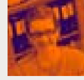
DOF ASA ANNUAL REPORT 2006

2006 represents an historical milestone for DOF. 25 years have passed since 109 shareholders gathered on the island of Storebø in Austevoll, and formed District Offshore AS. These shareholders aimed to start a company which could play an active role in the steadily increasing North Sea offshore industry. Now, 25 years down the road, we can proudly confirm that we have achieved all the targets we set ourselves in 1981. Moreover, we believe we will continue to grow and develop over the next 25 years and into the future.

Financial Calendar 2007

03-May-07	Ordinary General Assembly
04-May-07	1st Quarter 2007
17-Aug-07	2nd Quarter 2007
01-Nov- 07	3rd Quarter 2007
Ultimo Feb-08	4th Quarter 2007



Significant events 2006

1st quarter 2006
DOFCON ASA was founded and the new company contracted two major construction vessels from Aker Yards ASA. A share issue of NOK 400 million was carried out for the company.
GEO ASA took over ownership of two cable-laying vessels from Japan, one of which was signed up for a long-term seismic contract. The company contracted one ROV vessel in Brazil for delivery in 2008.
GEO completed the acquisition of Geo Subsea (COVUS) in Australia.

2nd quarter 2006
Delivery of DOF's newbuilding (PSV) from Aker Aukra was postponed until October 2008 and DOF contracted a diving vessel for delivery in 2007. The company also signed a long-term contract with Technip for the latter newbuilding. DOF received delivery of "Skandi Texel" which started on a 5-year contract for Peterson Supplylink in June.
GEO received delivery of "Geoholm" which started on a 4-year contract for Technip in June.
GEO received delivery of several ROV systems and contracted new systems. As of June 2006, GEO had 18 ROV systems on its portfolio.
GEO's subsidiary in Australia was awarded a long-term contract for Shell Brunei.
DOFCON contracted a further two newbuildings from Aker Yards, one in Norway and one in Brazil. DOFCON signed an 8-year contract with Acergy and an 8-year contract with Technip. For the latter newbuilding, DOFCON and Technip have set up a joint venture.

3rd quarter 2006
DOF contracted 2 PSVs in India for delivery in 2008 and 2009. DOF entered into a long-term contract for Statoil for 1 PSV with delivery in 2008. "Norskan Leblon" extended its contract for Petrobas.
GEO completed the reconstruction of "Geowave Commander" which started on a 7-year contract for seismic services.
GEO signed an agreement for the construction of 1 survey vessel for delivery in 2007. DOFCON contracted a further 2 construction vessels from Aker.

4th quarter 2006
DOF took over 100% of the shares in Norskan and sold its shares in NOR Offshore (Singapore). The transaction came into effect on 14 November 2006.
In December, DOF carried out a share issue of 6 million shares and sold approximately 1.4 million of the company's own shares. Norskan received delivery of "Norskan Botafogo" in October, and this vessel started on a 4-year contract for Petrobas.
Norskan signed a 3-year contract for Shell for "Norskan Flamengo" and a 4-year contract with Petrobas for the newbuilding, "Skandi Fluminence".
GEO's subsidiary, GEO Subsea, contracted 1 diving vessel for delivery in 2008. Geo sold "Skandi Bergen" in October, and made the decision to sell parts of its seismic fleet. GEO's subsidiary, Geoconsult, entered into a framework contract with Statoil which involves the lease of 1 to 3 vessels, survey and ROV services for a period inclusive options of 9 years.
DOFCON contracted its 6th newbuilding from Aker for delivery in mid 2009. The company now owns a fleet of 7 vessels. DOFCON entered into a 5-year contract for GEO/Subsea 7 for one newbuilding, delivery in 2008, and a 5-year contract with Deepflex for one newbuilding, delivery in 2009.

1st quarter 2007
GEO ASA changed its name to DOF Subsea ASA.
DOF Subsea took over DOFCON ASA and the acquisition was settled in shares.
DOF sold a construction contract for a diving vessel for delivery in 2007 to DOF Subsea.
DOF Installer ASA was founded and the company contracted two major anchor handling vessels with Aker. A private placement of NOK 425 million was carried out in the company. Demand for anchor handling vessels is expected to be high in the years to come.

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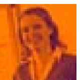
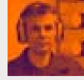
Steinar Sandvik, Norway
Chief Engineer, Skandi Texel

«New, modern vessels mean less maintenance and better working conditions for those of us who work with technical equipment onboard. For me, the most positive aspect of working for DOF is that you can get involved in operations by taking part in meetings, seminars and courses. Not only do we learn new skills and expertise, these events help us to feel part of the company».



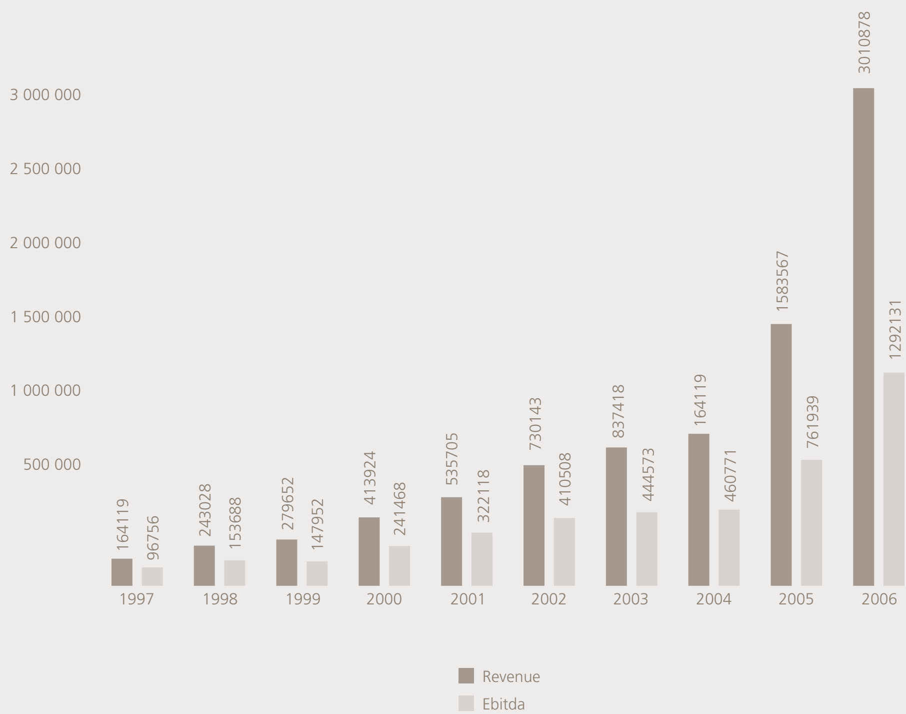


KEY FIGURES

Amounts in NOK 1 000		2006	2005	2004
From the profit and loss account				
Operating income		3 010 878	1 583 567	1 005 205
Operating expenses		(1 718 747)	(821 627)	(472 178)
Operating profit before depreciation		1 292 131	761 940	533 027
Depreciation		(417 010)	(356 421)	(275 710)
Operating profit		875 121	405 519	257 317
Financial expenses		(148 688)	(148 110)	(98 014)
Pre-tax profit		726 433	257 409	159 303
Profit for the year		657 181	240 879	153 080
Share of profit/loss for minority interests		207 712	20 936	172
From the balance sheet				
Vessels and other fixed assets		8 147 789	6 000 770	4 108 388
Current assets		2 492 974	2 024 279	1 176 753
Total assets		**10 640 763**	**8 025 048**	**5 285 141**
Equity		3 290 860	2 059 899	1 134 626
Long-term liabilities		5 877 554	5 087 005	4 017 572
Short-term liabilities		1 472 349	878 144	132 943
Total equity and liabilities		**10 640 763**	**8 025 048**	**5 285 141**
Key ratios				
Net cash flow	1	1 166 303	613 830	445 586
Liquidity ratio	2	1,69	2,31	8,85
Equity-to-assets ratio	3	31%	26%	22%
Operating margin	4	43%	48%	53%
Return on equity	5	20%	12%	14%
Average no. of shares		**75 579 663**	**75 377 175**	**75 377 175**
Earnings per share	6	5,95	2,92	2,03
Net cash flow per share	7	15,43	8,14	5,91

1) Profit before tax + depreciation +/- unrealised loss/gain on foreign exchange
2) Current assets/short-term liabilities
3) Equity/total capital
4) Operating profit before depreciation expressed as a percentage of operating income
5) Profit after tax expressed as a percentage of book equity
6) Profit after tax - profit for minority interest/average no. of shares
7) Cash flow item 1/average no. of shares

GROWTH RESULT DOF ASA (NOK 1 000)



DOF ASA

DOF ASA is an international group of companies which owns and operates a modern fleet of offshore service vessels and service providers to the subsea market. DOF was founded in 1981, and was listed on the Oslo Stock Exchange in 1997.

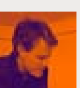
The group of companies mainly comprises: DOF ASA (parent company), DOF Subsea ASA (formerly GEO ASA), Norskan Ltda. (shipowner and management in Brazil), DOF Rederi (shipowner in Norway), DOF UK (shipowner and management in the UK). All the group's vessels are managed by DOF Management (Norway) and by subsidiaries abroad.

The group's business activities are divided into three main segments: PSV (Platform Supply Vessels), AHTS (Anchor Handling Tug Supply Vessels) and CSV (Construction Support Vessels). The group's subsea engineering activities mainly comprise survey and IRM services, construction support and diving services. Engineering activities are principally managed from offices in Norway, the UK, USA and Australia/Singapore. The group has a seafaring crew of approximately 1800.

DOF's fleet is one of the most modern on the market, and the group has a significant fleet of newbuildings. As of 31 December 2006, the total fleet (including newbuildings) consisted of 21 PSVs, 9 AHTS vessels and 26 CSVs.

DOF's business concept is to be actively involved in long-term and industrial offshore activities via the ownership and operation of modern offshore vessels and by providing high quality services to customers. DOF's strategy is to engage the majority of its fleet on long-term contracts thereby limiting the group's exposure to short-term market fluctuations.

The value of the group's shares on the Oslo Stock Exchange as of 31 December 2006 was NOK 68, corresponding to market value for the company of NOK 5,500 million, and an increase of 88% in comparison with the share price as of 1 January 2006. In 2006, DOF generated a pre-tax profit of NOK 726.4 million. Book equity as of 31 December 2006 was NOK 3,290.9 million, corresponding to NOK 39.76 per share.



Sigbjørn Stangeland, Norway
Project manager, newbuildings, DOF

«DOF is an exciting place to work with plenty of challenges and varied tasks. I work with pre-engineering and execution of newbuilding projects and reconstruction of existing vessels. We aim to be at the forefront when it comes to utilisation of new technology and new vessel designs. This will provide us with a competitive edge and will allow us to constantly meet market requirements».

Sigve Andre Aarland, Norway
Engine Man apprentice, DOF

«I have received a warm welcome onboard all the vessels I've sailed with, and all the chief engineers and machinists have helped me, answering my questions and providing practical help. DOF has also created an excellent system for apprentices and provides great follow-up all the way through an apprenticeship».

We are leading the way – but still aim to increase the pace!

In the first half of 2006, DOF achieved the highest turnover of all offshore service shipping companies listed on the Oslo Stock Exchange – a definite milestone to proudly note in our books!

We have offices and businesses in over 10 countries distributed between 5 different continents, and a fleet of vessels which has now passed 50 with a good margin. Our current situation was one we dreamt of only a few years ago.

The fact that we are one of the preferred suppliers to most of the major operators serves as confirmation that we provide high quality services. I am convinced that our strongest resource is our team of extremely skilled employees, both offshore and onshore.

In 2006, our anniversary year, we were able to start building upon the solid foundations we have achieved. We prioritise growth, especially outside of Norway. A few years ago, the market for our type of advanced service vessel was limited to the North Sea. Today, our vessels and services are in global demand. International representation will be an extremely decisive factor, if we are to achieve our targets for continued growth.

During my travels, no matter which of the group's offices I visit or which of the fleet's vessels I board, I always meet people who impress me with their level of professionalism, expertise and their attitudes. The key to future success will be our recruitment, development and safeguarding of a skilled team of employees.

DOF's strategy since the very start has been based on chartering a major share of our fleet on long-term contracts. This has helped us generate earnings even when the market is at a low. We intend to continue in this way for the future.

I am convinced that we can look forward to enjoying a very bright future!

Mons Aase
CEO

25th Anniversary

1981
The 27th of August 1981 District Offshore AS was founded.

1982
The company contracted its first newbuildings (PSV's).

1983
Delivery of the vessels «Skandi Hav» and «Skandi Fjord».

1984
DOF Management AS was founded.

1985
«Skandi Fjord» started a 5 years contract with Halliburton. Austevoll Supply's vessels were included in DOF Management's operations.

1986
Oddvar Stangeland was appointed as CEO.

1987
The company completed a capital issue of NOK 2,5 mill. The Moegster family became the major shareholders of District Offshore.

1995
KS AS Broevig DOF Pipecarriers was divided between DOF Shipping AS and Broevig Offshore.

1996
DOF Shipping took delivery of «Skandi Marstein», the first vessel with diesel electric propulsion system. «Skandi Bergen» was acquired in august. The group started to restructure and capitalize an offshore company.

1997
The company was renamed to District Offshore ASA, and was listed at Oslo Stock Exchange in October. A PSV, «Skandi Stolmen», was delivered. The company is the owner of 7 vessels and 4 new-building contracts.

1998
Two new-buildings, KMAR 404, «Skandi Moegster» and «Lady Sandra» was delivered.

1999
The company took delivery of «Skandi Stord» and «Skandi Navica». The management company DOF UK Ltd., Aberdeen was founded.

2000
The company was restructured and District Offshore ASA was renamed to DOF ASA. The company entered into 4 new-building contracts and took delivery of one vessels. The companies segments now include PSV, AHTS and CSV.

2001
DOF and Solstad signed an agreeement for a joint-venture in Brazil, Norskan Offshore Ltda. DOF took delivery of three new-buildings, and one vessel at B/B charter.

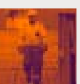
DOF ASA, or District Offshore AS, was founded in August 1981 and celebrated its 25th anniversary in 2006. The past 25 years have been so eventful and interesting that they merit an official record, in the form of a special anniversary book. Oddvar Stangeland (CEO in DOF ASA from 1985 to 2005 and currently board member of DOF ASA) was given the honour of writing a book on the company's history. The book was published in November 2006 and was entitled The Happy Ship. Below are several quotations from Oddvar's book.

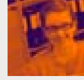
«Forward-looking islanders from Austevoll»
«The date is 27 August 1981. There are reports of significant activity on the island of Storebø, Austevoll. A meeting is being held to found the company District Offshore A/S. Numerous interested parties from Bømlo in the south to Maløy in the north have travelled here to participate. The weather is glorious. A total of 109 shareholders have subscribed to the new company, and a large number of these met in person. The conditions for subscription are that private individuals can only subscribe to 1 share, while companies can subscribe to up to 5, each share with a nominal value of NOK 5,000. It must be said however that a certain exception was made to this rule when Fiskernes Bank subscribed to 72 shares.

This overwhelming support is a clear reflection of the optimism surrounding future active participation in the oil adventure. And this optimism was soon to be realised when the company, as early as May the next year at its ordinary general assembly, authorised the Board of Directors to issue a further 200 new shares at par. With this board resolution, and the new share issue which followed, the company had a share capital of NOK 2,495,000 – a solid financial basis for a newly established district company according to 1980s standards."

The company had one ambitious target:
«The company's target is to coordinate and market the shareholders' services in the offshore sector. The company shall also develop and implement new projects of significance for the commercial interests of the coastal population.»

This target could have presented quite a challenge initially, particularly in relation to whether the company should prioritise District Offshore's interests or the





«The Happy Ship» Skandi Captain.

Happy boys. CEO in DOF and the new top in GEO, Mons S. Aase (left) together with Hans Gravdal, former CEO in GEO and the major share owner Helge Møgster, all very pleased of the results from both companies.
(Dagens Næringsliv 16 May 2006).

Naming ceremony for Skandi Møgster and opening of the new administration building 16 June 1998.

1988
The offshore companies were restructured and refinanced. The group started to invest in fishing activities.

1989
«Skandi Captain» was acquired («Skandi Inspector»). KS AS Broevig DOF Pipecarriers was founded.

1990
DOF Shipping AS was established and capitalized to secure further growth for the group.

1991
Delivery of two new-buildings for KS AS Broevig DOF Pipecarries. DOF established a fishing activity in Chile.

1992
The work for new quay facilities started, (Storebø Kai AS).

1993
A merger between DOF Shipping AS and District Offshore AS which is the start of a consolidation of the offshore business.

1994
The company was renamed to DOF Shipping AS. The fishing business was divided into a separate company and is now taken over by Austevoll Seafood ASA.

2002
Norskan signed a new-building contract in Brazil. DOF took delivery of three new-buidlings. DOF signed several long term contracts, and at the end of 2002 DOF had 6 long term contracts with Shell UK in the North Sea.

2003
In January DOF took delivery of two PSV's and acquired "Skandi Admiral". Norskan acquired one AHTS and took delivery of one PSV. In December DOF entered into an agreement with Taubåtkompaniet to establish DOF BOA

2004
DOF took delivery of one PSV. Norskan signed its first long term contract with Petrobras. DOF contracted two MT 6000 vessels.

2005
Mons Aase took over as CEO. Nor Offshore Singapore was established. The group contracted one AHTS in Brazil and took delivery of two PSV's and one AHTS. DOF established GEO ASA and acquired Geo Group. GEO was listed at Oslo Stock Exchange in November. At the end of 2005 GEO owns 15 vessels including new-building contracts.

2006
DOFCON was founded and contracted 7 construction vessels. GEO acquired a subsea company (Covus) in South-East Asia. DOF sold its shares in Nor Offshore and acquired 100% of the shares in Norskan. By the end of the year the fleet consisted of 57 vessels of which 18 vessels were new-buildings.

interests of the shareholders. However, DOF soon found the road to follow towards developing the company, and is today one of the major suppliers to offshore shipping companies.

Why the title «The Happy Ship»
For those of us who have worked with DOF ASA for a number of years, there can be no doubt to what the title refers – it has to be «Skandi Inspector» (formerly «Skandi Captain»).

And the reason is as follows:
From the end of 1988 and the first quarter of 1989, the market witnessed a high level of activity with the purchase and sale of offshore vessels. DOF was quick to recognise this trend. In June 1989, DOF as main owner established the company, KS District Supply III, which acquired the relatively old vessel «Far Captain», and renamed it «Skandi Captain».

