



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2011 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 996 330 958
Organisasjonsform: Aksjeselskap
Foretaksnavn: DOLPHIN GEOPHYSICAL AS
Forretningsadresse: Damsgårdsveien 131
5160 LAKSEVÅG

Regnskapsår

Årsregnskapets periode: 10.12.2010 - 31.12.2011

Konsern

Morselskap i konsern: Ja
Konsernregnskap lagt ved: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Tone Byholt Rødal
Dato for fastsettelse av årsregnskapet: 15.05.2012

Grunnlag for avgivelse

År 2011: Årsregnskapet er elektronisk innlevert
År 2010: Tall er hentet fra elektronisk innlevert årsregnskap fra 2011

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 20.11.2020



Resultatregnskap

Beløp i: USD	Note	2011	2010
Inntekter			
Salgsinntekt	3	82 520 272	
Annen driftsinntekt	3	7 205 999	
Sum inntekter		89 726 271	
Kostnader			
Lønnskostnad	4	17 563 850	
Avskrivning på varige driftsmidler og immaterielle eiendeler	9	5 775 268	
Annen driftskostnad	4,6	57 037 534	
Sum kostnader		80 376 652	
Driftsresultat		9 349 619	
Finansinntekter og finanskostnader			
Annen renteinntekt	7	35 940	
Annen finansinntekt	7	5 242 216	
Sum finansinntekter		5 278 156	
Rentekostnad til foretak i samme konsern	7	2 027 912	
Annen rentekostnad	7	998 426	
Annen finanskostnad	7	5 410 032	
Sum finanskostnader		8 436 370	
Netto finans		-3 158 214	
Ordinært resultat før skattekostnad		6 191 405	
Skattekostnad på ordinært resultat	8	3 151 735	
Ordinært resultat etter skattekostnad		3 039 670	
Årsresultat		3 039 670	
Årsresultat etter minoritetsinteresser		3 039 670	
Overføringer og disponeringer			
Konsernbidrag		1 658 246	
Overføringer til/fra annen egenkapital		1 381 424	
Sum overføringer og disponeringer		3 039 670	



Resultatregnskap

Beløp i: USD	Note	2011	2010
---------------------	-------------	-------------	-------------



Balanse

Beløp i: USD	Note	2011	2010
EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	10	2 156 612	
Sum immaterielle eiendeler		2 156 612	
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	9	55 462 006	
Sum varige driftsmidler		55 462 006	
Finansielle anleggsmidler			
Investering i datterselskap	11	13 567 405	
Sum finansielle anleggsmidler		13 567 405	
Sum anleggsmidler		71 186 023	
Omløpsmidler			
Varer			
Varer	14	1 347 210	
Sum varer		1 347 210	
Fordringer			
Kundefordringer	14	12 190 627	
Andre fordringer	14	7 345 198	
Konsernfordringer	13,14	27 447 966	
Sum fordringer		46 983 791	
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	16	27 593 953	
Sum bankinnskudd, kontanter og lignende		27 593 953	
Sum omløpsmidler		75 924 954	
SUM EIENDELER		147 110 977	



Balanse

Beløp i: USD	Note	2011	2010
EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	17,18	28 838 706	
Annen innskutt egenkapital	18	1 657 331	
Sum innskutt egenkapital		30 496 037	
Opptjent egenkapital			
Annen Egenkapital	18	34 318 441	
Sum opptjent egenkapital		34 318 441	
Sum egenkapital		64 814 478	
Langsiktig gjeld			
Utsatt skatt	8	2 506 862	
Sum avsetninger for forpliktelser		2 506 862	
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	14,15	20 370 302	
Sum annen langsiktig gjeld		20 370 302	
Sum langsiktig gjeld		22 877 164	
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	8,15	6 500 000	
Leverandørgjeld	14	10 718 289	
Kortsiktig konserngjeld	13,14	37 249 065	
Annen kortsiktig gjeld	14	4 951 981	
Sum kortsiktig gjeld		59 419 335	
Sum gjeld		82 296 499	
SUM EGENKAPITAL OG GJELD		147 110 977	



Skattedirektoratet

Saksbehandler Jan Hoelstad	Deres dato 04.05.2011	Vår dato 13.05.2011
Telefon 22077325	Deres referanse Nina Midtlie	Vår referanse 2011/499106

Dolphin Group ASA
Postboks 150, Oppsal
0619 OSLO

Dispensasjon fra kravet om utarbeidelse av årsregnskap og årsberetning på norsk språk

Det vises til deres brev av 4. mai 2011 samt e-poster av 13. mai 2011 med supplerende opplysninger i sakens anledning. Det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for:

- Dolphin Group ASA Org. nr: 984 861 060
- samt følgende heleide norske underliggende selskap:
 - Dolphin Interconnect Solutions AS Org. nr: 996 330 923
 - Dolphin Geophysical AS Org. nr: 996 330 958
 - Dolphin Assets I AS Org. nr: 996 480 313

Bakgrunn:

Dolphin Group ASA er et holdingselskap som er konsernspiss i et konsern som driver innen internasjonal seismikk-virksomhet samt utvikling og salg av IT-løsninger til forretningsmarkedet. Det er opplyst at tilnærmet alt salg av IT-løsninger skjer til utenlandske kunder. I tillegg til selskapene nevnt ovenfor har konsernet flere datterselskap i Storbritannia, Singapore og USA. All kommunikasjon med konsernets primære forretningsforbindelser inkludert kunder, skjer derfor på engelsk. Engelsk språk er også arbeidsspråk internt i konsernet. Flere av selskapets ledelse og ansatte er ikke norsk språklige.

Dolphin Group ASA er notert på Oslo Børs, og har der fått dispensasjon fra verdipapirhandelloven § 5-13 vedrørende språk. Pr 29. april 2011 har selskapet 795 aksjonærer hvorav 62 er utenlandske. Selskapets største aksjonær med 19,9 % av selskapet er amerikansk. I tillegg er også to andre av selskapets største aksjonærer utenlandske. Disse tre aksjonærene har til sammen 37 % av selskapet. Rapportering til aksjonærene skjer derfor på engelsk språk.

