Registration Document

DOF Subsea AS

Bergen, 30.03.2012

Prepared according to Commission Regulation (EC) No 809/2004 - Annex IX

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1. Risk factors

The Group's activities entail various kinds of financial risk: market risk (including foreign exchange risk, actual interest rate risk, floating rate risk and price risk), credit risk and liquidity risk. The Group's governing risk management strategy focuses on the predictability of the capital markets and seeks to minimise the potential negative effects of the Group's financial results. The Group uses financial derivatives to hedge against certain types of risk.

The Group's risk management is exercised in line with guidelines approved by the board of directors. Accordingly, financial risk is identified, evaluated and hedged. The board issues written principles for the governing risk management strategy and sets out written guidelines for specific areas such as the foreign exchange risk, interest risk, credit risk, use of financial derivatives and other financial instruments, as well as investment of surplus liquidity. The Group does not have any direct exposure to changes in raw material prices.

The Company is exposed to the same risk factors as the Group.

Foreign exchange risk
As a result of its international operations, the Group is exposed to changes in exchange rates. The Group's overall objective is to protect the economic NOK value of its free cash flow from adverse developments in future currency rates. This is handled by means of natural hedging and the use of foreign exchange derivatives. When implementing the foreign exchange hedging the Group differentiates between committed and uncommitted exposure by having a higher hedge ratio on what is considered committed exposure.

The majority of the Group's turnover is in foreign currencies, and mainly relates to USD, GBP and to some extent also AUD. A substantial portion of expenses are in the same currency as revenues, but a greater proportion of expenses payable is denominated in NOK.

By focusing on natural hedging the Group seeks to reduce its exposure to changes in exchange rates naturally by achieving the best possible balance between ingoing and outgoing payments in the same currency. This also implies that efforts are made to match revenues in one particular currency with financing in the same currency. The remaining exposure is addressed by means of forward and option contracts at acceptable exchange rates.

Interest risk
Of the Group's total debt portfolio 20% are subject to fixed interest rate. This implies that the Group is taking advantage of the global low interest rate regime, but at the same time the Group is exposed to future interest rate changes. Approximately 80% of the Group's debt is denominated in NOK, whereas the rest mainly relates to debt in USD and to some extent GBP.

The Group evaluates the mix of funding currencies and the ratio of fixed vs. floating rate debt on an ongoing basis.

The Group has no interest earning assets of significance.

Credit risk
Maximum credit exposure arises on the values of financial assets recognised in the balance sheet. The Group's trade receivables mainly relate to major international oil companies and other major international players. The Group has guidelines for monitoring and recovering trade receivables. The counterparty for pension plan assets is a Norwegian insurance company.

Historically, losses on trade receivables have been extremely small, and credit risk is considered low.

The forward contracts are entered into with banks, and the risk associated with these is considered negligible. The same applies to bank deposits. Accordingly, the value of trade receivables recognised in the balance sheet is considered to represent the maximum credit risk.

Liquidity risk

The Group's strategy is to have sufficient cash or credit facilities available at all times, not only to finance ongoing operations and planned investments but also to be able to make rapid purchases/acquisitions of vessels/businesses. The Group considers it likely that it will continue to renew existing loan agreements as they fall due, or negotiate alternative financing solutions. Surplus liquidity is deposited in banks at the best possible terms.

Market risk

DOF Subsea provides a wide range of offshore construction services to oil and gas field developments on a worldwide basis and the Company is exposed towards a volatile offshore market. The volatility in the market depends on oil and gas prices that will affect the activity related to oil and gas exploration, development and production. The number of Newbuilds and ordering of vessels in the offshore services industry will also affect the Groups competitive position in the Market.

This is partly offset by long term contracts on the majority of our fleet. As per 31st of December 2011, the contract backlog, including options, amounted to NOK 15.5 billion. In addition to the vessels working on long term contract, DOF Subsea also have some vessels working in the project market with less contract coverage. The management is working hard in order to increase the backlog for these vessels. During the last quarter's the management has buildt more backlog for the project vessels compared with previous years and the company believe this trend will continue. But still the Group consider that operating in the project market can be a challenge, specially for the vessels working in the North Sea in the winter seasons.

2. Persons responsible

DOF Subsea AS having taken all reasonable care to ensure that such is the case, the information contained in the Registration Document is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Bergen, 30.03.2012

DOF Subsea AS

3. Definitions

AHTS -	Anchor Handling Tug Supply
AUD -	Australian Dollar
AUV -	Autonomous Underwater Vehicle
CSV -	Construction Support Vessel
GBP -	British Pound
INS -	Inertial Navigation System
IRM -	Inspection, Repair and Maintenance
Issuer / Company -	DOF Subsea AS
LAYSV -	Lay Support Vessel
MSV -	Multipurpose Support Vessel
NOK -	Norwegian Kroner
Prospectus -	Registration Document, Securities Note and if applicable Summary
PSV -	Platform Supply Vessel
ROTV -	Remotely Operated Towed Vehicle
ROV -	Remotely Operated Vehicle
The Group / DOF Subsea -	DOF Subsea AS and its daughter companies and affiliates
USD -	American Dollar

4. Statutory auditors

The Company auditor for the period covered by the historical financial information in this Registration Document has been PricewaterhouseCoopers AS, located at P.O Box 3984 - Dreggen, 5835 Bergen, Norway.

PricewaterhouseCoopers AS is member of The Norwegian Institute of Public Accountants.

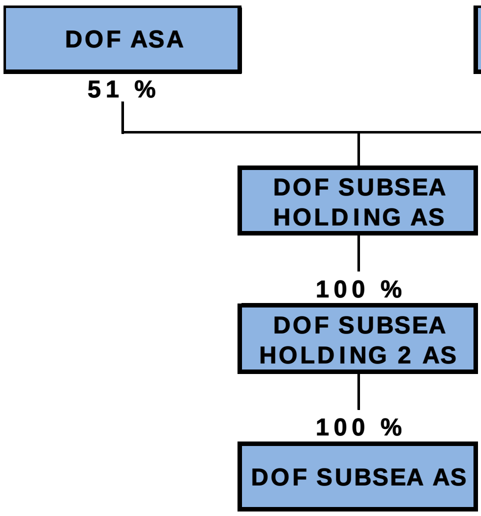
5. Information about the issuer

DOF Subsea AS is a Norwegian Limited Liability Company established 24 May 2005 and regulated by the Norwegian Companies Act and supplementing Norwegian laws and regulations. The Company No is 988 263 419 and its head office is located at Thormøhlens gate 53c, 5006 Bergen, Norway, business office and head office are the same. Phone: +47 55 25 20 00, Fax: + 47 55 25 22 01, website: www.dofsubsea.com. DOF Subsea also have regional offices in Brazil, Canada, US, UK, Angola, Singapore and Australia.

DOF Subsea AS was incorporated on 24 May 2005 after DOF ASA acquired GEO Group AS and its subsidiary Geoconsult AS. DOF Subsea AS was established by DOF ASA in order to create a more effective organization with the aim of establishing a leading subsea services company. Therefore, in connection with the acquisition, DOF ASA transferred its multipurpose/ROV vessels to the DOF Subsea Group, constituting four vessels and one new build. In 2008 DOF Subsea AS delisted from the Oslo Stock Exchange as a new shareholding structure was established.

The Company's share capital is NOK 1 197 337 140, divided on 119 733 714 shares, each with a nominal value of NOK 10. The shares in DOF Subsea AS are 100% owned by DOF Subsea Holding 2 AS which again are 100% owned by DOF Subsea Holding AS. DOF Subsea Holding AS is owned 51% by DOF ASA and 49% by First Reserve Corporation USA (through Norwegian and Luxembourg entities). For a complete overview of the Company's organization see attachments 1 of this Registration Document.

<u>Ownership structure:</u>



DOF Subsea AS is a holding company for the vessel owning entities and the subsea services and survey companies within the Group. All the vessel operations and all the project related activities in the Group are in the subsidiaries and the Company is therefore dependent on contribution from the daughter companies. Further, the Group`s corporate management team is employed by DOF Subsea AS, and accordingly this company is in charge of the corporate management functions of the Group. DOF Subsea AS receives dividends, guarantee fees and management fee from shipowning and operating companies.

The Company is a part of DOF ASA Group. DOF ASA is an international company involved in the ownership and operation of a fleet comprising supply and subsea vessels and engineering companies providing services to the subsea market.

DOF Subsea is a provider of subsea services to the Oil and Gas industry. The Group has 2480 employees including 900 offshore engineers and project staff and 1000 marine crew sailing on our vessels. DOF Subsea owns and operates one of the world's most modern subsea fleet and equipment pool with 24 high-end vessels in operation and 1 newbuild to be delivered in second quarter. The Group also has 45 ROVs, 1 ROTV and 1 AUV in operation with another 6 ROVs to be delivered during 2012. The Group also has advanced diving and survey equipment.

They combine expertise and technology for safe, efficient and cost effective project delivery. DOF Subsea has the field proven experience to provide specialized survey, subsea construction and inspection repair and maintenance services (IRM) which involve complex and challenging engineering in an international environment.

6. Business overview

DOF Subsea own and operate a high specification fleet of Vessels, Dive Systems and ROVs. On their own, these are valuable assets, but in combination with the team of highly qualified and experienced personnel, they provide the Clients with a capability to deliver project managed and engineered subsea solutions up to depths of 4000msw.

Located in the major offshore oil and gas production areas of the world DOF Subsea provides:
- Offshore construction and support vessels
- Project management and engineering
- Survey and positioning operations
- Diving operations
- ROV operations

Offshore construction and support vessels
DOF Subsea provides a wide range of offshore construction services to oil and gas field developments on a worldwide basis. Combining DOF Subsea's specialist disciplines of project management engineering, vessels, survey, ROV and diving operations, DOF Subsea has performed a wide range of projects that demonstrate the capability of supplying value to clients whilst managing project risk.

With a modern fleet of vessels, ROVs and diving systems, DOF Subsea supports projects across a range of water depths. With their global network of offices they combine service, technology and local knowledge to deliver innovative solutions.

- Subsea Construction, installation of flowlines, umbilicals and subsea structures, including tie in and hook-up to fixed and floating facilities

- FPSO, mooring buoy and mooring system installation, including towing, anchor point/leg installation and hook-up

- Spools, PLEM/Manifold installation

- Tie-in, testing and precommissioning of installed facilities, pipelines, umbilicals and subsea structures, diver or diverless

- Design, procurement and fabrication of subsea structures, including manifolds, PLETs, mid depth buoys and installation aids

- Stabilisation of pipelines/flowlines

- Pipe lay support

- Removal and disposal of offshore equipment and associated subsea infrastructure, including moorings systems, risers, flowlines

DOF Subsea is a global supplier of subsea inspection, maintenance and repair services. Their onshore project teams work with the planning and engineering of IRM operations, and their vessels have dedicated and experienced crew accustomed to executing IRM work.

Typical IRM services provided include:

- Subsea inspection, repair, and maintenance (IRM) services
    - *Module Handling*
      DOF Subsea provide offshore construction vessels prepared for mobilising and integrating an active heave-compensated moonpool-based Module Handling System, including a deck skidding system with push-pull units, skidding tractors for ROT, module handling and constant tension, and active heave compensated winches for guide wires.

- *Commissioning*
  DOF Subsea has experience in providing commissioning support covering all aspects from deburial, rock dump dredging, relocate GRP, protection of covers, handling subsea connectors, stabs with downline, valve survey operations, pumping and monitoring.

- *Pipeline Structure Inspection*
  Carrying high resolution dual-head multibeam, 3 boom-mounted cameras, pipetracker, and an INS, DOF Subsea performs detailed inspections and supply all the data and video in digital formats. DOF Subsea software suites for inspection processing have been developed in close cooperation with recognised software vendors ensuring efficient production of inspection reports. All reporting is based around digital video. DOF Subsea carry out structure inspection of subsea production systems, structures, platforms jacket, FPSO hull, risers and umbilical with our WROVs and OBSROVs, removing marine growth and performing visual inspection and CP (cathodic potential) measurements.

- Jackets, FPSOs, risers, pipelines, manifolds and wellheads, incorporating remotely operated vehicle intervention, saturation and air diving operations

- Inspection, underwater inspection and Non destructive testing (NDT) of pipelines and structures, data acquisition systems and the efficient delivery of high quality inspection reports and support data

- Emergency response and pipeline repair

Project management and engineering
Project management is the key to DOF Subsea's ability to combine the various services and match the requirements of each individual subsea operation. From inception to completion, every project progresses through DOF Subsea's defined project lifecycle model. Their integrated project teams move each phase through proven systems.DOF Subsea manages costs, assets and logistics; along with engineering, procurement and supply chain management support.

With extensive operational expertise, DOF Subsea applies common sense solutions to complex subsea installation problems. DOF Subsea provides innovative subsea engineering services, offering clients cost effective solutions underpinned by an accredited DNV ISO 9001:2008 quality system certification. ISO 14001:2004 and OHSAS 18001.

They routinely undertake naval architecture, structural engineering, mechanical design and operations, and engineering across a broad range of applications.

With competence in pipeline support systems, DOF Subsea engineers have developed a range of ROV installable mechanical pipeline supports that have been successfully installed in challenging conditions. These include pipelines crossing geotechnical fault lines, extremely rough seabed terrain and in deep water.

Their proven track record in the design, development and application of intervention tooling for both ROV and diver operations provides clients with reduced project risk, productivity gains and significant enhancements in safety performance.

DOF Subsea develops solutions that optimise the outcome for the project, using their worldwide experience in offshore operations to apply the latest technology in intervention tooling.

Survey and positioning operations
DOF Subsea acquire seabed and sub-surface data using leading technology, their vessels and survey systems. With a choice of vessel, ROV and AUV mounted equipment, the highest density, quality data - required for detailed modeling and interpretation - is gathered by ROV and AUV surveys.

DOF Subsea's equipment pool enables seabed mapping and sub-surface data to be gathered down to 5,000 MSW. Once gathered they offer a data management service.

DOF Subsea provides positioning control in support of its clients' field installation projects from near shore shallow fields to ultra-deep offshore developments. Services include the entire range of field positioning, umbilical, riser and flowline (SURF) installations and other subsea infrastructure.

As part of this service, DOF Subsea provides the industry with deep water subsea metrology using acoustics and Smart Wire to measure and position spool pieces, jumpers and all subsea structures.

Additionally DOF Subsea provides precision positioning solutions for deep water wellhead installations (AWP) using fully integrated DGPS and acoustic positioning with other sensors to establish wellhead height and attitude.

DOF Subsea provides the following survey and positioning services:

- Subsea Positioning
  - DOF Subsea provides positioning control in support of its clients' field installation projects from nearshore shallow fields to ultra-deep offshore developments. Services include the entire range of field positioning services, umbilical, riser and flowline (URF) installations and other subsea infrastructure. As part of this service, DOF Subsea leads the industry in providing deep water subsea metrology using acoustics and Smart Wire to measure and position spool pieces, jumpers and all subsea structures.
- Seabed Mapping
  - Mapping the seabed at extreme depths requires advanced technology. DOF Subsea has experience in all kinds of seabed mapping. For over 25 years they have been a provider of detailed bathymetric and geophysical data to the oil industry. Using leading technology, the vessels and systems supply customers with high quality, cost-effective surveys and efficient reporting. DOF Subsea is able to acquire high quality seabed and sub-surface data with vessels, ROV, ROTV and AUV mounted equipment. The ROV, ROTV and AUV surveys provide the highest density, quality data required for detail modelling and interpretation. DOF Subsea's equipment pool enables seabed and sub-surface data to be gathered down to 5,000 metres water depth.
- Data Processing
  - DOF Subsea has experience with sophisticated data collection, processing, modelling and presentation software and methods. These systems are well known and widely used throughout the industry. DOF Subsea has been acquiring data and producing digital bathymetric maps since the early 1980s. The experienced staff performs efficient processing, interpretation and reporting of the surveys on board the vessels. Storage systems maintain full data security and data management, making it possible to supply customers efficiently. DOF Subsea is also capable of delivering a wide range of recognised CAD and GIS formats.
- Acoustic Wellhead Positioning
  - DOF Subsea provides precision positioning solutions for deep water wellhead installations using fully integrated DGPS and acoustic positioning with other sensors to establish wellhead height and altitude.
- C3D & C4D Visualisation
  - C3D Systems has been developed exclusively by DOF Subsea for the offshore Survey and Construction industry. C3D Visualisation is a unique software system which creates a geographically and dimensionally accurate 3D environment. C4D Visualisation integrates all of the features of C3D, adding real-time capability. C4D enables the operator to view the movement of any surface vessel, ROV or underwater equipment. C3D System provides operator, contractors and engineers with the tools to visualise a field throughout all phases - from conceptual design to procedure generation, installation simulation and real-time operations offshore.
- Technical Software
  - DOF Trak
    - DOF Trak is a remote vessel and structure tracking and monitoring tool.
  - Metro
    - Metro is an invaluable tool for executing complex metrology operations.
  - INS Tools
    - INS Tools is DOF Subsea's Inertial Navigation System.

Diving operations
With an emphasis on safety, DOF Subsea provides a complete range of diving services for construction and inspection, repair and maintenance activities.

Modular, containerised Saturation Diving and Air Diving spreads can be deployed from a range of DOF Subsea or client-supplied vessels. These spreads come complete with decompression chambers, launch and recovery systems and equipment containers.

All DOF Subsea's diving systems employ modern equipment that complies with international standards and IMCA guidelines. And all operations are conducted under a safety case regime governed by a published Diving Safety Management System.

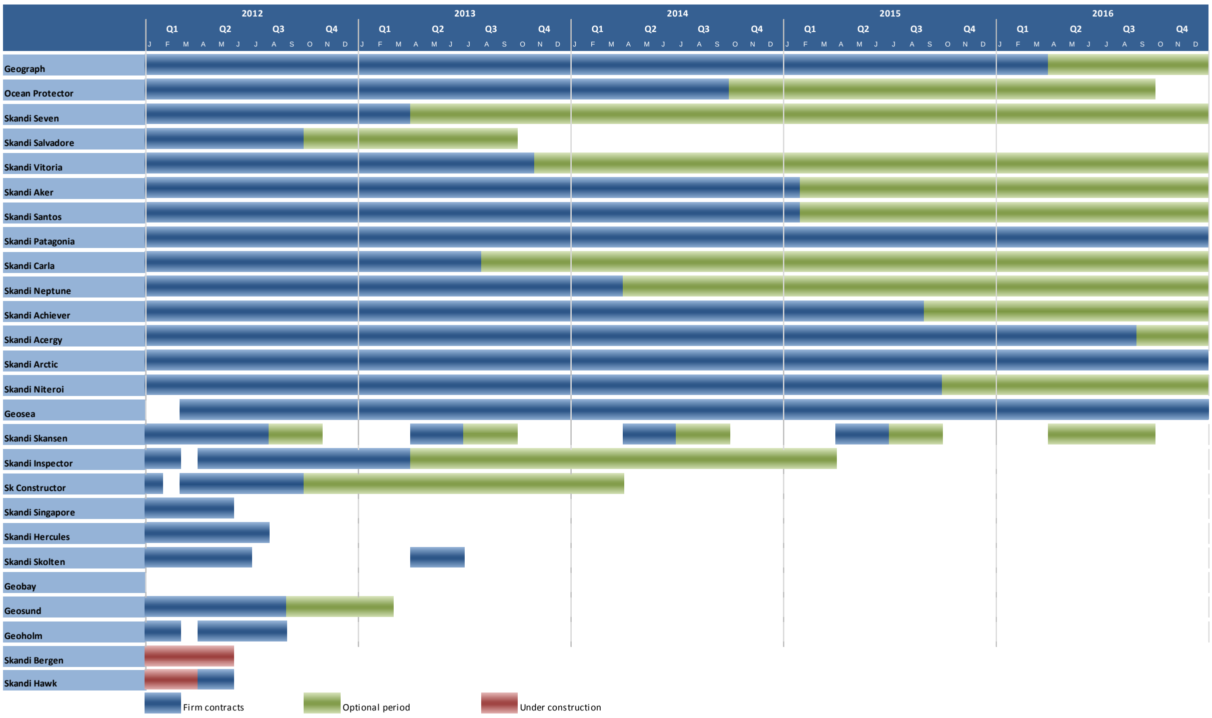
With systems permanently deployed in strategic locations in Asia-Pacific, DOF Subsea is able to respond quickly and efficiently to client requirements.

DOF Subsea views diving as a key component in their portfolio, enabling DOF Subsea to provide the full range of subsea services to clients.

ROV operations
DOF Subsea has extensive experience providing ROV and intervention services to the oil and gas industry worldwide.
The next generation ROV fleet, designed and manufactured to own specifications, accommodates an extensive range of operational requirements. DOF Subsea's ROVs have the capability of working down to 4,000 m water depth with active heave compensated launch and recovery systems (LARS), both inside hangar and through moonpool. Typical ROV operations include:

- Inspection, survey and digital video and still photos
- CP measurements of subsea components
- Water jetting
- Valve operations during commissioning / RFO operations, using torque tools and ROV tooling skids
- Fault finding and replace jumpers, cables, hoses and flying leads
- Hatch operations
- Debris removal
- Cutting operations
- Leak detections / pig tracking / tracing - Connect / disconnect rigging equipment, ROV shackles, ROV hooks, soft strops
- Tie-in operations
- Lay support / touch down monitoring / dredging monitoring

Contract coverage (vessels)



More technical information about DOF Subsea's equipment see http://www.dofsubsea.com/en-US/Our-Equipment/Vessels.aspx

7. Market outlook

The majority of the Group's vessels are on long term contracts. The contract backlog, including options, amounted to NOK 15.5 billion as of 31st of December 2011. However, DOF Subsea AS is exposed to the short term market on the project vessels. The management is working to increase the contract backlog on the project vessels.

The Board of Director's expects an improving subsea market for the next 12 months.

8. Administrative, management and supervisory bodies

BOARD OF DIRECTORS DOF SUBSEA AS:

Chairman – Helge Arvid Møgster
He is one of the main owners of LACO AS, the main shareholder of DOF ASA and Austevoll Seafood ASA. He has long experience from both the offshore supply and fishing industry, and is holding board positions in several companies, including being Chairman of DOF ASA.

Board member – Mons Svendal Aase
He joined DOF ASA in 1998 and become CEO in 2005 having held a number of positions including CFO and Deputy Managing Director. He has been Chairman in DOF Subsea and sits on the board of a number of DOF companies. He holds a MSc from the Norwegian Institute of Technology, and a Cand. Merc. from the Norwegian School of Economics and Business Administration in Bergen.

Board member – Hilde Drønen
She has worked as CFO in DOF ASA since 2004. Her previous experience includes acting as, director of finance with Bergen Yards AS from 2003 to 2004 and group controller for the Møgster Group from 1995 to 2003. She holds a business administration degree and a business management degree from the Norwegian School of Management (BI).

Board member – Helge Singelstad
He attained his engineering degree from Bergen Ingeniørhøgskole, Msc from the Norwegian School of Economics, and he has a degree in law . He has experience from different types of businesses: oil companies, ship equipment and the seafood sector. He is now the Chairman of Austevoll Seafood ASA and Lerøy Seafood Group ASA, Managing Director of LACO AS, and has several board positions including board member in DOF ASA.

Board member – Neil John Hartley
He joined First Reserve in 2006 and is a Director. He has background in Investment Banking with Simmons & Company International, as a Director, where he focused on corporate finance advisory work in the energy sector, a Management Consultant at McKinsey & Company, Inc. and with Schlumberger, as a Field Service Manager and Field Engineer. He holds an M.A. degree in Engineering, Economics, and Management from Worcester College, University of Oxford and an M.B.A from Harvard Business School.

Board member – Alex Townsend Krueger
He is Managing Director, joined First Reserve in 1999. He is involved in investment activities in all areas of the worldwide energy industry and Chairman of the Firm's Development Committee. He has worked in the Energygroup of Donaldson, Lufkin & Jenrette in Houston and holds two B.S. degrees from the University of Pennsylvania, one in Chemical Engineering and one in Finance and Statistics from the Wharton School.

Board member – John Mogford
He was appointed a non-executive director in June 2008 in The Weir Group. He is currently advising private equity on the energy sector. He was formerly an executive vice president of BP plc having been with BP for over 30 years, initially in their exploration division and progressively rising to Executive Vice President. He held numerous positions in every area of BP Operations from gas and renewables to upstream and downstream oil. He is a fellow of the Institution of Mechanical Engineers.

Board member – James Brooks
James Brooks, Vice President, joined First Reserve in 2011. His responsibilities range from deal origination and structuring to due diligence, execution and monitoring, with particular focus on the equipment, manufacturing and services sector. Prior to joining First Reserve, Mr. Brooks was a Director at Advent International Corporation. Mr. Brooks holds an MPhys in Physics from Oxford University.

MANAGEMENT DOF SUBSEA AS:

CEO - Mons Svendal Aase
He joined DOF ASA in 1998 and become CEO in 2005 having held a number of positions including CFO and Deputy Managing Director. He was previously Chairman in DOF Subsea and sits on the board of a number of DOF companies. He holds a MSc from the Norwegian Institute of Technology, and a Cand. Merc. from the Norwegian School of Economics and Business Administration in Bergen.

Executive Vice President/CFO – Jan Nore
He started in DOF Subsea September 2009, and has earlier been working with Olympic Shipping AS, DVB Bank, Nordea Bank, Star Shipping, Farstad Shipping, and as a broker in the oil and gas industry. He is educated Master Mariner and holds a MSc from the NorwegianSchool of Economics and Business Administration.

Executive Vice President Atlantic – Jan-Kristian Haukeland
Jan-Kristian Haukeland joined DOF Subsea in February 2011. He has 20 years of experience in the subsea business, the last 10 years in different management positions. During his time with Acergy he gained extensive experience with the subsea market in the Atlantic region. Jan-Kristian holds a MSc in Mechanical Engineering from The Norwegian Institute of Technology and has also served in the Royal Norwegian Army.

Executive Vice President Asia Pacific – Steve Brown
He joined DOF Subsea in 2005 to establish business units in the Asia Pacific region for the group. He was former CEO of DOF Subsea and has spent over 20 years in the marine and subsea industry, including executive and senior management positions in companies involved in offshore construction, subsea services and shipbuilding.

Executive Vice President Business Acquisition - John Baxter
He joined DOF Subsea in March 2011. He came from Acergy where he spent the last year as the Sales and Marketing Director Norway among various other internal positions. He has more than 20 years of international experience and a broad experience of project management and business development in operations and subsea construction worldwide. John Baxter began his career as a Design Engineer in 1989 and moved on to Engineering Manager, Chief Operating Officer for NKTF, Technical Director Asia and Middle East and Project Manager. He holds an MBA from Stockholm Business School and Bsc Mechanical Engineering from Dundee Institute of Technology.

CEO Brazil – Eirik Tørresen
He joined DOF Subsea Brazil Ltda as CEO in 2010. He started his career as a ROV Manager in Geoconsult in 2004 and in January 2006 he became the COO of the Company. His previous experience from the Company includes the role as CEO in Geo ASA, Group Asset Manager in DOF Subsea AS and several years as ROV Manager in Thales Geosolutions. Eirik holds a degree in Engineering from BIH, Bergen Ingeniør Høgskole and has also served in the Royal Norwegian Navy.

CTO – DOF ASA/DOF Subsea AS – Arnstein Kløvrud
He joined DOF ASA as CTO in 2007. He started his career with DOF Management AS in 2001 as Vessel Manager and becoming CTO in 2007. His previous experience includes working in DNV and in the shipbuilding industry. He holds a MSc in Naval architecture from Norwegian Institute of Technology.

Senior Vice President Finance –Marianne Møgster
Joined DOF Subsea as Group Chief Controller in January 2008 and was appointed to Senior Vice Presiden Finance in June 2011. Previous experience from Hydro (2002 - 2007) and Statoil (2007 - 2008) She holds a Master of Science of Economics from Norwegian School of Economics (1998-2002)

Vice President HSEQ – Stig Clementsen
He started in DOF Subsea AS in June 2009. He has earlier worked for Subsea 7, Baker Hughes and Odfjell Drilling on Manager and Director level. He holds a strong and long experience within HSEQ and management.

Vice President HR – Kathleen Mathisen
She started in DOF December 2004 and from January 2009 in DOF Subsea AS. She has 10 years of experience within HR and subsea industry, and various Management courses from NHH, HR Norge and UIB.

There are no conflicts of interests between any duties to the issuing entity of the persons referred to above and their private interests or other duties.

All the members of the boards and management can be reached at the Company's head office, Thormøhlens gate 53c, 5006 Bergen, Norway.

9. Financial information concerning the issuer's assets and liabilities, financial position and profits and losses

The financial information is attached to this Registration Document and can be found:

	Financial reports			
	2010	**2009**	**Q4 2011 / 2011**	**Q4 2010**
DOF Subsea AS - Parent				
Income statement	Page 7	Page 7		
Balance sheet	Page 8 - 9	Page 8		
Cash flow statement	Page 11	Page 10		
Notes	Page 12 - 43	Page 11-34		
DOF Subsea AS - Group				
Income statement / Profit and loss account	Page 7	Page 7	Page 5 (1)	Page 4
Balance sheet	Page 8 - 9	Page 8	Page 6 (2)	Page 5
Cash flow statement	Page 11	Page 10	Page 7 (3)	Page 6
Notes	Page 12 - 43	Page 11-34	Page 10-11 (6-7)	Page 8 - 9
Accounting principles	Page 12 - 17	Page 11-14	Page 10 (6)	Page 8
Auditors report	Page 44 - 45	Page 35		

The historical financial information for 2010 and 2009 has been audited. The historical financial information for the interim reports and 2011 has not been audited.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the Issuer and/or Group's financial position or profitability

There is no significant change in the financial or trading position of the Group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published.

There has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements.

10. Documents on display

For the life of the registration document the following documents (or copies thereof), where applicable, may be inspected:

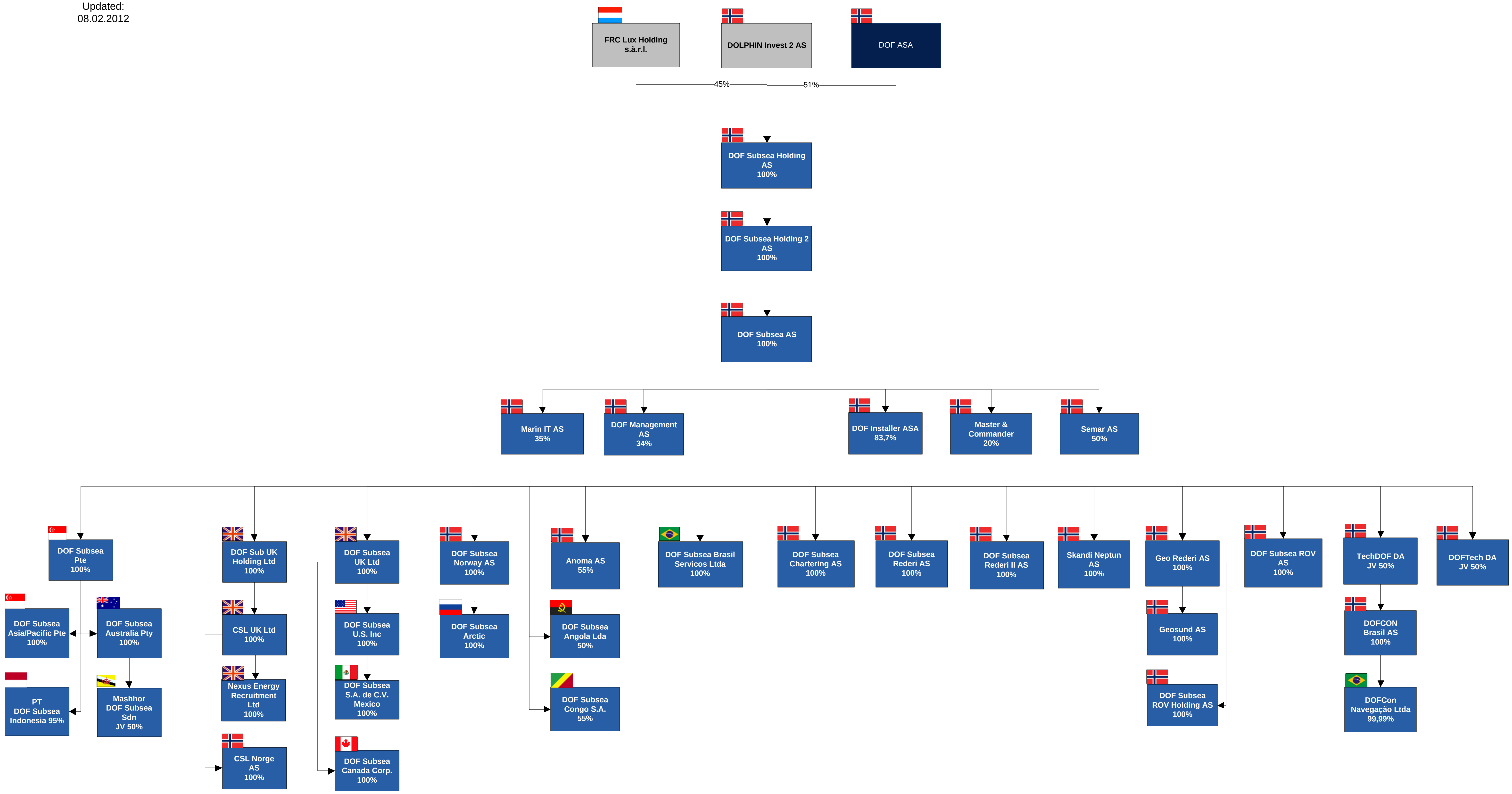
(a) the memorandum and articles of association of the issuer;
(b) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the registration document;
(c) the historical financial information of the issuer or, in the case of a group, the historical financial information of the issuer and its subsidiary undertakings for each of the two financial years preceding the publication of the registration document.

The documents may be inspected at www.dofsubsea.no or at the Issuer head office.

11. Attachments:

1. Organization chart
2. DOF Subsea AS – Annual Report 2010
3. DOF Subsea AS – Annual Report 2009
4. DOF Subsea AS - Quarterly report 4 2011.
5. DOF Subsea AS - Quarterly report 4 2010.

Updated:
08.02.2012



DOF SUBSEA AS
DIRECTORS REPORT FOR 2010

DOF Subsea AS (the Company) was founded in the spring of 2005, and since its inception the Company and its daughter companies and affiliates (the Group) has developed into a world-wide supplier of subsea services with presence in all the major offshore hubs in the world.

Business concept and vision

The Group provides vessel chartering, survey, subsea construction and engineering to the global oil- and oil-service companies. The core business is project management, engineering, vessel chartering, survey and diving operations.

The Group owns a large, modern fleet that enables us to offer differentiated services to our clients and create long term relationships, which enhance service delivery and reduce overall risk.

The Company has subsidiaries in Bergen, Oslo, Aberdeen, Houston, St. Johns, Perth, Singapore and Rio de Janeiro. The Group is also represented in Russia, Macae (Brazil), Indonesia, The Philippines, Brunei, Congo and Angola. DOF Subsea AS is the Group's parent company, with head office in Bergen, Norway.

Corporate Governance for the Group was approved by the Board on 5 April 2011.

Activities in 2010

In 2010 the Group added four vessels to our fleet. Skandi Aker was delivered from the yard in January and went on charter to AKOFS in February. Skandi Skolten was delivered in July and after a test period she went on charter with DOF Subsea Norway AS. In August Skandi Vitoria was delivered and went on charter with Petrobras in October. Skandi Hercules was delivered in December and has since been operated in the spot-market. Geo Challenger was sold to the Charterer and delivered to the new owner in February 2010.

