Årsregnskap for regnskapsåret 2012

Organisasjonsnr:	996 330 958
Navn/foretaksnavn:	DOLPHIN GEOPHYSICAL AS
Forretningsadresse:	Damsgårdsveien 131
	5160 LAKSEVÅG

Brønnøysundregistrene
20.11.2020

Brønnøysundregistrene – Regnskapsregisteret

VEDLEGG TIL ÅRSREGNSKAP 2012

DOLPHIN GEOPHYSICAL AS Damsgårdsveien 131 5160 LAKSEVÅG	Organisasjonsnr. 996 330 958	AS

Registrerte opplysninger per 24.06.2013		Eventuelle endringer dette regnskapsåret	
Startdato	Avslutningsdato	Startdato	Avslutningsdato
01.01.2012	31.12.2012		
Konsernforhold Foreninger som følger regler for frivillig virksomhet, kan ikke være morselskap	Morselskap JA	Endret konsernforhold ☐ Morselskap	☐ Ikke morselskap

Kun for aksjeselskap som har meldt fravalg av revisjon

- Selskapet har besluttet at årsregnskapet ikke skal revideres ☐ Ja
- Årsregnskapet er utarbeidet av ekstern autorisert regnskapsfører ☐ Ja
- Ekstern autorisert regnskapsfører har i løpet av regnskapsåret bistått ved den løpende regnskapsføringen eller utført andre tjenester for selskapet enn å utarbeide årsregnskapet ☐ Ja

Årsregnskapet er satt opp etter reglene for frivillig virksomhet ☐ Avkrysning er kun aktuelt for foreninger (FLI) som er registrert i Frivillighetsregisteret

Hvis enheten ikke følger norsk regnskapslov eller frivillighetsregisterloven, kryss av ☐ IFRS selskap ☐ IFRS konsern

Hvis enheten velger å avvike fra regnskapsloven § 6-1, kryss av ☐ Funksjon selskap ☐ Funksjon konsern

Følges regnskapsreglene for små foretak? ☐ Ja ☒ Nei

Jeg bekrefter at vedlagte årsregnskap er fastsatt av kompetent organ den Dato

Sted/dato, Underskrift av representant for enheten

BERGEN 24/6-13

Bare til bruk for Regnskapsregisteret

G ☒ NYVE ☐ Admr ☐ Kregn Ja ☒ Nei ☐ Aktiv. regn ☐

M ☐ Rets ☐ Ant.s 162

ov.b årsb res bal e.bal gj.bal rev i-rev k-res k-bal k-n k-rev i-k-rev n

k-regn kto d.k ik-fv konsf ifrs fr-rev funk u.off brev

BR-1001-11

INCOME STATEMENT
01 Jan. 2012 - 31 Dec. 2012

In thousands of USD

	Notes	Year 2012	Year 2011
Net Operating Revenues	3	**147 981**	**89 726**
Operating Expenses			
Cost of sales	4, 5, 15	96 878	72 946
Amortisation of Multi-Client Data library	10	3 683	-
Share-based compensation	6	1 822	1 656
Depreciation and write-down	9	11 905	5 775
Total Operating Expenses		**114 287**	**80 377**
Operating Profit (EBIT)		**33 694**	**9 350**
Net Financial Items	7	**-4 426**	**-3 158**
Profit Before Taxes		**29 268**	**6 191**
Tax expense	8	7 541	3 152
Net Income		**21 726**	**3 040**

ASSETS
31. Dec. 2012

In thousands of USD

	Notes	Year 2012	Year 2011
Assets			
Non-Current Assets			
Multi-Client library	10	10 444	2 157
Total Intangible Non-Current Assets		**10 444**	**2 157**
Tangible Non-Current Assets			
Leased and owned seismic equipment	9, 15	114 271	55 462
Total Tangible Non-Current Assets		**114 271**	**55 462**
Financial Non-Current Assets			
Investment in subsidiaries	11	13 579	13 567
Long-term receivables	14	6 760	
Total Financial Non-Current Assets		**20 339**	**13 567**
Current Assets			
Receivables			
Inventories and prepayments		8 023	1 347
Accounts receivables	14	42 693	12 191
Intercompany receivables	13, 14	61 503	27 448
Other Receivables	14	15 639	7 345
Total Receivables		**127 858**	**48 331**
Cash and cash equivalents	16	60 878	27 594
Total Cash and Cash Equivalents		**60 878**	**27 594**
Total Current Assets		188 736	75 925
Total Assets		**333 790**	**147 111**

EQUITY AND LIABILITIES
31 Dec. 2012

In thousands of USD	Notes	Year 2012	Year 2011
Equity and Liabilities			
Paid-in Capital			
Share capital	17, 18	42 571	28 839
Additional paid-in capital	18	3 128	1 657
Total Paid-in Capital		**45 699**	**30 496**
Retained Earnings			
Other equity	18	54 404	34 318
Total Retained Earnings		**54 404**	**34 318**
Total Equity		**100 102**	**64 814**
Long-Term Liabilities			
Long-term liabilites	14, 15	26 616	20 370
Total Long-Term liabilities		**26 616**	**20 370**
Other Non-Current Liabilities			
Deferred tax liabilities	8	2 735	2 507
Total Non-Current Liabilities		**2 735**	**2 507**
Current Liabilities			
Short-term liability	8, 15	16 500	6 500
Accounts payable	14	23 770	10 718
Intercompany liabilities	13, 14	156 886	37 249
Other short-term liabilities	14	7 180	4 952
Total Current liabilities		**204 337**	**59 419**
Total Liabilities		**233 687**	**82 296**
Total Equity and Liabilities		**333 790**	**147 111**

Bergen, 15 April 2013

Atle Jacobsen
Chairman

Erik Hokholt
Board member

Nina Midtlie
Board member

Peter Allan Hooper
General manager

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.
The financial statement's profit and loss is presented according to functional reporting.

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. Future events may lead to these estimates being changed. Such changes will be recognised when new estimates can be determined with certainty. Estimates and their underlying assumptions are reviewed on a regular basis. Changes in accounting estimates are recognised during the period when the changes take place.

1-2 Foreign currency translation

The financial statements are presented in USD, which is the company's functional and 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

Revenue is recognised when it is probable that the economic benefit from a transaction will flow and revenue can be reliable measured. The revenue is measured at fair value of the consideration received, net of discounts and sale taxes and duty.

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 capitalised into the Multi-Client surveys. The carrying amount of Multi-Client library on the balance sheet date is shown at costs less accumulated amortisation 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 recognised 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 recognised 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.

Mobilisation revenue and cost
Mobilisation revenue and the related mobilisation 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 mobilisation costs related to Multi-Client survey are capitalised 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 capitalised or deferred. If the projects are not able to cover all of the costs which could be capitalised or deferred then only those costs that are recoverable are capitalised/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 recognised 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 recognised directly in equity, in which case the tax is also recognised 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 recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred income tax is recognised 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 utilised. Unrecognised deferred income tax assets are reassessed at each end of the reporting period and are recognised 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 above).

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised 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 recognised at nominal value.

Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognised 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 amortised. 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 capitalised. The Multi-Client library contains also the cost price for the seismic data acquired from external parties.

Amortisation is compared with the income for the different projects in proportion to the expected income per project. Minimum amortisation in addition means that the capitalised value of a project a year after completion shall not exceed 80% of the cost price, which is minimum 20% amortisation 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 amortisation 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 recognised 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 derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses on derecognising 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 derecognised.

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.

Asset group	*Useful life*
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
Processing equipment	3 - 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 recognised 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 recognised in the balance sheet as Non-current assets, as a part of seismic equipment. Internal cost associated with the rigging is recognised in the balance sheet if it is directly related to the rigging.
The capitalised 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 recognised 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 lather period.

Dividends, group contributions and other distributions from subsidiaries are recognised 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 recognised 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 reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is recognised 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 1.2 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 recognised as employee benefit expense 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.

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 recognised 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 recognises 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 recognises 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 recognises 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 thousands of USD	2012	2011
Europe, Africa, Middle East	117 348	80 001
Asia/Pacific	-	-
North & South America	27 492	2 519
Other segments	3 141	7 206
Total	**147 981**	**89 726**

Revenue from major products and services:

In thousands of USD	2012	2011
Exclusive contract	136 144	82 520
Multi-Client revenues	7 769	-
Processing revenues	927	-
Intercompany revenue	3 141	6 594
Other revenues	-	612
Total	**147 981**	**89 726**

Note 4 Operating expences

In thousands of USD	2012	2011
Charterhire	40 452	32 169
Maritime running cost	1 338	1 226
Operational costs incl seismic running cost	41 209	28 158
Wages including crew cost 1)	18 638	17 564
Capitalised cost of sales 2)	-7 887	-7 020
Other	3 128	849
Total operating expenses	**96 878**	**72 946**

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

In thousands of USD	2012	2011
Salaries and holiday pay	8 765	6 784
Social Security / National insurance contribution	2 980	1 462
Pension costs defined contribution plans (note 19)	1 179	465
Share-based compensation (note 6)	1 805	1 656
Other employee related costs	711	-125
Crew costs, foreign crew*	18 685	9 253
- Direct salary capitalised	-1 153	-143
- Personnell costs capitalised to Multi-Client library	-1 720	-
Total salaries and personnell expense	**31 253**	**19 352**

* Includes personnell charges from seismic manning services.

The companye had 94 full time employees in 2012

Management remuneration

Year 2012 In thousands of USD	Board remuneration	Salary	Bonus and benefits in kind	Pension cost	Value of options granted	Total remuneration 2012
Management						
Peter Hooper (Operations VP and General Manager)	-	272	25	11	119	427
Bjarne Stavenes (Technical VP)	-	237	22	11	119	389
Mike Hodge (QHSE VP)	-	257	24	11	119	411
Members of the Board						
Atle Jacobsen	-	-	-	-	-	-
Erik Hokholt	-	-	-	-	-	-
Nina Midtlie	-	-	-	-	-	-
Total remuneration	-	**766**	**71**	**32**	**357**	**1 227**

Year 2012	Number of options					
	Opening balance	Granted 2012	Exercised	Average exercise price	Ending balance 2012	Average maturity
Management						
Peter Hooper (Operations VP and General Manager)	456 000	300 000	-152 000	NOK 4.36	604 000	31 Dec. 2016
Bjarne Stavenes (Technical VP)	456 000	300 000	-	NOK 3.99	756 000	31 Dec. 2016
Mike Hodge (QHSE VP)	700 000	300 000	-	NOK 3.63	1 000 000	31 Dec. 2016
Sum	**1 612 000**	**900 000**	**-152 000**		**2 360 000**	

Year 2012	Number of warrents				
	Opening balance	Granted 2012	Exercised	Ending balance 2012	Average maturity
Management					
Peter Hooper (Operations VP and General Manager)	1 198 500	-	-	1 198 500	20 Dec. 2015
Bjarne Stavenes (Technical VP)	1 198 500	-	-	1 198 500	20 Dec. 2015
Sum	**2 397 000**	-	-	**2 397 000**	

Options and warrents are regarding shares in the parent company. No warrants have been granted for 2012. Half of the warrents 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 in USD:

In thousands of USD	2012	2011
Statutory audit fee	82	7
Assurance services	5	1
Tax advisory fee	0	0
Other services	10	1
Total fee to auditor	**97**	**9**

VAT is not included in the fee specified above.

Note 5 Salary and audit fee (cont.)

The companye had 75 full time employees in 2011

Year 2011 In thousands of USD	Board remuneration	Salary	Bonus and benefits in kind	Pension cost	Value of options granted	Total remuneration
Management						
Peter Hooper (Operations VP and General Manager)	-	266	5	10	127	408
Bjarne Stavenes (Technical VP)	-	240	14	10	127	391
Mike Hodge (QHSE VP)	-	248	3	10	194	456
Members of the Board						
Atle Jacobsen	-	-	-	-	-	-
Erik Hokholt	-	-	-	-	-	-
Ketil Sundal	-	-	-	-	-	-
Total remuneration	-	754	22	31	448	1 255

Year 2011	Number of options					
	Opening balance	Granted 2011	Exercised	Average exercise price	Ending balance 2011	Average maturity
Management						
Peter Hooper (Operations VP and General Manager)	-	456 000	-	NOK 2,50	456 000	31 Dec. 2014
Bjarne Stavenes (Technical VP)	-	456 000	-	NOK 2,50	456 000	31 Dec. 2014
Mike Hodge (QHSE VP)	-	700 000	-	NOK 2,50	700 000	31 Dec. 2014
Sum	150 000	4 412 000	-		4 562 000	

Year 2011	Number of warrents				
	Opening balance	Granted 2011	Exercised	Ending balance 2011	Average maturity
Management					
Peter Hooper (Operations VP and General Manager)	1 198 500	-	-	1 198 500	20 Dec. 2015
Bjarne Stavenes (Technical VP)	1 198 500	-	-	1 198 500	20 Dec. 2015
Sum	2 397 000	-	-	2 397 000	

Options and warrents are regarding shares in the parent company. No warrants have been granted for 2011. Half of the warrents 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.

Note 6 Options and Warrants

During the period ended 31 December 2012, the Company has had share-based payment arrangements for employees as described below, which applys to shares in the parent company:

	2010 Share Incentive Programme	2011 Share Incentive Programme	2012 Share Incentive Programme
Type of arrangement	Equity based	Equity based	Equity based
Dates of Grant	25 Jan. 2011	19 Dec. 2011	13 Dec. 2012
Options granted as of 31.12.2012	12 034 000	3 120 000	8 640 164
Outstanding options as of 31.12.2012	10 226 669	2 980 000	8 640 164
Contractual life	3.93 years	4.03 years	4.05 years
Vesting criteria	1/3 vests after the release of 2011 Q4 figures 1/3 vests after the release of 2012 Q4 figures conditional on certain performance criteria being met 1/3 vests after the release of 2013 Q4 figures conditional on certain performance criteria being met	1/3 vests after the release of 2012 Q4 figures 1/3 vests after the release of 2013 Q4 figures conditional on certain performance criteria being met 1/3 vests after the release of 2014 Q4 figures conditional on certain performance criteria being met	1/3 vests after the release of 2013 Q4 figures 1/3 vests after the release of 2014 Q4 figures conditional on certain performance criteria being met 1/3 vests after the release of 2015 Q4 figures conditional on certain performance criteria being met
Expiry Date	31 Dec. 2014	31 Dec. 2015	31 Dec. 2016

The performance criteria for two thirds of the grants are non-market conditions and combinations of internal utilisation and operational criteria

* Vesting date is subject to meeting certain performance conditions

** Options vest after the Q4 results are released, which is estimated to March 10th each year

All performance criteria are expected to be met, and 100% of the granted options are expected to vest as of 31 Dec. 2012

Options granted in 2012:

Fair values of options under the 2012 Share Incentive Plan are calculated using the Black & Scholes - Merton optionpricing model

The weighted average inputs and assumptions for 2012-grants are described below:

Plan	Share Incentive Programme
Grant Date	13 Dec. 2012
Underlying shares	8 500 164
Exercise Price	NOK 6.25
Stock Price	NOK 6.60
Expected lifetime	2.74 years
Volatility	50,00 %
Risk free interest rate	1,53 %
Dividend	-
Fair value per option	NOK 2.31

Note 6 Options and Warrants (cont.)

2012 Share Incentive Programme assumptions and features:

Interest rates used are quoted Norwegian government bonds and bills retrieved from Norges Bank.

Employees are on average expected to exercise the options a half year after they have vested.

Expected volatility is based on historical volatilities of similar entities.
The guidelines in IFRS 2, B29 are used to estimate expected volatility.

Total expense related to share-based payment recognised in 2012 is USD 1 805 thousands.
Total amount recognised in equity in 2012 is USD 1 470 thousands.

Further details of the option plans are as follows:

	2012		2011	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at the beginning of period	15 139 000	2,60	-	-
Granted	8 500 164	6,25	15 154 000	2,60
Exercised	-1 792 331	2,50	-	-
Forfeited	-140 000	3,00	-15 000	2,50
Outstanding at the end of period	21 706 833	4,05	15 139 000	2,60
Vested options	2 213 993	2,50	-	-
Weighted Average Fair Value of Options Granted during the period	8 500 164	2,31	15 154 000	1,48
Intrinsic value outstanding options at the end of the period	21 706 833	62 235 450	15 139 000	9 794 250
Intrinsic value vested options at the end of the period	2 213 993	9 741 569	-	-

Details concerning outstanding options as of 31 December 2012 are given below:

	Outstanding Options			Vested options	
Exercise price	Outstanding Options 31 Dec. 2012	Weighted average remaining Contractual Life	Weighted Average Exercise Price	Vested options 31 Dec. 2012	Weighted Average Exercise Price
0,00 - 2,25	-	-	-	-	-
2,25 - 2,50	10 226 669	2,00	2,50	2 213 993	2,50
2,50 - 5,00	2 980 000	3,00	3,00	-	-
5,00 -	8 500 164	4,00	6,25	-	-
Total	21 706 833	2,93	4,05	2 213 993	2,50

Note 7 Financial Income and expences

Financial income:

In thousands of USD	2012	2011
Interest income from group companies	1 220	-
Other interest income	1 969	36
Exchange gain on currency	3 948	2 256
Intercompany exchange gain on currency	3 065	2 986
Total financial income	**10 202**	**5 278**

Financial expenses:

In thousands of USD	2012	2011
Interest paid to group companies	4 579	2 028
Other interest expenses	1 173	998
Exchange loss on currency	2 927	2 908
Intercompany exchange loss on currency	3 571	2 477
Other financial expenses	2 377	25
Total financial expenses	**14 628**	**8 436**

Net financial income + / expenses -	**-4 426**	**-3 158**

Note 8 Tax

Income tax expense:

In thousands of USD	2012	2011
Tax payable on group contribution	7 314	645
Changes in deferred tax	228	2507
Total income tax expense	7 541	3 152

Tax base calculation:

Profit before income tax	29 268	6 191
Permanent differences *)	3 776	640
Group contribution	-26 121	-2 303
Use of losses carried forward	-	-73
Temporary differences	-6 924	-4 456
Tax base	0	0

Temporary differences:

Fixed assets	9 542	10 538
Currency gains and losses	224	-1 585
Total	9 766	8 953
Deferred tax liability (asset)	2 735	2 507

Effective tax rate

Expected income taxes at statutory tax rate 28 %	8 195	1 734
Not booked deffered tax asset	-	-20
Options booked against equity (28 %)	412	-
Other permanent differences (28%)	646	179
Exchange rate effect defferd tax	-1 711	1 259
Income tax expense	7 541	3 152
Effective tax rate in % **)	25,8 %	50,9 %

*) Permanent differences consist of non deductible costs and options booked against eqity.
**) Tax expense related to profit before tax.

Note 9 Tangible Assets

In thousands of USD	Office Equipment	Processing Equipment	Owned seismic equipment	Leased seismic equipment	Asset under construction	Total
Cost:						
Acquisition cost at 01 Jan. 2012	910	-	5 257	54 000	1 071	61 237
Purchase of tangibles	236	1 101	7 893	-	65 708	74 938
Reclass - asset under construction	-	-	51 302	-	-51 302	-
Disposals	-	-	-102	-	-	-102
Acquisition cost at 31 Dec. 2012	1 146	1 101	64 350	54 000	15 477	136 074
Accumulated depreciation:						
Balance at 01 Jan. 2012	229	-	639	4 907	-	5 775
Depreciation for the period	359	108	7 858	7 709	-	16 033
Reversed depreciation sold/scrapped	-	-	-6	-	-	-6
Accumulated depreciation at 31 Dec. 2012	587	108	8 491	12 617	-	21 803
Carrying amount:						
Balance sheet closing value at 31 Dec. 2012	558	994	55 858	41 383	15 477	114 271
Deprecation for the year	359	108	7 852	7 709	-	16 027
Depreciation capitalised to Multi-client library	-	-	-1 175	-3 049	-	-4 225
Depreciation charged to expense	359	108	6 677	4 660	-	11 803
Useful life	*3 years*	*3-7 years*	*3-7 years*	*3-7 years*		

In thousands of USD	Office Equipment	Processing Equipment	Owned seismic equipment	Leased seismic equipment	Asset under construction	Total
Cost:						
Acquisition cost at 01 Jan. 2011	54	-	-	-	-	54
Purchased tangibles	856		5 257	54 000	1 071	61 183
Disposals	-	-	-	-	-	-
Acquisition cost at 31 Dec. 2011	910	-	5 257	54 000	1 071	61 237
Accumulated depreciation:						
Balance at 01 Jan. 2011	-	-	-	-	-	-
Depreciation for the period	229	-	639	4 907	-	5 775
Reversed depreciation sold/scrapped	-	-	-	-	-	-
Accumulated depreciation at 31 Dec. 2011	229	-	639	4 907	-	5 775
Carrying amount:						
Balance sheet closing value of 31 Dec. 2011	681		4 618	49 093	1 071	55 462
Deprecation for the year	229	-	639	4 907	-	5 775
Depreciation capitalised to Multi-Client library	-	-	-40	-	-	-40
Depreciation charged to expense	229	-	599	4 907	-	5 736
Useful life	*3 years*	*3-8 years*	*3-8 years*	*3-8 years*		

Note 10 Multi-Client library

In thousands of USD	Multi-Client data library
Cost:	
Acquisition cost at 01 Jan. 202	2 157
Investment in Multi-Client data library	11 970
Acquisition cost at 31 Dec. 2012	**14 127**
Accumulated amortisation:	
Balance at 01 Jan. 2012	-
Amortisation for the year	3 683
Accumulated amortisation at 31 Dec. 2012	**3 683**
Net carrying amount at 31 Dec. 2012	**10 444**

As of 31 December 2012 no Multi-Client projects are finalised and therefore no minimum amoritsation is recognised.