Selskapet er derfor avhengig av å utarbeide sitt årsregnskap og årsberetning på engelsk språk. I praksis vil en norsk språklig versjon, kun være en oversettelse som utarbeides for å tilfredsstille regnskapslovens krav til norsk språk. Det søkes derfor om dispensasjon.

Skattedirektoratets vurdering og konklusjon

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Postadresse Postboks 9200 Grønland 0134 Oslo	Besøksadresse Se www.skatteetaten.no Org. nr: 996250318	Sentralbord 800 80 000 Telefaks 22 17 08 60
For elektronisk henvendelse se www.skatteetaten.no		



"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir negativt berørt ved en eventuell dispensasjon.


Selskapenes virksomhet er rettet mot et internasjonalt marked som benytter engelsk språk ved kommunikasjon og avtaleinngåelse. Engelsk benyttes også internt som arbeidsspråk i konsernet. En betydelig andel av selskapet er eid av utenlandske eiere, og morselskapet er av Oslo Børs innvilget dispensasjon fra verdipapirhandelloven § 5-13.

Skattedirektoratet gir på bakgrunn av en helhetsvurdering de ovenfor nevnte selskapene dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen


Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet


Jan Hoelstad



Tel: + 47 23 11 91 00
Fax: + 47 23 11 91 01
www.bdo.no

BDO AS
Munkedamsveien 45
P.O. Box 1704 Vikta
NO-0121 Oslo

To the Annual Shareholders' Meeting of Dolphin Geophysical AS

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Dolphin Geophysical AS, which comprise the balance sheet as at 31 December 2011, and the income statement, showing a profit of USD 3 039 670, 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 these financial statements in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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 company'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

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Dolphin Geophysical AS as at 31 December 2011, and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

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 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.

Oslo, 15 May 2012
BDO AS

Børre Skisland
State Authorised Public Accountant (Norway)



Dolphin Geophysical AS,
Solheimsgaten 13, 6th Floor,
N-5058 Bergen, Norway
Org.no 996 330 958 MVA

THE BOARD OF DIRECTORS' REPORT 2011
Dolphin Geophysical AS

Operations and locations

Dolphin Geophysical AS, located in Bergen, is a supplier of marine geophysical services and operates a fleet of new generation high capacity seismic vessels and offers contract seismic surveys and Multi-Client projects on a worldwide basis.

The chartered seismic fleet consists of the following operated vessels;

- Polar Duke (3D vessel)
- Polar Duchess (3D vessel)
- Artemis Artic (3D vessel)
- Artemis Atlantic (2D vessel)
- Polar Explorer (2D) vessel

All of the vessels are on time-charter agreements with rental of vessel and maritime crew. The charter agreements are on 1 year up to 5 year lease period, with options for Dolphin to extend. The variable charter commitment periods, provide unique flexibility to meet business cyclicity's.

Going concern

In accordance with the Accounting Act § 3-3a, we confirm that the financial statements have been prepared under the assumption of going concern. This assumption is based on profit forecasts for the year 2012 and the company's long-term strategic forecasts. The company's economic and financial position is sound.

Future prospects

The company's strategy is to become a recognized geophysical company with clear seismic market exposure. The strategy will be further developed through a dedicated business plan for 2012 with strong growth within the company's targeted areas.

The fleet will increase in 2012 with the charter of the high capacity 3D vessel, Polar Duchess, which will be in operations from April 2012. Further, Dolphin Geophysical AS has committed to charter two new purposes built 3D vessels, Sanco Swift and Sanco Sword, which will be introduced in the market in 2013 and 2014 respectively.

Based on the successful start-up of the Multi-Client Seismic business in 2011, Dolphin Geophysical AS and its subsidiaries will increase investments in Multi-Client activity during 2012. The combination of a strong organization, with both sales and project development capability, together with a strong industry drive for Multi-Client model in several regions, will allow a growth in this part of the business faster than originally planned.

The seismic data processing capabilities will be strengthened in 2012. The strategy will be to provide processing services from the Dolphin group, for the data is acquired and in particular for the Multi-Client projects. This will ensure improved quality control and timing of our Multi-Client products in addition to full service to clients on proprietary projects. For Multi-Client projects,

Bergen • Houston • London • Oslo • Singapore



processing is also a stepping stone towards added value products such as interpretation, identification of prospects and reservoir characterization.

The first full scale on-board processing system was implemented on the Polar Duchess in April 2012.

Dolphin is experiencing an increased demand for 3D seismic service in all regions in which the company is active. During Q4 2011 the Gulf of Mexico (US) returned to normalized conditions with regular licensing rounds and the issuing of new seismic permits. This, combined with strong demand in Angola, South America and the upcoming North Sea season, has generated more favorable market conditions with seismic 3D rates for the North Sea and other areas responding positively. The rates for 3D seismic are expected to have a yearly increase in the range of 10-15%.

Our forecasts are subject to the normal uncertainty that characterizes considerations of future events.

Comments related to the financial statements

The company's revenue in 2011 was USD 82.5 million, whilst net income was USD 3.0 million. Total cash flow from operating activities was USD 18.2 million in 2011 and the operating profit constituted USD 9.3 million. The difference mainly concerns ordinary depreciation and share based payments and an increase in short term liabilities.

The company's capital investments during 2011 amounted to USD 77.0 million, of which USD 61.2 million has been invested in new seismic equipment.

The company's liquidity reserve as of 31.12.11 amounted to USD 27.6 million. The company's ability to self-finance investments is good.

The Company's short-term debt as of 31.12.11 constituted 72.2 % of the Company's total debt. The Company's financial position is sound and adequate enough to settle short-term debt as of 31.12.11 with the company's most liquid assets.

Total assets at year end amounted to USD 147.1 million. The equity ratio was 44.0 % as of 31.12.2011.

Financial risk

Overall view on objectives and strategy

The company is exposed to financial risk in different areas. The goal is to reduce the financial risk as much as possible. The company's current strategy does not include the use of financial instruments. This is however, continuously being assessed by the Board of Directors.

Interest rate risk

The company is exposed to interest risk, as some of the company's liabilities are at floating rates. The Company has, at 31 December 2011, one financial lease with floating interest rates. The floating interest is based on market rate/LIBOR + a margin. The company will continue to finance seismic equipment on the new build vessels. The leases are over a five – seven year time period. The company has not entered into any agreement to hedge the interest risk.