In April 2010 part of the Group was made as a contribution in kind toward Norskan SA. After the contribution the Group owned 38 % of Norskan SA and the remaining 62 % was owned by DOF ASA. During the spring and summer of 2010 Norskan SA was prepared for a listing on the BOVESPA stock exchange in Sao Paulo. In September the planned listing was postponed and the contribution the Group had given was reversed. Pro forma figures are prepared to show total activity during the year.

In June the Group acquired the shares in DOF Installer ASA from DOF Subsea Holding 2 AS. Prior to delivery of Skandi Hercules, a share issue of NOK 200 million was made in DOF Installer ASA. NOK 10 million was from external share holders.

In August and December the Company issued new shares by converting loan from the parent company to equity, a total of NOK 1 177 million was converted. One of the major achievements for the company during the spring 2011 was the global ISO 9001 and ISO 14001 certification. The new global certificates replaced the previous regional certificates. The certification was done by DnV and we also expect to receive global OHSAS 18001 certificate during the spring of 2011.

Shareholders
The Company is owned 100% by DOF Subsea Holding 2 AS, but the ultimate owners are DOF ASA with 51 % and First Reserve Corporation with 49 %. There have not been any changes to the owner structure of the Company during the spring of 2011.

Health, Safety, Environment and Quality
The Group's overall objectives for Quality, Health, Safety and the Environment are ambitious. The key targets are avoiding personal injuries and occupational illnesses, having a good working environment; awareness and control of environmental aspects, and a high level of regularity in operations. The focus is on reporting incidents including actions and behaviour which are unsafe, so that corrective and preventive measures can be implemented. The Group invests in adaptive administrative systems for managing this effectively.

The Lost Time Inquiry Frequency based upon 1 000 000 man-hours worked was at a historical low level, 0.3 for the year.

On the environmental side, measures are being taken to reduce the Group's impact on the external environment (environmental aspects), and targets for this work are set annually. Environmental aspects identified previously, determine the activities in progress at any time. No environmental incidents leading to pollution of external environment were recorded for 2010. All regions are operating according to the ISO 14001 standard.

Human Resources
The Group this year improved the IMCA, International Marine Contractors Association, competence scheme. IMCA set the guidelines which are followed for competence and training for the offshore employees.

The number of employees at year end was 1183: Onshore Staff 378; Offshore Staff 407 and hired in Contractors 398 persons. The numbers of employees are not including the marine crew onboard the vessels that are hired from DOF Sjø AS and Norskan Offshore Ltda.

Absence due to sickness was 2 per cent of total working hours in 2010.

Management
During the year, the Company has strengthened the corporate management team. In addition the company has invested in several new systems, enabling the company to improve the control, reporting and risk monitoring

Equal opportunities
The Group has a goal of being a workplace where men and women have equal opportunities. The number of female employees on board vessels has traditionally been low. The ratio of onshore based administrative personnel is 38 per cent women to 62 per cent men.

Anti discrimination
The Group strives to create equal opportunities for all employees, regardless of ethnic background, nationality, descent, skin color, language, religion or life style.

Market
The market has been variable during 2010 with significant differences between the geographical markets. The Group saw that the weaker level of activity which was experienced during last quarter of 2009 continued in to first quarter of 2010, particularly in the North Sea. However, activity picked up during the year and the Group saw healthy levels during the latter part of the year. The activity level in Brazil remained sound during 2010.

Consolidated financial statements
The consolidated financial statements of the Company, for the financial year 2010, have been prepared in accordance with IFRS and interpretations set by the International Accounting Standards Board as adopted by the EU. The accounts are prepared under the going concern assumption.

In 2010 the Group achieved sales revenue of NOK 3 009 million. Including gain from sale of vessels of NOK 16 million operating revenue amounts to NOK 3 026 million, compared to NOK 2 826 million in 2009. Operating profit before depreciation was NOK 887 million (NOK 735 million) and operating profit after depreciation was NOK 273 million (NOK 288 million).

Net financial expenses were NOK -372 million (NOK 354 million) and profit before tax was NOK -99 million (NOK 642 million). The profit for the year was NOK -149 million compared to NOK 647 million in 2009.

Cash flow from operational activities in the year was NOK 596 million (NOK 341 million). Cash flow from investment activities in the year was NOK – 3 822 million (NOK -1 965 million). Cash flow from financing activities in the year was NOK 3 693 million (NOK 1 868 million). Investments in assets are primarily financed externally and are expected to increase earnings and profitability in the coming years.

The total assets amounted to NOK 17 528 million (NOK 13 603 million) where total non-current assets amounted to NOK 14 192 million (NOK 10 933 million) including NOK 533 million (NOK 624 million) in intangible fixed assets. The total current assets amounted to NOK 3 335 million (NOK 2 670 million) of which NOK 1 988 million (NOK 1 521 million) is cash and cash equivalents.

Total interest bearing liabilities including tax payable at 31 December 2010 amounted to NOK 10 928 million (NOK 8 688 million), while total cash and cash equivalents equaled NOK 1 989 million (NOK 1 521 million), giving a net interest bearing debt of NOK 8 940 million (NOK 7 167 million). Total equity 31 December 2010 was NOK 5 206 million (NOK 3 834 million). During 2010 there has been made two capital contributions in the Company. Total capital contribution has been 1 177 million in 2010. The book equity ratio at year end was 30 per cent.

The Group has activities in various geographical regions and subdivides its activity into 3 geographical areas and the TC business. These geographical areas are Asia, the Atlantic and Brazil.

The Group has a satisfactory financial position, which provides the foundation for the continued operation and development of the Group. The Management prepared this Annual Report and provided the information on which it is based. The Board of Directors, to the best of its knowledge, considers that the information contained in the Annual Report, provides a correct presentation of the Group's assets, liabilities, financial position and results.

The liquidity in the Group is satisfactory at the end of the year with a total cash balance of NOK 1 988 million, including restricted cash. During the year the company have financed 4 newbuilds, refinanced 7 vessels and issued a bond loan. The total volume financed and refinanced amounted to NOK 6,9 billion, where the majority of the financing is done with international shipping banks.

Financial statement Parent company

The Company`s sales revenue in 2010 was NOK 75 million (NOK 54 million). Total wages in 2010 was NOK 27 million (NOK 23 million) while operating cost was NOK 67 million (NOK 47 million). Operating profit was NOK -28 million (NOK -20 million). Net financial results were NOK 54 million (NOK 103 million). The profit for the year was NOK 49 million (NOK 102 million).

The Company`s equity ratio is 59% at the end of the year, thus the company is sufficiently capitalized. The working capital of the Group is actively managed by the parent company and believed to be sufficient for operation.

Pro forma figures

Pro forma numbers also include profit and loss from the IPO Brazil structure from the period April to September 2010. These numbers is comparable to profit and loss for the Group for 2009. The pro forma numbers show sales revenues of NOK 3 590 million. Including gain from sale of vessels of NOK 16 million operating revenue amounts to NOK 3 606 million (NOK 2 826 million). Operating profit before depreciation was NOK 1 095 million (NOK 735 million) and operating profit after depreciation was NOK 392 million (NOK 287 million).

Financial Market Risk

The major portion of the Group's income in 2010 was denominated in foreign currencies. The Norwegian kroner (NOK) has been volatile during the year towards the major income currencies as USD, GBP and AUD. NOK depreciated against USD and GBP toward the mid year and thereafter we saw an appreciation toward the year end. Against AUD we saw a depreciation of the NOK throughout the year.

The Group aims to match the costs towards the currency of the relevant income, natural hedging. However, a significant portion of costs are payable in NOK.

The Group does not use hedging accounting, in accordance with IAS 39. The Group is also exposed to fluctuations in interest rates, as parts of the liabilities have floating interest rates. During the year the company has secured part of the interest rate exposure through the use of derivatives. Interest periods for the floating interest are from one to six months. The fixing of interest rates for longer periods or changing of loan currency is continuously evaluated.

The Group has no direct exposure to changes in raw material prices; however, the oil price is important for the global demand for vessels within our industry. The rising price of crude oil that we have seen over the last year has a positive impact on our industry through increased investments in Exploration and Production.

The Group's accounts receivable are primarily with large international oil companies and other large international players. Losses on receivables have historically been low. The Group evaluate that our customers have the financial capabilities to meet their obligations. It is established guidelines for follow up and recovery of accounts receivable.

The Group is exposed to difficulties in recruiting qualified personnel, as competition on the labour markets for the Group is difficult in a number of regions. This risk is particularly high in Brazil. Attempts are made to reduce this risk by sustaining measures to ensure good stability in human resources and recruitment of new personnel.

A large part of the Group's fleet operates in Brazil, and the Group is exposed to extra taxation and import duties in Brazil. Attempts are made to reduce this risk by increasing the number of ships operating under the Brazilian flag in this region.

The Group has 3 vessels under construction. The vessels will be delivered in 2011 and the remaining capex which the Group is responsible for under this new building program equals NOK 1,7 billion.

Allocation of profits
The parent company's annual accounts post a net result of NOK 49 million. The Board recommends that the net result should be allocated to other equity. The Company's distributable equity as of 31.12.10 was NOK 51 million.

Outlook
One new vessel has been delivered in February 2011 and an additional 2 vessels will be delivered during 2011. The Group expects growth in both revenue and profitability for 2011. The Group further expects that the project market will remain stable throughout most of 2011, with a possible increase in demand for subsea services. All future expectations are estimates, and there are uncertainties related to the fulfilment of them. This information should hence be treated thereafter.

Bergen, 13 April 2011
The Board of DOF Subsea AS

Helge Møgster *Chairman*	Helge Singelstad *Board member*	Mons S Aase *CEO / Board member*	Hilde Drønen *Board member*
Alex Townsend Krueger *Board member*	Neil John Hartley *Board member*	William Brown *Board member*	John Mogford *Board member*

Statement of comprehensive income

DOF Subsea AS		NOK 000			GROUP
2009	**2010**		**Note**	**2010**	**2009**
54 303	75 147	Sales revenues	**3,5,23**	3 009 189	2 838 367
		Gain/loss sold fixed assets	**5**	16 409	-12 754
54 303	**75 147**	**Operating income**		**3 025 598**	**2 825 613**
23 059	27 327	Payroll expences	**14,20**	700 430	743 412
47 456	67 279	Other operating expenses	**21**	1 438 580	1 347 511
70 515	**94 607**	**Operating expences**		**2 139 010**	**2 090 923**
-16 212	**-19 459**	**Operating profit / loss (-) before depreciation and write down**		**886 588**	**734 690**
4 038	8 189	Depreciation	**7**	613 805	496 286
		Write down fixed assets	**7**		-49 493
-20 250	**-27 648**	**Operating profit / loss (-)**		**272 783**	**287 897**
300	500	Profit from subsidiaries			
		Net share of loss of associated companies	**9**	-4 870	1 315
326 842	415 781	Financial income	**22**	305 124	1 020 735
224 157	361 852	Financial cost	**22**	672 354	667 937
102 985	**54 429**	**Net financial items**	**22**	**-372 100**	**354 113**
82 735	**26 781**	**Profit / loss (-) before tax**		**-99 316**	**642 009**
-18 765	-22 648	Taxes	**15**	49 732	-4 898
101 500	**49 428**	**Profit / loss (-) for the year**	**4**	**-149 048**	**646 907**
		Other comprehensive income			
		Currency translation differances		-12 200	-120 765
-	**-**	**Other comprehensive income for the year**		**-12 200**	**-120 765**
101 500	**49 428**	**Total comprehensive income for the year**		**-161 248**	**526 142**
		Profit attributable to:			
		- Non-controlling interests		2 033	935
		- Owners of the parents		-151 081	645 972
		Profit /loss (-) for the year including comprehensive income:			
		- Non-controlling interests		2 033	935
		- Owners of the parents		-163 281	525 207
		Earnings per share (NOK)	**19**	-1,26	5,40
		Earnings per share diluted (NOK)	**19**	-1,26	5,40

Balance sheet

DOF Subsea AS		NOK 000		GROUP	
31.12.2009	31.12.2010		Note	31.12.2010	31.12.2009
		Assets			
30 550		Software etc.	6, 21		32 693
69 272	92 434	Deferred tax asset	15	13 564	
		Goodwill	3,6	519 912	590 693
		Customer relationship	3,6		1 500
99 822	**92 434**	**Intangible assets**		**533 476**	**624 886**
		Vessels	7,21	11 218 527	6 156 838
		Rov`s	7,21	650 918	772 190
25 822	71 367	Newbuilds	7	776 347	2 745 566
9 438	33 870	Machinery and other equipment	7,21	804 421	550 693
35 260	**105 237**	**Tangible assets**		**13 450 212**	**10 225 287**
3 195 966	4 701 640	Investments in subsidiaries	3,8		
1 844 082	1 165 426	Loans to subsidiaries	8		
29 906	29 906	Investments in shares	9	78 738	83 053
		Other non-current receivables		130 343	
5 069 954	**5 896 972**	**Financial assets**		209 082	**83 053**
5 205 036	**6 094 643**	**Total non-current assets**		**14 192 770**	**10 933 226**
		Fuel, reserves and other inventory		**21 026**	**15 062**
2 686	1 190	Accounts receivables	10,23	579 089	832 449
61 342	734 808	Short term intercompany receivables			
11 807	48 536	Other receivables	11	746 947	301 359
75 835	**784 533**	**Total receivables**		**1 326 036**	**1 133 808**
1 520	1 555	Restricted cash		885 265	1 061 320
202 875	210 040	Cash and cash equivalents		1 103 361	460 077
204 395	**211 595**	**Cash and cash equivalents**	12	**1 988 626**	**1 521 397**
280 230	**996 129**	**Current assets**		**3 335 688**	**2 670 267**
5 485 266	**7 090 770**	**Total assets**		**17 528 458**	**13 603 493**

Balance sheet

DOF Subsea AS		NOK 000		GROUP	
31.12.2009	**31.12.2010**		**Note**	**31.12.2010**	**31.12.2009**
		Equity and liabilities			
598 669	1 197 337	Share capital	**13**	1 197 337	598 669
163 356	741 438	Share premium fund		741 438	163 356
2 130 486	2 130 486	Other paid-in equity		2 130 486	2 130 486
2 892 511	**4 069 262**	**Paid-in capital**		**4 069 262**	**2 892 511**
93 697	143 125	Other equity		932 944	934 674
93 697	**143 125**	**Other equity**		**932 944**	**934 674**
		Non-controlling interests		**203 983**	**6 571**
2 986 208	**4 212 386**	**Total equity**		**5 206 189**	**3 833 755**
		Deferred tax	**15**	165 522	205 019
631	1 326	Pensions	**14**	9 841	7 089
631	**1 326**	**Provisions**		**175 363**	**212 108**
996 000	1 250 000	Bond loans	**16,23**	1 250 000	996 000
228 912		Debt to credit institutions	**16,18,23**	8 262 550	5 670 334
904 743	925 000	Long term intercompany debt	**16,23,24**	140 000	1 004 743
1 795	8 762	Other non-current liabilities	**16,23**	324 539	396 714
2 131 450	**2 183 762**	**Non-current liabilities**		**9 977 089**	**8 067 791**
205 500	296 500	Debt to credit institutions	**16,23**	1 222 958	859 809
4 613	1 252	Accounts payables	**23**	268 253	132 001
		Tax payable	**15**	47 091	21 149
1 740	1 773	Public duties payable		22 433	23 641
56 383	344 532	Short term intercompany debt			
98 742	49 240	Other current liabilities	**17**	609 081	453 239
366 978	**693 297**	**Current liabilities**		**2 169 817**	**1 489 839**
2 499 059	**2 878 385**	**Total liabilities**		**12 322 269**	**9 769 738**
5 485 266	**7 090 770**	**Total equity and liabilities**		**17 528 458**	**13 603 493**

Bergen, 13 April 2011
The Board of DOF Subsea AS

Helge Møgster
Chairman

Helge Singelstad
Board member

Mons S Aase
CEO / Board member

Hilde Drønen
Board member

Alex Townsend Krueger
Board member

Neil John Hartley
Board member

William Brown
Board member

John Mogford
Board member

Statement of shareholders' equity

Changes in equity - GROUP NOK 000

	Share capital	Share premium fund	Other reserves	Total paid-in capital	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 01.01. 2009	**598 669**	**163 356**	**2 130 486**	**2 892 511**	**409 465**	**3 301 976**	**9 436**	**3 311 412**
Comprehensive income								
Profit for the year					645 972	645 972	935	646 907
Currency translation differences					-120 765	-120 765		-120 765
Total comprehensive income for the year					**525 207**	**525 207**	**935**	**526 142**
Transactions with owners								
Non-controlling interests part of sales & acquisitions							-3 800	-3 800
Total transactions with owners							**-3 800**	**-3 800**
Equity at 31.12.2009	**598 669**	**163 356**	**2 130 486**	**2 892 511**	**934 674**	**3 827 185**	**6 571**	**3 833 755**
				-		-		-
Equity at 01.01. 2010	**598 669**	**163 356**	**2 130 486**	**2 892 511**	**934 674**	**3 827 185**	**6 571**	**3 833 755**
Corrections of prior years error (reclassification from debt)				-	112 493	112 493		112 493
Equity at 01.01.2010 after corrections	**598 669**	**163 356**	**2 130 486**	**2 892 511**	**1 047 167**	**3 939 678**	**6 571**	**3 946 248**
Comprehensive income								
Profit for the year					-151 081	-151 081	2 033	-149 048
Currency translation differences					-12 200	-12 200		-12 200
Total comprehensive income for the year					**-163 281**	**-163 281**	**2 033**	**-161 248**
Transactions with owners								
Non-controlling interests part of sales & acquisitions					49 058	49 058	195 379	244 437
Equity issue 30.08.2010	119 734	357 017		476 751		476 751		476 751
Equity issue 07.12.2010	478 935	221 065		700 000		700 000		700 000
Total transactions with owners	**598 669**	**578 082**		**1 176 751**	**49 058**	**1 225 809**	**195 379**	**1 421 188**
				-		-		-
Equity at 31.12.2010	**1 197 337**	**741 438**	**2 130 486**	**4 069 262**	**932 944**	**5 002 206**	**203 983**	**5 206 189**

Changes in equity - DOF Subsea AS NOK 000

	Share capital	Share premium fund	Other reserves	Total paid-in capital	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 01.01. 2009	**598 669**	**163 357**	**2 130 486**	**2 892 512**	**868**	**2 893 380**		**2 893 379**
Merger of DOF Oilfield Services into DOF Subsea AS					-8 672	-8 672		-8 672
Profit for the year					101 500	101 500		101 500
Changes in equity					**92 828**	**92 828**		**92 828**
Equity at 31.12.2009	**598 669**	**163 356**	**2 130 486**	**2 892 511**	**93 697**	**2 986 208**		**2 986 208**
Equity at 01.01. 2010	**598 669**	**163 356**	**2 130 486**	**2 892 511**	**93 697**	**2 986 208**		**2 986 208**
Equity issue 30.08.2010	119 734	357 017		476 751		476 751		476 751
Equity issue 07.12.2010	478 935	221 065		700 000		700 000		700 000
Profit for the year					49 428	49 428		49 428
Equity at 31.12.2010	**1 197 338**	**741 438**	**2 130 486**	**4 069 262**	**143 125**	**4 212 387**		**4 212 386**

Statement of cashflows

DOF Subsea AS		NOK 000	Group	
2009	2010		2010	2009
101 500	26 781	Profit before tax	-99 316	642 009
	72	Taxes paid in the period	-10 603	-20 006
4 038	8 189	Depreciation	613 805	496 286
		Write down		-49 943
		Gain/loss sold vessel	-16 409	
	-112 085	Gain/loss sold shares		-171 051
		Share off gain/loss from associated companies	4 870	
		Change in fuel, reserves and other inventory	-5 964	
-2 686	1 496	Change in accounts receivables	253 360	-87 568
-3 145	-3 361	Change in accountse payables	136 252	-200 894
46	695	Change in pension liabilities	2 743	671
-8 585	-51 305	Changes in other accruals	-166 915	-20 830
	-31 893	Unrealised gain/loss financial assets	-51 450	
	-3 587	Unrealised foreign exchange gain/loss	-63 800	-247 179
91 168	**-164 998**	**Cash flow from operating activities**	**596 573**	**341 495**
	6 297	Sale of tangible assets	5 669 954	
26 194		Purchase of tangible assets	-9 407 992	-2 240 518
		Sale of intangible assets	131 023	
	-53 912	Purchases of intangible assets	-85 545	
140	1 189 579	Proceeds from sale of shares		283 100
		Sale of shares	2 109 305	
-560 523	-2 583 167	Investments in shares	-2 109 305	-8 058
-538 970	-673 466	Change in intercompany receivables	-47 475	
	678 656	Change in other long term receivables	-82 868	
		Other investing activities		300
-1 073 159	**-1 436 013**	**Cash flow from investing activities**	**-3 822 903**	**-1 965 176**
496 000	750 000	Proceeds from non-current liabilities	7 237 875	2 873 851
904 743		Proceeds from non-current liabililties - holding companies		744 504
-267 188	-717 945	Instalments on non-current liabilities	-4 463 834	-1 750 097
	296 500	Proceeds from current liabilities to credit institutions	1 222 957	
	-205 500	Instalments on current liabilities to credit institutions	-859 809	
	308 406	Change in intercompany debt	-864 743	
	1 176 750	Paid-in capital	1 176 750	
		Minority interest	244 363	
1 133 555	**1 608 211**	**Cash flow from financing activities**	**3 693 559**	**1 868 258**
151 564	**7 200**	**Net change in cash and cash equivalents**	**467 229**	**244 577**
52 831	**204 395**	**Cash and cash equivalents at the beginning of the peri**	**1 521 397**	**1 276 820**
204 395	**211 595**	**Cash and cash equivalents at 31 Dec.**	**1 988 626**	**1 521 397**

Note: The cash flow statement reflect the IPO Brasil structure contributed and rewinded during the year.
The IPO-process has effected cash flow from operating, investing and financing activities.

Note 1 | General

DOF Subsea AS (the Company) is a limited liability company registered in Norway. The Company's head office is located at Thormøhlensgate 53 C, 5006 Bergen, Norway.

The Company is owned by DOF Subsea Holding 2 AS, a company jointly owned by DOF ASA and First Reserve Corporation, through DOF Subsea Holding AS. DOF ASA holds 51% ownership stake, and First Reserve Corporation holds 49% ownership stake, and the Company is still considered as a subsidiary of DOF ASA.

The Company and its subsidiaries (The Group) provides vessel chartering, survey, subsea construction and engineering to the global oil- and oil-service companies. The core business is project management, engineering, vessel chartering, survey and diving operations.

The Group owns a large, modern fleet that enables us to offer differentiated services to our clients and create long term relationships, which enhance service delivery and reduce overall risk.

The Board of Directors approved the financial statements for publication on 13 April 2011.

The Group's operations are described in Note 4.

Note 2 | Accounting policies

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

The Financial Statements of the parent company have been prepared in accordance with the Norwegian accounting act § 3-9 and Finance Ministry's prescribed regulations from January 21, 2008 on simplified IFRS. Principally this means that recognition and measurement complies with International accounting standards (IFRS) and presentation and note disclosures are in accordance with the Norwegian accounting act and generally accepted accounting principles. The consolidated financial statements have been prepared in accordance with the historical cost convention with the following exceptions: available-for-sale financial assets and financial instruments at fair value through profit or loss are subsequently carried at fair value.

The accounting year is the same as the calendar year.

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

Changes in accounting principles and errors
The effects of changes in accounting principles and correction of significant errors in previous annual accounts are reported directly against equity. Comparative figures are revised accordingly. The changes in 2010 described at the end of note 36 did not give rise to any changes in equity or comparative figures.

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

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

Intragroup transactions and intragroup balances, including internal profit and unrealised gain and loss are eliminated. Unrealised gain generated from transactions with associated companies is eliminated in proportion to the group's holding in the associated company. Unrealised loss is eliminated in the same manner, but on the condition that there is no indication of impairment of the asset sold within the group. The consolidated accounts are prepared using uniform accounting principles to similar transactions and events. The accounts of subsidiaries are adjusted if necessary to bring them in line with the accounting policies of the group
Subsidiaries/associated companies
For the parent company, subsidiaries and associated companies are valued according to the cost method. The investment is valued at original cost unless a 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/associated company.

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

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

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

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.
The group's primary reporting format is determined by business segment, and the group operates within two business segments:

1) Subsea Construction Support
2) Subsea Engineering

The group's business is reported in the following geographical areas: Europe/West Africa, Australia and Asia and America.

Conversion of foreign currency
a) Foreign currency Items included in the financial statements of each of the group's entities are
measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency is mainly NOK, USD and BRL (Brazilian real). The consolidated financial statements are presented in Norwegian Kroner (NOK), which is the parent company's functional currency.

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

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

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

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

Classification of assets and liabilities
Assets are classified as current assets when:
• the asset forms part of the entity's service cycle, and is expected to be realised or consumed over the course of the entity's normal operations; or
• the asset is held for trading; or
• the asset is expected to be realised within 12 months of balance sheet date; or
• 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 non-current assets.
Liabilities are classified as short-term when:
- the liability forms part of the entity's service cycle, and is expected to be settled in the course of normal production time; or
- the liability is held for trading; or
- settlement of the liability has been agreed upon within 12 months of the balance sheet date; or
- the entity does not have an unconditional right to postpone settlement of the liability until at least 12 months after balance sheet date.
All other liabilities are classified as long-term.
Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.
Trade receivables
Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected within one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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

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

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

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

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

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

The Board of Directors in The Company has reached a decision whereby the group's strategy s not to own a vessel which is older than 20 years. The residual value is determined as 50% of the original cost value. If however a vessel is not sold by the time it has reached 20 years, the residual value is depreciated over expected remaining useful life (10-20 years).

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

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

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

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

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

Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

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

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

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

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

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

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

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

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

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

Contingent liabilities:
Contingent liabilities are defined as:

(I) possible liabilities resulting from past events, but where their existence relies on future events;
(II) liabilities which are not reported on the accounts because it is improbable that the commitment will result in an outflow of resources;
(III) liabilities which cannot be measured to a sufficient degree of reliability.
Contingent liabilities are not reported in the accounts, with the exception of contingent liabilities which originate from business combinations. Significant contingent liabilities are presented in the notes to the accounts,except for contingent liabilities with a very low probability of settlement.

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

Equity
Ordinary shares are classified as equity.

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

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

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

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

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

Sales within the group are eliminated.

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

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

b) Dividend income
Dividend income is recognized when the right to receive payment is established.

c) Interest income
Interest income is recognized using the effective interest method.

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

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

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

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

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

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

Companies under the shipping company tax regime
The Group is organised in compliance with the tax regime for shipping companies in Norway. The parent company, DOF SUBSEA AS is not within this regime. In December 2007, the Norwegian parliament adopted a new shipping company tax scheme with accounting effect from and including the 2007 financial year. This new scheme entails no tax on profits or tax on dividends from companies within the scheme. Net finance, allowed for some special regulations, will continue to be taxed on an ongoing basis at a rate of 28%. In addition tonnage tax is payable, which is determined based on the vessel's net weight. This tonnage tax is presented as an operating expense.

As a result of the Supreme Court judgment on 12 February 2010, tax authorities have changed the rules for shipping company tax regime. The company has chosen the 'settlement arrangement' under transition to new regulations. For further descriptions, see note 15.

Employee benefits
a) Pensions and pension obligations
Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

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

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

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

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

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

b) Bonus plans and severance pay
Certain contracts of employment include the right to receive a bonus in relation to the fulfilment of defined financial criteria and agreements which provide the right for severance pay upon termination of the working relationship.
Provisions are made in those cases where the company has a commitment to make payment of such and are immediately charged through profit and loss

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. The Group doesn't apply hedge accounting in accordance with IAS 39.

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

a) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of profiting from short-term price fluctuations. Derivatives are also categorised as held for trading unless they are designated for hedge accounting. Assets in this category are classified as current assets.

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

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

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

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category, including interest income and dividends, are presented in the profit & loss account within financial income or financial loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised on the profit & loss account as part of financial income when the group's right to receive paymentsis established. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques.
The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. See separate paragraph in the note regarding accounts receivable.

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

Use of estimates
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 25. Changes in accounting estimates are recognised for the period in which they occurred. If the changes also apply to future periods, the effect of the change is distributed over current and future periods.

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

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

Changes in accounting policy and disclosures
(a) New and amended standards adopted by the group
New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the group (although they may affect the accounting for future transactions and events

IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after 1 January 2011.

IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. IAS 27 (revised) has had no impact on the current period, as none of the non-controlling interests have a deficit balance; there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests.

IAS 38 (amendment), 'Intangible assets', effective 1 January 2010. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

IAS 36 (amendment), 'Impairment of assets', effective 1 January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, ' Operating segments' (that is, before the aggregation of segments with similar economic characteristics).

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted

The group's and parent entity's assessment of the impact of these new standards and interpretations is set out below.

IFRS 9, 'Financial instruments', issued in November 2009. This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. However, the standard has not yet been endorsed by the EU. The Group has not yet been performed an assessment of the implementation effect of IFRS 9.

Revised IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted. However, the standard has not yet been endorsed by the EU. The Group has been suggested to apply this revised standard from 1 January 2011. It means that the Group and parent company should provide disclosure in the financial statements notes regarding all transactions between subsidiaries and associated companies.

Note 3 | **Business Combinations** NOK 000

In April 2010 the Group made a contribution of kind toward Norskan SA with the shares in DOF Subsea Rederi AS and DOF Subsea Brasil Ltda ("IPO group") and received an ownership share of 38 % in Norskan SA. The contribution was based on fair market values. The contribution was given as a plan of listing Norskan SA on the BOVESPA Stock exchange in Sao Paulo. In September the planned listing was postponed and the asset the Group had given as a contribution was reversed. Reversal of this transaction is an acquisition for DOF Subsea Group in 2010. The acquisition was based on fair market values and resulted in a goodwill of MNOK 49 (see note 6). For the period April to September 2010, the part given as a contribution in Norskan SA ("IPO group") is not a part of the consolidated number for DOF Subsea AS Group. The acquired business had revenues of MNOK 775 and net profit of MNOK 50 for 2010. Results of the group including "IPO group" is shown in pro forma figures for this group – see below. This part of the group is included in the balance sheet for 2009 and for 2010.
Reversed shares are 100% controlled by DOF Subsea group and these companies is consolidated in DOF Subsea at 31.12.2010. The ownership is in process being transferred to DOF Subsea per 31.12.2010.

The Group`s profroma consolidated profit and loss

(NOK 1.000)	2010
Operating revenue	3 589 959
Profit from sale of non-current assets	16 409
Total operating income	**3 606 368**
Time charter vessel	-
Wages and salaries	846 394
Other operating expenses	1665 288
Total operating expenses	**2 511 682**
EBITDA	**1 094 687**
Depreciation	702 590
Operating profit	**392 097**
Interest income from subsidiaries	
Share of loss from associated companies	4 870
Other interest income	56 280
Other financial income	257 773
Unrealized profit on currencies	112 861
Other interest expenses	483 796
Other financial expenses	356 762
Net financial result	**-418 514**
Pre-tax profit	**-26 417**
Income Tax	28 075
Result	**-54 492**

In June the Company acquired 66.87 % of the shares in DOF Installer ASA from the parent company DOF Subsea Holding 2 AS. The acquisition was based on fair market values. Based on the PPA no excess values were identified. The acquired business contributed revenues of MNOK 58 and net profit of MNOK -1 to the group for the period June to December 2010. At 31st December total assets from DOF Installer ASA amounted to NOK 2 309 million, Where fixed assets amounted to NOK 2 010 million. Total liabilities to credit institutions amounted to NOK 1 283 million.

The Group has purchased 100% of SWG Offshore Pty. Ltd 1.7.2010. The company provides engineering and maintenance services to the resources and energy sectors in Australia, the South East Asia and Africa. The company was founded in 1995 and is based in Perth, Australia with an additional office in

Singapore. The purchase price is estimated to AUD 6.4 million, whereof AUD 4 million is contingent on future performance criteria. Net assets identified in the purchase price allocation of the company amounted to AUD 103,036. The excess amount was allocated to goodwill for the CSV segment. Goodwill is attributed to the employees of the company.

Goodwill related to acquisitions is described in note 6.

No acquisitions have been made during 2009.

Note 4 | Segment information NOK 000

The Group has divided its activities in two segments, Subsea Engineering and Subsea Construction Support. In the Subsea Engineering segment, the activities in the two engineering companies CSL and SEMAR are included. Thus, all the traditional Subsea construction support activities remain in the other segment. Our Subsea Construction support operations aim to maximize offshore infrastructure and asset efficiency.

The Group divides its business activities in 3 geographical regions, based on the location of customers; Europe/West Africa, Australasia and Americas. As the clients' locations are offshore and the operating equipment and employees used to service the various geographical regions are often the same, no data is given on assets, liabilities, investments and employees as this would not provide any meaningful information.

Profit and Loss Accounts NOK 000	**Subsea Construction Support**	**Subsea engineering**	**Total**
	2010	**2010**	**2010**
Sales revenues	2 791 982	217 206	3 009 188
Gain sold vessels	16 475	-66	16 409
Operating expenses before depreciation	-1 929 547	-209 463	-2 139 010
Operating profit before depreciation (EBITDA)	**878 910**	**7 677**	**886 587**
Depreciation	-612 690	-1 115	-613 805
Operating profit (EBIT)	**266 220**	**6 562**	**272 783**
Net financial items	(371 417)	(683)	(372 100)
Profit/loss(-) before tax	**-105 197**	**5 879**	**-99 316**
	2009	**2009**	**2009**
Sales revenues	2 609 820	228 547	2 838 367
Gain sold vessels	-12 754		-12 754
Operating expenses before depreciation	-1 851 643	-239 280	-2 090 923
Operating profit before depreciation (EBITDA)	**745 424**	**-10 733**	**734 691**
Depreciation	-445 193	-1 601	-446 794
Operating profit (EBIT)	**300 231**	**-12 334**	**287 897**
Net financial items	360 058	(5 945)	354 113
Profit/loss(-) before tax	**660 289**	**-18 279**	**642 009**

Balance sheet NOK 000	Construction Support	Subsea engineering	Total
2010			
Deferred tax asset	13 564		13 564
Goodw ill	423 523	96 389	519 912
Vessels and other equipments	12 673 114	752	12 673 866
New builds	776 346	-	776 346
Total Asset	17 392 881	135 577	17 528 458
Total Liabilities	12 305 806	16 463	12 322 269

Balance sheet NOK 000	Construction Support	Subsea engineering	Total
2009			
Deferred tax asset			
Other intangible fixed assets	31 364	1 329	32 693
Goodw ill	492 221	98 472	590 693
Customer relationship	1 500		1 500
Vessels and other equipments	7 477 653	2 068	7 479 721
New builds	2 745 566		2 745 566
Total Asset	13 501 624	101 869	13 603 493
Total Liabilities	9 741 692	28 046	9 769 738

Region	Europe/West Africa	Americas	Australasia	Sum
2010				
Operating revenues	1 823 634	371 790	830 174	3 025 598

Region	Europe/West Africa	Americas	Australasia	Sum
2009				
Operating revenues	1 595 967	627 349	602 297	2 825 613

There has been a reduction in revenues in the Americas region. Some vessels in the Americas region have not been part of the group in the period April to September due to IPO process in Brazil. See note 3.

