 July 2010. Applied prospectively from the date the entity applies IFRS 3.

(c) Un-replaced and voluntarily replaced share-based payment awards

The application guidance in IFRS 3 applies to all sharebased payment transactions that are part of a business combination, including un-replaced and voluntarily replaced share-based payment awards. Effective date: Applicable to annual periods beginning on or after 1 July 2010. Applied prospectively.

IFRS 7, 'Financial instruments'

Emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. Effective date: 1 January 2011. Applied retrospectively.

IAS 1, 'Presentation of financial statements'

Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Effective date: 1 January 2011. Applied retrospectively.

IAS 27, 'Consolidated and separate financial statements'

Clarifies that the consequential amendments from IAS 27 made to IAS 21, 'The effect of changes in foreign exchange rates', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', apply prospectively for annual periods beginning on or after 1 July 2009, or earlier when IAS 27 is applied earlier. Effective date: Applicable to annual periods beginning on or after 1 July 2010. Applied retrospectively.

Amendments to IFRS 7, 'Financial instruments: Disclosures' on derecognition

This amendment will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. Earlier application subject to EU endorsement is permitted. Effective date: 1 July 2011.

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income

The main change resulting from these amendments is a requirement for entities to Group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. Effective date: 1 July 2012.

Amendment to IAS 19, 'Employee benefits'

These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. Effective date: 1 January 2013.

IFRS 9, 'Financial instruments'

IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. Effective date: 1 January 2013.

IFRS 10, 'Consolidated financial statements'

The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. Defines the principle of control, and establishes controls as the basis for consolidation. Set out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. Sets out the accounting requirements for the preparation of consolidated financial statements. Effective date: 1 January 2013.

IFRS 11, 'Joint arrangements'

IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. Effective date: 1 January 2013.

IFRS 12, 'Disclosures of interests in other entities'

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. Effective date: 1 January 2013.

IAS 28 (revised 2011), 'Associates and joint ventures'

IAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. Effective date: 1 January 2013.

3 FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: Market risk (including currency risk and price risk), interest risk, credit and liquidity risk and capital structure risk. The Group's overall risk management seek to minimize potential adverse effects of the Group's financial performance.

The financial risk management program for the Group is carried out by Treasury department under policies approved by the Board of Directors. Treasury identifies, evaluates and hedges financial risks in co-operation with the various operating units within the Group. The Board approves the principles of overall risk management as well as policies covering specific areas, such as currency exchange risk, interest risks and credit risk.

MARKET RISK

Foreign exchange risk

The Group operates globally and is exposed in foreign exchange risk arising from various currency exposures, basically with respect to USD, NOK, BRL, GBP and AUD. Foreign exchange risk arises from future commercial transactions, contractual obligations (assets), liabilities and investments in foreign operations.

The Group's reporting currency is NOK. Foreign exchange risk arises when future commercial transactions, contractual obligations (assets) and liabilities are denominated in a currency that is not a subsidiaries functional currency. The Group aims to achieve a natural hedge between cash inflows and cash outflows and manages remaining foreign exchange risk arising from commercial transactions, assets and liabilities by forward contracts and similar instrument as appropriate.

Hedging of foreign exchange exposures are executed on a gross basis and foreign exchange contracts with third parties are generated at Group level. The Group's risk management policy is to hedge anticipated transactions in each major currency. Currency changes in receivables, liabilities and currency swaps are recognized as a financial income/expense in the profit and loss statement. Fluctuation in foreign exchange rates will therefore have an effect on the future results and balances.

The table below shows potential figures for the Group's income and operating results if there had been change in the exchange rate between NOK, BRL, GBP and USD.

Change in exchange rate		Net profit
2011	+5 %	-309
	-5 %	+309
2010	+5 %	-211
	-5 %	+211

NOTES TO ACCOUNTS DOF GROUP

Price risk

The Group is exposed to price risk at two main levels:

- The costs of construction of new assets, replacements of assets are sensitive to changes in market prices.
 - The demand for the Group's vessels is sensitive to changes to oil price developments, exploration results and general activity within the oil-industry.
- This can effect both the pricing and the utilization of the Group's assets.

The Group aims to reduce any price risk and has the main part of its vessels on long term charter contracts. All new-building contracts are based on fixed prices of the assets.

CREDIT AND LIQUIDITY RISK

Credit and liquidity risk arises from cash and cash equivalents, derivative financial instruments and deposit with banks as well as credit exposures to clients. The Group has a policy that limits the amount of credit exposure to any single financial institution and bank and has limited concentration of credit risk towards single financial institution.

Credit exposures are mainly to customers that traditionally have good financial capability to meet their obligations and high credit rating. The Group's credit risk to clients is therefore considered as low and historical losses have been low. Liquidity risk management implies maintaining sufficient cash and marketable securities, the available funding through committed credit facilities and the ability to close market positions. The Group aims to maintain flexibility in its liquidity by keeping committed credit lines available.

The Group's business is capital intensive and the Group may need to raise additional funds through public or private debt or equity financing to execute the Group's growth strategy and to fund capital expenditures. The Group's loan agreements includes terms, conditions and covenants.

The Group has routines to report a 13 weeks cash flow forecasts on a weekly basis and 5 yrs cash forecast on a quarterly basis.

Repayment of loans and derivatives	2012	2013	2014	2015	2016->	Total
Interest bearing liabilities incl interest	2 931	3 558	3 285	4 750	10 901	25 425
Derivatives	-98	-62	-33	-30	-23	-247
Total	2 833	3 496	3 251	4 719	10 878	25 178

INTEREST RISK

The Group's existing debt arrangements are long term loans partly at floating and fixed interest rates. Movements in interest rates will have effects on the Group's cash flow and financial condition. The Group's policy is to maintain part of its debt at fixed rates.

The Group manages its cash flow interest risk by using floating-to-fixed interest rate swaps. Such interest swaps have the economic effect of conversion from floating interest rates to fixed interest rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals the difference between fixed interest rates and floating interest rates calculated by reference to the agreed amounts.

The long funding for the Group's vessels built in Brazil are secured at fixed interest rates for the entire duration of the loans. The duration of these loans are between 18 to 20 years. By year-end 38% of the Group's long term debt was secured at fixed interest.

Upon the basis of the Group's interest bearing debt per December 2011, a 1% increase or reduction of the floating interest rate would represent an amount of NOK 133 million in increased/reduced interest cost.

CAPITAL STRUCTURE AND EQUITY

The main objectives of the Group's management of its capital structure is to ensure that the Group is able to sustain a good credit rating and thereby achieve good terms and conditions for long term funding which are suitable for the Group's operations and growth. The Group manages its own capital structure and carries out all necessary amendments to the capital structure, based on a continuous assessments of the economic conditions under which the operations take place and the short and medium to long term outlook.

The Group has established similar financial covenants on all long term funding which imply minimum consolidated cash and minimum value adjusted equity for the Group. On a quarterly basis the Group measures its value adjusted equity by receiving fair market valuations of the total fleet from two independent brokers. See note 22.

The Group monitors its capital structure by evaluating the debt ratio, which is defined as net interest bearing debt divided by equity plus net interest bearing debt. The Group policy is to maintain debt financing corresponding to 75-80% funding of the new vessels and to continue to have high contractual coverage of the entire fleet.

NOTES TO ACCOUNTS DOF GROUP

Debt ratio	2011	2010
Interest-bearing debt	21 692	18 114
Restricted deposits	984	948
Cash	1 056	1 696
Net debt	19 652	15 469
Total equity	6 669	6 728
Total equity and net debt	26 322	22 197
Debt ratio	74,7 %	69,7 %

TAX RISK

Changes in tax regimes and taxation may adversely affect the Group's cash flows and financial condition. Certain of the Companies in the Group are subject to the special tax rules for ship owners in the Taxation Act (§ 8-10 - § 8-20). There have been, and still are, political discussion to modify these tax rules. Further, such special tax rules stipulate certain requirements which will have to be met in order to qualify for taxation pursuant to such rules. No assurance can be given that the Group will meet such requirements in the future. A failure to meet such requirements may have an adverse effect on the effective tax rate of the Group.

4 ACCOUNTING ESTIMATES AND ASSESSMENTS

When preparing the annual accounts in accordance with IFRS, the company management has applied estimates based on best judgement and premises considered to be realistic. Situations or changes may occur in the markets which may result in changes to the estimates, thereby impacting the company's assets, liabilities, equity and result.

Assessments, estimates and assumptions which have a significant effect on the accounts are summarised below:

Vessels:

The carrying amount of the Group's vessels represents 83% of the balance sheet total. Policies and estimates linked to the vessels have a significant impact on the Group's financial statements. The DOF Group has an intention that the Group not shall own vessel which is older than 20 years. In the current market the fair value of the Group's vessels is significantly higher than the carrying amount. Residual value is estimated based on market value and as residual value is based on market value it will reduce the gap between market value and booked value in these circumstances.

Useful life of vessels

The level of depreciation depends on the ships' estimated useful lives, normally 20 years. Estimated useful life is based on strategy, past experience and knowledge of the types of ship the company owns. There will always be a certain risk of events like breakdown, obsolescence e.g. with older ships, which may result in a shorter useful life than estimated. From time to time the company may own older vessels than 20 years, the depreciation rate will then be estimated individually.

Residual value of vessels

The level of depreciation depends on the calculated residual value at the balance sheet date. Assumptions concerning residual value are made on the basis of knowledge of the market for used vessels. Basis for residual value is market valuation of charter free vessel. Market values is adjusted to reflect the market value of the vessels if it had been of an age and in the condition expected at the end of the useful life. To estimate the residual value DOF Group has applied a linear model depending on the age of the vessel increasing from 50% (on a new build) to 100% (of a 20 year old vessel) of the received market valuation.

Useful life of investments related to periodical maintenance

Periodic maintenance is related to major inspections and overhaul costs. Component accounting for inspection or overhaul costs is intended to be used only for major expenditure that occurs at regular intervals over the life of an asset. Investments made in connection with periodical maintenance are depreciated until the vessel entered into next periodical maintenance. Intervals are calculated on the basis of past experience and best estimates for when periodical maintenance will be done. Estimated life of each periodical maintenance program is 5 years. On the purchase of new vessels, a portion of the cost price is classified as periodic maintenance based on best estimates. Component accounting for inspection or overhaul costs is intended to be used only for major expenditure that occurs at regular intervals over the life of an asset.

NOTES TO ACCOUNTS DOF GROUP

Contract costs and mobilization costs for TC vessels

Ordinary contract costs and ordinary cost related to mobilization are capitalized and amortized on a systematic basis consistent with the contract period. Contracts costs and mobilization costs is capitalized and depreciated over the contract period. Contract period is based on best estimates taken into consideration normally initial agreed period and probability for optional periods. A probability judgment is performed in assessing whether the option period shall be included in the contract period. The probability of whether the customer will utilize the option period will be based on past experience with the client, nature of the contract and marked condition in general.

Tax infringements and Repetro

In 2010 DOF received a notice of infringements from the tax authorities in Brazil amounting to BRL 32 million regarding the procedures adopted on the collection of ICMS levied on the temporary importation of the vessels under the special regime of the REPETRO. DOF has disputed most of such tax assessments and, based on a legal opinion provided by reputable law firm, has not provided for such assessments. The accounting treatment is in accordance with IAS 37 where the recognition of a provision shall only take place if it is probable that an outflow of resources will be required to settle the obligation. For the period from the importation of the vessels and to the REPETRO license is granted, DOF pays, on a monthly basis, the proportional taxes in order to operate the vessels to the client. In this regard, DOF has paid approx. BRL 29 MM of proportional taxes since the first vessel came in 2009. This is recognized as a part of the cost price of the imported vessel and amortized over the contract period in accordance with IAS 17.

DOF has in 2011 received refund of proportional tax in the amount of BRL 8,7 million and expects to receive additional approx. BRL 20 million in 2012.

Projects income and and costs/provisions

Contract revenue and expenses are recognised in accordance with the stage of completion of the contract. Under the stage of completion method, contract costs, revenue and the resulting profit are recognised in the period that the work is performed. Contract costs incurred that relate to future activities are deferred and recognized as an asset in the balance sheet. Basis for estimations is monthly updated forecasts for projects. Revenue in projects may increase or decrease based on variations to the original contract. These variation will be recognized based on purchase order/variation order if it is probable that they will result in revenue and they can be reliably measured.

A provision is recognised when there is a legal or constructive obligation arising from past events, or in cases of doubt as to the existence of an obligation, when it is more likely than not that a legal or constructive obligation has arisen from a past event and the amount can be estimated reliably. The amount recognised for a provision is the best estimate of the expenditure to be incurred. The best estimate of the expenditure required to settle the present obligation is the amount that rationally have to be paid to settle the obligation at the balance sheet date or to transfer it to a third party at that time.

Deferred tax assets

Deferred tax assets are recorded in the balance sheet based on the utilisation of tax losses carried by reversing taxable temporary differences and taking account of future earnings. See note 10.

Impairment

Assessments are made to determine whether the need for a write-down is indicated. If there are such indications, the recoverable amount is estimated and the book value is brought into line with the recoverable amount.

Please see note 13 for further details.

5 SEGMENT INFORMATION

Business segment

The DOF Group operates within three business segments in terms of strategic areas of operation and vessel types. The three different business segments are: PSV (Platform Supply Vessel), AHTS (Anchor Handling Tug Supply Vessel) and CSV (Construction Support Vessel). The subsidiary DOF Subsea is represented as part of the CSV segment.