Credit risk

The company's trade receivables are primarily from oil companies with a generally high credit rating. The Board of Directors believes that the exposure to credit risk from the loss of trade receivables is relatively low. Credit evaluations of customers are performed regularly in order to manage potential

Bergen • Houston • London • Oslo • Singapore



risk. The maximum risk exposure is represented by the carrying amount of the financial assets in the balance sheet. The Company regards its maximum credit risk exposure to the carrying amount of trade receivables.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity risk is to strive to always having sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Exchange rate risk

As a result of international operations, the entity is exposed to exchange rate fluctuations. The majority of operational cost and financial cost as well as the revenues are in USD. The currency risk for 2011 is related to exposure of NOK, GBP and EUR to USD since the majority of the personnel costs are denominated in NOK and GBP and some project related area cost has been in EUR. The company has not entered into any agreements to reduce the risk per 31.12.2011. Functional currency is USD for the company, thus there will be no foreign exchange risk related to the majority of revenues in USD, as well as capital expenditures in USD.

The strategy is to combine likely future sale and purchase, where possible. There is no immediate plan to enter into any forward/ future contracts as hedging instruments for reduction of foreign exchange rate exposure due to the materiality of the exposure.

The working environment and the employees

The strong growth for the company in 2011 has been challenging and required hard work from the employees. The working environment in Dolphin is considered to be satisfactory and, despite the European financial crisis that impacts the funding of the company's growth and financing, employees are dedicated and motivated and have made great efforts during this period. Leave of absence due to illness totaled 149 days for 2011. This equaled 1.3 % sick leave percentage for 2011.

There have been no major accidents or injuries to the personnel or equipment during 2011.

Lost time incident frequency (LTIF) was 0.78 and total recordable case frequency (TRCF) was 2.34 in 2011.

The total numbers of Dolphin Geophysical AS employees have increased significantly from 5 employees at the end of December 2010 to 75 employees in December 2011. The existing organization is with their expertise and capacity capable to handle the further growth of the company.

Equal opportunities

The proportion of women employees at the end of 2011 was 13.1 % and at the end of 2010 was 20.0 %. The company's objective is to have a workplace with equal opportunities for women and men. Guidelines have been introduced to secure equal rights with regard to salaries, promotions and appointments.

The Board of Directors consists of 1 woman and 3 men.

Working time arrangements are determined by the various positions and do not depend on gender. There are no employees working part-time.

Discrimination

The Discrimination Act's objective is to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, descent, skin colour, language, religion and faith. The company principles are to secure equal rights with regard salary, promotion

Bergen • Houston • London • Oslo • Singapore



and appointments with respect to gender, age and culture diversity. The Group represent 28 nationalities.

Environmental report

Dolphin Geophysical AS has an obligation to work to ensure that our business does not damage or pollute the external environment. For the year 2011 we are not aware that Dolphin has in any respect polluted the external environment.

The Company interacts with the external environment through the collection of seismic data and operation of vessels. The Company continues to work actively to minimize any impact on the environment. Regular monitoring and controls are carried out in order to limit the risk of pollution. It is the Company's policy to comply with national and international regulations.

The Geophysical part of the company is being promoted very actively towards future customers and particular focus is placed on improvements to, and further development of, the company's procedures for quality, health, environment and safety (QHSE), both onshore and, not least, in relation to the marine geophysical operations of the company.

The company has begun the process of third-party ISO 9001 certification. DNV will take the company through this procedure, which will take 12 months. This external certification will provide a significant benefit to the prequalification process because it demonstrates that many of the requirements are in place.

Allocation of net income

The Board of Directors has proposed the net income of Dolphin Geophysical AS to be attributed to:

Retained Earnings USD 1 381 424
Group Contribution USD 1 658 246
Net income allocated USD 3 039 670

The proposal reflects the owners' desire to strengthen the equity position of the company.

The company's distributable equity as of 31.12.2011 was:

Distributable equity USD 50 103 381



Bergen, 15 May 2012

Atle Jacobsen
Chairman

Erik Hokholt
Board member

Nina Midtlie
Board member

Peter Allan
Hooper
General manager



INCOME STATEMENT 10.12.10 - 31.12.11

Amount in USD	Notes	2011
REVENUE		
Sales revenue	3	82,520,272
Intercompany revenue	3	6,593,544
Other revenue	3	612,455
Revenue		89,726,271
OPERATING EXPENSES		
Cost of sales	4	72,945,726
Share based compensation	6	1,655,658
Depreciation	9	5,775,268
Total operating expenses		80,376,652
OPERATING PROFIT (EBIT)		9,349,619
NET FINANCIAL ITEMS	7	-3,158,214
PROFIT BEFORE TAXES		6,191,405
Income tax expense	8	3,151,735
NET PROFIT		3,039,670



ASSETS 31.12.11

Amount in USD	Note	2011
NON CURRENT ASSETS		
Intangible assets		
Multi-Client Library	10	2,156,612
Total intangible assets		2,156,612
Tangible assets		
Leased and owned seismic equipment and office equipment	9	55,462,007
Total tangible assets		55,462,007
Financial assets		
Investment in subsidiaries	11	13,567,405
Total financial assets		13,567,405
Total non current assets		71,186,023
CURRENT ASSETS		
Receivables		
Inventories and prepayments	14	1,347,210
Accounts Receivable	14	12,190,627
IC receivables	13, 14	27,447,966
Other Receivables	14	7,345,198
Total receivables		48,331,001
Cash and cash equivalents	16	27,593,953
Total current assets		75,924,954
TOTAL ASSETS		147,110,977



EQUITY AND LIABILITIES 31.12.11

Amount in USD	Note	2011
EQUITY		
Owners equity		
Share Capital	17, 18	28,838,706
Additional paid in capital	18	1,657,331
Total owners equity		30,496,038
Retained earnings		
Other equity	18	34,318,441
Total accumulated profits		34,318,441
Total equity		64,814,478
LIABILITIES		
Other Non-Current Liabilities		
Deferred tax liabilities	8	2,506,862
Long term liabilities	14.15	20,370,302
Total Non-Current Liabilities		22,877,164
Current liabilities		
Short term debt and current portion of long term debt	8, 15	6,500,000
Accounts Payable	14	10,718,289
IC liabilities	13, 14	37,249,065
Other Short-Term Liabilities	14	4,951,981
Total current liabilities		59,419,335
Total Liabilities		82,296,498
TOTAL EQUITY AND LIABILITIES		147,110,977