Note 5 | **Sales revenues** NOK 000

DOF Subsea AS			Group	
2009	**2010**	**Sales revenues comprise of:**	**2010**	**2009**
54 303	75 147	Sales of services, incl hire of ships	2 008 436	2 163 128
0	0	Freight revenues - TC	1 000 753	675 239
54 303	**75 147**	**Total sales revenues**	**3 009 189**	**2 838 367**
		Gain (-loss) sold vessels	16 409	-12 754
54 303	**75 147**	**Total revenue**	**3 025 598**	**2 825 613**

Note 6 | **Intangible assets** NOK 000

Goodwill relates to the acquisition of subsidiaries. Goodwill comprises the difference between nominal and discounted amounts in terms of deffered tax, synergy effects, organizational value and key personnel and their expertise.
Goodwill is allocated to the group`s cash-generating units (CGUs) identified according to the operating segment presented note 4. There are two segments, Subsea Construction Support and Subsea engineering.

	Subsea Construction Support						Subsea Engineering		
Intangible assets	**Geo Group**	**Geo Century**	**Geo Subsea**	**DOFCON AS**	**DOF Subsea UK**	**SWG Offshore**	**CSL Ltd**	**Semar AS**	**Total**
Cost at 01.01	221382	125 981	14 640	186 659	0	0	144 570	26 580	719 812
Acquisitions during the year	0	0	0	0	48 933	36 612	0	0	85 545
Disposals		-125 981		-78 971	0	0	0	0	-204 952
Cost at 31.12	**221382**	**0**	**14 640**	**107 688**	**48 933**	**36 612**	**144 570**	**26 580**	**600 405**
Impairment charge at 01.01	0	-24 151	710	-33 000	0	0	-72 678	0	-129 119
Impairment charge during the year	0	0	0	28 000	0	0	0	0	28 000
Depreciation of excess values		0	0	-5 426	0	0	0	0	-5 426
Impairment charge on disposals		27 651	0	0	0	0	0	0	27 651
Accumulated currency translation differences	0	-3 500	2 270	0	844	870	-2 083	0	-1599
Total adjustments at 31.12	**0**	**0**	**2 980**	**-10 426**	**844**	**870**	**-74 761**	**0**	**-80 493**
Book value at 31.12	**221382**	**0**	**17 620**	**97 262**	**49 777**	**37 482**	**69 809**	**26 580**	**519 912**
Acquisition date	01.04.2005	02.12.2005	01.01.2006	29.01.2007	30.09.2010	01.07.2010	12.04.2007	23.04.2007	

Purchase of 50% of the shares in Semar AS.
In April 2007 the Company acquire 50% of the shares in SEMAR AS. SEMAR AS was established in 1980 and consists of approximately 25 high qualified engineers, naval architects, marine consultants, master Mariners, and designers with broad professional experience.

Purchase of 100% of the shares in Construction Specialists Ltd. (CSL)
The Company acquired the Aberdeen-based engineering company Construction Specialists Ltd.(CSL) in 2007. CSL was an independent group delivering subsea developments from concept to completion for oil and gas operators worldwide.

Purchase of 100% of the shares in DOFCON AS.
DOFCON was established in February 2006. DOFCON had six fully owned offshore construction vessels and one 50% owned diving support vessel under construction at Aker Yards in Norway and Brazil with delivery in 2008 and 2009. DOFCON had secured long-term contracts or memorandums of understanding for five of its vessels under construction.

Purchase of 100% of the shares in Covus Corporation Pty Ltd.

The Company entered into an agreement with the shareholders in Covus Corporation Pty Ltd, an Australian-based subsea company, to purchase 100% of the shares in the company. The purchase provided the Group with engineering, diving and ROV capacity. Following the acquisition Covus Corporation Pty Ltd. was merged with the newly established company Geo Subsea Pty. Ltd., which is now responsible for operations.

Sales of 100% of the shares in Century Subsea Ltd and purchase of 100% of the shares in DOF Subsea UK Ltd
Century Subsea Ltd (now DOF Subsea UK Ltd) was acquired at the beginning of December 2005. In April 2010 the Company used shares in DOF Subsea UK Ltd when the company made a contribution of kind toward Norskan SA and received an ownership share of 38 % in Norskan SA. The Contribution was given as a plan of listing Norskan SA on the BOVESPA Stock exchange in Sao Paulo. In September the planned listing was postponed and the asset DOF returned a reversed contribution. Reversal of assets (shares in DOF Subsea UK ltd) is treated as acquisitions during 2010.

DOF Subsea UK Ltd. is a leading supplier of a broad range of services within the market for offshore construction support. The company was established in 2000. The company has its head office in Aberdeen, Scotland, and with operations in Houston, Texas, USA and St John's in Newfoundland, Canada.

Purchase of 100% of the shares in Geo Group AS.
The Company was established by DOF ASA in connection with the acquisition of Geo Group AS (now Geoconsult. AS) in the spring of 2005. On the acquisition date Geo Group AS comprised of; Geoconsult AS and Geoshipping AS. These companies included 4 vessels and specialist equipment for subsea operations. The purchase was completed with effective date 31 March 2005.

Purchase of 100% of the shares in SWG Offshore
SWG Offshore was acquired in mid 2010. SWG Offshore Pty. Ltd. provides engineering, construction, and maintenance services to the resources and energy sectors in Australia, the South East Asia, and Africa. The company was founded in 1995 and is based in Perth, Australia with an additional office in Singapore.

Customer relationships
The customer relationships amounting to NOK 1.5 million as of 31 December 2009, was identified in the acquisition of CSL Ltd in 2007. These customer relationships are recognized at cost, less accumulated straight-line amortization based on the estimated useful life of 3 years. The customer relationship is depreciated to NOK 0 in 2010.

Sensitivity analysis
Goodwill is not depreciated, but the Group performs an annual impairment test to determine any write down requirement. The group has estimated recoverable amount as value in use of the cash generating unit, discounting expected cash flows from operations with a weighted average cost of capital (WACC). Cash flows are based on budgets approved by the board covering five periods, and does not include any investments unless the investment is committed. Cash flows beyond the budget period is expected to grow in line with inflation rates – estimated to 2,5 %. Management determined budgeted gross margin based on past performance and its expectations of market development and the utilization of the vessels.
Based on the impairment test, no impairment is required.

The Key assumptions used for value-in-use calculations in 2010 are as follows

	Subsea Construction	Subsea Engineering
EBITDA margin *)	30-40%	4,0 %
Growth rate **)	2,5 %	2,5 %

Negative changes in key assumptions which could result in impairment for the goodwill:

Changes in EBIT - DA margin	14,0 %	18,0 %
Changes in WACC	1,8 %	1,6 %
WACC	7 %	7 %

*) Budgeted EBITDA- margin. The margin varies in the budget period
**)average growth rate used to extrapolate cash flows beyond the budget period

Note 7 | **Property, plant and equipment** NOK 000

DOF Subsea AS			Group					
New-builds	Machinery & other equipments	2010	Vessels	Periodic maintenance	ROV's	Machinery & other equipments	Newbuilds	Total
25 822	47 410	**Cost at 01.01**	6 893 782	168 027	880 529	667 645	2 745 566	11 355 549
45 545	8 368	Additions	5 435 785	104 561	377 418	240 461	3 217 060	9 375 284
	(6 673)	Disposals	(4 414 852)	(89 554)	(374 361)	(217 769)	(1 306 337)	(6 402 874)
		Reallocation	3 812 838	4 944	(124 937)	226 539	(3 886 676)	32 708
		Currency translation differences	47 198	412	6 016	22 709	6 734	83 069
71367	49 105	**Cost at 31.12**	**11 774 751**	**188 390**	**764 665**	**939 584**	**776 347**	**14 443 737**
	7 422	Depreciation at 01.01	810 910	94 062	108 339	116 951	-	1 130 262
	8 189	Depreciation for the year	447 917	62 870	37 212	65 806	-	613 805
	(376)	Depreciation eliminated on disposals	(624 360)	(45 895)	(31 804)	(47 261)	-	(749 320)
		Currency translation differences	(535)	(355)	-	(332)	-	(1222)
-	15 235	**Depreciation at 31**	**633 932**	**110 682**	**113 748**	**135 163**	-	993 524
71367	33 870	**Book value at 31.**	**11 140 819**	**77 707**	**650 918**	**804 421**	**776 347**	**13 450 212**
	10%-33%	Depreciation rates	3,33%-6,67%	40 %	10%-20%	10%-33%	-	
	Linear	Depreciation schedule	Linear	Linear	Linear	Linear		

In 2010 the value of Software is reclassified to Machinery and other equipment. Book value of Software pr 31.12.2010 is mnok 32,1(2009 : 32,7).

DOF Subsea AS			Group					
Newbuilds	Vehicles/other equipment	2009	Vessels	Periodic maintenance	Newbuilds	ROV's	Vehicles/other equipment	Total
86 182	13 558	Cost at 01.01	5 809 064	122 257	2 361 532	662 669	291 969	9 247 491
	34 166	Additions	585 993	51 192	869 768	300 791	455 704	2 263 449
60 360	314	Disposals	-	-	-	(19 689)	(28 224)	(47 913)
		Reallocation	524 729		(524 729)	(26 129)	26 129	-
-	-	Currency translation differences	(26 004)	(5 422)	38 995	(37 113)	(77 933)	(107 476)
25 822	**47 410**	**Cost at 31.12**	**6 893 783**	**168 028**	**2 745 566**	**880 530**	**667 644**	**11 355 550**
-	3 558	Depreciation at 01.01	549 503	47 991	-	60 435	92 556	750 485
		Writedowns for the year	(90 900)					(90 900)
	4 038	Depreciation for the year	353 099	45 570		53 118	37 162	488 950
-	174	Depreciation eliminated on disposals	6 656	2 339		-	(15 788)	(6 793)
		Reallocation				(4 113)	4 113	-
		Currency translation differences	(7 448)	(1 838)		(1 101)	(1 092)	(11 479)
-	**7 422**	**Depreciation at 31.12**	**810 911**	**94 062**	-	**108 339**	**116 951**	**1 130 263**
25 822	**39 988**	**Book value at 31.12**	**6 082 872**	**73 966**	**2 745 566**	**772 190**	**550 693**	**10 225 287**
	10 %	Depreciation rates	3,33%-6,67%	40 %	-	10%-20%	10%-33%	
	Linear	Depreciation schedule	Linear	Linear		Linear	Linear	

Decomposition:
Cost of ships decomposition into hull, cranes and specialist equipment, main engine, thrusters/DP and other. If ROVs are permanently installed on vessels, the cost of this investment is included as part of the cost under the category cranes and specialist equipment. New builds are not depreciated before vessels are delivered and commenced with operations.

Write-down assessment
Write-down assessments have been carried out for all vessels and newbuildings as of 31 December 2010. The Group has independent broker valuations and adjusted these to include estimated added/decreased value in timecharter and bareboat contracts. In instances where the book value has been higher than the broker valuations, taking into account the estimated current value of contracts, a write-down has been carried out. The current value calculations are based on projected future earnings, cost levels and discount rate. There is a certain level of uncertainty connected with these estimates. Changes in parameters will result in amended results for the write-down assessment. A WACC (weighted average cost of capital) of 7-8% was applied as discount rate in the calculations. Each vessel is considered as a separate unit capable of generating cash flow.

Depreciable amount, depreciation period and residual value:

The useful life of the vessels is assumed to be 20 years. With the acquisition of vessels, part of the purchase price is separated out and treated as periodic maintenance. Periodic maintenance is depreciated over the period until the next planned dry docking for each vessel. The normal interval for such docking is every 30th month. Major components of the various vessels have been assessed, and are depreciated over estimated economic lives. The residual value of the vessels at the balance sheet date is the estimated market value if the asset had been 20 years old on the balance sheet day. As an approach to residual value, the company uses 50 % of historic cost of the hull as the residual value. This estimate is monitored against transactions in the market and will be revised annually. Impairment testing of fixed assets is done in accordance with IAS 36: Estimates of the value of the vessels (including vessels under construction) are commissioned from two independent brokers. Value in use is estimated for vessels with charters, where implied rates from the broker estimates are replaced with contractual rates for the charter period, allowing for a positive or negative value of the contract.

Capitalized interests
In 2010, total interest of NOK 21.4 million was capitalized as property, plant and equipment.

Capitalized proportional tax
The Group has received a notice of infringements from the tax authorities in Brazil amounting to BRL 7 million regarding the procedures adopted on the collection of ICMS levied on the temporary importation of the vessels under the special regime of the REPETRO. DOF Subsea Group has disputed most of such tax assessments and, based on a legal opinion provided by reputable law firm, has not provided for such assessments. The accounting treatment is in accordance with IAS 37 where the recognition of a provision shall only take place if it is probable that an outflow of resources will be required to settle the obligation.

For the period from the importation of the vessels and to the REPETRO license is granted, The Group pays, on a monthly basis, the proportional taxes in order to operate the vessels to the client. In this regard, DOF Subsea Group has paid approx. BRL 20,4 million of proportional taxes ICMS tax in 2010 . This is recognized as a part of the cost price of the imported vessel and amortized over the contract period in accordance with IAS 17.

Newbuild program - vessels
The Group will take delivery of 3 new vessels the next year.

Vessel	Delivery
Skandi Niteroi	Q1 2011
Skandi Singapore	Q2 2011
Skandi Skansen	Q2 2011

	Payments	
	2011	Sum
Total contractual obligation	2 749 359	2 749 359
Firm comitments on financing	1 438 010	1 438 010
Payments to be financed through operations and/or new borrowings	**1 311 349**	**1 311 349**

New build program – ROVs
The Group will take delivery of new ROVs the next three years;
Total contractual obligations for these 3 ROVs including handling system are MNOK 82

Note 8 | Investments in subsidiaries NOK 000

Subsidiary	Owner	Registered office	Company's share capital	Proportion of ownership and votes
DOF Geo UK Ltd.	DOF Subsea AS	Aberdeen, UK	-	100 %
DOF Subsea Pte.	DOF Subsea AS	Singapore	-	100 %
DOF Subsea UK Holding Ltd	DOF Subsea AS	Aberdeen, UK	22 403	100 %
DOF Subsea UK Ltd.	DOF Subsea AS	Aberdeen, UK	10 343	100 %
DOFCON AS	DOF Subsea AS	Bergen	13 360	100 %
Geo Rederi AS	DOF Subsea AS	Bergen	17 400	100 %
Geo Rederi II AS	DOF Subsea AS	Bergen	26 400	100 %
Geoconsult. AS	DOF Subsea AS	Bergen	600	100 %
Semar AS	DOF Subsea AS	Oslo	117	50 %
DOF Subsea Brasil Ltda	DOF Subsea AS	Macaè, Brazil	462 988	100 %
DOF Subse Rederi AS	DOF Subsea AS	Bergen	103	100 %
DOF Subsea Rederi II AS	DOF Subsea AS	Bergen	100	100 %
DOF Installer II AS	DOF Subsea AS	Bergen	100	100 %
DOF Subsea Shipowning AS	DOF Subsea Rederi AS	Bergen	106	100 %
DOF Subsea Asia/Pacific Pte. Ltd.	DOF Subsea Pte.	Singapore	-	100 %
DOF Subsea Australia Pty.	DOF Subsea Pte.	Perth, Australia	-	100 %
SWG Offshore Pty	DOF Subsea Pte.	Perth, Australia	-	100 %
DOF Subsea Canada Corp.	DOF Subsea UK Ltd.	St. Johns, Canada	7	100 %
DOF Subsea USA Inc.	DOF Subsea UK Ltd.	Houston, USA	6	100 %
Construction Specialists Ltd. (CSL)	DOF Subse UK Holding Ltd	Aberdeen, UK	9	100 %
CSL Norge AS	DOF Subse UK Holding Ltd	Bergen	100	100 %
Dof Subsea Norway AS	Geoconsult. AS	Bergen	112	100 %
DOF Subsea ROV AS	DOF Subsea Shipowning AS	Bergen	100	100 %
Skandi Neptun AS	DOF Subsea Shipowning AS	Bergen	787	100 %
Geholm AS	DOF Subsea Shipowning AS	Bergen	146 818	100 %
Geograp Shipping II AS	DOF Subsea Shipowning AS	Bergen	217 392	100 %
Geosund AS	Geo Rederi AS	Bergen	100	100 %
DOF Installer ASA	DOFCON AS	Austevoll	23 931	79 %

Note 9 | Investments in associates/other companies NOK 000

Value in The Group accounts

Entity	DOF Management / DOF Sjø	Anoma	Master & Commander	Mashor DOF Subsea Sdn JV	Invest Semar	SUM
Book value 01.01.10	27 504	(671)	51 616	4536	68	83 053
Share of result 2010	555	(456)	(562)	(3 869)	18	(4 314)
Book value 31.12.10	28 059	(1 127)	51 054	667	86	78 739

Entity	Cost	Proportion of ownership 31.12.	Assets at 31.12 (100%)	Liabilities at 31.12 (100%)	Share-holders' equity at 31.12 (100%)	Sales	Profit/loss (-) for the year
Jointly controlled companies							
Doftech DA	175	50 %	1 338 409	954 759	383 649	182 686	9 224
Tecdof DA	524 700	50 %	1 487 764	433 860	1 049 400	-	(39 700)
Dofcon Brasil AS		50 %	598 941	-	598 941	-	9 361
Dofcon Navegacao Ltda		50 %	2 202 261	1 472 806	729 454	39 404	77 130
Associated companies							
DOF Management		34 %	250 127	69 156	38 316	142 465	71
DOF Sjø		34 %	95 919	80 671	100	2 241	1 562
Master & Commander		20 %	555 911	393 898	149 255	132 802	(9 999)
Anoma		45 %	90	23 967	600	1 021	(1 013)

DOF Management AS:
The Company's 100% owned Ship Management Company, Geoshipping AS, was merged with DOF Management AS in 2007. The Company holds 33,8% of the shares in the merged company.

Anoma AS:
The company markets the shareholders' operations in Angola. The Company has no representation on the Board and is not involved in the day-to-day running of the company.

Master & Commander AS:
The company was established on 28 December 2006, and the company owns two vessels Geowave Master and Geowave Commander.
Figures presented are from official financial statement where Norwegian NOK is functional currency. It is DOF Subsea AS' opinion that functional currency should be USD, and for the purpose of DOF Subsea AS consolidated accounts, the financial statement has been reassessed with USD as functional currency and a profit before tax of USD 0,54 million (100 %)

Doftech DA:
The company is a jointly controlled company with Technip. Assets at 31.12 are mainly connected prepayments on new builds.

Techdof DA
The company is a jointly controlled company with Technip. Tecdof DA is 100% owner of Dofcon Brasil AS which owns 100% of Dofcon Navegacao Ltda. Dofcon Navegacao Ltda has one vessel under construction at STX Brazil and has taken delivery of Skandi Vitoria in October 2010. Newbuild Skandi Niteroi has been delivered in February 2011.

Note 1 0 | **Trade receivables** NOK 000

DOF Subsea AS			Group	
2009	**2010**		**2010**	**2009**
2 686	1 190	Trade receivables at nominal value	591471	835 453
-		Provision for bad debts	(12 382)	(3 004)
2 686	**1 190**	**Trade receivables at 31.12**	**579 089**	**832 449**

As of 31.12, the group had the following trade receivables which had matured but not been paid.

Total	Not matured	< 30 d	30 - 60 d	60 - 90 d	> 90 d
579 089	370 275	116 923	41536	15 026	35 329

Group trade receivables mainly to major international oil companies. The Group has an historically low level of bad debts, and the credit risk is considered to be minor. Receivables againts DOF ASA companies and receivables not invoiced were prior year classified as trade receivables(2009 MNOK 175). For 2010 these receivables is classified as other receivables. See note 11.

Note 11 | **Other receivables** NOK 000

DOF Subsea AS			Group	
2009	**2010**	**Other current receivables**	**2010**	**2009**
7 374	7 884	Government taxes receivable	51 395	-5 650
1 941	1 930	Loan to employees	1 930	
583	364	Prepaid expenses	32 378	50 167
		Accrued interest income	16 235	
		Accrued income	202 807	
		DOF Group receivables	203 323	
	31 893	Financial Instruments	51 450	
1 910	6 465	Other current receivables	181 919	256 842
11 808	**48 536**	**Other current receivables at 31.12**	**741 438**	**301 359**

Note 12 | **Cash and cash equivalents** NOK 000

DOF Subsea AS			Group	
2009	**2010**		**2010**	**2009**
-	-	Cash	713	-
204 395	211595	Restricted deposits*	885 265	1061320
204 395	211595	Bank deposits	1102 648	460 077
1 520	**1 555**	**Cash and cash equivalents included restricted deposits**	**1 988 626**	**1 521 397**

* A long term loan has been provided by Eksportfinans and is invested as a restricted deposit in DnBNOR. The repayment terms on the loan from Eksportfinans is equivalent with the reduction on the deposit. The loan is fully repaid in 2020. The cash deposit is included in Restricted deposits with a total of 811 MNOK (2009; 896 MNOK).

Note 13 | Share capital and shareholder information NOK 000

Share capital:
The share capital in the Company at 31.12.2010 was NOK 1 197 million comprising 119,733,714 shares, each with a nominal value of NOK 10.00.

There has taken place two increases in the Share capital during 2010(by increasing the nominal value):
23 November 2010 : The extraordinary General Meeting resolved a share capital increase of NOK 478 934 856
20 August 2010 : The extraordinary General Meeting resolved a share capital increase of NOK 119 733 714

Shareholder overview: At 31 December 2010 the shareholders in the Company: (no shares owned by senior executives or board members, including share ownership via close relatives and companies) were as follows:

Shareholders at 31.12.10/31.12.09	No. of shares	Proportion of ownership
DOF Subsea Holding 2 AS	119 733 714	100,00 %
Total	119 733 714	100,00 %

Board of Directors:	Title
Helge Møgster	Chairman
Helge Singelstad	Board member
Mons S. Aase	Board member
Hilde Drønen	Board member
Alex Townsend Krueger	Board member
Neil John Hartley	Board member
William Brown	Board member
John Mogford	Board member

Management group	
Mons Svendal Aase	CEO
Jan Nore	CFO/EVP

The Company is a part of the DOF ASA Group. The annual report is published at www.dof.no. Please refer to the DOF ASA annual report for shares held in DOF ASA by management and board of directors.

Share Capital	No. of shares	Share Capital
Share Capital 01.01.2010	119 733 714	598 668 570
Share Capital increase 2010	-	598 668 570
Share Capital 31.12.2010	119 733 714	1 197 337 140

Note 14 | **Pensions** NOK 000

The Group has defined benefit pension plans covering employees in Norway. As of 31 December 2010 the Group scheme covered a total of 237 persons. The Group's secured pension plan is invested with an insurance company, which manages the plan assets. The Group also has an unsecured pension plan for 3 former offshore employees, which is financed via the company's operations. There is also a defined contribution plans for 69 employees.

Pension, defined benefit plan	8 473
Other pension liabilities	1368
Pension liabilities according to balance sheet	**9 841**

DOF Subsea AS			Group	
2009	**2010**	**Net pension cost**	**2010**	**2009**
806	2 112	Present value of pensions accrued in the period	6 829	5 771
85	115	Capital cost of previously accrued pensions	1 163	945
(88)	(124)	Expected return on plan assets	(1061)	(808)
27	33	Administrative expenses	300	260
24	29	Estimation differences recognised in income statement	81	396
113	297	Employer's contributions for the period	977	833
967	**2 462**	**Net pension cost incl. employer's contributioı**	**8 290**	**7 397**
		Specification of pension obligations:		
3 258	4 473	Estimated pension obligations	35 795	26 250
(1980)	(2 618)	Estimated plan assets	(20 318)	(17 096)
(827)	(791)	Estimation differences not recognised in income staterr	(9 186)	(3 355)
180	262	Accrued employer's contributions	2 182	1290
631	**1 326**	**Net pension obligations at 31.12**	**8 473**	**7 089**

DOF Subsea AS			Group	
2009	**2010**	**Financial assumptions:**	**2010**	**2009**
4,40 %	3,20 %	Discount rate	3,20 %	4,40 %
5,60 %	4,60 %	Expected return on plan assets	4,60 %	5,60 %
4,25 %	4,00 %	Annual salary increase	4,00 %	4,25 %
1,30 %	0,50 %	Rate of pension increase	0,50 %	1,30 %
4,00 %	3,75 %	Annual adjustment to national insurance basic amount	3,75 %	4,00 %
3,00 %	3,00 %	Turnover	3,00 %	3,00 %
14,10 %	14,10 %	Employer's contributions	14,10 %	14,10 %

DOF Subsea AS			Group	
2009	2010	Reconciliation of incoming and outgoing payr	2010	2009
585	846	Net pension obligations recognised in balance sheet on 1.1 incl.employer's contributions	7 304	5 787
	0	Estimate differences offset against shareholders' equity	-	-
967	2 462	Net pension cost for the year incl. employer's contributi	8 290	7 396
	-404	Pension payments, unsecured, incl. employer's contrib	-	-
-921	-1578	Investment in plan assets, etc., incl. employer's contrib	(7 120)	(6 094)
631	1326	Net pension obligation recognised in balance sheet at 31.12 incl.employer's contributions	8 473	7 089

		Reconciliation of pension obligations (incoming payments - outgoing paym		
2 234	3 446	Present value of accrued pension obligations at 01.01 (F	26 438	24 860
891	2 227	Gross pension cost	7 993	6 715
-	-	Payments	-3	(3)
133	-1200	Differences (changes in assumptions/experiences)	1368	-5 322
3 258	4 473	Estimated present value of accrued pension obligations	35 795	26 250

		Reconciliation of plan assets (incoming payments - outgoing payments):		
1432	1980	Plan assets at 01.01	17 096	12 641
88	124	Expected return on plan assets	1061	808
-24	-29	Administrative expenses	-263	-529
0	0	Payments	-3	-3
807	1383	Investment in plan assets, etc.	6 240	5 341
-324	-839	Differences (changes in assumptions/experiences)	-3 813	-1162
1979	2 618	Estimated present value of accrued plan assets at 31.12	20 319	17 096

Storebrand Livs Asset Mix 31-12-2010	
Property	16 %
Money Marke	19 %
Bonds	50 %
Equity	15 %
Total financia	100 %

-

Note 15 | **Tax** NOK 000

DOF Subsea AS			Group	
2009	**2010**	**The income tax expense comprises:**	**2010**	**2009**
-		Tax payable, Norway	2 445	
		Tax payable due to exit tonnage tax regime (1/3)	16 627	(115 050)
	442	Tax payable, other countries	17 473	30 730
(18 765)	(23 090)	Change in deferred tax	(20 068)	79 422
-	-	Change in deferred tax due to exit tonnage tax regime 2010 (2/3)	33 254	-
(18 765)	**(22 648)**	**Income tax expense**	**49 732**	**(4 898)**
		Reconciliation of nominal and effective tax rate		
82 735	26 781	Profit before tax	(99 316)	642 009
23 166	7 499	Expected income tax expense (28%)	(27 809)	179 763
(41 931)	**(30 147)**	**Difference between actual and expected income tax expense**	**77 540**	**(184 661)**
		Explanation of why the actual and expected income tax expense differ		
(26)	10	Tax effect of non-deductible expenses	(6 575)	(2 797)
(6 110)		Tax effect of write down financial assets	-	-
50 941	30 578	Tax effect from tax exemtion method (sale of shares)	44 095	50 941
(2 875)	72	Estimation differences, previous years	-	713
		Effect of shipping company taxation	(111474)	(185 760)
	(514)	Difference between foreign and Norwegian tax rates	(3 587)	(47 758)
41 930	**30 146**	**Difference from expected income tax expense**	**(77 540)**	**(184 661)**

Estimation differences are related to the estimate of discounted value of long term tax payable

Deferred tax
The table below specifies the temporary differences between accounting and tax values, and calculation of deferred tax/ tax assets at year-end. The Group assumes that all tax-loss carry-forwards will be used to offset taxable income within the next few years.

DOF Subsea AS			Group	
2009	**2010**	**Basis for deferred tax**	**2010**	**2009**
26 022	47 547	Non-current assets	1958 433	2 093 310
(5 883)	26 010	Current assets	131501	18 393
14 957	(1326)	Liabilities	(12 681)	4 855
-	-	Exit tonnage tax regime (2/3)	118 766	-
-	-	Gain/loss account	155 853	-
-	-	Differances related to partisipation interest	95 487	-
-	-	Other differences	41249	-
35 096	**72 231**	**Total temporary differences**	**2 488 608**	**2 116 558**
9 827	20 225	Deferred tax (-) / tax asset (28-30%)	708 114	592 636
(282 496)	(402 351)	Tax-loss carry-forward	(2 042 961)	(1400 912)
(247 400)	**(330 120)**	**Basis for calculating deferred tax (-) / tax asset**	**445 648**	**715 646**
-	-	Tax-loss not included as deferred tax asset	66 305	-
-69 272	**-92 434**	**Total deferred tax / tax asset (-)**	**151 957**	**205 019**
		Deferred tax	165 521	205 019
-69 272	-92 434	Deferred tax asset	-13 564	
-69 272	**-92 434**	**Total deferred tax / tax asset (-) recognised in balance sheet**	**151 957**	**205 019**
(62 345)	(83 190)	Total deferred tax / tax asset (-) to be recovered after more than 12 months	136 761	184 517
(6 927)	(9 243)	Total deferred tax / tax asset (-) to be recovered within 12 months	15 196	20 502

On 12 February 2010 the majority of the Norwegian Supreme Court concluded that the transitional rules for tonnage taxed companies from 2007 were unconstitutional. The Parliament adopted in early June 2010 a new amendment to the transitional rules in the Revised National Budget for 2010. The new amendment implied that the tax liability related to untaxed profits accumulated prior to 2007 could be settled once and for all with an effective taxation of approximately 6.7 per cent tax. It was voluntarily for the tonnage taxed companies to accept the 6.7 per cent taxation. Companies that did not elect the voluntary settlement would be subject to taxation upon distribution of untaxed profits and at exit from the tonnage tax regime. All tonnage taxed companies in the Group has chosen the voluntary settlement.

The calculation of the income for the voluntary settlement has been assessed in 2010 based on the original settlement account per 1. January 2007 (2/3 of the total transitional gain). This amount has been divided with 2.8 to get the total taxable amount (23.8 per cent of the total transitional gain) which has been entered as income and taxed with 28 per cent in equal parts in income year 2010, 2011 and 2012. One third of the tax will be payable and included in the ordinary taxable income in the assessment years 2011, 2012 and 2013 respectively. The total tax liability has been recognized in the 2010 accounts.

Note 16 | Non-current liabilities NOK 000

Bond loan (ISIN NO 0010589716)
On 14th October 2010, the Company took up a bond (non-convertible) of NOK 750m, all of which falls due on 14 April 2014. The trustee on behalf of the bond holders is Norsk Tillitsmann ASA, while the account manager is Nordea Bank Norge ASA. The bond loan has a floating interest rate, 3 months NIBOR + 700 bp, subject to rate adjustment on 14 January, 14 April, 14 July and 14 October. Interests fall due for payment on the interest adjustment dates. At 31 December 2010, the rate of interest was 9,58%. No particular security has been provided for the loan. The Company is free to acquire its own bonds.

Non-current liabilities to credit institutions
The Group's long-term financing agreements include the following covenants:
- The Group shall have available cash of at least NOK 500 m at all times
- The Group shall have a consolidated ratio of EBITDA plus financial income to interest expense of at least 2.00:1.00
- The Group shall have value adjusted equity to value adjusted assets of at least 25%
- The Group shall have Equity of at least NOK 3.000m at all times.
- The Group shall have positive working capital of at least NOK 200m at all times.
- The fair value of the Group's ships shall always be at least 125% of the outstanding amount.

In addition to the above-mentioned financial covenants, the loan agreements are also subject to the following conditions:
- The Group's assets shall be fully insured.
- There shall not be any change to classification, management or ownership of the ships without the prior written approval of the banks.
- DOF ASA shall be the principal shareholder in DOF Subsea AS, and own a minimum of 50% of the shares.
- DOF Subsea AS shall not merge, demerge or divest activities without the prior written approval of the banks.
- DOF Subsea AS shall report financial information to the banks on a regular basis.
- The Group's ships shall be operated in accordance with current laws and regulations.

The Group has complied with the loan terms set by the banks throughout the term of the loan.

DOF Subsea AS				GROUP	
31.12.2009	31.12.2010		Effective interest rate 31.12.2010	31.12.2010	31.12.2009
996 000	1 529 910	Bond loan, floating rate	9,96 %	1 546 500	996 000
296 100	-	Unsecured loan, floating rate		-	296 100
904 743	925 000	Loan from parent company	3,96 %	140 000	1 004 743
138 312	-	Mortgage debt, floating rate	5,57 %	9 028 335	6 121 148
794	8 425	Lease debt, floating rate	5,27 %	63 920	85 899
1 575	-	Taxes payable		-	
-576	337	Other non-current liabilities, non-interest-bearing		375 510	423 709
2 336 950	**2 463 672**	**Total non-current liabilities**		**11 154 265**	**8 927 600**
205 500	296 500	First year's repayments of non-current liabilities		1 177 176	859 809
2 131 450	**2 167 172**	**Non-current liabilities excluding 1 year's repayments**		**9 977 089**	**8 067 791**

31.12.2009	31.12.2010	Mortgage debt	31.12.2010	31.12.2009
139 107	8 425	Liabilities to credit institutions, incl. leases	9 092 255	6 207 047
1 168 636	16 049	Book value of assets pledged as security for book debt	11 218 527	6 902 721

Parent company gaurantees	31.12.2010	31.12.2009
Guarantee linked to loans in subsidiaries	8 280 805	6 057 047
Guarantees to clients	40 712	3 453
Guarantees to suppliers		-
Total	**8 321 517**	**6 060 500**

DOFCON AS's shares in DOF Installer ASA are pledged as security for the loan in DOF Subsea Holding 2 AS of NOK 200 million.

Mortgage loans have been given directly to the ship-owning subsidiary of the Company. The Company has provided a parent company guarantee for the nominal amount of the loans plus accrued interest at any time. The Company has also provided guarantees to clients and suppliers in connection with procurements and services.

Other Non-current liabilities includes leasing and TNOK 34 152 related to the acquisition of the vessel Skandi Neptune, and the valuation of the Charter Party included in the acquisition and TNOK 217 815 in client payment on Skandi Aker. The provision is reversed through the income statement for the duration of the Charter Party.

Bond loans	2011	2012	2013	2014	2015	Thereafter	Total
Repayments	-	-	-	-		-	-
Balloon	296 500	500 000	-	750 000	-	-	1 546 500
Total bond loans	296 500	500 000	-	750 000	-	-	1 546 500

Loan from parent company	2011	2012	2013	2014	2015	Thereafter	Total
Repayments	-	100 000	-	40 000	-	-	140 000

Mortgage loans	2011	2012	2013	2014	2015	Thereafter	Total
Repayments	765 785	799 598	780 894	751 555	545 079	3 192 500	6 835 411
Balloon	-	239 621	110 000	481 420	1 361 883	-	2 192 924
Total mortgage loans	765 785	1 039 220	890 894	1 232 974	1 906 962	3 192 500	9 028 335

Lease debts	2011	2012	2013	2014	2015	Thereafter	Total
Repayments	10 716	11 336	12 033	10 097	7 993	11 745	63 920
Balloon	-	-	-	-		-	-
Total lease debts	10 716	11 336	12 033	10 097	7 993	11 745	63 920

Other long term liabilities	2011	2012	2013	2014	2015	Thereafter	Total
Repayments	104 175	104 175	76 491	76 491	14 179	-	375 510

The following loan above is owned by the Company:

Bond loans	NOK 1 546 500
Loan from Parent company	NOK 140 000
Lease debt	NOK 8 425 (se also note 21)

Note 17 | Other current liabilities NOK 000

DOF Subsea AS			Group	
2009	**2010**	**Specification of other current liabilities**	**2010**	**2009**
1 576	1 958	Salaries and holiday pay due		-
		Prepayed income	52 697	27 169
1 747	16 942	Accrued expenses and prepayed income	261 608	123 774
24 916	46 613	Accrued interest expenses	128 221	204 883
0		Current liabilities to group companies	77 880	18 731
85		Accrued net loss on exchange contracts	-	6 992
0	-16 273	Other current liabilities	88 676	71 690
28 324	**49 240**	**Current liabilities at 31.12**	**609 082**	**453 239**

Note 18 | Events occurring after the balance sheet date NOK 000

Skandi Niteroi
Skandi Niteroi was delivered February 2011. The vessel has sailed to Europe and there will be installed additional equipment before returning to Brazil.