In thousands of USD	Multi-Client data library
Cost:	
Acquisition cost at 01 Jan. 2011	-
Investment in Multi-Client data library	2 157
Acquisition cost at 31 Dec. 2011	**2 157**
Accumulated amortisation:	
Balance at 01 Jan. 2011	-
Amortisation for the year*	-
Accumulated amortisation at 31 Dec. 2011	**-**
Net carrying amount at 31 Dec. 2011	**2 157**

*) There has been no amortisation for 2011 as the minimum amortisation is due 12

Note 11 Investmenst in subsidiaries

In thousands of USD

Company	Country	Main business	Ownership	Voting power	Net profit	Equity	Book value
Dolphin Geophysial PTE Ltd	Singapore	Geophysical services	100 %	100 %	-12 302	-12 110	8
Dolphin Geophysial Inc	USA	Geophysical services	100 %	100 %	-159	-480	1
Dolphin Geophysial Ltd	United Kindom	Geophysical services	100 %	100 %	20 119	17 854	0
Dolphin Asset 1 AS	Norway	Geophysical services	100 %	100 %	-90	14 413	13 558
Dolphin Geo do Brazil	Brazil	Geophysical services	99 %	99 %	-264	-284	11

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, Helsfyr 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 company has, at 31 December 2012, one financial leases and a long term loan 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 fluctations. The majority of operational cost and financial cost as well as the revenues are in USD. The company's currency risk at year-end is related to exposure of NOK and GBP to USD since the majority of the personell costs are denominated in NOK and GBP and some project realated area cost has been in EUR. The company has not entered into any agreements to reduce the risk per 31 December 2012. Functional currency is USD, thus there will be no foreign exchange risk related to the majority of revenues in USD, as well as capital expenditures in USD.

The company strategy is to combine likely future sale and purchase, where possible. There is no immidiate 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 company 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 healty 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 2012 and 31 December 2011.

Note 13 Intercompany balances

Receivables:

In thousands of USD	2012	2011
Dolphin Group ASA	-	179
Dolphin Assets 1 AS	-	110
Dolphin Geophysical Ltd	43 534	11 809
Dolphin Geophysical Pte Ltd	9 661	13 402
Dolphin Geophysical Inc	7 518	1 459
Dolphin Geophysical Do Brazil Ltda	739	488
Open Geophysical Inc	51	-
Total	**61 503**	**27 448**

Payables:

In thousands of USD	2012	2011
Dolphin Group ASA	-149 567	-23 187
Dolphin Assets 1 AS	-2 209	-8 438
Dolphin Geophysical Ltd	-	-606
Dolphin Geophysical Pte Ltd	-	-4 821
Dolphin Geophysical Inc	-2 373	-198
Open Geophysical Inc	-154	-
Dolphin Interconnect Solutions AS	-2 244	-
Dolphin Geophysical Do Brazil Ltda	-339	-
Total	**-156 886**	**-37 249**

Note 14 Liabilities and receivables

The company does not have any liabilites with maturity after five years.
The company does not have any contingent assets or liabilites per 31 Dec. 2012.

Receivables maturity > 1 year:

In thousands of USD	2012	2011
Lont-term interest bearing loan with maturity later than 1 year	6 760	-
Total long-term receivables	**6 760**	**-**

This is a long-term loan to Sanco Holding of NOK 36 millions.

The purpose of the loan is financing building of Sanco Swift, and is given together with four other companies with each different share of loan amount. The loan is not secured.

Interest (NIBOR+7,5%) is calculated and booked and will be paid on due date for the loan.

Secured debt:

In thousands of USD	2012	2011
Liabilities to financial institutions	22 500	20 370
Leasing debt	20 616	-
...secured in the following assets, book value:		
Tangible assets	114 271	41 383
Multi-Client library	10 444	-
Shares in subsidiaries	-	-
Total book value of secured assets	**114 271**	**-**

Guarentees:

There is given one performance guarantees as of 31 December 2012 to ONGC Videsh Limited. This is a guarantee given by DnB for USD 2 038 thousands that last untill 1 April 2013.

Dolphin Geophysical AS signed in January 2012 a credit facility of USD 30 million with the bank syndicate. The proceeds from the facility have been used as debt financing for the purchase of the seismic equipment on Polar Duchess. The entire loan facility was draw down during the first quarter in 2012. The loan has an interest rate of 3 months LIBOR plus a margin of 400 basis points per annum. The facility will be repaid in quarterly installments over a 3 year period.
Dolphin Geophysical AS has given an unconditional and irrevocable guarantee to the banks for loan facility.
The following main securities have been established for the loan facility:
First priority mortgage on the seismic equipment onboard Polar Duchess
First priority assignment of earnings and first priority assignment of receivables from the borrower
First priority floating charge for all earnings bank accounts for the borrower and guarantor
First priority floating charge of any inventory ("driftsløsørepant") of the borrower.

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 rate.

The assets under financial leases are as follows:

In thousands of USD	2012 Seismic Equipment	2011 Seismic Equipment
Seismic equipment and vessel	54 000	54 000
Accumulated depreciation	-12 617	-4 907
Net carrying amount	**41 383**	**49 093**
Current portion of long term debt	6 500	6 500
Non-current lease liabilities	14 116	20 370

Overview of future minimum lease payments:

In thousands of USD	2012 Seismic Equipment	2011 Seismic Equipment
Next 1 year	7 335	7 598
1 to 5 years	15 442	22 736
After 5 years	-	-
Future minimum lease payments	**22 777**	**30 334**
Effective interest rate	4,5 %	4,5 %
Interest	4,5 %	4,4 %

Present value of future minimum lease payments:

In thousands of USD	2012 Seismic Equipment	2011 Seismic Equipment
Of which:		
- current liabilities	6 500	6 500
- long-term liabilities	14 116	20 370
Present value of future minimum	**20 616**	**26 870**

The Company as a lessee – operating leases

In thousands of USD	2012	2011
Timecharter agreements	374 181	203 299
Office rents + other lease facilities	4 664	865
Total	**378 845**	**204 164**

As of 31 December 2012 the company operates four vessels under time charter agreements. These are the Artemis Atlantic, the Artemis Arctic and the Polar Duke. Sanco Swift is included with five year time charter from 1 June 2013 and Sanco Sword is included with five year time charter from 1 April 2014. In addition "Geo Atlantic" is included with three and a half year from 15 November 2013 and the newbuild "Super Duke" is included with five years charter from 15 March 2015.

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

In thousands of USD	2012	2011
Within 1 year	42 458	32 023
1 to 5 years	277 376	152 373
After 5 years	59 012	19 768
Total	**378 845**	**204 164**

Note 16 Bank deposits

In thousands of USD	2012	2011
Cash and cash equivalents in the balance sheet	60 878	27 594

Restricted Cash

In thousands of USD	2012	2011
Employees' tax deductions and deposits	10 526	4 846

Cash and equivalents include cash on hand, deposits with banks or financial institutions and short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments maturing within three months from the date of acquisition qualify.

Note 17 Shareholders

Share capital

Amounts in NOK	Number of shares	Face value	Book value
A - Shares	2 426 000	NOK 100	242 600 000
Total	2 426 000		242 600 000

At 31 December 2012 Dolphin Geophysical AS only had one shareholder, Dolphin Group ASA, which own 100% of the shares.

Note 18 Equity

In thousands of USD	Share capital	Share Premium	Additional paid in capital	Retained earnings Group	Total equity
Equity per 01 Jan. 2012	28 839	-	1 657	34 318	64 814
Issue of new shares 19 Jan. 2012	3 370	-	-	12 953	16 323
Issue of new shares 22 Mar. 2012	10 362	-	-	4 213	14 575
Share-based compensation	-	-	1 470	-	1 470
Tax effekt group contribution	-	-	-	-18 807	-18 807
Profit of the year	-	-	-	21 726	21 726
Equity per 31 Dec. 2012	**42 571**	**-**	**3 128**	**54 404**	**100 102**

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 Dec. 2012 there were 94 members in the scheme. The pension scheme is administered by an insurance company.

The contribution expenses for the company in 2012 was USD 1 179 thousands.

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 each month at cost + 5% margin. If required the Parent will provide subsidiaries with funding through internal loans and re-payment will be made according to internal loan agreement and transfer pricing agreements, 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, Dolphin Geophysical Inc and Dolphin Geohysical Do Brazil Ltda. The operating seismic vessels , purchase services from its 100% subsidiaries and these services and costs are recharged at cost + 5 % margin. Dolphin Geophysical AS also provides management services to the subsidiaries each month 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 transfer pricing agreements and with an internal Group interest charge.

Dolphin Geophysical Ltd is the main 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 organised and provided by the Dolphin Geophysical Ltd and Dolphin Geophysical Inc and charged with cost + 5 %.

Significant transactions with related parties:

In thousands of USD	Dolphin Group ASA	Dolphin Geophysial Ltd	Dolphin Geophysial Inc	Dolphin Geophysial PTE Ltd	Dolphin Asset 1 AS
Relationship	**Parent**	**Daughter**	**Daugther**	**Daughter**	**Daughter**
Revenue	-11	-2 238	-10	-601	-173
Intercompany hire of equipment	-	-1 950	-	-	4 997
Personell and crew cost	-	-	-	12 281	-
MCS cost recharge	-	-40 243	211	-	-
Operational cost recharge	1	-13 906	1 390	-1 809	-
Yard cost recharge	-3 035	-68	-	-	-
Consultancy Management	742	538	291	-66	-26
Processing cost	-	392	-	-	-
Interest income	-	-893	-112	-207	-
Interest cost	4 210	-	-	-	370
Total	1 906	-58 368	1 770	9 598	5 167

Note 21 Earnings per share

Earnings per share are calculated by dividing the result for the year before any minority interests by a weighted average of the outstanding issued shares during the year .

In thousands of USD	2012	2011
Result for the year after tax	21 726	3 040
Weighted average number of issued shares	2 426 000	1 626 000
Earnings after tax per share	**8,96**	**1,87**
Total comprehensive result	21 726	3 040
Weighted average number of issued shares	2 426 000	1 626 000
Comprehensive earnings after tax per share	**8,96**	**1,87**

The diluted earnings per share are calculated by dividing the annual result by the weighted average number of issued shares and issued options during the year.

In thousands of USD	2012	2011
Result for the year after tax	21 726	3 040
Weighted average number of issued shares and issued options	2 426 000	1 626 000
Diluted earnings after tax per share	**8,96**	**1,87**
Total comprehensive result	21 726	3 040
Weighted average number of issued shares and issued options	2 426 000	1 626 000
Comprehensive earnings after tax per share	**8,96**	**1,87**

CASH FLOW STATEMENT
01 Jan. 2012 - 31 Dec. 2012

In thousands of USD

	Year 2012	**Year 2011**
Operating Activities		
Profit before tax	29 268	6 191
Depreciation and write-down	11 905	5 775
Amortisation of Multi-Client library	3 683	-
Share-based payment expense	1 470	1 656
Net financial income (expense)	-4 426	-3 158
Changes in current assets/liabilities	59 816	7 747
Net Cash Flow From Operating Activities	**101 716**	**18 211**
Investing Activities		
Purchase of property, plant and equipment	-74 938	-61 237
Net investment in Multi-Client	-7 746	-2 157
Net purchase and proceeds from other investments	-11	-13 567
Net Cash Flow From Investing Activities	**-82 695**	**-76 961**
Financing activities		
Net proceeds from issue of new equity	30 898	61 759
Proceeds from borrowing	22 500	26 889
Repayment of interest bearing debt	-6 254	-
Proceeds from lending	-6 760	-
Group contribution	-26 121	-2 303
Net Cash Flow From Financing Activities	**14 263**	**86 345**
Net Change In Cash and Cash Equivalents	**33 284**	**27 594**
Cash and cash equivalents opening balance	**27 594**	-
Cash and Cash Equivalents Closing Balance	**60 878**	**27 594**

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

Annual report 2012

Bergen • Houston • London • Oslo • Singapore

Dolphin geophysical

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

THE BOARD OF DIRECTORS' REPORT 2012
Dolphin Geophysical AS

Operations and locations

Dolphin Geophysical AS, located in Bergen, will alone or through other companies provide geophysical services within oil and gas industry worldwide, and all activities that are naturally associated with this, including investment in companies doing business as mentioned. The company is a global full-range, asset light supplier of marine geophysical services and has in 2012 operated a fleet of new generation high capacity seismic vessels and offered contract seismic surveys, Multi-Client projects and processing services on a worldwide basis.

The chartered seismic fleet consists of the following operated vessels in 2012;

- Polar Duke (3D vessel)
- Polar Duchess (3D vessel), started operations in April 2012
- Artemis Artic (3D vessel)
- Artemis Atlantic (2D vessel)
- Polar Explorer (2D) vessel, redelivered to vessel owner in December 2012

All of the vessels are on time-charter rental agreements; which include maritime operations and maritime crew costs. The charter agreements are from one- to five-years lease period, with options for Dolphin to extend the period. The flexible charter commitments provide the company with unique flexibility.

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 2013 and the company's long-term strategic forecasts. The company's economic and financial position is healthy.

Future prospects

The company's strategy is to become a recognised geophysical company with clear seismic market exposure. The strategy is developed through a dedicated business plan for 2013 with strong growth within the company's targeted areas. In line with Dolphin's strategy of focusing on the high end of the business segment the company have secured two additional high-end vessels; "Geo Atlantic" and "Super Duke" at competitive rental in February 2013. The two new vessels, together with the new built 3D vessel Sanco Swift and Sanco Sword, will add to the ability to operate efficiently and safely in both mature hydrocarbon basins and frontier exploration provinces.

The Polar Explorer was redelivered to ship owner in December 2012.The charter of the high-end capacity 3D vessel, Sanco Swift, which will be in operations from July 2013.
To support Dolphin's chartered vessel capacity growth, an additional equity of USD 41 million was also raised by the Group in February 2013 to finance the seismic equipment to "Geo Atlantic"

Dolphin geophysical

Based on the successful start-up of the Multi-Client Seismic business in 2011 and 2012, Dolphin Geophysical AS and its subsidiaries will continue to increase investments in Multi-Client activity during 2013. 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 is strengthened in 2012 with the acquiring of Open Geophysical Inc. Dolphin's processing activities are at the founding stage and key recruitments have been made to create organic growth to capture the full value of proprietary work that it acquires. Dolphin will, over time as internal capacity takes over, offer all on-board quality control processing and offer fast track on-board processing on larger data volumes to clients.

The full scale on-board processing system was implemented on all Dolphin vessels during 2012.

During the fourth quarter of 2012, the main focus for Dolphin has been to execute on a strong backlog with 100% coverage for the quarter. The traditional high North Sea summer rate levels were obtained for the quarter in other geographical regions like Africa and South America with the super majors Shell, Statoil and ONGC documenting a continued strengthening of the global seismic 3D market.
Dolphin had secured a record contract backlog in excess of USD 150 million as of 25 February 2013. Total vessel coverage is more than 70% of 2013 (excl. MCS projects).

With less than two years in operation, it was a great achievement securing two large prestigious contracts with Statoil and Shell in direct competition with Dolphin's peers. During 2012 Dolphin acquired some of the world's largest and most complex seismic surveys to date at the great satisfaction of Dolphin's clients.

Furthermore, due to improved prices for high-end 3D seismic capacity and favorable vessel charter costs, the overall operating margins are expected to improve in 2013.

Comments related to the financial statements

The company's revenue in 2012 was USD 148 million to USD 82.5 million in 2011 due to more vessels in operation during 2012. The net income was USD 21.7 million in 2012 compared to USD 3.0 million in 2011. The operating profit, EBIT was USD 33.7 million (22.7%) compared to USD 9.3 million (11.2%) in 2011. The strong increase was due to higher operational efficiency, additional vessel capacity, improved pricing, higher activity in Multi-Client business and increased external processing revenues.

Total cash flow from operating activities was USD 101.7 million in 2012 and USD 18.2 million in 2011 and. The high increase mainly improved performance and pricing, as well as increased number of vessels in operations.

The company's capital expenditures for 2012 amounted to USD 73.7 million and USD 77.0 million in 2011, of which USD 60.4 million has been invested in new seismic equipment for Polar Duchesss, compared to USD 61.0 million in 2011 mainly for seismic equipment for Polar Duke. In addition was USD 1.1 million invested in processing equipment for the first build-up year of the segment.

The company's liquidity reserve as of December 2012 amounted to USD 60.9 million and USD 27.6 million at year end in 2011. The company's ability to self-finance investments is good.

Dolphin geophysical

The company's short-term debt at year end 2012 constituted at 87.4 % of the company's total debt and 72,2% in 2011. The company's financial position is sound and adequate enough to settle short-term debt as of December 2012 with the company's most liquid assets.
Total assets at year end 2012 amounted to USD 330.8 million and USD 147.1 million in 2011.
The equity ratio was 30.0 % for 2012 and 44.0% for 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, as of 31 December 2012, 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 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 2012 is related to exposure of NOK and GBP to USD since the majority of the personnel costs are denominated in NOK and GBP. The company has not entered into any agreements to reduce the risk as of December 2012. Functional currency and reporting currency is USD for the company as well as for the subsidiaries, 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 both 2011 and 2012 has been challenging and required hard work from the employees. The business segment expanded rapidly with highly-qualified employees.

Dolphin geophysical

The total numbers of Dolphin Geophysical AS employees have increased from 75 employees at the end of December 2011 to 94 employees in December 2012. The existing organization is with their expertise and capacity capable to handle the further growth planned for the company.

The working environment in Dolphin is considered to be satisfactory and, employees are dedicated and motivated and have made great efforts during this period. Leave of absence due to illness totaled 1027 days for 2012 and 149 days in 2011. This equaled 2,2 % sick leave percentage for 2012, compared to 1,3% in 2011.

There have been no major accidents or injuries to the personnel or equipment during 2012.

Lost time incident frequency (LTIF) was 1.06 in 2012 to 0.78 in 2011 and total recordable case frequency (TRCF) was 2.90 in 2012 and 2.34 in 2011.

Equal opportunities

The proportion of women employees at the end of 2012 was 14,0 % and at the end of 2011 was 13,1 %. 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 2 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 color, language, religion and faith. The company principles are to secure equal rights with regard salary, promotion and appointments with respect to gender, age and culture diversity. The Group represents 27 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 2012 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.

Bergen • Houston • London • Oslo • Singapore

Dolphin geophysical

The Group will in 2012 apply for a third-party ISO 9001 certification. Det Norske Veritas (DNV) will assist to comply with these standards. The external certification will provide a significant benefit to the client pre-qualification process and improve Dolphin's understanding and awareness of such standards and procedures.

Allocation of net income

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

Retained Earnings	USD 2 919 531
Group Contribution	USD 18 806 858
Net income allocated	USD 21 726 389

The proposal reflects the owners' desire to strengthen the equity position of the company. The company's distributable equity as of 31.12.2012 was:

Distributable equity USD 67 092 259

Bergen, 15 April 2013

Atle Jacobsen
Chairman

Erik Hokholt
Board member

Nina Midtlie
Board member

Peter Allan Hooper
General manager

Bergen • Houston • London • Oslo • Singapore

BDO

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

BDO AS
Munkedamsveien 45
P.O. Box 1704 Vika
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 2012, and the income statement, showing a profit of USD 21 726 389 and cash flow statement, 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 2012, and its financial performance and its cash flows for the year then

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

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

To the Annual Shareholders' Meeting of Dolphin Geophysical AS

MOTTATT 08 MAI 2013

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 2012, and the income statement, showing a profit of USD 21 726 389 and cash flow statement, 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 2012, and its financial performance and its cash flows 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 April 2013
BDO AS

Børre Skisland
Børre Skisland
State Authorised Public Accountant (Norway)

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Jan Hoelstad	04.05.2011	13.05.2011
Telefon	Deres referanse	Vår referanse
22077325	Nina Midtlie	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
For elektronisk henvendelse se www.skatteetaten.no

Besøksadresse
Se www.skatteetaten.no
Org. nr: 996250318

Sentralbord
800 80 000
Telefaks
22 17 08 60

2011/499106 Side 2 av 2

"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.