These investments represented a new era for DOF in a number of ways. They were now a main shipowner, and their capital base was strengthened. The company now had the potential to strike when hot. The timing of the takeover of «Skandi Captain» was perfect. We can read the following from Platou's annual report for 1990:

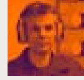
«Last year started with low utilization and depressed dayrates. Utilization increased considerably during the spring and summer season due to increased drilling activity and construction work. Dayrates thus climbed during the first half of 1989 and reached an all-time high during the summer season».

At exactly the same time, «Skandi Captain» was on its way out of Fiskerstrand Verft shipyard heading for Aberdeen after it had completed its takeover dry-dock. The boat was on-hire from the moment it left the dry dock, with a record high rate of GBP 13,500. Despite the lack of mud cement tanks under deck, she sailed steady, mainly as a pipe supply vessel, generating high earnings for a whole decade. In 1999, she entered into a new era as an ROV vessel, with the name «Skandi Inspector». And this veteran is still known today as «The Happy Ship».»

The anniversary book, The Happy Ship, is recommended reading and is on sale at Alfabygget in Austevoll. We look forward to the next 25 years.

Svein Waage, Norway
Quality Assurance and HSE Manager, DOF

«The area of quality, health, safety and the environment is vast with a wide variety of issues to handle. My job (developing and maintaining the quality and HSE systems for DOF) is therefore very interesting and provides the potential for considerable development. And in my work I also get to meet a lot of new people and experience new countries and cultures».



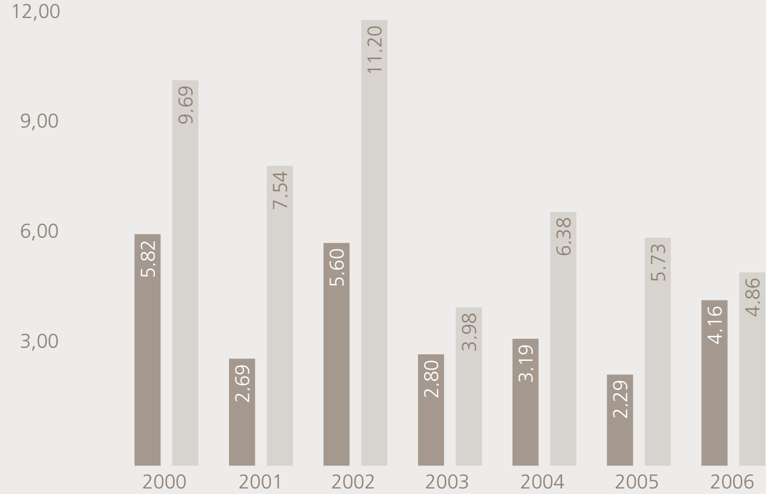
Quality, Health, Safety and Environment

General

In 2006, the company continued to control its activities related to Quality, Health, Safety and Environment according to the targets established to prevent occupational injury and illness, to have a good working environment, to make employees aware and in control of the environmental aspects and to have a high level of regularity in operations. The company gained certification according to the ISM code in 1995, and went on to gain ISO 9001 and ISO 14001 certification in June 2002. In December 2006, DnV carried out its annual audit of all DOF's control systems. The result of the audit was 1 non-conformity and 3 observations.

Safety

The company registered an increase in the lost time injury frequency (LTIF, or the number of personal injuries involving absence from work per 1,000,000 exposed working hours) from 3.19 in 2005 to 4.16 in 2006, while the total recordable case frequency (TRCF, or personal injuries which require a report) saw a decrease from 5.73 to 4.86. One incident was classified as serious – two seafarers were injured when waves breaking over the deck moved a container during a loading operation and one of the seafarers received crushing injuries. DOF has had lengthy discussions with the customer after this incident and has worked hard to ensure the experience and finds made during this incident and its analysis are widely utilised to prevent a reoccurrence. The incident serves as confirmation of the risks involved in our operations, and of the necessity to maintain a constant focus on risk assessment and good procedures.



TRCF & LTIF - 2000-2006 (13 hours day and 1 mill manhours). Fleet wide targets: TRCF = 3,00 and LTIF = 0

LTIF
TRCF

If we study developments over time, it is evident that we are moving in the right direction. As presented in the graph above, there has been a marked decrease in the frequency of personal injuries since 2002.

DOF acknowledges the fact that every personal injury should have been prevented, and evaluates corrective measures subsequent to every incident. Post-incident analyses of causal relations in 2006 indicate that the majority of incidents are partly caused by lack of attention and careless planning. It is very difficult to find effective measures against such causes as they require a change in attitude for every member of the organisation. DOF believes that the measures implemented within the QHSE system and the new measures to be introduced will, in the long term, help further reduce the number of personal injuries. However, if the company is to achieve its target, each and every member of the organisation must assume responsibility for his/her safety and that of others, and must continuously carry out risk assessments – irrespective of the situation.

Environment

6 incidents related to the external environment were reported in 2006. These all involved discharge to sea of oil/oily liquids or chemicals. However, these discharges were minor and did not result in formal reactions such as fines or other actions by authorities. DOF maintains its focus on having robust systems which can handle acute spills, including the availability of recovery equipment and how to handle spills operationally. DOF's safety control system therefore includes frequent drills in this context.

DOF aimed to introduce an environmental accounting system in 2006, but this project was not completed. However, work is under way to compile a more comprehensive overview of DOF's environmental impact.

Quality

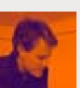
In December 2006, DOF carried out a customer satisfaction survey with a reply rate of 54%. All feedback on all areas was positive with the exception of one customer who was not satisfied with the communications between customer and vessels. A meeting with all involved parties has been scheduled and improvement measures discussed.

DOF did not reach its target of zero days off hire in 2006. This is mainly because one of the vessels required a long period of repair. This period was partly planned but all periods of repair are internally reported as off hire.

The road ahead

QHSE requirements within our branch are on the increase, both as a result of the implementation of new authority regulations and the focus by both DOF and our customers on ensuring that our operations are completed in such a way to prevent all risk of damage or injury to persons, the environmental or materials.

DOF's QHSE activities for 2007 have been described in the QHSE Plan, and new measures have been introduced within all factors of QHSE. The continued support and participation of all members of our organisation will be the decisive factor in helping the company continue its progress within QHSE.

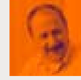


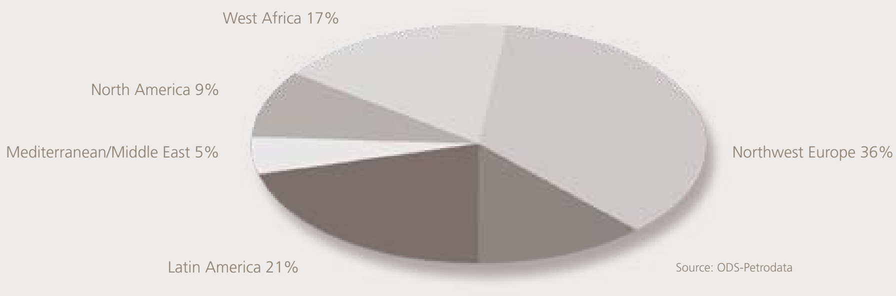
Jostein Fylkesnes, Norway
Captain, Skandi Texel

«DOF aims to be best when it comes to safety, and has a zero tolerance policy for accidents onboard. I am responsible for following this policy by providing training and follow-up. The most exciting aspect of working for DOF is the company's continuous growth and development. And we, as captains, are involved in new projects and ship designs».

Glenn R. Obligar, Philippines
Third mate, Skandi Texel

«Personally, working for such a large and strong company as DOF, provides me with the opportunity to develop my skills. I attend courses and simulator training to learn how the sophisticated equipment onboard functions and is operated».





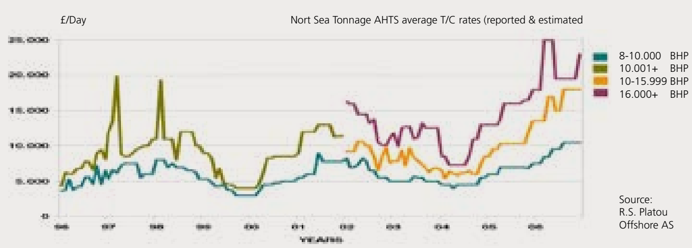
The Market for offshore and service vessels

High oil prices and an increased level of exploration and drilling activities in 2006 generated an historic high on the market for the offshore service fleet. Even with a 30% increase in the number of newbuildings delivered in 2006 compared with the previous year, all newbuildings were absorbed into the market. The increased demand for this type of tonnage has resulted in an approximately 20% rise in the fleet's second-hand value. Construction activities have also been at a high in 2006, and this trend is expected to continue into 2007.

The North Sea market

The average degree of exploitation for vessels in the North Sea throughout 2006 was 95%, compared with 93% in 2005. The highest degree of exploitation was in November, when the figure reached 99%. The fleet expanded from 210 vessels at the start of year to 226 vessels at year-end. In total, 74 newbuildings were delivered throughout the year, and the majority of these newbuildings were subsequently delivered to other markets.

Approximately 40% of the North Sea fleet has operated on the spot market in the past few years. This constituted 56 vessels towards the end of 2006, compared with 45 vessels in 2005. And although this market saw an increase in the fleet of 11 vessels, the spot rates reached historically high levels. For AHTS vessels (10,000-15,999 BHP), the average rate was GBP 43,170 compared with 2005 when the average rate was GBP 21,870. For large PSVs (deck area > 900 m2), the average spot rate was GBP 22,180 in 2006 and GBP 17,180 in 2005. Around 165 vessels from the North Sea fleet had been allocated to long-term contracts by year-end. The excellent spot market has generated high rates for long-term contracts, with an average of GBP 16,210 for large AHTS (10,000-15,999 BHP) and an average of GBP 15,130 for PSVs (deck area > 900 m2). Recent years have seen a clear trend whereby the increase in spot rates is closely followed by higher T/C rates, providing an indication of good market rates in the near future.

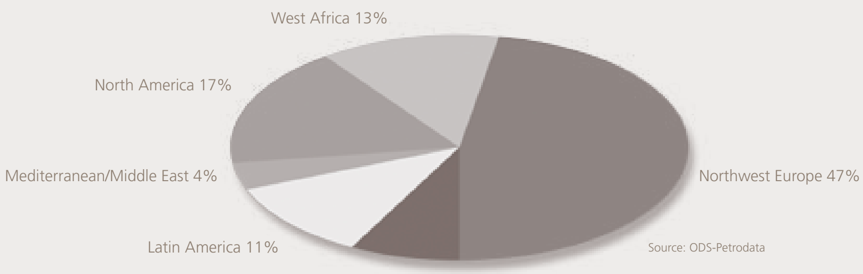


Brazilian market

The requirement for tonnage on the Brazilian market is expected to be high in the future, with Petrobas as the dominant party. As of August 2006, Petrobas' production totalled 1,857,000 barrels per day, and this production volume is expected to increase to 2,400,000 barrels per day by 2012. Petrobas currently has 162 supply vessels on contracts and 42 rigs in operation. They are currently also on the market for a further 6 rigs. They have scheduled delivery of a further 13 FPOS vessels (Floating Production and Oil Storage) by 2010, indicating a significant requirement for tonnage and in particular for vessels with the capacity to work in deep waters.

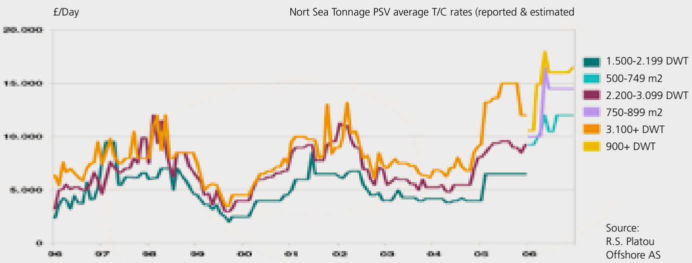
Pursuant to Brazilian legislation, vessels carrying the Brazilian flag have preference for contracts in this sector. Newbuildings delivered from Brazilian yards in 2006

Geographic distribution og Global PSV>2.999 bhp fleet
March 2007 - 312 vessels



were chartered on long-term contracts some time prior to delivery. Similarly, the majority of newbuildings scheduled for delivery in 2007 have already been chartered on long-term contracts to Petrobas.

However, a number of foreign oil companies have opened offices in Brazil in 2006, generating a high demand for vessels and an increase in the number of long-term contracts opened.



Other markets
South East Asia experienced a relative decline in the demand for AHTS vessels in comparison with the previous year. Demand for PSVs however saw a significant increase. The demand for large PSVs is expected to see a further increase in the next few years, particularly for the Asian and Australian sectors. The demand for AHTS vessels is expected to follow a continuous increase. Activities related to construction and subsea were at a high level in 2006, with the completion of major pipe laying projects. Activities in this sector are expected to remain at a high in 2007 based on scheduled subsea installations and connections to the new fields.

In West Africa, the demand for large PSVs has followed a regular increase over the past three years, and demand for large AHTS vessels is also expected to rise. Rig activities in this region are on the increase, particularly for work in deep waters. Moreover, 2007 will see an even higher number of major construction projects for completion.

Newbuildings
In 2006, 74 newbuildings were delivered, comprising 50 PSVs and 24 AHTS vessels, a significant increase compared with 2005. And throughout 2006, a total of 123 PSVs and 86 AHTS vessels were contracted. The newbuilding market showed no signs of reduced activities at year-end. The increased contracting was mainly attributed to the increased demand for tonnage, but also to meet the requirement for renewal of the existing fleet.

This increase in contracting of newbuildings resulted in a price increase, on average 15-20% throughout 2006. The increased prices also reflect the contracting of new and more advanced tonnage. There remains a certain amount of interest in medium-sized PSVs and AHTS vessels, particularly in the East. However, the trend has been towards increased contracting of larger and more advanced vessels, with an emphasis on construction.

Newbuilding activity levels are expected to remain at a high in 2007, but somewhat lower than 2006. A number of yards have their order books full until 2009 and some into 2010. The most important challenge for the future will be delivering the newbuildings within schedule.

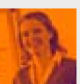
Second-hand market
The excellent market conditions have resulted in higher prices and higher levels of activity on the second-hand market. The price increase has averaged at 15-20% in comparison with 2005, with certain transactions achieving "all-time high" prices. Several vessels sold were older than 20 years.

The construction market
The requirement for increased tonnage within construction is mainly attributable to the development of new installations and production units on the seabed, and pipe laying to and between these fields. Pipe laying world wide is expected to see an increase of 40% during the next three years. This market also expects to witness an increased demand for maintenance of existing and new fields, and support services related to the further development of marginal fields. Brazil and West Africa are both markets in strong growth related to construction, but the highest growth is expected to take place in South East Asia.

A total of 40 newbuildings are expected on the construction market over the next 2-3 years, and these vessels are expected to be quickly absorbed into the growing market. For smaller construction vessels, the existing fleet is expected to match the market conditions. Diving vessels represent the oldest fleet on the construction market, and this sector is expected to increase by 25%. The fleet of diving vessels is older than 25 years, and is expected to be renewed in the space of a few years due to increased demand. The current fleet of major construction vessels has an average age of 25-30 years. The demand for new tonnage and the renewal of the existing fleet have prompted a number of companies to develop and contract the next generation of construction vessels.

Companies working with major construction, lifting operations and pipe laying have had a busy year in 2006, and are more intent on contracting the next generation of large construction vessels. Similarly, the increase in the number of deep-water wells and access to a larger rig fleet for developing new fields are expected to result in an increased demand for contracts related to well intervention/well maintenance.

The construction market is projecting a generally good market for its fleet in 2007. Despite a significant increase in the number of newbuildings and scheduled reconstructions, demand is expected to remain high until 2008-2009. In addition, the development of new business potential/markets is expected to provide excellent opportunities for this type of vessel in the future.



Arthur N. Ortega, Philippines
Seaman, Skandi Texel

«I feel safe onboard. We use a full set of safety equipment for all deck operations and maintenance work. The officers onboard are good at providing information on safety procedures and following up safety regulations. We also receive close follow-up from DOF, with courses on safety onboard».

Ingrid Njåstad, Norway
Assistant Crew Manager, DOF

«Our top priority is to meet the ever-increasing demand from the offshore industry for qualified crew. We therefore place a huge emphasis on crewing our vessels with highly educated, experienced and motivated seafarers. In addition, we focus on providing all our employees with equal opportunities based on qualifications, achievements and safety performance. My job is very varied and I really enjoy all contact with our seafarers».

Corporate governance is defined as the goals and general principles by which the company is governed and controlled, and also the structures that regulate the interaction between the management bodies and the rest of the company's interest groups. DOF ASA considers good corporate governance to be a precondition for increased shareholder value, investor confidence and low capital expenditure. Good corporate governance is based on accountability in communication between the shareholders, the Board of Directors and the company's management in the long-term work of achieving the company's goals. Efficient cooperation is required between management and the Board of Directors, as well as respect for shareholder interests and open and honest communication with the outside world concerning both corporate activities and matters relating to corporate governance. The DOF group's corporate governance guidelines are based on Norwegian recommendations with regard to owner-management and corporate management. Corporate governance is subjected to an annual review by the Board of Directors.

Main principles
Communication: In order to ensure that the company's shares are priced correctly, DOF will strive at all times to provide its shareholders, the Oslo Stock Exchange and the financial markets in general with up-to-date and accurate information. This information will be provided in the form of annual and interim reports, press releases, stock market announcements and investor presentations.

Composition of the Board of Directors: The Board of Directors must consist of between four and seven members, including employee representatives. A majority of the board's members must have no connection with the company's day-to-day management and its major commercial connections, and no one involved in the day-to-day management of the company may be a board member. In addition, at least two members of the board must have no connection with the company's principal shareholders, i.e. shareholders who own more than 10% of the company's shares.

The tasks of the Board of Directors: The Board of Directors' duties include the strategic management of DOF, efficient monitoring of senior management, controlling and monitoring the company's financial situation and its responsibility to and communication with the shareholders.

Equal treatment for all shareholders: The Board of Directors shall take into consideration the interests of all the company's shareholders and strive to treat all shareholders fairly. All major transactions between the company and a shareholder, member of the Board of Directors or senior employee, or anyone close to any of these people, shall be subject to a value assessment by an independent third party.