Note 19 | **Earnings per share** NOK 000

Group: Basis for calculating earnings per share	2010	2009
Profit for the year attributable to shareholders of the parent company	(149 049)	646 907
Weighted average number of outstanding shares	119 733 714	119 733 714
Weighted average number of outstanding shares, diluted	119 733 714	119 733 714
Earnings per share	(1,24)	5,40
Earnings per share, diluted	(1,24)	5,40

Earnings per share are calculated as the ratio of profit for the year attributable to shareholders to the weighted average number of outstanding ordinary shares during the financial year. There are no effects relating to diluting in 2010.

Note 20 | **Salaries, fees, number of employees, etc.** NOK 000

DOF Subsea AS			Group	
2009	**2010**	**Wages and salaries**	**2010**	**2009**
15 447	18 085	Salaries and holiday pay	373 078	432 825
3 662	0	Contract labour	251 029	233 816
2 476	4 496	Employer's contributions	42 908	53 683
831	2 195	Pension costs	19 743	8 787
644	2 551	Other staff costs	13 672	14 301
23 059	**27 327**	**Total**	**700 430**	**743 412**
13	22	Average number of employees	1183	1035

Salaries and wages related to contractors are included in the other operating expenses. There has been a reduction in total salaries compared to last year. Some companies have not been part of the Group in the period April to September 2010 due to IPO process in Brazil.

Pension costs are described in detail in Note 14

	2010			2009			
	EVP	**CEO**)**	**SUM**	**CEO**)**	**CEO*)**	**CFO**	**SUM**
Salaries	2 235	0	2 235		3 106	1 500	4 606
Directors' fees	0		0				0
Other payments	158		158		315	154	469
Payment from DOF Subsea	**2 393**	-	**2 393**	-	**3 421**	**1 654**	**5 075**

EVP)= Jan Nore CEO**)= Mons Aase, CEO*)= Stephen Charles Brown,

Other payments include company phone and car, etc. Senior executives are included in the general group pension plan, cf. Note 14.
The CEO Mons Aase was appointed October 2009 after the resignation of former CEO Stephen Brown. For 2010 the EVP Jan Nore held the position as EVP and CFO for Dof Subsea AS.

The Group is part of the DOF ASA Group, cf. Note 13, and the CEO is entitled to a bonus of 0.5% of DOF ASA's profit for the year. The contract with the CEO includes a 6 month termination period and 12 months termination compensation. The CEO's retirement compensation is based on 70% salary and the retirement age is set at 67 years. Cost related to CEO Mons Aase is included in the management fee between DOF ASA and DOF Subsea AS.
Please refer to the DOF ASA annual report for further information of salary to CEO Mons Aase.
EVP Jan Nore is entitled to a bonus based on the result of the company and personal performance.

CFO in the Australia/Asia region has a loan in the amount of MNOK 2 against the Company. No other loans have been given to or any security provided for the CEO, members of the Board of Directors, members of Group Management or other employees or close relatives of the same.

The Board of Directors received no fees, nor compensation in fees in 2010.

DOF Subsea AS			Group	
2009	2010	Specification of auditor's fee	2010	2009
1 102	1 383	Fee for audit of financial statements	4 830	3 300
28	80	Fee for other attestation services	152	135
-	273	Fee for other tax consultancy	1 347	372
237	92	Fee for other services	304	316
1 367	**1 828**	**Total**	**6 633**	**4 123**

The Board has drawn up the following statement:

The board of Directors will prepare a separate statement regarding the remuneration in accordance with the Norwegian Public Limited Companies Act, ------Almennaksjeloven § 6-16a. The following guidelines will be presented at the Annual General Meeting in May. These guidelines have been complied with for the year 2007 and are valid for 2008 onwards.

The Board has established a compensation committee. The responsibilities and duties of the committee are as follows:

Statement on guidelines for setting salaries and other payments for the CEO and other senior executives of DOF Subsea ASA

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities outlined in Section I of this Charter. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board of Directors from time to time related to the purposes of the Committee outlined in Section I of this Charter.
The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate and shall have the sole authority to retain outside counsel or other experts for this purpose, including the authority to approve the fees payable to such counsel or experts and any other terms of retention.

Setting Compensation for Executive Officers
1. Establish and review the overall compensation philosophy of the corporation.
2. Ensure compensation strategy is competitive and is structured to attract and retain key staff of the required quality.
3. Review and approve corporate goals and objectives relevant to CEO and other executive officers compensation, including annual performance objectives.
4. Evaluate the performance of the CEO and other executive officers in light of these criteria and, based on such evaluation, review and approve the annual salary, bonus, equity participation, if any, and other benefits, direct and indirect, of the CEO and other executive officers.
5. In connection with executive compensation programs:
(i) Review and recommend to the full Board of Directors, or approve, new executive compensation programs;
(ii) Review and approve specific Key Performance Indicators and other metrics for compensation programs. Review on a periodic basis the operations of the corporation's executive compensation programs to determine whether they are properly coordinated and achieving their intended purpose(s);
(iii) Establish and periodically review policies for the administration of executive compensation programs; and
(iv) Take steps to modify any executive compensation program that yields payments and benefits that are not reasonably related to executive and corporate performance.
6. Establish and periodically review policies in the area of senior management perquisites.
7. Consider policies and procedures pertaining to expense accounts of senior executives.
8. Review and recommend to the full Board of Directors expense reimbursement policies of directors as well as director's and officer's indemnification and insurance matters.
9. Review and make recommendations to the full Board of Directors, or approve, any contracts or other transactions with current or former executive officers of the corporation, including consulting arrangements, employment contracts, severance or termination arrangements and loans to employees made or guaranteed by the corporation.

Monitoring Incentive and Equity-Based Compensation Plans

10. Review and make recommendations to the Board of Directors with respect to the corporation's incentive-compensation plans and equity-based plans, and oversee the activities of the individuals responsible for administering those plans.
11. Monitor compliance by executives with the rules and guidelines of the corporation's incentive or equity-based plans.
12. Select, retain and/or replace, as needed, compensation and benefits consultants and other outside consultants to provide independent advice to the Committee. In that connection, in the event the Committee retains a compensation consultant, the Committee shall have the sole authority to approve such consultant's fees and other retention terms.

Other

13. Perform annual review of succession and development planning for executive officers.

Reports

14. *Report regularly to the Board of Directors* (i) following meetings of the Committee, (ii) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities and (iii) with respect to such recommendations as the Committee may deem appropriate. The Committee will elect a chairman at each meeting tasked with reporting to the Board. Chairman shall report to the Board on the activities, findings and recommendations of the Committee. Reports can be verbal or written.
15. Maintain minutes or other records of meetings and activities of the Committee

The main principles guiding the Group's executive remuneration policy is that senior executives shall be offered terms which are competitive in terms of salary, benefits in kind, bonus and pension plan taken as a whole. The company offers a salary level which reflects a comparable level in equivalent companies and businesses, taking into account the company's need for well-qualified staff in all parts of the business.

When it comes to setting salaries and other payments for senior executives, this must be in line with the principles outlined above at all times. Payments to senior executives over and above the basic salary shall be restricted to bonuses. Any bonus to the CEO is set by the Chairman of the Board. Bonuses to other senior executives are set by the CEO in conjunction with the Chairman of the Board. DOF Subsea ASA does not have any schemes for granting options to purchase shares in the company or in other companies within the Group. Senior executives are members of the Group pension plan, which provides pension benefits not exceeding 12 G (G = national insurance basic amount) per year. Senior executives may have agreements concerning company cars and phones, but do not receive any other benefits in kind. In the event of termination by the company, there is no provision for senior executives to receive pay after termination of employment in excess of payment of salary for the period of notice equivalent to the number of months set down in the provisions of the Working Environment Act.

Note 21 | **Leases** NOK 000

Operating leases:
The Group does not have any significant agreements concerning leasing of property, plant and equipment which are not recognised in the balance sheet. The lease on the head office is discussed in Note 24.

Finance leases:
The Group's assets held under finance leases include several ROVs plus machinery and other equipment. In addition to the lease payments, the Group is also committed to maintaining and insuring the assets. The assets held under finance leases are as follows:

DOF Subsea AS			Group	
2009	**2010**	**Finance leases**	**2010**	**2009**
-	17 457	ROVs	78 903	81 533
794	-	Machinery and equipment	-	14 906
794	**17 457**	**Total cost**	**78 903**	**96 439**
	1 123	Accumulated depreciation at 01.01	1 123	12 500
	285	Depreciation for the year	1 366	5 890
794	**16 049**	**Net value recognised in the balance sheet**	**76 414**	**83 939**

Due to the IPO process in Brazil, ROV leases have been sold and bought back during the year. See note 3 for more information of these transactions.

Overview of future minimum leases:

Group	Within 1 year	1-5 years	Total
Minimum lease amounts falling due in the periods	10 716	53 204	63 920
Of w hich current liabilities	10 716		10 716
Of w hich non-current liabilities		53 204	53 204

DOF Subsea AS	Within 1 year	1-5 years	Total
Minimum lease amounts falling due in the periods	2 198	6 227	8 425
Of w hich current liabilities	2 198		2198
Of w hich non-current liabilities		6227	6227

Overview of future minimum leases revenue:

Group	Within 1 year	1-5 years	Total
Minimum operating lease revenue amounts falling due in the pe	2 267 508	5 595 223	1 180 757

Note 22 A | **Financial income and expenses** NOK 000

DOF Subsea AS 2009	DOF Subsea AS 2010	Financial income and expenses	Group 2010	Group 2009
187 859	112 630	Profit from subsidiaries		172 366
		Net share of loss in associated companies	-4 870	6 901
63 051	49 203	Interest income from Group companies, incl. companies in the DOF ASA Group		
	0	Net profit on forward exchange contracts	52 490	132 753
64 577	45 978	Currency gain	178 054	653 880
11256	11647	Other interest income	66 000	56 150
400	75 027	Other financial income	8 580	
46 326	69 000	Interest expenses payable to Group companies, incl. companies in the DOF ASA Group	27 988	
103 045	120 886	Other interest expenses	449 606	249 277
	0	Capitalized interest expense	-21438	59 000
	8 106	Net loss on forward exchange contracts	23 659	
		Loss on financial current assets		
63 442	26 876	Currency loss	139 354	364 000
21820	15 188	Other financial expenses	53 184	-4 340
92 510	**54 429**	**Net finacial items**	**-372 100**	**354 113**

Note 22 B | **Categories of financial assets and financial liabilities** NOK 000

31.12.2010	Financial assets at fair value					Financial liabilities at fair value					
	Held for trading in accordance with IAS 39	Designated as such upon initial recognition	Held to Maturity investments	Loans and Receivables	Available for sale financial assets	Held for trading in accordance with IAS 39	Designated as such upon initial recognition	Held to Maturity investments	Loans and Receivables	Available for sale financial assets	Total
Assets											-
Financial assets				130 343							130 343
Accounts receivable				579 089							579 089
Other current assets	51 450			695 497							746 947
Cash and cash equivalents(incl. restricted deposits)				1 988 626							1 988 626
Total financial assets	51 450	-	-	3 393 555	-	-	-	-	-	-	3 445 005
Liabilities											
Long-term financial liabilities, int. bearing									9 652 550		9 652 550
Financial leasing									53 204		53 204
Provisions									177 271		177 271
Short term financial liablilities, int. bearing									1 222 958		1 222 958
Derivatives											
Accounts payable									268 253		268 253
Total Financial Liablities	-	-	-	-	-	-	-	-	11 374 236	-	11 374 236

31.12.2009	Financial assets at fair value					Financial liabilities at fair value					
	Held for trading in accordance with IAS 39	Designated as such upon initial recognition	Held to Maturity investments	Loans and Receivables	Available for sale financial assets	Held for trading in accordance with IAS 39	Designated as such upon initial recognition	Held to Maturity investments	Loans and Receivables	Available for sale financial assets	Total
Assets											-
Financial assets											-
Accounts receivable				821 666							821 666
Other current assets				312 142							312 142
Cash and cash equivalents(incl. restricted deposits)				1 521 397							1 521 397
Total financial assets	-	-	-	2 655 205	-	-	-	-	-	-	2 655 205
											-
Liabilities											-
Long-term financial liabilities, int. bearing									6 666 334		6 666 334
Financial leasing									85 899		85 899
Provisions											-
Short term financial liablilities, int. bearing									746 914		746 914
Derivatives						-1 040					-1 040
Accounts payable									132 001		132 001
Total Financial Liablities	-	-	-	-	-	-1 040	-	-	7 631 148	-	7 630 108

Note 22 C | **Determination of fair value** NOK 000

The fair value of financial assets classified as" available for sale" and" financial assets at fair value through profit or loss" is determined by reference to published price quotations in an active market. For unquoted financial assets the fair value has been estimated using a valuation technique based on assumptions that are not supported by observable market prices.

The fair value of forward exchange contracts is determined using the forward exchange rate at the balance sheet date. The fair value of currency swaps is determined by the present value of future cash flows. The fair value of options is determined using option pricing models. For all the above mentioned derivatives, the fair value is confirmed by the financial institution with which the Group has entered into the contracts.

The following of the Group's financial instruments are not measured at fair value: cash and cash equivalents, trade receivables, other current receivables, overdraft facilities, long-term debts and "hold-to-maturity" investments.
The carrying amount of cash and cash equivalents and overdraft facilities is approximately equal to fair value since these instruments have a short term to maturity. Similarly, the carrying amount of trade receivables and trade payables is approximately equal to fair value since they are entered into "normal" terms and conditions.

Fair value of interest-bearing debt is disclosed face value of the bank loans and nominal value of bonds.

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments.

	2010		2009	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash and cash equivalents (including restricted cash)	1 988 626	1 988 626	1 521 397	1 521 397
Trade receivables	579 089	579 089	821 666	821 666
Other non-current assets	726 683	726 683	312 142	312 142
Financial Liabilities				
Trade and other payables	268 253	268 253	132 001	132 001
Interest bearing loans and borrowings				
Bank loans	10 875 508	10 875 508	7 413 248	7 413 248
Obligations under finance leases and hire purchase contracts	53 204	53 204	85 899	85 899
Forward Currency contracts	36 087	36 087	-1 040	-1 040
Interest rate swap	15 363	15 363		

Note 23 | **Financial risk management** NOK 000

The group's activities entail various kinds of financial risk: market risk (including foreign exchange risk, actual interest rate risk, floating rate risk and price risk), credit risk and liquidity risk. The group's governing risk management strategy focuses on the predictability of the capital markets and seeks to minimise the potential negative effects of the group's financial results. The group uses financial derivatives to hedge against certain types of risk.

The group's risk management is exercised in line with guidelines approved by the board of directors. Accordingly, financial risk is identified, evaluated and hedged. The board issues written principles for the governing risk management strategy and sets out written guidelines for specific areas such as the foreign exchange risk, interest risk, credit risk, use of financial derivatives and other financial instruments, as well as investment of surplus liquidity. The Group does not have any direct exposure to changes in raw material prices.

The Group does not use hedge accounting pursuant to IAS 39.

Financial instruments
The Group does not use financial instruments linked to ordinary activities such as trade receivables, trade payables and similar. Neither does the Group use financial instruments to manage the financial risk relating to long-term financing, with the exception of some of the Group's loans being denominated in foreign currencies.

Foreign exchange risk
As a result of its international operations, the Group is exposed to changes in exchange rates. The Group's overall objective is to protect the economic NOK value of its free cash flow from adverse developments in future currency rates. This is handled by means of natural hedging and the use of foreign exchange derivatives. When implementing the foreign exchange hedging the Group differentiates between committed and uncommitted exposure by having a higher hedge ratio on what is considered committed exposure.

The majority of the Group's turnover is in foreign currencies, and mainly relates to USD, GBP and to some extent also AUD. A substantial portion of expenses are in the same currency as revenues, but a greater proportion of expenses payable is denominated in NOK.

By focusing on natural hedging the Group seeks to reduce its exposure to changes in exchange rates naturally by achieving the best possible balance between ingoing and outgoing payments in the same currency. This also implies that efforts are made to match revenues in one particular currency with financing in the same currency. The remaining exposure is addressed by means of forward contracts at acceptable exchange rates.

Interest risk
Of the Group's total debt portfolio 20% are subject to fixed interest rate. This implies that the Group is taking advantage of the global low interest rate regime, but at the same time the Group is exposed to future interest rate changes. Approximately 87% of the Group's debt is denominated in NOK, whereas the rest mainly relates to debt in USD and to some extent GBP.

The Group evaluates the mix of funding currencies and the ratio of fixed vs. floating rate debt on an ongoing basis.

The Group has no interest earning assets of significance.

Credit risk
Maximum credit exposure arises on the values of financial assets recognised in the balance sheet. The Group's trade receivables mainly relate to major international oil companies and other major international players. The Group has guidelines for monitoring and recovering trade receivables. The counterparty for pension plan assets is a Norwegian insurance company.

Historically, losses on trade receivables have been extremely small, and credit risk is considered low.

The forward contracts are entered into with banks, and the risk associated with these is considered negligible. The same applies to bank deposits. Accordingly, the value of trade receivables recognised in the balance sheet is considered to represent the maximum credit risk.

Liquidity risk
The Group's strategy is to have sufficient cash or credit facilities available at all times, not only to finance ongoing operations and planned investments but also to be able to make rapid purchases/acquisitions of vessels/businesses. The Group considers it likely that it will continue to renew existing loan agreements as they fall due, or negotiate alternative financing solutions. Surplus liquidity is deposited in banks at the best possible terms.

Fair values
Fair value of forward exchange contracts is calculated based on the midpoint of the relevant yield curve.

Liabilities to credit institutions, trade payables, other current/non-current liabilities, trade receivables and other bank deposits, cash and similar Trade receivables are calculated using the exchange rate prevailing at the balance sheet date.

Accounting item at 31.12.2010	NOK	USD	GBP	OTHER	TOTAL
Trade receivables	**320 523**	**45 666**	**121 234**	**91 666**	**579 089**
Trade payables	**119 880**	**17 117**	**37 606**	**93 650**	**268 253**
Bond loans	1 546 500	-	-	-	1 546 500
Liabilities to Credit Institutions	7 678 555	1301537	48 244	-	9 028 335
Loan from parent company	140 000	-	-	-	140 000
Lease debt	63 820	-	-	-	63 820
Taxes payable	-	-	-	-	-
Other non-current liabilities	375 510	-		-	375 510

Distribution of sales revenue all

	NOK	USD	GBP	OTHER*	TOTAL
Distribution of sales revenue external	579 286	786 428	711 291	948 593	3 025 598

*hereof AUD 645 639

The last traded rate for bond loan DOFSUB01 at 31.12.2010 was NOK 99.50
The last traded rate for bond loan DOFSUB03 at 31.12.2010 was NOK 107.88
DOFSUB04 was not listed on 31.12.2010.

Note 23B | Hedging activities NOK 000

	TNOK	Due date	Currency purchased	Fair market value
Forward contractts at fair value over result				
FX Forward	581 857	2011	NOK	46 504
FX Forward	429 535	2011	USD	-12 289
Currency option				
Bought Put Option	429 535	2011	NOK	-2 116
Sold Call Option	429 535	2011	NOK	3 988
Interest swap				
Renteswap	1 319 858	2015	NOK	3 607
Renteswap	583 608	2015	USD	11 757
Sum	**3 773 930**			**51 450**
Here of classified as other receivables				51 450
Here of classified as other current liabilities				

Note 24 | Related parties

Detailed description of related parties and the Group's relationship to these:
DOF ASA is the majority shareholder in DOF Subsea Holding AS with a 51% holding at 31.12.10. DOF Subsea AS is 100% owned by DOF Subsea Holding 2 AS, in turn owned 100% by DOF Subsea Holding AS. First Reserve Corporation holds the minority share of 49 % in DOF Subsea Holding AS

DOF Subsea Brasil Servicos ltda.
DOF Subsea Brazil Servicos ltda purchases management services from Norskan Offshore ltda. in Brazil. Norskan Offshore Ltda. is 100% owned by DOF ASA. DOF Subsea Brasil Servicos Ltda. also hires out crew and equipment to Norskan Offshore Ltda.

Purchase of management services:
The Group purchases management services from DOF Management AS for its entire fleet. The average management fee was in 2010 NOK 3.5 million per vessel and included technical operation, crewing, freighting and management accountancy. DOF Management AS is owned 66% by DOF ASA and 34% by Geoconsult. AS, which is in turn owned 100% by the Company.

Rental of office space.
Part of the office space located at Thormøhlensgate 53 C, 5006 Bergen, rented by DOF Subsea AS, is used by DOF Management AS. The rental fee allocated to DOF Management AS, to be paid to the Company is determined at NOK 0.45 m per quarter.

Leasing of premises
The Company leases two cottages from Moco Eiendom AS, a company 100% owned by CEO Mons S. Aase. The total leasing cost in 2010 has been NOK 0,4 m.

Loan financing
The Company has borrowed MNOK 100 m from DOF ASA, MNOK 40 from DOF Subsea Holding 2 and MNOK 785 from subsidiaries. The contracts are subject to standard terms.

Guarantee Agreement between DOF ASA and the Company
The Company has in June 2010 entered into a guarantee agreement with DOF ASA. DOF ASA has provided a parent company guarantee for obligations of DOFCON Navegacao Ltda,a joint venture company of DOF Subsea AS. The guarantee is limited to MUSD 268. The contract is subject to standard terms

IPO process, transaction involving DOF ASA
In April 2010 the Group made a contribution of kind towards Norskan SA with the shares in DOF Subsea Rederi AS and DOF Subsea Brasil Ltda ("IPO group") and received an ownership share of 38 % in Norskan SA. 62% of Norskan SA was owned by DOF ASA. The contribution was based on fair market values. In September 2010 the planned listing was postponed and the asset the Group had given as a contribution was reversed. See note 3 and 6 for further information of these transactions.

Skandi Hercules sold and bought back (put option)
In connection with the IPO process new build Skandi Hercules was sold from DOF Installer ASA to the "IPO group". According to the agreement Skandi Hercules was bought back when the listing was postponed. DOF Installer ASA was owned by DOF Subsea Holding AS at the time the sale took place. DOF Installer ASA was owned by DOFCON AS when the vessel was bought back. Both transactions were done at market values.

DOF Installer ASA
Shares in DOF Installer ASA were sold from DOF Subsea Holding 2 AS to DOFCON AS. The sale price was done at fair market value.

Anoma AS
The Company and Anoma AS cooperate on the establishment in Angola. The Company has a cumulative write-downs of MNOK 6 on receivables against Anoma AS.

Note 25 | Accounting estimates and valuations

Valuations, estimates and assumptions with a significant effect on the financial statements are summarised below:

Vessels:
The carrying amount of the Group's ships represents 68% of the balance sheet total. Policies and estimates linked to the ships have a significant impact on the Group's financial statements. In the current market the fair value of the Group's vessels is significantly higher than the carrying amount. Irrespective of fair value, the vessels are depreciated according to a fixed depreciation schedule.

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

Residual value of vessels
The level of depreciation also depends on the calculated residual value at the balance sheet date. Assumptions concerning residual value are made on the basis of knowledge of the market for used vessels and scrap values. Market developments will determine prices for used vessels, the price of steel and disposal costs will determine the future scrap value. In 2010 the estimated residual value of vessels is 50% of the hull's historic cost.

Useful life of investments at time of going into dock
Investments made in connection with periodic maintenance are depreciated until the vessel next goes into dock. The interval until the vessel next goes into dock is estimated and used to calculate depreciation. Intervals are calculated on the basis of past experience.

Proportional Tax
The Group has received a notice of infringements from the tax authorities in Brazil amounting to BRL 7 million regarding the procedures adopted on the collection of ICMS levied on the temporary importation of the vessels under the special regime of the REPETRO. DOF Subsea Group has disputed most of such tax assessments and, based on a legal opinion provided by reputable law firm, has not provided for such assessments. The accounting treatment is in accordance with IAS 37 where the recognition of a provision shall only take place if it is probable that an outflow of resources will be required to settle the obligation.

For the period from the importation of the vessels and to the REPETRO license is granted, DOF pays, on a monthly basis, the proportional taxes in order to operate the vessels to the client. In this regard, the Group has paid approx. BRL 20,4 million of proportional taxes and ICMS taxes in 2010 . This is recognized as a part of the cost price of the imported vessel and amortized over the contract period in accordance with IAS 17.

Indication of impairment
Assessments are made to determine whether the need for a write-down is indicated. If there are such indications, recoverable amount is estimated and the booked value is brought into line with the recoverable amount. See note 7.

Deferred tax assets
Deferred tax assets are recognised in the balance sheet on the basis of utilisation of tax-loss carry-forwards by reversing tax-increasing temporary differences and future earnings. See also Note 15.

Note 26 | Contingencies

The Group is not involved in any disputes or ongoing legal matters involving potential losses, and therefore no provision has been made for possible claims arising from the same.

Note 27 | Quality, and Health, Safety and the Environment

The company's overall objectives for Quality, and Health, Safety and the Environment are ambitious. The key targets are avoiding personal injuries and occupational illnesses; having a good working environment; awareness and control of environmental aspects; and a high level of regularity in operations. The focus is on reporting incidents, and actions and behaviour which are unsafe, so that corrective and preventive measures can be implemented, and the company invests in good administrative systems for managing this effectively.

A new Business management system was introduced in 2010 and all regions within the group are operating and certificated according to ISO 9001: 2008.

Our focus is the identification of significant environmental aspects of our business and the operational controls to minimize our impact on the environment. In 2010 all the Group's activities, offshore as well onshore, underwent a global environmental aspect and impact assessment. These processes are encompassed in global ISO 14001 certification award. Our environmental protection strategies are highlighted by a zero incidence of 'emergency spills in to the external environment' performance.

The Group's Safety Culture covers the complete spectrum of HSEQ performance and encourages general well being within our workforce. An initiative to enhance everyone's Health and Working Environment was implemented 2010. The new global Working Environment and Occupational Health handbook was issued. The handbook clearly outlines the systematic approach to enhancing a sound and healthful working environment for all DOF Subsea activities. The Company are scheduled to receive OHSAS 18001 accreditation early in 2011. The introduction of a unified, global Business Management System and other targeted HSEQ initiatives strengthen the group's position to meet future challenges and progress towards our Safety Leadership goals.

Sickness absence in 2010 was 1,7 per cent of total working hours. The KPI for sick leave was set to be 4 % for 2010, and the achievement is a result of close follow-up of personnel on sick leave.

Note 28 | Exchange rate used

Specification of exchange rates used	31.12.2010	31.12.2009
US dollar	5,8361	5,7553
Euro	7,8333	8,2876
GBP	9,0634	9,3345
AUS dollar	5,9401	5,1772
Brazilian Real	3,5026	3,3054

PricewaterhouseCoopers AS
Postboks 3984 - Dreggen
NO-5835 Bergen
Telefon 02316

To the Annual Shareholders' Meeting of DOF Subsea AS

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of DOF Subsea AS, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2010, income statement, changes in equity, cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet as at 31 December 2010, income statement, changes in equity, cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with simplified IFRS pursuant to § 3-9 of the Norwegian Accounting Act and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by EU and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company give a true and fair view of the financial position of DOF Subsea AS as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with simplified IFRS pursuant to § 3-9 of the Norwegian Accounting Act.

Opinion on the financial statements of the group

In our opinion, the financial statements of the group give a true and fair view of the financial position of the group DOF Subsea AS as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements and the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Bergen, 13 April 2011
PricewaterhouseCoopers AS

Sturle Døsen
State Authorised Public Accountant (Norway)

DOF SUBSEA AS
DIRECTORS REPORT FOR 2009

DOF Subsea AS (the Company) was founded in the spring of 2005, and since its inception the Company and its daughter companies and affiliates (the Group) has developed into a world-wide supplier of subsea services with presence in all the major offshore hubs in the world.

Business concept and vision
The Group provides specialized survey, subsea construction and inspection repair and maintenance services which involve complex and challenging engineering in an international environment. The Group owns a large, modern fleet of subsea construction, intervention and survey vessels that enable the Group to offer differentiated positions with its clients and work in long term relationships, which enhance service delivery and reduce overall risk. The core business is project management, engineering, vessel chartering and operations, survey, remote intervention and diving operations primarily for the oil and gas sector on an international basis

The Company has subsidiaries in Bergen, Oslo, Aberdeen, Houston, St. Johns, Perth, Singapore and Rio de Janeiro. The Group is also represented in Russia, Macae (Brazil), Indonesia, The Philippines, Brunei, Congo and Angola. DOF Subsea AS is the Group's parent company, with head office in Bergen, Norway.

Corporate Governance for the Group was approved by the Board on 31 March 2008.

Group activities in 2009
In 2009, DOF Subsea added two vessels to the fleet. Skandi Arctic was delivered from yard in March and went on charter to Technip in May. Skandi Santos was delivered in December and went directly to Brazil and went on hire with AKOFS in January 2010. Geochallenger was decided sold to Charterer 12 months prior to the expiry of the call option which the charterer has on the vessel. Sale price was NOK 250 million. The vessel was delivered to the new owner in February 2010.In April the Company sold its 21,3% stake in AKOFS for NOK 277 million. Profit from the sale of the shares was NOK 171.1 million.

Shareholders
DOF Subsea AS is owned 100% by DOF Subsea Holding, which is a holding company owned 51% by DOF ASA and 49% by affiliates of First Reserve Corporation. There have not been any changes to the shareholder group in DOF Subsea AS during 2009.

Health, Safety, Environment and Quality
The Group's overall objectives for Quality, Health, Safety and the Environment are ambitious. The key targets are avoiding personal injuries and occupational illnesses; having a good working environment; awareness and control of environmental aspects; and a high level of regularity in operations. The focus is on reporting incidents including actions and behavior which are unsafe, so that corrective and preventive measures can be implemented. The Group invests in adaptive administrative systems for managing this effectively.

All regions within the Group are operating and certified according to ISO 9001- 2008.

The Lost Time Injury Frequency based upon 1.000.000 man-hours worked was on a historical low level, 0.3, for the year.

DOF Subsea has during the year introduced IMCA, International Marine Contractors Association, competence scheme. IMCA set the guidelines which are followed for competence and training for the offshore employees.

On the environmental side, measures are being taken to reduce the Group's impact on the external environment (environmental aspects), and targets for this work are set annually. Environmental aspects identified previously determine the activities in progress at any time. No environmental incidents leading to spills to external environment have been recorded for 2009. All regions are operating according to ISO 14001 standard.

Equal opportunities
The Group has the goal of being a workplace where men and women have equal opportunities. The number of female employees on board vessels has traditionally been low. The ratio of onshore based administrative personnel is 37 per cent women and 63 per cent men.

Anti discrimination
The group strives to create equal opportunities for all employees, regardless of ethnic background, nationality, descent, skin color, language, religion or life style.

Market
The market has been shifting during 2009 with significant differences between different geographical markets. The Group saw that the weaker level of project activity which was experienced during last quarter of 2008, continued in to first quarter of 2009, particularly in South East Asia and in the North Sea. This in part led to a relatively weaker financial performance in 1st quarter of 2009 due to lower fleet utilization. However, activity picked up during the year and the Group saw healthy levels during the latter part of the year. Activity level in Brazil and West Africa remained sound during 2009.

Consolidated financial statements

The consolidated financial statements of DOF Subsea, for the financial year 2009, have been prepared in accordance with IFRS and interpretations set by the International Accounting Standards Board as adopted by the EU .The accounts are prepared under the going concern assumption. The Group achieved in 2009 sales revenue of NOK 2,838.4 million. Including loss from sale of assets of NOK - 12.8 million, operating revenue amounts to NOK 2,825.6 million which compares to NOK 2 735,3 million in 2008. Operating profit before depreciation and write-down of fixed assets was NOK 734.7 million (799.6) and operating profit after depreciation was NOK 287.9 million (353.1).

A write down of Geosounder in the amount of NOK9.1 million was done during 2009. The vessel was buildt in 1972 and is currently laid-up. In order to reflect the increased value of Skandi Acergy the Group has in 2009 reversed the 2008 write down on Skandi Acergy in the amount of NOK 100.0 million.
Due to changing conditions in the markets in which CSL operates it is according to the Compamny's evaluation prudent that the goodwill allocated to CSL during the acquisition of the company is written down by NOK 41.4 million in 2009 in order to reflect a lower future earnings potential.

Loss from sale of asset in 2009 was NOK -12.8 million compared to profit of NOK 165.4 million in 2008. This explains NOK 178.2 million of the total EBITDA decrease of NOK 64.9 million.

Net financial expenses were NOK 354.1 million (521.1) and profit before tax was NOK 642.0 million (-168.1). The profit for the year was NOK 646.9 million compared to NOK -49.8 million in 2008.

Cash flow from operating activities in the year was NOK 341.5 million compared to NOK 106.6 million in 2008. Cash flow from investment activities in the year was NOK -1,965.2 million compared to NOK -2,298.2 million in 2008. Cash flow from financing activities in the year was NOK 1,868.3 million compared to NOK 2,690.3 million in 2008. The investments in assets are mainly financed externally and are expected to increase earnings and profitability in the coming years.

In last quarter of 2009 a fleet loan facility (the DOFCON facility) was refinanced. In addition to obtaining a set of financial covenants that are better adapted to the current financial position of the Company, the loan amount was increased by NOK 841.5 million. The positive liquidity effect from these transactions was NOK541.5, of which 200.0 was related to tranches drawn down in January 2010.

Total interest bearing liabilities including tax payable at 31 December 2009 amounted to NOK 8,687.5 million (6,947.1), while total cash and cash equivalents equaled NOK 1,521.4 million, (1,276.8) giving a net interest bearing debt of NOK 7,166.1 (5,670.3). Authorized shareholders' capital at 31 December 2009 was NOK 3,827,2 million (3,302,0). The book equity ratio at year end was 28,18 per cent.

The Group has activities in various geographical regions and subdivides its activity into 3 geographical areas. These are Europe/West Africa, the Americas and Australasia. The Group's revenue is distributed across the three regions 57%, 22% and 21% respectively.

DOF Subsea has a satisfactory financial position, which provides the foundation for the continued operation and development of the Group. The Board of Directors, to the best of its knowledge, considers that the information contained in the Annual Report, provides a correct presentation of the Group's assets, liabilities, financial position and results.

The liquidity in the Group is satisfactory at the end of the year with a total cash balance of NOK 1,521.4 million including restricted cash. The financial market dislocation has represented a challenge to the Group's efforts to secure financing, and increased efforts within the area of financing have been made to secure adequate funding.

The Government announced 26 March 2010 that it will propose a change in the tax code. The change will allow the Company to pay a lump sum which settles all latent tax on untaxed profit from the abandoned shipping tax regime. If approved as announced, the company will be able to settle this tax by paying NOK49,9 million. At the balance sheet date, the corresponding tax is recognized at zero in the balance sheet. The company will consider whether the lump sum arrangement will be utilized when the change in the tax code has been approved.

Financial statement Parent company

DOF Subsea AS sales revenue in 2009 was NOK 54.3 million compared to NOK 39.8 million in 2008. Total wages in 2009 was NOK 23.1 million (17.8) while operating cost was NOK 47.5 million (17.9). Operating profit was NOK -20.3 million (0.5). Net financial results were NOK 103.0 million (-84.6).
The profit for the year was NOK 101.5 million compared to NOK -60.5 million in 2008.