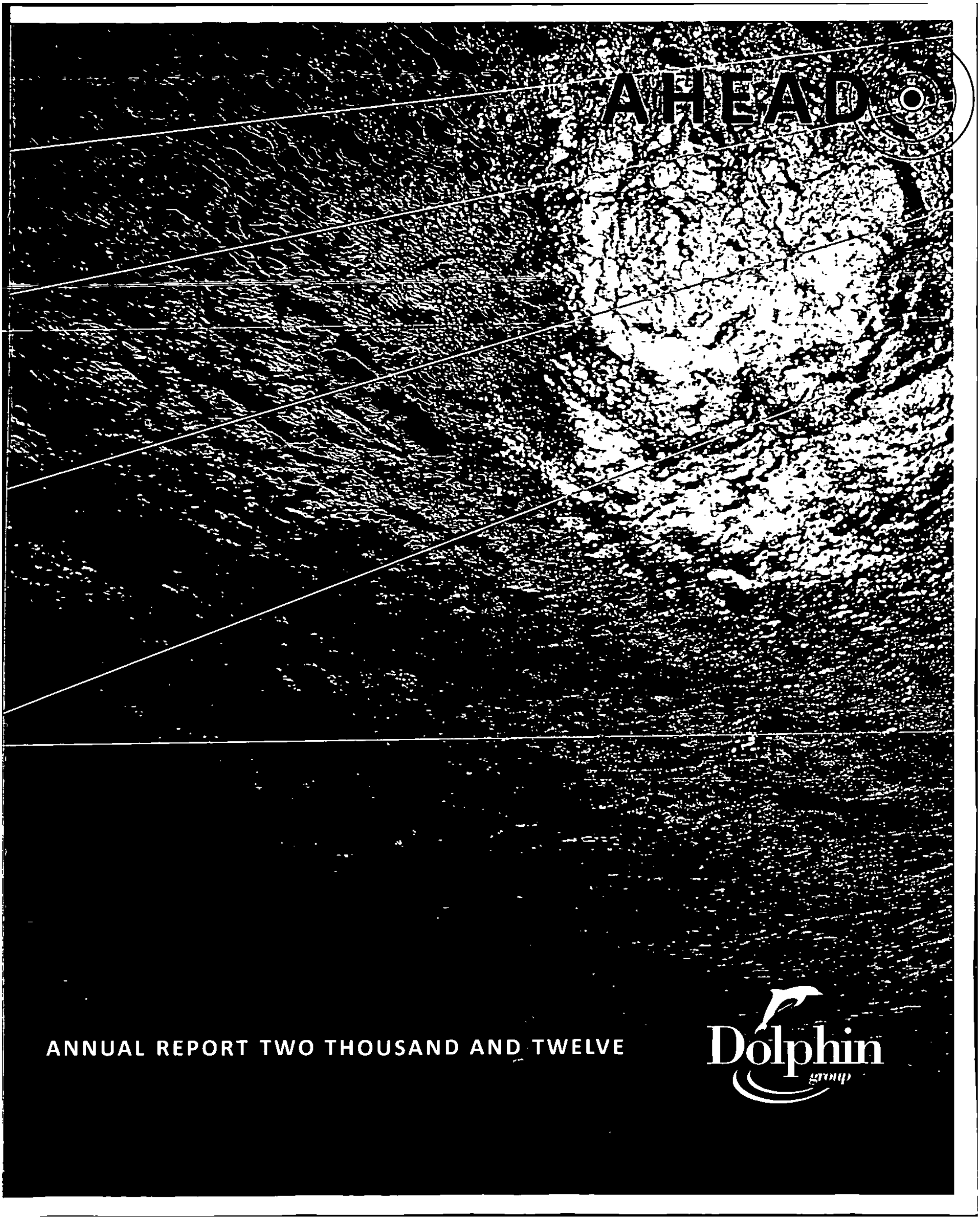
Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

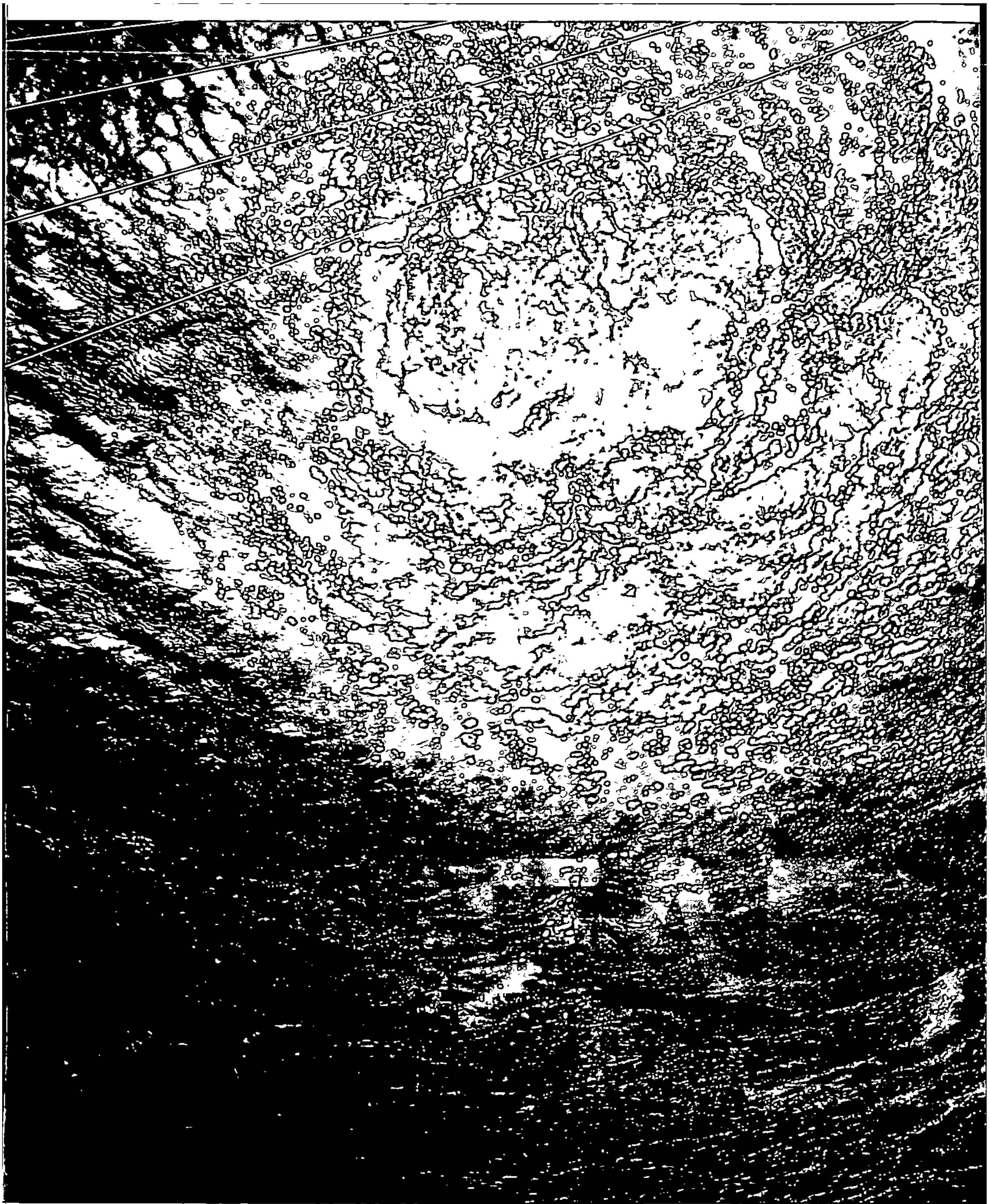
Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

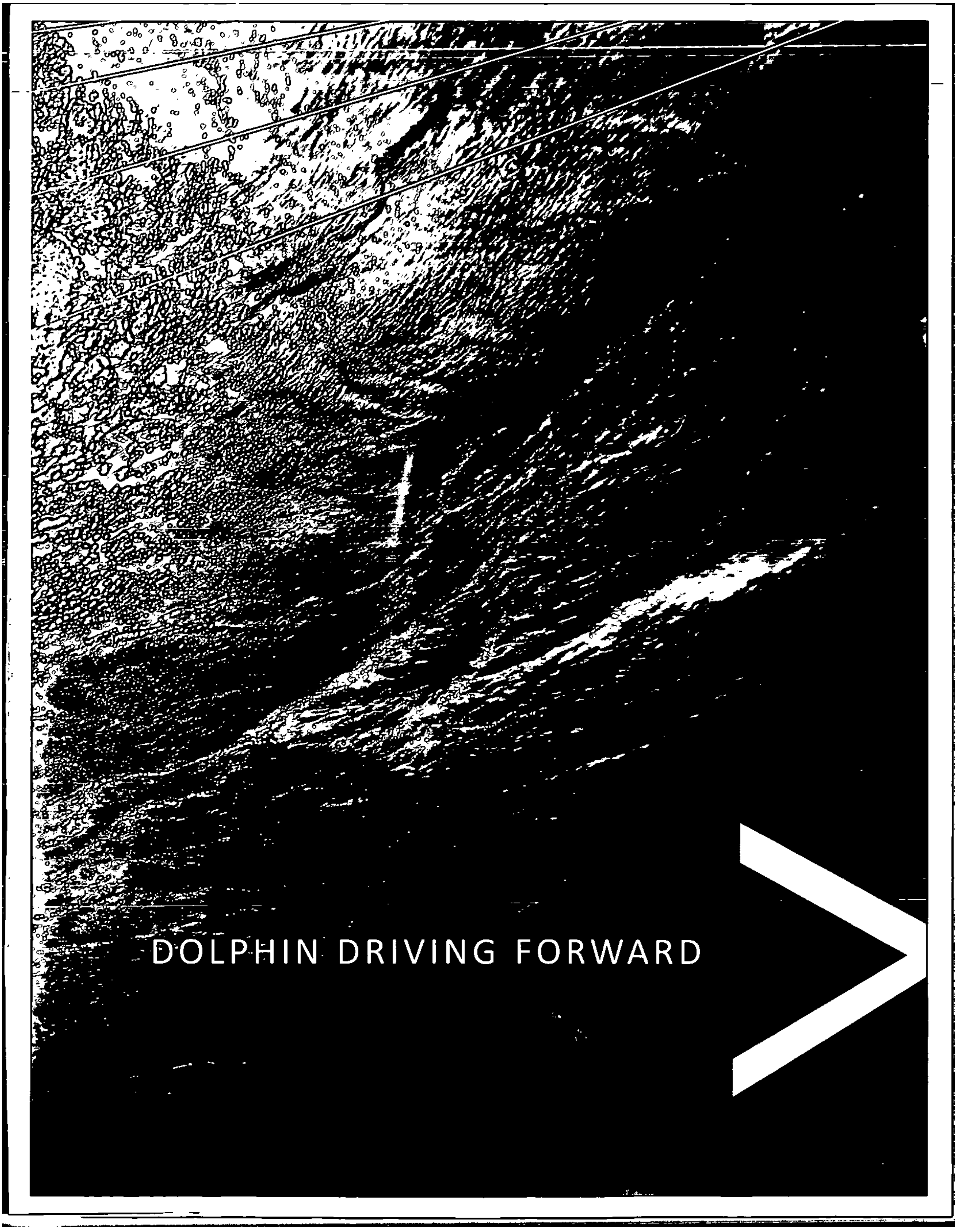
Jan Hoelstad

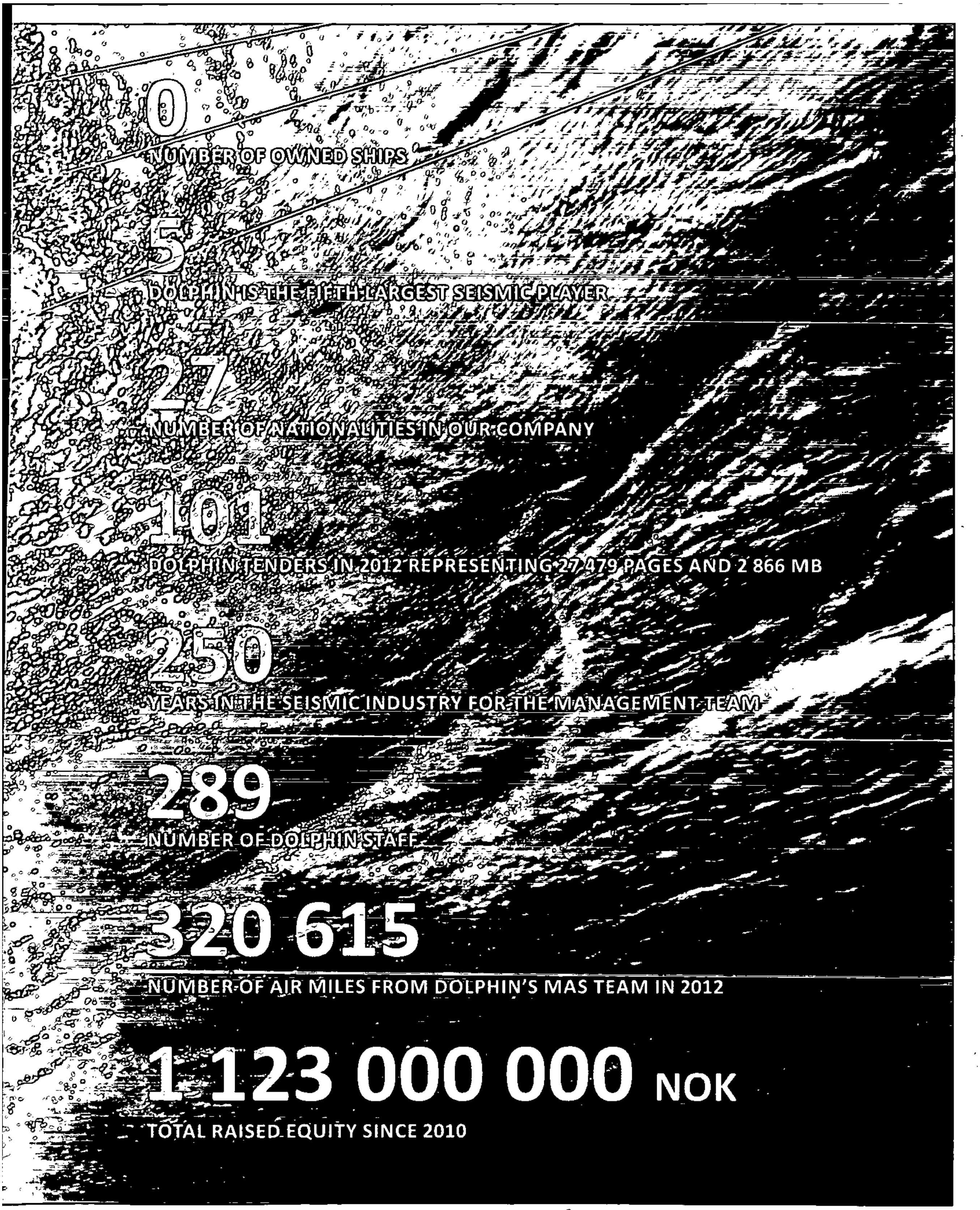

AHEAD
ANNUAL REPORT TWO THOUSAND AND TWELVE
Dolphin
group



PAGE CONTENTS

Dolphin group


DOLPHIN DRIVING FORWARD


0
NUMBER OF OWNED SHIPS
5
DOLPHIN IS THE FIFTH LARGEST SEISMIC PLAYER
27
NUMBER OF NATIONALITIES IN OUR COMPANY
101
DOLPHIN TENDERS IN 2012 REPRESENTING 27 479 PAGES AND 2 866 MB
250
YEARS IN THE SEISMIC INDUSTRY FOR THE MANAGEMENT TEAM
289
NUMBER OF DOLPHIN STAFF
320 615
NUMBER OF AIR MILES FROM DOLPHIN'S MAS TEAM IN 2012
1 123 000 000 NOK
TOTAL RAISED EQUITY SINCE 2010

DOLPHIN IS AHEAD

You get a clearer vision of what the future holds from the front.

Dolphin has the experience, ambition, technology and market understanding to position itself, and its clients, at the very forefront of the seismic industry. We are committed to staying AHEAD - exploiting market opportunities and providing outstanding value for all of our stakeholders.

From a standing start in 2010, Dolphin has quickly positioned itself as one of the leading players in a ferociously competitive market (the business is now the fifth largest operator in the seismic industry). We have done that by investing cleverly, creating a full-service geophysical company that gives the market exactly what it wants and focuses on quality - of service, of technology and of people.

That is the Dolphin recipe for getting AHEAD.

The future for the industry looks bright, with the seismic market expected to grow by 18% this year, buoyed by increased E&P spending and the high price of oil. Dolphin is ideally placed to take advantage of this, with a growing fleet of high-end vessels, healthy mix of contract and Multi-Client activity, and expanding in-house data processing capabilities (both onshore and offshore).

We are giving clients what they need, and giving it to them quickly - allowing them to respond to market opportunities, tap into valuable reserves and create wealth. This keeps our customers AHEAD of the competition.

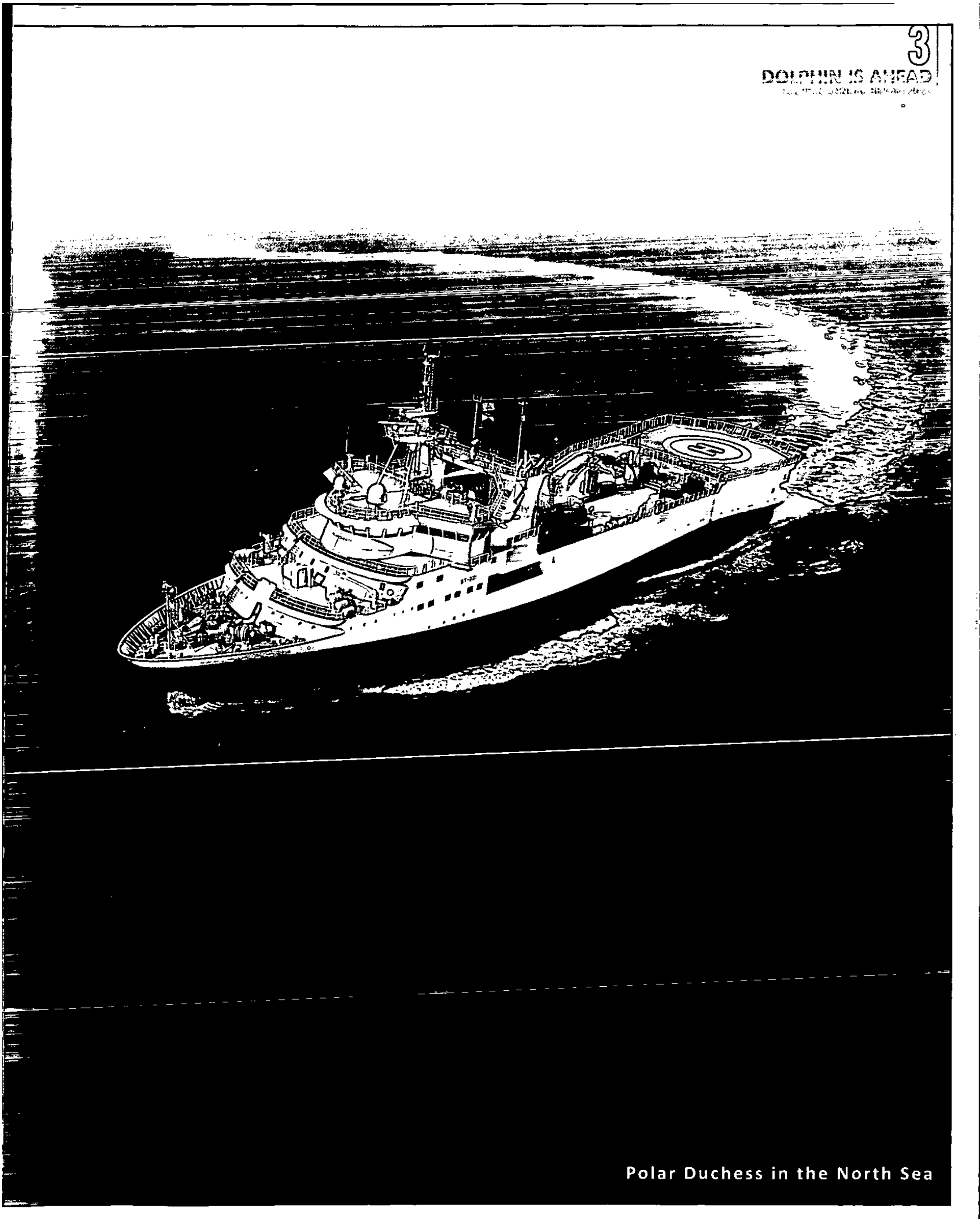
Moving into the future, it is the unwavering belief of the Dolphin management team that this business is now in pole position in our sector. We plan to stay there by building on our initial success and meeting our future corporate goals and industry ambitions, just as we have surpassed all of our business objectives so far.

Dolphin is growing impressively, going that 'extra mile' to give its customers everything they need from a professional geophysical company and creating a culture where seasoned expertise and the latest technology combine to produce the very best results.