Bergen, May 15 2012

Atle Jacobsen
Chairman

Erik Høkholt
Board member

Nina Midtlie
Board member

Peter Allan Hooper
General manager



CASH FLOW STATEMENT
10.12.10 - 31.12.11

Amount in USD	2011
Cash flow from operating activities	
Profit/ (loss) before income taxes	6,191,405
Share based compensation	1,655,658
Depreciation and amortisation expenses	5,775,268
Changes in inventories, accounts receivables and accounts payable	6,981,551
Changes in other accruals	-2,393,217
Net cash flow from operating activities	18,210,664
Cash flow from investing activities	
Purchase of tangible non current assets	-61,237,275
Investment in Multi-client library	-2,156,612
Proceeds from disposal of tangible non current assets	
Net purchase and proceeds from other investments	-13,567,405
Net cash flow from investing activities	-76,961,291
Cash flow from financing activities	
Proceeds from recent borrowings (long term and short term)	26,888,631
Proceeds from equity	61,759,067
Repayment of borrowings	
Changes in bank overdraft	
Group contribution	-2,303,119
Net cash flow from financing activities	86,344,580
Net change in cash and cash equivalents	27,593,953
Cash and cash equivalents at 01.01	
Cash and cash equivalents at 31.12	27,593,953



Note 1 Accounting Principles

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The company presents its financial statements in USD as that is the company's functional currency.

1-1 Use of estimates

The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

1-2 Foreign currency translation

The financial statements are presented in USD, which is the company's presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss.

Non-monetary assets items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and translated at the closing rate.

The assets and liabilities with other functional currency than USD are translated into USD at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity.

1-3 Revenue recognition

Multi-Client surveys

Multi-Client surveys consist of surveys to be licensed to customers on a non-exclusive basis. All costs directly incurred in acquiring, processing and otherwise completing seismic surveys are capitalized into the Multi-Client surveys. The carrying amount of multi-client library on the balance sheet date is shown at costs less accumulated amortization and accumulated impairments.

Revenues related to Multi-Client surveys generally falls into two categories (1) Multi-Client surveys performed after securing commitments from some customers or (2) Multi-Client surveys performed before securing purchase commitments from customers.

Pre-commitments

Generally, we obtain commitments from customers before a seismic project is started or during the project period. These pre-commitments cover specific areas or license blocks. In return for the commitment, the customer obtains early access to the data, favorable pricing compared to late sales and a degree of influence over the project. Advance payments from customers are deferred and recognized over the project period from the time the project commences based on the ratio of project cost incurred during that period to total estimated project cost.

Late sales

Generally, we grant a license entitling non-exclusive access to a complete and ready for use, specifically defined portion of our Multi-Client data library in exchange for a fixed and determinable payment. We recognize after sales revenue upon the client executing a valid license agreement and having been granted access to the data.

Exclusive contracts

The company performs seismic services for specific customers under exclusive contracts. Sales of services under contracts are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.



Mobilization revenue and cost

Mobilization revenue and the related mobilization costs relates to moving the seismic vessel or crew from one location to the location specified by the contract. Such cost includes in the Multi-Client survey or exclusive contract with which the costs are associated. The mobilization costs related to Multi-Client survey are capitalized as a part of the Multi-Client library as mentioned. Steaming costs on exclusive surveys are deferred and charged to expense based upon the percentage of completion of the project. The estimated probable future economic inflows are documented at inception and cover the costs capitalized or deferred. If the projects are not able to cover all of the costs which could be capitalized or deferred then only those costs that are recoverable are capitalized/deferred.

1-4 Operational and finance Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases

Finance leases are leases under which the company assumes most of the risk and return associated with the ownership of the asset. Financial leases are recorded as assets and liabilities, and lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. The same depreciation period as for the company's other depreciable assets is used.

Operating leases

Leases for which most of the risk and return associated with the ownership of the asset have not been transferred to the company are classified as operating leases. Lease payments are classified as operating costs and recognized in the income statement in a straight line during the contract period.

1-5 Income tax

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Income tax expense represents the sum of the current tax expense (or recovery) plus the change in deferred tax liabilities and asset during the period, except for current and deferred income tax relating to items recognized directly in equity, in which case the tax is also recognized directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are calculated using the liability method for all temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and for tax purposes, including tax losses carried forward. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred income tax is recognized on temporary differences arising on investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled by the Company and it is probable that the temporary differences will not reverse in the foreseeable future.

The Company includes deductions/benefits from uncertain tax positions when it is probable that the tax position will be ultimately sustained.

The carrying amount of deferred income tax assets is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of



the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each end of the reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The probability assessment is based on Management's judgment and estimates in regards to future taxable income and tax planning opportunities (see separate note describing accounting estimates below).

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes are related to the same taxable entity and the same taxation authority. Deferred tax is classified as long-term in the consolidated statements of financial position.

1-6 Balance sheet classification

Current assets and short term liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as fixed assets / long term liabilities.

Current assets are valued at the lower of cost and fair value. Short term liabilities are recognized at nominal value.

Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognized at nominal value.

1-7 Intangible assets

Intangible assets acquired separately, except for Multi-Client library

Intangible assets that have been acquired separately are carried at cost. The costs of intangible assets acquired through a business combination are recognised at their fair value in the Group's opening balance sheet.

Following initial recognition, intangible assets are recognised at cost less any amortisation and impairment losses. The economic life is either definite or indefinite. Intangible assets with a definite economic life are amortised over their economic life and tested for impairment if there are any indications. The amortisation method and period are assessed at least once a year. Changes to the amortisation method and/or period are accounted for as a change in estimate.