Geographical areas

The Group divides its business activities over 3 geographical regions, based on the location of customers; Europe/West Africa, Australasia and the Americas.

DOF ASA has not reported the balance sheet value of assets by geographical areas as vessels are owned and controlled via Norway and other but are utilised worldwide. DOF ASA is therefore of the opinion that the distribution of assets according to geographical areas would not provide meaningful information.

NOTES TO ACCOUNTS DOF GROUP

Segment information

Business segment	2011				2010			
	PSV	AHTS	CSV	Group	PSV	AHTS	CSV	Group
Operating income	701	1 008	4 794	6 503	747	877	3 837	5 462
EBITDA 1)	276	478	1 294	2 048	270	370	1 069	1 709
Depreciation/Impairment loss	83	140	674	897	194	201	772	1 166
EBIT 2)	193	338	620	1 151	77	169	297	543
Net financial items	-261	-351	-1 230	-1 843	-164	-166	-413	-743
Taxes				0	13	16	-44	-15
Profit for the year	-68	-13	-610	-691	-75	19	-160	-215
Balance								
Assets	4 053	5 499	17 031	26 582	3 389	5 099	15 235	23 723
Jointly controlled companies	0	841	3 405	4 246	20	442	2 868	3 330
Total assets	4 053	6 340	20 435	30 828	3 408	5 541	18 103	27 053
Additions	1 056	1 512	3 119	5 686	693	1 762	3 247	5 702
Liabilities	3 672	4 993	15 493	24 159	3 077	3 743	13 505	20 325

Geographical distribution of revenues

	2011				2010			
	Europe/ West Africa	Austral asia	America	Group	Europe/ West Africa	Austral asia	America	Group
Operating income	1 998	1 211	3 294	6 503	2 535	872	2 055	5 462

1) EBITDA is short for Earnings Before Interest, Tax, Depreciation and Amortization.

2) EBIT is short for Earnings Before Interest and Tax.

6 OPERATING INCOME

	2011	2010
Sales income	6 503	5 403
Total operating income	6 503	5 403

Turnover:	2011			2010		
	Currency	NOK	Ratio %	Currency	NOK	Ratio %
USD	415	2 375	37 %	387	1 992	37 %
GBP	97	870	13 %	132	1 233	23 %
BRL	334	1 117	17 %	141	484	9 %
NOK		1 233	19 %		711	13 %
Other currencies - mainly AUD		907	14 %		983	18 %
Total		6 503	100 %		5 403	100 %

NOTES TO ACCOUNTS DOF GROUP

7 PAYROLL EXPENSES

	2011	2010
Salary and holiday pay	2 508	2 030
Hired personnel	189	112
Employer's national insurance contributions	72	48
Pensions costs	57	47
Other personnel costs	296	249
Total	3 121	2 486
No. man-years employed in financial year	3 759	2 722

Government grants related to the net salary scheme for vessels are reported as a reduction in payroll costs of NOK 34 million (NOK 33 million). Pensions costs are described in note 30.

8 OTHER OPERATING EXPENSES

	2011	2010
Technical costs vessel	832	735
Vessel hire	95	76
Bunkers	129	85
Other operating expenses	312	370
Total	1 367	1 266

9 FINANCIAL INCOME AND EXPENSES

	2011	2010
Investments in affiliated companies	-	-5
Interest income	68	75
Gain and loss on realization of shares	-2	-4
Other financial income	2	5
Financial income	69	76
Interest costs	-1 104	-911
Capitalization of interest	26	21
Other financial costs	-111	-64
Financial costs	-1 189	-953
Net gain/(loss) on currency derivatives	62	-45
Net gain/(loss) on non-current debt	-13	63
Net gain/(loss) on operational capital	-105	20
Net realized gain/loss on currencies	-56	38
Net unrealized gain/loss on currencies	-445	97
Net change in unrealized gain/loss on interest swap	-184	-3
Net change in unrealized gain/loss on currency derivatives	-38	6
Net change in unrealized gain/loss on derivatives	-221	3
Total	-1 843	-743

NOTES TO ACCOUNTS DOF GROUP

10 TAX

Tax consists of:	2011	2010
Tax payable in Norway	7	8
Tax payable related to changes in tonnage tax regime	-	17
Tax payable foreign activity	95	18
Change in deferred tax	-289	-61
Changes in deferred tax related to changes in tonnage tax regime	-	33
Tax cost/income	-186	14
Reconciliation of nominal and effective tax rate		
Profit before tax	-691	-200
Estimated tax cost (28%)	-194	-56
Deviation between actual and estimated tax cost	7	70
Reason for difference between actual tax cost and estimated tax cost		
Estimate deviations from previous years	-19	-
Effect of tonnage tax regime settlement on transition to new scheme	-	-12
Effect of tonnage tax	-35	82
Foreign tax rate deviation	70	23
Tax effect on items not included in deferred tax	-6	
Deviation from estimated tax cost	7	70
Basis of deferred tax	2011	2010
Fixed assets	-1 053	-2 612
Current assets	15	-133
Other differences (deferred capital gain etc)	-829	-783
Liabilities	126	-251
Total temporary differences	-1 741	-3 778
Deferred tax (-) / deferred tax assets (28%-34%)	-522	-1 077
Loss carried forward	1 871	2 640
- hereof tax deficit not included in basis for calculation of deferred tax/deferred tax assets	64	66
Basis for calculation of deferred tax (-) / deferred tax assets	66	-1 204
Total deferred tax (-) / deferred tax assets	-9	-374
Gross deferred tax	-219	-402
Gross deferred tax asset	211	29

One subsidiary, DOF Rederi AS, has made legal proceedings against the Norwegian Tax Authorities (Sentralskattekontoret for storbedrifter) regarding extra tax paid (korreksjonsskatt) when adopting new Norwegian tonnage tax regime. A negative outcome from a court case will not have a major impact in the accounts for DOF Rederi based on that the tax was paid and included in the P&L in 2010.

Financial lease combined with tax advantage

Three of the Group's vessels have previously been financed as "UK-lease". This implies that the vessels were formally owned by separate British holding companies outside the Group, which charter the vessels on B/B charter to the Group's subsidiary, DOF UK Ltd. DOF Rederi AS has covered DOF UK Ltd's obligation to cover the financing of these vessels for a minimum period of 6 years via a charter party. After 6 years, the owner can demand that the ship-owning company take over all assets of the British holding company at a price of approx. 75% of the original cost of the vessels. For accounting purposes, it is assumed that the owner will demand that DOF Rederi purchases the share in the British holding companies, and consequently the vessels. The three above-mentioned vessels were released from their lease contracts in 2008 and all the Group's UK leases were settled in 2008. There is a certain risk of tax liabilities of the former UK leases. The Group has made a assessment of the risk and accordingly made a provision in the accounts.

NOTES TO ACCOUNTS DOF GROUP

11 EARNINGS PER SHARE

Ordinary earnings per share are calculated based on the annual result payable as the relationship between the annual result for the year to the shareholders and the weighted average of outstanding ordinary shares throughout the financial year. There are no instrument that allow the possibility of dilution.

Basis for calculation of earnings per share	2011	2010
Profit for the year after non-controlling interest (NOK million)	-356	-140
Earnings per share for parent company shareholders (NOK)	-3,69	-1,53
Number of shares 01.01.	91 037 975	91 037 975
Share issues September 2011	20 000 000	
Share issues November 2011	13 373	
Number of shares 31.12.	111 051 348	91 037 975
Average number of shares	96 464 574	91 037 975

12 GOODWILL

	2011				2010			
	PSV	AHTS	CSV	Total	PSV	AHTS	CSV	Total
Acquisition cost at 01.01	3	3	548	553	3	3	511	517
Additions				0			37	37
Disposals			75	75				-
Conversion differences			-5	-5				-
Acquisition cost at 31.12	3	3	468	474	3	3	548	553
Impairment at 01.01	-	-	-76	-76			-58	-58
Impairment loss for the year								-
Accumulated conversion differences			3	3			-17	-17
Impairment 31.12.	-	-	-73	-73	-	-	-76	-76
Book value 31.12.	3	3	395	401	3	3	472	478

During 2011 the Group has moved a lot of vessel into the Norwegian tonnage taxsystem. This result in a disposal of goodwill related to deferred tax of NOK 75 million.

Goodwill relates to the acquisition of subsidiaries. Goodwill comprises the difference between nominal and discounted amounts in terms of deferred tax, synergy effects, organisational value, brandname and key personnel and their expertise. The Group has defined the different entities as separate Cash Generating Units (CGU). Goodwill classified under the CSV segment above is attributable to the DOF Subsea AS Group.

Goodwill is not depreciated, but the Group performs an annual impairment test to determine any write down requirement. The Group has estimated recoverable amount as value in use of the cash generating unit. The value in use is expected cash flows from operations discounted with a weighted average cost of capital (WACC 7 %). Cash flows are based on budgets approved by the board, and does not include any investments unless the investment is committed. Cash flows beyond the budget period is expected to grow in line with inflation rates – estimated to 2,5 %. Management determined budgeted gross margin based on past performance and its expectations of market development and the utilization of the vessels .

Discount rates. The WACC model is applied. Geographical differences in interest and in interest and inflation are taken into account. The WACC is calculated on the basis of a weighted average of required rates of return for the Group's equity and borrowed capital, based on the capital value model.

Based on the impairment test, no impairment of goodwill is required. The impairment test of goodwill is not sensitive to an increase of 1% of the discount rate. As the Group has high contract coverage the cashflow's are only to some degree sensitive to market fluctuations.

13 TANGIBLE ASSET

2011	Vessels	Periodic maintenance	Newbuildings	Operating equipment	Total
Acquisition cost as of 01.01.2011	21 007	645	2 053	1 921	25 627
Additions	1 540	273	3 873	0	5 686
Vessels completed from newbuildings	3 731	46	-3 797	20	0
Disposals	422	139	70	76	707
Conversion differences	-331	-24	-90	-35	-480
Acquisition cost as of 31.12.2011	25 525	802	1 969	1 830	30 126
Depreciation as of 01.01.2011	3 130	366	-	363	3 858
Depreciation for the year	558	186	0	145	890
Depreciation on disposals for the year	184	139	0	76	399
Conversion differences	-29	-17	0	-7	-52
Depreciation 31.12.2011	3 476	396	-	425	4 296
Impairment 01.01.2011	9	-	128	-	137
Impairment reclassification	128	0	-128	0	-
Impairment/reversals for the year	7	0	0	0	7
Impairment 31.12.2011	144	-	-	-	144
Book value 31.12.2011	21 906	406	1 969	1 406	25 686
Depreciation period	20 years	30-60 months		5-15 years	
Depreciation method	*)	Straight line		Straight line	
2010	Vessels	Periodic maintenance	Newbuildings	Operating equipment	Total
Acquisition cost as of 01.01.2010	13 276	489	4 723	1 708	20 196
Additions	3 413	183	2 015	91	5 702
Vessels completed from newbuildings	4 422	18	-4 529	88	0
Disposals	260	48	200	3	511
Conversion differences	156	3	44	36	240
Acquisition cost at 31.12.2010	21 007	645	2 053	1 921	25 627
Depreciation at 01.01.2010	2 288	249	0	225	2 762
Depreciation for the year	863	167	0	136	1 166
Depreciation on disposals in the year	38	50	0	0	88
Conversion differences	17	0	0	2	18
Depreciation at 31.12.2010	3 130	366	-	363	3 858
Impairment 01.01.2011	9	0	128	0	137
Impairment/reversals for the year					-
Impairment 31.12.2011	9	-	128	-	137
Book value at 31.12.2010	17 869	279	1 925	1 559	21 632
Depreciation period	20 years	30 months		5-10 years	
Depreciation method	*)	Straight line		Straight line	

The tangible assets is pledged against debt to credit institution, see note 22.

*) **Changes in residual value vessel:** DOF has an intention that the Group not shall own vessel which is older than 20 years. Hence DOF has to calculate a residual value after the estimated useful life of the vessel within the DOF Group. During the three first quarters in 2011 the residual value was estimated to 50% of the original cost of the vessel. DOF has during the second half of 2011 had a discussion with the Financial Supervisory Authority in Norway for establishing the basis for residual value. DOF has agreed that the basis for residual value should be market valuation of charter free vessel. However such market values have to be adjusted to reflect the market value of the vessels if it had been of an age and in the condition expected at the end of the useful life. To estimate the residual value DOF has applied a linear model depending on the age of the vessel increasing from 50% (on a new build) to 100% (of a 20 year old vessel) of the received market valuation. The total effect of the changed estimate of the residual value is reduced depreciation of approx NOK 135 million in 2011.

Impairment assessment: Impairment assessments have been carried out for all vessels and newbuildings as of 31 December 2011. The Group has independent broker valuations and adjusted these to include estimated added/decreased value in timecharter and bareboat contracts. In instances where the book value has been higher than the broker valuations, taking into account the estimated current value of contracts, a write-down has been carried out. The current value calculations are based on projected future earnings, cost levels and discount rate. There is a certain level of uncertainty connected with these estimates. Changes in parameters will result in amended results for the write-down assessment. A WACC (weighted average cost of capital) of approximate 6,9% was applied as discount rate in the calculations. Each vessel is considered as a separate unit capable of generating cash flow.