Looking back over 2012 you will see how much has been achieved.

Looking forward to 2013, there is a world of opportunities that lie AHEAD. We would like you to join us for that journey.

Please read on to find out more.



Polar Duchess in the North Sea

THIS IS DOLPHIN

Dolphin is uniquely positioned within the dynamic seismic marketplace. We have blended innovation with established industry know-how, creating a business model that has nurtured our rapid growth and secured strong relationships with some of the major players in the global energy sector.

In just two full years in business, we are proud to have cemented our place as an industry leader and 'operator of choice' in the geophysical arena. Our fleet of high-specification, chartered seismic vessels have been cherry-picked to enable our customers to realise their exploration ambitions, while the fact that they are chartered, rather than owned, allows us to maintain a low-cost base, ensure stability and deliver outstanding financial results for our shareholders.

Our lean and limber structure has been designed to facilitate investments where we believe they are needed most – in quality personnel, in sector leading technology and the constant development of our business, with growing processing capabilities and libraries of Multi-Client data.

This mind-set is positioning Dolphin to take advantage of a buoyant seismic sector. We are well placed to outmanoeuvre competitors, offer clients a genuine full-service proposition and continue on our stellar growth path.

This is how we have built our business. This is Dolphin.

A FLEET OF HIGH-END CHARTERED SEISMIC VESSELS

Dolphin currently has charter agreements in place for seven cutting-edge vessels, five of which are modern, 3D high-end vessels. Three 3D vessels (the Sanco Swift, "Geo Atlantic" and Sanco Sword) are set for delivery in 2013 and 2014, consolidating our position as the operator of one of the sector's most modern fleets.

AN ESTABLISHED MANAGEMENT TEAM

Dolphin's top team has the expertise and industry insight to propel the company on to further success. Each member has the sector experience (often running into decades) to understand exactly what clients require, helping to mould the business to meet the challenges and opportunities of the future. As demonstrated by our results so far, the executive management team are collectively ambitious and committed to delivering value.

A MIX OF CONTRACTED AND MULTI-CLIENT ACTIVITIES

The business has established a strong client base with the majors, providing contracted activities and building an extensive library of Multi-Client data, with an initial focus on the North Sea, West Africa and Brazil. Multi-Client is a key growth area for Dolphin, with USD 63 million already invested in a library that (so far) offers 10 000 sq. km of 3D data and 45 000 sq. km of 2D. This will provide attractive short- and longterm returns for the Group, and is under constant development.

A FULL-SERVICE OFFERING THROUGH IN-HOUSE DATA PROCESSING

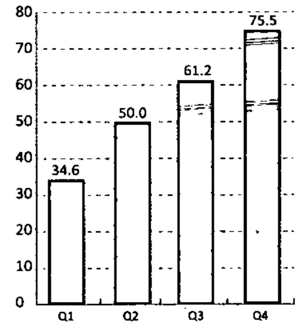
Dolphin understands the importance of providing its clients with a full-service proposition, allowing them to act quickly and take advantage of market opportunities. By offering onboard processing on all our vessels, as well as a dedicated processing centre in the UK, we believe we can give a market-leading quality of service exactly when and where it is needed. Our in-house capacity also allows us complete control over our proprietary Multi-Client activities, and their processing costs, ensuring security and bolstering our bottom line.

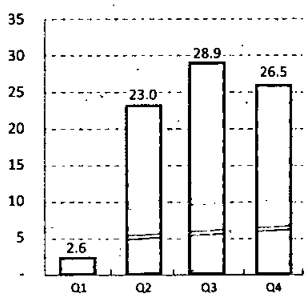
HIGHLIGHTS

- 2012 was Dolphin's first full year existence, with gradually taking five vessels into operation
- Expanded our Multi-Client business with several large scale 3D surveys Established our own seismic data processing activity, acquiring the processing software company, Open Geophysical Inc. and then built up SHarp processing on-board all vessels and processing centre on-shore in London
- Dolphin SHarp broadband technology introduced in May 2012
- Revenues of USD 221 million (+126%), compared to USD 98 million in 2011
- Strong contracts margins, EBITDA of USD 81.0 million (36,6%), compared to USD 13.6 million (14,0%) in 2011, EBIT of USD 40.6 million (18,4%), compared to USD 3.0 million (3,0%) in 2011 and net Income of USD 32.7 million, compared with USD -0.9 in 2011
- Diluted earnings per share (EPS) of 0.11 cent for 2012, compared with 0.00 in 2011
- Successfully raised NOK 400 million (USD 70.5 million) senior unsecured bond loan to support Dolphin growth strategy within Multi-Client and seismic processing

SUBSEQUENT EVENTS:

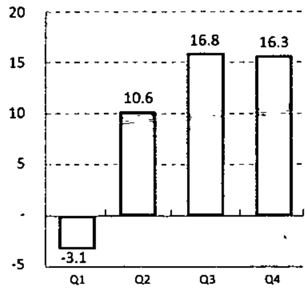
- Dolphin entered into new charter agreements for delivery of two vessels;
  - The "Geo Atlantic" will be rebuilt by its owner to a 14 streamer high-capacity vessel and chartered for three and half year, expected to be delivered in January 2014
  - The newbuild, "Super Duke", with a 22 streamer capacity, will be chartered for five years and is expected to be delivered in March 2015
- To support Dolphin's chartered vessel capacity growth, an additional equity of USD 41 million was raised in February 2013





KEY FINANCIAL FIGURES

In millions of USD	YTD 2012	YTD 2011	YTD 2010
Net operating revenues	221.3	97.6	1.6
EBITDA	81.0	13.6	-1.1
EBIT	40.6	3.0	-4.3
Profit before taxes	38.9	1.1	-4.3
Net income	32.7	-0.9	0.08
Basic earings per share ($ per share)	0.11	0.00	0.00
Diluted earnings per share ($ per share)	0,11	0.00	0.00
Net cashflow from operating activities	30.9	-1.8	-0.8
Cash and cash equivalents (period end)	77.5	57.2	62.6
Total Assets (period end)	**376.1**	**189,9**	**71.0**
Total Equity (period end)	**189.2**	**115.7**	**69.8**
Equity ratio	50.3%	60.9%	98.3%



ATLE JACOBSEN,
DOLPHIN GROUP CEO, REPORT:

Stop. This isn't a standard CEO letter, in a standard annual report, for a standard company. Dolphin is different.

In just two years in business we have turned what was expected from a new player in the seismic surveying sector completely on its head. When we started marine seismic operations in 2010 we opted to invest in expertise rather than steel, recruiting the best minds in the geophysical industry to launch a business that had genuine sector authority from day one. Free from the restraints of owning our cutting edge fleet – choosing instead to secure vessel capacity at attractive low rates – we have been limber enough to seize real-time market opportunities and constantly mould our business to meet the evolving needs of a dynamic market. This has allowed us to build an industry proposition capable of delivering heavyweight punching power, despite our lean, nimble and efficient corporate framework.
The results? Well, they speak for themselves.

AHEAD OF THE PACK
If 2011 was the year that Dolphin established itself within the geophysical arena, then 2012 was the year that saw the company move AHEAD – building on our potential and delivering excellence that was simply beyond market expectation.
We are now the fifth biggest player in the seismic sector, offering a comprehensive full-service proposition (spanning everything from contract acquisition, to Multi-Client surveys, to seismic data processing expertise and market leading seismic software), a preferred supplier to some of the world's foremost energy businesses, an industry innovator (see our Shell feature on page 46) and, last but not least, a very successful business.

Our financial results from the last 12 months are a testimony to Dolphin's unique approach. The company achieved revenues of USD 221.3 million in 2012 (against USD 97.6 million in 2011) and returned a final profit before tax of USD 38.9 million, compared with USD 1.1 million in the previous year. We continue to deliver outstanding value for our shareholders and, in a turbulent financial market characterised by uncertainty, have succeeded in winning the trust of both investors and lending institutions. This latter observation is borne out by our capital acquisition initiatives in 2012, which saw us raise USD 40.5 million in equity in first quarter and a further USD 70.5 million in fourth quarter with a senior unsecured bond placing. This access to capital provides strong foundations for the continued expansion of the business.

GROWING REPUTATION
Expansion has been a watchword for Dolphin in 2012. The business has evolved to stay AHEAD of market demand, making strategic investments in areas that provide valuable returns – both for the business, and for the levels of service we provide to our growing client portfolio.
Dolphin's Multi-Client and Processing departments have been key focuses, as we look to create long-term, proprietary, marketable assets (3D and 2D Multi-Client data libraries) and provide the best quality service to customers, giving them rapid, secure and reliable data imaging that unlocks the secrets of the sea floor (Processing). 2012 saw Dolphin reach an investment level of USD 63 million in its Multi-Client activity, while the Processing department rolled out offshore processing capabilities across the entire fleet, recruited almost 40 new members of staff and threw open the doors to our new onshore processing centre in London.
Back out at sea we continued to grow our high-tech fleet, welcoming a new flagship vessel in April, the Polar Duchess.

"We are now, as industry analysts acknowledge, truly a seismic force to be reckoned with."

The 107 meter long, 7689 ton, cutting-edge 3D vessel immediately proved her worth with a productive, maiden North Sea season and the successful completion of Dolphin's first ever contract with super-major Shell. As a direct result of this latter assignment, Dolphin has now signed a three-year call-off contract with the Dutch energy giant.

Shell was amongst a host of majors and super-majors that added the company to their pre-qualification rosters in 2012, demonstrating our growing industry reputation for providing clients with efficient, safe and productive supplier services, alongside an operationally excellent fleet with minimal technical downtime.

We are now, as industry analysts acknowledge, truly a seismic force to be reckoned with.

CHARTING THE NEXT MOVES

Dolphin was founded on the corporate values of being intelligent, fast and friendly and the executive management team has stayed true to these principles. We have built quickly, but smart, while being careful to instil an attitude of openness and accountability that permeates everything we do – from the way we service our clients, to our everyday communication with members of staff. In an industry that has seen considerable consolidation and change, we are determined to make a long-term, positive impact – showing the way AHEAD for our peers, clients and all our various stakeholders.

The path forwards for Dolphin offers the promise of further exciting developments. We have committed to two new vessels from GC Rieber Shipping – the "Geo Atlantic" and "Super Duke" – while the eagerly awaited Sanco Swift is scheduled for delivery in second quarter 2013 (sister vessel the Sanco Sword will follow in 2014). This level of investment tangibly demonstrates our desire to provide customers with the latest, best-equipped and most operationally excellent seismic fleet on the market – giving them the peace of mind of a geophysical services supplier that they can absolutely rely on.

We will continue to grow departments such as Processing and Multi-Client, enhancing our service capabilities and in-house assets, while investing in and marketing our proprietary products, including our market leading SHarp broadband offering and OpenCPS seismic software. This, we believe, is the proposition the market desires, allowing us to give our investors the value and returns that they are looking for.

From a personal point of view, it's enormously satisfying to be at the head of a business that is realising its potential, exceeding expectations and building such an attractive corporate culture. I believe we have created a new geophysical company that is unique in our sector. And, as you might be able to tell, I think it will pay off to be different.

2010 3Q

- Atle Jacobsen and Erik Hokholt secure ownership in Oslo stock listed, data serving company Dolphin Interconnet Solutions ASA in a private placement. Jacobsen becomes chairman and Hokholt becomes board member
- Jacobsen and Hokholt prepare business plan for a new seismic company

2010 4Q

- Raise NOK 360 million equity in December and Dolphin Interconnect Solutions ASA changes name to Dolphin Group ASA
- Dolphin shares trade at NOK 2.50 on the Oslo Stock Exchange
- Lease agreements for three seismic vessels and lease financing (USD 39 million) for equipment are secured
- Opens Oslo office and HQ in Bergen

2011 1Q

- Continued focus on new seismic strategy emphasising the Geophysical business
- Dolphin expands its global presence, establishing offices in London, Houston and Singapore
- The executive team takes shape with Bjarne Stavenes, Mike Hodge, Peter Hooper, Erik Hokholt, Atle Jacobsen, Phil Suter and Tim Wells further cementing Dolphin's strategic development
- Dolphin launches a compensatory issue of 4 824 000 shares at a subscription price of NOK 2.50
- Total recruitment reaches 90 people
- First revenue of USD 0.4 million
- Major contracts for Polar Duke (3D) and Polar Explorer (2D)
- First 3D North Sea contract for Artemis Arctic

2011 2Q

- Post first operating profit (EBIT) of USD 2.1 million
- Successful start-up production of four vessels (Polar Explorer, Polar Duke, Artemis Atlantic and Artemis Arctic)
- First Multi-Client project in North West Africa in joint venture with TGS
- Ian Edwards and Gareth Williams join staff

2011 3Q

- Strong performance confirms Dolphin's successful asset light business model
- Revenue escalates 78% to USD 43 million
- Successful completion of USD 35 million private placement
- Further consolidation of high-end 3D seismic vessel capacity a lucrative rates
- Artemis Arctic completes 3D contract for Lotos in the souther part of the Norwegian North Se and commences 3D contract for Lundin in the Barents Sea
- USD 2.4 million investment in Multi-Client projects

AHEAD

2012 4Q

- Revenues escalate to USD 75.5 million
- Net profit before tax of USD 13.9 million
- High operational efficiency and fleet utilisation
- Strong contract margins, driven by high production on Shell and Statoil contracts
- Dolphin secures future growth strategy through NOK 400 million (USD 70.5 million) senior unsecured four year bond financing
- Polar Duke undertakes high profile 12 streamer survey for Statoil in Tanzania

Polar Duchess performs a record wide tow configuration for Shell in South Africa

2012 3Q

- Historically high revenues of USD 61.2 million and high operational margins on earnings
- First 3D Multi-Client survey in Norway is completed
- Dolphin wins large external processing contracts with ONGC and Statoil
- Dolphin SHarp TM Broadband solution offered to clients as exclusive contract and Multi-Client product

2012 2Q

- Revenues double to USD 50 million over Q2 2011
- Major company expansion
  - o Acquisition of Open Geophysical Inc
  - o Establishing proprietary off-shore and onshore processing centres
  - o Secure five-year charter with 14-16 streamer capacity vessel Sanco Sword
  - o Launch of newly developed Sharp broadband seismic technology
- Major movement in Multi-Client operating activity produces business revenues of USD 16.2 million
- Dolphin is awarded large 3D contracts with Statoil/Exxon in Tanzania and Shell in South Africa
- Launch of Polar Duchess in May

2012 1Q

- Revenues of USD 34.6 million
- Dolphin secures private placement of USD 40.5 million and USD 30 million bank financing for the Polar Duchess seismic equipment
- Continues structuring for future growth and fleet expansion
- Historical first 3D Multi-Client survey in Senegal, West Africa
- USD 6.6 million investment in Multi-Client projects
- Number of Dolphin employees climbs to 230

)11 4Q

ıll year 2011 revenue of USD
7.6 million
4 revenues of USD 30.1 million
eophysical business represents
3% of consolidated revenues
olphin completes global Multi-
lient projects in Brazil, North
Vest Africa, India, Asia and the
orth Sea
ecures significant 2012 contracts
nd Multi-Client backlog
ositions itself for ambitious
rowth in Multi-Client activities
nd seismic processing.
ecures five-year charter with 14
reamer, 3D capacity vessel
anco Swift
uccessfully secures private
lacement of USD 38.9 million
012

TIM WELLS,
CHAIRMAN OF THE BOARD, REPORT:

SUSTAINABLE SUCCESS IN AN UNCERTAIN WORLD

The oil industry is, by its very nature, a cyclical business. Good times will inevitably be followed by bad ones – as prices deflate, consumption fluctuates and economic and geopolitical factors crash into the water, creating waves that can upset even the steadiest of corporate vessels.

In my 35 years of experience within this industry, I've witnessed this phenomenon repeat itself with a regularity that, although predictable, seemingly takes most players off guard. As Chairman of the Board of Dolphin Group ASA I see it as my main responsibility to mitigate the effects of such cyclical downturns by helping to create a robust, sustainable business – a business that balances a conservative cost base with high asset, intellectual and industry values, while boasting the very best people in the geophysical sector.

Being a bold, new player on the seismic scene it's right to celebrate the success we have achieved today, but the focus of myself, and the rest of the board, is fixed resolutely on the future. It is our priority to ensure that Dolphin is a sustainable success story, delivering value, security, innovation and great results, not just in 2012, but for many years to come.

MEETING DEMANDS

The board of Dolphin Group ASA has planned meetings every quarter to approve the company's quarterly figures. However, in reality we meet much more frequently – either in person or via teleconferencing – to approve, discuss and advise on every major decision that the company makes. This encompasses decisions to, for example, increase equity offerings, make capital outlays, or approve the expansion of the fleet (as we did recently with the step to take on two cutting edge vessels from GC Rieber). As a collective group we offer an array of different talents and expertise – ranging from the oil industry to finance and more general management experience – and can therefore operate as a valuable sounding board for the entire executive management team.

In addition, the board seeks to float new strategic ideas and directions for the business. A pertinent example of this was the move to acquire Open Geophysical Inc. in Houston in early 2012, which stemmed from conversations I had with Gareth Williams, Dolphin's Chief Geophysicist and Processing head. Both Gareth and myself saw the opportunity to acquire the industry's leading seismic software developer and product (OpenCPS), providing the springboard for the rapid expansion of our processing department, both on- and offshore, and the completion of our full-service industry proposition. This gives us genuine competitive advantage within the sector, while the ownership of our own intellectual property provides immense future potential, and additional business security.

Alongside such strategically important developments, the board and I also ensure that the day-to-day operation of the business is in order; running audits, overseeing compensation and nomination committees, and steering corporate governance issues. In doing so we uphold the structural integrity of the company and prepare it for future opportunities and challenges.

CLARITY OF VISION

The board, in conjunction with the executive management team, is constantly assessing the market and scoping opportunities for expanding the business, increasing revenues and building on our now established reputation within the hydrocarbons industry. I believe Dolphin is currently in an strong position to consolidate its initial success and make inroads into markets around the globe that have previously remained tantalisingly out of reach.

Since day one, we have harboured the ambition to create a company that is capable of competing with anyone, anywhere

"To have the best company, you have to have the best people"

around the globe, for any client. That dream is now becoming reality. Until now, necessity has steered our focus onto the Atlantic corridor, where we have established an enviable reputation with both majors and super-majors. However, our vessel capacity has meant that we have been unable to foster these blossoming relationships globally, holding back from venturing into the Asia Pacific or Arctic. With our growing high-end fleet – soon to be augmented by the Sanco Swift, Sanco Sword and GC Rieber vessels - we can now expand our horizons, tender for assignments anywhere and meet the needs of our global client base.

Furthermore, the new vessels confirm our position at the high-end of the seismic marketplace, offering the capability to tow large numbers of streamers (GC Rieber's new build vessel, scheduled for arrival in Q1 2015, will have the capacity to operate 22 cables) and operate in the most demanding of environments (the same vessel is also Ice Class 1A*, enabling it to work in the Arctic areas).

Dolphin may not be the biggest operator within the seismic marketplace, but with high-specification vessels, quality results and outstanding global service, we intend to cement our growing reputation as the best.

THE BEATING HEART OF THE BUSINESS

The principal challenge for the board, and the management team, is a human one. The vessels are secured, client relationships are built, technology is in place and we now need to continue attracting the best people to realise our enormous potential.