Intangible assets with an indefinite economic life are tested for impairment at least once a year, either individually or as a part of a cash-generating unit. Intangible assets with an indefinite economic life are not amortized. The economic life is assessed annually with regard to whether the assumption of an indefinite economic life can be justified. If it cannot, the change to a definite economic life is made prospectively.

Multi-Client library

Multi-Client library includes both completed seismic data and projects in work which is licensed on a nonexclusive basis to oil and gas search/production companies. Production cost directly related to obtain the seismic data and processing are capitalized. The Multi-Client library contains also the cost price for the seismic data acquired from external parties.

Amortization is compared with the income for the different projects in proportion to the expected income per project. Minimum amortization in addition means that the capitalized value of a project a year after completion shall not exceed 80% of the cost price, which is minimum 20% amortization after 12 months; in addition, all projects shall be entirely expensed within 5 year (20 % per year) after completion. In these circumstances some related projects can be seen as a unit and the minimum rules for amortization will then first be relevant 12 months after completion.

1-8 Property, plant and equipment

Property, plant and equipment acquired by the company are presented at historical cost less accumulated depreciation and impairment changes. Historical cost includes expenditure that is directly attributable to the acquisition of the items.



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

If an indication of impairment exists, an impairment test is performed. If the recoverable amount of a tangible non-current asset is lower than book value, the asset will be written down to the higher of fair value less cost to sell and value in use. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses on derecognizing of the asset calculated as the difference between the net disposal and the carrying amount of the asset is included in the income statement in the year the asset is derecognized.

Depreciation on items of property, plant and equipment are mainly depreciated using the straight-line method to allocate their cost to their residual values. One of the subsidiaries is using depreciation by production.

<i>Asset group</i>	<i>Useful life</i>
Office equipment including hardware	3 years
Fixed Seismic equipment onboard vessel	Over time charter agreement period (5 – 7 years)
Seismic equipment, leased and owned	5- 7 years

The residual values and estimated useful lives of items of property, plant and equipment are reviewed, and adjusted annually as appropriate, at the year-end balance sheet date.

Equipment for vessels under construction/rigging are classified as non-current assets and recognized at the cost, it is not depreciated until the non-current asset is taken into use.

Rigging cost

Expenses directly related to the rigging of new seismic vessels are recognized in the balance sheet as Non-current assets, as a part of seismic equipment. Internal cost associated with the rigging is recognized in the balance sheet if it is directly related to the rigging.

The capitalized costs are direct costs associated with rigging the seismic vessel, including time charter during rigging period, personnel charges, consultants etc. The rigging cost is depreciated over the life of the time charter agreement.

1-9 Subsidiaries and investment in associates

Subsidiaries and investments in associates are valued at cost in the company accounts. The investment is valued as cost of the shares in the subsidiary, less any impairment losses. An impairment loss is recognized if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Dividends, group contributions and other distributions from subsidiaries are recognized in the same year as they are recognized in the financial statement of the provider. If dividends / group contribution exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company.

1-10 Accounts receivable and other receivables

Trade receivables are recognized at fair value, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is recognized in the income statement.



1-11 Cash and cash equivalents

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of three months.

1-12 Equity

Costs of equity transactions

Share issuance costs and other transaction costs that are incremental and directly related to an equity transaction are shown in equity as a deduction, net of tax, from the proceeds.

Translation differences see 2.6 above

1-13 Short term investments

Short term investments (stocks and shares seen as current assets) are valued at the lower of acquisition cost and fair value at the balance sheet date. Dividends and other distributions are recognized as other financial income.

1-14 Employee benefits

Pension obligations

The company has a defined contribution plan and 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 period. The company has no further payment obligations once the contributions have been paid. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity for pension, based on obligatory, agreed on or voluntary basis. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based compensation

The company takes part in an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Profit-sharing and bonus plans

The company recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

1-15 Events after the balance sheet date

New information on the company's financial position on the balance sheet which becomes known after the balance sheet date is recorded in the annual accounts. Events after the balance sheet date that do not affect the company's financial position on the balance sheet but will affect the company's financial position in the future are disclosed if significant.

1-16 Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term highly liquid placement with original maturities of three months or less. The cash flows are divided into operating activities, investing activities and financing activities.



Note 2 Currency

The financial statements are presented in USD as that is the companys' functional currency



Note 3 Revenue

Geographical segment net operating revenue in USD	2011
EAME	80,000,881
Asia/Pacific	-
North & South America	2,519,391
Other segments	7,205,999
Total	89,726,271

Revenue from major products and services in USD	2011
Exclusive contract	82,520,272
MCS	-
Intercompany revenue	6,593,544
Other	612,455
Total	89,726,271



Note 4 Operating expenses

Amounts in USD	2011
Charterhire	32,168,710
Maritime running cost	1,226,310
Operational costs incl seismic running cost	28,157,643
Wages including crew cost 1)	17,563,850
Capitalized cost of sales 2)	-7,019,597
Other	848,809
Total operating expenses	72,945,726

1) Includes cost of seismic crew hired through manning services

2) Relates to expenses directly related to the Multi-Client data Library



Note 5 Salary and audit fee

USD amount	2011
Salaries and holiday pay	6,784,058
Social Security / National insurance contribution	1,461,644
Pension costs defined contribution plans (note 19)	464,931
Share based compensation (note 6)	1,655,658
Other employee related costs	-124,532
Crew costs, foreign crew*	9,253,402
- Direct salary capitalized	-142,668
- Personnell costs capitalized to Multi-Client library	
Total salaries and personnell expense	19,352,494

* Includes personnell charges from seismic manning services.