NOTES TO ACCOUNTS DOF GROUP

Tax infringements

DOF has received a notice of infringements from the tax authorities in Brazil amounting to BRL 32 million regarding the procedures adopted on the collection of ICMS levied on the temporary importation of the vessels under the special regime of the REPETRO. DOF has disputed most of such tax assessments and, based on a legal opinion provided by reputable law firm, has not provided for such assessments. The accounting treatment is in accordance with IAS 37 where the recognition of a provision shall only take place if it is probable that an outflow of resources will be required to settle the obligation. For the period from the importation of the vessels and to the REPETRO license is granted, DOF pays, on a monthly basis, the proportional taxes in order to operate the vessels to the client. In this regard, DOF has paid approx. BRL 29 MM of proportional taxes since the first vessel came in 2009. This is recognized as a part of the cost price of the imported vessel and amortized over the contract period in accordance with IAS 17. DOF has in 2011 received refund of proportional tax in the amount of BRL 8,7 million and this has reduced the book value of vessels.

CAPITALISED INTEREST COSTS

In 2011, capitalization of interest costs totalled NOK 26 million (NOK 21 million). These interest costs were related to payments incurred during the constructions of newbuildings, based on general financing as appropriate.

NEWBUILDING

The Group has 11 vessels under construction as of December 31, 2011. Commitments related to future investments in vessel amounts to NOK 5.2 billion. Hereof NOK 3.5 billion are financed as of December 31, 2011.

The downpayment structure for future commitments related to these newbuildings is;

	2012	2013	Total
Newbuildings	3 654	1 540	5 194
Of which financed as of 31.12	2 179	1 296	3 475

Vessel under construction as of 31.12.2011 are listed below:

Design vessel	Name vessel	No vessels	Completion
STX AH 08	Skandi Atlantic	1	2012
STX AH 11	Skandi Angra, Skandi Paraty, Skandi Urca	3	2012-2013
STX AH 12	Skandi Iquazu	1	2012
STX PSV 09 CD	Skandi Kvitsøy, Skandi Hawk	2	2012
STX MRV 05	Skandi Nova, Skandi Marøy 1)	2	2012
STX MRV 05 ROV	Skandi Hugen 1)	1	2012
STX OSCV 11	Skandi Bergen 2)	1	2012

1) The vessels are secured seven years charter contract with ConocoPhillips.

2) Skandi Bergen is sold in March 2012 and is replaced with a new vessel to be delivered in 2013.

NOTES TO ACCOUNTS DOF GROUP

14 LEASE

LEASE IN

Financial lease

The Group's assets under financial lease contracts include 1 vessel (Skandi Caledonia), several ROVs, machines and operating equipment. In addition to these lease payments, the Group has commitments related to maintenance and insurance of the assets.

Assets under financial lease contracts are as follows:

	2011	2010
Vessels	220	215
ROVs	79	79
Total acquisition cost	299	294
Accumulated depreciation at 01.01	71	61
Depreciation	7	13
Disposal	-	-
Net balance sheet value	222	220

Lease debt *)	154	160
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*) The lease debt is included in debt to credit institution in the balance sheet

Overview of future minimum lease:	2012	2013 - 2016
Minimum lease, financial lease contracts maturing:	23	141
Present value of lease payment	22	132

Operational lease

With the exception of the lease of office premises and the vessels MV Silverstar, the Group has no significant contracts for lease of fixed assets which are not reflected on the balance sheet. The main office is leased from an affiliated company owned by Laco AS. See note 28. DOF Subsea AS leases premises located at Marineholmen in Bergen.

Overview of future minimum lease:	2012	2013 - 2016
Minimum lease - vessels	18	-
Lease of head office	10	30
Total	28	30

LEASE OUT

Operational lease agreements - leasing of vessels

Parts of the Group's operational fleet are leased out on time charter. The Group has concluded that a time charter (TC) represents the lease of an asset and consequently is covered by IAS 17. Lease income from lease of vessels is therefore reported to the profit and loss account on a straight line basis for the duration of the lease period. The lease period starts from the time the vessel is put at the disposal of the lessee and terminates on the agreed date for return of the vessel.

The table below shows the minimum future lease payments related to non-terminable operational lease agreements (TC contracts). The amounts are nominal and stated in NOK million. These amounts include lease of vessels. Future payments are adjusted to include the estimated increase in the consumer price index of 3 % per year.

	2011	2010
Operational lease income 1 year	5 678	4 308
Operational lease income 2 - 5 year	11 272	11 106
Operational lease income from 5 year	4 171	3 463
Total	21 120	18 876

NOTES TO ACCOUNTS DOF GROUP

15 OTHER INVESTMENTS

	2011	2010
Total	7	9

Unrealised loss related to this investment was TNOK 2,262 in 2011 (gain TNOK 825 in 2010).

16 NON-CURRENT RECEIVABLES

	Note	2011	2010
Financial derivatives	25	34	-
Other non-current receivables		238	205
Total		272	205

17 FUEL RESERVES AND OTHER INVENTORY

	2011	2010
Bunker fuel	36	17
Provisions onboard vessels etc.	15	11
Total	51	28
Write-down of stock as of 31.12	-	-

18 TRADE RECEIVABLE

	2011	2010
Trade receivable at nominal value	1 106	1 070
Earned, not invoice income	449	215
Provision for bad debts	-20	-19
Total	1 534	1 266

Trade receivable relate mainly to major international oil companies.

The Group has an historically low level of bad debts, and the credit risk is considered to be minor.

As of 31.12, the company had the following accounts receivable which had matured, but not been paid.

NOTES TO ACCOUNTS DOF GROUP

	Total	Not matured	<30 d	30-60d	60-90d	>90d
2011	1 534	655	731	38	27	84
2010	1 266	902	192	57	29	86

Trade receivable divided on currencies:

	2011			2010		
	Currency	NOK	Ratio %	Currency	NOK	Ratio %
USD	57	335	22 %	31	182	17 %
GBP	15	142	9 %	16	148	14 %
BRL	90	289	19 %	54	189	18 %
NOK		618	40 %		436	41 %
Other currencies - mainly AUD		150	10 %		96	9 %
Total		1 534	100 %		1 051	100 %

19 OTHER CURRENT RECEIVABLES

	Note	2011	2010
Pre-paid expenses		130	143
Accrued interest income		19	21
Government taxes (VAT)		115	51
Financial derivatives	25	43	94
Other current receivables		254	381
Total		562	690

20 CASH AND CASH EQUIVALENTS

	2011	2010
Restricted deposits *	984	948
Bank deposits	1 056	1 696
Cash and cash equivalents at 31.12.	2 040	2 645

* A long term loan has been provided by Eksportfinans and is invested as a restricted deposit in DnBNOR. The repayment terms on the loan from Eksportfinans is equivalent with the reduction on the deposit. The loan is fully repaid in 2020. The cash deposit is included in Restricted deposits with a total of 885 MNOK (2010; 811 MNOK).

NOTES TO ACCOUNTS DOF GROUP

21 SHARE CAPITAL AND SHARE INFORMATION

Share capital: The share capital in DOF ASA as of 31.12.2011 as NOK 222,102,696 distributed between 111,051,348 shares, each with a nominal value of NOK 2.00. There has been two share issues in 2011, including repair issue.

Share issue authorisation: The Annual General Meeting has allocated authorisation to the Board of Directors for a capital increase of up to 22 750 000 shares at a nominal value of NOK 2.00. 20,013,373 shares is used on share issues in autumn 2011 and the remaining authorisation is 2,736,627 shares. The authorisation expires on the Annual General Meeting in 2012.

Share issues in 2011: In September the company executed a capital increase of NOK 600 million by issuing 20 million new shares at a price of NOK 30 per share. The repair issue was executed in November and totalled NOK 0.4 million, with the issue of 13,373 new shares.

Shareholders: The 20 largest shareholders of DOF ASA and shares owned by management and board members including shareholdings held by closely related persons and companies at 31 December 2011 were as follows:

Shareholders at 31.12.2011	2011		2010	
	No of shares	Shareholding	No of shares	Shareholding
MØGSTER OFFSHORE AS	56 876 050	51,22 %	46 210 050	50,76 %
ODIN NORGE	7 178 214	6,46 %	6 044 552	6,64 %
PARETO AKSJE NORGE	6 234 692	5,61 %	4 901 407	5,38 %
SKAGEN VEKST	5 702 213	5,13 %	4 954 800	5,44 %
PARETO AKTIV	2 844 930	2,56 %	2 233 300	2,45 %
ODIN OFFSHORE	2 451 563	2,21 %	1 751 900	1,92 %
MP PENSJON PK	2 325 600	2,09 %	1 845 600	2,03 %
PARETO VERDI	1 570 373	1,41 %	1 008 898	1,11 %
VESTERFJORD AS	1 027 650	0,93 %	873 650	0,96 %
KANABUS AS	987 684	0,89 %		
DNB NOR SMB			800 000	0,88 %
MUSTAD INDUSTRIER AS	700 000	0,63 %	590 000	0,65 %
MOCO AS	638 100	0,57 %	498 100	0,55 %
NORDEA BANK NORGE ASA	614 043	0,55 %		
ODIN MARITIM	579 800	0,52 %	339 800	0,37 %
SKANDINAVISKA ENSKILDA BANKEN	530 487	0,48 %	415 015	0,46 %
HOLBERG NORGE			515 550	0,57 %
FORSVARETS PERSONELLSERVICE	436 500	0,39 %	356 200	0,39 %
PACTUM AS	400 000	0,36 %	400 000	0,44 %
UBS AS, LONDON BRANCH	399 334	0,36 %		
PARETO SICAV	382 246	0,34 %		
DNB NOR SMB	375 000	0,34 %		
CITYBANK N.A. NEW YORK BRANCH			390 565	0,43 %
ODIN NORGE II			380 340	0,42 %
POSH AS			282 600	0,31 %
Total	92 254 479	83,07 %	74 792 327	82,16 %
Other shareholders	18 796 869	16,93 %	16 245 648	17,84 %
Total	111 051 348	100,00 %	91 037 975	100,00 %

NOTES TO ACCOUNTS DOF GROUP

Share capital and share information

				2011		2010	
				No of shares	Shareholding	No of shares	Shareholding
Board of Directors							
Helge Møgster	Chairman of the Board			290 930	0,26 %	236 930	0,26 %
Helge Singelstad	Board member			12 000			
Oddvar Stangeland	Board member	*		1 007 684	0,91 %	28 000	0,03 %
* Shares owned directly and via Kanabus AS							
Wenche Kjøllås	Board member	*		3 000	0,00 %	3 000	0,003 %
* Shares owned via Jawendel AS							
Britt Mjellem	Board member	*		1 000	0,00 %	1 000	0,001 %
* Shares owned via Mjellem Invest AS							

Via Laco AS, Helge Møgster and his family have indirect control of 99.53% of the shares in Møgster Offshore AS, the main shareholder of DOF ASA.

Management Group

Mons S. Aase	CEO	*	638 100	0,57 %	498 100	0,55 %
* Shares owned via Moco AS						
Hilde Drønen	CFO	*	56 675	0,05 %	30 675	0,03 %
* Shares owned directly and via Djupedalen AS						
Anders Arve Waage	COO		1 675	0,00 %	1 675	0,002 %
Total shares owned by board members and management			2 011 064	1,80 %	799 380	0,88 %

22 NON-CURRENT LIABILITIES

Bond loans

DOF ASA Group has five bond loans which mature in 2012-2016. See figures below. The trustee for the bond loan owners is Norsk Tillitsmann ASA and Nordea Bank Norge ASA is the account operator. The terms and conditions for the bond loans comprise a floating rate of interest, 3 month NIBOR + (550bp – 1150bp). Quarterly interest rate regulations are carried out for all the bond loans. DOF ASA is free to purchase its own bonds.

Non-current liabilities to credit institutions

The main share of the Group's fleet is financed via mortgage loans, in particular maritime mortgages. A set of shared covenants has been established for the maritime mortgage in DOF ASA and the maritime mortgage in DOF Subsea Holding AS. For DOF ASA, the most important financial covenants are as follows: Value adjusted equity shall be higher than 30% or higher than 20% if contractual coverage for DOF ASA Group is higher than 70%. The Group shall at all times have cash reserves of NOK 500 million.

The most important financial covenants for DOF Subsea Holding AS' fleet are as follows: The Group shall at all times have cash reserves of NOK 500 million. The Group shall at all times have Equity of at least NOK 3.000 million. The Group shall have value adjusted equity to value adjusted assets of at least 30%.

In addition to the above-mentioned financial covenants, the following terms and conditions also apply to a number of loan agreements:

- Full insurance for the Group's assets.
- No changes to classification, management or ownership of the vessels without prior written consent from the banks.
- DOF ASA shall own minimum 50% of the shares in DOF Subsea Holding AS, and Møgster Offshore shall own minimum 33% of the shares in DOF ASA.
- DOF ASA shall be listed on the Oslo Stock Exchange.

In addition, the normal terms and conditions for this type of loan apply.

By year-end 2011, the Group was in compliance with their financial covenants; the cash reserves was NOK 1 056 million and value adjusted equity ratio was 40%.

Overview of non-current liabilities	2011	2010
Bond loans	2 804	2 754
Debt to credit institutions	16 391	13 256
Other non current liabilities *)	328	429
Total liabilities (excl. instalments 2012)	19 523	16 438

*) Other non current liabilities includes prepaid revenue of NOK 198 million.