Vision and strategy
- The company shall have a chartering strategy which ensures a balanced risk profile and satisfactory cash flow
- The company's vision is to be involved in long-term and industrially related offshore activities
- The company shall focus on the environment by investing in technical systems within good environmental shipping concepts and by encouraging employees to think and act in a way which protects the environment.

Shareholder and dividend policy
The company's goal is to provide its shareholders with competitive returns on invested capital by distributing dividends and by an increase in value on the share price. When considering the level of the dividend payout, the Board of Directors has attached importance to ensuring sufficient equity for the company in a fluctuating market, financial resources for future growth and lowest possible capital expenditure. These factors are weighed up against the requirement for competitive yield for shareholders.

The general meeting has authorised the Board of Directors to increase the capital by issuing up to 25,000,000 shares. The general meeting has also authorised the Board of Directors to purchase up to 15,535,595 own shares. These authorisations expire on 30 June 2008.

Independence
The Board of Directors and management must be independent of any special interests and must act accordingly. When assessing the independence of prospective board members, account must be taken of whether the person in question:
- has been an employee of the company during the last three years,
- has been or is still in receipt of any remuneration from the company other than remuneration as a member of the Board of Directors
- has had any significant business connections with the company over the last three years,
- has close family connections with any of the company's board members or senior executives, and
- has been on the Board of Directors for more than eight years from the date of his or her first appointment.

The work of the Board of Directors
The Board of Directors must meet at least once every quarter. The duties of the Board of Directors include the strategic management of DOF, efficient supervision in conjunction with the company's management, controlling and monitoring the company's financial situation, dealing with matters which, in accordance with the law or instructions, or by their nature, must be dealt with by the Board of Directors, and also the company's responsibility towards and communication with the shareholders.

The Board of Directors must ensure that the company is well organised and that its activities are carried out in accordance with all relevant laws and regulations, in a way that is compatible with DOF's objective and in accordance with its articles of association and guidelines as issued at any given time by the shareholders' general meetings.

On a regular basis, at a board meeting or in some other way, the Chief Executive Officer must provide the Board of Directors with a written report of the company's activity, position and earnings trend.

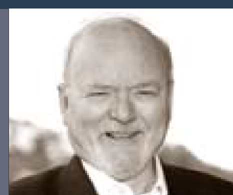
Remuneration
The Board of Directors must advance proposals at ordinary general meetings for the remuneration of members of the Board of Directors.

Takeover
Shares in DOF are free for transfer, and DOF must not establish any mechanisms that might hinder or deter takeover bids, unless this has been decided by the general meeting with a two-thirds majority.

Auditor
The company's auditor is elected by the shareholders at the general meeting.
The Board of Directors must give its recommendations to the general meeting with regard to the election, appointment and approval of an auditor, and it must monitor the independence of the auditor, including how the auditor carries out any work other than the audit. The Board of Directors must have a meeting with the auditor at least once a year, without any representatives from the company's management being present, and in other respects strive to achieve a close and open working relationship with the company's auditor.

Wenche Kjølås

Britt Mjellem



Mons Aase
CEO

Helge Møgster
Chairman

Ole R. Møgster

Oddvar Stangeland

Helge Møgster
Chairman

Born 1953. Helge Møgster is CEO in Laco AS., the main shareholder of DOF Holding AS , which owns approx. 60% of the shares of DOF ASA and 71% of Austevoll Seafood ASA. Mr. Møgster has extensive experience from the offshore service vessel and international fishing-/ marine activities He chairs and serves on numerous Boards of Directors.

Wenche Kjølås
Board member

Born 1962, Wenche Kjølås is CFO in Grieg Logistics in Bergen since 2006. She has various experience from various industries in Norway. She serves a numerous Board of Directors. She has a business graduate from the Norwegian School of Economics and Business Administration from NHH.

Ole Rasmus Møgster
Board member

Born 1958. Ole Rasmus Møgster is the Chairman of Austevoll Seafood ASA from 2006, and has served as the Company's CEO since 1994-2006. He is a member of the Board of Directors of Laco AS, main shareholder of DOF Holding AS. Mr. Møgster is a Master Mariner by education, and has extensive experience from international marine- and fishing activity.

Britt Mjellem
Board member

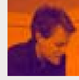
Born 1961. Britt Mjellem is CEO in Borea Fx AS, a private investment company. Her background is from the shipbuilding industry and she has more than 20 years experience from investment management in the foreign exchange market.

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 has was a project engineer-/ project manager in Norwegian and International shipping companies. He holds a degree in Marine Engineering and Naval Architecture (MSc) from the Norwegian Institute of Technology.

Mons S. Aase
CEO

Born 1966. Mr. Aase has been part of the management team since 1998, first as CFO and Deputy Managing Director, CEO from 2005. Mr. Aase's has various experience from the finance and shipbroker industry. Mr. Aase holds a MSc from the Norwegian Institute of Technology, and a Cand. Merc. from the Norwegian School of Economics and Business Administration in Bergen.



Report of the Board of Directors

The group's revenue for 2006 was NOK 3,010.9 million compared with NOK 1,583.6 million in 2005. Profit for the year was NOK 657.2 million compared with NOK 240.9 million in 2005.
The increase in sales and profit is primarily attributed to the acquisition of companies in the subsidiary DOF Subsea (previously GEO ASA), takeover of 100% of the Norskan AS shares and establishing DOFCON ASA.
In the course of the year, the group has taken over/purchased 5 vessels, 3 of which are newbuildings. The group has also sold 2 vessels and 12 newbuildings have been contracted in the year. The total fleet for the group, including vessels owned by affiliated companies, consists of 57 vessels, 19 of which are newbuildings for delivery in 2007-2009.
Throughout 2006, the group has increased its focus on construction and subsea operations. The group has contracted a significant construction fleet during the year and in addition purchased companies with expertise within this area.

Throughout 2006, the group has also retained its focus on international growth and had, at the end of the year, offices on all five continents.

Business concept and objectives
The company's business concept is to engage in long-term, industrial offshore activities.

The company's goal is to further develop its position as a leading supplier of offshore services, focusing on high quality and cost effective operations.

The company intends to achieve its goals via a balanced chartering strategy with emphasis on long-term contract coverage, to ensure a conservative risk profile and satisfactory cash flow. The company is to maintain its position as an attractive partner for charterers, financial institutions and suppliers.

The company will be an international supplier of offshore services and will maintain an emphasis on highly qualified crews and operating personnel.

The company will continue to focus on the environment and will continue its investment in technical solutions for environmentally friendly vessel systems. Administration, vessels, crew and other personnel will think and act in an environmentally friendly and sound manner.

Group activities in 2006
The company's activities in 2006 included owning and operating the group's fleet of approximately 40 vessels, and providing services within survey, construction support and IRM (Inspection and maintenance) via the subsidiary DOF Subsea.

As of February 2007, the group wholly or partly controlled a fleet (including newbuildings) comprising the following vessels:

- 21 platform supply vessels (PSV)
- 9 anchor handling tug supply vessels (AHTS)
- 26 subsea/construction/seismic vessels (CSV)

Newbuildings were as follows:

- 5 platform supply vessels (PSV)
- 2 anchor handling tug supply vessels (AHTS)
- 12 subsea/construction support vessels (CSV)

Supply
During the year, DOF has taken delivery of the PSV 'Skandi Texel', which started a long-term contract after being delivered in June. Norskan took delivery in October of 'Norskan Botafogo'. This ship began a long-term contract in mid-October. DOF has contracted two newbuildings (PSV) in the course of the year.

Throughout 2006, the supply fleet has mainly been employed on long-term contracts and several of the group's vessels have won contract extensions. New long-term charter agreements have also been entered into for a large proportion of the newbuildings.

In November, DOF took over 100% of the shares in Norskan AS. On takeover, Norskan owned 6 vessels in Brazil, 2 of which were newbuildings. DOF simultaneously sold its holding in Nor Offshore Singapore. This transaction has accounting effect from 1 November 2006.

The group owns 50% of DOF Boa AS, which owns 2 AHTS vessels. The vessels operated in Egypt in 2006 and have extended their charters to December 2007.

Subsea/constructions
In 2006, this area of activity was managed by DOF Subsea and DOFCON.

In March 2006, DOF established DOFCON ASA. After establishing the company, a share issue of NOK 400 million was carried out and two large construction vessels were contracted. DOFCON has subsequently shown significant growth and at year-end had contracted 7 newbuildings, 5 of which are signed up for long-term charters. The newbuildings will be delivered in 2008 and 2009. A further share issue of NOK 200 million was carried out in July 2006.

In the first quarter 2007, DOF Subsea purchased the DOFCON shares. DOF Subsea also took over a diving vessel and contract from DOF. This vessel will be delivered in July 2007. This transaction means that all subsea and construction activities will be provided through DOF Subsea.

DOF Subsea acquired the company Geo Century (Aberdeen/ Houston) in the autumn of 2005. Geo Century has its primary focus within survey. In 2006, the company has shown good growth and profitable operations. In February, DOF Subsea took over the Australian company Geo Subsea Pte. This company has its primary focus within diving operations and has shown good growth throughout 2006, increasing its range of expertise by taking over the operation of several vessels.

DOF Subsea's engineering activities in Norway are operated via the subsidiary Geoconsult. Geoconsult's main activity has been to provide framework agreement services in the North Sea. During 2006, the company has also established a new company in Brazil and has entered into new framework agreements.

DOF Subsea took delivery of the newbuilding 'Geoholm' in May 2006. The vessel began a 4 year contract after delivery. DOF Subsea has purchased two cable-laying vessels from Japan. It was decided to convert both vessels to seismic to fulfil long-term contracts. The company subsequently made a strategic decision to focus on its own activities and the vessels were sold in December. DOF Subsea sold 'Skandi Bergen' in October. DOF Subsea has contracted two newbuildings in the course of the year.

Shareholders
There have been no significant changes in the company's ownership structure in the period. The company had 3,221 shareholders as at 31 December 2006. The share price at year end 2006 was NOK 68 compared with a share price of NOK 36.20 at year end 2005.
Share capital was NOK 165,535,950 distributed across 82,767,975 shares each with a nominal value of NOK 2. A private placement of 6,000,000 shares was carried out in December at a subscription price of NOK 67. The issue was carried out based on the authorization given to the board on 15 May 2006. The board has the authority until the next ordinary annual general meeting to raise the share capital by issuing a further 31,5 million shares.

The Board of Directors is authorised up until the next annual general meeting to repurchase up to 10% of the company's shares at a price of between NOK 10.0 and NOK 80.0. The company sold 1,390,800 of its own shares at the same time as the issue in December 2006 was carried out. As of year-end, the company owned no own shares.

One of the company's most important objectives is to maximise added value to the benefit of its shareholders. An essential element in this context is that the company achieves satisfactory results and is thereby able to generate good returns for the shareholders.

The company aims to pay dividends to the shareholders when facilitated by the financial situation. A dividend of NOK 0.75 per share was paid in 2005 and NOK 1.0 per share in 2006. The Board of Directors proposes to the annual general meeting the payment of a dividend of NOK 1.00 per share in 2007.

Health, safety and environment
The company has continued in 2006 to manage its Quality, Health, Safety and Environment activities in accordance with goals, to prevent personal injuries and occupational illnesses, to secure a good working environment, increase awareness and control of environmental factors and achieve a high degree of operational regularity.

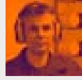
The absence frequency due to injury (no. of personal injuries per 1,000,000 exposed working hours) in 2006 increased from 3.19 in 2005 to 4.16 in 2006 while the total frequency of all obligatory reports of personal injuries (TRCF) has fallen from 5.73 to 4.86. The group had one event classified as serious when a seaman suffered serious crush injuries during a loading operation. DOF has subsequently invested a significant amount of time together with the customer in transferring the experience contained in the investigation report results to avoid a re-occurrence.

The number of reported events in 2006 is at approximately the same level as in 2005. However, there has been an almost 50% increase in the number of reports of unsafe actions and circumstances, proposals for improvements and positive behaviour (IRC - Improvement reports).

The goal of zero injuries remains and the company continues to work with the long-term measures established in recent years, key areas being management commitment and a focus on the individual employee's influence on HSE results.

6 events have been reported in 2006 related to the external environment, which have resulted in discharge to the sea of oil/oily fluids or chemicals. The discharges have been minor and have not resulted in reactions in the form of fines or others actions by the authorities.

In December, DOF carried out a customer satisfaction survey. The results are included in the annual management review.



Activities for 2007 are described in a separate plan (the QHSE plan), and measures have been established for all elements of QHSE work. Absence due to sickness in 2006 was 5.2% of total working hours, compared with 4.5% in 2005.

The group employs around 1,800 people, of which 450 are hired personnel. The high level of activity in the offshore market and an expanding newbuilding program for offshore vessels have placed a significant pressure on the labour market for seafarers. Competition for labour force and particularly Norwegian key personnel is considerable. Despite this, the turnover among our own employees has fallen in relation to last year. Absence due to sickness has increased in relation to last year. The most important challenges for the future are the recruitment of skilled personnel and securing stability among seafarers. Measures have been implemented to help achieve good stability and recruitment within the group.

Equal opportunities

One of the group's goals is to ensure equal opportunities between women and men. The proportion of female employees onboard vessels is traditionally low. The company has however set the goal of gradually increasing the number of female crew. The ratio of female employees in shore-based administration is approx. 50%. There are three women in company's head management. The board has two female members and three male members.

Market conditions

The market has achieved historical highs throughout 2006, with record high activity in offshore areas on a global basis. This has resulted in high levels of demand for offshore vessels within all of the three group segments. In addition to historically high spot rates, this demand has resulted in an increase in rates for long-term contracts. Based on the increasing global need for tonnage, the number of vessels in the North Sea fleet has been moderately increased.

The North Sea fleet at the end of the year consisted of 226 vessels, which is an increase of only 16 vessels in relation to the previous year-end. This figure includes the delivery of 74 newbuildings during the year.

As a result, newbuilding activity has increased significantly in 2006 in relation to the previous year. The total order book at the end of the year contained 235 vessels, 96 of which are AHTS, and 139 PSV. This newbuilding activity has resulted in increased newbuilding prices and an increased market value for the current fleet.
The market in the years ahead is expected to be characterized by high activity, as a result of a large number of rigs under construction and the number of started and planned submarine installations.

Consolidated accounts

The group's accounts are prepared in accordance with IFRS. The accounts for DOF Subsea are included as from the 2nd quarter of 2005. New companies have also been acquired in 2006. The figures for 2006 are therefore not fully comparable with last year. The group's revenue was NOK 3,010.9 million (NOK 1,583.6 million) as at 31 December 2006. The operating result before depreciation (EBITDA) was NOK 1,292.1 million (NOK 761.9 million) as at 31 December. The increase is primarily due to access to a larger number of vessels, acquisition of companies and a general strong market for the group's fleet throughout 2006. Profit from the disposals of vessels is included in the revenue for 2006.

Net financial items for 2006 were NOK -148.7 million (NOK -148.1 million). A profit figure of NOK 65.0 million from associated companies is included in the net financial items for 2006. Net unrealised currency gains/currency losses were NOK -22.9 million as at 31 December 2006 as opposed to NOK -11.9 million for the same period last year.

Profit for the year was NOK 657.2 million (NOK 5.43 per share) as opposed to NOK 240.9 million (NOK 2.92 per. share). Cash flow for the year (profit before tax, unrealised currency losses and depreciation) was NOK 1,097.1 million (NOK 613.8 million).

Significant changes in the company's balance sheet are due to DOF Subsea's acquisition of new companies, delivery of new vessels, investments in DOFCON ASA, the purchase of 100% of Norskan AS and the supply of new capital in association with issues. Repayment of loans totalled NOK 598.5 million for the year and the company arranged new long-term liabilities of NOK 1,224.3 million. Total investments in 2006 amounted to NOK 1,858.9 million, including the purchase/takeover of vessels and activities. Two bond loans were arranged in 2006, of NOK 300 million (DOF Subsea) and NOK 297 million (DOF). DOF has also repaid one bond loan and repurchased parts of another bond loan which falls due in 2008.

The group had a balance sheet total as at 31 December 2006 of NOK 10,640.8 million (NOK 8,025.0 million). Net interest bearing liabilities at 31 December 2006 were NOK 4,907.6 million (NOK 4,130.7 million). Book equity at 31 December 2006 was NOK 3,290.9 million including a minority of NOK 822.1 million as opposed to NOK 2,059.9 million including a minority of NOK 472.2 million.

Total cash flow from operational activities for the group was NOK 788.2 million (NOK 420.3 million).

As at 31 December 2006, the group's cash reserves totalled NOK 1,552.2 million. The group's capacity to finance out of own capital is therefore satisfactory.

The group's income is mainly generated in USD, GBP and NOK.

The company is exposed to fluctuations in foreign exchange rates and in particular in USD and GBP. Measures to reduce this risk include forward contracts and adaptation of long-term liabilities to revenue in that currency. The company is also exposed to fluctuations in interest rates, as the majority of the company's liabilities have a floating interest rate.

The company's credit risk is regarded as low, as the company's customers historically have sufficient financial strength to allow them to meet their commitments. The company over time has a low ratio of bad debts.

The company has a satisfactory economic and financial position, which satisfies the going concern assumption and provides grounds for further development of the company.

Profit allocation

The parent company's annual accounts were closed with a profit of NOK 1,709.9 million. The parent company profit can primarily be attributed to the sale of shares to subsidiaries. The Board of Directors proposes to transfer the profit from other equity. The company's free equity after this will be NOK 1,944.0 million.

The consolidated accounts were closed with a profit of NOK 657.2 million, NOK 207.7 million of which is transferred to minority interests and NOK 449.5 million of which is transferred to other equity.

Outlook

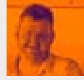
DOF expects good market conditions for the whole fleet in 2007. The group has high contract coverage for both newbuildings and the existing fleet and therefore has only a limited exposure to changes in the spot market.

DOF Subsea has, through entry into major framework agreements in the year and through the acquisition of companies, secured the expertise required for further growth. In 2007, DOF Subsea has signed a letter of intent relating to the purchase of two engineering companies. The degree of utilisation of the company's fleet is expected to be high in the next few years and the future prospects for DOF Subsea are therefore very positive.

In March 2007, DOF established a new company, DOF Installer ASA, with the intention of owning and operating large anchor handling vessels. The background for this is the expectation of a growth in demand for this type of vessel, based on the high number of rigs under construction and the high levels of construction activity. Only a limited number of vessels have been contracted in this segment, which provides an expectation of good market conditions for this type of vessel in the years ahead.