DOF Subsea AS' equity ratio is 54% at the end of the year. The working capital of the Group is actively managed by the parent company and believed to be sufficient for operation.

Financial Market Risk

Approximately 70 per cent of the Group's income in 2009 was denominated in foreign currencies. The Norwegian kroner (NOK) has appreciated throughout the year measured against GBP and USD, the two currencies in which the Group has majority of income, costs and loans. The Group aims to match the costs towards the currency of the relevant income. However, a significant portion of costs are payable in NOK. Currency exposure from vessels/activities with income in one particular currency, are to be reduced through financing in the same currency. Net earnings from contractual income in USD and GBP are higher than the agreed installments on loans in these same currencies. Contractual net earnings in foreign currencies thus secure parts of loan down payment plans.

The Group does not use hedging accounting, in accordance with IAS 39. DOF Subsea is exposed to fluctuations in interest rates, as the Group's liabilities have floating interest rates. Interest periods for the floating interest are from one to six months. The fixing of interest rates for longer periods or changing loan currency is continuously evaluated.

The Group has no direct exposure to changes in raw material prices, however, the oil price has an impact on the global demand for vessels within our industry. A prolonged period of low oil price may in the long term result in fewer oilfields being developed and a reduced demand for the Group's vessels and services.

The Group's accounts receivable are primarily with large international oil companies and other large international players. Losses on receivables have historically been low. The Group evaluate that our customers have the financial capabilities to meet their obligations. The Group has guidelines for follow up and recovery of accounts receivable.

Per the end of 2009 the Group has 4 vessels under construction. The vessels will be delivered during 2010 and 2011. Remaining capex which the Group is responsible for under this new building program equals NOK 3 338,0 million. The Group has secured financing of NOK 2 886,0 million for 3 of the vessels in the capex program, while financing for one vessel which is due to be delivered in 1st quarter 2011 has not yet been secured.

Allocation of profits

The parent company annual accounts post a net result of NOK 101.5 million. The Board recommends that the net result should be allocated towards other equity. The Company's distributable equity as of 31.12.09 was NOK 2 124.5 million.

Outlook
With 2 new vessels having been delivered during 2009 and additional three vessels to be delivered in 2010, of which all five having secured long term contracts, DOF Subsea is expecting growth in both revenue and profitability for 2010. The Company further expects that the project market will remain stable throughout most of 2010 with a possibility for increased demand for the Group's subsea services towards the end of the year.

Bergen, 29 April 2010
The Board of DOF Subsea AS

Helge Møgster
Chairman

Mons Svendal Aase

Hilde Drønen

Helge Singelstad

John Mogford

Christopher Ortega

Alex Townsend Krueger

Neil John Hartley

Income statement

DOF Subsea AS		NOK 000		GROUP	
2008	**2009**		**Note**	**2009**	**2008**
29 852	54 303	Sales revenues	3,5,23	2 838 367	2 569 955
10 000	-	Gain sold fixed assets	5	-12 754	165 384
17 837	23 059	Wages and salaries	14,20	743 412	1 093 203
17 937	47 456	Other operating expenses	21	1 347 511	842 500
4 077	**-16 212**	**EBITDA**		**734 690**	**799 636**
3 535	4 038	Depreciation	7	496 286	346 578
-	-	Write down fixed assets	7	-49 493	100 000
542	**-20 250**	**Operating profit / loss (-)**		**287 897**	**353 058**
-	300	Profit from subsidiaries		-	-
-	-	Net share of loss of associated companies	9	1 315	-1 351
-84 557	102 685	Other financial income and expenses	22	352 798	-519 764
-84 557	**102 985**	**Net financial items**	22	**354 113**	**-521 115**
-84 015	**82 735**	**Profit / loss (-) before tax**		**642 009**	**-168 058**
-23 536	-18 765	Taxes	15	-4 898	-118 247
-	-	Profit from discontinued operations	9	-	-
-60 479	**101 500**	**Profit / loss (-) for the year**	4	**646 907**	**-49 811**
		Other comrehensive income			
-	-	Currency translation differnces		-120 765	32 659
-	**-**	**Other comprehensive income for the year**		**-120 765**	**32 659**
-60 479	**101 500**	**Profit/loss (-) for the year including comrehensive income**		**526 142**	**-17 152**
		Profit attributable to:			
		Minority		935	1 652
		Majority		645 972	-51 463
		Profit /loss (-) for the year including comprehensive income:			
		Minority		935	1 652
		Majority		525 207	-18 804
-60 479	**101 500**	**Profit / loss (-) attributable to shareholders**	2,3	**645 972**	**-51 463**
-	-	Earnings per share (NOK)	19	5,40	-0
-	-	Earnings per share diluted (NOK)	19	5,40	-0
60 479	101 500	Other equity		-	-

Statement of shareholders' equity

Changes in equity - GROUP — NOK 000

	Note	Share capital	Share premium fund	Treasury shares	Total paid-in capital	Retained earnings	Other reserves	Total	Minority interests	Total equity
Equity at 01.01. 2008		563 669	2 056 080	-750	2 619 000	608 635	-49 882	3 177 753	7 784	3 185 537
Comprehensive income										
Profit for the year		-	-	-	-	-51 463	-	-51 463	1 652	-49 811
Currency translation differences		-	-	-	-	-	32 661	32 661	-	32 661
Total comprehensive income for the year		-	-	-	-	-51 463	32 661	-18 802	1 652	-17 150
Transactions with owners										
Treasury shares		-	5 767	750	6 517	-	-	6 517	-	6 517
Losses on sold treasury shares		-	-27	-	-27	-	-	-27	-	-27
Equity issue 25.06.2008		35 000	101 536	-	136 536	-	-	136 536	-	136 536
Reduction of share premium reserve 22.05.2008		-	-2 000 000	-	-2 000 000	-	2 000 000	-	-	-
Total transactions with owners		35 000	-1 892 724	750	-1 856 974	-	2 000 000	143 026	-	143 026
Equity at 01.01. 2009		598 669	163 356	-	762 026	557 172	1 982 779	3 301 977	9 436	3 311 413
Comprehensive income										
Profit for the year		-	-	-	-	645 972		645 972	935	646 907
Currency translation differences		-	-	-	-	-120 765		-120 765	-	-120 765
Total comprehensive income for the year		-	-	-	-	525 207	-	525 207	935	526 142
Transactions with owners										
Treasury shares					-	-	-	-	-	-
Losses on sold treasury shares				-	-	-	-	-	-	-
Minority part of sales & acquisitions during the year				-	-	-	-	-	-3 800	-3 800
Other equity issue with cash contributions		-	-	-	-	-	-	-	-	-
Total transactions with owners		-	-	-	-	-	-	-	-3 800	-3 800
Equity at 31.12.2009		598 669	163 356	-	762 026	1 082 379	1 982 779	3 827 184	6 571	3 833 755

Changes in equity - GROUP — NOK 000

	Note	Share capital	Share premium fund	Treasury shares	Total paid-in capital	Retained earnings	Other reserves	Total	Minority interests	Total equity
Equity at 01.01. 2009		598 669	163 356	-	762 025	557 173	1 982 777	3 301 976	9 436	3 311 412
Treasury shares					-	-	-	-	-	-
Losses on sold treasury shares				-	-	-	-	-	-	-
Minority part of sales & acquisitions during the year				-	-	-	-	-	-3 800	-3 800
Other equity issue with cash contributions		-	-	-	-	-	-	-	-	-
Currency translation differences		-	-	-	-	-120 765		-120 765	-	-120 765
Profit for the year		-	-	-	-	645 972		645 972	935	646 907
Changes in equity after establishment		-	-	-	-	525 207	-	525 207	-2 865	522 342
Equity at 31.12.2009		598 669	163 356	-	762 025	1 082 380	1 982 777	3 827 183	6 571	3 833 754

Changes in equity - DOF Subsea AS — NOK 000

	Share capital	Share premium fund	Treasury shares	Total paid-in capital	Retained earnings	Other reserves	Total	Minority interests	Total equity
Equity at 01.01. 2009	598 669	163 357	-	762 027	131 354	2 000 000	-	-	2 893 380
Treasury shares				-	-	-	-	-	-
Losses on sold treasury shares				-	-	-	-	-	-
Equity issue 25.06.2008				-	-	-	-	-	-
Merger of DOF Oilfield Services into DOF Subsea AS				-	-8 672		-	-	-8 672
Profit for the year	-	-	-	-	101 500	-	-	-	101 500
Changes in equity	-	-	-	-	92 828	-			92 828
Equity at 31.12.2009	598 669	163 357	-	762 026	224 182	2 000 000	-	-	2 986 208

Changes in equity - GROUP — NOK 000

	Note	Share capital	Share premium fund	Treasury shares	Total paid-in capital	Retained earnings	Other reserves	Total	Minority interests	Total equity
Equity at 01.01. 2008		563 669	2 056 080	-750	2 619 000	608 635	-49 882	3 177 753	7 784	3 185 537
Treasury shares		-	5 768	750	6 518	-	-	6 518	-	6 518
Losses on sold treasury shares		-	-27	-	-27	-	-	-27	-	-27
Equity issue 25.06.2008		35 000	101 536	-	136 536	-	-	136 536	-	136 536
Reduction of share premium reserve 22.05.2008		-	-2 000 000	-	-2 000 000	-	2 000 000	-	-	-
Minority part of acquisitions during the year		-	-	-	-	-	-	-	-	-
Other equity issue with cash contributions		-	-	-	-	-	-	-	-	-
Currency translation differences		-	-	-	-	-	32 659	32 659	-	32 659
Profit for the year		-	-	-	-	-51 463	-	-51 463	1 652	-49 811
Changes in equity after establishment		35 000	-1 892 725	750	-1 856 976	-51 462	2 032 659	124 223	1 652	125 875
Equity at 31.12.2008		598 669	163 356	-	762 025	557 173	1 982 777	3 301 976	9 436	3 311 412

Changes in equity - DOF Subsea AS — NOK 000

	Share capital	Share premium fund	Treasury shares	Total paid-in capital	Retained earnings	Other reserves	Total	Minority interests	Total equity
Equity at 01.01. 2008	563 669	2 056 080	-750	2 619 000	191 833	-	-	-	2 810 832
Treasury shares	-	5 768	750	6 517	-	-	-	-	6 517
Losses on sold treasury shares	-	-27	-	-27	-	-	-	-	-27
Equity issue 25.06.2008	35 000	101 536	-	136 536	-	-	-	-	136 536
Reduction of share premium reserve 22.05.2008	-	-2 000 000	-	-2 000 000	-	2 000 000	-	-	-
Profit for the year	-	-	-	-	-60 479	-	-	-	-60 479
Changes in equity after establishment	35 000	-1 892 724	750	-1 856 974	-60 479	2 000 000			82 547
Equity at 31.12.2008	598 669	163 357	-	762 026	131 354	2 000 000	-	-	2 893 379

Cashflow Statement

DOF Subsea AS		NOK 000	GROUP	
2008	**2009**		**2009**	**2008**
-84 015	101 500	Profit before tax	642 009	-168 060
-	-	Taxes paid in the period	-20 006	-1 806
3 535	4 038	Depreciation	496 286	446 578
		Write down	-49 943	-
-	-2 686	Change in trade receivables	-87 568	-292 942
7 230	-3 145	Change in trade payables	-200 894	125 390
393	46	Change in pension liabilities	671	-752
-	-	Gain sold vessel	-	-165 384
		Gain sold shares	-171 051	-
-	-	Unrealised foreign exchange gain/loss	-247 179	-
-86 665	-8 585	Changes in other accruals	-20 830	163 526
-159 522	**91 168**	**Cash flow from operating activities**	**341 495**	**106 550**
-82 623	26 194	Disbursements regarding acquisitions of non-current assets	-2 240 518	-3 034 941
-171 787	-560 523	Disbursements regarding investments in shares	-8 058	-6 430
159 403	-538 970	Change in net loan to/from parents company and subsidiaries	-	415 376
-	-	Proceeds from sale of vessel and equipment	-	327 816
	140	Proceeds from sale of shares	283 100	-
-	-	Purchases of intangible assets	-	-
-	-	Other investing activities	300	-
-95 007	**-1 073 159**	**Cash flow from investing activities**	**-1 965 176**	**-2 298 179**
222 183	496 000	New interest-bearing non-current liabilities *)	2 873 851	2 716 678
	904 743	New interest-bearing non-current liabililties- holding companies	744 504	-
-	-267 188	Instalments on interest-bearing non-current liabilities	-1 750 097	-169 453
6 490	-	Purchases of treasury shares	-	6 490
-	-	Paid-in capital	-	136 564
228 673	**1 133 555**	**Cash flow from financing activities**	**1 868 258**	**2 690 279**
-25 856	**151 564**	**Net change in cash and cash equivalents**	**244 577**	**498 650**
78 687	**52 831**	**Cash and cash equivalents at the beginning of the period**	**1 276 820**	**778 170**
52 831	**204 395**	**Cash and cash equivalents at 31 Dec.**	**1 521 397**	**1 276 820**

Balance sheet

DOF Subsea AS	NOK 000			GROUP	

31.12.2008	31.12.2009		Note	31.12.2009	31.12.2008
		Assets			
-	30 550	Software etc.	6, 21	32 693	-
50 019	69 272	Deferred tax asset	15	-	-
-	-	Goodwill	3,6	590 693	643 477
-	-	Customer relationship	3,6	1 500	5 500
50 019	**99 822**	**Intangible assets**		**624 886**	**648 977**
-	-	Vessels	7,21	6 156 838	5 358 220
85 557	25 822	Newbuilds	7	2 745 566	2 437 336
10 625	9 438	Machinery and other equipment	7,21	1 322 883	701 450
96 182	**35 260**	**Property, plant and equipment**		**10 225 287**	**8 497 006**
2 635 443	3 195 966	Investments in subsidiaries	3,8	-	-
1 305 112	1 844 082	Loans to subsidiaries	8	-	-
29 906	29 906	Investments in shares	9	83 053	154 655
-	-	Other non-current receivables		-	-
3 970 461	**5 069 954**	**Financial assets**		**83 053**	**154 655**
4 116 662	**5 205 036**	**Total non-current assets**		**10 933 226**	**9 300 639**
-	**-**	**Bunkers & Meals**		**15 062**	**10 960**
-	2 686	Trade receivables	10,23	832 449	734 097
	61 342	Short term intercompany receivables		-	
74 861	11 807	Other receivables	11	301 359	152 629
74 861	**75 835**	**Total receivables**		**1 133 808**	**886 726**
-	**-**	**Vessel held for sale**	7	**-**	**-**
-	**-**	**Short-term investments**		**-**	**-**
52 831	**204 395**	**Cash and cash equivalents**	12	**1 521 397**	**1 276 820**
127 692	**280 230**	**Current assets**		**2 670 267**	**2 174 506**
4 244 353	**5 485 266**	**Total assets**		**13 603 493**	**11 475 145**

31.12.2008	31.12.2009		Note	31.12.2009	31.12.2008
		Equity and liabilities			
598 669	598 669	Share capital	13	598 669	598 669
-	-	Other paid-in equity		2 130 486	2 130 486
-	-	Treasury shares		-	-
163 356	163 356	Share premium fund		163 356	163 356
762 025	**762 025**	**Paid-in capital**		**2 892 511**	**2 892 511**
2 131 354	2 224 183	Other equity	2,8	934 674	409 465
2 131 354	**2 224 183**	**Other equity**		**934 674**	**409 465**
-	**-**	**Minority interests**		**6 571**	**9 436**
2 893 379	**2 986 208**	**Total equity**		**3 833 755**	**3 311 412**
-	-	Deferred tax	15	205 019	139 512
585	631	Provisions	14	7 089	6 605
585	**631**	**Provisions**		**212 108**	**146 117**
500 000	996 000	Bond loans	16,23	996 000	500 000
496 100	228 912	Liabilities to credit institutions	16,18,23	5 670 334	5 187 300
-	904 743	Long term liabilities from parent companies		1 004 743	260 000
-	-	Long term taxes payable	15,16	-	83 402
1 494	1 795	Other non-current liabilities	16,23	396 714	130 965
997 594	**2 131 450**	**Non-current liabilities**		**8 067 791**	**6 161 667**
-	205 500	Liabilities to credit institutions	16,23	859 809	676 376
80 720	-	Short time liabilities from subsidiaries		-	-
254 000	-	Bond loans	16,23	-	254 000
7 758	4 613	Trade payables	23	132 001	332 898
-	-	Taxes payable	15	21 149	47 343
1 068	1 740	Debt to public authorities		23 641	29 540
-	56 383	Short term intercompany debt		-	-
9 250	98 742	Other current liabilities	17	453 239	515 792
352 796	**366 978**	**Current liabilities**		**1 489 839**	**1 855 949**
1 350 975	**2 499 059**	**Total liabilities**		**9 769 738**	**8 163 733**
4 244 353	**5 485 266**	**Total equity and liabilities**		**13 603 493**	**11 475 145**

Bergen, the 29th of April 2010
The Board of Directors of DOF Subsea AS

Chief Executive Officer
DOF Subsea AS
Mons S. Aase

Christopher Ortega
Board member

Neil J. Hartley
Board member

Helge A. Møgster
Chairman of the Board

Alex Thownsend Krueger
Board member

Helge Singelstad
Board member

Hilde Drønen
Board member

John Mogford
Board member

Mons S. Aase
Board Member

Note 1 | General

DOF Subsea AS is a limited liability company registered in Norway. The Company's head office is located at Thormøhlensgate 53 C, 5006 Bergen, Norway.

The company was delisted from the Oslo Stock Exchange (OSE) on 19 December 2008 in connection with the acquisition of 100 % of outstanding shares by DOF Subsea Holding II AS, a company jointly owned by DOF ASA and First Reserve Corporation, through DOF Subsea Holding AS. DOF ASA holds 51% ownership stake, and First Reserve Corporation holds 49% ownership stake, and the Company is still considered as a subsidiary of DOF ASA.

The company was in December 2008 transformed from a public limited liability company (ASA) to a limited liability company (AS).

The Board of Directors approved the financial statements for publication on 29 April 2010.

The Group's operations are described in Note 4.

Note 2 | Accounting policies

Basis for preparation of the annual financial statements

The consolidated financial statements of DOF Subsea, for the financial year 2009, have been prepared in accordance with IFRS and interpretations set by the International Accounting Standards Board as adopted by the EU . The consolidated financial statements are based on the principles of historical cost accounting, with the exception of financial instruments held for sale, which are valued at fair value.

Both the company financial statements and the consolidated financial statements of DOF Subsea have been prepared in accordance with International Financial Reporting Standards, which are published by the International Accounting Standards Board, effective from 31 December 2008. The Group assesses that standards which have been adopted at the date the financial statements are submitted but which come into effect after 31 December 2008 have no significant effect on the financial statements submitted. The financial year follows the calendar year. Income statement items are classified by type.

Functional currency and presentation currency

The Group's presentation currency is NOK, which is also the parent company's functional currency. Amounts are shown in whole NOK 1,000 (NOK 000). Subsidiaries with a different functional currency are translated at the exchange rate on the balance sheet date for balance sheet items and at the transaction rate for income statement items. The monthly average exchange rate is used as an approximation of the transaction rate. Currency translation differences are charged to shareholders' equity. In the case of disposal of investments in foreign subsidiaries, the accumulated currency translation differences linked to the subsidiary are recognised in the income statement.

Consolidation principles

The consolidated financial statements include DOF Subsea AS and companies in which DOF Subsea AS has a controlling interest. Controlling interest is normally achieved when the Group owns, either directly or indirectly, more than 50% of the voting rights in the Company. Subsidiaries are consolidated from when control is transferred to the Group, and deconsolidated when the Group no longer has control. The purchase method is used in accounting for acquired units. Companies which have been bought or sold during the year are consolidated from/until the date of implementation of the purchase/sale. Investments in associates (normally investments of between 20% and 50% of the company's shareholders' equity) where DOF Subsea AS has a significant influence are accounted for using the equity method. The value of the investments is assessed when there are indications of impairment or when the reason for previous write-downs no longer exists. If the Group's share of the loss exceeds the investment, the investment is recognised in the financial statements at 0. If the Group's share of the loss exceeds the investment, this will be recognised in the financial statements to the extent that the Group is committed to covering this loss.

Jointly controlled companies
Jointly controlled companies are included in the financial statements in accordance with the proportionate consolidation method. Intragroup transactions and balances, including intragroup profits and unrealised gains and losses, are eliminated. Unrealised gains arising from transactions with associates are eliminated based on the Group's share in the associate company. Correspondingly, unrealised losses are eliminated, but only to the extent that there are no indications of impairment of assets sold internally. The consolidated financial statements have been prepared under the assumption of uniform accounting policies for similar transactions and other events under similar circumstances.

Use of estimates in the preparation of the annual financial statements

The management has used estimates and assumptions which have influenced assets, liabilities, income, expenses and information on potential liabilities. This particularly applies to pension obligations, residual value and lifetime of vessels and evaluations of goodwill. Future events may result in these estimates changing. Estimates and the underlying assumptions are evaluated continuously. Changes in accounting estimates are recognised in the financial statements in the period the changes occur. If changes also apply to future periods, the effect is distributed across the current and future periods. Evaluations made by the management in the application of IFRS which have a significant effect on the financial statements and estimates with a significant risk of significant adjustments in the next financial year are reported in Note 25.

Subsidiaries/associates

In the parent company, subsidiaries and associates are valued using the cost method. The investment is valued at cost, unless write-down is required. Dividends and other distributions are recognised in the income statement when a resolution on dividends has been adopted by the relevant body in the subsidiary/ associate. If the dividend received and other distributions exceed the share of retained earnings for the ownership period, the excess is recognised as a repayment of the invested capital and deducted from the investment in the balance sheet.

Foreign currency

Transactions in foreign currency are translated at the rate prevailing on the transaction date. Monetary items in foreign currency are translated into NOK using the rate prevailing on the balance sheet date. Non-monetary items valued using historical rates expressed in foreign currency are translated into NOK using the rate prevailing on the transaction date. Non-monetary items valued at fair value expressed in foreign currency are translated at the rate prevailing on the balance sheet date. Exchange rate changes are recognised in the income statement on a continuous basis during the accounting period. See note 28.

Companies in other countries

Assets and liabilities in foreign companies, including goodwill and fair value adjustments which arise on consolidation are translated into NOK using the rate prevailing on the balance sheet date. Revenues and expenses from foreign companies are translated into NOK using the average rate. Exchange rate differences are recognised in shareholders' equity. Currency translation differences arising from translation of net investments in foreign companies and from related hedging items are specified as currency translation differences in shareholders' equity. Currency translation differences in shareholders' equity are recognized in the income statement when disposing of foreign companies.

Cash and cash equivalents

Cash includes cash at bank and in hand. In the cash flow statement, bank overdrafts are included in cash and cash equivalents. Cash equivalents are short-term liquid investments which can immediately be converted into cash at a known amount and which do not entail a material risk (within three months).

Trade receivables

Trade receivables are recognised at amortised cost. The interest element is ignored if immaterial. If there is objective evidence of impairment, the difference between the carrying amount and the present value of future cash flows discounted by the original effective rate of interest on the receivable is recognised as a loss.

Property, plant and equipment

Property, plant and equipment are valued at cost less accumulated depreciation and write-downs. When assets are sold or divested, cost and accumulated depreciation are reversed in the financial statements, and any loss or gain on the disposal is recognised in the income statement. The cost of property, plant and equipment comprises the purchase price, including duties/ taxes and direct acquisition costs linked to making the asset fit for use. Expenses accrued after the asset has been taken into use, such as repairs and maintenance, are normally recognized in the income statement. In cases where increased earnings/cost savings can be shown to be a result of repair /maintenance, expenditure on this is recognised in the balance sheet as additions to property, plant and equipment. Significant components with useful lives that differ from the useful life of the ship as a whole are separated out and depreciated separately. Depreciation is calculated using the straight line method based on estimated useful life and residual value at the end of the useful life. The expected useful life for property, plant and equipment and the depreciation method are assessed annually to ensure that the method and the period being used correspond to the economic realities of the asset concerned.
The same applies to residual value. Assets under construction are classified as property, plant and equipment and the incurred costs relating to the asset are recognized in the income statement. Assets under construction are not depreciated until the asset has been taken into use. If property, plant and equipment has a higher book value than fair value, this is written down to the recoverable amount. This write-down can be reversed by an amount equivalent to the write-down if the book value is lower than fair value.

Periodic maintenance

Periodic maintenance is recognised in the balance sheet as a part of the vessel and is depreciated using the straight-line method over the period until the next periodic maintenance is due, normally after 30 months. When new vessels are purchased, a proportion of the cost is decomposed to give a figure for periodic maintenance. In the event of average, the excess at the time of the accident is recognised as an expense. Expenses included in the average claim are capitalised and classified as short-term receivables.

Finance leases

Lease agreements are classified as being finance or operating leases based on an evaluation of each individual agreement.
The Group presents finance leases in the financial statements as assets and liabilities, equal to the cost of the asset or the present value of the cash flow to the lease agreement where lower. In calculating the present value of the lease agreements, the implicit interest expense in the lease agreement is used where this can be determined. If this cannot be determined, the company's marginal borrowing rate in the market is used. Direct costs linked to the lease agreement are included in the cost of the asset. The monthly lease amount is separated into an interest element and a repayment element. The interest expense is allocated to different periods such that the interest expense of the residual liability is the same in different periods.

The asset covered by a finance lease is depreciated. The depreciation period is consistent for equivalent assets owned by the Group. If there is no certainty that the company will take over the asset at the end of the lease agreement, the asset is depreciated over the shorter of the period of the lease agreement and the depreciation period for equivalent assets owned by the Group.

Operating leases

Leasing contracts where the leaser bears the majority of the risk are classified as operating leases. Lease payments are classified as an operating expense, and are recognised in the income statement linearly over the period of the agreement. If a "sale and lease-back" transaction results in an operating lease, and it is clear that the transaction has been carried out at fair value, any gain or loss will be recognised in the income statement when the transaction is carried out. If the selling price is below fair value, any gain or loss will be recognised directly in the income statement, except in the situation where this would entail future lease payments being below market price. In such cases the gain/ loss is amortised over the lease period. If the selling price exceeds fair value, the premium is amortised over the estimated useful life of the asset.

Goodwill

An excess of purchase price over net assets acquired which cannot be allocated to identifiable assets or liabilities on the acquisition date is classified as goodwill in the balance sheet. In the case of investments in associates, goodwill is included in the cost of investments. The identifiable assets and liabilities on the transaction date are recognised at fair value on the transaction date. The minority is established with its ownership interest of identifiable assets and liabilities, but not goodwill. The allocation of costs in connection with company mergers is changed if new information becomes available on fair value at the time of takeover of control. The allocation can be changed within a 12-month period. Goodwill is not depreciated, but an annual test is performed to determine whether the carrying amount can be justified by future earnings. If there are indications of impairments related to goodwill, it will be assessed whether the discounted cash flow related to goodwill exceeds the carrying amount of goodwill. If the discounted cash flow is lower than the carrying amount, goodwill will be written down to fair value.

Loan and loan costs

All loans are recognised in the financial statements at cost at the time of transfer. Loans are then valued at amortised cost using the effective interest rate. This means the current rate for the value of the received amount. Loan expenses are calculated as effective interest. Loan expenses are recognised in the balance sheet to the extent that they are directly related to purchase, production of an item of property, plant and equipment. Loan expenses are recognised in the balance sheet up to the point when the asset is ready for use.

Pensions and pension obligations

The gross pension obligation is the present value of accrued pension entitlements based on actuarial calculations and assumed future growth in salary and pension. Plan assets are valued at market value. The net pension cost for the period (gross pension cost less expected return on plan assets) is included in salary costs. The gross pension cost includes the current service cost, interest expense on gross pension obligation and amortisation of unrealised gains and losses. Changes in accounting estimates and difference between actual and expected returns on plan assets which exceed 10% of the higher of pension obligations and plan assets are amortised over the expected remaining accrual period. Net pension obligations/plan assets are classified as a non-current liability/ receivable in the balance sheet. In the case of overfunding with payment of funds subject to employer's contributions, the employer's contribution is recognised in the balance sheet as prepaid employer's contributions together with net plan assets.
Where the Group's commitments to its employees consist in paying contributions of
a specified amount to the individual's pension savings plan (defined contribution plan), the surplus for the period, including employer's contribution, is included in the pension cost.
The Group's commitments are fully discharged with payment of the contributions.

In addition to the defined benefit plan described above, there have been made contributions to local pension plans. These contributions have been made to the pension plan for some full-time employees and equal 3-5% of the employee's salary. The pension premiums are charged to expenses as they are incurred.

Write-down of assets

Assets which are valued at amortised cost are written down if it is likely that the company will not receive full settlement in relation to the contractual terms for loans, receivables or on hold-to- maturity investments. Write-downs are recognised in the income statement.

Reversals of previous years' write-downs are only recognised in the income statement when subsequent events indicate that the reasons for the write-down no longer apply. However, reversals of write-downs are presented as revenue. Reversals of previous years' write-downs are only made until the carrying amount is equal to what the amount would have been without write-downs.
The write-down requirement for other assets is assessed if there are indications of impairment.
If the carrying amount of an asset is higher than the recoverable amount, a write-down is recognised in the income statement. The recoverable amount is the higher of fair value less expected costs to sell and present value based on future use of the asset.

Assets held for sale

Assets and Groups of assets and liabilities are classified as held for sale if their book value will be recovered through a sales transaction instead of via continued use. This is considered to be fulfilled only is a sale is highly likely and the fixed asset is available for immediate sale in its current form. The management must have committed the company to the sale and the sale must be expected to be completed within one year from the date of the classification. Assets and groups of assets and liabilities classified as held for sale are valued at the lower of previous book value and fair value less costs to sell. Recoverable amounts are determined separately for all assets, but if impossible – recoverable amounts are calculated together with the unit of which the asset is a part.
Write-downs which have been recognised in the income statement in previous periods are reversed if there is information to suggest that the write-down was not required, or that the write-down amount recognised previously was too high. However, no reversal is made if the carrying amount is higher than it would have been if normal depreciation had been used. Fair value reduced by expected costs to sell is the amount which can be obtained if the asset is sold to an independent third party, minus costs to sell.

Contingent liabilities and accounting provisions

Contingent liabilities and accounting provisions are recognised if, and only if, there is a valid claim against the Group (legal or expected) which has arisen as a result of previous events and which is likely (more than 50%) to lead to a settlement as a result of the liability, and the liability can be measured reliably. Contingent liabilities and accounting provisions are valued on each balance sheet date and the carrying amount of the liability reflects the best estimate of the liability. If the time factor is immaterial, the liability is recognised at the amount expected to be paid to discharge the Group from the liability. Conversely, if the time factor is material to the amount of the liability, the liability is recognised at present value. Any increase in the liability as a result of time is recognised in the income statement as interest expenses. Contingent liabilities arising from the purchase of businesses are recognised at fair value, even if the liability is unlikely. Such liabilities are subsequently valued at the higher of original value of purchase and the general rules governing provisions for liabilities, unless they are recognised in the income statement when the liability lapses.

Equity

Transaction costs relating to shareholders' equity transactions, including the tax effect of the transaction costs, are charged directly against shareholders' equity. Only transaction costs which are directly related to equity transactions are charged against equity. When treasury shares are repurchased, the purchase price including directly attributable costs is recognised in equity. Treasury shares are presented as a reduction in equity. Losses or gains on transactions involving treasury shares are not recognised in the income statement.
Costs of equity transactions
Transaction costs directly related to an equity transaction are recognised directly in equity after deducting tax expenses.

Minority interests

The minority interests include the minority's share of subsidiaries' carrying amounts, including the share of identified excess value on the acquisition date.

Losses in a consolidated subsidiary that can be attributed to the minority interests cannot exceed the minority's share of the equity in the consolidated subsidiary. Losses which exceed this amount are recognised in the majority interests' share of the subsidiary to the extent that the minority shareholders are not obliged and able to pay their share of the loss. Should the subsidiary start to be profitable, the majority interests in the subsidiary's equity is to be adjusted until the minority interests' share of previous losses has been settled.

Revenue recognition principles

Revenue is recognised when it is likely that transactions will generate future financial benefits which will accrue to the company and when the amount can be measured reliably. Sales revenue is presented exclusive of VAT and any discounts. Revenue from the sales of services is recognised in the income statement in line with the degree of project completion when the outcome of the transaction can be estimated in a reliable manner. Long-term manufacturing projects are recognised in the income statement in line with the degree of project completion when the outcome of the transaction can be estimated in a reliable manner. Progress is measured in terms of hours used in relation to total estimated hours for the project. If the transaction outcome cannot be estimated reliably, only revenue corresponding to accrued project costs is recognised as revenue in the income statement. The estimated loss on the contract will be recorded in full in the income statement in the period it is identified that a project will give a negative outcome. The Group has some vessels which are leased on time charter parties. The Group has evaluated 'IFRIC interpretation 4 Determination of whether an arrangement contains a lease' and concluded that time charter parties (TC) represent a lease of an asset and therefore fall under IAS 17. TC agreements contain payments for hire of crew and are processed together with lease of vessels in accordance with IAS 18. Lease income from the lease of vessels is recognised in the income statement linearly across the lease period. The lease period starts from when the vessel is made available to the lessee and ceases when the agreed return has been completed. Hire of crews and payment for coverage of other operating expenses are recognised in the income statement linearly over the agreement period.

Tax on profits

Current and deferred income tax:
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Both tax payable and deferred tax are recognised directly in equity, to the extent they relate to items recognised directly in equity.

Tonnage tax:
The company is assessed in accordance with the special regulations of the tonnage tax system in the income tax law § 8-10 et seq. The company is charged with tax on financial income incl. foreign exchange gains and losses. In addition the company pays tonnage tax. This tax is not connected to accounting result, but calculated from net tonnage. The tonnage tax is classified as operating expenses in the income statement. The company intends to remain within the tonnage tax system in the manageable future and therefore no provisions are made for deferred tax on temporary differences, with the exception of temporary differences arising within the tonnage tax system. This comes into force for deferred recognition in the income statement of not realised foreign exchange gains on long term items. Based on the judgment delivered by the Supreme Court 12 February 2010 the company has recognised previous tax provisions in the income statement, see note 15.

Hedging

Monetary items and liabilities in foreign currencies are translated into NOK based on the exchange rate prevailing on the balance sheet date. As a result of the Group's extensive foreign operations, it is exposed to fluctuations in exchange rates. The Group's currency strategy is to balance fixed future revenues (Freight revenues) and liabilities in foreign currencies. However, the Group does not use hedge accounting in accordance with IAS 39. Changes in fair value of financial instruments classified as held for sale or which are designated as fair value with value changes offset against profit are recognised in the income statement and presented as financial income/expenses.

Segments
The Group`s activities are divided into two segments; Subsea Engineering and Subsea Construction Support Operations are spread over several geographical areas: Europe/West Africa, the Americas and Australasia. Financial information relating to segments is presented in Note 4.

Events after the balance sheet date

New information concerning the Group's positions on the balance sheet date has been taken into account in the financial statements. Events after the balance sheet date which do not affect the Group's positions on the balance sheet date but which have a material effect on future periods are disclosed in the notes.

Cash flow statement

The cash flow statement shows the total cash flow broken down into operating, investing and financing activities. The statement shows the effect of the individual activities on liquidassets. The cash flow statement has been drawn up using the indirect model.

Earnings per share

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

When calculating diluted earnings per share, profit for the year attributable to shareholders and the number of weighted average outstanding shares is adjusted for the dilution effect linked to conditional agreements.