Instalment and interest profile	2012	2013	2014	2015	2016	Sub-sequent	Total
Bond loans *)	506	1 084	894	706	608	-	3 797
Debt to credit institutions	2 300	2 397	2 315	4 033	3 004	7 125	21 174
Other non-current liabilities	-	76	76	11	-	165	328
Overdraft facilities	125	-	-	-	-	-	125
Total	2 931	3 558	3 285	4 750	3 612	7 289	25 425

*) The Group has issued two bonds in 2012, and has bought back bonds of in total NOK 832 million with maturity in 2012, 2013 and 2014, ref. note 35.

Liabilities secured by mortgage	2011	2010
Bond loan	-	156
Liabilities to credit institutions incl current debt	18 641	16 466
Total liabilities	18 641	16 622

Assets provided as security

Fixed assets	22 312	19 609
Investment in subsidiaries / Net asset pledged consolidated *)	4 832	6 882
Total assets provided as security	27 144	26 491

*) As of 31.12.2011 the share in DOF Subsea AS was pledged against debt to credit institution for DOF Subsea Holding AS. The debt was repaid in February 2012 and the pledge is released.

Average rate of interest	6,25 %	6,39 %
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For loans issued directly to ship-owning subsidiaries of DOF ASA and DOF Subsea AS, a parent company guarantee has been issued for the nominal amount of the loans in addition to interest accrued at any given time.

	2011			2010		
Non-current liabilities incl first year installment, divided by currency:	Currency	NOK	Ratio %	Currency	NOK	Ratio %
USD	1 026	6 239	29 %	689	3 996	22 %
GBP	38	357	2 %	53	477	3 %
NOK		14 779	68 %		13 498	74 %
Other currencies		399	2 %		343	2 %
Total		21 774	100 %		18 314	100 %

Fair value of non-current loans.

The price of the company's five bond loans at 31.12.2011 was as follows:

Loan	Price		Price	
	31.12.2011	Outstanding	31.12.2010	Outstanding
DOF05			99,69	106
DOF06			103,11	156
DOF07	99,75	925	102,74	925
DOF08	95,75	600	100,00	600
DOFSUB01			99,50	297
DOFSUB03	103,50	356	108,00	500
DOFSUB04	99,50	750	N/A	750
DOFSUB05	90,75	550		

Other non-current liabilities, with the exception of non-current loans, have nominal value equivalent to fair value of the liability.

NOTES TO ACCOUNTS DOF GROUP

23 ACCOUNTS PAYABLE

	2011	2010
Accounts payable	603	415
Total	603	415

Accounts payable has the following split on currency ;	2011			2010		
	Currency	NOK	Ratio %	Currency	NOK	Ratio %
USD	17	105	25 %	7	43	10 %
GBP	16	144	35 %	4	39	9 %
BRL	64	206	50 %	39	135	33 %
NOK		101	24 %		63	15 %
Other currencies		47	11 %		135	33 %
Total		603	0 %		415	100 %

24 OTHER CURRENT LIABILITIES

	Note	2011	2010
Prepayments from customers		164	67
Accrued interest		256	185
Accrued expenses		253	293
Fair value forward contracts	25	67	1
Debt to non-controlling interest *)		172	98
Other current liabilities		130	148
Total		1 043	792

*) Debt to non-controlling interest in DOF Subsea Holding AS.

25 HEDGING ACTIVITIES

As of 31 December 2011, the Group had 30 forward contracts and 99 options to hedge future sales to customers in USD, GBP and EUR, and the purchase of USD and BRL. Forward contracts are utilised to hedge currency risk related to projected future sales.

The table below displays the fair value of obligations and rights as of 31 December 2011.

	2011		2012	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps - cash flow hedges	34	256	61	44
Foreign exchange contracts - cash flow hedges	43	67	33	34
Total	77	324	94	78
Non-current portion				
Interest rate swaps - cash flow hedges	34	256	-	-
Foreign exchange contracts - cash flow hedges	-	-	94	77
Non-current portion	34	256	94	77
Current portion	43	67	-	1

Derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

Outstanding trading derivatives 31.12.

	2011	2010
Notional amount forward foreign exchange contracts	623	3 676
Notional amount interest rate swaps	6 272	2 436

Derivatives are expected to occur at various dates during the next 12 months. Gains and losses recognised in the hedging reserve forward foreign exchange contracts and interest rates swaps as of 31 December 2011 are recognised in the income statement in the period or periods during which the hedged forecast transaction affects the income statement.

Financial derivatives and cash flow hedging against equity:

	2011	2010
Effect on equity, loss on interest swap contracts:	42	-

Fair market value of derivatives related to hedge accounting is presented and classified as part of the amount in non-current portion and amount in current portion.

26 FINANCIAL ASSETS AND LIABILITIES: INFORMATION ON THE BALANCE SHEET

This note gives an overview of the carrying and fair value of the Group's financial instruments and the accounting treatment of these instruments. The table is the basis for further information regarding the Group's financial risk. The table also shows the level of objectivity in the measurement hierarchy of each method of measuring the fair value of the Group's financial instruments.

31.12.11	Measure- ment level	Financial assets held for trading	Financial instru- ments at fair value through profit and loss	Financial instruments at fair value comprehen- sive income	Financial liabilities measured at amor- tised cost	Deposits and re- ceivables	Total	Of this interest bearing	Fair value
Assets									
Financial investments	1	7					7		7
Non-current derivatives	2		34				34	34	34
Other non-current receivables	3					238	238		238
Accounts receivable	3					1 534	1 534		1 534
Current derivatives	2		43				43	43	43
Other current receivables	3					562	562		562
Restricted deposits	3					984	984	984	984
Cash and cash equivalents	3					1 056	1 056	1 056	1 056
Total Financial Assets		7	77	0	0	4 474	4 458	2 117	4 458
Liabilities									
Derivatives non-current	2		214	42	0		256	256	256
Interest-bearing non-current liabilities	3				19 195		19 195	19 195	19 125
Interest-bearing current loans	3				2 251		2 251	2 251	2 251
Other non-current liabilities	3				328		328		328
Derivatives current	2		67				67	67	67
Accounts payable and other current liabilities	3				1 828		1 828		1 828
Total Financial Liabilities		0	282	42	23 602	0	23 926	21 770	23 856
Total Financial Instruments		7	-205	-42	-23 602	4 474	-19 467	-19 652	-19 397

Total measurement level 1 (Quoted, unadjusted prices in active markets for identical assets and liabilities)

Total measurement level 2 (Quoted techniques for which all inputs which have significant effect on the recorded fair value are observable, directly and indirectly)

Total measurement level 3 (Techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data)

7

-247

-19 228

NOTES TO ACCOUNTS DOF GROUP

31.12.10	Measure- ment level	Financial assets held for trading	Financial instru- ments at fair value through profit and loss	Financial instru- ments at fair value compre- hensive income	Financial liabilities measured at amor- tised cost	Deposits and re- ceivables	Total	Of this interest bearing	Fair value
Assets									
Financial investments	1	9					9		9
Other non-current receivables	3					205	205		205
Accounts receivable	3					1 051	1 051		1 051
Current derivatives	2		94				94	94	94
Other current receivables	3					668	668		668
Restricted deposits	3					948	948	948	948
Cash and cash equivalents	3					1 696	1 696	1 696	1 696
Total Financial Assets		9	94	0		4 664	4 570	2 739	4 673
Liabilities									
Derivatives	2		77				77	77	77
Interest-bearing non-current liabilities	3				16 010		16 010	16 010	16 063
Interest-bearing current loans	3				2 007		2 007	2 007	2 007
Other non-current liabilities	3				138		138		138
Derivatives current	2		1				1	1	1
Accounts payable and other current liabilities	3				1 385		1 385		1 385
Total Financial Liabilities			78		19 540		19 618	18 095	19 671
Total financial Instruments		9	16	0	-19 540	4 570	-14 945	-15 356	-14 999
Total measurement level 1 (Quoted, unadjusted prices in active markets for identical assets and liabilities)							9		
Total measurement level 2 (Quoted techniques for which all inputs which have significant effect on the recorded fair value are observable, directly and indirectly)							16		
Total measurement level 3 (Techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data)							-14 970		

Derivatives used for hedging

Derivatives used for hedging amounts to NOK 42 million and are all related to interest rate swaps on NOK loan (NOK 3 600 million) and USD loan (NOK 3 200 million). Gains and losses recognised in the hedging reserve in equity (note 25) on interest rateswap contracts as of 31 December 2011 will be continuously released to the income statement within finance cost until the repayment of the bank borrowings (note 22).

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

There is no ineffectiveness to be recorded in profit and loss in 2011 related to hedging derivatives.

NOTES TO ACCOUNTS DOF GROUP

27 GUARANTEE

The Group has provided guarantees to clients and suppliers in connection with procurements and services.

28 RELATED PARTIES

Operating cost	2011	2010
Møgster Management AS	9	12
Kanabus AS (Company owned by board member in DOF ASA)	1	1
Total	10	13

In addition to the board members and parent company management at DOF ASA, other companies in the Group, their board members and management will be regarded as related parties. Transactions with related parties are governed by market terms and conditions in accordance with the “arm’s length principle”.

Below is a detailed description of significant transactions between related parties:

Long-term agreements:

Møgster Offshore AS owns 51.22% of the shares in DOF ASA. Laco AS is the main shareholder of Møgster Offshore AS.
Møgster Management AS provides administrative intraGroup services to DOF ASA. Møgster Management AS is owned by Laco AS.

DOF ASA leases premises from Austevoll Eiendom AS, a company controlled by Laco AS. Reference is made to note 14.

DOF Subsea AS leases two holiday homes from Mons Aase, board member in DOF Subsea AS and CEO of DOF ASA. The lease cost in 2011 totalled NOK 300,000.

Board member Oddvar Stangeland and his wholly-owned company Kanabus AS, had assignments for the Company as technical advisor in various newbuilding and rebuilding projects.

Individual transactions:

DOF ASA

Moco AS is owned by the CEO of DOF ASA. Moco AS has participated in joint investments with DOF ASA, including the investment in PSV Invest IS where Moco AS owned 2%. Chairman of the Board Helge Møgster has shareholding in the same company with 2% and Jan Nore the CFO in DOF Subsea AS 0,5%. Moco AS and Helge Møgster have sold these shares to DOF ASA in 2011 at marked terms. The purchase price was NOK 1,417,500 per 1 % acquired.

Moco AS has participated in joint investments with DOF ASA, including the investment PSV Invest II AS where Moco AS owns 2 %. Chairman of the Board Helge Møgster has shareholding in the same company with 2 %. Moco AS and Helge Møgster have sold these shares to DOF ASA in 2011 at marked terms. The purchase price was NOK 811,000 per 1 % acquired.

DOF Management AS/DOF Subsea AS

The companies use sometimes manpower companies to hire personnel and have among others used Amesto AS. The board member Britt Mjøllem has been regional manager in Amesto AS in Bergen during 2011.

Group

The Group uses the shipyard Fitjar Mekaniske Verksted AS to do maintenance and repairs on the vessels. Total costs in 2011 are NOK 59 million (NOK 44 million) and was at market terms. Fitjar Mekaniske Verksted AS is owned by Laco AS.

Market terms and conditions are applied to all these transactions.

NOTES TO ACCOUNTS DOF GROUP

29 REMUNERATION TO EXECUTIVES, BOARD OF DIRECTORS AND AUDITOR

Total payments for salary, pension premium and other remuneration to CEO and other corporate management employees.

Amount in TNOK

2011	CEO	CFO	COO	CTO	Sum
Salary incl bonus	7 038	3 230	1 568	1 762	13 598
Pension premium	83	132	57	173	445
Other remuneration	20	232	92	124	468
Total	7 141	3 594	1 717	2 059	14 511

2010	CEO	CFO	COO	CTO	Sum
Salary incl bonus	5 766	2 206	1 385	1 119	10 476
Pension premium	109	154	176	66	505
Other remuneration	16	101	119	92	327
Total	5 890	2 460	1 680	1 277	11 308

CEO = Mons Aase, CFO = Hilde Drønen, COO = Anders Arve Waage, CTO = Arnstein Kløvrud

No loans or guarantees have been provided to the CEO, board members, members of the Group management or their related parties.

The CEO has the right to a bonus payment of 0.5% of the Group's annual result. In addition the CEO can be granted a discretionary bonus. The term of notice for the CEO is 6 months. If the CEO resigns from his position, he has the right to an extra compensation corresponding to 12 months' salary. Retirement age is 67 years with a pension of up to 70% of salary (12 times the National Insurance base amount) upon retirement.

Board fees in 2011 totalled NOK 1,225,000 (NOK 1,156,000). This comprises NOK 300,000 (NOK 300,000) to the Chairman of the Board and NOK 175,000 (NOK 175,000) each to the board members. In addition, a fee of NOK 225,000 (NOK 156,000) has been paid in other compensation for meeting in Audit Committee and Election Committee.

Specification of auditor's fee (amount in TNOK):	2011	2010
Audit	7 860	14 048
Fee for other confirmatory services	401	1 811
Tax consultation	1 975	3 775
Fee for other services	822	538
Total	11 058	20 173

All amounts in the table are excl VAT. The fee paid to PwC for 2010 in connection with the proposed IPO amounts to NOK 8,9 million for all services. These services include audit services, confirmation in accordance with law requirements and assistance in relation to the prospectus.