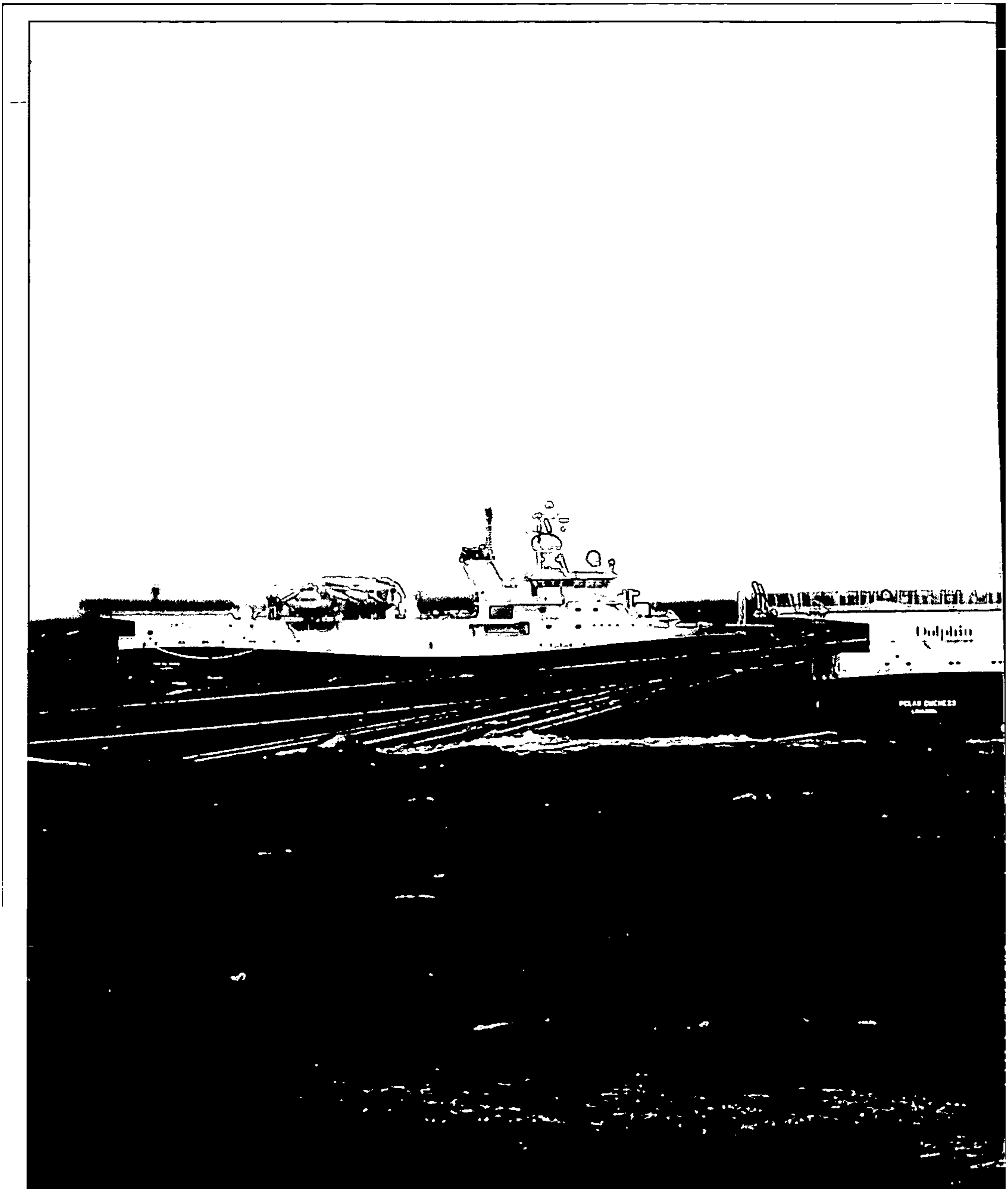
As Chairman of the Board, I, alongside other key individuals, help steer the company culture from the top – creating an atmosphere that permeates through the various tiers of responsibility, helping to unite and drive us all in the same direction. At Dolphin we have been careful to nurture a culture that is open, honest, friendly and, perhaps most of all, motivating.

When people are motivated to participate in shaping a young company's future it is an incredibly exciting experience. If they feel they are listened to and rewarded – tangibly, through bonuses and share options, and intangibly, through peer recognition – they are more likely to offer ideas, perform above expectations and help forge an atmosphere of positivity, innovation and excellence. This helps us retain our talent, which, in turn, attracts fresh talent.

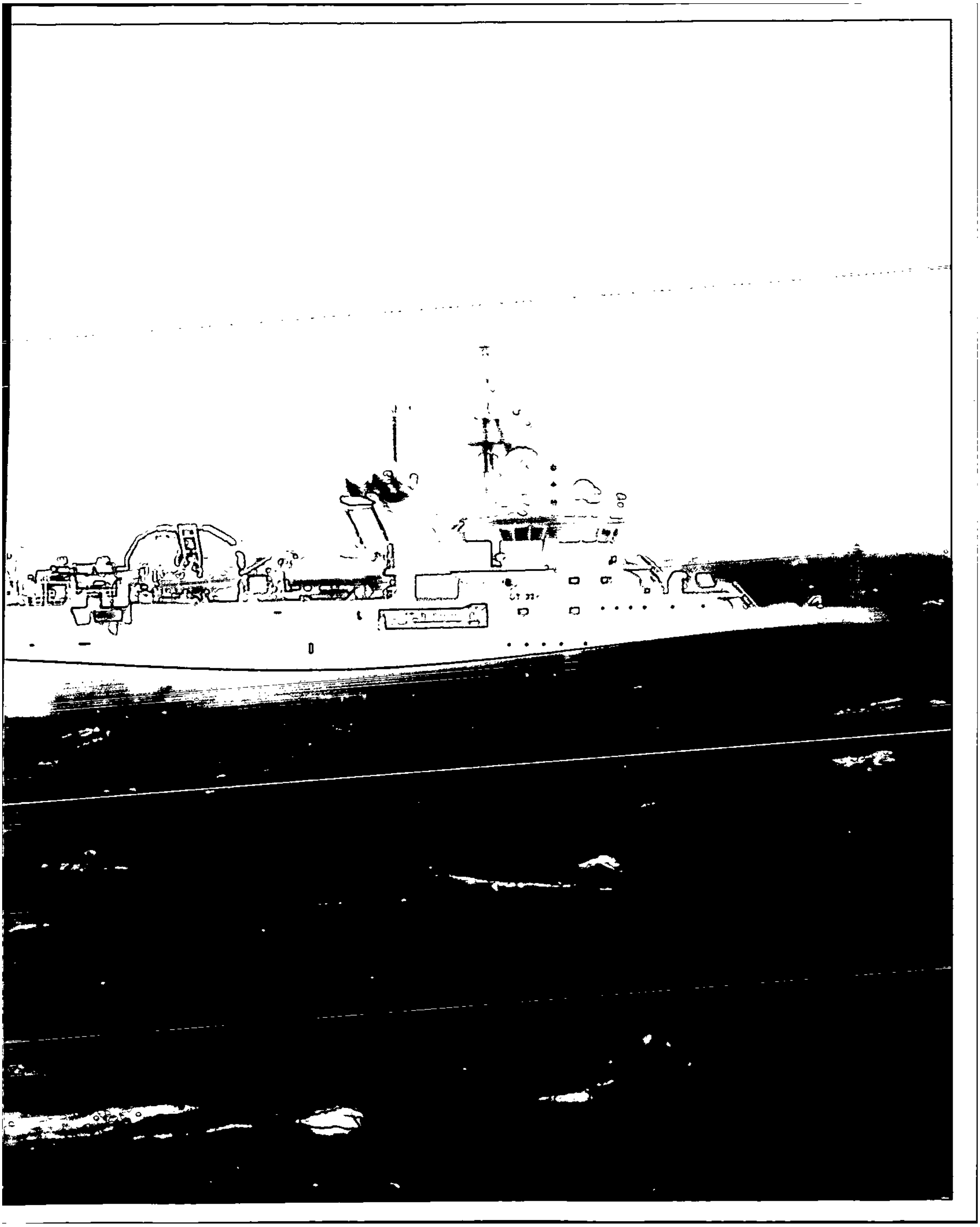
It's a simple solution that can be difficult for management teams to get right – create a company where people actually want to work. Here at Dolphin we've received over 7 500 job applications since setting sail two years ago. We believe that speaks volumes.

Our focus going forwards will be on people rather than further vessels – we believe the new charter agreements give us genuinely competitive capacity – with recruitment planned for divisions that provide added business and asset value, such as software programmers, researchers and Multi-Client staff.

Over my many years of experience, the principal lesson I've learnt is that to have the best company you have to have the best people. That is where we aim to invest and that is, surely, the main ingredient for ensuring long-term, sustainable business success, steering clear of those cyclical industry storms.



Polar Duke and Polar Duchess crossed paths offshore South Africa



DOLPHIN MANAGEMENT
EXECUTIVE SUMMARY

Every division of Dolphin Geophysical played its own unique part in the company's collective success throughout 2012. Together our individual teams continue to demonstrate the embodiment of our corporate values - performing in fast, friendly and intelligent manners to achieve genuine business advantage. This is how Dolphin surged AHEAD in 2012.

MONEY TALKS

- Dolphin performed ahead of market expectations again in 2012, returning revenues of USD 221.3 million, compared to USD 97.6 million in 2011, and an EBITDA of USD 81.0 million (USD 13.6 million in 2011).

- The company demonstrated that - in a capital-intensive sector, during a difficult economic climate - it has established a productive and trusted relationship with the investment market. Dolphin raised USD 40.5 million through an equity offering in March 2012 and obtained a four-year senior unsecured bond of USD 70.5 million in the final quarter of the year.

MAJOR SALES SUCCESS

- Dolphin succeeded in slotting many of the last pieces of the major and super major pre-qualification jigsaw into place in 2012. The firm qualified as a preferred tenderer with, amongst others, Shell, Statoil, BP, ENI and Repsol.

- The relationship with Shell came to immediate fruition, with Dolphin undertaking a successful, landmark, wide tow 3D seismic survey in the Orange Basin, South Africa. See 'The World's Largest Moving Object' for further details.

MULTI-CLIENT MOVES

- Dolphin launched its first 3D Multi-Client survey in April 2012, with a 3 600 sq. km deepwater assignment in Senegal conducted by the Polar Duke. Further 3D Multi-Client surveys followed in the Barents Sea and North Sea, with 2D activity in areas such as the Santos Campos basins in Brazil and North West Africa.

- From a standing start, the business has rapidly acquired a Multi-Client 3D database covering over 10 000 sq. km, while the 2D library now offers data for around 45 000 sq. km.

OPERATIONAL EXCELLENCE

- Dolphin launched the cutting edge Polar Duchess in April 2012, immediately deploying the vessel for a successful season in the North Sea, showcasing the company's "robust operations from day one" operational approach.

- Dolphin also augmented its support fleet to ensure stable, efficient and sustained offshore operations for its seismic vessels. The contracting of the Sanco Sky was a development of note, with the 2 250 ton supply vessel supporting the Polar Duchess in the 2012 North Sea season.

PROCESSING ACHIEVEMENT

- Dolphin invested around USD 6 million in its processing capabilities during 2012 –rolling out on-board processing capabilities across the seismic fleet, opening a new onshore processing centre in London, launching the SHarp broadband product and concluding the purchase of Open Geophysical Inc. in Houston.

Fast, friendly and intelligent
– this is how Dolphin surged AHEAD in 2012!

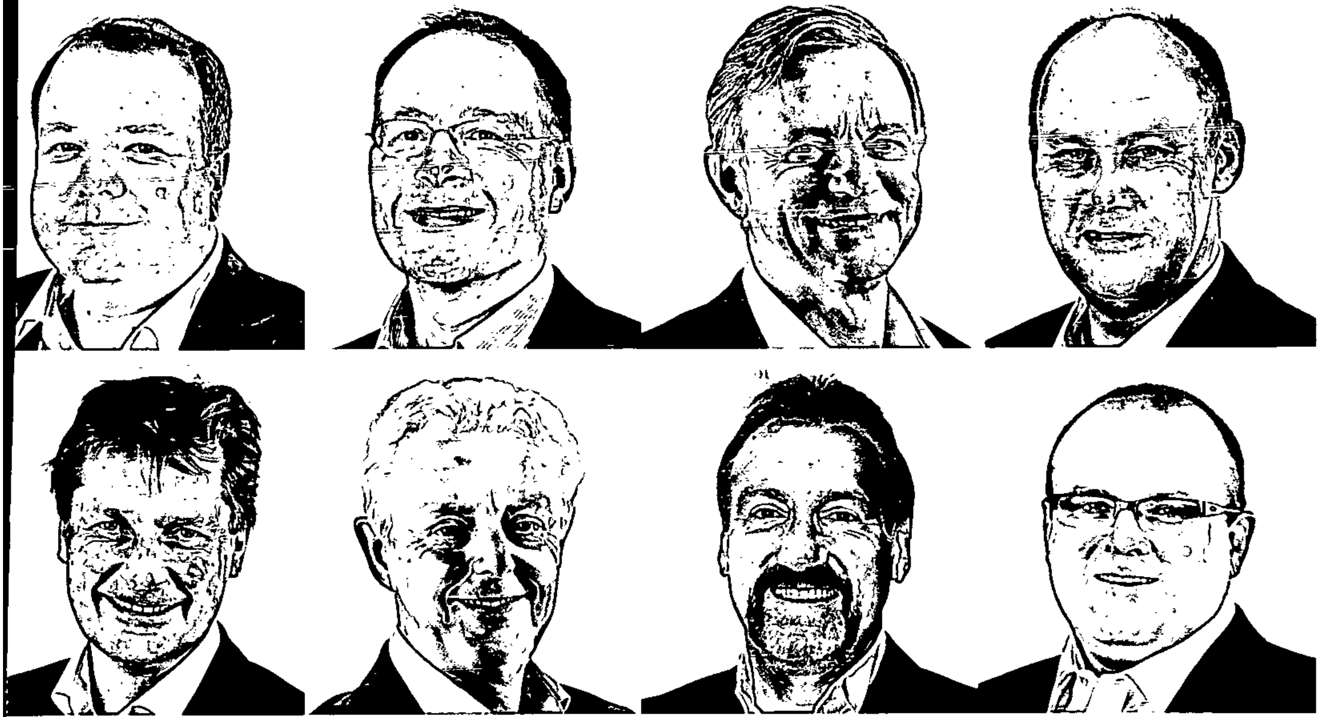
THE DOLPHIN MANAGEMENT TEAM

JACOBSEN

MIKE HODGE
VP QHSE

DR. GARETH WILLIAMS
CHIEF GEOPHYSICIST

BJARNE STAVENES
VP TECHNICAL



K HOKHOLT

PHIL SUTER
VP MARKETING & SALES

IAN T. EDWARDS
VP MULTI-CLIENT

PETER HOOPER
VP OPERATIONS

• Open Geophysical Inc. gives the firm control over the only seismic processing software that has been designed and written in the 21st century. This software, OpenCPS, offers users the best GUI (Graphical User Interface) in the industry, alongside significant operational efficiencies and product integrity. It is a key business differentiator.

TECHNICAL OPTIMISATION

• Dolphin's seismic fleet performed at a truly industry leading level throughout 2012, with minimum technical downtime allowing the company to achieve maximum surveying, and business, results.

• Both the Polar Ducke and sister vessel the Polar Duchess undertook a number of technically challenging 12 streamer jobs in 2012. 12 streamer assignments are demanding for both the vessels and their crews, with huge configurations of equipment in the water, and demonstrate that Dolphin is now amongst the true leaders in the competitive seismic sector.

SAFETY FIRST

• Dolphin invested over USD 2 million in its QHSE culture in 2012, with training development (such as the successful trialling of computer-based learning modules on vessels) being a key focus area.

• 2012 saw the introduction of a 40-hour mentored training programme for new crewmembers joining the seismic fleet. This will play a vital role in introducing and assimilating new starters to Dolphin's established QHSE systems, continuing the consolidation of the company's successful safety culture.

ERIK HOKHOLT, CFO

MANAGEMENT REPORT, FINANCE:

OVERVIEW: SUPPORTING SUCCESS

In many ways it is difficult to view the Finance department of Dolphin Geophysical in isolation. Our work steers the other departments and their performance impacts directly upon us. We are a team, and the success of this department, and the company as a whole, is based on mutual understanding, open communication and a desire to help one another reach new heights. This philosophy has helped us accelerate rapidly from a standing start to the position where we now have the fifth largest marine seismic market share (set to grow to 10% by 2014) and revenues of USD 221 million in 2012.

The Finance department itself is centralised in Bergen, with a permanent staff of 11 and a support group of temps. An additional four staff are also based in Oslo, Houston and London. The division is split into accounting, salary and financial control, which allows us to keep a day-to-day oversight over costs, contracts and overall performance. By having daily communication between the various departments we can ensure that revenues and profits are delivered as expected, while producing timely and accurate financial reporting - an invaluable management and decision making tool.

HIGHLIGHTS: A CAPITAL PERFORMANCE

In a capital-intensive business, adequate financial funding is vital to successful marine operations. Providing project financing and working capital to start operations is key to our sustained growth. Delivering this has been a cornerstone of our success.

Dolphin launched, and has expanded, in a turbulent financial climate characterised by understandably cautious banking institutions. This has led the company to take a three-pronged approach to capital - launching on to the Oslo Stock Exchange and into the public bond market, as well as undertaking business with the banks. This has given us the access to capital to meet our ambitious goals, as illustrated in 2012.

In the final quarter of 2011 we raised USD 39 million in equity, with a further USD 40.5 million equity offering following in March 2012. Then, in the final quarter of the year, we succeeded in obtaining a four-year senior unsecured bond of USD 70.5 million. This capital will be used to continue the expansion of our business, investing in seismic equipment for new additions to the fleet, such as the Sanco Swift (each vessel costs more than USD 60 million to outfit), and developing our Multi-Client business by investing in our own projects.

As of the end of 2012, Dolphin had succeeded in raising NOK 1.1 billion in equity (USD 228 million) and had reached a market capitalisation of NOK 2.5 billion (USD 437 million). That equates to NOK 1.0 billion (USD 210 million) of shareholder value created in the past two years, which our owners are understandably very pleased with.

In 2012 we have further strengthened the financial control systems and our reporting capacity, and that is undoubtedly a key contributor to our continued eye-catching performance in the seismic arena, and our appearance as a public listed company.

DEVELOPMENT: MAINTAINING CONTROL

Dolphin is now one of Norway's fastest growing companies. That is a spectacular achievement, but also a challenge, as we look to sustain that impressive growth curve. In Finance that challenge manifests itself in recruitment – we want to recruit employees that really understand all aspects of our business, enabling them to contribute in the best way possible.
For example, the controller function is fundamentally

important. Controllers work hand in hand with vessel managers and supervisors, assisting them on invoicing, contracts, tax and all aspects of project accounting and control. For a project to be successful – and the results of each project impact upon the budgeting and success of the next – the controller has to understand key business drivers and the demands and performance of those in our Technical and Operations departments, as well as those out at sea.

We are proud that we have managed to build a competent team where each individual tries to understand the importance of the 'bigger picture'.

OUTLOOK: POSITIONED FOR OPPORTUNITY

The market outlook for Dolphin is promising; with the relatively high oil price and increased oil industry E&P spending expected to drive up revenues by a further 40-50% in 2013, breaking through the USD 300 million barrier. This will obviously impact upon the work of Finance, with a need to expand to ensure we have all the support functions in place to facilitate overall company success. Growth will be seen in Bergen, but also in London, where the Marketing and Sales, Processing and Multi-Client departments are all expecting to see continued investment and expansion.

Dolphin is through the 'critical' first two years of business and we have proven our ability, expertise and technical performance to the market. We have the support of our 2 600 shareholders, bondholders and banks – as shown by our most recent transactions – and this positions us well to take advantage of the growing demand for seismic services.

FINANCE AT A GLANCE

Team: 11 staff in Bergen, two in Oslo, one in London and one in Houston. Supplemented by temporary staff when required.
Responsibilities: Controlling, reporting on and planning all aspects relating to financial matters across the entire company. This broad remit includes accessing capital, controlling and planning finances for individual vessels and projects, liaising with departments, and providing information for management decisions, as well as complying with public and governmental statutory rules and regulations as a public company.
Role: Ensuring that Dolphin performs in line with expectations, regarding revenues and profits, and is well positioned (and funded) to grow and take advantage of market opportunities.
Selected highlight from 2012: Achieving access to capital, through equity releases and the bond market, that allows Dolphin to continue on its extraordinary growth path.
Future plans: Building financial and accounting support functions to enable Dolphin to deliver on its long-term business strategy.

PETER HOOPER, VP OPERATIONS
REPORT, MARINE OPERATIONS:

OVERVIEW: NEW DIMENSIONS

Marine Operations is the principal support platform for Dolphin's day-to-day functions and future operational growth and success. The 24 members of staff within this expanding department work across four key areas, namely: implementation and support of company QHSE Policies and Standards at 'the front end' of Marine Operations; the daily operation of the fleet (including everything from the seismic vessels themselves, to the management of sub-contractors, logistics and the support vessel supply chain); the client interface, encompassing all aspects from project planning through to project completion, reporting and closure; and offshore crewing, including workforce management and recruitment.

The department is central to the management of the company's astonishing growth. We have committed ourselves to 'dimensioning' the company for expansion, by ensuring that the right people are in place ahead of market opportunities. This foresight ensures that the organisation is never playing catch up – hurriedly trying to get resources in place to satisfy demand – and can meet new challenges without diluting its existing strengths.

HIGHLIGHTS: FIT FOR THE FIGHT

If Marine Operations has a mantra, it is perhaps 'robust marine operations from day one'. From the moment that a vessel is launched everything – from the crew to the technology – has to be in place to facilitate immediate success in the seismic arena. The launch of the Polar Duchess provides a pertinent case study.

The 107m long, 7 689 ton vessel launched in April and immediately went into service on a successful season in the North Sea, capturing 3D seismic data in an engagement with TGS Nopec. It then moved onto South Africa for Dolphin's first ever assignment with Shell, surveying an 8 000 sq. km area in the Orange Basin with a wide tow streamer configuration (see 'the world's largest floating object' feature on page 46). Despite challenging conditions in a challenging area, with a very limited data acquisition window, the vessel produced fantastic results, getting Dolphin's relationship with the super major off to a flying start. Detailed project risk management and planning, building on the implementation of comprehensive crew HSE Plans on-board the vessel, are key factors in enabling our crew and operational teams onshore to deliver such results.