Storebø, 20 March 2007
Board of Directors for DOF ASA

Helge Møgster (Chairman of the Board)	Ole R. Møgster	Oddvar Stangeland
Wenche Kjølås	Britt Mjellem	Mons Aase (CEO)



PROFIT AND LOSS ACCOUNT

DOF ASA			Amounts in NOK 1000		GROUP		
IFRS	IFRS	IFRS			IFRS	IFRS	IFRS
2006	2005	2004		Note	2006	2005	2004
136 344	122 718	123 972	Sales income	5, 26	2 796 410	1 553 188	986 207
7 478	5 248	1 547	Other operating income	5	214 468	30 379	18 998
143 822	127 966	125 519	Operating income		3 010 878	1 583 567	1 005 206
4 119	101	69	Wage costs etc.	15, 25	739 470	497 883	274 564
8 122	15 855	21 874	Depreciation	7	417 010	356 421	275 710
124 127	97 951	84 023	Other operating expenses		979 277	323 744	197 614
136 368	113 907	105 965	Operating expenses		2 135 757	1 178 048	747 888
7 454	14 059	19 554	Operating profit/loss		875 121	405 519	257 318
			Investments in subsidiaries/affiliated companies	9	64 890	2 479	
1 759 517	30 447	7 897	Financial revenues	24	340 807	149 451	107 160
-47 919	-65 684	-28 373	Financial costs	24	-554 384	-300 040	-205 174
1 711 598	-35 237	-20 476	Net financial items		-148 687	-148 110	-98 014
1 719 052	-21 178	-923	Pre-tax profit/loss		726 434	257 409	159 304
9 129	-3 833	727	Tax	16	69 252	16 530	6 223
1 709 923	-17 345	-1 650	Profit/loss for the year		657 182	240 879	153 081
			Minority interests		207 712	20 936	172
1 709 923	-17 345	-1 650	Profit/loss for the year for the parent company's shareholders		449 470	219 943	152 909
			Earnings per share (NOK)	22	5,95	2,92	2,03
			Information on allocation:				
1 709 923	-17 345	-1 650	Other equity		449 470	219 943	152 909

BALANCE SHEET

DOF ASA			Amounts in NOK 1000		GROUP		
IFRS	IFRS	IFRS			IFRS	IFRS	IFRS
31/12/2006	31/12/2005	31/12/2004		Note	31/12/2006	31/12/2005	31/12/2004
			Assets				
			Deferred tax advantage	16		18 805	50 305
			Goodwill	3, 6	375 422	346 785	
			Intangible assets		375 422	365 590	50 305
235 019	225 190	421 576	Vessels	7	6 857 521	5 464 303	4 040 320
			Machines and other operating equipment	7	588 346	167 063	896
235 019	225 190	421 576	Fixed assets		7 445 867	5 631 366	4 041 216
1 922 130	378 923	337 302	Investments in subsidiaries	9			
285 533	100 242	97 057	Investments in affiliated companies and joint-controlled companies	9	309 753	2 602	
333	333	333	Investments in shares and units		13 117	456	333
396 659	159 742	187 399	Other long-term receivables	12	3 630	755	16 534
2 604 655	639 241	622 091	Financial assets		326 500	3 813	16 867
2 839 674	864 430	1 043 667	Capital assets		8 147 789	6 000 769	4 108 388
			Goods	10	4 057	7 390	1 704
26 321	33 021	25 073	Accounts receivable	11, 26	541 080	408 317	163 089
1 234	22 591	1 871	Other receivables	12	208 784	252 050	84 355
27 555	55 612	26 944	Receivables		749 864	660 367	247 444
			Vessels held for sale	7	186 158		
	10 043		Short-term investments		715	11 088	
410 490	212 619	215 409	Liquid assets	13	1 552 180	1 345 433	927 605
438 045	278 274	242 353	Current assets		2 492 974	2 024 279	1 176 753
3 277 719	1 142 704	1 286 020	Assets		10 640 763	8 025 048	5 285 141

BALANCE SHEET

DOF ASA			Amounts in NOK 1000		GROUP		
IFRS	IFRS	IFRS			IFRS	IFRS	IFRS
31/12/2006	31/12/2005	31/12/2004		Note	31/12/2006	31/12/2005	31/12/2004
			Equity and liabilities				
165 536	150 754	150 754	Equity and liabilities	14	165 536	150 754	150 754
454 453	76 516	141 769	Share premium fund		454 453	76 516	141 769
619 989	227 271	292 523	Subscribed equity		619 989	227 270	292 523
			Fund for valuation differences				
			Equity not reported on the profit and loss account				
1 944 039	226 804	203 635	Other equity		1 848 702	1 360 379	841 363
1 944 039	226 804	203 635	Retained earnings		1 848 702	1 360 379	841 363
			Minority interests		822 169	472 249	740
2 564 028	454 075	496 158	Equity		3 290 860	2 059 899	1 134 626
8 072	39	1 719	Deferred tax	16	118 229	20 934	43 504
		22 860	Other provisions for commitments	15, 18	113 086	62 713	145 638
8 072	39	24 579	Provisions for commitments		231 315	83 647	189 142
397 000	300 000	350 000	Bond loan	17, 26	695 303	600 000	350 000
	167 446	345 232	Debt to credit institutions	17, 26	3 526 640	2 918 804	1 774 159
128 338			Other long-term liabilities	17, 18, 26	1 424 296	1 484 554	1 704 271
525 338	467 446	695 232	Other long-term liabilities		5 646 239	5 003 358	3 828 430
143 000	150 000		Debt to credit institutions	17, 26	813 564	472 814	
31 603	64 407	35 232	Accounts payable	26	274 397	81 824	33 316
			Tax payable	16	28 877	46 556	5 581
		313	Public duties payable		53 578	40 001	15 787
5 678	6 737	34 506	Other short-term liabilities	20	301 933	236 949	78 259
180 281	221 144	70 052	Short-term liabilities		1 472 349	878 144	132 943
713 691	688 629	789 862	Liabilities		7 349 903	5 965 150	4 150 515
3 277 719	1 142 704	1 286 020	Equity and liabilities		10 640 763	8 025 048	5 285 141

Storebø, 20 March 2007
Board of Directors for DOF ASA

Helge Møgster
(Chairman of the Board)

Ole R. Møgster

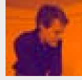
Oddvar Stangeland

Wenche Kjølås

Britt Mjellem

Mons Aase
(CEO)

DOF ASA			Amounts in NOK 1 000	GROUP		
IFRS	IFRS	IFRS		IFRS	IFRS	IFRS
2006	2005	2004		2006	2005	2004
1 719 052	-21 178	-923	Pre-tax profit/loss	726 434	257 409	159 304
-61 050			Gain on sale of shares	-61 050		
			Tax paid for the period	-23 679	-5 581	-6 600
8 122	15 855	21 874	Depreciation of fixed assets	417 010	356 421	275 710
6 700	-7 948	-10 262	Change in accounts receivable	-121 372	-245 228	-47 875
-7 196	29 175	18 166	Change in accounts payable	-187 934	48 508	-16 603
			Difference between pension charged against income and payments made/received		-1 733	
		833	Impact of changes in rate of exchange	33 255	56 935	4 193
23 138	-71 662	-10 047	Change in other accrual items (working capital)*	133 379	-43 871	-111 665
-1 663 425			Items without impact on cash flow	-62 921		
			Income when applying the straight line/equity method	-64 890	-2 479	
25 341	-55 758	19 641	Net cash flow from operational activities	788 232	420 380	256 464
			Disbursements for purchase of intangible assets	-22 637		
			Payments received for sale of fixed assets	445 071	125 450	
		-6 716	Disbursements for purchase of fixed assets *	-1 638 004	-2 236 618	-178 043
66 429	-14 635		Payments received for sale of shares and units	66 429	-4 538	
-410 910			Disbursements for purchase of shares and units*	-438 120		
-9 830		-52 932	Advance payments for newbuildings	-268 754	-214 220	-50 096
61 849	-14 857	-32 243	Net change in long-term intragroup balances	-2 876	16 534	1 221
-292 462	-29 492	-91 891	Net cash flow from investment activities	-1 858 891	-2 313 392	-226 918
91 779			Payments received on sale of own shares	91 779		
226 000	100 000	200 000	Payments received on opening new long-term liabilities *	1 224 285	1 944 487	320 000
-166 874	-17 540	-20 110	Disbursements on downpayment of long-term liabilities	-598 516	-254 487	-158 909
389 936			Equity payments received	635 708	686 094	
-75 849		-56 533	Dividends	-75 849	-65 253	-56 532
464 992	82 460	123 357	Net cash flow from financing activities	1 277 407	2 310 841	104 559
197 871	-2 790	51 107	Net change in liquid assets	206 748	417 829	134 105
212 619	215 409	164 302	Liquid assets at the start of the period	1 345 433	927 605	787 880
			Correction for transition to IFRS			5 620
410 490	212 619	215 409	Liquid assets at the end of the period	1 552 180	1 345 433	927 605



EQUITY MOVEMENT

Changes in equity - Group — Amounts in NOK 1 000

	Share capital	Share premium fund	Own shares	Total subscribed capital	Other equity	Retained earnings	Minority interests	Total equity
Equity 31.12.05 IFRS	153 536	76 516	-2 782	227 270	1 360 379	1 360 379	472 249	2 059 898
Conversion differences					-45 219	-45 219		-45 219
Sale own shares			2 782	2 782	88 998	88 998		91 780
Share issue	12 000	390 000		402 000	95 544	95 544	142 208	639 752
Profit/loss for the year					449 506	449 506	207 712	657 218
Costs charged directly to equity					10 220	10 220		10 220
Impact of closing forex hedging					-33 214	-33 214		-33 214
Dividend payment					-75 848	-75 848		-75 848
Tax effect of share issue payments		-12 064		-12 064	-1 662	-1 662		-13 726
Change in equity for the year	12 000	377 936	2 782	392 718	488 325	488 325	349 920	1 230 963
Equity 31.12.06 IFRS	165 536	454 452		619 988	1 848 704	1 848 704	822 169	3 290 860

Changes in equity - DOF ASA — Amounts in NOK 1 000

	Share capital	Share premium fund	Own shares	Total subscribed capital	Other equity	Retained earnings	Minority interests	Total equity
Equity 31.12.05 IFRS	153 536	76 516	-2 782	227 270	226 804	226 804		454 074
Sale of own shares			2 782	2 782	88 998	88 998		91 780
Dividend payment					-75 848	-75 848		-75 848
Share issue	12 000	377 936		389 936				389 936
Impact of closing forex hedging					-5 837	-5 837		-5 837
Profit/loss for the year					1 709 921	1 709 921		1 709 921
Equity 31.12.06 IFRS	165 536	454 452		619 988	1 944 038	1 944 038		2 564 028

1. GENERAL

DOF ASA is a public limited company registered in Norway. The company's main office is located on the island of Storebø in the municipality of Austevoll, Norway. DOF ASA is the parent company for a number of companies, described in detail in note 9.
The group's activities comprise three segments, described in note 4.
The annual accounts were approved by the Board of Directors for publishing on 20 March 2007.

All figures in the notes to the accounts are rounded up to NOK 1000.

2. ACCOUNTING PRINCIPLES

Main principles
Both the company accounts and consolidated accounts for DOF ASA have been prepared in accordance with the International Accounting Standards, published by the International Accounting Standards Board, and valid from 31 December 2006. The group is of the opinion that standards adopted at the time of presentation for annual accounts, but which come into force after 31 December 2006, have no significant impact on the presented accounts.

With the exception of investments held for trading or available for sale - which are valuated at fair value (see note 7, 8), the historical cost method is applied.

The accounting year is the same as the calendar year. The items in the accounts are ordered according to type.

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. Comparison figures are revised accordingly.

Functional currency and presentation currency
The group presents its annual accounts in Norwegian kroner (NOK). This is also the group's functional currency. In order to enable consolidation, the balance sheet figures for subsidiaries with a different functional currency are converted using the rate of exchange on balance sheet date, and the profit and loss account figures are converted using the average rate of exchange for the period. The conversion differences are reported against equity. In the event of a sale of foreign subsidiary, the accumulated conversion differences connected with the subsidiary are reported on the profit and loss account.

Consolidation principles
The consolidated accounts include DOF ASA and companies over which DOF ASA has controlling interest. 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. Minority interests are 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 acquisition method is applied for reporting acquired units. Companies which have been acquired or sold in the year in question are consolidated from/to the date for execution of the acquisition/sale. Investments in affiliated companies (normally investments of between 20% and 50% of the company's equity), where significant influence is exercised by DOF ASA, are reported using the equity method. The value of investments is assessed when there are indications of a fall in value or when the requirement for previous depreciation no longer exists. When the group's share of the loss exceeds the investment, then the investment is reported as zero. If the group's share of the loss exceeds the investment, this will be reported on the accounts to the extent that the group is obliged to cover the loss. Jointly controlled companies are included in the accounts according to the straight line method.

Intragroup transactions and intragroup balances, including internal profit and unrealised gain and loss are eliminated. Unrealised gain generated from transactions with affiliated companies are eliminated with the group's holding in the affiliated company. Unrealised loss is eliminated in the same manner, but on the condition that there is no indication of a fall in value of the asset sold within the group. The consolidated accounts have been prepared on the prerequisite of uniform accounting principles for similar transactions and other similar events.

Subsidiaries/affiliated companies
For the parent company, subsidiaries and affiliated companies are valuated according to the cost method. The investment is valuated at original cost unless write-down is required. Dividends and other distributions are reported as income once the decision to pay dividends has been reached by a valid body within the subsidiary/affiliated company. Should the dividend or other distribution received exceed the share of retained earnings for the ownership period, the surplus amount is reported on the accounts as repayment of invested capital, and charged as a reduction of the investment on the balance sheet.

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 activities is reported on the accounts according to the straight line method, whereby the participant reports his/her share of income, expenses, assets and liabilities.

Classification of assets and liabilities
Assets are classified as current assets when:
- the asset forms part of the unit's service cycle, and is expected to be realised or consumed over the course of the unit's normal production time;
- the asset is held for trading;
- the asset is expected to be realised within 12 months of balance sheet date;
- the asset is cash or cash equivalents, with the exception of when there are restrictions for exchange or use to repay debts within 12 months of balance sheet date.

All other assets are classified as fixed assets.

Liabilities are classified as short-term when:
- the liability forms part of the unit's service cycle, and is expected to be settled in the course of normal production time;
- the liability is held for trading;
- settlement of the liability has been agreed upon within 12 months of the balance sheet date;
- the unit 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 includes cash funds and bank deposits. Bank overdrafts are included as cash and cash equivalents on the statement of cash flow. Cash equivalents are short-term liquid investments which can be immediately converted to cash, at a known figure and with insignificant risk factor.

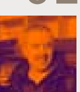
Accounts receivable
Accounts receivable are reported at amortised cost. The interest factor is ignored, if insignificant. In the case of objective evidence of a fall in value, the difference between reported value and the present value of the future cash flow is discounted with the original effective interest rate for the receivable, and reported as a loss.

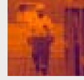
Construction contracts
Work in process connected with fixed price contracts with long processing time are valuated according to the current settlement method. The degree of completion is calculated as incurred costs expressed as a percentage of the estimated total cost. The total cost is revaluated on a continuous basis. For projects estimated to run at a loss, the entire estimated loss is reported immediately.

Fixed assets
Fixed assets, with the exception of investment assets, are valuated at cost price minus accumulated depreciation and write-down. When assets are sold or disposed of, the cost price and accumulated depreciation are reversed in the accounts, and any loss or gain from the disposal reported on the profit and loss account.

The cost price for the fixed assets is the purchase price including duties/tax and direct purchasing costs connected to implementing the fixed asset. Expenses incurred after the fixed asset has been implemented, such as repair and maintenance, are charged against income as normal. In cases where increased profit taking can be proven as a result of repair/maintenance, the expenses will be reported on the balance sheet as addition of fixed assets.

The estimated period of use for the fixed assets and depreciation method are evaluated annually, in order to ensure that the method and period applied





correspond with the economic realities related to the fixed asset. The same applies for scrap value.

Plants under construction are classified as fixed assets and are recognised at incurred costs related to the fixed asset. Plants under construction are not depreciated before the fixed asset is in use.

Fixed assets with a higher reported value than fair value are written down to minimum fair value. Should the reported value fall lower than fair value, this write-down can be reversed with up to the same amount as the actual write-down.

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 months. On the purchase of new vessels, a ratio of the cost price is valuated as periodic maintenance.

Financial leasing contracts
The group presents financial leasing contracts in the accounts as assets and liabilities, quoted at cost price or, if lower, the present value of the cash flow to the lease contract. When calculating present value of the lease contract, the implicit interest cost in the lease contract is used, when this can be determined. If this is not possible, the company's marginal rate of interest on loans on the market is used instead. Direct costs connected with the lease contract are included in the cost price of the asset. Monthly lease payments are separated into an interest factor and a downpayment factor. The interest cost is allocated to different periods so that the interest cost for the outstanding debt is identical for different periods.

The asset involved in a financial leasing contract is depreciated. The depreciation period is consistent with that for similar assets owned by the group. If it is certain that the company will take over the asset on expiry of the leasing contract, the asset is depreciated over the shortest of the lease contract's maturity and the deprecation period for similar assets owned by the group.

Operational leasing contracts
Leasing contracts where the significant share of the risk is carried by the lessor are classified as operational leasing contracts. Lease payments are classified as operating expenses, and are recognised on the profit and loss account for the entire contractual period.

In cases where a "sale and leaseback" transaction results in an operational leasing contract, and it becomes clear that the transaction has been performed at fair value, any gain or loss is recognised on the profit and loss account on completion of the transaction. Should the sales price be under the fair value, any gain or loss will be recognised directly, unless this results in future lease payments which are lower than the market price. In such an event, the gain/loss is amortised for the duration of the lease period. If, however, the sales price exceeds fair value, the overcharge is amortised for an estimated period of use for the asset.

Goodwill
Added value on the purchase of an activity, which cannot be allocated to identifiable assets or debt items on the date of purchase, is classified as goodwill on the balance sheet. For investments in affiliated companies, goodwill is included in the cost price of the investments.

The identifiable assets and liabilities on transaction date are reported at fair value on transaction date. The minority interest share of identifiable assets and liabilities is calculated on the basis of the minority interest share of fair value of identifiable assets and liabilities.

Should new information emerge after a purchase, which involves assets and liabilities at the time of transaction, the valuation of fair value of assets and liabilities may be changed until the first set of accounts has been presented for an entire accounting period.