Guidelines for determination of salary and other remuneration to the CEO and senior employees of DOF in 2011

The guiding principle of DOF ASA's senior management salary policy is to offer senior employees terms of employment that are competitive in relation to salary, benefits in kind, bonus and pension scheme, taken together. The company shall offer a salary level that is comparable with corresponding companies and activities, and taking account of the company's need to have well qualified personnel at all levels.

The determination of salary and other remuneration to senior employees at any given time shall be in accordance with the above guiding principle.

Senior employees shall only receive remuneration in addition to the basic salary in the form of a bonus. The amount of any bonus to the CEO shall be set by the Chairman of the Board. The bonus to other senior employees shall be set by the CEO in consultation with the Chairman of the Board.

DOF ASA has no schemes for the allocation of options for the purchase of shares in the company.

The senior employees are members of the company's Group pension schemes which guarantee pension benefits not exceeding 12 times the national insurance base amount per year.

Senior employees have agreements whereby they are entitled to a free car and free business telephone. Apart from this, there are no other benefits in kind. Where the employment of senior employees is terminated by the company, they have no agreements entitling them to severance pay except for salary in the period of notice for the number of months provided for in the Working Environment Act. The contract of employment of 2005 for the CEO contains provisions providing for severance pay.

NOTES TO ACCOUNTS DOF GROUP

30 PENSIONS AND PENSION COMMITMENTS

DOF ASA Group has a company pension scheme with the life insurance company Nordea Liv Norge ASA. In 2011, this scheme comprised 821 active members and 43 pensioners. The scheme covers life-long retirement pension from the age of 67. It also includes disability pension and child pension. The Group also has an uninsured pension scheme for three former offshore employees which is financed from the company's operations. There is also a defined contribution scheme for 70 employees in DOF Management AS for which the pension costs totalled TNOK 2,575 in 2011. All onshore-based employees have obligatory occupational pension schemes. Offshore employees are not included in this scheme.

Seafaring employees have a separate pension scheme. Pension age is 60 and pension payments are made from the company's pension scheme until the age of 67. From 67, the retirement pension is paid under the National Insurance Scheme. The Group pension scheme is coordinated with the pension insurance scheme (Pensjonstrygden for sjømenn) for seafarers, and constitutes 60% of the pensionable income after 30 years of qualifying service. This scheme is insured. The calculations comply with IFRS (IAS 19). Estimate deviations and the impact of changed assumptions are amortised over an average expected remaining period of service after 10% corridor. The company's legal commitments are not affected by the accounting treatment of the pension commitments.

The average expected remaining period of service for onshore based employees is 9,2 years and for seafarers 17.7 years.

The pension funds are placed in a portfolio of investments by an external insurance company. The insurance company administers all transactions related to the pension scheme. Estimated return on pension funds is based on market prices on balance sheet date and projected development during the period in which the pension scheme is valid.

Net Pension costs	2011	2010
NPV value of pensions during the period	18	21
Capital costs previous earned pensions	5	6
Estimated return on pension capital	-6	-7
Administration costs	1	1
Estimated amortisation	-2	-
Payroll taxes during the period	3	3
Net pension cost incl. pay roll taxes	20	24

Net Pension commitments	2011	2010
Estimated Pension benefit obligation	178	167
Estimated pension capital	-130	-120
Unamortised actuarial losses	-42	-42
Payroll taxes during the period	7	6
Net Pension commitments 31.12.	13	11

Net pension commitments is classified as follows in the balance sheet 31.12.

Other pension commitments 31.12.	-	2
Pension commitments 31.12.	13	13

Economic assumptions	31.12.11	31.12.10	31.12.09
Discount rate	3,30 %	3,20 %	4,40 %
Estimated return on plan assets	4,80 %	4,60 %	5,60 %
Estimated growth in salaries	4,00 %	4,00 %	4,25 %
Estimated growth in pensions	2,50 %	0,50 %	0% / 1,30 %
Estimated growth in national social security base amount	3,75 %	3,75 %	4,25 %
Turnover	0,00 %	0 % / 3 %	0% / 3 %
National insurance contribution	14,10 %	14,10 %	14,10 %
Anticipated CPA acceptance rate 62-67 years of age	0,00 %	0,00 %	0,00 %

NOTES TO ACCOUNTS DOF GROUP

Reconciliation	2011	2010
Reconciliation, opening and closing balance:		
Net pension commitments 1.1.	11	10
Net pension cost for the year inc.nat.ins.cont	20	24
Investment in plan assets etc. incl.nat.cont	-19	-23
Net pension comm. Intments at 31.12.	13	11
Reconsiliation of pension commitment, opening and closing balance:		
Present value of accrued pension commitment at 1.1.	159	123
Gross pension cost for the year	23	26
Pension payment for the year	-2	-3
Deviation (change in assumptions/experience)	-3	21
Estimated present value accrued pension commitment at 31.12.	178	167
Reconsolidation of plan assets, opening and closing balance:		
Plan assets at 1.1.	120	105
Anticipated return on plan assets	6	7
Administrative expenses	-	-1
Pension payments for the year	-2	-3
Investment in plan assets etc	11	20
Deviation (changes in assumptions/experience)	-4	-7
Estimated present value of pension plan assets at 31.12.	130	120

At 31 December	2011	2010	2009
Present value of benefit-based pension commitment	178	167	123
Fair value of pension fund assets	130	120	105
Deficit/surplus	47	47	17

31 COMPANIES WITHIN THE GROUP

Investments in subsidiaries	Owner	Registered office	Nationality	Ownership and voting share
DOF Subsea Holding AS	DOF ASA	Bergen	Norway	51,0 %
DOF Rederi AS	DOF ASA	Austevoll	Norway	100 %
DOF UK Ltd	DOF ASA	Aberdeen	UK	100 %
DOF Egypt	DOF ASA	Cairo	Egypt	100 %
Norskan AS	DOF ASA	Austevoll	Norway	100 %
DOF Management AS	DOF ASA/DOF Subsea AS	Austevoll	Norway	100 %
Marin IT AS	DOF ASA/DOF Subsea AS	Austevoll	Norway	75 %
DOF Subsea Holding II AS	DOF Subsea Holding AS	Bergen	Norway	100 %
DOF Subsea AS	DOF Subsea Holding II AS	Bergen	Norway	100 %
DOF Subsea Chartering AS	DOF Subsea AS	Bergen	Norway	100 %
Geo Rederi AS	DOF Subsea AS	Bergen	Norway	100 %
DOF Subsea ROV Holding AS	DOF Subsea AS	Bergen	Norway	100 %
DOF Subsea Rederi AS	DOF Subsea AS	Bergen	Norway	100 %
DOF Subsea Rederi II AS	DOF Subsea AS	Bergen	Norway	100 %
DOF Subsea Norway AS	DOF Subsea AS	Bergen	Norway	100 %
DOF Subsea ROV AS	DOF Subsea AS	Bergen	Norway	100 %
DOF Installer ASA	DOF Subsea AS	Austevoll	Norway	83,7 %
Semar AS	DOF Subsea AS	Oslo	Norway	50 %
DOF Subsea Brasil Ltda	DOF Subsea AS	Macaè	Brazil	100 %

NOTES TO ACCOUNTS DOF GROUP

Investments in subsidiaries	Owner	Registered office	Nationality	Ownership and voting share
DOF Subsea Holding UK Ltd	DOF Subsea AS	Aberdeen	UK	100 %
DOF Subsea UK Ltd	DOF Subsea AS	Aberdeen	UK	100 %
DOF Subsea Pte	DOF Subsea AS	Singapore	Singapore	100 %
DOF Subsea Asia/Pacific Pte. Ltd.	DOF Subsea Pte	Singapore	Singapore	100 %
PT DOF Subsea Indonesia	DOF Subsea Pte	Singapore	Singapore	100 %
DOF Subsea Australian Pty.	DOF Subsea Pte	Perth	Australia	100 %
SWG Offshore Pty	DOF Subsea Pte	Perth	Australia	100 %
DOF Subsea Canada Corp	DOF Subsea Uk Ltd.	St. Johns	Canada	100 %
DOF Subsea US Inc	DOF Subsea Uk Ltd.	Houston	US	100 %
NEXUS Energy Recruitment Services Ltd	DOF Subsea Uk Holding Ltd.	Aberdeen	UK	100 %
Contruction Specialists Ltd (CSL)	DOF Subsea Uk Holding Ltd.	Aberdeen	UK	100 %
CSL Norge AS	DOF Subsea Uk Holding Ltd.	Bergen	Norway	100 %
Skandi Neptun AS	DOF Subsea AS	Bergen	Norway	100 %
Geosund AS	Geo Rederi AS	Bergen	Norway	100 %
Norskan Offshore SA	Norskan AS	Rio	Brazil	100 %
Norskan Offshore Ltda.	Norskan SA	Rio	Brazil	100 %
DOF Navegação Ltda.	Norskan Offshore SA/Norskan Offshore Ltda.	Rio	Brazil	100 %
Norskan GmbH	Norskan SA	Vienna	Austria	100 %
Norskan Two GmbH	Norskan GmbH	Vienna	Austria	100 %
Norskan Norway AS	Norskan Two GmbH	Austevoll	Norway	100 %
Norskan Holding AS	Norskan Two GmbH	Austevoll	Norway	100 %
DOF Rederi II AS	Norskan Two GmbH	Austevoll	Norway	100 %
Waveney AS	Norskan Holding AS	Austevoll	Norway	100 %
Waveney IS	Norskan Holding AS	Austevoll	Norway	92 %
DOF Argentina	DOF Management AS	Buenos Aires	Argentina	100 %
DOF Sjø AS	DOF Management AS	Austevoll	Norway	100 %
DOF Management Pte.	DOF Management AS	Singapore	Singapore	100 %
DOF Management Australia Pty	DOF Management AS	Perth	Australia	100 %
DOF Holding Pte.	DOF ASA	Singapore	Singapore	100 %
PSV Invest I AS	DOF ASA	Oslo	Norway	100 %
PSV Invest I IS	DOF ASA	Oslo	Norway	52 %
PSV Invest II AS	DOF ASA	Oslo	Norway	100 %
Anoma AS	DOF ASA /DOF Subsea	Austevoll	Norway	100 %
DOF Subsea Angola	DOF ASA /DOF Subsea	Angola		90 %
DOF Subsea Congo	DOF ASA /DOF Subsea	Congo		90 %

DOF Subsea Holding AS is a private limited company incorporated in Norway where the minority owner First Reserve Corporation owns the remaining 49%. The Company has a shareholders' agreement with First Reserve Corporation regarding the ownership in DOF Subsea Holding AS. Distribution of dividends from DOF Subsea Holding AS is contingent upon consensus between DOF ASA and First Reserve as a minority shareholder.

Jointly controlled companies	Owner	Registered office	Share capital	Ownership and voting share	Result for the year (100%)	Equity 31.12 (100%)
Aker DOF Deepwater AS	Norskan Two GmbH/Aker Solution AS	Austevoll	60	50 %	8	158
DOFTECH DA *	DOF Subsea AS/Technip Norge AS	Austevoll	350	50 %	19	402
TECHDOF DA **	DOF Subsea Rederi AS/Technip Norge AS	Bergen	180	50 %	-54	1 028
DOFCON Brasil AS	Techdof DA	Bergen	3	50 %	-1	598
DOFCON Navegacao Ltda	DOFCON Brasil AS	Brazil	521	50 %	-112	651

* General partnership, capital not called TNOK 0

** General partnership, capital not called TNOK 0

NOTES TO ACCOUNTS DOF GROUP

Associated companies	Owner	Registered office	Share capital	Ownership and voting share	Result for the year	Equity 31.12 (100%)
Master & Commander	DOF Subsea AS	Oslo	0	20 %	-8	201
PSV Invest II IS	DOF ASA	Oslo	80	14 %	0	80

32 INVESTMENTS IN ASSOCIATED COMPANIES AND JOINTLY CONTROLLED COMPANIES

Associated companies - Group

2011	Master and Commander AS (1)	PSV Invest II IS (2)	Other 3)	Total
Balance sheet value 01.01.2011	51	0	20	71
Additions/disposals	0	11	-17	-6
Share of result	-2		1	0
Balance sheet value 31.12.2011	50	11	4	65
Balance sheet value 01.01.2010	58		19	77
Reclassification	-6		6	0
Additions/disposals			-2	-2
Share of result	-1		-4	-5
Balance sheet value 31.12.2010	51	0	20	71

1) Master and Commander AS was founded in December 2006. The company owns 2 vessels.

2) PSV Invest II IS founded in February 2011. DOF ASA is shareholder with 14 %.

3) Other associated companies includes investments in Simsea AS, Machor DOF Subsea Snd and Invest Semar AS.

The Group's share of profit/loss, assets (incl. added value) and liabilities of associated companies:

2011	Registered office	Ownership	Assets	Liabilities	Turnover	Result
Master and Commander AS*	Oslo	20,0 %	697	495	71	-8
PSV Invest II IS	Oslo	14,0 %	0	0	0	0
Total			697	495	71	-8

2010	Registered office	Ownership	Assets	Liabilities	Turnover	Result
Master and Commander AS*	Oslo	20,0 %	111	75	27	-3
PSV Invest I IS	Oslo	48,0 %	36	20	0	0
Total			147	95	27	-3

* Master and Commander AS operates with USD as functional currency in the group, but presents its accounts with NOK as functional currency, thus the difference in the group's share of result.