The operational performance of the vessel was also exemplary, with minimum technical downtime. In fact, Dolphin has rapidly established a reputation across the industry as a contractor of choice in this respect.

The success of vessels such as the Polar Duchess would not be possible without the reliable service of our support fleet, another key focus area for Marine Operations.

We ensure stable and efficient offshore operations through the best possible support vessel service, and have increased our tonnage throughout 2012 to achieve this. An achievement of note was Dolphin's contracting of the Sanco Sky – a 2007 built, 72.4m, 2 250 ton supply vessel that is capable of sustaining extended periods of seismic acquisition work, as it demonstrated in the 2012 TGS Nopec season with the Polar Duchess.

Since starting the business we have received, at the time of writing, 7 576 applications from people. The fact that we only had four resignations last year, from an offshore contingent of over 190, demonstrates that that reputation as an excellent employer is well founded.

DEVELOPMENT: PEOPLE BUSINESS

Anyone can buy seismic equipment, it's simply a question of money, it's the people that make the difference.

At Dolphin we have fostered a climate of openness and easy communication, with a comparatively flat structure that negates

any danger of an internal 'them and us' division. Accountability and responsibility are values with significant meaning for all employees.

Dolphin is an exciting place to work. Competitive terms, conditions, benefit packages and personal development help individuals fulfil their potential. With this in mind, we hired a training co-ordinator in 2012 to lead our on-going initiatives.

Recruitment is an essential component of Dolphin's development as a company and we will continue to invest to attract the right calibre of candidate.

OUTLOOK: MAINTAINING COURSE

Marine Operations has already staffed up for 2013. We envisage further expansion within the department at the close of the year, in preparation for the opportunities that lie ahead in 2014.

The fleet will see the addition of the Sanco Swift in July 2013 – consolidating our relationship with Sanco Shipping - with a second Sanco newbuild to follow in 2014. The recently announced charter of the "Geo Atlantic" in Q1 2014, and a newbuild flagship in 2015 the "Super Duke" with Rieber Shipping, further cements our relationship with our main maritime subcontractors.

2013 will see more detailed project planning and emergency response planning, arranging vessel importations and crew visas, and company efforts to create the best possible operational environment worldwide. We are dedicated to delivering more of the same kind of success for Dolphin and its clients as the company continues to expand.

MARINE OPERATIONS AT A GLANCE

Team: 24 members of staff.

Responsibilities: The daily operation of the fleet (encompassing the seismic vessels, support fleet and the management of sub-contractors); working with the clients from project planning through to project completion; and handling all aspects of offshore crew management, recruitment and development.

Role: Leading and managing Marine Operations to ensure day-to-day success, sustainable future growth and seismic client satisfaction.

Selected highlights from 2012: The launch of the Polar Duchess and its immediate success in the North Sea and South Africa on demanding assignments, with key customers. The completion of a challenging survey for Statoil off the shore of Tanzania with Polar Duke. Our first operations in Central America with the Artemis Arctic for ONGC. Completion of our first 2D Exploration season for Norwegian Petroleum Directorate (NPD), working up above 83 degrees North with our Ice Class vessel Artemis Atlantic.

Future plans: Always being a step ahead of the growth curve - dimensioning the company to take advantage of opportunities and achieve managed, stable and sustained expansion, with first class QHSE, technical, and operational performance.

MIKE HODGE, VP QHSE
MANAGEMENT REPORT:

OVERVIEW: A QUESTION OF CULTURE

The creation of a robust QHSE culture is absolutely critical to achieving success within the marine geophysical business arena. In a comparatively small sector, with few operators but intense competition, a seismic contractor's safety record is a visible indicator of the manner in which it conducts its operations. Dolphin's steady journey of pre-qualification with the oil majors shows that we're on the right track.

The sheer pace of Dolphin's growth has created challenges, but through continued QHSE investment and a clear structure we have instilled a culture that lays the foundations for continued safe expansion.

DEVELOPMENT: CONTINUED UNDERSTANDING, LEARNING AND GROWTH

2012 was an important year that saw the company's QHSE culture develop its own identity. Our new-hire induction programme is a particular example.
Launched in March 2012, the programme starts even before a new employee leaves home to join their first vessel. A secure YouTube channel gives them access to a safety induction video, which concludes with an online assessment to ensure that key points have been understood. Once on board their first seismic vessel, the induction process continues with a 40-hour mentored programme, culminating in the traditional exchange of a green-for-white hard hat.

Additionally, there is a drive on general QHSE awareness training for our crews. During Q4 2012, a pilot project was run on the Polar Duchess and Polar Duke where crew members took a series of computer-based training modules. Each 45-minute module covered one aspect of a broad range of skills, including management techniques, industrial HSE and technical proficiency. Feedback was universally positive from the pilot project, paving the way for a roll out of a 60-module programme across the entire fleet during 2013.

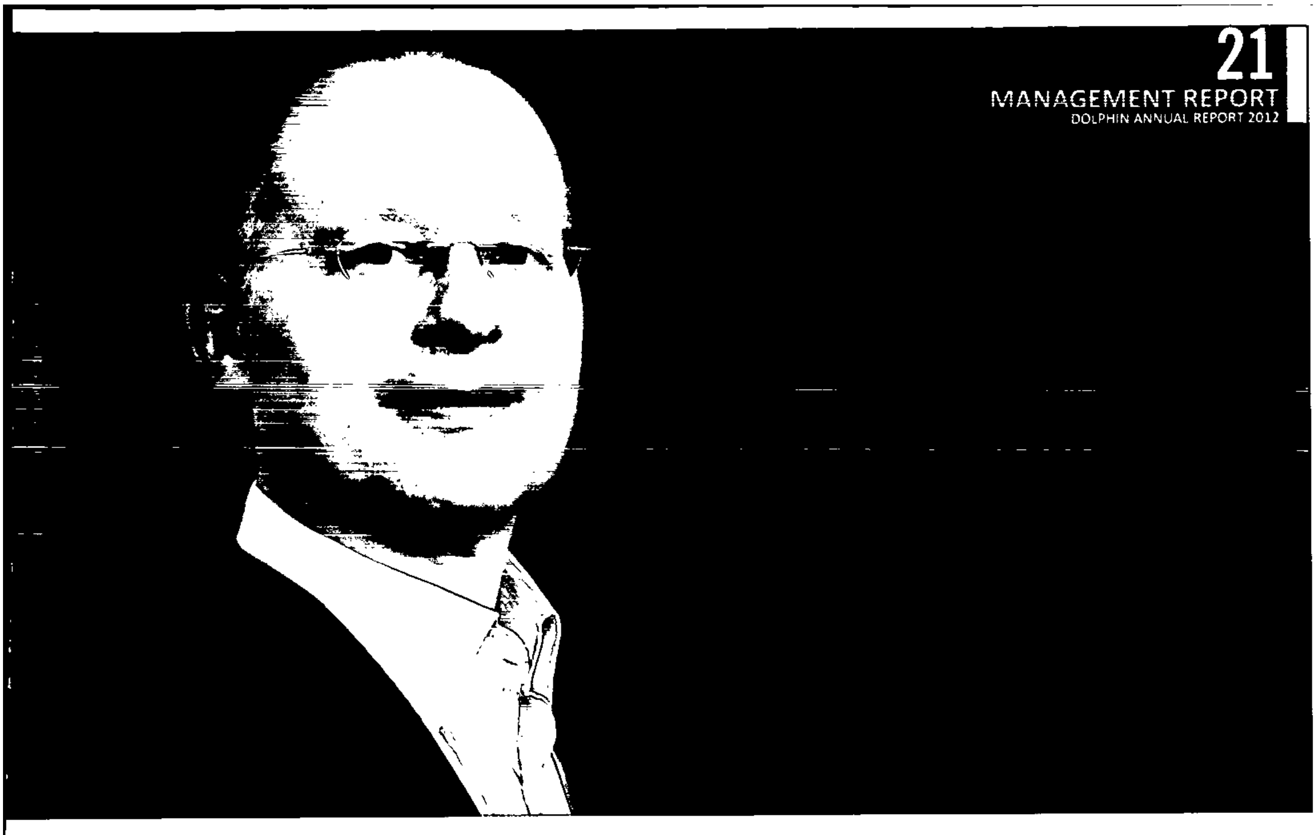
Dolphin's crewing department has been strengthened with a dedicated training co-ordinator to formalise the multiple offerings from our many training suppliers. By offering a set framework of practical courses – such as small boat operations, G20 crane-driving competency and working/rescue at height, we will develop a common understanding amongst all crew. This is invaluable in terms of both teambuilding and individual personal development.

QHSE PERFORMANCE

There are two headline safety measures that the industry takes note of – LTIF (Lost Time Injury Frequency) and TRCF (Total Recordable Case Frequency). Dolphin's LTIF in 2012 was 1.06, as a result of three incidents; one malaria case, a neck strain and a finger injury. Our TRCF for 2012 stood at 2.90, when five further medical treatment cases are included.

In addition, we record another industry-standard indicator: so called 'high potential incidents'. These are incidents that had the potential to cause serious injury but didn't, simply due to sheer luck. Such incidents are discussed twice a year at Joint IAGC/OGP HSE Forum (International Association of Geophysical Contractors and Oil and Gas Producers) when case studies are presented to the industry allowing us all to share learnings and improve HSE standards.

We take this responsibility very seriously and are committed to contributing positively to HSE development within our sector. This responsibility was demonstrated in Autumn 2012



when Dolphin hosted a Party Chief's and Captain's Network event in Bergen. This led to several initiatives being launched, including a new safety poster campaign to highlight some common hazards in marine seismic operations.

OUTLOOK: ACHIEVING NEW STANDARDS

A major focus for the year ahead is ISO 9001 certification. This attainment is expected by the world's leading oil companies because it demonstrates a culture of quality, and a commitment by Dolphin of continuous improvement.

During 2012 the required internal systems were built through engagement with management and were given a tentative green light by DNV. Fine-tuning of the Quality Management System is on-going before DNV's final certification audit in June this summer. Dolphin fully expects to successfully complete the accreditation process this year.

Internally, we will look to grow the QHSE team by two new office-based staff, helping us to cope with the demands of an expanding fleet of high capacity seismic vessels.

QHSE AT A GLANCE

Team: Two office-based staff, six offshore QHSE co-ordinators.
Responsibilities: Developing QHSE measures and systems. Advising and coaching Line Management to implement the same. Engaging with Oil Companies during pre-qualification work and audits.
Role: Ensuring that Dolphin employees operate in a safe environment and in a safe manner. Building the reputation of a firm QHSE culture, bolstering Dolphin's standing within the competitive seismic sector.
Selected highlight from 2012: Implementing a 40-hour mentored induction programme for new hires, to assimilate them as swiftly as possible into Dolphin's established QHSE systems.
Future plans: Successful ISO 9001 certification in 2013, alongside continued expansion of the land-based QHSE support team and integration of two new boats, and crews, to the fleet and Dolphin culture.

BJARNE STAVENES, VP TECHNICAL

REPORT, TECHNICAL:

OVERVIEW: BUILDING THE FRAMEWORK FOR SUCCESS

From day one, the importance of a robust Technical department has been paramount at Dolphin. When the company commenced operations in 2011 the management invested heavily to populate the division with the most talented technical minds in the business, ensuring that we could build a framework of infrastructure and equipment that would facilitate immediate success in this competitive sector. That policy has paid real dividends, as this report illustrates.

The Technical team consists of 17 people with responsibility for a myriad of tasks. We handle everything from the outfitting and rigging of each new vessel that joins the fleet – negotiating with suppliers, purchasing seismic equipment, overseeing installation and ensuring its fit for purpose upon leaving the shipyard – to the crewing of the vessels, with our technical managers interviewing every crew member to assure that they are the best people, capable of producing the best results for our clients. Once a vessel has set sail we turn our energies to collaborating closely with Marine Operations, providing technical support to maximise day-to-day performance in the field. On land, the department deals with all office-based IT infrastructure, in addition to sourcing and supporting the IT hardware for Dolphin's fast growing, and increasingly important, Processing department.

In short, Technical touches on all business divisions within Dolphin, and we're proud to play such an important role in the company's huge progress so far.

HIGHLIGHTS: PERFORMANCE, PERFORMANCE, PERFORMANCE

The on-going performance of the fleet is perhaps the ultimate reflection of the efficacy of our department. The fact that Dolphin's vessels performed at a truly industry leading level throughout 2012 is therefore a great source of pride for the team here.

Technical downtime across the last twelve months was minimal, despite an array of challenging surveying tasks and the addition of a new vessel to the fleet. The Polar Duchess provides a case in point, launching in April and seamlessly transferring from the yard to its first demanding 3D task, with a North Sea engagement alongside TGS Nopec. Our Technical team put in a huge effort – quickly and efficiently outfitting the vessel within the region of USD 60 million of seismic equipment – and ensuring that she was fit for purpose. TGS Nopec, and then Shell (on the landmark Orange Basin wide tow survey in South Africa), can vouch for her capabilities.

The Polar Duchess and sister vessel the Polar Duke also flexed their muscles on a number of 12 streamer jobs in 2012. 12 streamer assignments are technically challenging for both the vessels and their crews, with huge configurations of equipment in the water. This creates unique demands on the vessels, with substantial power requirements needed (something which both vessels have in abundance), while a greater array of equipment means a greater potential for problems for those overseeing operations. It once again provides a glowing testimony to the characters of both our vessels and our people that these demanding surveys proved so successful.

Dolphin's now proven ability in the 12-streamer arena shows that we are in amongst the established leaders in the seismic sector.

DEVELOPMENT: INVESTING WHERE IT MATTERS MOST

Dolphin is as much of a people business today as it was upon its inception. Seismic equipment can be bought off the shelf, talented people can't. That's why Technical spends so much of its time and energy ensuring that we have some of the best people in the geophysical surveying business, getting optimum

results for our clients. Once we have recruited those individuals we ensure that they are assimilated into a team that encompasses the entire company – with open lines of communication running from the vessels right through to the shore and top management.

By keeping close to the talented people on the front line, we can stay ahead of potential problems and maintain our low technical downtime, benefiting everyone connected to the business.

OUTLOOK: NEW ADDITIONS

Crewing, rigging and preparing new vessels for operation accounts for around 30-40% of the department's time, with the remainder being split between technical maintenance and problem solving, recruitment and training of crews, and catering for IT infrastructure on land. The addition of two new vessels in 2013 – the Sanco Swift in July and the "Geo Atlantic" in Q1 2014 – will therefore be an obvious focus for the team going forwards. Our priority with them, as with all our vessels, will be flawless technical performance from the moment they set sail bearing the name Dolphin.

The growing nature of the fleet, and the company as a whole (with Processing being a key focus on land), will lead to an expansion within our department over the course of the next year. More experienced individuals will be welcomed on-board to help facilitate further growth and maintain our position at the head of the industry.

The new additions will be welcomed into an environment where personal development, fulfilment and communication remain key. This may be the Technical department, but it's our people that make everything tick.

TECHNICAL AT A GLANCE

Team: 17 members of staff.

Responsibilities: Planning for, purchasing and installing all seismic and technical equipment on vessels. Recruiting crewmembers and training them to use the equipment. Providing technical support to maximise day-to-day vessel performance in the field. Handling all aspects of IT and technical infrastructure on land (as well as on vessels), including the demands of Processing.

Role: Ensuring that Dolphin's fleet and land-based facilities perform at industry leading levels of technical excellence, providing the foundation for business success.

Selected highlight from 2012: Minimal technical downtime and maximum performance on demanding assignments, such as wide tow and 12 streamer surveys.

Future plans: Successful outfitting of the latest additions to the Dolphin fleet – the Sanco Swift and "Geo Atlantic" – and recruiting new additions to the growing Technical team and offshore crews.

PHIL SUTER, VP MARKETING AND SALES
REPORT, MARKETING AND SALES:

OVERVIEW: ADDED SUCCESS

As is so often the case in annual reports, it's the numbers that reveal the true story of the last year in business. For the Marketing and Sales department of Dolphin, those numbers have been truly remarkable.

Our talented team of nine individuals has submitted 102 tenders (printing and sending over 27 000 pages of information), handled eight major pre-qualifications, visited 25 international destinations and travelled a total distance of 320 615 miles, spending around 650 hours in the air.

And all this has been achieved with one objective in mind – to help transform Dolphin from a start-up marine seismic services player to the position of an established industry leader, trusted by the global market and delivering on our promises and potential. In that respect, it's 'mission accomplished' for 2012.

HIGHLIGHTS: MAJOR MOVES

Dolphin's achievements with Shell represent a microcosm of the past year. After introducing the company to the super major in late 2011, the team successfully completed pre-qualification in May 2012 and tendered for our first 3D seismic survey with them in June. In July Dolphin was awarded the contract in the Orange Basin, South Africa – one of the firm's largest ever international surveys – and by October work on the 8 000 sq. km survey had commenced. Shell has now engaged us on a three-year call off contract in Europe, viewing us as a valued seismic partner in their dynamic E&P operations. Shell is by no means alone in this respect. 2012 was a period when we slotted most of the last pieces of the pre-qualification puzzle into place, allowing us to gain a foothold on the tender lists of almost all major global oil industry players. Amongst the names of the firms that we gained pre-qualification status with are operators of the order of Statoil, BP, ENI and Repsol. The status with Statoil, like Shell, translated into instant success, with an initial 3D seismic contract in Tanzania being followed by a new contract for the North Sea in 2013, serviced by the Polar Duke.

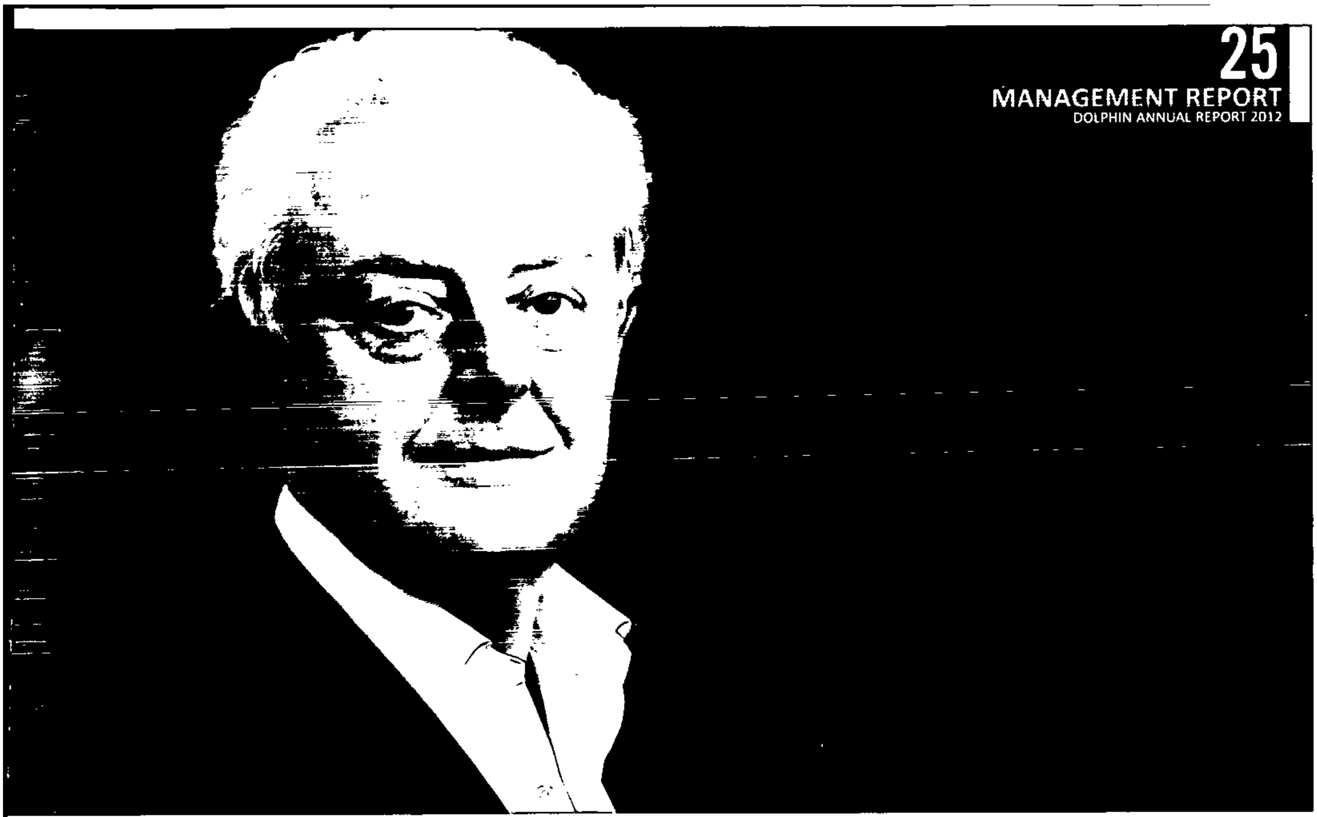
DEVELOPMENT: TEAM TALK

None of this would have been achievable without the hard work of the Marketing and Sales team. Handling everything from the initial opportunities, to the sales conversion, to the account management and post contract servicing, these individuals are very much 'the face of Dolphin' when it comes to client deliverables. In addition, our Marketing Communications team has broadened our reach across the web and produced timely press releases to inform our expanding audience that we are a company that is here to stay.