Note 3 | **Business Combinations** NOK 000

No acquisitions have been made during 2009 and 2008

Note 4 | **Segment information** NOK 000

In 2008 we introduced additional segment information to our financial report. We have divided our activities in two segments; namely Subsea Engineering and Subsea Construction Support. In the Subsea Engineering segment, the activities in the two engineering companies CSL and SEMAR is included. Thus, all the traditional Subsea construction support activities remain in the other segment.

In April 2007 DOF Subsea acquired 50% of the shares in SEMAR AS. SEMAR AS was established in 1980 and consists of approximately 25 high qualified engineers, naval architects, marine consultants, Master Mariners, and designers with broad professional experience.

DOF Subsea acquired the Aberdeen-based engineering company CSL in April 2007. CSL, Construction Specialists Ltd., was an independent group delivering Subsea developments from concept to completion for oil and gas operators worldwide.

As the clients' locations are offshore and the operating equipment and employees used to service the various geographical regions are often the same, no data is given on assets, liabilities, investments and employees as this would not provide any meaningful information.

Profit and Loss Accounts NOK 000	**Subsea Construction Support**	**Subsea engineering**	**Other**		**Total**
	2009	**2009**	**2009**		**2009**
Sales revenues	2 609 820	228 547		0	2 838 367
Gain sold vessels	-12 754				-12 754
Operating expenses before depreciation	-1 851 643	-239 280		0	-2 090 923
Operating profit before depreciation (EBITDA)	**745 424**	**-10 734**		**0**	**734 690**
Depreciation	-445 193	-1 600		0	-446 793
Write downs and provisions	0	0		0	0
Operating profit (EBIT)	**300 231**	**-12 334**		**0**	**287 897**
Net financial items	360 058	(5 945)	-		354 113
Profit/loss(-) before tax	**660 289**	**-18 278**		**0**	**642 009**
	2008	**2008**	**2008**		**2008**
Sales revenues	2 291 455	278 500		0	2 569 955
Gain sold vessels	165 384				165 384
Operating expenses before depreciation	-1 689 105	-246 598		0	-1 935 703
Operating profit before depreciation (EBITDA)	**767 734**	**31 902**		**0**	**799 636**
Depreciation	-445 061	-1 517		0	-446 578
Operating profit (EBIT)	**322 673**	**30 385**		**0**	**353 058**
Net financial items					-521 115
Profit/loss(-) before tax					**-168 058**

Balance sheet NOK 000	**Construction Support**	**Subsea engineering**	**Other**	**Total**
2009				
Deferred tax asset				
Other intangible fixed assets	31 364	1 329		32 693
Goodwill	492 221	98 472	0	590 693
Customer relationship	1 500		0	1 500
Vessels and other equipments	7 477 653	2 068	0	7 479 721
New builds	2 745 566		0	2 745 566
Total Asset	13 501 624	101 869	0	13 603 493
Total Liabilities	9 741 692	28 046	0	9 769 738

Balance sheet NOK 000	**Construction Support**	**Subsea engineering**	**Other**	**Total**
2008				
Deferred tax asset				
Goodwill	499 547	143 930	0	643 477
Customer relationship	0	5 500	0	5 500
Vessels and other equipments	6 056 843	2 828	0	6 059 670
New builds	2 437 336	0	0	2 437 336
Total Asset	11 244 976	230 169	0	11 475 145
Total Liabilities	8 099 111	64 620	0	8 163 733

Region	**Europe/West Africa**	**Americas**	**Australasia**	**Sum**
2009				
Sales revenues	1 608 720	627 349	602 297	2 838 367

Region	**Europe/West Africa**	**Americas**	**Australasia**	**Sum**
2008				
Sales revenues	1 370 318	436 949	762 688	2 569 955

Note 5 | **Sales revenues** NOK 000

DOF Subsea AS			Group	
2008	**2009**	**Sales revenues comprise of:**	**2009**	**2008**
29 852	54 303	Sales of services, incl hire of ships	2 163 128	2 201 920
0	0	Freight revenues - TC	675 239	368 034
29 852	**54 303**	**Total sales revenues**	**2 838 367**	**2 569 954**
10 000		Gain (-loss) sold vessels	-12 754	165 384
39 852	**54 303**	**Total revenue**	**2 825 613**	**2 735 338**

The 12 754 KNOK loss on sold vessel is related to the sale of a ROV system by DOF Subsea Australia.

Note 6 | **Intangible assets** NOK 000

Intangible assets arise from the purchase of subsidiaries. Goodwill consists inter alia of the difference between nominal and discounted value of deferred tax, group synergies, organisation value, brand, key personnel and their competence. Goodwill from acquisition is allocated to the segment in which the acquired entity is reporting. Within the segment, the group has defined the different entities as separate Cash Generating Units (CGU). The customer relationships amounting to NOK 1.5 million as of 31 December 2009, was identified in the acquisition of CSL Ltd in 2007. These customer relationships are recognized at cost, less accumulated straight-line amortization based on the estimated useful life of 3 years. The table below specifies goodwill per purchase for the Group:

	Subsea Construction Support				Subsea Engineering		
Intangible assets	**Geo Group**	**Geo Century**	**Geo Subsea**	**DOFCON AS**	**CSL Ltd**	**SemarAS**	**Total**
Cost at 01.01	221 382	125 981	14 640	186 659	144 570	26 580	719 812
Acquisitions during the year	0	0	0	0	0	0	0
Cost at 31.12	**221 382**	**125 981**	**14 640**	**186 659**	**144 570**	**26 580**	**719 812**
Impairment charge at 01.01	0	-16 905	-260	-29 280	-29 891	0	-76 336
Impairment charge during the year	0		0		-41 408	0	-41 408
Depreciation of excess values				-3 720			-3 720
Accumulated currency translation differences	0	-7 246	970	0	-1 379	0	-7 655
Total adjustments at 31.12	**0**	**-24 151**	**710**	**-33 000**	**-72 678**	**0**	**-129 119**
Book value at 31.12	**221 382**	**101 830**	**15 350**	**153 659**	**71 892**	**26 580**	**590 693**
Acquisition date	**01.04.2005**	**02.12.2005**	**01.01.2006**	**29.01.2007**	**12.04.2007**	**23.04.2007**	

Purchase of 50% of the shares in Semar AS.
In April 2007 DOF Subsea acquire 50% of the shares in SEMAR AS. SEMAR AS was established in 1980 and consists of approximately 25 high qualified engineers, naval architects, marine consultants, master Mariners, and designers with broad professional experience.

Purchase of 100% of the shares in Construction Specialists Ltd. (CSL)
DOF Subsea signed a letter of intent in April 2007 to acquire the Aberdeen-based engineering company Construction Specialists Ltd.(CSL). CSL was an independent group delivering subsea developments from concept to completion for oil and gas operators worldwide.

Purchase of 100% of the shares in DOFCON AS.
DOFCON was established in February 2006 and is a pure play on the construction and operation of offshore construction vessels, established and backed by DOF ASA. DOFCON had six fully owned offshore construction vessels and one 50% owned diving support vessel under construction at Aker Yards in Norway and Brazil with delivery in 2008 and 2009. DOFCON had secured long-term contracts or memorandums of understanding for five of its vessels under construction.

Purchase of 100% of the shares in Covus Corporation Pty Ltd.
DOF Subsea entered into an agreement with the shareholders in Covus Corporation Pty Ltd, an Australian-based subsea company, to purchase 100% of the shares in the company. The purchase provided the Group with engineering, diving and ROV capacity. Following the acquisition Covus Corporation Pty Ltd. was merged with the newly established company Geo Subsea Pty. Ltd., which is now responsible for operations.

Purchase of 100% of the shares in Century Subsea Ltd.
Century Subsea Ltd (now DOF Subsea UK Ltd) was acquired at the beginning of December 2005. DOF Subsea UK Ltd. is a leading supplier of a broad range of services within the market for offshore construction support. The company was established in 2000. The company has its head office in Aberdeen, Scotland, and with operations in Houston, Texas, USA and St John's in Newfoundland, Canada.

Purchase of 100% of the shares in Geo Group AS.
DOF Subsea ASA was established by DOF ASA in connection with the acquisition of Geo Group AS (now Geoconsult. AS) in the spring of 2005. On the acquisition date Geo Group AS comprised Geoconsult AS, Geoshipping AS plus 4 vessels and specialist equipment for subsea operations. The purchase was completed with effective date 31 March 2005.

Goodwill is not depreciated, but the Group performs an annual impairment test to determine any write down requirement. The group has estimated recoverable amount as value in use of the cash generating unit, discounting expected cash flows from operations with a weighted average cost of capital (WACC). Cash flows are based on budgets approved of the board, and does not include any investments unless the investment is committed. Cash flows beyond the budget period is expected to grow in line with inflation rates – estimated to 2,5 %. The financial crises in 2008/2009 have caused a significant change to some of the prosperities for some of the affiliates. Based on such estimate, it have been decided to initiate a write down the goodwill related to CSL Ltd with NOK 41,4 million. In addition write down of NOK 3,7 million have been made in DOFCON related to changes in vessel values.

Sensitivity analysis
The major assumptions for the impairment recognized in CSL are the WACC (9.5 % after tax) and the cash flow from operations. If the company decreases the expected cash flows with 10% and increases WACC with 10%, the Group needs to perform additional write-downs related to the Goodwill. Within the Subsea Engineering segment it would have resulted in a write-down of NOK 23.4 million, divided with NOK 1.7 million for Semar AS and an additional write down of 21.6 million for CSL Ltd.

Software

Intangible assets	**Software etc.**
Cost at 0101	0
Acquisitions during the year	36 309
Cost at 31.12	**36 309**
Depreciation at 0101	0
Depreciation during the year	3 616
Accumulated currency translation differences	0
Depreciation at 31.12	**3 616**
Book value at 31.12	**32 693**

Note 7 | **Property, plant and equipment** NOK 000

DOF Subsea AS			Group					
Newbuilds	Vehicles/other equipment	2009	Vessels	Periodic maintenance	Newbuilds	ROV's	Vehicles/other equipment	Total
86 182	13 558	Cost at 01.01	5 809 064	122 257	2 361 532	662 669	291 969	9 247 491
	34 166	Additions	585 993	51 192	869 768	300 791	455 704	2 263 449
60 360	314	Disposals	-	-	-	(19 689)	(28 224)	(47 913)
		Reallocation	524 729		(524 729)	(26 129)	26 129	-
-	-	Currency translation differences	(26 004)	(5 422)	38 995	(37 113)	(77 933)	(107 476)
25 822	**47 410**	**Cost at 31.12**	**6 893 783**	**168 028**	**2 745 566**	**880 530**	**667 644**	**11 355 550**
-	3 558	Depreciation at 01.01	549 503	47 991	-	60 435	92 556	750 485
		Writedowns for the year	(90 900)					(90 900)
	4 038	Depreciation for the year	353 099	45 570		53 118	37 162	488 950
-	174	Depreciation eliminated on disposals	6 656	2 339		-	(15 788)	(6 793)
		Reallocation				(4 113)	4 113	-
		Currency translation differences	(7 448)	(1 838)		(1 101)	(1 092)	(11 479)
-	**7 422**	**Depreciation at 31.12**	**810 911**	**94 062**	-	**108 339**	**116 951**	**1 130 263**
25 822	**39 988**	**Book value at 31.12**	**6 082 872**	**73 966**	**2 745 566**	**772 190**	**550 693**	**10 225 287**
	10 %	Depreciation rates	3,33%-6,67%	40 %	-	10%-20%	10%-33%	
	Linear	Depreciation schedule	Linear	Linear		Linear	Linear	

DOF Subsea AS			Group					
Newbuilds	Vehicles/other equipment	2008	Vessels	Periodic maintenance	Newbuilds	ROV's	Vehicles/other equipment	Total
10 194	6 924	Cost at 01.01	3 521 378	94 071	1 920 090	611 758	165 731	6 313 028
75 988	6 635	Additions	2 487 163	68 606	2 129 623	183 380	67 822	4 936 593
	-	Disposals	(257 253)	(47 697)	(1 698 739)	(122 757)	(117)	(2 126 563)
	-	Currency translation differences	57 776	7 277	10 558	(9 711)	58 533	124 432
86 182	**13 558**	**Cost at 31.12**	**5 809 064**	**122 257**	**2 361 532**	**662 669**	**291 969**	**9 247 491**
	24	Depreciation at 01.01	318 499	35 305	-	58 741	43 785	456 330
	-	Writedowns at 01.01	-	-	-	-	-	-
	3 535	Depreciation for the year	224 950	34 987	-	21 585	37 056	318 578
	-	Depreciation eliminated on disposals	(106 393)	(23 752)	-	(22 381)	103	(152 422)
		Writedowns for the year	100 000	-	-		-	100 000
	-	Currency translation differences	12 446	1 451	-	2 490	11 612	27 999
0	**3 558**	**Depreciation at 31.12**	**449 503**	**47 991**	-	**60 435**	**92 556**	**650 486**
		Writedowns at 31.12	**100 000**	-	-	-	-	**100 000**
86 182	**10 000**	**Book value at 31.12**	**5 259 561**	**74 266**	**2 361 532**	**602 234**	**199 413**	**8 497 006**
-	10 - 33%	Depreciation rates	3,33%-6,67%	40 %	-	10%-20%	10%-33%	
	Linear	Depreciation schedule	Linear	Linear		Linear	Linear	

Breakdown:
Cost of ships breaks down into hull, cranes and specialist equipment, main engine, thrusters/DP and other. If ROVs are permanently installed on vessels, the cost of this investment is included as part of the cost under the category cranes and specialist equipment. New builds are not depreciated before vessels are delivered and commenced with operations.

Depreciable amount, depreciation period and residual value:
The useful life of the vessels is assumed to be 20 years. With the acquisition of vessels, part of the purchase price is separated out and treated as periodic maintenance. Periodic maintenance is depreciated over the period until the next planned dry docking for each vessel. The normal interval for such docking is every 30th month. Major components of the various vessels have been assessed, and are depreciated over estimated economic lives. The residual value of the vessels at the balance sheet date is the estimated market value if the asset had been 20 years old on the balance sheet day. As an approach to residual value, the company uses 50 % of historic cost of the hull as the residual value. This estimate is monitored against transactions in the market and will be revised annually. Impairment testing of fixed assets is done in accordance with IAS 36: Estimates of the value of the vessels (including vessels under construction) are commissioned from two independent brokers. Value in use is estimated for vessels with charters, where implied rates from the broker estimates are replaced with contractual rates for the charter period, allowing for a positive or negative value of the contract.

Reversal of write down
The write down for the year 2008 of Skandi Acergy NOK 100 million has been reversed in 2009 and is included in the net 2009 write down for the year amount of NOK 90.9 million.

Capitalized interests
In 2009, total interest of NOK 58.7 million was capitalized as property, plant and equipment.

Newbuild program - vessels
Dof Subsea will take delivery of 4 new vessels the next two years.

Vessel	Delivery
Skandi Aker	Q1 2010
Skandi Vitoria	Q2 2010
Skandi Niteroi	Q4 2010
Skandi Singapore	Q1 2011

	Payments		
	2010	2011	Sum
Total contractual obligation	2 706	632	3 338
Firm comitments on financing	2 886	0	2 886

New build program – ROVs
DOF Subsea will take delivery of new ROVs the next three years; XLX 25 to 32
Total contractual obligations for these 8 ROVs including handling system are MNOK 202.

Note 8 | Investments in subsidiaries NOK 000

Subsidiary	Owner	Registered office	Company's share capital	Proportion of ownership and votes
DOF Geo UK Ltd.	DOF Subsea AS	Aberdeen, UK	-	100 %
DOF Subsea Pte.	DOF Subsea AS	Singapore	134 007	100 %
DOF Subsea UK Ltd.	DOF Subsea AS	Aberdeen, UK	25 946	100 %
DOFCON AS	DOF Subsea AS	Bergen	13 360	100 %
Geo Rederi AS	DOF Subsea AS	Bergen	17 400	100 %
Geo Rederi II AS	DOF Subsea AS	Bergen	26 400	100 %
Geoconsult. AS	DOF Subsea AS	Bergen	600	100 %
Semar AS	DOF Subsea AS	Oslo	117	50 %
DOF Subsea Brasil Ltda	DOF Subsea AS	Macaè, Brazil	461 924	100 %
DOF Subsea Asia/Pacific Pte. Ltd.	DOF Subsea Pte.	Singapore	-	100 %
DOF Subsea Australia Pty.	DOF Subsea Pte.	Perth, Australia	23 691	100 %
DOF Subsea Canada Corp.	DOF Subsea UK Ltd.	St. Johns, Canada	7	100 %
DOF Subsea USA Inc.	DOF Subsea UK Ltd.	Houston, USA	6 775	100 %
Construction Specialists Ltd. (CSL)	DOF Subsea AS	Aberdeen, UK	1	100 %
DOFCON Brasil AS	DOFCON AS	Bergen	2 000	100 %
DOFCON Navegacao Ltda	DOFCON AS	Macaè, Brazil	617 613	100 %
Geofjord Shipping AS	Geo Rederi AS	Bergen	10 000	100 %
Geograph Shipping AS	Geo Rederi AS	Bergen	100	100 %
Dof Subsea Norway AS	Geoconsult. AS	Bergen	112	100 %
DOF Subsea ROV AS	Geoconsult. AS	Bergen	100	100 %
Geosund AS	Geoconsult. AS	Bergen	100	100 %
Skandi Neptun AS	Geoconsult. AS	Bergen	100	100 %

Note 9 | Investments in associates/other companies NOK 000

Value in DOF Subsea group accounts

Entity	DOF Management / DOF Sjø	Anoma	Master & Commander	Aker Oilfield Services	Mashor DOF Subsea Sdn JV	Invest Semar	SUM
Book value 01.01.09	31 425	123	40 000	83 107			154 655
Acquisitions/Disposals 2009				(83 107)	4 536	68	(78 503)
Share of result 2009	(3 921)	(794)	11 616				6 901
Book value 31.12.09	27 504	(671)	51 616	-	4 536	68	83 053

Entity	Cost	Proportion of ownership 31.12.	Assets at 31.12 (100%)	Liabilities at 31.12 (100%)	Shareholders' equity at 31.12 (100%)	Sales	Profit/loss (-) for the year
DOF Management AS	31 269	33,8 %	200 994	116 967	84 027	200 597	(9 417)
Anoma AS	123	45,0 %	60	22 924	(22 863)	-	(5 151)
Master & Commander AS	29 783	20,0 %	603 425	434 166	169 259	149 139	88 337
Total	61 175		804 479	574 057	230 423	349 736	73 769
Jointly controlled companies							
Doftech DA	93 689	50,0 %	1 397 911	1 028 092	369 820	104 682	(26 527)

DOF Management AS:
DOF Subsea's 100% owned Ship Management Company, Geoshipping AS, was merged with DOF Management AS in 2007. Dof Subsea holds 33,8% of the shares in the merged company.

Anoma AS:
The company markets the shareholders' operations in Angola. DOF Subsea has no representation on the Board and is not involved in the day-to-day running of the company.

Master & Commander AS:
The company was established on 28 December 2006, and the company owns two vessels Geowave Master and Geowave Commander.
Figures presented are from official financial statement where Norwegian krones is functional currency. It is DOF Subsea AS' opinion that functional currency should be USD, and for the purpose of DOF AS' consolidated accounts, the financial statement has been reassessed with USD as functional currency and a profit before tax of USD 7,4 million (100 %)

Doftech DA:
The company is a jointly controlled company with Technip. All assets at 31.12 are prepayments on new builds.

Note 1 0 | Trade receivables NOK 000

DOF SUBSEA AS			Group	
2008	2009		2009	2008
-	2 438	Trade receivables at nominal value	670 908	616 463
-	-	Projects in progress	164 545	128 185
-	248	Provision for bad debts	(3 004)	(10 550)
-	**2 686**	**Trade receivables at 31.12**	**832 449**	**734 098**

As of 31.12, the group had the following accounts receivables which had matured but not been pad.

Total	Not matured	< 30 d	30 - 60 d	60 - 90 d	> 90 d
670 908	531 925	71 520	27 164	3 947	36 352

Note 11 | Other receivables NOK 000

DOF SUBSEA AS			Group	
2008	2009	Other current receivables	2009	2008
49 964	7 374	Government taxes receivable	-5 650	56 711
2 297	1 941	Loan to employees		2 366
-	583	Prepaid expenses	50 167	39 846
-	-	Revenue accrued but not invoiced		
22 600	-	Receivables from Aker Oilfield Services		22 600
		DOF Group receivables		
-	1 910	Other current receivables	256 842	31 106
74 861	**11 808**	**Other current receivables at 31.12**	**301 359**	**152 629**

Note 12 | Cash and cash equivalents NOK 000

DOF SUBSEA AS			Group	
2008	2009	Cash and cashequivalents	2009	2008
-	-			-
52 831	204 395	Cash/ Bank deposits	1521397	1276 820
52 831	204 395	Cash and cash equivalents at 31.12	1521397	1276 820
1 520	**1 520**	**Of which locked-in deposits at 31.12**	**1 061 320**	**1 069 689**

Locked in deposits consists mainly of NOK 895,8 millions which is related to the Norwegian Government's export financing of vessels built at Norwegian yards. The deposit is locked with the finance institution, which provides the necessary guarantees for the loan and disburse the funds. The effect of this loan arrangement is disclosed gross.

Not e 13 | **Share capital and shareholder information** NOK 000

Share capital:
The share capital in DOF Subsea AS at 31.12.2009 was KNOK 598,669 comprising 119,733,714 shares, each with a nominal value of NOK 5.00.

Share issue authorisation:
The Ordinary General Meeting on 15 May 2008 authorised the Board of Directors to increase the share capital by up to NOK 56,366,855 with new subscription and emission of up to 11.273.371 shares, each with a nominal value of NOK 5.00. This authorisation expired on 30 June 2009, which was the day of the Ordinary General Meeting.

Shareholder overview: At 31 December 2009 the shareholders in DOF Subsea AS, and shares owned by senior executives and board members, including share ownership via close relatives and companies, were as follows:

Shareholders at 31.12.09	No. of shares	Proportion of ownership
DOF Subsea Holding II AS	119 733 714	100,00 %
Total	119 733 714	100,00 %
Other shareholders	-	0,00 %
Total	119 733 714	100,00 %
Share capital 31.12.2009	119 733 714	100,00 %

Board of Directors:	Title
Helge Møgster	Chairman
Neil John Hartley	Boardmember
John Mogford	Boardmember
Alex Townsend Krueger	Boardmember
Hilde Drønen	Boardmember
Christopher Ortega	Boardmember
Helge Singelstad	Boardmember
Mons S. Aase	Boardmember

Management group
Mons Svendal Aase
Geir Johansen

DOF Subsea AS is a part of the DOF ASA Group. The annual report is published at www.dof.no. Please refer to the DOF ASA annual report for shares held in DOF ASA by management and board of directors.

Share Capital	No. of shares	Share Capital
Share Capital 01.01.2009	119 733 714	598 668 570
Share Capital 31.12.2009	119 733 714	598 668 570

Note 14 | **Pensions** NOK 000

DOF Subsea AS has defined benefit pension plans covering employees in Norway. As of 31 December 2009 the Group scheme covered a total of 185 persons. The Group's secured pension plan is invested with an insurance company, which manages the plan assets. The Group also has an unsecured pension plan for 3 former offshore employees. This is financed via the company's operations. There are also three different defined contribution plans covering 136 persons, recognised in the income statement at TNOK 9.237. The plan covers 11 persons in the parent company.

DOF Subsea AS			Group	
2008	**2009**	**Net pension cost**	**2009**	**2008**
793	806	Present value of pensions accrued in the period	5 771	5 060
88	85	Capital cost of previously accrued pensions	945	775
(57)	(88)	Expected return on plan assets	(808)	(514)
20	27	Administrative expenses	260	20
50	24	Estimation differences recognised in income statement	396	503
116	113	Employer's contributions for the period	833	693
1 010	**967**	**Net pension cost incl. employer's contributions for the year**	**7 397**	**6 537**
		Specification of pension obligations:		
2 234	3 258	Estimated pension obligations	26 250	27 798
(1 433)	(1 980)	Estimated plan assets	(17 096)	(12 641)
(329)	(827)	Estimation differences not recognised in income statement	(3 355)	(10 924)
113	180	Accrued employer's contributions	1 290	2 372
585	**631**	**Net pension obligations at 31.12**	**7 089**	**6 605**

DOF Subsea AS			Group	
2008	**2009**	**Financial assumptions:**	**2009**	**2008**
4,30 %	4,40 %	Discount rate	4,40 %	4,30 %
6,30 %	5,60 %	Expected return on plan assets	5,60 %	6,30 %
4,50 %	4,25 %	Annual salary increase	4,25 %	4,50 %
2,80 %	1,30 %	Rate of pension increase	1,30 %	2,80 %
4,25 %	4,00 %	Annual adjustment to national insurance basic amount	4,00 %	4,25 %
3,00 %	3,00 %	Turnover	3,00 %	3,00 %
14,10 %	14,10 %	Employer's contributions	14,10 %	14,10 %

DOF Subsea ASA			Group	
2008	2009	**Reconciliation of incoming and outgoing payments**	2009	2008
382	585	Net pension obligations recognised in balance sheet on 1.1 incl.employer's contributions	5 787	6 651
0		Estimate differences offset against shareholders' equity	-	0
1 010	967	Net pension cost for the year incl. employer's contributions	7 396	6 012
0		Pension payments, unsecured, incl. employer's contributions	-	0
-807	-921	Investment in plan assets, etc., incl. employer's contributions	(6 094)	-6 876
585	631	Net pension obligation recognised in balance sheet at 31.12 incl.employer's contributions	7 089	5 787

Reconciliation of pension obligations (incoming payments - outgoing payments):

1 951	2 234	Present value of accrued pension obligations at 01.01 (PBO)	24 860	17 216
881	891	Gross pension cost	6 715	5 431
0	-	Payments	(3)	0
-599	133	Differences (changes in assumptions/experiences)	-5 322	2 212
2 234	3 258	Estimated present value of accrued pension obligations at 31.12	26 250	24 859

Reconciliation of plan assets (incoming payments - outgoing payments):

741	1 432	Plan assets at 01.01	12 641	7 679
58	88	Expected return on plan assets	808	514
-18	-24	Administrative expenses	-529	-167
0	0	Payments	-3	0
707	807	Investment in plan assets, etc.	5 341	6 027
-55	-324	Differences (changes in assumptions/experiences)	-1 162	-1 411
1 432	1 979	Estimated present value of accrued plan assets at 31.12	17 096	12 641

Storebrand Livs Asset Mix*) 31-12-2009	
Property	16 %
Money Market and similar	19 %
Bonds	54 %
Equity	11 %
Total financial assets	100 %

Note 15 | Tax NOK 000

DOF Subsea AS 2008	2009	The income tax expense comprises:	DOF Subsea Group 2009	2008
-	-	Tax payable, Norway		(1 803)
-		Tax payable do to changes to the taxation of Norwegian shipping companies	(115 050)	(54 480)
-		Tax payable, other countries	30 730	24 840
(23 536)	(18 765)	Change in deferred tax, Norway	40 726	(90 005)
-		Change in deferred tax, other countries	38 696	3 201
(23 536)	**(18 765)**	**Income tax expense**	**(4 898)**	**(118 247)**
		Reconciliation of nominal and effective tax rate		
(84 015)	82 735	Profit before tax	642 009	(168 058)
(23 524)	23 166	Expected income tax expense (28%)	179 763	(47 056)
(12)	**(41 931)**	**Difference between actual and expected income tax expense**	**(184 661)**	**(71 190)**
		Explanation of why the actual and expected income tax expense differ		
12	-26	Tax effect of non-deductible expenses	3 569	2 074
	(6 110)	Tax effect of write down financial assets	-	
0	50 941	Tax effect from tax exemtion method (sale of shares)	(50 941)	
0	(2 875)	Estimation differences, previous years	713	(40 821)
0		Effect of shipping company taxation	(185 760)	(45 768)
0		Difference between foreign and Norwegian tax rates	47 758	13 325
12	**41 930**	**Difference from expected income tax expense**	**(184 661)**	**(71 190)**

Estimation differences are related to the estimate of discounted value of long term tax payable

Deferred tax

The table below specifies the temporary differences between accounting and tax values, and calculation of deferred tax/ tax assets at year-end. The Group assumes that all tax-loss carry-forwards will be used to offset taxable income within the next few years.

DOF Subsea ASA 2008	2009	Basis for deferred tax	Group 2009	2008
22 662	26 022	Non-current assets	2 093 310	1 250 807
(5 883)	(5 883)	Current assets	18 393	39 390
3 315	14 957	Liabilities	4 855	5 009
20 094	**35 096**	**Total temporary differences**	**2 116 558**	**1 295 205**
5 626	9 827	Deferred tax (-) / tax asset (28-30%)	592 636	362 657
(199 876)	(282 496)	Tax-loss carry-forward	(1 400 912)	(815 644)
(179 782)	**(247 400)**	**Basis for calculating deferred tax (-) / tax asset**	**715 646**	**479 561**
-50 019	**-69 272**	**Total deferred tax**	**205 019**	**139 512**
0	**0**	**Deferred tax / tax asset ,companies taxed as shipping companies**		**0**
-50 019	**-69 272**	**Total deferred tax / tax asset (-) recognised in balance sheet**	**205 019**	**139 512**

*) In the period 01.01.1997 – 31.12.2006 several of the group companies were taxed according to the old Norwegian Tax Tonnage Regime – cf.- Taxation Act section 51-A. Effective from 01.01.2007 the companies have chosen to comply with the new shipping tax regime – cf. Taxation Act Sector 8-10. AS a result, a tax settlement was carried out as per 01.01.2007, which were recognized as per 31.12.2008 as long term tax payable of TNOK 83.402.

The 12th February 2010 the Norwegian Supreme Court made a ruling. The ruling essentially said that some of the changes in the tonnage tax system as of 01.01.2007 had violated the Norwegian Constitution Act §97. The effect from the verdict is a change in the tax settlement for 2007 and 2008. Tonnage tax paid in according the 01.01.2007 changes are reversed and paid back in 2010. Per 31.12.2009 the expected payback of taxes have been allocated as a reduction in "short term tax payable".

Present value of long term taxes payable related to tonnage tax (TNOK 83.402), have been reset in the accounts per 31.12.2009. The government has indicated that they will look into other methods to ensure that tonnage tax companies are to pay taxes. However, there is no way to tell or to speculate in what and how these changes will be made efficient. As a consequence no allocation for long term tax payables has been entered as per 31.12.2009.

The changes from 2007 also made it possible for tonnage tax companies to make allocations of up until 1/3 of potential tax burden toward environment based investments. The verdict from the Supreme Court does not provide sufficient information on how this will be handled in the future. As such no changes have been made in this year numbers.

The Government announced 26 March 2010 that it will propose a change in the tax code. The change will allow the company to pay a lump sum which settles all latent tax on untaxed profit from the abandoned shipping tax regime. If approved as announced, the company will be able to settle this tax by paying TNOK 49.882. At the balance sheet date, the corresponding tax is recognized at NOK 0 in the balance sheet. The company will consider whether the lump sum arrangement will be utilized when the change in the tax code has been approved.

Note 1 6 | **Non-current liabilities** NOK 000

Bond loan (ISIN NO 0010453202)
On 28 August 2009, DOF Subsea AS repaid the bond loan of NOK 254 m.

Bond loan (ISIN NO 0010526627)
On 9th July 2009, DOF Subsea AS took up a bond (non-convertible) of NOK 500m, all of which falls due on 9 July 2012. The trustee on behalf of the bond holders is Norsk Tillitsmann ASA, while the account manager is Nordea Bank Norge ASA. The bond loan has a floating interest rate, 3 months NIBOR + 1150 bp, subject to rate adjustment on 9 January, 9 April, 9 July and 9 October. Interests fall due for payment on the interest adjustment dates. At 31 December 2009, the rate of interest was 13.51%. No particular security has been provided for the loan. DOF Subsea AS is free to acquire its own bonds.

Non-current liabilities to credit institutions
The Group's long-term financing agreements include the following covenants:

- The Group shall have available cash plus committed undrawn credit lines of at least NOK 500 m at all times
- The Group shall have a consolidated ratio of EBITDA plus financial income to interest expense of at least 2.00:1.00
- The Group shall have value adjusted equity to value adjusted assets of at least 25%
- The Group shall have Equity of at least NOK 3.000m at all times.
- The Group shall have positive working capital of at least NOK 200m at all times.
- The fair value of the Group's ships shall always be at least 125% of the outstanding amount.

In addition to the above-mentioned financial covenants, the loan agreements are also subject to the following conditions:

- The Group's assets shall be fully insured.
- There shall not be any change to classification, management or ownership of the ships without the prior written approval of the banks.
- DOF ASA shall be the principal shareholder in DOF Subsea AS, and own a minimum of 50% of the shares.
- DOF Subsea AS shall not merge, demerge or divest activities without the prior written approval of the banks.
- DOF Subsea AS shall report financial information to the banks on a regular basis.
- The Group's ships shall be operated in accordance with current laws and regulations.

The Group has complied with the loan terms set by the banks throughout the term of the loan.

DOF Subsea AS | **GROUP**

31.12.2008	31.12.2009		31.12.2009	31.12.2008
754 000	996 000	Bond loan, floating rate	996 000	754 000
496 100	296 100	Unsecured loan, floating rate	296 100	496 100
-	904 743	Loan from parent company	1 004 743	260 000
-	138 312	Mortgage debt, floating rate	6 121 148	5 233 255
-	794	Lease debt, floating rate	85 899	120 341
-	1 575	Taxes payable		83 402
1 494	-576	Other non-current liabilities, non-interest-bearing	423 709	130 965
1 251 594	**2 336 950**	**Total non-current liabilities**	**8 927 600**	**7 078 063**
254 000	205 500	First year's repayments of non-current liabilities	859 809	916 396
997 594	**2 131 450**	**Non-current liabilities excluding 1 year's repayments**	**8 067 791**	**6 161 667**

31.12.2008	31.12.2009	Mortgage debt	31.12.2009	31.12.2008
-	139 107	Liabilities to credit institutions, incl. leases	6 207 047	6 766 092
-	1 168 636	Book value of assets pledged as security for book debt	6 902 721	5 538 670

DOF Subsea AS

Parent company gaurantees	Amount
Guarantee linked to loans in subsidiaries	5 515 992
Guarantees to clients	1 260
Guarantees to suppliers	-
Total	**5 517 252**

Bond loans	2010	2011	2012	2013	Thereafter	Total
Repayments	-	-	-		-	-
Balloon	-	496 000	500 000	-	-	996 000
Total bond loans	-	496 000	500 000	-	-	996 000

Mortgage loans	2010	2011	2012	2013	Thereafter	Total
Repayments	596 914	565 903	514 904	457 719	1 959 380	4 094 820
Balloon	150 000	-	288 824	425 560	1 458 044	2 322 428
Total mortgage loans	746 914	565 903	803 728	883 279	3 417 424	6 417 248

Lease debts	2010	2011	2012	2013	Thereafter	Total
Repayments	16 257	13 609	14 209	14 939	26 885	85 899
Balloon	-	-	-		-	-
Total lease debts	16 257	13 609	14 209	14 939	26 885	85 899

Long term taxes payable	2010	2011	2012	2013	Thereafter	Total
Repayments	-3 377					-3 377

Mortgage loans have been given directly to the ship-owning subsidiary of DOF Subsea AS. DOF Subsea AS has provided a parent company guarantee for the nominal amount of the loans plus accrued interest at any time. DOF Subsea AS has also provided guarantees to clients and suppliers in connection with procurements and services.

Other Non-current liabilities includes leasing and TNOK 68 280 related to the acquisition of the vessel Skandi Neptune, and the valuation of the Charter Party included in the acquisition. DOFCON is included with TNOK 269 043 client payment on newbuild Skandi Santos and Skandi Aker. The provision is reversed through the income statement for the duration of the Charter Party.