Goodwill is not depreciated, but there is an annual assessment of the extent to which the reported value can be justified with regard to future earnings. In the case of indications of a requirement to write-down goodwill, the company shall assess the extent to which discounted cash flow related to the goodwill exceeds the reported value of the goodwill. If the discounted cash flow is lower than the reported value, the goodwill will be written down to fair value.

Negative goodwill
Negative goodwill in the case of company take-overs is reported as income after a re-identification and re-valuation of the transferred assets and commitments has been carried out, in order to ensure that negative goodwill is not attributed to the valuation of assets or commitments.

Currency
Monetary items and debt in foreign currency are converted to Norwegian kroner (NOK) according to the exchange rate on balance sheet date. Foreign exchange gain and loss are recognised on the profit and loss account and classified as financial items.

Loans
All loans are recognised as cost price. This implies the current price for the value of the amount received. Costs incurred for the establishment of new loans are recognised as a cost for the duration of the loan. Interest costs on loans related to the delivery of new vessels are capitalised under fixed assets and depreciated over the vessel's lifetime, if they are incurred during the construction period.

Contingent liabilities and provisions
Contingent liabilities and provisions are recognised when, and only when, a company faces a legal obligation (legal or constructive) as a result of a past event and it is probable (more than 50%) that an outflow of economic benefits will be required to settle the obligation, and that a reliable estimate can be made of the amount of the obligation. Contingent liabilities and 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 liability, the liability is recognised at fair value. Every increase in the amount of the liability over time is reported as interest costs.

Contingent liabilities arising from purchases of activities are reported at fair value, even if the liability is not probable. The assessment of probability and fair value is a continuous process. Changes in fair value are recognised on the profit and loss account.

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

Conversion differences occur as a result of changes in exchange rates on consolidation of foreign entities. Exchange rate changes related to monetary items (receivables and debt), which in reality are a part of the company's net investment in foreign entities, are treated as conversion differences and consequently reported directly against equity. On the sale of foreign activities, the accumulated conversion differences relating to the sold entity are reversed, and the conversion differences subsequently reported together with the gain or loss from the sale.

Income reporting
The group's operational vessels are leased out on charter parties. The group has evaluated "IFRIC interpretation 4 Determination whether an arrangement contains a lease" and has concluded that the time charters (TC) represent lease of assets and are therefore subject to IAS 17. The TC contracts comprise payment for factors such as hired crew. These payments are kept separate from the payment flow in the TC contracts and reported separately in accordance with IAS 18. The TC contracts are therefore decomposed into one part which relates to the lease of vessels and another part which involves crew hire and cover of other operating expenses related to the TC contracts.

Lease income from the lease of vessels is recognised on the profit and loss account using the straight line method for the duration of the lease period. The lease period starts on the date the vessel is made available to the leaser, and terminates on the agreed date for return of the vessel. Crew hire and payments to cover other operating expenses are reported as income according to the straight line method for the duration of the agreement.

Tax on profit
Tax consists of tax payable and change in deferred tax. Deferred tax/tax advantage are calculated on the basis of all taxable provisional differences. Deferred tax advantage is recognised when probable that the company will have sufficient taxable income to be able to make use of the tax advantage. Deferred tax and deferred tax advantage are recognised independently of when the differences will be reversed and, as a rule, at nominal value. Deferred tax/tax

advantage are measured on the basis of estimated future tax rate.
Both tax payable and deferred tax are recognised directly in equity, to the extent they relate to items recognised directly in equity.

Parts of the group's activities are structured in accordance with the regulations regarding the tax regime for shipping companies. The tax cost and deferred tax for companies organised under this tax regime depend on the companies' dividend policy and future estimated profits.
Based on the fact that the companies organised within this tax regime have no intention in the foreseeable future to pay out dividends in excess of taxed capital, the group has estimated a tax rate of 0% for the companies subject to the regulations of the shipping company regime. For all companies under this regime, the group has estimated 0% deferred tax on provisional differences when entering the regime and 0% deferred tax on current profits after entering the regime. For companies not included in the regime, and for taxable financial revenues in companies under the regime, the company applies a tax rate of 28%.

Subsequent to a change in the regulations of the shipping company tax regime, effective from 1 January 2000, gain/loss on foreign exchange is included in financial revenues, and long-term liabilities in foreign currency are ascribed the exchange rate as of 31.12.1999 as an opening value. Simultaneously, companies under the regime have the right to carry forward tax-related negative financial losses against positive financial revenues in later years. Provisional differences relating to financial items are offset when calculating deferred tax/advantage, which is 28% of net provisional differences.

Pensions and pension commitments
Gross pension commitment is the present value of contributed pension rights based on actuarial calculations and estimated future growth in salary and pensions. Pension funds are valuated at market value as of 01.01 plus return for the year. The net pension cost for the year (gross pension cost minus estimated return on pension funds) is included in the wage costs. Gross pension cost comprises the value of the contributed pension rights for the year, interest cost on gross pension commitment and amortisation of unrealised gains and loss. Changes in accounting estimates, and any deviations between actual and estimated return on pension funds which exceed 10% of the highest of pension commitment and pension funds, are amortised for the estimated outstanding period of contribution. Net pension commitment/pension funds are classified as long-term liabilities/long-term receivables on the balance sheet. A provision is made for national insurance contribution on the net commitment. In the case of over-financing, where funds are paid which are taxable, the national insurance contribution is recognised on the balance sheet as pre-paid national insurance contribution together with net pension funds.

In cases where the group's commitment to employees involves paying a specific contribution amount to the individual employee's pension savings scheme (contribution schedule), the contributions for the period including national insurance contribution are included in the pension cost. On payment of contributions, the group's commitment has been fulfilled in full.

Write-down of assets
Assets valuated at amortised cost are written down when probable that the company will not receive full settlement in accordance with the contractual maturity for lending, receivables or held to maturity investments. The write-down is recognised on the profit and loss account. A reversal of write-down from past years is only recognised on the profit and loss account when subsequent events eliminate the reason for the write-down. Reversals of write-downs are presented as income. However, reversals of write-downs from past years are only carried out until the value on the balance sheet is identical to the amount which would exist if the write-down had not been carried out earlier.

A valuation of write-down of other assets is required when there are indications of a fall in value. If the balance sheet value of an asset is higher than the recoverable amount, a write-down is reported on the profit and loss account. The recoverable amount is the highest of fair value reduced with estimated sales costs and present value based on future use of the asset.
Fair value reduced by estimated sales costs is the amount achievable on sale to an independent third party, minus sales expenses. The recoverable amount is established individually for all assets. However, if this is not possible, the recoverable amount is calculated together with the unit to which the asset belongs.

Write-downs which are reported on the profit and loss account for previous periods are reversed when information shows there was no requirement for the write-down, or that previous write-down amounts on the profit and loss account were too high. However, there is no reversal if the balance sheet value is higher than what it would have been if normal depreciation had been applied.

Hedging
Monetary items and debts in foreign currency are converted to Norwegian kroner (NOK) based on the balance sheet date exchange rate. As the group has comprehensive international activities, it is exposed to fluctuations in exchange rates. The group's currency strategy involves balancing fixed future income (freight income) and liabilities in foreign currency. However, the group does not make use of hedge accounting in accordance with IAS 39, and subsequently recognises all financial derivatives on the profit and loss account at fair value, where the change in value is recognised.

Segments
The group operates within three business segments: PSV (Platform Supply Vessel), AHTS (Anchor Handling Tug Supply Vessel) and CSV (Construction Support Vessel). Geographically, the group's activities are distributed throughout the following areas: North Sea, Mediterranean/South East Asia, West Africa and America.

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 on the accounts, with the exception of contingent liabilities which originate from the acquisition of activities. Significant contingent liabilities are presented in the notes to the accounts, except for contingent liabilities with a very low probability of existence.

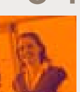
A contingent asset is not recognised on the accounts, but is presented in the notes to the accounts if there is a certain degree of probability that the group will benefit economically from the asset.

Events after balance sheet date
New information regarding the group's standing on balance sheet date is included in the accounts. Events occurring after balance sheet date, which do not impact the group's 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 financial accounts are prepared in accordance with IFRS. This standard requires the compilation of estimates, premises and evaluations which may have an impact on the reported amounts for fixed assets, liabilities and contingent fixed assets and contingent liabilities on the day they were reported, and moreover reported income and expenses for the period in question. Estimates are based on the management's best assessment and on information available on the report date. In certain cases, the final result of estimates and evaluations may only come to light several years after the financial report has been closed. Some figures may vary in relation to the original estimates due to a change in financial premises, changes in legislation and regulations, changes in future operational plans and other conditions related to the estimates.

Statement of cash flow
The statement of cash flow presents the total cash flow divided into operational activities, investment activities and financing activities. The statement shows the impact of the individual activities on cash reserves. The statement of cash flow is prepared in accordance with the indirect model.

Earnings per share
Earnings per share are calculated by dividing the majority share of the profit/loss for the period by a time-weighted average of the number of ordinary shares for the same period.



3. Significant acquisitions for the year and proforma information

Amounts in NOK 1 000

For acquired companies, total activities are transferred on acquisition. Reporting of consolidation principally follows the acquisition method. Added value presented in the added value analysis is presented below for significant acquisitions for the year. The acquisitions have been paid for in cash and shares.

Group's acquisition of activities in 2006	Time of acquisition/ consolidation	Share of voting capital	Added value goodwill	Added value identifiable assets	Book equity on acquisition	Payment/ acquisition cost incl. expenses
Norskan AS		100%	5 734	157 447	10 664	118 073
Covus Corporation Pty. Ltd.		100%	14 640		26 581	41 221
Acquisition cost 31.12			20 374	157 447	37 245	159 294
Depreciation/write-down in 2006				1 125		
Added value reported on balance sheet 31.12			20 374	156 322		
Depreciation period			N/A	10 - 20 years		
Depreciation method			N/A	Linear		
	Norskan AS					Total
Share of profit/loss after time of acquisition	2 936					2 936

	Balance Norskan 31.10.06	Added value	Total	Balance sheet Covus Corporation 01.01.06
Intangible assets				951
Vessels	865 662	163 181	1 028 843	
Other fixed assets	12 283		12 283	41 200
Financial assets	0			1 345
Current assets	44 577		44 577	39 285
Total assets	922 522	163 181	1 085 703	82 781
Equity	31 420	117 490	148 910	26 581
Long-term liabilities	815 728		815 728	11 325
Deferred tax	43 097	45 691	88 788	
Short-term liabilities	32 278		32 278	44 875
Total equity and liabilities	922 522	163 181	1 085 704	82 781

Acquisition executed through the parent company DOF ASA:
Mid November 2006, DOF ASA acquired 100% of the shares in Norskan AS. Norskan AS owns Norskan Offshore Ltda. Brazil. This company owns 5 vessels of which 2 are newbuildings scheduled for delivery in 2007. Norskan AS was consolidated under the parent company with effect of 1 November 2006.

Acquisition executed through the subsidiary DOF Subsea ASA:
In the 1st quarter 2006, DOF Subsea signed an agreement with the shareholders of Covus Corporation Pty. Ltd., an Australian subsea service company, for the acquisition of 100% of the shares in the company.

The payment/acquisition cost includes costs for financial and legal consultants, comprising a total amount of TNOK 303, for acquisitions executed in 2006. An annual write-down test is performed for goodwill. The calculation basis for recoverable amount (in this case, period of use) is budgeted future cash profits. In order to justify the balance sheet value of goodwill, it is not necessary to include real growth in the budget premise, even with a discount rate of over 10%.

Proforma profit/loss figures have been prepared in order to provide a more correct presentation based on the group's structure at the end of 2006. Proforma figures are encumbered with a higher degree of uncertainty than actual accounting figures, and do not necessary reflect the results which would have been achieved if the acquisitions had been carried out at an earlier date. The proforma figures are prepared on the premise that the acquisitions of Norskan AS and Covus Corporation were carried out as of 1 January 2006.

In cases where the group has paid for acquisitions with its own funds, the actual return achieved by the group from these funds up to the date of the acquisitions is eliminated in the proforma figures. If the acquisitions were financed by a share issue, and the issue is directly related to the acquisitions, then there is no adjustment made for financing expenses in the proforma figures. Any transactions between the parties prior to the acquisitions are eliminated. There is no evidence of any significant transactions between the parties prior to the acquisitions.

Group (Amounts in NOK 1 000)	Proforma 2006
Operating income	3 088 310
Operating costs before depreciation	1 780 431
EBITDA	1 307 879
Depreciation	427 327
Operating profit/loss	880 552
Net financial items	156 703
Pre-tax profit/loss	723 849
Tax	78 045
Profit/loss after tax	645 804
Earnings per share	7,80

4. Segment information Amounts in NOK 1 000

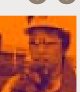
Business segment

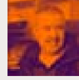
The DOF group operates within three segments in relation to strategic types of activities and vessel types. The different business segments are divided into PSV (Platform Supply Vessel), AHTS (Anchor Handling Tug Supply Vessel) and CSV (Construction Support Vessel). The subsidiary DOF Subsea is represented as one segment (CSV) .

Geographical segment

The group divides its activities into three geographical regions based on the customers' locations: North Sea, Mediterranean/Asia and World Wide.

The subsidiary, DOF Subsea, has its customer base offshore, and this often also applies to business assets and employees utilised to serve the different geographical regions. Subsequently, the assets for this segment are reported as World Wide for this group.





Segment information YTD 2006

Business segment	PSV			AHTS			CSV			GROUP		
NOK 1.000	2006	2005	2004	2006	2005	2004	2006	2005	2004	2006	2005	2004
Operating income	612 372	504 022	438 675	317 390	241 314	227 695	2 081 116	838 228	338 835	3 010 878	1 583 566	1 005 205
EBITDA	306 206	206 136	196 656	205 130	134 802	116 428	780 795	421 001	219 943	1 292 131	761 939	533 027
Depreciation	101 507	96 498	95 887	69 957	73 427	65 673	245 546	186 496	114 150	417 010	356 421	275 710
EBIT	204 699	109 638	100 769	135 173	61 375	50 755	535 249	234 505	105 793	875 121	405 518	257 317
Net financial items										-148 688	-148 109	-98 015
Profit/loss for the year										657 181	240 879	153 080
Assets	2 886 761	2 529 529	2 358 105	1 706 691	1 574 429	1 269 327	6 047 311	3 921 089	1 657 708	10 640 763	8 025 050	5 285 142
Equity	746 842	798 456	573 560	180 639	249 203	214 181	2 363 380	1 012 240	346 885	3 290 861	2 059 899	1 134 626
Liabilities	2 139 919	1 706 096	1 784 545	1 526 052	1 332 109	1 055 146	3 683 931	2 926 944	1 310 823	7 349 902	5 965 149	4 150 514
Cash flow operations	189 176	113 503	94 892	126 117	75 668	56 422	472 939	231 209	105 150	788 232	420 380	256 464
Cash flow investment	-501 901	-717 152	-102 113	-297 423	-462 678	-54 460	-1 059 568	-1 133 562	-68 075	-1 858 891	-2 313 392	-226 918
Cash flow financing	344 900	716 360	48 097	204 385	462 168	25 094	728 122	1 132 312	31 368	1 277 407	2 310 840	104 559
Investments	875 981	761 167	102 663	378 802	441 968	54 753	1 349 484	1 252 242	70 723	2 367 515	2 455 376	228 139

Geographical segment

	North Sea			Mediterranean/Asia			World Wide			GROUP		
NOK 1.000	2006	2005	2004	2006	2005	2004	2006	2005	2004	2006	2005	2004
Operating income	676 987	943 508	540 864	155 671	245 069	121 852	2 178 220	394 990	342 490	3 010 878	1 583 567	1 005 206
Assets/vessels	2 204 895	2 294 955	1 931 712	305 245	321 527	559 032	5 121 885	3 359 453	1 522 843	7 632 025	5 975 934	4 013 587

5. Operating income

Amounts in NOK 1 000

DOF ASA 2006	DOF ASA 2005	DOF ASA 2004	Operating income comprises:	Group 2006	Group 2005	Group 2004
136 344	122 718	123 971	Freight income	2 796 409	1 553 188	986 207
136 344	122 718	123 971	Total sales income	2 796 409	1 553 188	986 207
			Gain on sale of fixed assets	163 202	29 431	
7 478	5 248	1 548	Other operating income	51 266	948	18 999
7 478	5 248	1 548	Total other operating income	214 468	30 379	18 999
143 822	127 966	125 519	Total operating income	3 010 878	1 583 567	1 005 206

6. Intangible assets

Amounts in NOK 1 000

Group:	PSV	AHTS	CSV	Goodwill
Acquisition cost 01.01			346 652	346 652
Additions	2 867	2 867	15 351	21 085
Disposals				
Conversion differences			7 685	7 685
Acquisition cost 31.12	2 867	2 867	369 688	375 422
Write-down 01.01				
Write-down for the year				
Write-down 31.12				
Book equity 31.12	2 867	2 867	369 688	375 422

Goodwill concerns the acquisition of subsidiaries. Goodwill is not depreciated, but the group performs an annual write-down test to evaluate the requirement for write-down. Write-down tests are also performed when there is indication of a fall in value. Note 3 specifies goodwill per acquisition for the group.

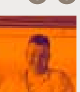
Additions to goodwill are divided between TNOK 5 734 for Norskan AS, TNOK 860 for Geo Group, TNOK -149 for Century and TNOK 14 640 for Geo Subsea.