Quality of service is paramount for all of us – helping us to retain strong client relationships and ensure repeat business – as is the team ethos that unites the department, creating a co-operative environment where trust is absolutely implicit.

As with the company as a whole, we have created a friendly, open milieu where people – both internally and externally – are valued, respected and accepted. This ethos permeates all of our sales and marketing activity, helping to define Dolphin and consolidate our position in the marketplace as a genuine supplier that is committed to satisfying its clients' demands.

2012 saw the team grow and reorganise its structure, with the new roles of regional managers being introduced to replace country managers. This positions Dolphin for further growth, allowing these key individuals to service markets across national lines, co-ordinating activity and providing excellent levels of service. As of September 2012, the following individuals took responsibility for their respective areas: Håvard Åsli, North Europe; Emil Janson, South Europe and North Africa; Ronnie Grimberg, North and South America; David Henderson, Sub-Saharan Africa; and Mark Brittain, Asia Pacific.



OUTLOOK: PROMISE ON THE HORIZON

As the department that is charged with identifying market opportunities and generating business for Dolphin's portfolio of seismic services, we expect to continue our growth into 2013 and beyond, in line with the continued expansion of the company as a whole.

Dolphin has developed from its position of the 'one to watch' – a new company, with an established management team of real industry pedigree – to the position where, after only two full years in business, we are the fifth biggest player in the seismic market, with an established client base and an excellent team of highly skilled individuals. In a tight market, with rising rates and demand, we see a wealth of sales and marketing opportunities ahead, facilitating further success for the business as a whole.

Our focus will be consolidating business in our present areas of operation, establishing contracts in new geographical areas and improving our overall exposure to the market, winning new friends and clients. All of this will be achieved by staying true to our winning formula of putting people first and delivering on our promises. I look forward to telling you that it's 'mission accomplished' in next year's annual report too.

MARKETING AND SALES AT A GLANCE

Team: Nine members of staff.

Responsibilities: The 'face of Dolphin' – in charge of sourcing and developing initial contract opportunities, marketing the business (on- and offline), tendering, converting sales, account management and post contract servicing.

Role: Generating business for Dolphin's portfolio of seismic services and building the company's standing within the marketplace.

Selected highlight from 2012: Obtaining pre-qualification status with some of the biggest names in the energy industry, including Shell, Statoil, BP, ENI and Repsol.

Future plans: Consolidating the business in existing areas of operation, breaking into new geographical areas and winning new business from new clients.

IAN T. EDWARDS,

VP GLOBAL MULTI-CLIENT AND NEW VENTURES REPORT, MULTI-CLIENT:

OVERVIEW: A GATEWAY TO SUCCESS

Dolphin Geophysical has rapidly made a name for itself as an established player within the Multi-Client market. With experienced personnel, cutting edge vessels and industry leading acquisition efficiency and processing technology, we have put together a series of surveys focussed on producing quality data that deliver immediate and long-term benefits for the business, while providing clients opportunities to review, and ultimately explore, at competitive rates.

Multi-Client works for Dolphin on several levels. Our efficiently operated vessels perform the acquisition and our proprietary in-house processing facilities, both offshore and onshore, produce the high-end quality products clients require for exploration activities. These Multi-Client surveys are Dolphin's assets. The high-end data is licenced to oil and gas companies - at a fraction of the cost of conducting their own proprietary seismic surveys - and can be reprocessed in-house and 'licensed' again, possibly several times during its shelf lifetime, making it a rewarding long-term revenue stream.

More than that, it doubles as a unique 'shop window' for Dolphin, demonstrating our world class technical and operational capabilities to clients, and building on our fast-growing reputation within the industry.

In short, Multi-Client is crucial to our wider business strategy and longer term success, and 2012 has been a pivotal year in the department's development.

HIGHLIGHTS: 3D VISION

2012 was the year that Dolphin entered the 3D Multi-Client market, establishing a strong position within the sector far quicker than we had predicted, or than the industry, especially our competitors, had expected.

The Polar Duke performed the acquisition of Dolphin's initial project, conducting a 3 600 sq. km survey over deep water acreage in Senegal between April and May 2012, with an initial high-end, fast-track volume of data being delivered in early June. The same vessel moved on to the Barents Sea for an additional 2 000 sq. km survey as part of the Norwegian 22nd Round, obtaining data that has already been licenced to numerous companies.

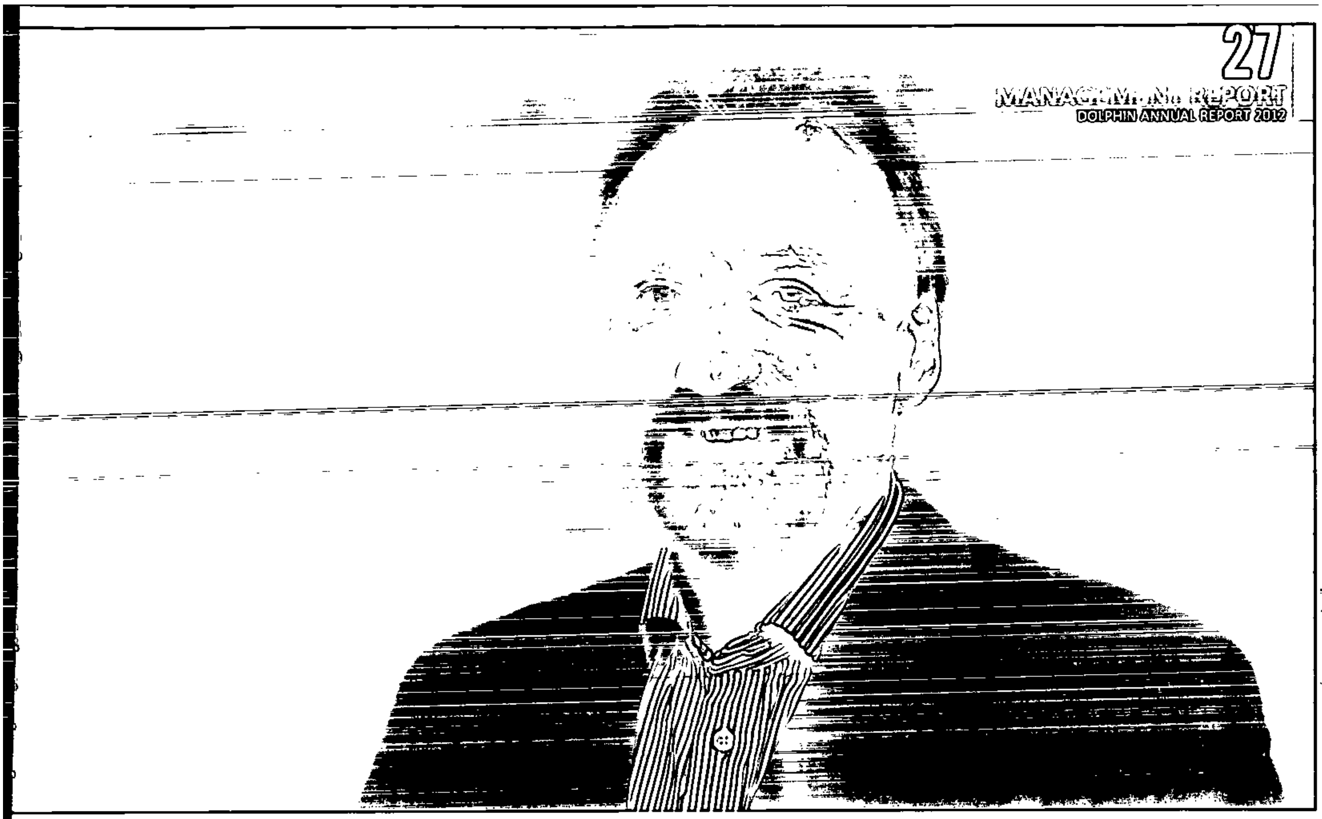
Further 3D surveys followed in the North Sea, as the Artemis Arctic commenced acquisition of Dolphin's Quads 29 and 30. This project saw the market debut of Dolphin's SHarp BroadBand product - providing greater imaging, higher resolution and increased frequency content. Its launch was a defining moment of 2012, clearly demonstrating our full-service proposition and ability to challenge any player, of any size, within the seismic market.

Dolphin has a Multi-Client 3D database covering over 10 000 sq. km, while our 2D surveys amount to around 45 000 sq. km of seismic, gravity and magnetic data. Some of these data are now undergoing Pre-Stack Depth Migration (PSDM) processing.

This Multi-Client data library has been stringently quality controlled by our own internal procedures, ensuring that Dolphin is building an asset of optimal value, while our clients have access to modern, highest quality data for evaluating potential areas for exploration.

DEVELOPMENT: SPECULATE TO ACCUMULATE

Dolphin has invested around USD 63 million in Multi-Client activity, with net revenues of around USD 46 million, and growing. Proprietary in-house processing technology - and a working knowledge and understanding of industry's requirements - lead to added asset value through reprocessing and re-marketing over the data's lifetime. High levels of pre-funding, standing at around 80% across the course of the year, demonstrated the growing faith the industry has in the Dolphin Multi-Client model, as well as making our progress swift and profitable.



Our skilled team of eight people handle an array of tasks, from supporting data management, to marketing, sales and business development, through to liaising with clients that provide our pre-funding. By the end of 2013 we envision around 16 qualified and experienced team members in the Multi-Client division. Our in-house Geology and Geophysics (New Ventures) Support Group will be one of the first elements to expand.

OUTLOOK: COLLECTIVE PUSH FORWARDS

At present, the split between Dolphin's contracted and Multi-Client assignments is approximately 75/25. Due to the large number of Multi-Client projects under development by Dolphin, the company will be striving to increase its market share of the business and to hopefully achieve a more even balance. We envisage a target of around 40 to 45% of Multi-Client in the near to mid-term future.

To achieve this, further investment will be made available to the division, with a planned spend of between USD 50 million and USD 70 million (assuming the lower-end figure, around USD 30 million will be allocated to 3D, with USD 20 million for 2D).

Activity is focused on key 'hot' exploration areas, such as the Barents Sea, the North Sea, North West Africa and Brazil.

Dolphin is well placed to exploit new oportunities, thanks to our technology, market expertise and, most of all, our teamwork. Multi-Client encompasses all elements of the business – from early acquisition through to high-end processing – and demands teamwork and inter-departmental co-operation throughout. We intend to apply our skills to build upon our early Multi-Client success.

MULTI-CLIENT AT A GLANCE

Team: Ten members of staff.

Responsibilities: Building and maintaining relationships with clients and governments, and negotiating deals to undertake seismic surveys. Project managing Multi-Client surveys, from survey planning, acquisition through to processing and re-processing, creating added value from assets. All aspects of marketing, sales and business development for the department.

Role: Dolphin Multi-Client designs, acquires and processes seismic surveys, building a data library as an asset. This is then licenced to multiple oil and gas companies.

Selected highlight from 2012: Dolphin's first 3D Multi-Client survey, carried out by the Polar Duke in Senegal, between April and May 2012, over a 3 600 sq. km area.

Future plans: Increasing the proportion of Multi-Client projects the company undertakes, growing the team and achieving maximum possible value from Dolphin's data assets.

DR. GARETH WILLIAMS, CHIEF GEOPHYSICIST REPORT, PROCESSING:

OVERVIEW: CAPTURING ADDED VALUE

2012 was the year when Processing came of age within Dolphin Geophysical. The company purchased its own proprietary software with the acquisition of Open Geophysical Inc, rolled that software out onto our fleet of vessels, recruited and trained a sizable on- and offshore team, launched an industry leading broadband product (SHarp), opened an onshore processing centre and, in our first full year of operation, both on-board processing and software sales recorded a profit.

Establishing the processing function – which, in simple terms, turns acquired geophysical field data into images that inform oil companies of the best places to drill – is a huge boon for the business.

It gives Dolphin a series of clear advantages in a competitive marketplace, namely: it enables us to realise the full value of each acquisition contract; it allows us to control the quality and timing of the survey deliverables; it allows us to bid on tenders where we are required to provide acquisition and processing, without using third party contractors; and it gives us the possibility of capturing processing jobs where we are not actually involved in the acquisition.

HIGHLIGHTS: SEIZING THE INITIATIVE

Dolphin invested around USD 7 million (including the purchase of Open Geophysical Inc) in its processing capabilities during 2012. This allowed the company to quickly establish itself as a provider of processing products and services with a reputation for the best technology, service levels and reliability.

The Polar Duchess entered service in April and was the first vessel with full processing capabilities, immediately setting to work on a fast-track, 3D volume processing task over 2 500 sq. km in the Barents Sea, Norway. Over the course of the second and third quarter, Dolphin's in-house processing function was rolled out across the entire fleet, replacing the existing third party capability. Fast-track and full processing projects then followed for a series of clients, including Statoil, Shell, and ONGC in Colombia.

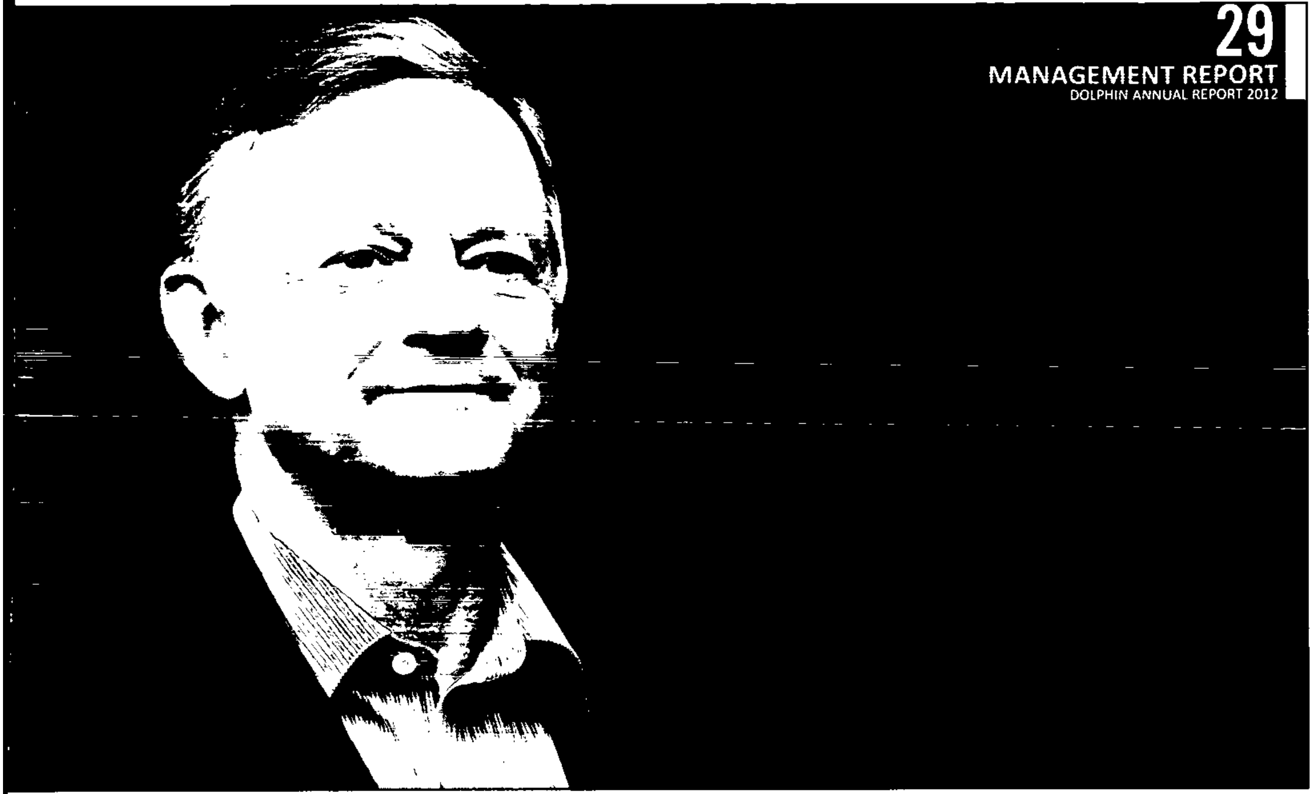
2012 also saw the launch of Dolphin's SHarp broadband product to strong client interest. SHarp offers enhanced low and high frequencies, with higher resolution and greater penetration abilities and also, importantly, gives improved inversion and better reservoir characterisation. It is AVO-friendly, enabling companies to reduce their drilling risks. SHarp was utilised for the first time - successfully undertaking a 3D Multi-Client survey in the UK sector of the North Sea - in the third quarter of 2012. This task has now been extended into 2013.

DEVELOPMENT: TEAM AND TECHNOLOGY BUILDING

In 2012 the company hired an extra 28 team members to take charge of on-board processing across our fleet, under the auspices of on-board processing manager Simon Telfer, and 10 staff to man our new onshore processing centre in London (opened in April), led by onshore processing manager Nick Riddalls. In total, the Processing department now numbers 45 members of staff.

A further key foundation block was moved into place with the acquisition of Houston's Open Geophysical Inc. The company is behind the development of OpenCPS, the only seismic processing software that has been designed and written in the 21st century, offering users the best GUI (Graphical User Interface) in the industry and significant operational efficiencies, and integrity, when compared to competing products.

The acquisition gives us a market leading proprietary system, where we have full control over source code, allowing us to control the speed and direction of its development from in-house, through our own programmers and developers. This is a key



differentiator in our business and – giving us the best processing results, while also opening up revenue streams as we continue to licence OpenCPS to other companies (including super majors). The potential for this is huge.

OUTLOOK: STIMULATING GROWTH

In just one full year in operation Processing has established itself as a key part of the business. It is now set to grow in line with Dolphin, adding substantial value and stimulating further growth, particularly on the Multi-Client side, where it allows us complete control over projects.

The market at present is very healthy, with established competition but also exceptionally high demand, driving up prices and creating backlogs of data that clients are eager to translate into meaningful imaging. It goes without saying that this is a very profitable market to be entering into with such a strong proposition – we intend to take advantage of that, through 2013 and beyond.

In terms of our own capabilities, the firm is aiming to have sufficient capacity in place to process all of the seismic data our vessels acquire by the end of the year. In addition, we are adding functionality to our on-board processing and, by the end of 2013, we will be providing PSDM (Pre-Stack Depth Migration) in addition to our existing PSTM (Pre-Stack Time Migration) offer. The team will also be developing 4D capability going forwards.

Feedback from this initial stage of operation has been overwhelmingly positive. This clearly indicates that we have started in the right direction and an excellent platform for making the most of the opportunities that lie ahead.

PROCESSING AT A GLANCE

Team: 45 members of staff.

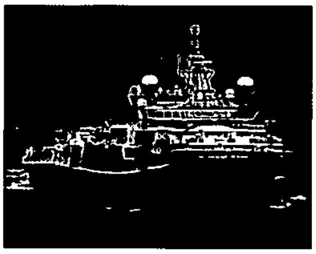
Responsibilities: On- and offshore processing of seismic surveys. Realising the full value of acquisition contracts by processing data, while also offering standalone processing services. Continual expansion of processing capacity, allied to the development of Dolphin's proprietary software and broadband products.

Role: Processing transforms acquired geophysical field data into images that inform oil companies of the best places to drill. The department uses its expertise to deliver added value for Dolphin and its clients.

Selected highlight from 2012: The acquisition of Open Geophysical Inc. OpenCPS, the only seismic processing software that has been designed and written in the 21st century, is now Dolphin's proprietary software. It gives the business clear advantages in the marketplace.

Future plans: Building processing capacity to enable all data acquired by Dolphin to be processed in-house. Providing in-house PSDM functionality, as well as developing 4D capability.