Jointly controlled companies

2011	Registered office	Ownership	Assets	Liabilities	Equity	Turnover	Result
Aker DOF Deepwater AS	Austevoll	50 %	1 682	1 524	158	129	8
Doftech DA	Austevoll	50 %	1 273	870	402	199	19
Techdof DA	Bergen	50 %	1 371	344	1 028	-	-54
Dofcon Brasil AS	Brazil	50 %	677	79	598	-	-1
Dofcon Navegacao Ltda	Brazil	50 %	3 209	2 558	651	203	-112

NOTES TO ACCOUNTS DOF GROUP

2010	Registered office	Ownership	Assets	Liabilities	Equity	Turnover	Result
Aker DOF Deepwater AS	Austevoll	50 %	884	733	151	48	0
Doftech DA	Austevoll	50 %	1 338	955	384	183	9
Techdof DA	Bergen	50 %	1 488	434	1 054	-	-40
Dofcon Brasil AS	Brazil	50 %	599	-	599	-	9
Dofcon Navegacao Ltda	Brazil	50 %	2 202	1 473	729	39	77

The figures above represent 100% of the companies' accounting figures. On the consolidated accounts, associated companies are recognised according to the equity method, and jointly controlled companies according to the proportional consolidation method.

33 SIGNIFICANT ACQUISITIONS IN THE YEAR

Newly established companies and acquisitions in 2011

PSV Invest I IS: DOF increased its ownership in the company PSV Invest I IS from 48% to 52% in December 2011. Purchase price for the shares where NOK 5.7 million. The consideration was allocated to tangible assets in full as this is consider as purchase of asset.

DOF Installer ASA: The company carried out a expansion in 2011 and DOF Subsea Group increased its ownership share from 78.5% to 83.7%.

Norskan Offshore SA

During 2010 an IPO has been planned for Norskan and based on this decision a restructuring in the Group was completed in June. In addition some vessel and companies was sold from DOF Subsea to Norskan with payment in shares in Norskan SA, however these transactions were unwinded in October after the decision to postpone the Norskan IPO. Based on the above the following transactions were completed by end December 2010.

- Establishment of Norskan SA to be the ultimate owner of all the Brazilian activity. Norskan SA is 100% owned by Norskan AS.
- Establishment of two Austrian entities, Norskan GMBH and Norskan Two GMBH, as holding companies for the Norskan shipowning companies in Brazil and in Norway. Norskan SA is 100% owner of the Austrian entities.
- Demerger of DOF Rederi and establishment of DOF Rederi II which accordingly was transferred to the Norskan SA structure. DOF Rederi II is owner of three vessels and one new-building contract at Cochin shipyard.
- Acquisition of 44% in Waveney AS to a controlling ownership of 92% to the Norskan SA structure.
- Sale of the shares in Aker DOF Deepwater from DOF ASA to the Norskan SA structure.
- Sale of one new-building contract from DOF ASA to the Norskan SA structure.

SWG Offshore Pty Ltd: DOF Subsea Group has purchased 100% of SWG Offshore Pty. Ltd 01.07.2010. The company provides engineering and maintenance services to the resources and energy sectors in Australia, the South East Asia and Africa. The company was founded in 1995 and is based in Perth, Australia with an additional office in Singapore. The purchase price is estimated to AUD 6.4 million, whereof AUD 4 million is contingent on future performance criteria. Net assets identified in the purchase price allocation of the company amounted to AUD 103,036. The excess amount was allocated to goodwill for the CSV segment. Goodwill is attributed to the employees of the company.

Waveney IS: DOF ASA Group increased its ownership in the vessel Skandi Waveney from 47% to 92% in March 2010 through acquisition of shares in the limited liability partnership Waveney IS. Purchase price for the shares where NOK 18 million. The consideration was allocated to tangible assets in full.

DOF Installer ASA: The company carried out a expansion in 2010 and DOF Subsea Group increased its ownership share from 53.5% to 78.5%.

34 CONTINGENCIES

The Group and its subsidiaries are not involved in any ongoing court cases as of 31. December 2011.

One subsidiary, DOF Rederi AS, has made legal proceedings against the Norwegian Tax Authorities (Sentralskattekontoret for storbedrifter) regarding extra tax paid (korreksjonsskatt) when adopting new Norwegian tonnage tax regime. A negative outcome from a court case will not have a major impact in the accounts for DOF Rederi based on that the tax was paid and included in the P&L in 2010.

Financial lease combined with tax advantage

Three of the Group's vessels have previously been financed as "UK-lease". This implies that the vessels were formally owned by separate British holding companies outside the Group, which charter the vessels on B/B charter to the Group's subsidiary, DOF UK Ltd. DOF Rederi AS has covered DOF UK Ltd's obligation to cover the financing of these vessels for a minimum period of 6 years via a charter party. After 6 years, the owner can demand that the ship-owning company take over all assets of the British holding company at a price of approx. 75% of the original cost of the vessels. For accounting purposes, it is assumed that the owner will demand that DOF Rederi purchases the share in the British holding companies, and consequently the vessels.

The three above-mentioned vessels were released from their lease contracts in 2008 and all the Group's UK leases were settled in 2008. There is an certain risk of tax liabilities of the former UK leases. The Group has made an assesment og the risk and accordingly madea provision in the accounts.

35 SUBSEQUENT EVENTS

New contracts

DOF Rederi AS has entered into 2 new contracts and one extension of an existing contract with Shell. For the Skandi Foula and the Skandi Rona the firm contract periods are 5 years with 5 x 1 year optional periods. Both these contracts will commence in April 2012. Skandi Marstein has been extended with 1 year until November 2012. The new contracts are done at market terms and will give an annual EBITDA increase of approximately NOK 34 million compared to the previous contracts.

DOF Rederi AS has signed a contract with a major Australian company for Skandi Falcon. The contract has a firm period of 490 days with up to 190 days options. Skandi Falcon is a large PSV built in 1991.

New vessels

DOF Subsea Rederi AS, a wholly owned subsidiary in the DOF Subsea AS Group, has in March 2012 sold a ship under construction, yard no. 771 at STX OSV AS, to the Commonwealth of Australia (COA). The ship will be delivered to COA on delivery from the building yard, estimated to be first half of May, 2012. The ship is sold for a price slightly below USD 130 million. The ship will be delivered to COA without it's subsea equipment, hereunder 2 WROVs, 250 T crane, and launch and recovery systems for the two WROVs. Estimated gain is NOK 180 million.

DOF Subsea Rederi AS has in March signed a building contract with STX OSV AS for a new vessel of OSCV 11 design. This new vessel is a lengthened version of yard no. 771 with a total length of approximately 121 m. The new vessel's yard no. is 776.

The subsea equipment from yard. no. 771 will be transferred to yard no. 776. Yard no. 776 will deliver from STX OSV in May 2013. Estimated project price for yard no. 776 is approximately NOK 660 million. This number includes the subsea equipment from yard no. 771 and DOF's estimated costs for construction supervision, spare parts and mobilisation.

Financing

DOF ASA has in January completed a new unsecured bond issue of NOK 700 million with maturity date in February 2017. An application will be made for the bonds to be listed on the Oslo Stock Exchange. Net proceeds from the new bond issue will be used to refinance existing bonds and for general corporate purposes. In connection with the placement of the new bond issue, DOF ASA has bought back bonds with nominal value of NOK 495 million in the existing bond issue DOF07 (ISIN: NO 001 058279.4) with maturity in July 2013. Remaining outstanding amount in DOF07 after the buy-backs will be NOK 429.5 million.

DOF Subsea AS has in February completed a new unsecured bond issue of NOK 700 million with maturity date in October 2015. An application will be made for the bonds to be listed on the Oslo Stock Exchange. Net proceeds from the new bond issue will be used to refinance existing bonds and for general corporate purposes. In connection with the placement of the new bond issue, DOF Subsea AS has bought back bonds with nominal value of NOK 87.5 million in the existing bond issue DOFSUB03 PRO (ISIN: NO 001 052662.7) with maturity in July 2012 and NOK 149 million in the existing bond issue DOFSUB04 (ISIN: NO 001 058971.6) with maturity in April 2014. Remaining outstanding amount after the buy-backs will be NOK 168 million in DOFSUB03 PRO and NOK 601 in DOFSUB04. Furthermore, DOF Subsea AS has subscribed for NOK 200 million of the total issue volume of NOK 700 million.

36 FOREIGN EXCHANGE RATES

DOF ASA bases its accounting on the reference exchange rates applied by Norges Bank. As of 31.12, the following exchange rates were applied:

	2011	2010
US Dollar	5,9927	5,8361
Euro	7,7540	7,8333
GBP	9,2829	9,0634
AUD Dollar	6,0945	5,9401
Brazilian Real	3,2096	3,5026
Singapore dollar, SGD	4,6103	4,5647



Accounts

DOF ASA

Income Statement and Statement of Comprehensive Income

DOF ASA

Amounts in NOK million

	Note	2011	2010
Sales income		204	173
Operating income	2,8	204	173
Payroll expenses	4,3	31	19
Other operating expenses	17,19	106	100
Operating expenses		137	120
Operating profit/(loss) before depreciation - EBITDA		67	53
Depreciation	7	21	32
Operating profit - EBIT		46	21
Finance income	5	156	437
Finance costs	5	-280	-251
Realized gain/loss on currencies	5	-48	56
Unrealized gain/loss on currencies	5	-6	-20
Net change in unrealized gain/loss on derivatives	5	34	3
Net financial items	5	-144	224
Profit (loss) before taxes		-99	245
Tax expense (income)	6	-30	-19
Profit (loss) for the year		-69	264
Other comprehensive income			
Other income and costs		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		-69	264

Statement of Financial Position Balance Sheet

DOF ASA

Amounts in NOK million

	Note	31.12.2011	31.12.2010
Vessels	7,8	889	903
Machinery and other operating equipment	7	2	3
Tangible assets	7,8	890	905
Investments in subsidiaries	9	4 666	4 589
Investments in affiliated companies and joint-ventures	10	13	18
Other investments		7	9
Intragroup non-current receivables		2 589	1 440
Financial assets		7 274	6 056
Non-current assets		8 165	6 961
Trade receivable	11,16	119	102
Other receivables	12,16	166	263
Current assets		285	365
Restricted deposits		3	44
Cash and cash equivalents		178	299
Cash and cash equivalents included restricted deposits	16	181	343
Current assets		466	708
Total Assets		8 631	7 670

Statement of Financial Position Balance Sheet

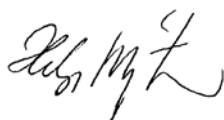
DOF ASA

Amounts in NOK million

	Note	31.12.2011	31.12.2010
Equity and liabilities			
Share capital		222	182
Share premium fund		1 230	678
Other equity		3 309	3 377
Equity		4 760	4 238
Deferred tax	6	89	119
Financial derivatives	15,16	41	77
Non-current provisions for commitments		130	197
Bond loan	13,16	1 510	1 504
Debt to credit institutions	13,16	1 948	1 195
Other non-current liabilities	13,16	-	21
Non-current liabilities		3 458	2 719
Debt to credit institutions	13,16	183	378
Accounts payable	16	31	43
Tax payable	6,16	2	2
Public duties payable	16	3	2
Other current liabilities	14,16	64	92
Current liabilities		282	516
Total liabilities		3 870	3 432
Total equity and liabilities		8 631	7 670

Storebø, 19th April 2012

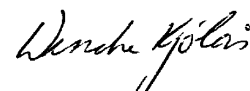
The Board of Directors for DOF ASA



Helge Møgster
Chairman



Helge Singelstad



Wenche Kjolås



Oddvar Stangeland



Britt Mjellem



Mons S. Aase
CEO

Statements of Changes in Equity

DOF ASA

Amounts in NOK million

	Share capital	Share premium fund	Retained earnings	Total equity
Balance at 01.01.2011	182	678	3 377	4 238
Profit/loss for the year	-	-	-69	-69
Other gains/losses charged through ICO	-	-	-	-
Total comprehensive income for the year	-	-	-69	-69
Share issues	40	551		591
Total transactions with owners	40	551	-	591
Balance at 31.12.2011	222	1 230	3 309	4 760
Balance at 01.01.2010	182	678	3 114	3 974
Profit/loss for the year	-	-	264	264
Other gains/losses charged through ICO	-	-	-	-
Total comprehensive income for the year	-	-	264	264
Share issues	-	-	-	-
Total transactions with owners	-	-	-	-
Balance at 31.12.2010	182	678	3 377	4 238

Statement of Cashflows

DOF ASA

Amounts in NOK million

	Note	2011	2010
Profit before taxes		-99	245
Profit/loss on disposal of tangible assets		-	-8
Depreciation of tangible assets	7	21	32
Write offs of financial assets		-	3
Change in trade receivables		-17	18
Change in accounts payable		-12	-18
Foreign exchange losses/gains		-24	20
Change in other working capital items not specified above		56	-56
Items without impact on cash flow		2	2
Gain on sale of shares		-	-364
Cash from operating activities		-72	-126
Interest income/cost		114	237
Interest received		159	8
Interest paid		-259	-218
Tax paid for the period		-0	-9
Net cash from operating activities		-59	-108
Payments received for sale of tangible assets		-	69
Purchase of tangible assets	7	-6	-777
Payments received for sale of shares		-	433
Purchase of share		-71	-133
Net change in long-term intragroup balances		-1 149	-916
Net cash used in investing activities		-1 227	-1 324
Proceeds from borrowings		998	2 817
Repayment of borrowings		-459	-1 358
Equity payments received		591	-
Net cash flow from financing activities		1 130	1 459
Net changes in cash and cash equivalents		-156	28
Cash and cash equivalents at the start of the period		343	309
Exchange gain/loss on cash and cash equivalents		-6	6
Cash and cash equivalents at the end of the period		181	343

NOTES TO ACCOUNTS DOF ASA

1 ACCOUNTING PRINCIPLES

The financial statements for DOF ASA have been prepared and presented in accordance with simplified IFRS pursuant of the Norwegian Accounting Act and are based on the same accounting principles as the Group statement with the following exeptions:

INVESTMENTS IN SUBSIDIARIES, JOINT VENTURE AND ASSOCIATES

Investments are based on the cost method.