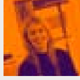
7. Fixed assets

Amounts in NOK 1 000

Group: 2006	Vessels	Periodic maintenance	Newbuildings	Operating equipment	TOTAL 2006
Acquisition cost 01.01.06	6 670 137	103 949		194 585	6 968 671
Additions	1 462 103	62 000	583 070	460 203	2 567 376
Disposals	494 257	27 906		5 024	527 187
Conversion differences					
Acquisition cost 31.12.06	7 637 983	138 043	583 070	649 764	9 008 860
Depreciation as of 01.01.06	1 115 375	58 666		27 530	1 201 571
Depreciation for the year	343 544	34 575		38 912	417 031
Disposal depreciation for the year	-38 184	-12 401		-5 024	-55 609
Depreciation 31.12.06	1 420 735	80 840		61 418	1 562 993
Write-down 01.01.06					
Write-down/reversal for the year					
Write-down 31.12.06					
Book equity 31.12.06	6 217 248	57 203	583 070	588 346	7 445 867
Depreciation rates	3,33 - 6,67%	40%		10 - 20%	
Depreciation method	Linear	Linear		Linear	
Value lease contract on balance sheet 31.12.06 including above *	1 477 754	3 464		8 708	1 489 926
Depreciation for the year of lease contracts on balance sheet, including above	86 896	5 860		2 079	94 835

* including financial leasing contracts in accordance with UK lease for five vessels





DOF ASA 2006	DOF ASA 2005	Advance payments for newbuildings	Group	Group
60 950	42 514	Advance payments newbuildings/business assets	333 301	259 977

Group: 2005	Vessels	Periodic maintenance	Newbuildings	Operating equipment	TOTAL 2005
Acquisition cost 01.01.05	5 230 335	87 132		2 411	5 319 878
Additions	2 236 197	47 645	259 977	192 112	2 735 931
Disposals	822 347	37 409			859 756
Conversion differences					
Acquisition cost 31.12.05	6 644 185	97 368	259 977	194 523	7 196 053
Depreciation as of 01.01.05	1 483 086	37 969		1 457	1 522 512
Depreciation for the year	289 049	41 369		26 003	356 421
Disposal depreciation for the year	-288 238	-26 008			-314 246
Depreciation 31.12.05	1 483 897	53 330		27 460	1 564 687
Write-down 01.01.05					
Write-down/reversal for the year					
Write-down 31.12.05					
Book equity 31.12.05	5 160 288	44 038	259 977	167 063	5 631 366
Depreciation rates	3,33 - 6,67%	40%		10 - 20%	
Depreciation method	Linear	Linear		Linear	
Value lease contract on balance sheet 31.12.05 includ-ing above *	1 844 112	7 061		6 690	1 857 863
Depreciation for the year of lease contracts on balance sheet, including above	125 592	6 890		752	133 234

DOF ASA 2006	Vessels	Periodic maintenance	Newbuildings	TOTAL 2005
Acquisition cost 01.01.06	205 505	1 258		206 763
Additions		423	60 950	61 373
Disposals	944			944
Conversion differences				
Acquisition cost 31.12.06	204 561	1 681	60 950	267 192
Depreciation as of 01.01.06	22 792	1 258		24 051
Depreciation for the year	8 122			8 122
Disposal depreciation for the year				
Depreciation 31.12.06	30 914	1 258		32 173
Write-down 01.01.06				
Write-down/reversal for the year				
Write-down 31.12.06				
Book equity 31.12.05	173 647	423	60 950	235 019
Depreciation rates	3,33 - 6,67%	40%		
Depreciation method	Linear	Linear		
Value lease contract on balance sheet 31.12.06 including above *	173 647			173 647
Depreciation for the year of lease contracts on balance sheet, including above	8 122			8 122

DOF ASA 2005	Vessels	Periodic maintenance	Newbuildings	TOTAL 2005
Acquisition cost 01.01.05	478 007	3 331		481 338
Additions	47		42 514	42 561
Disposals	284 974	870		285 844
Conversion differences				
Acquisition cost 31.12.05	193 080	2 461	42 514	238 055
Depreciation as of 01.01.05	57 920	1 842		59 763
Depreciation for the year	15 236	619		15 855
Disposal depreciation for the year	-62 752			-62 752
Depreciation 31.12.05	10 404	2 461		12 866
Write-down 01.01.05				
Write-down/reversal for the year				
Write-down 31.12.05				
Book equity 31.12.05	182 676		42 514	225 189
Depreciation rates	3,33 - 6,67%	40%		
Depreciation method	Linear	Linear		
Value lease contract on balance sheet 31.12.05 including above *	182 676			182 676
Depreciation for the year of lease contracts on balance sheet, including above	15 236			15 236

Fixed assets held for sale:
On 28 December 2006, DOF Subsea ASA signed an agreement regarding the sale of MV Geowave Commander and MV Geomaster to the Norwegian company Master and Commander AS. MV Geowave Commander was delivered to her new owner in 2006 while MV Geomaster will be delivered after her reconstruction to a seismic vessel in May/June 2007. As a result of this agreement, MV Geomaster is reported as a fixed asset held for sale, with a book value of TNOK 163,158. Both vessels have been purchased in 2006.

8. Operational lease agreements - leasing of vessels

Amounts in NOK 1 000

Parts of the group's operational fleet is leased out on time charter party. The group has analysed the "IFRIC interpretation 4 Determination whether an arrangement contains a lease" and 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 for the duration of the lease period. The lease period starts from the time the vessel is made available to the leaser and terminates on the agreed date for return of the vessel. The application of IFRIC 4 (with effect from 01.01.06) does not constitute any change in the reporting of income compared with previous years.

The table below displays the minimum future lease payments related to irredeemable operational lease agreements (TC contracts). The figures are nominal in NOK 1000. These figures include lease of vessels. Future payments have been rounded up to include forecast increase in the consumer price index of 3% per year.

Due within 1 year represents the income received by the company in 2006.

	2006	2005
Due within 1 year	1 269 939	946 219
Due within 1-5 years	3 319 279	2 072 210
Due later than 5 years	234 867	73 566
TOTAL	4 824 084	3 091 996

9. Investments in subsidiaries

Amounts in NOK 1 000

Directly owned subsidiary	Owner	Registered office	Company's share capital	Ownership and voting share	Profit/loss for the year (company register)	Equity 31.12
DOF Subsea ASA	DOF ASA	Åstveit, Bergen	432 842	51,1 %	419 597	1 721 428
DOF Rederi	DOF ASA	Austevoll	123 900	100%	80 833	2 492 239
DOF Management	DOF ASA	Austevoll	10 000	100%	761	20 107
DOF UK	DOF ASA	Aberdeen	13	100%	18 907	123 092
DOF Egypt	DOF ASA	Cairo	3 222	100%	1 032	9 500
District Supply VII	DOF ASA	Austevoll	100	100%	-12	151
DOF Supply ASA	DOF ASA	Austevoll	1 000	100%		1 000
Norskan AS	DOF ASA	Austevoll	134 500	100%	4 163	125 063

Jointly controlled companies	Owner	Registered office	Company's share capital	Ownership and voting share	Profit/loss for the year (company register)	Equity 31.12
DOF Boa AS	DOF ASA	Austevoll	100 100	50%	44 784	150 113

Associated companies	Owner	Registered office	Company's share capital	Ownership and voting share	Profit/loss for the year (company register)	Equity 31.12
DOFCON ASA	DOF ASA	Austevoll	6 680	47%	6 729	595 473

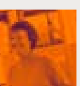
Tier-subsidiaries	Owner	Registered office	Company's share capital	Ownership and voting share	Profit/loss for the year (company register)	Equity 31.12
Geo Group AS	DOF Subsea ASA	Åstveit, Bergen	600	100%	168 759	295 552
Geo Rederi AS	DOF Subsea ASA	Austevoll	17 400	100%	242 235	413 833
Geo Rederi II AS	DOF Subsea ASA	Austevoll	26 400	100%	9 583	62 365
Geo Subsea Pte.	DOF Subsea ASA	Singapore	134 007	100%	55 993	188 551
Century Subsea Ltd.	DOF Subsea ASA	Aberdeen	5 476	100%	33 408	41 095
Geo Do Brazil Ltda.	DOF Subsea ASA	Rio	39 547	100%	732	41 829
- Geoconsult AS	Geo Group AS	Åstveit, Bergen	112	100%	13 235	46 240
- Geoshipping AS	Geo Group AS	Åstveit, Bergen	100	100%	36	1 456
- Geofjord Shipping AS	Geo Group AS	Åstveit, Bergen	10 000	100%	100 414	256 420
- Geofjord AS	Geo Group AS	Åstveit, Bergen	100	100%	-58	20 252
- Geo Subsea Pty. Ltd.	Geo Subsea Pt.	Perth	23 691	100%	15 634	42 441
- International Subsea Services Pte. Ltd.	Geo Subsea Pt.	Singapore	1	100%	1 009	524
- Century Subsea Inc.	Century Subsea Ltd.	Houston	67 745	100%	0	0
- Century Subsea Corp.	Century Subsea Ltd.	New Foundland	6 956	100%	0	0
- Geograph Shipping AS	Geo Rederi AS	Åstveit, Bergen	100	100%	16 027	75 208
- DOF Argentina	DOF Management AS	Buenos Aires	75	100%	-24	144

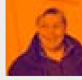
Share in jointly controlled activities

The investments made by DOF ASA in jointly controlled activities are included in the consolidated accounts according to the straight line method. The following has been included for each main group:

	DOF BOA AS	
	2006	2005
Current assets	46 279	40 561
Fixed assets	191 257	202 352
Short-term liabilities	31 040	22 651
Long-term liabilities	131 441	167 597
Income	68 720	37 270
Costs	46 328	33 084

DOFCON ASA was founded by DOF ASA as a wholly-owned subsidiary in 2006. In 2006, DOFCON ASA has carried out several share issues, of which have resulted in the company no longer being a subsidiary of DOF ASA. As the company is no longer a subsidiary of DOF ASA, income of NOK 50,449 was reported.
Ref. also note 31, restructuring.





10. Goods

Amounts in NOK 1 000

Group:	2006	2005	2004
Bunkers	4 057	3 329	1 704
Projects in process		4 061	
Stock 31.12.	4 057	7 390	1 704
Write-down stock as of 31.12			

11. Accounts receivable

Amounts in NOK 1 000

DOF ASA 2006	DOF ASA 2005	DOF ASA 2004		Group 2006	Group 2005	Group 2004
26 503	33 021	25 073	Accounts receivable at nominal value	551 792	418 056	172 528
-182			Provision for bad debts	-10 712	-9 739	-9 439
26 321	33 021	25 073	Accounts receivable 31.12	541 080	408 317	163 089

The group's accounts receivable are mainly from major international oil companies.
The company has an historically low rate of bad debts, and credit risk is considered as minor.

12. Other receivables

Amounts in NOK 1 000

DOF ASA 2006	DOF ASA 2005	DOF ASA 2004	Other short-term receivables	Group 2006	Group 2005	Group 2004
1 216			Public fees receivable	1 715	29 536	
			Pre-paid expenses	11 823	37 086	48 000
			Accrual of income		18 641	
			Share current assets joint control comp.	46 279	67 232	
18	22 591	1 871	Other short-term receivables	148 967	99 555	36 355
1 234	22 591	1 871	Other short-term receivables 31.12	208 784	252 049	84 355

2006	2005	2004	Other long-term receivables	2006	2005	2004
			Other long-term receivables		754	
396 660	159 744	187 399	Intragroup long-term receivables	3 629		16 534
396 660	159 744	187 399	Other long-term receivables 31.12	3 629	754	16 534

13. Liquid assets

Amounts in NOK 1 000

DOF ASA 2006	DOF ASA 2005	DOF ASA 2004		Group 2006	Group 2005	Group 2004
			Cash	2 949	1 218	351
410 490	212 619	215 409	Bank deposits	1 549 231	1 344 215	927 254
410 490	212 619	215 409	Liquid assets 31.12	1 552 180	1 345 433	927 605
			Of which tied-up funds 31.12	16 335	12 625	9 084
			Lease deposit	543 832	442 006	370 766
1,33%	1,88%	0,83%	Effective interest rate, bank deposits	1,55%	0,76%	0,75%

14. Share capital and shareholders — Amounts in NOK 1 000

Share capital: The share capital in DOF ASA 31.12.2006 was NOK 165 535 950 divided into 82 767 975 shares, each with a nominal value of NOK 2.00.

Share issue authorisation: The Annual General Meeting has allocated authorisation to the Board of Directors for a capital expansion of up to 37 500 000 shares at a nominal value of NOK 2.00. This authorisation expires on 15 May 2008.

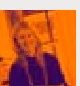
Pursuant to the authorisation issued by the Annual General Meeting of DOF ASA on 15 May 2006, the Board of Directors approved on 11 December 2006 to issue 6 000 000 new shares at a nominal value of NOK 2.00. The company's share capital has therefore been expanded by NOK 12 000 000. In addition, the company has sold its entire shareholding which constitutes 1 390 800 shares from the remaining equity.

Shareholders: The 20 largest shareholders in DOF ASA, and shares owned by management and board members including shareholdings via closely related persons and companies were, as of 31 December 2006, as follows:

Shareholders as of 31.12.06		No. shares		Shareholding
DOF HOLDING A/S		42 012 250		50,76%
VERDIPAPIRFOND ODIN		5 584 500		6,75%
SKAGEN VEKST		3 899 400		4,71%
PARETO AKSJE NORGE		3 102 800		3,75%
VESTERFJORD AS		1 714 850		2,07%
MP PENSJON		1 671 800		2,02%
ODIN OFFSHORE ODIN FORVALTNING AS		1 540 000		1,86%
PARETO AKTIV		1 377 500		1,66%
SKANDINAVISKA ENSKIL A/C CLIENTS ACCOUNT		1 191 800		1,44%
PICTET & CIE BANQUIE		676 272		0,82%
CREDIT SUISSE SECURI (EUROPE) PRIME BROKE		488 700		0,59%
AKSJEFONDET ODIN NOR		461 900		0,56%
MUSTAD INDUSTRIER AS		422 200		0,51%
GOLDMAN SACHS		411 800		0,50%
VERDIPAPIRFOND ODIN		400 000		0,48%
BANK OF NEW YORK		347 000		0,42%
DFA-INTL SML CAP VAL		340 400		0,41%
NORDA BANK PLC		306 000		0,37%
PACTUM AS		300 000		0,36%
VERDIPAPIRFONDET DEL		292 600		0,35%
Total		66 541 772		80,40%
Other shareholders		16 226 203		19,60%
Total		82 767 975		100,00%
Board of Directors:				
Helge Møgster	Chairman of the Board	236 930		0,29%
Ole Rasmus Møgster	Board member	169 230		0,20%
Oddvar Stangeland	Board member	20 000		0,02%
Wenche Kjølås	Board member	3 000	*	0,004 %
* Shares owned via Jawendel AS				
Britt Mjellem	Board member			0,00%

Helge Møgster and Ole Rasmus Møgster, via Laco AS, have indirect control of 89.9% of the shares in DOF Holding, the main shareholder in DOF ASA. Oddvar Stangeland owns 3.68% of DOF Holding via Kanabus AS.

DOF ASA				
Management Group:				
Mons S. Aase	CEO	84 000	*	0,10%
* Shares owned via Moco AS				
Anders A. Waage	COO	1 675		0,002 %
Hilde Drønen	CFO	10 675		0,01%
Terje Rabben	CTO			
Total shares owned by board members and management		525 510		0,63%



15. Pensions and pension commitments	Amounts in NOK 1 000

DOF ASA has a company pension scheme with the life insurance company Nordea Liv Norge ASA. In 2006, this scheme comprised 201 active members and 1 pensioner. The scheme covers life-long retirement pension from the age of 67. It also includes disability pension and child's pension. In addition, the company has an unhedged pension scheme for three former offshore employees. This is financed from the company's operations.

All shore-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 out by the social security office. The collective pension scheme is coordinated with the pension insurance for seafarers, and constitutes 60% of the pensionable income after 30 years of qualification. This scheme is hedged.

The calculations comply with IFRS (IAS 19).

Estimate deviations and the impact of amended premises are amortised over an average expected remaining period of service to the extent that this does not exceed 10% of the highest of pension commitment or pension funds (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 shore based employees is 21.92 years and for seafarers 24.77 years.

Net pension cost:	2006	2005
Current value of pension contributions for the year	9 860	7 779
Capital cost of previously contributed pensions	2 464	2 429
Estimated return on pension funds	(2 855)	(2 378)
Administration costs	612	353
Deviation reported on profit and loss account	340	10
National insurance contribution for the year	1 420	415
Net pension cost for the year inc. national insurance contribution	11 839	8 608

Estimated pension commitments:	Hedged	Unhedged	Total 2006	Total 2005
Estimated pension commitments	94 986	199	95 185	63 009
Estimated pension funds	55 973		55 973	43 424
Deviations not reported on the profit and loss account	(33 614)	(22)	(33 636)	(10 513)
Accrued VAT	5 554	28	5 582	1 433
Net pension commitment 31.12	3 809	205	4 014	2 555

Financial premises:	31.12.2006	01.01.2006	31.12.2005
Discount rate	4,35%	4,00%	4,00%
Estimated return of pension funds	5,40%	6,00%	6,00%
Regulation of salary	4,50%	3,00%	2,00%
Regulation of pensions	4,25%	2,50%	2,00%
Regulation of national insurance base amount	4,25%	3,00%	2,00%
Turnover	0,00%	0,00%	0,00%
National insurance contribution	14,10%	14,10%	14,10%
AFP-voluntary withdrawal 62-67 years:	0,00%	0,00%	0,00%

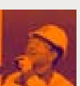
Reconciliation, opening and closing balance:	
Net pension commitment 1.1 inc. nat. ins. cont. reported on balance sheet	10 125
Deviation compared with equity	
Net pension cost for the year inc. nat. ins. cont.	3 312
Pension payments AFP/hedged inc. nat. ins. cont.	(298)
Investments in pension funds etc., inc. nat. ins. cont.	(5 053)
Net pension commitment 31.12 inc. nat. ins. cont. reported on balance sheet	8 086

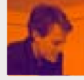
Nordea Livs Asset Mix *)	
Property	17%
Shares	19%
Current obligations/certificates	25%
Fixed asset obligations	38%
Other short-term financial assets	0%
Other assets	1%
Total financial assets	100%

*) Known amounts on date of calculation

Reconciliation pension commitment opening and closing balance	
Current value of accrued pension commitment 01.01 (PBO)	59 336
Gross pension cost for the year	12 509
Pension payments for the year	1 443
Deviation (change in premises/experience)	(363)
Estimated current value of accrued pension commitments 31.12	72 851

Reconciliation pension funds opening and closing balance	
Pension funds 01.01	44 422
Expected return on pension funds	2 855
Administration costs	(612)
Pension payments for the year	(1 443)
Investments in pension funds etc.	13 691
Deviation (change in premises/experience)	(2 492)
Estimated current value of accrued pension commitments 31.12	56 366





16. Tax — Amounts in NOK 1 000

DOF ASA			Group	
2006	2005	Tax consists of:	2006	2005
		Tax payable Norway	8 539	4 465
1 096	324	Tax payable foreign activity	60 410	23 795
8 033	-4 157	Change in deferred tax Norway	-10 344	-11 602
		Change in deferred tax foreign activity	10 647	-128
9 129	-3 833	Tax	69 252	16 530

		Reconciliation nominal and effective tax rate		
1 719 051	-21 178	Profit/loss before tax	726 434	257 409
481 334	-5 930	Estimated tax cost (28%)	203 402	72 074
-472 205	2 097	Deviation between actual and estimated tax cost	-134 150	-55 545
		Explanation deviation tax costs and estimated tax costs		
-474 122	3 959	Tax effect of non-taxable income and non tax-deductible costs	-1 121	-6 528
821	-2 186	Change in value of market-based current assets	821	-2 186
		Estimate deviations from previous years	8 909	
		Effect of shipping company tax regime	-118 639	-37 215
1 096	324	Foreign tax rate deviation from Norwegian tax rate	-24 120	-9 616
-472 205	2 097	Deviation from estimated tax cost	-134 150	-55 545

Deferred tax
Below is a specification of the provisional differences between the accounting and tax values, and the calculation of deferred tax/tax advantage at the end of the financial year.