The company had 75 full time employees in 2011

Management remuneration

USD amount	Board remuneration		Benefits in kind		Pension cost	Value of options granted	Total remuneration
	Salary	Bonus					
Management							
Peter Hooper (Operations VP and General Manager)	265,518	-	5,475	10,314	126,691	407,997	
Bjarne Stavenes (Technical VP)	239,730	11,593	2,381	10,314	126,691	390,708	
Mike Hodge (QHSE VP)	248,444	-	2,946	10,314	194,482	456,185	
Members of the Board							
Atle Jacobsen	-	-	-	-	-	-	
Erik Hokholt	-	-	-	-	-	-	
Ketil Sundal	-	-	-	-	-	-	
Total remuneration	111,468	2,272,152	11,593	48,921	96,768	1,225,792	3,766,694

	Number of options				Average exercise price	Ending balance	Average maturity
	Opening balance	Granted	Forfeited	Exercised			
Management							
Peter Hooper (Operations VP and General Manager)	-	456,000	-	-	NOK 2,50	456,000	2014-12-31
Bjarne Stavenes (Technical VP)	-	456,000	-	-	NOK 2,50	456,000	2014-12-31
Mike Hodge (QHSE VP)	-	700,000	-	-	NOK 2,50	700,000	2014-12-31
Sum	150,000	4,412,000	-	-		4,562,000	

	Number of warrants				Average maturity
	Opening balance	Granted	Exercised	Ending balance	
Management					
Peter Hooper (Operations VP and General Manager)	1,198,500	-	-	1,198,500	2015-12-20
Bjarne Stavenes (Technical VP)	1,198,500	-	-	1,198,500	2015-12-20
Mike Hodge (QHSE VP)	-	-	-	-	
Sum	150,000	4,412,000	-	4,562,000	

Options and warrants are regarding shares in the parent company. No warrants have been granted for 2011. Half of the warrants can be exercised when share price exceeds NOK 3,75. The other half of the warrants can be exercised when share price exceeds NOK 5,00.

Specification of auditor's fee:	2,011
Statutory audit fee	6,890
Assurance services	1,407
Tax advisory fee	0
Other services	523
Total fee to auditor	8,820

VAT is not included in the fee specified above.



Note 6 Options and Warrants

During the period ended December 31, 2011, the Company has had share-based payment arrangements for employees as described below, which applies to shares in the parent company:

Type of plan	Share Incentive Programme	
	Equity-settled	Equity-settled
Grant Date	2011-01-25	2011-12-19
Options granted per 31.12.2011	6,947,000	887,500
Options outstanding per 31.12.2011	6,932,000	887,500
Contractual life of the options at grant (years)	3.93	4.04
Vesting criteria	1/3 of the options vest each year after the release of the Q4 report, the first 1/3 vests following the release of the 2011 Q4 report. The last 2/3s vest conditional on performance conditions **	1/3 of the options vest each year after the release of the Q4 report, the first 1/3 vest following the release of the 2012 Q4 report. The last 2/3s vest conditional on performance conditions **
Expiry Date	2014-12-31	2015-12-31

Vesting of the options is conditional on continued employment

For the Share Incentive Programme, part of the options vest conditional on meeting certain performance conditions prior to the vesting date. Vesting of the options with performance conditions are subject to certain achievements for utilisation of the Company's vessels, being pre-qualified for tenders, as well as a maximum turnover rate in the company for one of

According to guidelines in IFRS 2 and NRS 15A all of these performance conditions are non-market conditions and the Company will report the expected quantity to vest or the expected vesting date at each reporting period.

Fair value of options granted is calculated using the Black & Scholes option pricing model.

The fair values of the options granted in 2011 and the weighted average inputs to the model are listed below:

Plan	Share Incentive Programme	
	2011-01-25	2011-12-19
Grant Date	2011-01-25	2011-12-19
Number of options granted	6,947,000	887,500
Weighted average exercise price	NOK 2.50	NOK 3.00
Weighted average stock price	NOK 3.27	NOK 2.95
Weighted average expected lifetime (years)	2.62	2.70
Weighted average expected future volatility	60 %	65 %
Weighted average interest rate	2.71 %	1.19 %
Weighted average fair value pr. option	NOK 1.56	NOK 1.20

Stock price is the closing stock price from the Grant Date at Oslo Stock Exchange.

The historical share prices of the Parent company is not considered appropriate as basis for expected future volatility. The historical volatility of similar listed companies over the most recent period that corresponds with the lifetime of the options is thus used.

Risk free interest rates are interest rates from Norges Bank on the Grant Date (Bonds and Certificates). The term of the rates is equal to the expected term of the option being valued. Where there is no exact match between the term of the interest rates and the term of the options, interpolation is used to estimate a comparable term.

Options are expected to be exercised a half year after they vest.

All of the Company's option plans are equity-settled which entails accounting for the option grants as a personnel expense in the Company's financial statements with a corresponding increase in equity in the Company's balance sheet. Accruals are made for the Company's social security contributions in connection with the option grants.

A total expense of USD 1 655 658 excluding social security accruals has been recognized during 2011. The expense is accounted for as equity-settled and NOK 9 418 720 is recognized in equity during 2011.

Further details of the option plans are as follows:

	01.01.2011 - 31.12.2011		01.01.2010 - 31.12.2010	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at the beginning of period	-	-	-	-
Granted	7,834,500	2.56	-	-
Exercised	-	-	-	-
Cancelled	-	-	-	-
Forfeited	-15,000	NOK 2.50	-	-
Expired	-	-	-	-
Adjusted quantity	-	-	-	-
Outstanding at the end of period	7,819,500	2.56	-	-
Vested options	-	-	-	-
Weighted Average Fair Value of Options Granted during the period	7,834,500	1.52	-	-
Intrinsic value outstanding options at the end of the period	7,819,500	NOK 5 420 875	-	-
Intrinsic value vested options at the end of the period	-	-	-	-

Details concerning outstanding options as of December 31, 2011 are given below:

Exercise price	Outstanding Options			Vested options	
	Outstanding Options Per 31.12.2011	Weighted average remaining Contractual Life	Weighted Average Exercise Price	Vested options 31.12.2011	Weighted Average Exercise Price
NOK 2,00 - 2,50	6,947,000	3.00	NOK 2,50	-	-
NOK 2,50 -	887,500	4.00	NOK 3,00	-	-
Total	7,834,500	3.11	NOK 2,56	-	-

No options were exercised during the period.

Warrants

The initiative takers for the new Geophysical segment was given warrants in December 2010 of total 7 990 000 warrants. Where 30 % was given to Dolphing Geophysical employee's related party.

Each warrant gives the holder the right to subscribe one share in the parent company of NOK 2.00 par value against the payment of NOK 2.50 (the warrant's exercise price). The warrant's exercise price corresponds to the subscription price in the placing.