DIVIDENDS

Dividends and Group contributions are accounted for according to good accounting practice as an exemption from IFRS.

For further information, reference is made to the consolidated accounts.

2 OPERATING INCOME

	2011	2010
Sales income	193	149
Other operating income	10	24
Total	204	173

3 PAYROLL AND NUMBER OF EMPLOYEES

	2011	2010
Salary and holiday pay	34	22
Hired personnel	3	2
Employer's national insurance contribution	0	0
Reinvoiced salary costs	-17	-9
Pension costs	1	0
Other personnel costs	10	4
Total	31	19
No man-years employed in financial year	35	33

Government grants related to the net salary scheme for vessels are reported as a reduction in payroll costs of NOK 7 million (NOK 4 million in 2010).

4 OTHER OPERATING EXPENSES

	2011	2010
Tecnical costs vessel	15	10
Vessel hire	77	71
Other operating expenses	15	19
Total	106	100

5 FINANCIAL INCOME AND COSTS

	2011	2010
Interest income from companies in the same group	148	64
Other interest income	10	8
Gain and loss on realization of shares	-2	365
Financial income	156	437
Interest costs from companies in the same group	0	-1
Other interest costs	-272	-245
Other financial costs	-8	-5
Financial costs	-280	-251
Net gain/(loss) on currency derivatives	-46	0
Net gain/(loss) on non-current debt	1	-3
Net gain/(loss) on operational capital	-3	59
Realised foreign exchange gain	-48	56
Unrealised foreign exchange gain	-6	-20
Net change in unrealized gain/loss on interest swap	0	0
Net change in unrealized gain/loss on currency derivatives	34	3
Net gain/loss on currency forwards contracts	34	3
Total	-144	224

6 TAX

Tax consists of:	2011	2010
Tax payable in Norway	-	-
Tax payable in foreign activity	-	-
Change in deferred tax Norway	-30	-27
Change in deferred tax foreign activity		9
Tax cost/income	-30	-19
Reconciliation of nominal and effective tax rate		
Profit before tax	-99	245
Estimated tax cost (28%)	-28	69
Deviation between actual and estimated tax cost	-2	-87
Reason for difference between actual tax cost and estimated tax cost		
Tax effect of non-taxable income and non tax-deductible costs	-	-87
Tax effect of items posted directly to equity	-2	
Deviation from estimated tax cost	-2	-87
Basis of deferred tax	2011	2010
Fixed assets	-256	-174
Other differences (deferred capital gain etc)	-304	-358
Total temporary differences	-560	-532
Deferred tax (-) / deferred tax assets (28%-34%)	-157	-149
Loss carried forward	241	105
Basis for calculation of deferred tax (-) / deferred tax assets	-319	-427
Total deferred tax (-) / deferred tax assets	-89	-119
Gross deferred tax	89	119

NOTES TO ACCOUNTS DOF ASA

7 TANGIBLE ASSET

2011	Vessels	Periodic maintenance	Newbuildings	Operating equipment	Total
Acquisition cost as of 01.01.2011	974	21		3	998
Additions	2	4			6
Vessels completed from newbuildings	0	0			0
Disposals	0	0			0
Acquisition cost as of 31.12.2011	976	25	-	3	1 004
Depreciation as of 01.01.2011	78	14	-	-	92
Depreciation for the year	16	5		1	21
Depreciation on disposals for the year	0	0			-
Depreciation 31.12.2011	94	19	-	1	113
Book value 31.12.2011	883	6	-	2	890
Depreciation period	20 years	30-60 months		5-15 years	
Depreciation method	*)	Straight line		Straight line	
2010	Vessels	Periodic maintenance	Newbuildings	Operating equipment	Total
Acquisition cost as of 01.01.2010	205	13	68	2	288
Additions	769	7	1	0	778
Vessels completed from newbuildings					-
Disposals		-1	69		68
Acquisition cost at 31.12.2010	974	21	-	3	998
Depreciation at 01.01.2010	53	6	-	-	59
Depreciation for the year	25	6			32
Depreciation on disposals in the year		-1			-1
Depreciation at 31.12.2010	78	14	-	-	92
Book value at 31.12.2010	896	7	-	3	905
Depreciation period	20 years	30 months		5-10 years	
Depreciation method	*)	Straight line		Straight line	

*) Changes in residual value vessel

DOF has an intention that the Group not shall own vessel which is older than 20 years. Hence DOF has to calculate a residual value after the estimated useful life of the vessel within the DOF Group. During the three first quarters in 2011 the residual value was estimated to 50% of the original cost of the vessel. DOF has during the second half of 2011 had a discussion with the Financial Supervisory Authority in Norway for establishing the basis for residual value. DOF has agreed that the basis for residual value should be market valuation of charter free vessel. However such market values have to be adjusted to reflect the market value of the vessels if it had been of an age and in the condition expected at the end of the useful life. To estimate the residual value DOF has applied a linear model depending on the age of the vessel increasing from 50% (on a new build) to 100% (of a 20 year old vessel) of the received market valuation.

Impairment assessment

Impairment assessments have been carried out for all vessels and newbuildings as of 31 December 2011. The company has independent broker valuations and adjusted these to include estimated added/decreased value in timecharter and bareboat contracts. In instances where the book value has been higher than the broker valuations, taking into account the estimated current value of contracts, a write-down has been carried out. The current value calculations are based on projected future earnings, cost levels and discount rate. There is a certain level of uncertainty connected with these estimates. Changes in parameters will result in amended results for the write-down assessment. A WACC (weighted average cost of capital) of 6,9% was applied as discount rate in the calculations. Each vessel is considered as a separate unit capable of generating cash flow.

NOTES TO ACCOUNTS DOF ASA

8 LEASE

LEASE IN

Financial lease

The company's assets under financial lease contract is related to 1 vessels (Skandi Caledonia). In addition to these lease payments, the company has commitments related to maintenance and insurance of the asset.

	2011	2010
Vessels	220	215
Total acquisition cost	220	215
Accumulated depreciation at 01.01	70	60
Depreciation	5	12
Disposal	-	2
Net balance sheet value	145	146
Lease debt *)	108	160

*) The lease debt is included in debt to credit institution in the balance sheet

Overview of future minimum lease:	2012	2013 - 2016
Minimum lease, financial lease contracts maturing:	10	99
Present value of lease payment	7	96

LEASE OUT

Operational lease

Parts of the company's operational fleet are leased out on time charter. The company has concluded that a time charter (TC) represents the lease of an asset and consequently is covered by IAS 17. Lease income from lease of vessels is therefore reported to the profit and loss account on a straight line basis for the duration of the lease period. The lease period starts from the time the vessel is put at the disposal of the lessee and terminates on the agreed date for return of the vessel.

The table below shows the minimum future lease payments related to non-terminable operational lease agreements (TC contracts). These amounts include lease of vessels. Future payments are adjusted to include the estimated increase in the consumer price index of 3% per year.

	2011	2010
Operational lease income 1 year	143	141
Receivable between 2 and 5 years	281	406
Receivable later than 5 years	0	0
Total	425	547

NOTES TO ACCOUNTS DOF ASA

9 INVESTMENTS IN SUBSIDIARIES

Directly owned subsidiaries	Main business	Nationality	Registered office	Share capital	Ownership and voting share	Result for the year (100%)	Equity 31.12 (100%)	Acquisition cost
DOF Subsea Holding AS	Shipowning/subsea eng.	Norway	Austevoll	173	51,0 %	57	5 598	2 798
DOF Rederi AS	Shipowning	Norway	Austevoll	102	100 %	-42	494	102
DOF Management AS	Shipowning	Norway	Austevoll	38	66 %	3	87	58
DOF UK Ltd.	Shipowning/management	Scotland	Aberdeen	0	100 %	104	216	0
DOF Egypt	Shipowning	Egypt	Cairo	3	100 %	-1	9	3
Norskan AS	Shipowning/management	Norway	Austevoll	323	100 %	-31	2 078	1 626
Marin IT AS	IT services	Norway	Austevoll	16	45 %	4	17	6
PSV Invest I AS	Shipowning	Norway	Oslo	0	100 %	0	0	0
PSV Invest I IS	Shipowning	Norway	Oslo	-	52 %	-2	134	71
PSV Invest II AS	Shipowning	Norway	Oslo	0	100 %	0	0	0
DOF Holding Pte.	Shipowning	Singapore	Singapore	-	100 %	0	0	0
Total acquisition cost of subsidiaries								4 666

10 INVESTMENTS IN ASSOCIATED COMPANIES

Associated companies	Owner	Main business	Nationality	Registered office	Share capital	Ownership and voting share	Result for the year (100%)	Equity 31.12 (100%)	Acquisition cost
PSV Invest II IS	DOF ASA	Shipowning	Norway	Oslo	80	14 %	0	80	12
Annet	DOF ASA								1
Total									13

11 TRADE RECEIVABLES

	2011	2010
Trade receivable	60	42
Trade receivable to intragroup	59	61
Total	119	102

The companies receivable relate mainly to major international oil companies. The company has an historically low level of bad debts, and the credit risk is considered to be minor.

As of 31.12, the company had the following trade receivable which had matured, but not been paid.

	Total	Not matured	<30 d	30-60d	60-90d	>90d
Total	119	42	27	20	-	30

NOTES TO ACCOUNTS DOF ASA

12 OTHER CURRENT RECEIVABLES

	2011	2010
Intragroup receivables	159	193
Pre-paid expenses	1	11
Accrual of income	-	7
Derivatives	-	3
Other current receivables	7	50
Total	166	263

13 OTHER NON-CURRENT LIABILITIES

Bond loans

DOF ASA has two bond loans which mature in 2013-2015. See figures below. The trustee for the bond loan owners is Norsk Tillitsmann ASA and Nordea Bank Norge ASA is the account operator. The terms and conditions for the bond loans comprise a floating rate of interest, 3 month NIBOR + (610bp – 700bp). Quarterly interest rate regulations are carried out for all the bond loans. DOF ASA is free to purchase its own bonds.

Non- current liabilities to credit institutions

The main share of the company's fleet is financed via mortgage loans, in particular maritime mortgages. A set of covenants has been established for the maritime mortgage in DOF ASA. The most important financial covenants are as follows: Value-adjusted capital shall be higher than 30% or higher than 20% if contractual coverage for the maritime mortgage is higher than 70%. The Group shall at all times have cash reserves of NOK 500 million.

In addition to the above-mentioned financial covenants, the following terms and conditions also apply to a number of loan agreements:

* Full insurance for the Group's assets.

* No changes to classification, management or ownership of the vessels without prior written consent from the banks.

* DOF ASA shall be listed on the Oslo Stock Exchange.

In addition, the normal terms and conditions for this type of loan apply.

Overview of non-current liabilities	2011	2010
Bond loans	1 510	1 506
Debt to credit institutions	1 948	1 213
Total liabilities (excl. instalments 2012)	3 458	2 719

Instalment and interest profile	2012	2013	2014	2015	2016	Subsequent
Bond loans	127	1 051	102	657	-	-
Debt to credit institutions	275	382	267	547	674	396
Total	402	1 433	370	1 204	674	396

Liabilities secured by mortgage	2011	2010
Bond loan	-	156
Liabilities to credit institutions incl. leasing liabilities	2 131	1 311
Total liabilities	2 131	1 467

Assets provided as security

Tangible assets	889	903
Investment in subsidiaries / Net asset pledged consolidated	-	1 626
Total assets provided as security	889	2 529

Average rate of interest	8,23 %	10,34 %
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NOTES TO ACCOUNTS DOF ASA

Fair value of non-current loans

The price of the company's seven bond loans at 31.12.2011 was as follows:

Loan	Price 31.12.11	Outstanding	Price 31.12.10	Outstanding
DOF ASA 09/11			103,11	156
DOF ASA 06/11			99,69	106
DOF ASA 10/13	99,75	925	102,74	925
DOF ASA 10/15	95,75	600	100,00	600

Other non-current liabilities, with the exception of non-current loans, have nominal value equivalent to fair value of the liability.

14 OTHER CURRENT LIABILITIES

	2011	2010
Prepayments from customers	5	-
Accrued interest	48	35
Accrued expenses	-	1
Intragroup liabilities	-	7
Other current liabilities	10	49
Total	64	92

15 HEDGING ACTIVITIES

As of 31 December 2011, DOF ASA had 15 forward contracts and 25 options to hedge future sales to customers in USD, GBP and EUR, and the purchase of USD and BRL. Forward contracts are utilised to hedge currency risk related to projected future sales.

The table below displays the fair value of obligations and rights as of 31 December 2011.