2006	2005	Basis for deferred tax	2006	2005
107 146	32 965	Fixed assets	-470 701	-34 966
-182		Current assets	7 410	1 689
		Liabilities	-19 362	11 203
106 964	32 965	Total provisional differences	-482 653	-22 074
29 950	9 230	Deferred tax (-) / tax advantage (28%)	-135 143	-6 181
78 136	32 823	Tax deficit	244 028	89 237
-28 828	-142	Basis for calculation of deferred tax (-) / tax advantage	-238 625	67 163
-8 072	-39	Total deferred tax (-) / tax advantage	-118 229	18 806
		Deferred tax (-) / tax advantage shipping company tax regime		-20 934
		Net deferred tax (-) / Deferred tax advantage	-118 229	-2 128

The committee for the shipping company tax regime, led by Professor Guttorm Schjelderup, proposed on 7 March 2006 several changes to the taxation of Norwegian shipping companies (NOU 2006:4). A majority of five proposed to phase out the regime. If this majority proposal is adopted, there will be an impact on the deferred tax position for the group.

17. Other long-term liabilities — Amounts in NOK 1 000

Bond loans
DOF ASA has 3 bond loans with maturity in 2007, 2009 and 2011 respectively. The subsidiary DOF Subsea ASA has one bond loan with maturity in 2008. The trustee acting on behalf of the bond loan owners is Norsk Tillitsmann ASA, while the account controller is Nordea Bank Norge ASA. All bond loans are listed on the Stock Exchange. The terms of the bond loans are floating interest of 3 months NIBOR + (105bp - 200 bp). All bond loans have quarterly interest regulation. There is no individual security established for the bond loans. DOF ASA has the right to freely acquire its own bonds.

Long-term liabilities to credit institutions
The main share of the group's fleet is financed via mortgage loans, principally maritime mortgages. Mutual covenants have been established for the maritime mortgage in DOF ASA and the maritime mortgage in DOF Subsea ASA.
For DOF, the most significant financial covenants are as follows:
- value-adjusted equity shall be higher than 30% or higher than 20% if the contractual coverage for the fleet is higher than 70%
- the group shall have, at all times, a positive working capital of minimum NOK 100 million.

For DOF Subsea's fleet, the most significant financial covenants are as follows:
- the group shall have, at all times, positive working capital of minimum NOK 150 million
- the ratio between the group's net interest-bearing liabilities (including financial leasing contracts) and EBITDA on a rolling four-quarterly basis shall never exceed 6.0:1

Furthermore, the group must document its capacity to repay debts for the next 12 months, and the fair value of the group's vessels shall be minimum 125% of outstanding liabilities.

In addition to the above-mentioned financial covenants, the following terms have also been included in several loan agreements:
- The group's assets must be fully insured
- No changes are allowed in classification, management or ownership of the vessels without prior written approval from the banks
- DOF ASA shall own a minimum 33% of the shares in GEO ASA, and DOF Holding AS shall own minimum 33% of the shares in DOF ASA
- The group cannot be merged, demerged or activities sold without prior written approval from the banks
- DOF ASA and DOF Subsea ASA shall be listed on the Oslo Stock Exchange
- In addition, the normal terms for this type of loan apply.

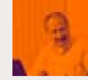
The terms for the maritime mortgage are NIBOR + (0.60%-0.80%).

DOF ASA	DOF ASA	DOF ASA		Group	Group	Group
2006	2005	2004	Overview of long-term liabilities	2006	2005	2004
395 303	300 000	350 000	Bond loan	695 303	600 000	350 000
			Liabilities to credit institutions	3 526 640	2 918 804	1 774 159
128 338	167 446	345 232	Long-term leasing liabilities	1 424 296	1 484 554	1 706 209
523 641	467 446	695 232	Total liabilities (exc. downpayments 2007)	5 646 239	5 003 358	3 830 368

Group: Downpayment profile long-term liabilities	2007*	2008	2009	2010	2011	Subsequent	Total*
Bond loan	143 000	300 000	100 000		297 000		695 303
Mortgage loan/maritime mortgage	620 260	400 890	400 890	399 815	388 034	1 805 570	3 395 199
Mortgage loan affiliated companies	18 252	18 252	18 252	18 252	18 252	58 433	131 441
Long-term leasing liabilities	32 052	13 202	13 202	13 202	13 202	237 388	322 248**
Total	813 564	732 344	532 344	431 269	716 488	2 101 391	4 544 191

* Downpayment of long-term liabilities which mature in 2007 are classified as short-term liabilities on the balance sheet, and therefore not included above.

** The company does not make downpayments on the "UK leases", mentioned in note 18.



DOF ASA: Downpayment profile long-term liabilities	2007	2008	2009	2010	2011	Subsequent	Total*
Bond loan	143 000		100 000		297 000		395 303
Total	143 000		100 000		297 000		395 303

DOF ASA 2006	DOF ASA 2005	DOF ASA 2004	Liabilities secured by mortgage	Group 2006	Group 2005	Group 2004
128 338	167 446	345 232	Liabilities to credit institutions incl. leasing liab.	4 950 936	4 403 358	3 338 891
128 338	167 446	345 232	Total liabilities	4 950 936	4 403 358	3 338 891
			Assets provided as security			
			Fixed assets	7 445 867	5 371 389	4 013 588
			Total assets provided as security	7 445 867	5 371 389	4 013 588
5,0%	4,5%	4,5%	Average rate of interest	4,85%	4,1%	4,5%

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

Fair value of long-term liabilities
The bond price for the company's three bond loans as of 31.12.2006 was as follows:

Bond loan	Price 31.12.06	Out-standing	Fair value of outstanding bond loan
DOF 02	101,44	200 000	202 880
DOF 03	104,02	300 000	312 060
DOF 04 pro	100,02	300 000	300 060
GEO 01	101,15	300 000	303 450

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

Interest exposure

Interest hedging	Liability
Not hedged	3 480 116
1-6 months	2 114 948
6-12 months	51 175
12 months	0
Total	5 646 239

18. Other long-term liabilities - lease | Amounts in NOK 1 000

Traditional lease
Two of the group's vessels are financed via traditional leasing contracts. These leasing contracts are presented on the accounts as financial leasing contracts, so that the vessels and commitments connected with the vessels are recognised on the companies' balance sheets. The contracts have maturity from 5 to 6 years and carry the right to renewal. Total financing via traditional lease is NOK 322 278.

Financial lease combined with tax advantage
Five of the group's vessels are financed as "UK-lease". This implies that the vessels are 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 UK Ltd has an obligation to cover the financing of these vessels for a period of minimum 6 years, an obligation covered by DOF Rederi via a time charter with DOF UK Ltd. After 6 years, the owner can demand that the shipowning company take over all assets in 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. These are therefore recognised in the balance sheet.

The balance sheet value of the vessels and leasing obligation is, according to IFRS, established as fair value of the vessels and present value of future minimum payments for the leaser. The present value of the obligation is limited by applying implicit interest in the lease contract. The calculation of implicit interest is based on minimum payment for the lease contract, where the price for the take-over of the vessel is defined as 75% of the original cost of the vessels.

The final redemption amount depends on any changes in British taxation legislation. In December 2005, a proposal was presented regarding changes to the prevailing tax regulations for this type of lease contract. This may have an impact on the redemption amount, including the practical and accounting processing of the leases. Plans have been made for redemption of 2 vessels in 2007 from UK tax lease. Due to the level of uncertainty related to the tax effect of redemption, an amount of NOK 100 million has been reported on the balance sheet as of 31.12.06 as a provision.

The remaining leasing commitment related to UK lease as of 31.12.06 is TNOK 1 136 418.

19. Guarantee obligations | Amounts in NOK 1 000

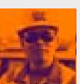
The parent company has issued a corporate guarantee for DnB NOR in connection with the bank guarantee issued by DnB NOR for a vessel financed by BNDES i Brazil. 4 vessels are financed via BNDES and all vessls are owned by DOF's subsidiary, Norskan Offshore Ltda. in Brazil.. This guarantee obligation totals USD 87.5 mill. The parent company has issued a parent company guarantee for BNDES in connection with the financing of 2 vessels owned by Norskan in Brazil. In total, the guarantee obligation for BNDES is USD 74.2 mill.

The subsidiary, DOF Rederi, has issued a bank guarantee of NOK 43 mill for Norsk Hydro, which will expire on delivery of a newbuilding to a long-term contract. Estimated delivery for this newbuilding i September 2007.

The parent company has issued a guarantee for DVB Bank in connection with the financing of 2 vessels belonging to DOF BOA AS. As of 31.12.06, the loan totalled USD 19 mill.

Bank guarantees have been issued for the right held by the British holding companies. For DOF, this right to redemption is presented as a future obligation, and is secured via a maritime mortgage with regards the bank guarantor (ref. note 18).

The parent company has issued a guarantee for Barclays Bank of up to USD 5 million in connection with the contractual obligations of the subsidiary in Egypt. As of 31.12.06, this guarantee was dormant.



20. Other short-term liabilities | Amounts in NOK 1 000

DOF ASA 2006	DOF ASA 2005	DOF ASA 2004	Specification of other short-term liabilities	Group 2006	Group 2005	Group 2004
		26 232	Hedged part of unrealised foreign exchange gain/loss			
		5 808	Accrued, non-invoiced income	27 390	22 026	28 434
2 136	2 871	2 053	Interest payable	12 966	6 206	9 515
			Purchase of shares, Century Subsea Ltd		29 430	
2 478	3 865	413	Other short-term liabilities	261 578	179 287	40 310
4 614	6 736	34 506	Other short-term liabilities	301 934	236 949	78 259

21. Loans to companies within the same group and intragroup balances | Amounts in NOK 1 000

DOF ASA 2006	DOF ASA 2005	DOF ASA 2004	Specification of intragroup balances	Group 2006	Group 2005	Group 2004
370 667	47 819	120 911	Loans to companies within the same group *	3 630		16 534
36 725	116 654	67 265	Receivables from companies within the same group and jointly-controlled companies			
407 392	164 473	188 176	Receivables from group companies	3 630		16 534
			Loans from group companies *			
30 517	62 852	36 373	Liabilities to companies within the same group	2 089	452	
30 517	62 852	36 373	Liabilities to group companies	2 089	452	
376 875	101 621	151 803	Net intragroup balances with group companies	1 541	-452	16 534

* Loans to companies within the same group and loans from companies within the same group are interest-bearing. Interest on loans is calculated according to market rates and terms.

22.Earnings per share | Amounts in NOK 1 000

Group: Basis for calculation of earnings per share	2006	2005	2004
Profit/loss for the year after minority interests	449 470	219 943	152 909
Average outstanding no. of shares	75 579 663	75 377 175	75 377 175
Earnings per share for parent company shareholders (NOK)	5,95	2,92	2,03

23. Lease contracts

Amounts in NOK 1 000

Operational leasing contracts:
In addition to the lease of office premises, the group has no significant leasing contracts for fixed assets which are not recognised on the balance sheet. The main office is leased from Alfabygget AS for NOK 550,000 per year and the leasing contract expires in June 2008. Alfabygget AS is a subsidiary of Laco AS. See note 27.

Financial leasing contracts:
The group's assets under financial leasing contracts include 7 vessels, several ROVs and machines and operating equipment. In addition to lease payments, the group has a maintenance and insurance obligation regarding the assets.

Assets under financial leasing contracts are as follows:

DOF ASA	2006	2005	2004	Group	2006	2005	2004
Vessels	206 242	196 727	479 576	Vessels	2 049 632	2 381 310	2 071 552
ROVs				ROVs	7 442	7 442	723
Machines and operating equipment				Machines and operating equipment	31 974	10 272	
Total acquisition cost	206 242	196 727	479 576	Total acquisition cost	2 089 048	2 399 024	2 072 275
Accumulated depreciation 01.01	24 051	5 779	26 625	Accumulated depreciation 01.01	524 398	407 927	293 304
Depreciation	8 122	8 236	18 925	Depreciation	86 896	133 234	114 623
Net balance sheet value	174 069	182 712	434 026	Net balance sheet value	1 477 754	1 857 863	1 664 348

Overview of future minimum lease

Group	Within 1 year	1-5 years	Subsequent	Total
Minimum lease amount, operational leasing contracts maturing:	40 304	202 597	193 940	436 841
- Of which short-term liabilities				40 304
- Of which long-term liabilities				396 537
Present value of future minimum lease (discount rate 4%)				213 319

24. Financial income and costs

Amounts in NOK 1 000

DOF 2006	DOF 2005	DOF 2004		Group 2006	Group 2005	Group 2004
			Income from other investments	64 890	2 479	
14 783	12 004	2 475	Interest income from companies within same group	2 897	4 488	872
2 369	4 081	3 864	Other interest income	89 590	34 403	25 606
			Gain on realisation of sales	61 050		
			Unrealised foreign exchange loss	106 160	18 346	2 795
1 742 363	6 555	1 558	Other financial income	81 110	84 382	77 887
	7 832		Appreciation market-based current assets		7 832	
			Value reduction market-based current assets	-1 279		
-734			Interest cost to companies within same group	-13	-1 052	-380
-29 748	-32 252	-27 163	Other interest cost	-141 894	-115 538	-114 821
			Interest cost mortgage	-155 474	-85 051	-57 295
			Unrealised foreign exchange loss	-139 415	-75 280	-833
-17 437	-33 457	-1 210	Other financial cost	-116 309	-23 118	-31 845
1 711 596	-35 237	-20 476		-148 687	-148 110	-98 014

25. Payroll, fees, no. of employees etc. Amounts in NOK 1 000

DOF ASA 2006	DOF ASA 2005	DOF ASA 2004		Group 2006	Group 2005	Group 2004
3 559			Salaries	545 254	201 108	107 385
			Hired personnel	34 123	151 053	35 120
	101	69	Other remunerations			
89			National insurance contribution	38 789	34 311	26 658
			Pension costs	14 210	9 114	9 725
471			Other personnel costs	107 094	102 297	95 676
4 119	101	69	Total	739 470	497 883	274 564
1			Average no. of employees	984	750	525

Pension costs are described in more detail in note 15.
Total costs related to salary, pension premium and other remunerations to the CEO, other members of the corporate management and board members for the parent company in 2006 were as follows:

DOF ASA		Group				
		CEO	COO	CFO	CTO	TOTAL
3 213	Salary	3 946	1 123	1 027	984	7 080
	Pension premium	74	116	101	216	507
28	Other remunerations	28	66	90	56	240
3 241		4 048	1 305	1 218	1 256	7 827

CEO= Mons Svendal Aase, COO= Anders Arve Waage, CFO= Hilde Drønen, CTO= Terje Rabben

No loans or securities have been issued to the CEO, board members, members of the corporate management or other employees or closely related parties.

The CEO has the right to a bonus of 0.5% of the group's annual profit figure. The bonus is included in the table above.
The CEO has a term of notice of 6 months. On resignation, the CEO has the right to extra compensation corresponding to 12 months salary. Pension age is 67, and pension payments up to 70% of salary (12 times the base amount) on retirement.

Directors' fees for 2006 totalled TNOK 630. These were TNOK 150 to the Chairman of the Board and TNOK 120 to the other board members.

DOF 2006	DOF 2005	DOF 2004	Specification of auditors' fee	Group 2006	Group 2005	Group 2004
679	398	301	Fee for auditing of annual accounts	1 592	1 210	901
42			Fee for other authorisation services	57	116	
181	587	76	Fee for other services	1 343	1 876	150
902	398	377	Total	2 992	3 202	1 051

Fees for other services mainly concern assistance and due diligence in connection with the listing on the Stock Exchange and acquisition of Century Subsea Ltd. The Group's auditors' fees charged against income and carried out by other auditors totalled NOK 730,000. All amounts are exclusive of VAT.

26. Financial market risk

Amounts in NOK 1 000

The group has a significant part of its turnover in USD, GBP and NOK, while a major part of the costs payable are in NOK. The group is exposed to fluctuations in exchange rates, in particular with USD and GBP. The group attempts to reduce this risk by entering into forward contracts and by adapting long-term liabilities in relation to earnings in the same currency. The group is also exposed to a interest rate risk, as the majority of the group's loans have floating interest rates. The group has no direct exposure to changes in raw material prices.

The group makes use of financial instruments connected to ordinary activities such as accounts receivable, accounts payable etc. by hedging for future earnings and commitments in foreig currencies. The group makes limited use of interest hedging on long-term liabilities. The financial risk is reduced by nominating the group's liabilities in the same currency as the long-term contracts.

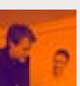
The group has interest risk in both the short-term and medium to long term as a result of the floating interest rate for the company's liabilities.

The group's accounts receivable are mainly with major international oil companies. Historically, the group has had very little bad debts and credit risk is considered to be low.

The group has a significant building program and is exposed in relation to commitments related to newbuildings. The group is considered to have satisfactory own-financing of its investments, and long-term financing for the majority of newbuildings has been established during the 1st quarter of 2007.