Half of the warrants may be exercised when the weighted average price of the shares for the last 30 trading days prior to

The fair value of the warrants was estimated to NOK 15,025,000 (NOK 4 507 500 regarding Dolphing Geophysical Employee), based on a Monte Carlo simulation where the following assumptions had been used:

a) The warrants are calculated as European with a lifetime equal to the contract time

b) The risk-free interest rate is 3.0398%, which is based on Norges Bank's government bond yield on the issue date

c) Volatility is set at 60% based on historic volatility of comparable businesses as the company's historical share price does not reflect future volatility due to a significant change in the company's business

d) No payment of dividends is expected in the period prior to the deadline for exercise of the warrants

The warrants have been accounted for in accordance with IFRS 2 and NRS 15A, Share-based payment.



Note 7 Financial income and expenses

Financial income	2011
Interest income from group companies	-
Other interest income	35,940
Exchange gain on currency	2,255,737
Intercompany exchange gain on currency	2,986,479
Total financial income	5,278,156
Financial expenses	2011
Interest paid to group companies	2,027,912
Other interest expenses	998,426
Exchange loss on currency	2,907,854
Intercompany exchange loss on currency	2,476,902
Other financial expenses	25,276
Total financial expenses	8,436,371
Net financial items	-3,158,214



Note 8 Tax

Amounts in USD

Income tax expense	2011
Tax payable on group contribution	644,873
Changes in deferred tax	2,506,862
Total income tax expense	3,151,735

Tax base calculation

Profit before income tax	6,191,405
Permanent differences *)	639,861
Group contribution	-2,303,119
Use of losses carried forward	-72,556
Temporary differences	-4,455,591
Tax base	0

Temporary differences:

Receivables	10,537,832
Currency gains and losses	-1,584,755
Total	8,953,077

Deferred tax liability (asset) 2,506,862

Effective tax rate

Expected income taxes at statutory tax rate 28 %	1,733,593
Not booked deffered tax asset	-20,316
Permanent differences (28%)	179,161
Exchange rate effect defferd tax	1,259,296
Income tax expense	3,151,735

Effective tax rate in % **) 50.9 %

*) Permanent differences consist of non deductible costs and options booked against equity.

**) Tax expense related to profit before tax.



Note 9 Tangible Assets

In USD	Office Equipment	Owned seismic equipment	Leased seismic equipment	Asset under construction	Total
Cost:					
Acquisition cost at 01.01.2011	53,936				53,936
Purchased tangibles	855,787	5,256,911	54,000,000	1,070,640	61,183,338
Disposals					0
Acquisition cost at 31.12.2011	909,723	5,256,911	54,000,000	1,070,640	61,237,275
Accumulated depreciation:					
Balance at 01.01.2011					0
Depreciation for the period	228,598	639,223	4,907,448		5,775,268
Impairment losses					0
Accumulated depreciation at 31.12.2011	228,598	639,223	4,907,448	-	5,775,268
Carrying amount:					
Balance at 31.12.2011	681,125	4,617,689	49,092,553	1,070,640	55,462,007
Depreciation for the year	228,598	639,223	4,907,448		5,775,268
Depreciation capitalized to Multi-client library		-39,758			-39,758
Depreciation charged to expense	228,598	599,465	4,907,448	-	5,735,510
<i>Useful life</i>	3 years	3-8 years	3-8 years		



Note 10 Multi-client library

In USD	Multi-Client data library
Cost:	
Acquisition cost at 01.01.11	-
Investment in Multi-Client data library	2,156,612
Acquisition cost at 31.12.2011	2,156,612
Accumulated amortization:	
Balance at 01.01.11	-
Amortization for the year*	-
Accumulated amortization at 31.12.2011	-
Net carrying amount at 31.12.2011	2,156,612

*) There has been no amortization for 2011 as the minimum amortisation is due 12 months after the project is finished.



Note 11 Investment in subsidiaries

Company	Country	Main business	Ownership	Voting power	Net profit	Equity	Book value
Dolphin Geophysical PTE Ltd	Singapore	Geophysical services	100 %	100 %	203,030	211,132	8,102
Dolphin Geophysical Inc	USA	Geophysical services	100 %	100 %	-446,585	-445,585	1,000
Dolphin Geophysical Ltd	United Kindom	Geophysical services	100 %	100 %	-2,294,987	-2,294,985	2
Dolphin Asset 1 AS	Norway	Geophysical services	100 %	100 %	-	14,503,235	13,558,301

Concolidated accounts are not prepared as the ultimate parent company produce the consolidated financial statement.

The ultimate parent is Dolphing Group ASA and the concolidated accounts is available at Innspurten 15, Helsefy Atrium, 0663 Oslo, Norway.



Note 12 Financial market risk

The company's financial liabilities is financial leases, trade payables and other short term liability. The main purpose of these financial liabilities is to raise finance for the company's operations. The Group has financial assets such as trade receivables and cash, which arise directly from its operations.

The company does not use financial instruments, including financial derivatives, for trading and hedging purposes.

The most significant financial risks for the company are interest rate risk, liquidity risk and exchange rate risk. Credit risk is not considered being of major significance. Management continuously evaluates these risks and determines policies related to how these risks are to be handled.

(i) Interest-rate risk

The company is exposed to interest risk, as the lease liability is at floating rate. The Group has, at 31 December 2011, one financial leases with floating interest rates. The floating interest is based on market rate/LIBOR + a margin. The company will continue to finance seismic equipment on the new build vessels. The leases are over a five - seven year time period. The company has not entered into any agreement to hedge the interest risk.

(ii) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity risk is to strive to always having sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

(iii) Exchange rate risk

As a result of the company's international operations, the entity is exposed to exchange rate fluctuations. The

The company strategy is to combine likely future sale and purchase, where possible. There is no immediate plan to enter into any forward/ future contracts as hedging instruments for reduction of foreign exchange rate exposure due to the materiality of the exposure.

(iv) Credit risk

The trade receivables are primarily from oil companies with a generally high credit rating. The Board of Directors believes that the exposure to credit risk from the loss of trade receivables is relatively low. Credit evaluations of customers are performed regularly in order to manage potential risk.