	2011		2010	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps - cash flow hedges	-	26	-	-
Foreign exchange contracts - cash flow hedges	-	15	3	77
Total	-	41	3	77
Non-current portion				
Interest rate swaps - cash flow hedges	-	26	-	-
Foreign exchange contracts - cash flow hedges	-	-	3	77
Non-current portion	-	26	3	77
Current portion	-	15	-	-

Derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

NOTES TO ACCOUNTS DOF ASA

Outstanding trading derivatives 31.12.	2011	2010
Notional amount forward foreign exchange contracts	384	1 996
Notional amount interest rate swaps	600	-

Derivatives are expected to occur at various dates during the next 12 months. Gains and losses recognised in the hedging reserve forward foreign exchange contracts and interest rates swaps as of 31 December 2011 are recognised in the income statement in the period or periods during which the hedged forecast transaction affects the income statement.

16 FINANCIAL ASSETS AND LIABILITIES: INFORMATION ON THE BALANCE SHEET

This note gives an overview of the carrying and fair value of DOF ASA's financial instruments and the accounting treatment of these instruments. The table is the basis for further information regarding DOF ASA's financial risk. The table also shows the level of objectivity in the measurement hierarchy of each method of measuring the fair value of DOF ASA's financial instruments.

31.12.11

	Measure- ment level	Financial assets held for trading	Financial instru- ments at fair value through profit and loss	Financial instru- ments at fair value compre- hensive income	Financial liabilities measured at amor- tised cost	Deposits and receivables	Total	Of this interest bearing	Fair value
Assets									
Financial investments	1	7					7		7
Intragroup non-current receivables	3					2 589	2 589	2 589	2 589
Trade receivable	3					119	119		119
Other current receivables	3					166	166		166
Cash and cash equivalents	3					181	181	181	181
TOTAL FINANCIAL ASSETS		7	0	0	0	3 055	3 062	2 770	3 062
Liabilities									
Derivatives non-current	2		41				41	41	41
Interest-bearing non-current liabilities	3				3 458		3 458	3 458	3 430
Interest-bearing current loans	3				183		183	183	183
Accounts payable and other current liabilities	3				99		99		99
TOTAL FINANCIAL LIABILITIES		0	41	0	3 741	0	3 781	3 682	3 753
TOTAL FINANCIAL INSTRUMENTS		7	-41	0	-3 741	3 055	-719	-912	-691
Total measurement level 1 (Quoted, unadjusted prices in active markets for identical assets and liabilities)							7		
Total measurement level 2 (Quoted techniques for which all inputs which have significant effect on the recorded fair value are observable, directly and indirectly)							-41		
Total measurement level 3 (Techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data)							-685		

NOTES TO ACCOUNTS DOF ASA

31.12.10

	Measure- ment level	Financial assets held for trading	Financial instru- ments at fair value through profit and loss	Financial instru- ments at fair value compre- hensive income	Financial liabilities measured at amor- tised cost	Deposits and receivables	Total	Of this interest bearing	Fair value
Assets									
Financial investments	1	9					9		9
Intragroup non-current receivables	3					1 440	1 440		1 440
Trade receivable	3					102	102		102
Current derivatives	2		3			0	3		3
Other current receivables	3					164	164		164
Cash and cash equivalents	3					299	299	299	299
TOTAL FINANCIAL ASSETS		9	3	0	0	2 005	2 017	299	2 017
Liabilities									
Derivatives non-current	2		77				77	77	77
Interest-bearing non-current liabilities	3				2 698		2 698	2 698	2 728
Interest-bearing current loans	3				183		183	183	183
Other non-current liabilities	3				21		21		21
Accounts payable and other current liabilities	3				99		99		99
TOTAL FINANCIAL LIABILITIES		0	77	0	3 001	0	3 078	2 958	3 108
TOTAL FINANCIAL INSTRUMENTS		9	-74	0	-3 001	2 005	-1 061	-2 659	-1 091
Total measurement level 1 (Quoted, unadjusted prices in active markets for identical assets and liabilities)							9		
Total measurement level 2 (Quoted techniques for which all inputs which have significant effect on the recorded fair value are observable, directly and indirectly)							-74		
Total measurement level 3 (Techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data)							-996		

17 REMUNERATION TO AUDITOR

Specification of auditor's fee (amount in TNOK):	2011	2010
Audit	1 215	754
Tax consultation	-	70
Fee for other services	44	234
Total	1 258	1 058

All amounts in the table are excl VAT.

NOTES TO ACCOUNTS DOF ASA

18 GUARANTEE COMMITMENTS

The parent company has issued guarantees for BNDES in connection with the financing of four vessels owned by Norskan in Brazil. DOF ASA and Technip have jointly issued a guarantee to BNDES for the financing of two vessels owned by DOFCON Navegacao Ltda. The parent company's guarantee commitments for BNDES amounted to USD 437 million as of 31 December 2011.

DOF ASA has issued a guarantee to Nordea Bank Norge for an overdraft facility in Marin IT AS. The guarantee amounted to NOK 25 million as of 31 December 2011.

DOF ASA has issued a guarantee to SG Finas AS for lease facilities in Marin IT AS. The guarantee amounted to NOK 27 million as of 31 December 2011.

The parent company has also issued guarantees for maritime mortgages/loans for wholly owned subsidiaries.

19 RELATED PARTIES

Operating costs	2011	2010
Møgster Management AS	3	3
Kanabus AS (Company owned by board member in DOF ASA)	1	1
Total	4	4

Transactions with related parties are governed by market terms and conditions in accordance with the "arm's length principle".

Below is a detailed description of significant transactions between related parties:

Long-term agreements:

Møgster Offshore AS owns 51.22% of the shares in DOF ASA. Laco AS is the main shareholder of Møgster Offshore AS. Møgster Management AS provides administrative intragroup services to DOF ASA. Møgster Management AS is owned by Laco AS.

Board member Oddvar Stangeland and his wholly-owned company Kanabus AS, had assignments for the Company as technical advisor in various newbuilding and rebuilding projects.

Individual transactions:

DOF ASA

Moco AS is owned by the CEO of DOF ASA. Moco AS has participated in joint investments with DOF ASA, including the investment in PSV Invest IS where Moco AS owned 2%. Chairman of the Board Helge Møgster has shareholding in the same company with 2% and Jan Nore the CFO in DOF Subsea AS 0.5%. Moco AS and Helge Møgster have sold these shares to DOF ASA in 2011 at marked terms. The purchase price was NOK 1,417,500 per 1% acquired.

Moco AS has participated in joint investments with DOF ASA, including the investment PSV Invest II AS where Moco AS owned 2%. Chairman of the Board Helge Møgster has shareholding in the same company with 2%. Moco AS and Helge Møgster have sold these shares to DOF ASA in 2011 at marked terms. The purchase price was NOK 811,000 per 1% acquired.

20 CONTINGENCIES

DOF ASA and its subsidiaries are not involved in any ongoing court cases as of 31. December 2011.

21 POST-BALANCE SHEET EVENTS

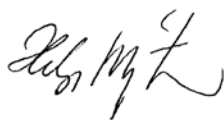
Financing

DOF ASA has in January completed a new unsecured bond issue of NOK 700 million with maturity date in February 2017. An application will be made for the bonds to be listed on the Oslo Stock Exchange. Net proceeds from the new bond issue will be used to refinance existing bonds and for general corporate purposes. In connection with the placement of the new bond issue, DOF ASA has bought back bonds with nominal value of NOK 495 million in the existing bond issue DOF07 (ISIN: NO 001 058279.4) with maturity in July 2013. Remaining outstanding amount in DOF07 after the buy-backs will be NOK 429.5 million.

Confirmation from The Board of Directors and CEO

We confirm that, to the best of our knowledge, that the financial statements for the period from 1 January to 31 December 2011 has been prepared in accordance with approved accounting standards, and gives a true and fair view of the Company's consolidated assets, liabilities, financial position and result of operations and that the Report of the Board of Directors provides a true and fair view of the development and performance of the business and the position of the Group and the Company together with a description of the key risks and uncertainty factors that the company is facing.

Storebø, 19th April 2012
The Board of Directors for DOF ASA



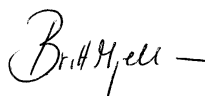
Helge Møgster
Chairman



Oddvar Stangeland



Wenche Kjølås



Britt Mjelle



Helge Singelstad



Mons Aase
CEO



To the Annual Shareholders' Meeting of DOF ASA

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of DOF ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2011, income statement, statement of comprehensive income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet as at 31 December 2011, income statement, statement of comprehensive income, changes in equity, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with simplified IFRS pursuant to § 3-9 of the Norwegian Accounting Act and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by EU and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers AS, Postboks 3984 - Dreggen, NO-5835 Bergen
T: 02316, www.pwc.no
Org.no.: 987 009 713 MVA, Medlem av Den norske Revisorforening

Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of DOF ASA as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with simplified IFRS pursuant to § 3-9 of the Norwegian Accounting Act.

Opinion on the financial statements of the group

In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of the group DOF ASA as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements*Opinion on the Board of Directors' report and statement of corporate governance principles and practices*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report and statement of corporate governance principles and practices concerning the financial statements and the going concern assumption, and the proposal for coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Bergen, 19 April 2012
PricewaterhouseCoopers AS

Sturle Døsen
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

NORWAY:

DOF ASA

Phone: +47 56 18 10 00
Fax: +47 56 18 10 06
Email: management@dof.no

Address: Alfabygget
5392 Storebø, NORWAY

DOF SUBSEA AS

Phone: +47 55 25 22 00
Fax: +47 55 25 22 01
Email: info@dofsubsea.com

Address: Thormøhlensgate 53 C
5006 Bergen, NORWAY

DOF SUBSEA NORWAY AS

Phone: +47 55 25 22 00
Fax: +47 55 25 22 01
Email: info@dofsubsea.com

Address: Thormøhlensgate 53 C
5006 Bergen, NORWAY

DOF MANAGEMENT AS

Phone: +47 56 18 10 00
Fax: +47 56 18 10 06
Email: management@dof.no

Austevoll Address: Alfabygget
5392 Storebø, NORWAY

Bergen Address: Thormøhlensgate 53 C
5006 Bergen, NORWAY

SINGAPORE:

DOF MANAGEMENT PTE LTD

Phone: +65 6868 1001
Fax: +65 6561 2431

Address: 460 Alexandra Road# 15-02
PSA Building, 119963, SINGAPORE

DOF SUBSEA ASIA PACIFIC PTE LTD

Phone: +65 6561 2780
Fax: +65 6561 2431
Email: asia-pacific@dofsubsea.com

Address: 460 Alexandra Road# 15-02
PSA Building, 119963, SINGAPORE

UNITED KINGDOM:

DOF (UK) LTD

Phone: +44 12 24 58 66 44
Fax: +44 12 24 58 65 55
Email: info@dofman.co.uk

Address: Voyager House, 75 Waterloo Quay
Aberdeen AB11 5 DE, UNITED KINGDOM

DOF SUBSEA UK LTD

Phone: +44 1224 614 000
Fax: +44 1224 614 001
Email: uk@dofsubsea.com

Address: Exchange No.1, 62 Market St.
Aberdeen, AB11 5PJ, UNITED KINGDOM

AUSTRALIA:

DOF SUBSEA AUSTRALIA PTY LTD

Phone: +61 8 9278 8700
Fax: +61 8 9278 8799
Email: asia-pacific@dofsubsea.com

Address: 5th Floor, 181 St. Georges Tce
Perth WA 6000, AUSTRALIA

DOF MANAGEMENT AUSTRALIA

Phone: +61 3 9556 5478
Mobile: +61 418 430 939

Address: Level 1, 441 South Road,
Bentleigh, Vic. 3204, AUSTRALIA

USA:

DOF SUBSEA USA INC

Phone: +1 713 896 2500
Fax: +1 713 984 1612
E-mail: info@dofsubsea.us

Address: 5335 W. Sam Houston Parkway N
Suite 390, Houston Texas, 77041 USA

BRAZIL:

NORSKAN OFFSHORE LTDA

Phone: +55 21 21 03 57 00
Fax: +55 21 21 03 57 07
Email: office@norskan.com.br

Address: Rua Lauro Müller, 116 - Salas 2802 a 2805
Torre do Rio Sul
22290-160 Botafogo
Rio de Janeiro, R.J. BRAZIL

DOF SUBSEA BRASIL SERVIÇOS LTDA

Phone: +55 22 21 23 01 01
Email: brasil@dofsubsea.com

Address: Rua A1, número 35
Vale Encantado
27910-000
Macaé - Rio de Janeiro, BRAZIL

DOF SUBSEA BRASIL SERVIÇOS LTDA

Phone: +55 21 2103 5700
Fax: +55 21 2103 5707
Email: brasil@dofsubsea.com

Address: Rua Lauro Müller 116 - Salas 2802 a 2805
Torre do Rio Sul - Botafogo
22290-160
Rio de Janeiro, R.J., BRAZIL

ANGOLA:

DOF SUBSEA ANGOLA

Phone/Fax: +244 222 43 28 58
Mobile: +244 924 40 76 79/ 924 10 34 87
Email: angola@dofsubsea.com

Address: Rua Ndumduma 56/58
Caixa postal 2469, Miramar
Luanda, Republic of ANGOLA

WWW.DOF.NO
WWW.DOFMAN.NO
WWW.DOFSUBSEA.COM
WWW.NORSKAN.COM.BR