The table below indicates the group's turnover, accounts receivable, accounts payable and long-term liabilities to credit institutions converted to Norwegian kroner on balance sheet date:

	2006		
Group	Currency (000)	TNOK	Share %
Turnover:			
USD	209 961	1 204 691	40%
NOK	1 044 193	903 035	30%
GBP	57 708	681 762	23%
Other currency		221 389	7%
Total		3 010 878	100%
Accounts receivable			
USD	34 755	217 396	40%
NOK	130 976	130 976	24%
GBP	13 380	164 146	30%
Other currency		28 562	5%
Total		541 080	100%
Accounts payable:			
USD	13 192	82 517	30%
NOK	135 358	135 358	49%
GBP	2 543	31 198	11%
Other currency		25 324	9%
Total		274 397	100%
Bond loans, liabilities to credit institutions and financial lease			
USD	219 522	1 280 836	23%
NOK	2 378 586	2 378 586	42%
GBP	157 719	1 935 642	34%
Other currency		51 174	1%
Total		5 646 239	100%



27. Related parties

Amounts in NOK 1 000

	Operating costs		
Group	2006	2005	2004
Møgster Management AS	8 309	5 861	5 700
Kanabus AS	563	591	
Total	8 872	6 452	5 700

Below is a detailed description of closely related parties in relation to the group: DOF Holding owns 50.76 % of DOF ASA. Laco AS is the main shareholder of DOF Holding AS.
Møgster Management AS supplies administrative corporate services to DOF ASA. Møgster Management AS is owned by Laco AS, which is the main shareholder in DOF Holding AS. Alfabygget AS is a subsidiary of Laco AS. DOF ASA leases premises from Alfabygget AS.
Moco AS is owned by the CEO of DOF ASA. Moco AS has participated in joint investments with DOF ASA.
Kanabus AS is owned by board member Oddvar Stangeland.
Agreements with closely related parties comply with market terms.

28. Significant estimates

Amounts in NOK 1 000

The balance sheet value of the group's vessels comprises approx. 69% of the total balance sheet. In the current market, the fair value of the group's vessels is significantly higher than the balance sheet value. The group makes use of the cost model according to IAS 16, and subsequently depreciates the fixed assets over their estimated economic life, irrespective of the extent to which there has been a genuine increase in value for the group's fixed assets. When calculating annual depreciation, the estimated period of use for the vessel and the estimated outstanding value at the end of the period of use are significant estimates.

29. Contingent outcomes

Amounts in NOK 1 000

The group is not involved in any disputes or ongoing court cases. The group has therefore made no provision for potential claims. Ref. also description of UK lease in note 18.

30. Quality, Health, Safety and Environment

Amounts in NOK 1 000

DOF has ambitious goals related to Quality, Health, Safety and Environment. The following main goals have been established:
- Quality: No unscheduled operational disruptions. As a minimum, the company shall satisfy the contracts and commitments in relation to customers.
- Health: DOF shall have a reputation as having a good working environment, and all occupational injuries/illnesses shall be avoided.
- Safety: No injuries or illnesses as a result of working for DOF.
- The environment: The company shall continuously strive to reduce its impact on the external environment, in excess of requirements from the authorities.

In order to achieve the main goals, a number of sub-goals are regularly defined and measures implemented to achieve these. The company has a number of systems in place which ensure reporting and analysis of incidents and the distribution of experience from incidents and best practice to prevent the re-occurrence of incidents. The management carries out regular reviews of these systems to monitor and correct where necessary the continuous process of improvement related to Quality, Health, Safety and Environment.

31. Events after balance sheet date

Amounts in NOK 1 000

Restructuring
In January, GEO ASA purchased 3.3 million shares (approx. 50%) in DOFCON ASA paid for with shares in GEO. It was also decided to hold an extraordinary general meeting to approve the transfer of shares from a closely related parties. During the extraordinary general meeting on 21 February 2006, the remaining shares in DOFCON ASA were taken over by GEO ASA, and the general meeting also approved the purchase of a diving vessel from DOF with charter, paid for with shares in GEO. The general meeting approved changing the name of the company from GEO ASA to DOF Subsea ASA.

New company - share issue
DOF ASA, via its subsidiary DOF Installer ASA (former DOF Supply ASA), has signed a contract with Aker Yards for the construction and delivery of 2 advanced construction and anchor handling vessels with the option for a further 2 similar vessels. The estimated cost for these two contracts including extra equipment and construction supervision totals approx. NOK 1,620 million.

A share issue has been carried out totalling NOK 425 mill. in DOF Installer in March 2007.

New contracts
The group's subsidiary, Norskan in Brazil, has signed a letter of intent with Petrobas for a 4-year contract for 1 AHTS vessel, UT 722 L design, under construction at Aker Promar. The ship will be delivered in the spring of 2007.

DOF Subsea ASA's subsidiary, DOFCON ASA, has signed a letter of intent with the American company, Deepflex, for 5-year lease on time charter of a construction vessel for delivery fro Aker Brattvåg in the spring of 2009. The ship is a OSCV 06 L.

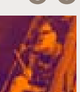
DOF Subsea's subsidiary, GEO Subsea, signed a contract for Geosea in Australia in January.

New business
DOF Subsea ASA signed a letter of intent in January for the acquisition of 50% of Semar AS. Semar is an engineering company with specialised expertise in anchor handling.

DOF Subsea signed a letter of intent in February for the acquisitions of 100% of a foreign engineering company with specialised expertise in construction.

Both acquisitions are conditional upon completed due diligence.

Bond loan
In March, DOF Subsea took out a bond loan of NOK 500 mill. The loan has a duration of 4 years and agreed terms are 3 months NIBOR + 130 points. No significant security has been provided for the loan. DOF Subsea has repurchased parts of the bond loan which matures in 2008.



32. Changes in IFRS standards and interpretation — Amounts in NOK 1 000

DOF ASA's consolidated accounts have been compiled in accordance with International Financial Reporting Standards (IFRS) established by the EU.

(a) Changes in published standards which came into effect in 2006

IAS 19 (Amendment) Employee Benefits is obligatory for consolidated accounts for 2006. This amendment introduces an alternative method of accounting actuarial gains and losses (estimate deviation). Additional requirements may be made on multi-company schemes where there is insufficient information available in order to recognise the scheme as a performance scheme. The amendment to the standard also requires extra additional information. As the group does not intend to change its accounting principles for reporting of estimate deviations and does not take part in any multi-company schemes, the only impact on the accounts will be from the requirement for additional information.

(b) The group has not chosen early application of any standards.

(c) Standards, interpretations and amendments which came into effect in 2006, but which are not relevant for the group.

The following standards, amendments and interpretations are obligatory for the annual accounts which start 1 January 2006 or later, but are not considered as relevant for the group.

- IAS 21 (Amendment), Net investment in a Foreign Operation
- IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions
- IAS 39 (Amendment), The Fair Value Option
- IAS 39 og IFRS 4 (Amendment), Financial Guarantee Contracts
- IFRS 6, Exploration for and Evaluation of Mineral Resources
- IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards og IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources
- IFRIC 4, Determining whether an Arrangement contains a Lease
- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IFRIC 6, Liabilities arising from Participation in a Specific Market – Waste Electrical and Electronic Equipment

(d) Interpretations of existing standards which have not come into effect, and where the group has not chosen early application.

The following interpretations of existing standards have been published and will be obligatory for the group for the annual accounts which start on 1 May 2006 or later, but where the group has not chosen early application.

- IFRIC 8, Scope of IFRS 2 (comes into effect for the financial year beginning 1 May 2006 or later). Pursuant to IFRIC 8, all transactions related to the issue of equity instruments - where payment is lower than the actual value of the issued equity instrument - shall be evaluated in accordance with IFRS 2. The group intends to apply IFRIC 8 from 1 January 2007, but this is not expected to have an impact on the accounts.
- IFRIC 10, Interim Financial Reporting and Impairment (comes into effect for the financial year beginning 1 November 2006 or later). IFRIC 10 prevents the reversal at year-end of a decline in value relating to goodwill, equity instruments and financial instruments recognised at purchase cost and in the interim reports. The group intends to apply IFRIC 10 from 1 January 2007 but this is not expected to have an impact on the accounts.

(e) Interpretation of existing standards which are not in effect and which are not relevant for the group.

The following interpretations of existing standards are obligatory for the group for the financial year beginning 1 March 2006, but the management does not believe that these are of relevance for the group.

- IFRIC 7, Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies (comes into effect for the financial year beginning 1 March 2006 or later). IFRIC 7 provides guidelines for the application of IAS 29 in cases where there is hyperinflation related to the company's functional currency, and where this was not the case during the previous period. None of the group's companies have a functional currency which relates to an economy with hyperinflation, and IFRIC 7 is not relevant for the group's activities.
- IFRIC 9, Reassessment of embedded derivatives (comes into effect for the financial year beginning 1 June 2006 or later). IFRIC 9 requires companies to evaluate the degree to which an embedded derivative must be separated from the contract and recognised as a derivative when entering into the contract. Financial reporting of such cannot be amended unless there are changes to the contract which result in significant changes to the contractual cash flow. In such cases, the financial reporting must be re-evaluated. IFRIC 9 is not relevant for the group's activities as none of the group companies have changed their contractual terms.

PRICEWATERHOUSECOOPERS

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To the Annual Shareholders' Meeting of DOF ASA

Auditor's report for 2006

We have audited the annual financial statements of DOF ASA as of December 31, 2006, showing a profit of thousand NOK 1 709 923 for the parent company and a profit of thousand NOK 657 182 for the group. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The annual financial statements comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity, the accompanying notes and the group accounts. International Financial Reporting Standards as adopted by the EU have been applied in the preparation of the financial statements. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

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

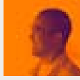
In our opinion,

- the financial statements have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Company and the Group as of December 31, 2006 and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good bookkeeping practice in Norway
- the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Bergen, March 20 2007
PricewaterhouseCoopers AS

Sturle Døsen
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.



DOF FLEET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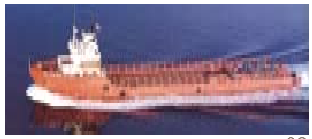
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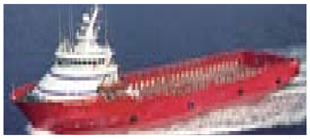
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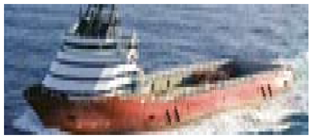
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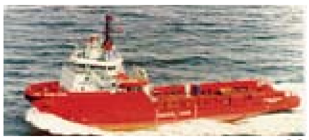
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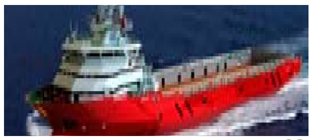
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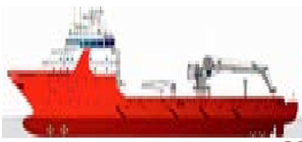
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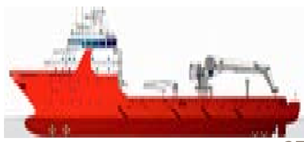
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PSV MT 6000 MKII	Skandi Barra	01
PSV MT 6000	Skandi Buchan	02
PSV MT 6000	Skandi Caledonia	03
PSV MT 6009	Skandi Captain	04
PSV MT 6009	Skandi Chieftain	05
PSV UT 705	Skandi Falcon	06
PSV MT 6000	Skandi Foula	07
PSV TMV 4000	Skandi Hav	08
PSV MT 6000	Skandi Marstein	09
PSV MT 6000	Skandi Rona	10
PSV MT 6000	Skandi Sotra	11
PSV UT 755	Skandi Stolmen	12
PSV MT 6009 S	Skandi Texel	13
(Bareboat IN) PSV UT 755 L	Skandi Waveney	14
PSV UT 755	Skandi Yare	15

16	Skandi Fjord	Well stimulation TMV 4000
17	Skandi Navica	Construction MT 6019
18	Skandi Admiral	AHTS UT 741
19	Skandi Møgster	AHTS KMAR 404
20	Skandi PMS I	AHTS VS480
21	Skandi PMS II	AHTS VS480
22	Skandi Stord	AHTS KMAR 404
	Newbuildings	
23	Skandi Commander	FMV PSV MT 6009
24	Skandi Mongstad	Kleven PSV VS 495 DEM-2
25	Skandi TBN Aukra	PSV AYP 06 CD
26	Skandi TBN Tebma	PSV/ROV VS 470 MKII
27	Skandi TBN Tebma	PSV/ROV VS 470 MKII


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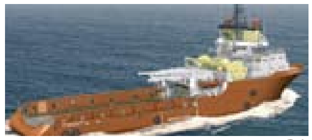
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NorSkan

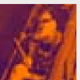
28	Norskan Flamengo	PSV UT 755 L
29	Norskan Leblon	PSV UT 755 L
30	Norskan Copacabana	AHTS UT 722 L
31	Norskan Botafogo	AHTS UT 722 L
32	Skandi Rio	AHTS UT 722 L
33	Skandi Fluminence	AHTS UT 722 L

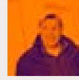
DOF Installer

34	Skandi TBN Installer 1	AHTS AH 04 CD
35	Skandi TBN Installer 2	AHTS AH 04 CD

Glossary:

AHTS	Anchor Handling Tug Supply vessel
ASA	Public limited company in Norway
AUT og AUTR	Classification notation for dynamic position systems
EUR	Euro
GBP	British pound
HSE	Health, safety and environment
OB	Opening balance
ISM	International management code for safe operation of ships
ISO 14001/ISO 9001:2000	International standards related to environment and quality
MOSV	Multi-purpose offshore support vessel
NOK	Norwegian kroner
PSV	Platform Supply vessel
ROV	Remote operated vehicle - diving robot for inspection and maintenance work
CB	Closing balance
USD	American dollar
CSV	Construction Support Vessel
CLEAN/COMFORT	Classsification notation related to environment
DWT	Dead weight ton, definition of vessel's load capacity





DOF FLEET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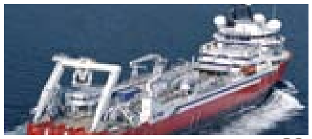
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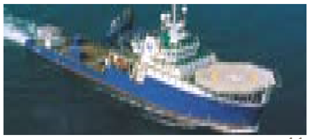
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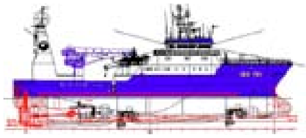
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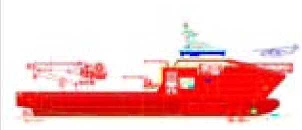
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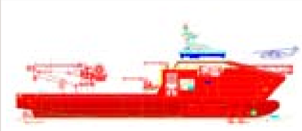
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DOF Subsea

ROV/Constr Support MT 6002	Skandi Carla	36
ROV/Constr Support UT 705	Skandi Inspector	37
ROV/Constr Support MT 6016 CL	Skandi Neptune	38
DSV/ROV/Constr Support MT 6016	Skandi Patagonia	39
ROV/Constr Support MT 6000 MK II ROV	Geoholm	40
ROV/Constr Support	Geofjord	41
ROV/Constr Support	Geobay	42
ROV/Constr Support	Geosea	43
Seismikk	Geo Challenger	44
Survey	Geosounder	45
ROV/Constr Support UT 745	Geosund	46
Seismikk	Geowave Commander	47
Seismikk	Geomaster	48

Newbuildings

49	Geograph	Survey
50	Skandi Bergen	Aker ROV ROV 06
51	Skandi Achiever	Aker Søviknes DSV DSV 06
52	GEO TBN Brazil	ROV ROV/Survey ROV 06
53	GEO TBN	FMV DSV DSV 06

Newbuildings DOFCON

54	Skandi Acergy	Aker Construction OSCV 06 L
55	Skandi Seven	Aker Construction OSCV 03
56	Skandi Brazil	Aker Promar Construction OSCV 06
57	Skandi TBN	Aker DSV OSCV 06 L DSV
58	Skandi TBN	Aker Promar Construction OSCV 06
59	Skandi TBN	Aker Construction OSCV 06 L
60	Skandi TBN	Aker Construction OSCV 03

Vessels under contruction

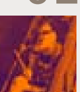
Name	Type	Charter	Delivery	2007	2008	2009
SKANDI COMMANDER	PSV	Shell UK	MAY 07			
SKANDI MONGSTAD	PSV	Hydro	SEP 07			
SKANDI TBN 1	PSV	Statoil	AUG 08			
SKANDI TBN 2	PSV/ROV	Spot	AUG 08			
SKANDI TBN 3	PSV/ROV	Spot	DES 08			
SKANDI FLUMINENCE	AHTS	Petrobras	APR 07			
SKANDI BERGEN	ROV/SURVEY	Subsea7/Statoil	JUNE 07			
GEOGRAPH	SURVEY	Frame Agr/spot	JUNE 07			
GEO TBN 1	ROV/SURVEY	Spot	MAY 08			
SKANDI ACERGY	CONST	Acergy	MAY 08			
SKANDI SEVEN	CONST	Geo/Subsea7	JUNE 08			
SKANDI TBN 4	CONST	Technip	OCT 08			
SKANDI TBN 6	CONST	Spot	MAY 09			
SKANDI TBN 7	CONST	Deeflex	MAY 09			
SKANDI TBN 8	CONST	Spot	MAY 09			
SKANDI TBN 5	DSV	Technip	DES 08			
SKANDI ACHIEVER	DSV	Technip	AUG 07			
GEO TBN 2	DSV	Spot	OCT 08			
INSTALLER 1	AHTS	Spot	DES 09			
INSTALLER 2	AHTS	Spot	MAY 10			

DOF has since the listing at Oslo Stock Exchange i 1997 based its growth by contracting new-buildings. During this 10 years period the company has contracted 39 vessels, and only sold one of the new-buildings. In the beginning most of the new-buildings were contracted based on long term contract on the vessels. However in past two years a major part of the contracting has been based on developing a new type of vessels together with a renewal of the existing fleet. Still most of the new-buildings will enter into long term contracts after delivery.

The major part of DOF's new vessels have been built at Norwegian yards. Based on establishment of branch offices abroad DOF has contracted more vessel at foreign yards. Of the present new-building fleet, 4 vessels will be delivered from Brazil, 2 vessels from India and the rest from Norwegian yards. Aker Yards ASA is the major supplier of the present vessels to DOF, and will deliver 14 of the new vessels.

Based on the above new-building program the average age of the DOF fleet is under 5 years.

Historically DOF has contracted most of the vessel from the PSV segment. During the last years and in particularly in 2006 the major investments have been large in the CSV segment, meaning large construction vessels ("State of the Art vessel") and large AHTS. The present new-building portfolio consist of 5 PSV, 3 AHTS and 12 CSV. This contracting is based on the companies long term strategic focus on the construction-and subsea market and to be positioned to have vessel for the future market.



We would like to thank all people that has been interviewed and photoraphed for this report.
A special thank to officers and crew on the Skandi Texel for their hospitality during our stay in Ijmuiden.

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Idé og design: oktan puls AS Foto: debrafoto / Oskar Andersen Trykk: Scanner Grafisk AS