Note 17 | Other current liabilities NOK 000

DOF Subsea ASA			Group	
2008	2009	Specification of other current liabilities	2009	2008
1 091	1 576	Salaries and holiday pay due	71 432	69 892
	1 747	Accrued expenses and prepayed income	150 943	138 434
7 108	24 916	Accrued interest expenses	204 883	42 512
	0	Current liabilities to group companies	18 731	
	85	Accrued net loss on exchange contracts	6 992	58 737
1 050	0	Other current liabilities	258	37 385
9 250	**28 324**	**Current liabilities at 31.12**	**453 239**	**346 960**

Note 18 | Events occurring after the balance sheet date NOK 000

Delivery of Skandi Aker
DOFCON took delivery of Skandi Aker 7 January 2010. Skandi Aker is a well intervention vessel and has a 5 years contract with AKOFS. The vessel went on hire as per February 2010.

Skandi Santos on hire
Skandi Santos was delivered end December 2009 and went on hire to AKOFS early February 2010. The vessel is working In Brazil with Petrobras as end client.

Geo Challenger
Geo Challenger was sold to Exploration Resources II AS with effect from February 2010. The agreed selling price was 250mNOK.

Skandi Niteroi
We have signed a MOU with Technip regarding Skandi Niteroi for potential inclusion of the vessel in a JV company with Technip.

Sale of Hull #722
The extraordinary general meeting of DOF Installer approved the sale of the shipbuilding contract for hull #722 to DOF Subsea AS at a price of NOK 153.5 million which is equivalent to the construction cost and in-line with the current fair market value estimate. In connection with the sale of hull #722, DOF Installer has granted DOF Subsea AS a right to sell the shipbuilding contract back to DOF Installer at the same price in the event that DOF's contemplated listing of its Brazilian activities, Norskan Offshore, in Brazil is not completed by end of July 2010.

Note 19 | Earnings per share NOK 000

Group: Basis for calculating earnings per share	2009	2008	2007
Profit for the year attributable to shareholders in the parent company	646 907	-49 831	100 591
Weighted average number of outstanding shares	119 733 714	116 035 714	109 257 721
Weighted average number of outstnading shares, diluted	119 733 714	116 035 714	116 257 721
Earnings per share	5,40	(0,43)	0,92
Earnings per share, diluted	5,40	(0,43)	0,87

Earnings per share are calculated as the ratio of profit for the year attributable to shareholders to the weighted average number of outstanding ordinary shares during the financial year. There are no effects relating to diluting in 2009.

Note 20 | **Salaries, fees, number of employees, etc.** NOK 000

DOF Subsea ASA			Group	
2008	**2009**	**Wages and salaries**	**2009**	**2008**
11 596	15 447	Salaries and holiday pay	432 825	357 090
3 067	3 662	Contract labour	233 816	668 549
1 821	2 476	Employer's contributions	53 683	39 090
1 100	831	Pension costs	8 787	20 560
253	644	Other staff costs	14 301	7 914
17 837	**23 060**	**Total**	**743 412**	**1 093 202**
10	13	Average number of employees	1035	785

Salaries and wages related to contractors are included in the other operating expenses in the 2009 income statement which is a change from 2008 where these expenses were included in wages and salaries.

Pension costs are described in detail in Note 14

	2009				2008			
	CEO)**	**CEO*)**	**CFO**	**SUM**	**CEO*)**	**CEO**)**	**CFO**	**SUM**
Salaries		3 106	1 500	4 606	715	502	1 563	2 780
Directors' fees				0	0	0	0	0
Other payments		315	154	469	0	0	176	176
Payment from DOF Subsea	-	**3 421**	**1 654**	**5 075**	**715**	**502**	**1 739**	**2 956**

CEO**)= Mons Aase, CEO*)= Stephen Charles Brown, CFO=Geir Johansen

Other payments include company phone and car, etc. Senior executives are included in the general group pension plan, cf. Note 14.
The CEO Mons Aase was appointed October 2009 after the resignation of former CEO Stephen Brown.

DOF Subsea is part of the DOF ASA Group, cf. Note 13, and the CEO is entitled to a bonus of 0.5% of DOF ASA's profit for the year. The contract with the CEO includes a 6 month termination period and 12 months termination compensation. The CEO's retirement compensation is based on 70% salary and the retirement age is set at 67 years.

At year end, the CFO had a loan of NOK 2 m from DOF Subsea ASA. The loan is subject to interest at market terms. Apart from the loan to the CFO, no loans have been given to or any security provided for the CEO, members of the Board of Directors, members of Group Management or other employees or close relatives of the same.

The Board of Directors received no fees, nor compensation in fees in 2009.

DOF Subsea ASA			Group	
2008	**2009**	**Specification of auditor's fee**	**2009**	**2008**
624	1 102	Fee for audit of financial statements	3 300	2 321
-	28	Fee for other attestation services	135	106
-	-	Fee for other tax consultancy	372	91
-	237	Fee for other services	316	273
624	**1 367**	**Total**	**4 123**	**2 790**

The Board has drawn up the following statement:

The board of Directors will prepare a separate statement regarding the remuneration in accordance with the Norwegian Public Limited Companies Act, -------Almennaksjeloven § 6-16a. The following guidelines will be presented at the Annual General Meeting in May. These guidelines have been complied with for the year 2007 and are valid for 2008 onwards.

The Board has established a compensation committee. The responsibilities and duties of the committee are as follows:

Statement on guidelines for setting salaries and other payments for the CEO and other senior executives of DOF Subsea ASA

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities outlined in Section I of this Charter. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board of Directors from time to time related to the purposes of the Committee outlined in Section I of this Charter.
The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate and shall have the sole authority to retain outside counsel or other experts for this purpose, including the authority to approve the fees payable to such counsel or experts and any other terms of retention.

Setting Compensation for Executive Officers

1. Establish and review the overall compensation philosophy of the corporation.
2. Ensure compensation strategy is competitive and is structured to attract and retain key staff of the required quality.
3. Review and approve corporate goals and objectives relevant to CEO and other executive officers compensation, including annual performance objectives.
4. Evaluate the performance of the CEO and other executive officers in light of these criteria and, based on such evaluation, review and approve the annual salary, bonus, equity participation, if any, and other benefits, direct and indirect, of the CEO and other executive officers.
5. In connection with executive compensation programs:

(i) Review and recommend to the full Board of Directors, or approve, new executive compensation programs;

(ii) Review and approve specific Key Performance Indicators and other metrics for compensation programs. Review on a periodic basis the operations of the corporation's executive compensation programs to determine whether they are properly coordinated and achieving their intended purpose(s);

(iii) Establish and periodically review policies for the administration of executive compensation programs; and

(iv) Take steps to modify any executive compensation program that yields payments and benefits that are not reasonably related to executive and corporate performance.

6. Establish and periodically review policies in the area of senior management perquisites.
7. Consider policies and procedures pertaining to expense accounts of senior executives.
8. Review and recommend to the full Board of Directors expense reimbursement policies of directors as well as director's and officer's indemnification and insurance matters.
9. Review and make recommendations to the full Board of Directors, or approve, any contracts or other transactions with current or former executive officers of the corporation, including consulting arrangements, employment contracts, severance or termination arrangements and loans to employees made or guaranteed by the corporation.

Monitoring Incentive and Equity-Based Compensation Plans

10. Review and make recommendations to the Board of Directors with respect to the corporation's incentive-compensation plans and equity-based plans, and oversee the activities of the individuals responsible for administering those plans.
11. Monitor compliance by executives with the rules and guidelines of the corporation's incentive or equity-based plans.
12. Select, retain and/or replace, as needed, compensation and benefits consultants and other outside consultants to provide independent advice to the Committee. In that connection, in the event the Committee retains a compensation consultant, the Committee shall have the sole authority to approve such consultant's fees and other retention terms.

Other

13. Perform annual review of succession and development planning for executive officers.

Reports

14. *Report regularly to the Board of Directors* (i) following meetings of the Committee, (ii) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities and (iii) with respect to such recommendations as the Committee may deem appropriate. The Committee will elect a chairman at each meeting tasked with reporting to the Board. Chairman shall report to the Board on the activities, findings and recommendations of the Committee. Reports can be verbal or written.
15. Maintain minutes or other records of meetings and activities of the Committee

The main principles guiding DOF Subsea ASA's executive remuneration policy is that senior executives shall be offered terms which are competitive in terms of salary, benefits in kind, bonus and pension plan taken as a whole. The company offers a salary level which reflects a comparable level in equivalent companies and businesses, taking into account the company's need for well-qualified staff in all parts of the business.

When it comes to setting salaries and other payments for senior executives, this must be in line with the principles outlined above at all times. Payments to senior executives over and above the basic salary shall be restricted to bonuses. Any bonus to the CEO is set by the Chairman of the Board. Bonuses to other senior executives are set by the CEO in conjunction with the Chairman of the Board. DOF Subsea ASA does not have any schemes for granting options to purchase shares in the company or in other companies within the Group. Senior executives are members of the Group pension plan, which provides pension benefits not exceeding 12 G (G = national insurance basic amount) per year. Senior executives may have agreements concerning company cars and phones, but do not receive any other benefits in kind. In the event of termination by the company, there is no provision for senior executives to receive pay aftertermination of employment in excess of payment of salary for the period of notice equivalent to the number of months set down in the provisions of the Working Environment Act.

Note 21 | **Leases** NOK 000

Operating leases:
The Group does not have any significant agreements concerning leasing of property, plant and equipment which are not recognised in the balance sheet. The lease on the head office is discussed in Note 24.

Finance leases:
The Group's assets held under finance leases include several ROVs plus machinery and other equipment. In addition to the lease payments, the Group is also committed to maintaining and insuring the assets. The assets held under finance leases are as follows:

DOF Subsea ASA			Group	
2008	2009	Finance leases	2009	2008
-	-	Vessels	0	230 114
-	-	ROVs	70 993	21 840
2 161	794	Machinery and equipment	14 906	50 559
2 161	**794**	**Total cost**	**85 899**	**302 513**
-		Accumulated depreciation at 01.01	65 697	44 955
443	224	Depreciation for the year	5 890	20 742
1 718	**794**	**Net value recognised in the balance sheet**	**20 202**	**236 816**

Overview of future minimum leases:

Group	Within 1 year	1-5 years	2009	2008
Minimum operating lease amounts falling due in the periods	16 257	52 752	85 899	120 341
Of which current liabilities	16 257		16 257	115 157
Of which non-current liabilities		52 752	69 642	5 184

DOF Subsea AS	Within 1 year	1-5 years	2009	2008
Minimum operating lease amounts falling due in the periods	397	397	794	6 480
Of which current liabilities	397		397	296
Of which non-current liabilities		397	397	5 184

Overview of future minimum leases revenue:

Group	Within 1 year	1-5 years	2009
Minimum operating lease revenue amounts falling due in the pe	1 180 757	5 120 716	633 361

Future minimum lease revenue consists of both time charters and frame contracts with a specified minimum utilisation guaranteed.

Note 22 A | **Financial income and expenses** NOK 000

DOF Subsea AS			Group	
2008	2009	Financial income and expenses	2009	2008
-	187 859	Profit from associated companies	172 366	-
		Net share of loss in associated companies	6 901	-1 351
96 854	63 051	Interest income from Group companies, incl. companies in the DOF ASA Group	-	
-		Net profit on forward exchange contracts	132 753	
	64 577	Net profit on agio	652 565	144 271
6 377	11 256	Other interest income	56 150	48 870
5 347	400	Other financial income	-	5 541
6 373	46 326	Interest expenses payable to Group companies, incl. companies in the DOF ASA Group	-	
92 860	103 045	Other interest expenses	249 277	311 625
		Capitalized interest expense	59 000	
45 734		Net loss on forward exchange contracts	-	65 120
		Loss on financial current assets	-	
15 214	63 442	Net loss on disagio	364 000	259 800
32 956	21 820	Other financial expenses	(4 340)	81 901
-84 557	**92 510**	**Net finacial items**	**354 113**	**-521 114**

Note 22 B | **Categories of financial assets and financial liabilities** NOK 000

DOF Subsea AS

31.12.2009	Financial assets at fair value: Held for trading in accordance with IAS 39	Financial assets at fair value: Designated as such upon initial recognition	Held to Maturity investments	Loans and Receivables	Available for sale financial assets	Financial liabilities at fair value: Held for trading in accordance with IAS 39	Financial liabilities at fair value: Designated as such upon initial recognition	Financial commitments measured at amortised cost	other financial commitments	Total
Assets										-
Financial assets										-
Accounts receivable				832 449						**832 449**
Other current assets				301 359						**301 359**
Cash and cash equivalents				1 521 397						**1 521 397**
Total financial assets	-	-	-	**2 655 205**	-	-	-	-	-	**2 655 205**
										-
Liabilities										-
Long-term financial liabilities, int. bearing								6 666 334		**6 666 334**
Financial leasing								85 899		**85 899**
Provisions										-
Short term financial liablilities, int. bearing								746 914		**746 914**
Derivatives						-1 040				**-1 040**
Accounts payable								132 001		**132 001**
Total Financial Liablities	-	-	-	-	-	**-1 040**	-	**7 631 148**	-	**7 630 108**

31.12.2008	Financial assets at fair value: Held for trading in accordance with IAS 39	Financial assets at fair value: Designated as such upon initial recognition	Held to Maturity investments	Loans and Receivables	Available for sale financial assets	Financial liabilities at fair value: Held for trading in accordance with IAS 39	Financial liabilities at fair value: Designated as such upon initial recognition	Financial commitments measured at amortised cost	other financial commitments	Total
Assets										-
Financial assets										-
Accounts receivable				734 097						**734 097**
Other current assets				152 629						**152 629**
Cash and cash equivalents				1 276 820						**1 276 820**
Total financial assets	-	-	-	**2 163 546**	-	-	-	-	-	**2 163 546**
										-
Liabilities										-
Long-term financial liabilities, int. bearing								5 687 299		**5 687 299**
Financial leasing								133 064		**133 064**
Provisions										-
Short term financial liablilities, int. bearing								930 376		**930 376**
Derivatives						58 737				**58 737**
Accounts payable								332 898		**332 898**

Note 22 C | **Determination of fair value** NOK 000

The fair value of financial assets classified as" available for sale" and" financial assets at fair value through profit or loss" is determined by reference to published price quotations in an active market. For unquoted financial assets the fair value has been estimated using a valuation technique based on assumptions that are not supported by observable market prices.

The fair value of forward exchange contracts is determined using the forward exchange rate at the balance sheet date. The fair value of currency swaps is determined by the present value of future cash flows. The fair value of options is determined using option pricing models. For all the above mentioned derivatives, the fair value is confirmed by the financial institution with which the Group has entered into the contracts.

The following of the Group's financial instruments are not measured at fair value: cash and cash equivalents, trade receivables, other current receivables, overdraft facilities, long-term debts and "hold-to-maturity" investments.
The carrying amount of cash and cash equivalents and overdraft facilities is approximately equal to fair value since these instruments have a short term to maturity. Similarly, the carrying amount of trade receivables and trade payables is approximately equal to fair value since they are entered into on "normal" terms and conditions.

Fair value of interest-bearing debt is disclosed as the sum payable if the debt was to be settled today - represented with face value of the bank loans and last observed transaction for the bonds. Due to the general market conditions following the financial crisis, margins are now generally higher than when the company's debt was drawn. We have not calculated a fair value based on changes in the market, due to lack of a valid discount rate. If the group was to refinance its entire debt portfolio, the margin could be expected to increase by 1 % - 1, 5 %.

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments.

	2009		2008	
	Book value	**Fair value**	**Book value**	**Fair value**
Financial assets				
Cash	1 521 397	1 521 397	1 276 820	1 276 820
Trade receivables	832 449	832 449	734 097	734 097
Loan notes				
Available for sale investments				
Other non-current assets	301 359	301 359	152 629	152 629
Financial Liabilities				
Bank overdraft	-	-	13 980	13 980
Trade and other payables	132 001	132 001	332 898	332 898
Interest bearing loans and borrowings				
Bank loans	7 413 248	7 413 248	6 617 675	6 617 675
Obligations under finance leases and hire purchase contracts		85 899		35 151
Forward Currency contracts		-1 040		58 737
Interest rate swap				

Note 23 | **Financial risk management** NOK 000

The group's activities entail various kinds of financial risk: market risk (including foreign exchange risk, actual interest rate risk, floating rate risk and price risk), credit risk and liquidity risk. The group's governing risk management strategy focuses on the predictability of the capital markets and seeks to minimise the potential negative effects of the group's financial results. The group uses financial derivatives to hedge against certain types of risk. The group's risk management is exercised in line with guidelines approved by the board of directors. Accordingly, financial risk is identified, evaluated and hedged. The board issues written principles for the governing risk management strategy and sets out written guidelines for specific areas such as the foreign exchange risk, interest risk, credit risk, use of financial derivatives and other financial instruments, as well as investment of surplus liquidity. The Group does not have any direct exposure to changes in raw material prices. The Group does not use hedge accounting pursuant to IAS 39.

Financial instruments
The Group does not use financial instruments linked to ordinary activities such as trade receivables, trade payables and similar. Neither does the Group use financial instruments to manage the financial risk relating to long-term financing, with the exception of some of the Group's loans being denominated in foreign currencies.

Foreign exchange risk
As a result of its international operations, the Group is exposed to changes in exchange rates. The Group's overall objective is to protect the economic NOK value of its free cash flow from adverse developments in future currency rates. This is handled by means of natural hedging and the use of foreign exchange derivatives. When implementing the foreign exchange hedging the Group differentiates between committed and uncommitted exposure by having a higher hedge ratio on what is considered committed exposure. The majority of the Group's turnover is in foreign currencies, and mainly relates to USD, GBP and to some extent also AUD. A substantial portion of expenses are in the same currency as revenues, but a greater proportion of expenses payable is denominated in NOK. By focusing on natural hedging the Group seeks to reduce its exposure to changes in exchange rates naturally by achieving the best possible balance between ingoing and outgoing payments in the same currency. This also implies that efforts are made to match revenues in one particular currency with financing in the same currency. The remaining exposure is addressed by means of forward contracts at acceptable exchange rates.

Interest risk
Of the Group's total debt portfolio 12% are subject to fixed interest rate. This implies that the Group is taking advantage of the global low interest rate regime, but at the same time the Group is exposed to future interest rate changes. Approximately 80% of the Group's debt is denominated in NOK, whereas the rest mainly relates to debt in USD and to some extent GBP. The Group evaluates the mix of funding currencies and the ratio of fixed vs. floating rate debt on an ongoing basis. The Group has no interest earning assets of significance.

Credit risk
Maximum credit exposure arises on the values of financial assets recognised in the balance sheet. The Group's trade receivables mainly relate to major international oil companies and other major international players. The Group has guidelines for monitoring and recovering trade receivables. The counterparty for pension plan assets is a Norwegian insurance company.
Historically, losses on trade receivables have been extremely small, and credit risk is considered low.
The forward contracts are entered into with banks, and the risk associated with these is considered negligible. The same applies to bank deposits. Accordingly, the value of trade receivables recognised in the balance sheet is considered to represent the maximum credit risk.

Liquidity risk
The Group's strategy is to have sufficient cash or credit facilities available at all times, not only to finance ongoing operations and planned investments but also to be able to make rapid purchases/acquisitions of vessels/businesses. The Group considers it likely that it will continue to renew existing loan agreements as they fall due, or negotiate alternative financing solutions. Surplus liquidity is deposited in banks at the best possible terms.

Fair values
Fair value of forward exchange contracts is calculated based on the midpoint of the relevant yield curve.
Liabilities to credit institutions, trade payables, other current/non-current liabilities, trade receivables and other bank deposits, cash and similar Trade receivables are calculated using the exchange rate prevailing at the balance sheet date.

Accounting item at 31.12.2009	NOK	USD	GBP	OTHER	TOTAL
Trade receivables (in NOK)	**469 000**	**42 274**	**122 914**	**198 261**	**832 449**
Trade payables (in NOK)	**50 391**	**5 094**	**29 732**	**46 783**	**132 001**
Bond loans	996 000	-	-	-	996 000
Liabilities to Credit Institutions	5 142 371	1 135 590	139 287	-	6 417 248
Loan from parent company	1 004 743	-	-	-	1 004 743
Lease debt	85 899	-	-	-	85 899
Taxes payable	(3 377)	-	-	-	(3 377)
Other non-current liabilities	423 709	-		-	423 709

Distribution of sales revenue all

	NOK	USD	GBP	OTHER	TOTAL
Distribution of sales revenue external	925	260	614	1 040	2 838

The last traded rate for bond loan DOFSUB01 at 31.12.2009 was NOK 91.17
The last traded rate for bond loan DOFSUB03 at 31.12.2009 was NOK 102.00

Forward exchange contracts

Product	MV	CURRENCY	BUY	SELL	RATE	NUMBER	FALLS DUE
FX Forward	(1 040)	USD	-	95 000	5,7500	4	2010

Note 24 | Related parties

Detailed description of related parties and the Group's relationship to these:
DOF ASA is the majority shareholder in DOF Subsea Holding I AS with a 51% holding at 31.12.09. DOF Subsea AS is 100% owned by DOF Subsea Holding II AS, in turn owned 100% of DOF Subsea Holding 1 AS. First Reserve Corporation holds the minority share of 49 % in DOF Subsea Holding I AS

DOF Subsea Brasil ltda.
DOF Subsea Brazil ltda purchases accounting services from Norskan ltda. in Brazil. Norskan is 100% owned by DOF ASA. DOF Subsea Brasil Ltda. also hires out crew and equipment to Norskan Ltda.

Purchase of management services:
DOF Subsea purchases management services from DOF Management AS for its entire fleet. The average management fee was in 2009 NOK 3.5 million per vessel and included technical operation, crewing, freighting and management accountancy. DOF Management AS is owned 66% by DOF ASA and 34% by DOF Subsea ASA.

Rental of office space.
Part of the office space located at Thormøhlensgate 53 C, 5006 Bergen, rented by DOF Subsea AS, is used by DOF Management AS. The rental fee allocated to DOF Management AS, to be paid to DOF Subsea AS is determined at NOK 0.45 m per quarter.

Leasing of premises
DOF Subsea AS leases two cottages from Moco Eiendom AS, a company 100% owned by CEO Mons S. Aase. The total leasing cost in 2009 has been NOK 0,4 m.

Loan financing
DOF Subsea AS has borrowed NOK 100 m from DOF ASA, NOK 725,24m from DOF Subsea Holding and NOK 179,5m from DOF Subsea Holding II. The contracts are subject to standard terms.

Not e 25 | Accounting estimates and valuations

Valuations, estimates and assumptions with a significant effect on the financial statements are summarised below:

Vessels:
The carrying amount of the Group's ships represents 65% of the balance sheet total. Policies and estimates linked to the ships have a significant impact on the Group's financial statements. In the current market the fair value of the Group's vessels is significantly higher than the carrying amount. Irrespective of fair value, the vessels are depreciated according to a fixed depreciation schedule.

Useful life of vessels
The level of depreciation depends on the ships' estimated useful lives. Estimated useful life is based on strategy, past experience and knowledge of the types of ship the company owns. Useful life of older ships is individually assessed. There will always be a certain risk of events like breakdown, obsoleteness e.g. with older ships, which may result in a shorter useful life than estimated. In 2008 the estimated useful life of vessels is changed from 30 years to 20, based on a group policy of not owning vessels older than 20 years. From time to time the company may own older vessels, the depreciation rate will then be estimated individually.

Residual value of vessels
The level of depreciation also depends on the calculated residual value at the balance sheet date. Assumptions concerning residual value are made on the basis of knowledge of the market for used vessels and scrap values. Market developments will determine prices for used vessels, the price of steel and disposal costs will determine the future scrap value. In 2009 the estimated residual value of vessels is 50% of the hull's historic cost.

Useful life of investments at time of going into dock
Investments made in connection with periodic maintenance are depreciated until the vessel next goes into dock. The interval until the vessel next goes into dock is estimated and used to calculate depreciation. Intervals are calculated on the basis of past experience.

Pension obligations
The discount rate is the assumption which has the greatest impact when calculating pension obligations. The discount rate is based on the rate for 10-year government bonds, taking into account the term to maturity of the obligations. See also Note 14.

Deferred tax assets
Deferred tax assets are recognised in the balance sheet on the basis of utilisation of tax-loss carry-forwards by reversing tax-increasing temporary differences and future earnings. See also Note 15.

Note 26 | Contingencies

The Group is not involved in any disputes or ongoing legal matters involving potential losses, and therefore no provision has been made for possible claims arising from the same.

Note 27 | Quality, and Health, Safety and the Environment

The company's overall objectives for Quality, and Health, Safety and the Environment are ambitious. The key targets are avoiding personal injuries and occupational illnesses; having a good working environment; awareness and control of environmental aspects; and a high level of regularity in operations. The focus is on reporting incidents, and actions and behaviour which are unsafe, so that corrective and preventive measures can be implemented, and the company invests in good administrative systems for managing this effectively.

All regions within the group are operating and certificated according to ISO 9001- 2008. The Lost Time Inquiry Frequency based upon 1.000.000 man-hours worked was on a historical low level, .3, for the year. Another positive aspect was the reporting of safety observations as this is regarded to be one of our strongest measures to keep a high and robust Safety Culture within the company. Almost 6000 reports were submitted and logged during 2009. DOF Subsea has during the year introduced IMCA, International Marine Contractors Association, competence scheme. IMCA set the guidelines which we follow for competence and training for our offshore employees.

On the environmental side, measures are being taken to reduce the company's impact on the external environment (environmental aspects), and targets for this work are set annually. Environmental aspects identified previously determine the activities in progress at any time. No environmental incidents leading to spills to external environment has been recorded for 2009. All regions are operating according to ISO 14001 standard. Currently DOF Subsea is currently operating under 7 different business management system certified towards the ISO 9001-2008 standard. With support from a global consulting group, DOF Subsea aim to have implemented a global Business Management System certified according to ISO 9001, 14001 and OHSAS 18001 in 2010. A global contract has been issued and signed with DnV, Det norske Veritas, to perform the certification process globally. Sickness absence in 2009 was 2 per cent of total working hours. The KPI for sick leave was set to be 4 % for 2009, and the achievement is a result of close follow-up of personnel on sick leave.

Note 28 | Exchange rate used

Specification of exchange rates used	Exchange rates 31.12.2009	31.12.2008
US Dollar	5,7553	6,9989
Euro	8,2876	9,8650
GBP	9,3345	10,1210
AUS Dollar	5,1772	4,8503
Brazilian Real	3,3054	3,0024

Note 29 | Amendments to IFRS standards and interpretations

The consolidated financial statements of DOF Subsea AS have been prepared in accordance with International Financial Reporting Standards.

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

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

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

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

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

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

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

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

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

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

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers AS
Postboks 3984 - Dreggen
NO-5835 Bergen
Telephone +47 95 26 00 00
Telefax +47

To the Annual Shareholders' Meeting of Dof Subsea AS

Auditor's report for 2009

We have audited the annual financial statements of Dof Subsea AS as of 31 December 2009, showing a profit of TNOK 101 500 for the parent company and a profit of TNOK 646 907 for the group. We have also audited the information in the Board of 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 financial statements of the parent company and the group. The financial statements of the parent company comprise the balance sheet, the statements of comprehensive income and cash flows, the statement of changes in equity and the accompanying notes. The financial statements of the group comprise the balance sheet, the statements of comprehensive income and cash flows, the statement of changes in equity and the accompanying notes. Simplified IFRS according to the Norwegian accounting act § 3-9 have been applied in the preparation of the financial statements of the parent company. International Financial Reporting Standards as adopted by the EU have been applied in the preparation of the financial statements of the group. 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 of the parent company have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Company as of 31 December 2009, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with simplified IFRS according to the Norwegian accounting act § 3-9
- the financial statements of the group have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Group as of 31 December 2009,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 Board of 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, 29 April 2010
PricewaterhouseCoopers AS

Sturle Døsen
State Authorised Public Accountant (Norway)

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

S O L U T I O N S A T A N Y D E P T H S

FINANCIAL REPORT – Q4 2011

DOF Subsea AS

subsea

WWW.DOFSUBSEA.COM

Report 4th quarter 2011

Headlines

During the 4th quarter the PLSV Skandi Niteroi entered into a 4 year contract with Petrobras. The Group was awarded new contracts on Skandi Constructor, Skandi Inspector and Skandi Skansen. DOF Subsea Norway entered into a Survey and Positioning frame agreement with Statoil. Several new contracts were obtained in the Asia Pacific region, utilizing the vessels Skandi Singapore and Skandi Hercules. The vessel Geosea was transferred from Asia. She was upgraded before entering into a 5 year contract with Petrobras in 1st quarter 2012.

In December the vessel owning entity DOF Subsea Rederi AS acquired a new building contract for a subsea construction vessel.

The consolidated operating income for 2011 was NOK 4 285 million (NOK 3 025 million), with an EBITDA of NOK 1 341 million (NOK 886 million). The EBIT amounted to NOK 746 million (NOK 272 million) after depreciations and write down of NOK 594 million (NOK 613 million). Net finance cost was NOK 1 173 million including an unrealized loss on financial instruments of NOK 465 million (NOK 74 million in gain) giving a pretax loss of NOK 426 million (NOK 99 million).

Events 4th quarter

In October the PLSV Skandi Niteroi entered into a 4 year contract with Petrobras. The vessel was delivered in January 2011 from STX OSV Promar. After delivery the vessel sailed to Norway and France for upgrading before she went back to Brazil in July for final installation of equipment. During August, September and until she went on charter in October, the vessel conducted sea trials and acceptance testing.

In November the company obtained a 3 month contract on Skandi Constructor.

In December the company was awarded several new contracts on the vessels Skandi Constructor, Skandi Inspector and Skandi Skansen, with a total value in excess of NOK 1 billion. DOF Subsea Rederi AS acquired a new-build contract for a subsea construction vessel.

The utilization of the fleet, both TC and project vessels, has been 80 % in October, 87 % in November and 86 % in December. The annual utilization has been 75 % for the Project vessels and 92 % for the TC vessels. The main reason for the lower utilization on the project vessel in 2011 compared to previous years is repositioning of several vessels:

- Skandi Hercules from the North Sea to Asia,
- Skandi Skolten from the North Sea to the Gulf of Mexico and to the North Sea,
- Geosea from Asia to the North Sea and further to Brazil.
- Skandi Constructor from the North Sea to Angola and back to the North Sea. In addition several vessels have been upgraded and dry-docked during the year.

All utilization numbers are actual vs. available days not excluding days at yard for dry-docking and upgrading.

In the 4th quarter the activity in Asia, North Sea, Gulf of Mexico and Brazil regions was high. The Asia region however suffered from the lower utilization on Skandi Singapore due to warranty work and docking of Geobay.

P&L and Balance Sheet - 12 months of 2011

The total income for 2011 was NOK 4 285 million (NOK 3 025million), with an EBITDA of NOK 1 341 million (NOK 886 million) and an EBIT of NOK 746 million (NOK 272 million) after depreciations and write downs of NOK 594 million (NOK 613 million). The net finance cost amounted to NOK 1 173 million (NOK 372 million) including unrealized gain/loss on financial instruments of NOK 465 million, giving a pretax loss of NOK 426 million

(NOK -99 million) and a loss after tax of NOK 299 million (NOK -149 million).

The figures for 2010 are excluding profit and loss from the Brazil IPO companies structure for the period April to September 2010. By including these companies, the proforma turnover in 2010 was 3 606 million, operating profit before depreciation was NOK 1 095 and operating profit after depreciation was NOK 392 million.

The total fixed assets were NOK 19.2 billion (NOK 17.5 billion) where fixed assets amounted to NOK 16.3 billion (NOK 14.1 billion) including NOK 477 million (NOK 533 million) in intangible fixed assets. The total current assets amounted to NOK 2.9 billion (NOK 3.3 billion) of which NOK 1.3 billion (NOK 1.9 billion) were cash and cash equivalents.

The book equity was NOK 4.8 billion (NOK 5.2 billion), the long term liabilities were NOK 11.7 billion (NOK 10.1 billion) of which NOK 9.8 billion was debt to credit institutions and NOK 1.2 billion was bond debt. The current liabilities amounted to NOK 2.6 billion (NOK 2.1 billion) of which NOK 1.4 billion was a short term portion of the long term debt (including balloons).

Of the total NOK 1.4 billion, NOK 0.3 billion was bond with maturity in 2012.

Financing

In December the vessel Geosea and the vessel Geosund were refinanced.

Exchange Rate and Interest Rate

The company has an active exchange rate and interest rate policy.

Share holders

The shares in DOF Subsea AS are 100% owned by DOF Subsea Holding 2 AS.

The number of outstanding shares is 119 733 714, with a book value of NOK 39.82 per share. The value adjusted equity per share as per 31st of December 2011 was NOK 57.43

Employees

As of December 31st, the number of employees in the DOF Subsea Group was 1482. This number does not include marine employees that are employed in DOF Sjø AS and Norskan S.A.

The fleet

The Group's fleet is compromised of 25 vessels including 1 new build and ROV fleet of 47 units.

Events after balance day

In January the company sold NOK 200 million of the DOFSUB05 bond with maturity in April 2016 and bought back bonds with value of NOK 100 million in DOFSUB03 with maturity in July 2012. The company established a drawing facility of NOK 300 million with its main bank. In February a new bond DOFSUB06 of NOK 700 million was issued. The company bought back bonds with value of NOK 87 million in DOFSUB03 with maturity in July 2012 and Bonds with value NOK 149 million in DOFSUB04 with maturity in April 2014.

Geosea entered into a 5 years contract with Petrobras, effective as of 16th of February, 2012.

DOF Subsea Pte entered into a 1 year bareboat contract with DOF Rederi II AS for Skandi Hawk from April 2012. The vessel has already been awarded a 70 days job in the region.

Market outlook

The majority of the Group's vessels are on long term contracts. The contract backlog, including options, amounted to NOK 15.5 billion as of 31st of December 2011. However, DOF Subsea AS is exposed to the short term market on the project vessels. The management is working to increase the contract backlog on the project vessels.

The Board of Director's expects an improving subsea market for the next 12 months.

Accounting principles

The quarterly report has been prepared in accordance with International Financial Reporting Standard (IFRS) and Interpretations, and the IAS 34 standard for quarterly reporting. The quarterly financial statements are unaudited.

Estimates on residual value of vessels

DOF Subsea Group, as a part of DOF ASA, has an intention that the Group not shall own vessel which is older than 20 years. Hence DOF Subsea Group has to calculate a residual value after the estimated useful life of the vessel within the DOF Subsea Group. During the three first quarters in 2011 the residual value was estimated to 50% of the original cost of the vessel. DOF ASA has during the second half 2011 had a discussion with the Financial Supervisory Authority in Norway for establishing the basis for residual value. DOF ASA has agreed that the basis for residual value should be market valuation of charter free vessel. However such market values have to be adjusted to reflect the market value of the vessels if it had been of an age and in the condition expected at the end of the useful life. To estimate the residual value DOF Subsea Group has applied a linear model depending on the age of the vessel increasing from 50% (on a new build) to 100% (of a 20 year old vessel) of the received market valuation. The total effect of changed estimate of residual value, is a reduction of depreciations of approx MNOK 70 in 2011. Changes in estimates have been done in 4Q 2011.

It should be noticed that the above are preliminary estimates and that DOF Subsea expect to change the figures to some extent in the annual report.