The maximum risk exposure is represented by the carrying amount of the financial assets in the balance sheet. The Group regards its maximum credit risk exposure to the the carrying amount of trade receivables.

(v) Capital structure and equity

The primary objectives of the company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the years end 31 December 2011 and 31 December 2010.



Note 13 Intercompany balances

Receivables	2011
Dolphin Group ASA	178,581
Dolphin Assets 1 AS	110,365
Dolphin Geophysical Ltd	11,809,301
Dolphin Geophysical Pte Ltd	13,401,975
Dolphin Geophysical Inc	1,459,387
Dolphin Geophysical Do Brazil	488,356.66
Total	27,447,966

Payables	2011
Dolphin Group ASA	-23,186,669
Dolphin Assets 1 AS	-8,437,764.16
Dolphin Geophysical Ltd	-606,096.93
Dolphin Geophysical Pte Ltd	-4,820,539.39
Dolphin Geophysical Inc	-197,995.30
Total	-37,249,065



Note 14 Liabilities and receivables

Amounts in USD

The company does not have receivables or liabilities with longer the 1 years maturity
The company does not have any contingent assets or liabilities per 31.12.11

Secured debt	2011
Secured debt	26,870,302
<i>...secured in the following assets, book value:</i>	
Leased seismic equipments	49,092,553
Total book value of secured assets	49,092,553

Guarantees

There is not given any guarantees as of 31.12.11



Note 15 Rental agreements and leasing

The company as a lessee – financial leases

The company has one financial lease, which is subject to floating interest

The assets under financial leases are as follows:

USD amount	2011 Seismic Equipment
Seismic equipment and vessel	54,000,000
Accumulated depreciation	-4,907,448
Net carrying amount	49,092,553

Current portion of long term debt	6,500,000
Non-current lease liabilities	20,370,302

Overview of future minimum lease payments:

USD amount	2011 Seismic Equipment
Next 1 year	7,597,696
1 to 5 years	22,736,135
After 5 years	-
Future minimum lease payments	30,333,832

Effective interest rate	4.5 %
Interest	4.4 %

Present value of future minimum lease payments:

USD amount	2011 Seismic Equipment
Of which:	
- current liabilities	6,500,000
- long-term liabilities	20,370,302
Present value of future minimum	26,870,302

The Company as a lessee – operating leases

USD amount	2011
Timecharter agreements	203,298,901
Office rents + other lease facilities	865,052
Total	204,163,953

As of 31.12.2011 the company operates four vessels under time charter agreements. These are the Artemis Atlantic, the Artemis Arctic, the Polar Explorer and the Polar Duke.

The future minimum rents related to non-cancellable leases fall due as follows:

USD amount	2011
Within 1 year	32,022,851
1 to 5 years	152,372,980
After 5 years	19,768,122
Total	204,163,953



Note 16 Bank deposits

USD	2011
Cash and cash equivalents in the balance sheet	27,593,953

Restricted Cash

USD	2011
Payroll tax and deposits	4,846,014



Note 17 Shareholders

Amounts in NOK

Share capital

	Number of shares	Face value	Book value
A - Shares	1,626,000	NOK 100	162,600,000
Total	1,626,000		162,600,000

At 31.12.11 Dolphin Geophysical AS only had one shareholder, Dolphin Group ASA, which own 100 % of the shares.



Note 18 Equity

In USD	Share capital	Share Premium	Additional paid in capital	Retained earnings Group	Total equity
Equity per 01.01.2011	16,732		1,673	-76	18,329
Issue of new shares 12/1-11	8,379,561			8,379,561	16,759,121
Issue of new shares 30/5-11	9,318,250			10,681,696	19,999,946
Issue of new shares 3/12-11	11,124,163			13,875,837	25,000,000
Fee issue of new shares					
Conversion of debt					
Share based compensation			1,655,658		1,655,658
Transfer from share premium to other equity					
Translation differences					
Profit of the year				3,039,670	3,039,670
Tax effekt group contribution				644,873	644,873
Group contribution				-2,303,119	-2,303,119
Equity per 31.12.2011	28,838,706		1,657,331	34,318,442	64,814,479



Note 19 Pensions

The company is obliged by Norwegian pension legislation, to have a pension plan. The company has a defined contribution plan which is in compliance with legislation.

As of 31.12.2011 there were 75 members in the scheme. The pension scheme is administered by an insurance company.

The contribution expenses for the company in 2011 was USD 464 931.



Note 20 Transactions with connected

All related party transactions have been entered into on terms equivalent to those that prevail in arm's length transactions.

Transactions between group companies

Transfer pricing policy:

Dolphin Group ASA is the parent company in the Group and provides management services to the subsidiaries for a fixed amount each month. If required the Parent will provide subsidiaries with funding through internal loans and re-payment will be made according to internal loan agreements and with an internal Group interest charge.

Dolphin Geophysical AS is the parent company of Dolphin Asset 1 AS, Dolphin Geophysical Pte Ltd, Dolphin Geophysical Ltd and Dolphin Geophysical inc. The operating seismic vessels purchase services from its 100% subsidiaries and these services and costs are recharged at cost + 5 % margin.

If required, Dolphin Geophysical AS will provide subsidiaries with funding through internal loans and re-payment will be made according to internal loan agreements and with an internal Group interest charge.

Dolphin Geophysical Ltd is the owner of the Multi-Client seismic data library and use internal services from other companies in the Group at cost + 5% margin.

The sales and marketing services for Dolphin Geophysical AS is organized and provided by the Dolphin UK and US subsidiaries based on a fixed monthly fee.



Note 21 Earnings per share

Earnings per share are calculated by dividing the result for the year before any minority interests by a

	2011
Result for the year after tax	3,039,670
Weighted average number of issued shares	1,626,000
Earnings after tax per share	1.87
Total comprehensive result	3,039,670
Weighted average number of issued shares	1,626,000
Comprehensive earnings per share	1.87

The diluted earnings per share are calculated by dividing the annual result by the weighted average

	2011
Result for the year after tax	3,039,670
Weighted average number of issued shares and issued options	1,626,000
Diluted earnings per share	1.87
Total comprehensive result	3,039,670
Weighted average number of issued shares and issued options	1,626,000
Comprehensive earnings per share	1.87