DOF Subsea AS 24th of February 2012

Contact
Mons Aase CEO +4791661012
DOF Subsea AS
Thormølhens gate 53 C
5006 Bergen
www.dofsubsea.com

Group Profit and Loss Account

(NOK 1.000)	01.10.2011 - 31.12.2011	01.10.2010 - 31.12.2010	01.01.2011 - 31.12.2011	01.01.2010 - 31.12.2010
Operating revenue	1 245 588	1 084 291	4 285 571	3 009 189
Profit from sale of non-current assets	-12	-4 515	-306	16 409
Total operating income	**1 245 576**	**1 079 776**	**4 285 265**	**3 025 598**
Wages and salaries	282 319	236 121	1 012 443	700 430
Operating expenses	557 263	523 017	1 931 194	1 438 580
Total operating expenses	**839 582**	**759 138**	**2 943 637**	**2 139 010**
Operating profit before depreciation	**405 994**	**320 638**	**1 341 628**	**886 588**
Depreciation	108 944	199 369	588 003	613 805
Write down			6 650	
Operating profit	**297 050**	**121 269**	**746 975**	**272 783**
Income / loss from investments	-23 025	5 677	-19 785	-4 870
Financial income	-10 049	14 991	45 231	73 139
Financial expenses	-189 547	-146 707	-731 063	-509 340
Realized gain/loss on financial instruments	-23 096	28 175	-2 804	-5 184
Unrealized gain/loss on financial instruments	-74 784	3 682	-465 223	74 156
Net financial result	**-320 500**	**-94 182**	**-1 173 644**	**-372 100**
Pre-tax profit	**-23 451**	**27 088**	**-426 669**	**-99 316**
Income Tax	14 497	7	127 040	-49 732
Result for the period	**-8 954**	**27 081**	**-299 629**	**-149 048**
Currency translation difference (CTA)	51 459	3 074	-51 277	-12 200
Cash flow hedges	6 388		-30 456	
Total other comprehensive income	**57 847**	**3 074**	**-81 733**	**-12 200**
Result including other comprehensive income	**48 893**	**30 155**	**-381 362**	**-161 248**
Result attributable to:				
Non-controlling interests	3 625	-968	4 949	2 033
Owners of the parents	-12 579	28 049	-304 578	-151 081
Result including comprehensive income:				
Non-controlling interests	3 375	-968	3 269	2 033
Owners of the parents	45 518	31 123	-384 631	-163 281

Group Balance Sheet

(NOK 1.000)	31.12.2011	31.12.2010
Deferred tax benefit	34 945	13 564
Goodwill	442 803	519 912
Intangible assets	**477 749**	**533 476**
Vessels	14 180 358	11 218 527
ROV's	748 840	650 918
Machinery and other equipment	562 217	804 421
Newbuilds	66 383	776 347
Tangible Assets	**15 557 797**	**13 450 212**
Investment in associates	63 335	78 738
Receivables from group companies	45 590	47 475
Other long term receivables	160 718	82 868
Financial assets	**269 643**	**209 082**
Total fixed assets	**16 305 189**	**14 192 770**
Bunkers and provision	**40 928**	**21 026**
Trade receivables	634 430	579 089
Short-term receivables from group companies	133 187	231 892
Short-term receivables	709 542	463 605
Financial current assets	43 088	51 450
Total receivables	**1 520 247**	**1 326 036**
Restricted cash	795 124	885 265
Unrestricted cash and cash equivalents	567 265	1 103 361
Cash and cash equivalents	**1 362 389**	**1 988 626**
Total Current Assets	**2 923 564**	**3 335 688**
Total Assets	**19 228 753**	**17 528 458**

(NOK 1.000)	31.12.2011	31.12.2010
Share capital	1 197 337	1 197 337
Other paid-in capital	2 130 486	2 130 486
Share premium fund	741 438	741 438
Subcribted equity	**4 069 262**	**4 069 262**
Retained earnings	**571 028**	**932 944**
Minority interests	191 730	203 983
Total equity	**4 832 019**	**5 206 189**
Deferred taxes		165 522
Pensions	7 236	9 841
Derivatives financial instruments	226 252	
Total provisions for commitments	**233 488**	**175 363**
Convertible loans		
Bond loans	1 294 035	1 250 000
Debt to credit instistutions	9 819 879	8 262 550
Long term debt to group companies	100 000	140 000
Other long term liabilities	312 078	324 539
Total long term liabilities	**11 525 992**	**9 977 089**
12 month installments of long-term debt	1 408 873	1 177 176
Short term debt to credit institutions	22 401	45 782
Trade payables	294 982	268 253
Short term liabilities to group companies	147 144	77 880
Tax payables	41 583	47 091
Public duties payables	22 989	22 433
Derivatives financial liabilities	51 320	
Other short-term liabilities	647 962	531 201
Total short term liabilities	**2 637 254**	**2 169 817**
Total liabilities	**14 396 734**	**12 322 269**
Total Equity and liabilities	**19 228 753**	**17 528 458**

Group Statement of Cash Flow

(NOK 1.000)	31.12.2011	31.12.2010
Profit before tax	(426 669)	(99 316)
Depreciation	588 002	613 805
Write down	6 650	
Gain/loss sold vessel	305	(16 409)
Share off gain/loss from associated companies	19 785	4 870
Change in bunkers and provisions	(19 902)	(5 964)
Change in accounts receivables	(15 421)	253 360
Change in accounts payables	26 728	136 252
Change in pension liabilities	(2 605)	2 743
Changes in other accruals	(128 432)	(198 749)
Unrealised gain/loss financial assets	209 925	(51 450)
Unrealised foreign exchange gain/loss	228 413	(63 800)
Cash flow from operating activities	**486 779**	**575 342**
Interest income/cost	638 863	411 594
Interest received	46 183	61 414
Interest paid	(608 895)	(441 174)
Tax paid	(54 416)	(10 603)
Net cash from operating activities (1)	**508 514**	**596 573**
Sale of tangible assets	41 425	5 669 954
Purchase of tangible assets	(2 795 251)	(9 407 992)
Sale of intangible assets		131 023
Purchases of intangible assets		(85 545)
Sale of shares		2 109 305
Investments in shares	(2 716)	(2 109 305)
Change in intercompany receivables/debt	129 854	(47 475)
Change in other long term receivables	(44 140)	(82 868)
Cash flow from investing activities (2)	**(2 670 828)**	**(3 822 903)**
Proceeds from non-current liabilities	3 276 539	7 237 875
Instalments on non-current liabilities	(1 982 861)	(4 463 834)
Proceeds from current liabilities to credit institutions	1 431 272	1 222 957
Instalments on current liabilities to credit institutions	(1 222 958)	(859 809)
Change in intercompany debt		(864 743)
Paid-in capital		1 176 750
Minority interest	7 193	244 363
Cash flow from financing activities (3)	**1 509 185**	**3 693 559**
Net change in cash and cash equivalents	**(653 129)**	**467 229**
Cash and cash equivalents at the beginning of the period	**1 988 626**	**1 521 397**
Exhange rate gain/loss on cash and cash equivalents	26 892	-
Cash and cash equivalents at the end of the period	**1 362 389**	**1 988 626**

Group Condensed Statement of Equity

(NOK 1.000)	31.12.2011	31.12.2010
Equity period start	**5 206 189**	**3 833 756**
Result including comprehensive income	-381 362	-161 248
Minority interests	7 192	244 437
Prior period adjustments		112 493
Capital increase August 2010		476 751
Capital increase December 2010		700 000
Total changes of equity in the period	**-374 170**	**1 372 433**
Equity at period end	**4 832 019**	**5 206 189**

Key Figures

	31.12.2011	31.12.2010
Profit per share[1]	(2,50)	(1,24)
Profit per share ex. Minority interest[2]	(2,50)	(1,24)
Profit per share ex. Unrealized Currency loss/gain[3]	1,38	(0,63)
Cashflow per share[4]	(5,45)	3,90
EBITDA margin[5]	31 %	29 %
EBIT margin[6]	17 %	9 %
Return on net capital[7]	-6 %	-3 %
Equity ratio[8]	25 %	30 %
No of Shares	119 733 714	119 733 714
Face value per share	10	10

1 (Result incl minority share)/average number of shares
2 (Result ex. Minority share)/average number of shares
3) (Result incl. Minority share ex unrealized currency gain/loss on financial instruments)/average number of shares
4 (Changes in cash and cash equivalents)/average number of shares
5) (Operating profit before depreciation in percent of operating income)
6) (Operating profit in percent of operating income)
7 (Profit after tax in percent of booked equity)
8) (Equity/Total capital)

Notes to the Financial Report

Note 1 General

This interim report has been prepared in accordance with the standard for interim reporting (IAS34).
Amendments to the standards and their interpretation may result in amended figures.
The accounting principles and calculation methods applied for the last annual accounts published have been applied to this document.
The Financial statement are unaudited.

Note 2 Segment reporting

Operating income*	31.12.2011	31.12.2010
TC	1 234 398	1 278 655
Projects	2 831 850	2 111 379
Subsea Engineering	219 017	216 158
Total	**4 285 265**	**3 606 192**

EBITDA*	31.12.2011	31.12.2010
TC	907 763	776 001
Projects	426 946	311 142
Subsea Engineering	6 919	7 962
Total	**1 341 628**	**1 095 105**

* Operating Income and EBITDA for 2010 is based on proforma figures, which include the Brazilian IPO Group

The group has changed internal segment reporting to the Board of Directors.
The segment Subsea Construction Support has been divided into "Time Charter" (TC) segment and "Projects" segment. Vessels on Time Charter contracts are reported in its own segments. The Projects segments covering the groups integrated service activities in survey, subsea construction and inspection repair and maintenance services (IRM) and use of vessels.

Note 3 Events After Balance Sheet Date

In January the company sold NOK 200 million of the DOFSUB05 bond with maturity April 2016 and bought back bonds with value of NOK 100 million in DOFSUB03 with maturity July 2012. In February a new bond DOFSUB06 of NOK 700 million was issued, the company bought back bonds with value of NOK 87 million in DOFSUB03 with maturity July 2012 and Bonds with value NOK 149 million in DOFSUB04 with maturity April 2014. The company established also a drawing facility of NOK 300 million with its main bank.

Geosea went into a 5 years contract with Petrobras 16th of February 2012.

DOF Subsea Pte, a company in DOF Subsea group, entered into a 1 year bareboat contract with DOF Rederi II AS for Skandi Hawk from April 2012. The vessel has already been awarded a 70 days job in the region.

Note 4 Net interest-bearing debt

Bank deposit	31.12.2011	31.12.2010
Cash and cash equivalent	1 362 389	1 988 626
Of which is restricted deposit	795 124	885 265
Free cash and cash equivalent	567 265	1 103 361
Long term interesting-bearing debt	11 318 914	9 705 753
Short term part on long term debt and short term liablities to credit institutions	1 431 274	1 222 958
Total interest-bearing debt	12 750 187	10 928 712
Restricted deposits*	795 124	885 265
Bank deposits	567 265	1 103 361
Net interesting- bearing debt	11 387 798	8 940 085

* A long term loan has been provided by Eksportfinans and is invested as a restricted deposit in DnBNOR. The repayment terms on the loan from Eksportfinans is equivalent with the reduction on the deposit. The loan will be fully repaid in 2020. The cash deposit is included in Restricted deposits.

Note 5 Transactions With Related Parties

There have been no new material transactions between related parties. At periode end, the company has the same type of transactions with related parties as in 2010. For detailes regarding transactions between related parties, see annual report for 2010.

Note 6 Taxes

Taxes are estimated.

Note 7 Shareholder Information

Name	No. shares	Shareholding	Voting shares
DOF Subsea Holding 2 AS	119 733 714	100 %	100 %
Total number of shares	**119 733 714**	**100 %**	**100 %**

Note 8 Financial Items

	01.10.2011-31.12.2011	01.10.2010-31.12.2010	01.01.2011-31.12.2011	01.01.2010-31.12.2010
Income/loss from investments	**-23 025**	**5 677**	**-19 785**	**-4 870**
Interest income	-10 386	13 788	44 582	66 000
Other financial income	337	1 203	649	7 139
Financial Income	**-10 049**	**14 991**	**45 231**	**73 139**
Interest expenses	-181 854	-127 913	-683 445	-456 156
Other financial expenses:	-7 693	-18 794	-47 618	-53 184
Financial Expenses	**-189 547**	**-146 707**	**-731 063**	**-509 340**
Realized gain/loss on derviative financial instruments	9 531	-719	48 146	-23 659
Realized gain/loss on currencies	-32 627	28 894	-50 950	18 475
Realized gain/loss on financial instruments	**-23 096**	**28 175**	**-2 804**	**-5 184**
Unrealized gain/loss on derviative financial instruments	-48 119	4 498	-209 918	45 616
Unrealized gain/loss on currencies	-26 665	-816	-255 305	28 540
Unrealized gain/loss on financial instruments	**-74 784**	**3 682**	**-465 223**	**74 156**
Sum	**-320 500**	**-94 182**	**-1 173 644**	**-372 100**

In Q4 2011 there have been a reclassification between interest income and interest expenses. This reclassification has reduced interest income with MNOK 22

Note 9 Tangible fixed assets

DOF Subsea Group, as a part of DOF ASA, has an intention that the Group not shall own vessel which is older than 20 years. Hence DOF Subsea Group has to calculate a residual value after the estimated useful life of the vessel within the DOF Subsea Group. During the three first quarters in 2011 the residual value was estimated to 50% of the original cost of the vessel. DOF ASA has during the second half 2011 had a discussion with the Financial Supervisory Authority in Norway for establishing the basis for residual value. DOF ASA has agreed that the basis for residual value should be market valuation of charter free vessel. However such market values have to be adjusted to reflect the market value of the vessels if it had been of an age and in the condition expected at the end of the useful life. To estimate the residual value DOF Subsea Group has applied a linear model depending on the age of the vessel increasing from 50% (on a new build) to 100% (of a 20 year old vessel) of the received market valuation. The total effect of changed estimate of residual value, is a reduction of depreciations of approx MNOK 70 in 2011. Changes in estimates have been done in 4Q 2011.

It should be noticed that the above are preliminary estimates and that DOF Subsea expect to change the figures to some extent in the annual report.

Profit and loss accounts 5 last quarters

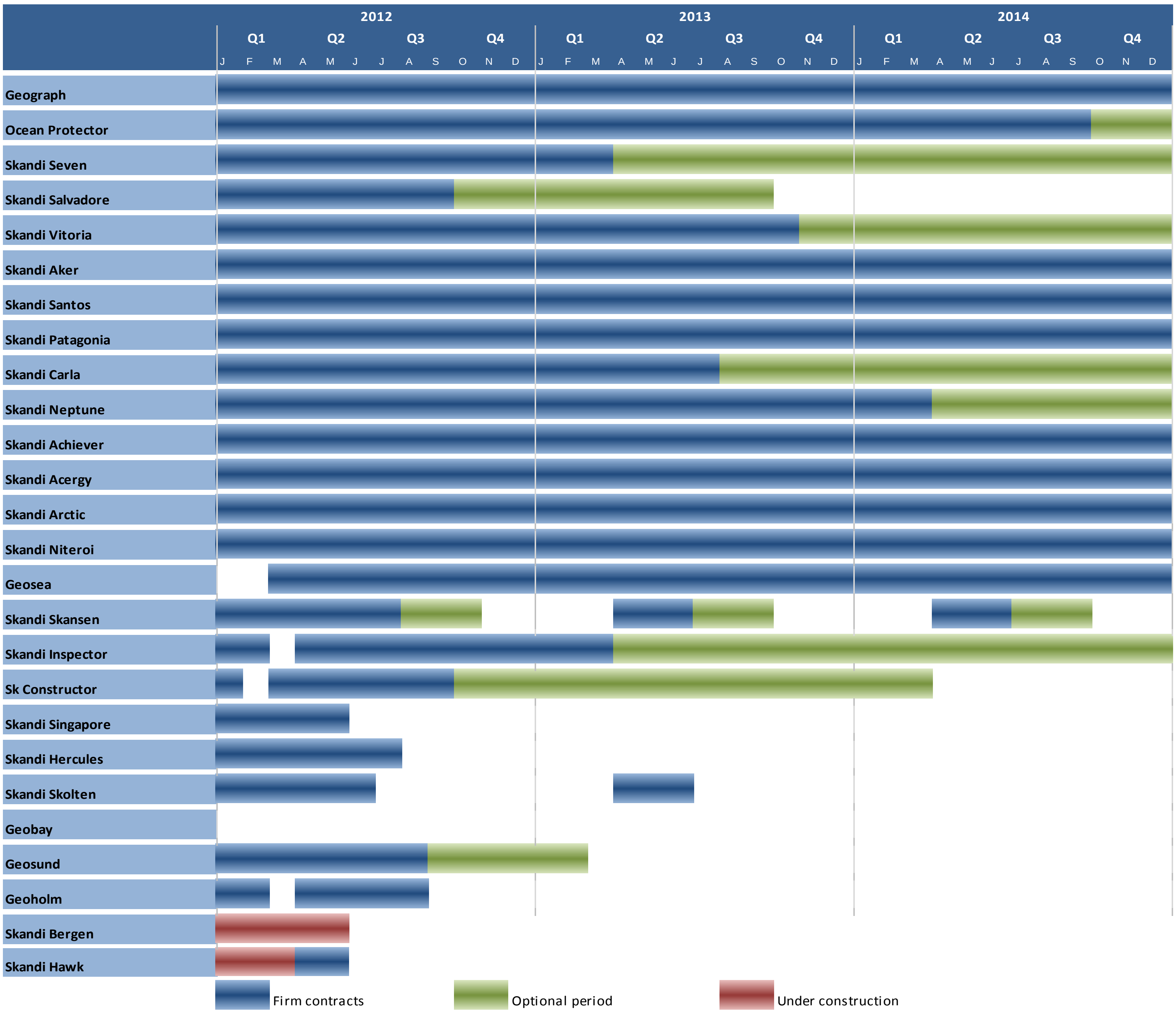
(NOK 1.000)	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
Operating revenue	1 245 588	1 111 580	1 027 727	900 676	1 084 291
Profit from sale of non-current assets	-12		656	-949	-4 515
Total operating income	**1 245 576**	**1 111 580**	**1 028 382**	**899 727**	**1 079 776**
Wages and salaries	282 319	264 294	239 762	226 068	236 121
Operating expenses	557 263	477 363	463 936	432 633	523 017
Total operating expenses	**839 582**	**741 657**	**703 698**	**658 701**	**759 138**
Operating profit before depreciation	**405 994**	**369 923**	**324 685**	**241 026**	**320 638**
Depreciation	108 944	145 176	171 559	162 323	199 369
Write down			150	6 500	
Operating profit	**297 050**	**224 748**	**152 975**	**72 202**	**121 269**
Income / loss from investments	-23 025	-447	1 528	2 159	5 677
Financial income	-10 049	24 296	21 868	9 116	14 991
Financial expenses	-189 547	-203 142	-174 823	-163 551	-146 707
Realized gain/loss on financial instruments	-23 096	33 677	8 353	-21 738	28 175
Unrealized gain/loss on financial instruments	-74 784	-360 789	-28 418	-1 232	3 682
Net financial result	**-320 500**	**-506 405**	**-171 492**	**-175 247**	**-94 182**
Pre-tax profit	**-23 451**	**-281 657**	**-18 517**	**-103 044**	**27 088**
Income Tax	14 497	82 329	13 898	16 316	7
Result for the period	**-8 954**	**-199 328**	**-4 619**	**-86 728**	**27 081**

Balance sheet 5 last quarters

(NOK 1.000)	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
Intangible fixed assets	477 749	513 008	511 514	514 822	533 483
Tangible fixed assets	15 557 797	15 414 985	14 306 222	13 700 387	13 450 206
Financial fixed assets	269 643	250 653	271 660	304 866	209 082
Total fixed assets	**16 305 189**	**16 178 647**	**15 089 397**	**14 520 074**	**14 192 770**
Bunkers	40 928	37 169	31 937	26 854	21 026
Receivables	1 520 247	1 361 795	1 370 094	1 282 981	1 326 036
Cash and cash equivalents	1 362 389	1 539 418	1 601 198	1 519 216	1 988 626
Total current assets	**2 923 564**	**2 938 382**	**3 003 229**	**2 829 050**	**3 335 688**
Total assets	**19 228 753**	**19 117 028**	**18 092 626**	**17 349 125**	**17 528 458**

(NOK 1.000)	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
Subscribed equity	4 069 262	4 069 262	4 069 262	4 069 262	4 069 262
Retained earnings	571 028	556 169	867 303	821 804	932 944
Minority interest	191 730	157 277	155 728	200 369	203 983
Total Equity	**4 832 019**	**4 782 707**	**5 092 293**	**5 091 435**	**5 206 189**
Provisions for commitment	233 488	72 137	128 351	162 728	175 363
Other long term liabilities	11 525 992	11 621 978	10 413 703	9 783 669	9 977 089
Total Long Term Liabilities	**11 759 480**	**11 694 116**	**10 542 054**	**9 946 397**	**10 152 452**
Debt to credit institutions	1 431 274	1 409 256	1 361 131	1 249 909	1 222 958
Other Current liabilities	1 205 980	1 230 950	1 097 147	1 061 384	946 859
Total Short Term Liabilities	**2 637 254**	**2 640 205**	**2 458 278**	**2 311 293**	**2 169 817**
Total Liabilities	**14 396 734**	**14 334 321**	**13 000 332**	**12 257 690**	**12 322 269**
Total Equity and Liabilities	**19 228 753**	**19 117 028**	**18 092 626**	**17 349 125**	**17 528 458**

Backlog


2012
2013
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Q1
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J F M A M J J A S O N D
Geograph
Ocean Protector
Skandi Seven
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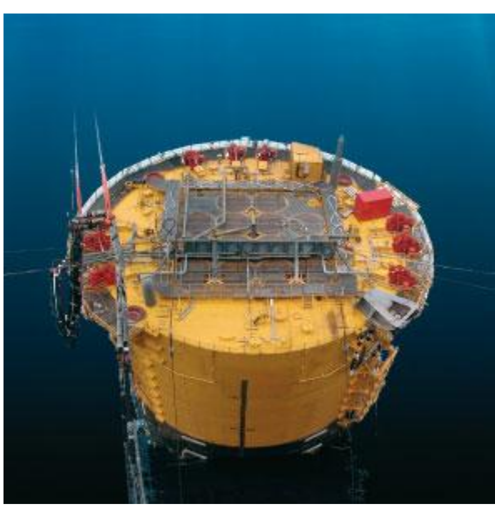
Skandi Vitoria
Skandi Aker
Skandi Santos
Skandi Patagonia
Skandi Carla
Skandi Neptune
Skandi Achiever
Skandi Acergy
Skandi Arctic
Skandi Niteroi
Geosea
Skandi Skansen
Skandi Inspector
Sk Constructor
Skandi Singapore
Skandi Hercules
Skandi Skolten
Geobay
Geosund
Geoholm
Skandi Bergen
Skandi Hawk
Firm contracts
Optional period
Under construction

DOF SUBSEA GROUP

Financial Report

Q4 2010




4Q 2010 - Preliminary 2010 Report

Headlines

The DOF Subsea AS consolidated operating income for 2010 was NOK 3.025 million (NOK 2.825 million), with an EBITDA of NOK 886 million (NOK 734 million).

The pro-forma numbers for DOF Subsea AS (including the IPO companies) gives a consolidated operating income of NOK 3.606 million, with an EBITDA of NOK 1.094 million.

In December DOF Subsea AS received Global ISO 9001 and ISO 14001 certificates, and the company is scheduled to receive Global OHSAS 18001 accreditation early 2011.

Events fourth quarter

In October Skandi Vitoria, the first PLSV built in Brazil entered into a 4 year contract with Petrobras. The company received 3 RSV contracts with Petrobras, the gross value of the contracts were about NOK 2 billion.
DOF Subsea AS made a Bond issue of NOK 750 million. The company also bought back bonds with nominal value NOK 206.5 million in the existing bond DOFSUB01 with maturity March 2011, at par.

In November a share issue of NOK 200 million was made in DOF Installer ASA.

In December Skandi Hercules was delivered to DOF Installer ASA. The vessel is a combined AHTS and construction vessel; she has operated in the spot market since delivery.
DOF Subsea AS made a share issue of NOK 700 million by converting debt to equity.

The utilization of the total fleet both TC and Project vessel has been 83 % in October, 83 % in November and 85 % in December.

On the project vessels the utilization has been 82,8 %, in November 75.8 % and in December 55.6 % . The main reason for the low utilization in December is repositioning of 2 vessels.

All utilization numbers are actual vs. available days.

In fourth quarter the activity in the Asia Region was somewhat weaker but the activity increased toward the end of the year. In the North Sea the activity decreased toward the year end, whilst there was a high activity in Brazil.

P&L and Balance fourth quarter of 2010

The income for the 12 months of 2010 was NOK 3.025 million (NOK 2.825 million), with an EBITDA of NOK 886 million (NOK 734 million) and an EBIT of NOK 272 million (NOK 287 million) after depreciations of NOK 613 million (NOK 446 million). The net finance loss amounted to NOK 372 million (+NOK 354 million), giving a pretax loss of NOK 99 million (+NOK 642 million) and a loss after tax of NOK 133 million (+NOK 646 million).

The total assets was NOK 17,5 billion (NOK 13,6 billion) where fixed assets amounted to NOK 14,1 billion (NOK 10,9 billion) including NOK 519 million (NOK 624 million) in intangible fixed assets. The total current assets amounted to NOK 3,3 billion (NOK 2,6 billion) of which NOK 1,9 billion (NOK 1,5 billion) is cash and cash equivalents.

The book equity was NOK 5,2 billion (NOK 3,8 billion) , other long term liabilities was NOK 9,9 billion (NOK 8,0 billion) whilst the current liability amounted to NOK 2,1billion (NOK 1,4 billion).

Pro-forma numbers 2010

The income of 2010 was NOK 3.606 million, with an EBITDA of NOK 1.094 million and an EBIT of NOK 392 million after depreciations of NOK 702 million. The net finance cost amounted to NOK 418 million giving a pretax loss of NOK 26 million and a loss after tax of NOK 38 million.
The total fixed asset was NOK 17,5 billion (NOK 13,6 billion) where fixed assets amounted to NOK 14,1 billion (NOK 10,9 billion) including NOK 519 million (NOK 624

million) in intangible fixed assets. The total current assets amounted to NOK 3,3 billion (NOK 2,6 billion) of which NOK 1,9 billion (NOK 1,5 billion) is cash and cash equivalents.

The book equity was NOK 5,2 billion (NOK 3,8 billion) , other long term liabilities was NOK 9,9 billion (NOK 8,0 billion) whilst the current liability amounted to NOK 2,1billion (NOK 1,4 billion).

Financing

During the quarter the DOF Subsea made a Bond issue of NOK 750 million, financed 1 new building and refinanced 6 vessels with Norwegian and international banks. All loans were done at market terms and with covenants standard for offshore vessel financing.

The total amount financed and refinanced during the quarter was equivalent to NOK 3.055 million.

Exchange Rate and Interest Rate

The company has an active exchange rate and interest rate policy. In order to better monitor and manage the risk DOF Subsea AS has implemented new treasury system.

Share holders

The shares in DOF Subsea AS are 100% owned by DOF Subsea Holding 2 AS.
The number of outstanding shares is 119 733 714 shares with a book value of NOK 43,63 per share.

Employees

As per 31st of December the number of employees in DOF Subsea AS was 1183 persons. The numbers does not include marine employees that are employed in DOF Sjø AS and Norskan S.A.

The fleet

The Group's fleet compromise of 25 vessels including 3 new builds.

Events after balance day

In February the company took delivery of Skandi Niteroi from STX Promar. The vessel will sail to Europe and install additional equipment before returning to Brazil.

Market outlook

The majority of the Group's fleet is fixed on long term contracts. The contract backlog including options amounted to NOK 15,3 billion at year end.

Accounting principles

The Quarterly report has been prepared in accordance with today's International Financial Reporting Standard (IFRS) and Interpretations, and the IAS 34 standard for quarterly reporting. The preliminary financial statement is unaudited.

DOF Subsea AS 24th of February 2011

Contact
Mons Aase CEO +4791661012

DOF Subsea AS
Thormølhens gate 53 C
5006 Bergen

www.dofsubsea.com

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Group Summarized Profit and Loss Account

FINANCIAL STATEMENTS DECEMBER 31, 2010

DS AS GROUP CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

(NOK 1.000)	PROFORMA 31.12.2010	31.12.2010	31.12.2009
Operating revenue	3 589 959	3 009 189	2 838 367
Profit from sale of non-current assets	16 409	16 409	-12 754
Total operating income	**3 606 368**	**3 025 598**	**2 825 613**
Wages and salaries	846 394	700 430	743 412
Operating expenses	1 665 288	1 438 579	1 347 511
Total operating expenses	**2 511 682**	**2 139 009**	**2 090 923**
Operating profit before depreciation	**1 094 687**	**886 589**	**734 690**
Depreciation	702 590	613 805	496 286
Write down	-	-	-49 493
Operating profit	**392 095**	**272 784**	**287 897**
Share of loss/profit from associated companies	-4 870	-4 870	1 315
Other interest income	56 280	66 000	72 407
Other financial income	257 773	239 123	705 797
Other interest expenses	-483 796	-456 156	-308 277
Other financial expenses	-356 762	-320 286	-359 660
Unrealized profit/loss on currencies	112 861	104 089	242 531
Net financial result	**-418 514**	**-372 100**	**354 113**
Pre-tax profit	**-26 420**	**-99 316**	**642 010**
Income Tax	12 060	33 716	-4 898
Result for the period	**-38 481**	**-133 033**	**646 907**
Currency translation difference (CTA)	-10 213	-10 213	-120 765
Total other comprehensive income	**-10 213**	**-10 213**	**-120 765**
Result including other comprehensive income	**-48 694**	**-143 246**	**526 142**
Result attributable to:			
Minority	1 723	1 723	935
Majority	-40 204	-134 756	645 972
Result including comprehensive income:			
Minority	1 723	1 723	935
Majority	-50 417	-144 969	525 207

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Group Summarized Balance sheet

FINANCIAL STATEMENTS DECEMBER 31, 2010

DS AS GROUP CONSOLIDATED BALANCE SHEET (UNAUDITED)

(NOK 1.000)	31.12.2010	31.12.2009
Intangible fixed assets	519 919	624 886
Tangible fixed assets	13 450 109	10 225 287
Financial fixed assets	209 082	83 053
Total fixed assets	**14 179 109**	**10 933 226**
Bunkers	21 026	15 062
Receivables	1 357 221	1 133 808
Cash and cash equivalents	1 988 626	1 521 397
Total current assets	**3 366 874**	**2 670 267**
Total assets	**17 545 982**	**13 603 493**

(NOK 1.000)	31.12.2010	31.12.2009
Subscribed equity	4 069 262	2 892 511
Retained earnings	951 179	934 674
Minority interest	203 673	6 571
Total Equity	**5 224 113**	**3 833 756**
Provisions for commitment	177 271	212 108
Other long term liabilities	9 977 089	8 067 791
Total Long Term Liabilities	***10 154 360***	***8 279 899***
Debt to credit institutions	1 222 958	859 808
Other Current liabilities	944 552	630 030
Total Short Term Liabilities	***2 167 510***	***1 489 838***
Total Liabilities	**12 321 869**	**9 769 737**
Total Equity and Liabilities	**17 545 982**	**13 603 493**

Group Condensed Statement of Cashflow and Equity

FINANCIAL REPORT DECEMBER 31, 2010

DS AS GROUP SUMMARIZED CASHFLOW STATEMENT (UNAUDITED)

(NOK 1.000)	31.12.2010	31.12.2009
Cash flow from operating activities	734 998	341 495
Cash flow from investing activities	-4 123 271	-1 965 176
Cash flow from financing activities	3 855 503	1 868 258
Changes in cash and cash equivalents	**467 230**	**244 577**
Cash and cash equivalents at the beginning of the period	**1 521 397**	**1 276 820**
Cash and cash equivalents at the end of the period	**1 988 626**	**1 521 397**

*) Cashflow is calculated using pro forma figures.

STATEMENT OF EQUITY

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(NOK 1.000)	31.12.2010	31.12.2009
Equity period start	**3 833 756**	**3 311 413**
Result including comprehensive income	-143 246	526 143
Dividends	-500	
Minority interests	244 860	
Equity issue - minority		-3 800
Prior period adjustments	112 493	
Capital increase August	476 751	
Capital increase December	700 000	
Total changes of equity in the period	**1 390 358**	**522 343**
Equity at period end	**5 224 113**	**3 833 756**

Key figures

FINANCIAL STATEMENTS DECEMBER 31, 2010

DS AS GROUP KEY FIGURES

	31.12.2010	31.12.2009
Profit per share[1]	(1,11)	5,40
Profit per share ex. Minority interest[2]	(1,13)	5,40
Profit per share ex. Unrealised Currency loss/gain[3]	(1,98)	3,38
Cashflow per share[4]	1,23	2,04
EBITDA margin[5]	29 %	26 %
EBIT margin[6]	9 %	10 %
Return on net capital[7]	-3 %	17 %
Equity ratio[8]	30 %	28 %
No of Shares	119 733 714	119 733 714
Face value per share	10	5

1 (Result incl minority share)/average number of shares
2 (Result ex. Minority share)/average number of shares
3) (Result incl. Minority share ex unrealized currency gain/loss on currencies)/average number of shares
4 (Changes in cash and cash equivalents)/average number of shares
5) (Operating profit before depreciation in percent of operating income)
6) (Operating profit in percent of operating income)
7 (Profit after tax in percent of booked equity)
8) (Equity/Total capital)

Notes to the Condensed Financial Statements

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

NOTE 1 GENERAL

This interim report has been prepared in accordance with the standard for interim reporting (IAS34).
Amendments to the standards and their interpretation may result in amended figures.
The accounting principles and calculation methods applied for the last annual accounts published have been applied to this document.
The Financial statement are unaudited.

Profit and loss for the companies in the IPO group are included for Q2 and Q3 in the proforma figures. From Q3 the IPO group is included in DOF Subsea

NOTE 2 OPERATING INCOME AND EBITDA PER BUSINESS SEGMENT

Operating income	31.12.2010	31.12.2009
Subsea Construction Support	2 808 457	2 597 066
Subsea Engineering	217 141	228 547
Total	**3 025 598**	**2 825 613**

EBITDA	31.12.2010	31.12.2009
Subsea Construction Support	878 912	745 424
Subsea Engineering	7 677	(10 734)
Total	**886 589**	**734 690**

NOTE 3 EVENTS AFTER BALANCE SHEET DATE

In February the company to delivery of Skadi Niteroi from STX Promar. The vessel will sail to Europe and install additional equipment before returning to Brazil

NOTE 4 BANK DEPOSIT

Bank deposit	31.12.2010	31.12.2009
Cash and cash equivalent	1 988 626	1 521 397
Of which is restricted cash	885 265	1 061 320
Free cash and cash equivalent	1 103 361	460 077

NOTE 5 TRANSACTIONS WITH RELATED PARTIES

In November a share issue of 200 Million was made in DOF Installer ASA.
In December DOF Subsea AS made a share issue of 700 million by converting debt to equity.

NOTE 6 SHORT TERM PART OF LONG DEBT

Short term part of long term debt consist of NOK 296 million in bond loan and NOK 766 million in debt to credit institutions.

In October DOF Subsea AS issued a new bond loan of NOK 750 million, and bought back bonds with nominal value of NOK 200 million with maturity March 2011.

NOTE 7	TAXES

Taxes per 31.12.2010 and 31.12.2009 are estimated.
Taxes includes NOK 49 million related to the exit of the old Norwegian tonnage tax system.

NOTE 8	SHAREHOLDER INFORMATION

Name	No. shares	Shareholding	Voting shares
DOF Subsea Holding 2 AS	119 733 714	100 %	100 %
Total number of shares	**119 733 714**	**100 %**	**100 %**