THE DOLPHIN FLEET

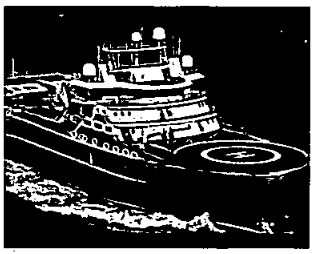


POLAR DUCHESS (3D, 12-14 STR)
BUILT/REBUILT 2011

LENGTH 106,8M
SPEED 18 KTS
BERTHS 45 CABINS 60 BUNKS
MAIN ENGINES
2 X 9L32/40 MAN DIESEL & TURBO SE (4500KW)
2 X 6L32/40 MAN DIESEL & TURBO SE (3000KW)

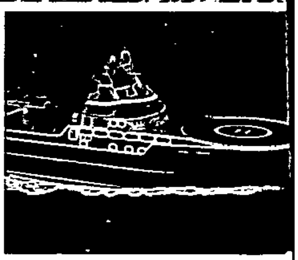
POLAR DUKE (3D, 12-14 STR)
BUILT/REBUILT 2011

LENGTH 106.8M
SPEED 18 KTS
BERTHS 45 CABINS 60 BUNKS
MAIN ENGINES
2 X 9L32/40 MAN DIESEL & TURBO SE (4500KW)
2 X 6L32/40 MAN DIESEL & TURBO SE (3000KW)



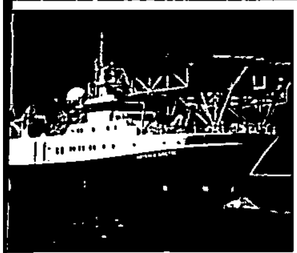
SANCO SWIFT (3D, 14-16 STR)
ON TRACK FOR DELIVERY JULY 2013

LENGTH 96M
SPEED 16 KTS
BERTHS 52 CABINS 60 BUNKS
MAIN ENGINES
4 X MAN 4000KW



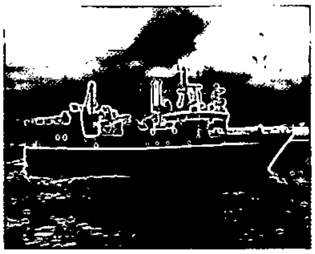
SANCO SWORD (3D, 14-16 STR)
DELIVERY MARCH 2014

LENGTH 96M
SPEED 16 KTS
BERTHS 52 CABINS 60 BUNKS
MAIN ENGINES
4 X MAN 4000KW



RTEMIS ARCTIC (3D, 6-8 STR)
UILT/REBUILT 1999

ENGTH 74,4M
PEED 12,5 KTS
ERTHS 47 BUNKS
MAIN ENGINES
WARTSILA NSD
300KW/750RPM

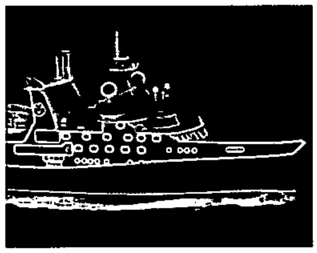


ARTEMIS ATLANTIC
BUILT/REBUILT 1986/2008

LENGTH 67,8M
SPEED 12 KTS
BERTHS 41 BUNKS
MAIN ENGINE
WICKMAN 3000KW/600RPM

"GEO ATLANTIC"
DELIVERY Q1 2014

LENGTH 121M
SPEED 15 KTS
BERTHS 77 BUNKS
MAIN ENGINES
2 X MAN 4320 KW
2 X MAN 2200KW
2 X TBD 1800KW



"SUPER DUKE"
DELIVERY MARCH 2015

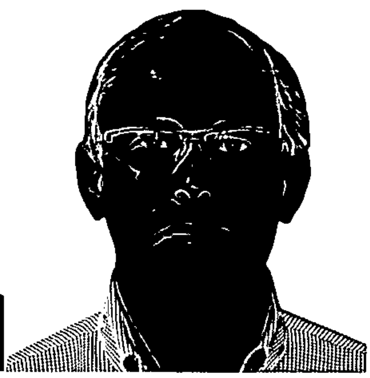
LENGTH 113M
SPEED 18 KTS
BERTHS 70 BUNKS
MAIN ENGINES
4 X TBD 4640 KW
2 X TBD 1800 KW

DOLPHIN GROUP ASA'S BOARD OF DIRECTORS

TIM WELLS
CHAIRMAN OF THE BOARD

TERJE ROGNE
DEPUTY CHAIR PERSON

OLAV VINSAND
EMPLOYEE REPRESENTATIVE



TORIL NAG

JOHN PICKARD

EVA KRISTENSEN

BOARD OF DIRECTORS' REPORT:

Dolphin Group ASA is a Norwegian company, with offices in Oslo, Bergen, Houston, London, Singapore and Rio de Janeiro. The company is listed on Oslo Stock Exchange under the ticker DOLP.

The Group has for 2012 reported geophysical as one business segment.

Dolphin Group ASA is the parent company of Dolphin Geophysical AS, a global full-range, asset-light supplier of marine geophysical services. Dolphin operates a fleet of new generation, high capacity; seismic vessels and offers contract seismic surveys, Multi-Client projects and processing services on a worldwide basis.

SEISMIC FLEET AND GEOPHYSICAL BUSINESS AREA

The chartered seismic fleet consists of the following vessels:

- Polar Duke (3D vessel)
- Polar Duchess (3D vessel), started operations in April 2012
- Artemis Arctic (3D vessel)
- Artemis Atlantic (2D vessel)
- Polar Explorer (2D vessel), redelivered to vessel owner in December 2012

All the vessels are on time charter rental agreements which include maritime operations and maritime crew costs. The charter agreements are committed to for a one- to five-years lease period, with options for the Group to extend. The initial charter periods with options to extend, provide the Group with a unique flexibility to adjust the operating fleet as a response to rapid market changes.

The Group has according to our long term strategy, successfully established a Multi-Client organisation and invested in prospective Multi-Client projects during 2012, which will enhance the robustness of our business model. The experienced Multi-Client team and dynamic management are well positioned for further expansion and how to design attractive new projects fully utilising our vessels competitive operating capabilities and new geophysical techniques.

We are working with partners on various Multi-Client projects to secure market penetration in new areas, but also to de-risk the overall investment level.

With the new processing software, provided through the acquisition of Open Geophysical Inc. in April 2012 – the Group has taken over all quality control processing on board our vessels and target to process all seismic data acquired by our operated vessels. We have during 2012; significantly strengthened our geophysical competence and we have processed in-house for several high profiled external clients. Besides, we perform all processing of our Multi-Client projects.

FINANCIAL REVIEW

The Group's financial result for 2012 has been positively affected by the geophysical operative expansion within seismic data acquisition, processing and Multi-Client project investments.

REVENUE

Total revenues for 2012 were USD 221.3 million compared with USD 97.6 million for 2011. The strong increase was caused by additional vessel capacity in production, improved contract prices and efficiency as well as expansion within our new processing and Multi-Client business.

Revenues

	Consolidated accounts		Parent Company	
	Year	Year	Year	Year
In millions of USD	2012	2011	2012	2011
Geophysical				
Contract	171.7	90.1	-	-
MCS pre-funding	34.1	3.9	-	-
MCS late sales	11.0	-	-	-
Processing	1.4	-	-	-
Other	0.8	1.4	-	-
Other (Interconnect)				
Contract	2.3	2.2	-	-
Intercompany revenues	-	-	0.8	0.2
Net operating revenues	221.3	97.6	0.8	0.2
MCS cash investment	47.6	10.5		
Pre-funding % *	71,7%	37,1%		

* Pre-funding reveues as percentage of MCS cash investment

OPERATIONAL COSTS

Cost of sales consists of time charter (TC) from the vessel owners, which includes vessel depreciation, finance- and marine crew and management costs of the vessels. Costs of sales also include fuel and lube oil, personnel costs, subcontractors cost, insurance and other operational costs. Time charter, fuel and personnel costs are the main components of our operational costs. Cost of sales also includes third-party costs for external chase and support vessels, fuel, navigation services and processing, which for a 3D vessel typically represent 6-8% of the total vessel cost. In various countries and regions, additional costs can apply.

The Group`s cost of sales was USD 121.9 million in 2012 and 72.7 million in 2011. The increase reflects that five vessels were in operation from April 2012 compared to four vessels in operation from May 2011. The parent company figures were USD 0.0 in 2012 and 0.4 million in 2011.

Sales, general and administrative costs (SG&A) were USD 16.2 million in 2012, including new office personnel and the expansion and build-up of our new processing centre and Multi-Client project capabilities, compared with USD 9.3 million for 2011. Parent company costs were USD 2.8 million in 2012 and USD 1.9 million for 2011, respectively.

Share-based compensation of USD 2.2 million is mainly related to the employee option program introduced in 2011 and 2012, compared with USD 2.0 million in 2011. The parent company option costs of USD 0.2 million in 2012 is at the same level as the year before.

Seismic equipment depreciation increased to USD 18.1 million in 2012 compared to USD 8.7 million in 2011. The seismic equipment onboard Polar Duke is classified as a financial lease asset and depreciated over the estimated lifetime of seven years. The seismic equipment for the vessels Artemis Arctic and Artemis Atlantic is also classified as a financial lease asset, though due to a different model type it is depreciated over five years. The equipment on Polar Duchess is depreciated over seven years, in line with Polar Duke. In 2012 USD 5.0 million of depreciation was capitalised to Multi-Client library, when the vessels were working on Multi-Client projects.

Furthermore, USD 22.2 million was amortised in relation to the sale and pre-funding of 2D and 3D Multi-Client data in 2012, compared to USD 1.9 million in 2011, with an amortisation rate of 49% being used for 2012, respectively 50% for 2011.
The parent company had a depreciation of USD 0.014 in 2012 and USD 0.009 million in 2011.

EBIT AND EBITDA

For 2012, EBIT for the Group was USD 40.6 million (18,4%) and EBITDA was USD 81.0 million (36,6%), compared with EBIT of USD 3.0 million (3,0%) for 2011 and EBITDA of USD 13.6 million (13,9%) for 2011. The strong improvement in operating margin was attributable to improved vessels efficiency, improved pricing and increased activity in the more profitable Multi-Client business segment.

The parent company's EBIT for 2012 was USD -2.2 million compared to USD -2.4 million for 2011.

FINANCIAL ITEMS

Net financial costs for the Group were USD 1.7 million for 2012, compared to net financial cost of 1.8 million for 2011; consisting of interest on debt costs and foreign currency losses primarily from conversion of Norwegian kroner cash deposits and financial lease debt into USD reporting currency.

The parent company had a net financial income for 2012 of

USD 26.6 million which was mainly due to Group contribution from Dolphin Geophysical AS, comparably net financial cost for 2011 was USD 0.08 million.

TAX

For Q4 2012 The Group reported tax changes in accordance with IAS 12. Tax changes are computed based on the USD value relating to the appropriate tax provisions according to local tax regulation and currencies in each jurisdiction. The tax changes are influenced not only by the local result, but also from fluctuations in exchange rate between the local currencies and USD.

The tax calculation was negatively impacted by foreign exchange movements and temporary tax differences for newly purchased seismic equipment. This reduced the net deferred tax asset on the balance sheet.The Group's losses carried forward outside of Norway increased in 2012.

For the full year 2012, the change of deferred tax assets decreased by USD 3.0 million.

The tax expense for 2012 was USD 6.2 million related to change in deferred tax, compared to USD 2.0 million in 2011 related to change in deferred tax asset.

The consolidated tax rate for 2012 was 16%.

The parent company had a tax expense of USD 5.5 in 2012 related to change in deferred tax asset. Tax expense for 2011 was USD 0.1 million.

NET INCOME

Net income for the Group in 2012 was USD 32.7 million compared to loss of USD 0.9 million for 2011.
The parent company had a net income in 2012 of USD 18.8 million and net loss of 2.6 million in 2011.

MULTI-CLIENT INVESTMENT AND LIBRARY

In thousands of USD	Year 2012	Year 2011
Beginning net book value	8 529	-
Multi-Client investment	52 561	10 470
Amortisation	-22 226	-1 941
Amortisation %	49%	50%
Ending net book value	38 864	8 529

The Group invested USD 52.6 million in Multi-Client projects in 2012, primarily related to the 3D survey in Senegal, 3D in Lebanon, 3D CNS Quad 29/30 and the Gulspurv 3D in Barents Sea. In addition, new phases were added to the 2D survey in North West Africa (NWAAM) and 2D in Santos Campos Brazil.

The Multi-Client partnership with TGS was recognised as a 50% book value reduction of the specific NWAAM project. For this joint project, the Group recognised revenues corresponding to 50% of net project sales.

For the Group as total, Multi-Client net pre-funding revenues were USD 34.1 million in 2012 compared to USD 3.9 million in 2011. An amortisation rate of 49,3% per net sales was applied in 2012 and for 2011 the amortisation rate was 50,0%. This was a blended rate of our 2D and 3D Multi-Client projects based on a total sales-to-costs expected ratio for the Multi-Client projects acquired to date.

Net Multi-Client book value as of December 2012 was USD 38.9 million after amortisation of USD 22.2 million.

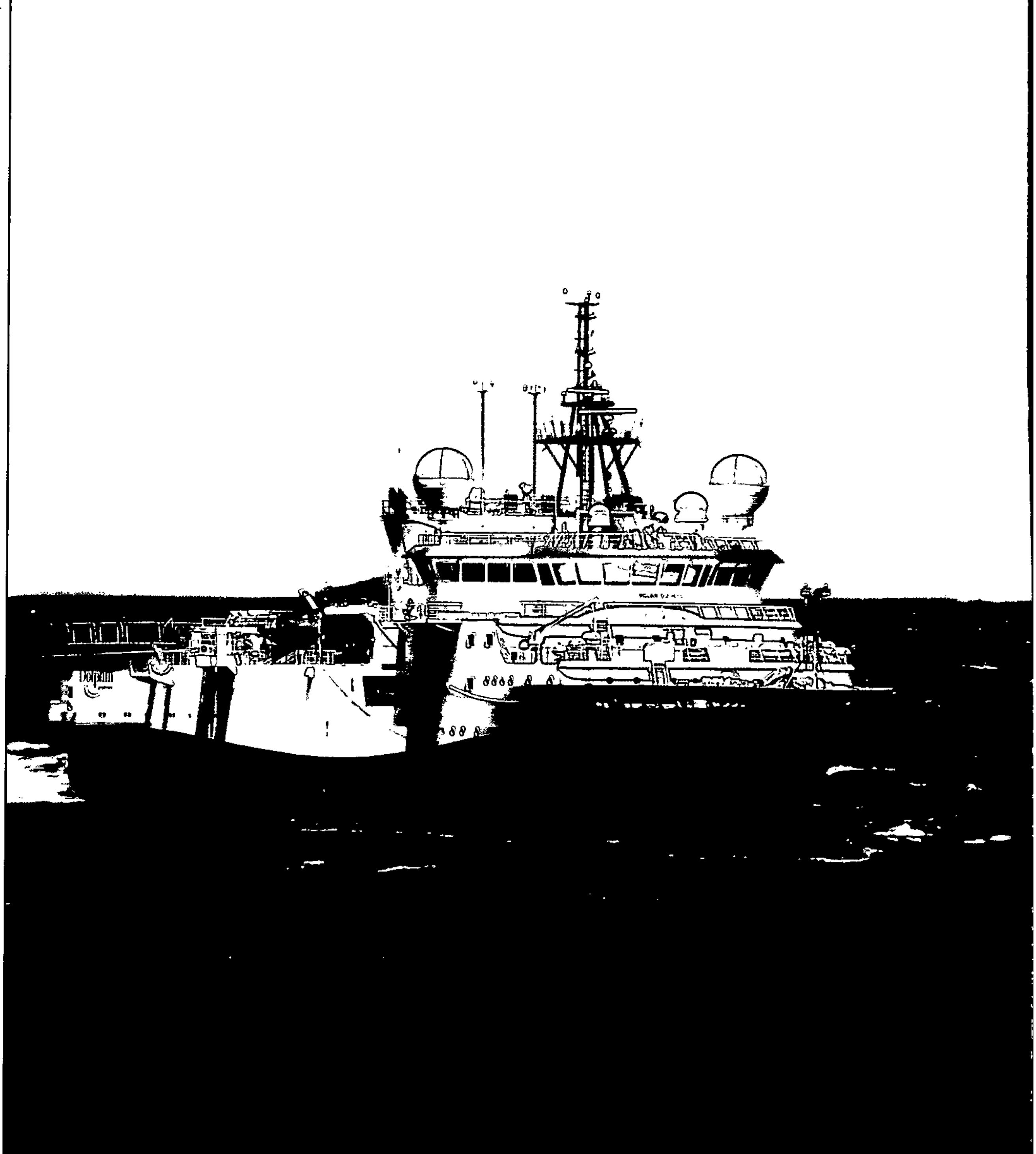
BALANCE SHEET

The Group continues to grow rapidly in line with our original business plan. The growth requires significant capital expenditures, particularly related to new chartered vessels, Multi-Client projects and seismic processing services. Our financial strategy is to continuously secure a strong balance sheet in terms of debt-to-equity ratio and secure shareholders support and additional equity capital prior to committing to new large investments. In the final quarter of 2012, we obtained a four year senior unsecured bond of NOK 400 million (USD 70.5 million) which will be partly used for seismic equipment on the Sanco Swift, as well as to fund our future Multi-Client business expansion.

The deferred tax asset in the parent company was reduced to USD 0.8 million in 2012, and deferred tax asset in the Group was reduced to USD 0.9 million.

Increase in seismic equipment was USD 60.2 million to USD 137.0 million in 2012 mainly due to the new vessel Polar Duchess in operation from April 2012, as well as a full year operation of Polar Duke.

BOARD OF DIRECTOR'S REPORT



Polar Duchess towing "the world's largest moving object"

Investment in shares for the parent company has increased by USD 32.2 million to USD 98.9 million in 2012, due to increased equity capitalisation of subsidiaries.

At the end of 2012, the Group had a solid financial position, with equity of USD 189.2 million and total assets of USD 376.1 million, representing an equity ratio of 50,3%. Furthermore, the Group had bank deposits of USD 77.5 million at the end of 2012.

During 2012, the Group entered into loan agreement to finance the seismic equipment on the vessels Polar Duchess. The repayment period is four years.

CASH FLOW

Cash flow from operations was USD 31.0 million compared to USD -1.8 million in 2011. This was primarily related to improved performance and pricing, as well as an increased number of vessels in operation for the year. Working capital increased from 2011 to 2012, due to the increased activity level.

Capital expenditures for 2012 were related to additional investments in seismic equipment of USD 42.9 million, prepayment of USD 31.1 million and net investment in Multi-Client of USD 47.6 million. In addition the parent company acquired Open Geophysical Inc. in April 2012 for USD 5.5 including contingent liability.

Cash flow from financing activities realises net proceeds due to the issue of new equity of USD 41.9 million and proceeds from borrowing of USD 100.5 million.
In addition the Group made repayments of financial leases and interest bearing debt of USD 21.1 million during in 2012.

The Group had bank deposits of USD 77.5 million at the end of December 2012 and the parent company had bank deposits of USD 0.7 million.

In the board's view the annual accounts provides a true and fair view of the Group's and the parent company's results for the year and financial position as at 31 December 2012.

OPERATIONAL AND FINANCIAL MARKET RISK

OIL AND GAS PRICES

The profitability and cash flow of the Group's operations will depend upon the market price for oil and gas, which in turn is affected by numerous factors beyond the Group's control, including economic and political conditions, levels of supply and demand, the policies of the Organisation of Petroleum Exporting Countries (OPEC), currency exchange rates and the availability of alternate fuel sources. Oil and gas commodity prices have been high and have therefore increased the cost of oilfield goods and services worldwide and in the countries in which the Group operates. Currently, the oil prices have decreased substantially from USD 147 per barrel in July 2008 to the current price of above USD 100 per barrel. The impact on the Group's business of this substantial decrease could be a delay in activity because of oil companies cutting its investments, which has lead and could lead to a further decrease in the utilisation of vessels. In any event, higher or lower commodity demand and prices do not necessarily translate into increased or decreased activity since the customers' project development time; reserve replacement needs, as well as expectations of future commodity demand and prices, all combined, drive demand for the services of the Group. Each of these factors could have a material adverse effect on the Group's results of operations and profitability.

RISK OF OVERSUPPLY OF SEISMIC VESSELS IN THE INDUSTRY

The supply of seismic vessels in the industry is affected by, inter alia, assessments of the demand by oil and seismic companies. Any over-estimation of demand for seismic vessels may result in an excess supply of new seismic vessels. During prior periods of high utilisation and day rates, industry participants have increased the supply of vessels by ordering the construction of new vessels. This has often created an oversupply of vessels and has caused a decline in utilisation and day rates when the vessels enter the market, sometimes for extended periods of time, as vessels have been absorbed into the active fleet.

"The Group's goal is to deliver top-quality products that are competitively priced"

RISK RELATED TO COMPETITION AND RAPID TECHNOLOGY CHANGE

The industry is highly competitive. New products may be developed by other companies that can be more competitive than the Group's, e.g. other companies may develop products with functionality, price and performance that will compete with new products from the Group. The Group's future business prospects are dependent on its ability to meet changing customer preferences, to anticipate and respond to technological changes and to develop effective and competitive relationships with its customers.

The Group's goal is to deliver top-quality products that are competitively priced. To be able to fulfil those ambitions, the Group needs to combine its awareness of the latest technology trends with its understanding of the customers' business challenges. Factors such as technological change, increasing customer requirements, short product lifecycles and evolving industry standards, could reduce the demand for the Group's products or require substantial resources and expenditures for research, design and development of new products and technologies to avoid technological or market obsolescence.

GEOPOLITICAL RISKS

There are inherent risks in doing business internationally. These include unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, social and political instability, fluctuations in currency exchange rates, potentially adverse tax consequences, legal uncertainties regarding liability and enforcement, and changes in local laws and controls on the repatriation of capital or profits. Any of these risks could materially affect the Group's overseas operations and, consequently, the financial position and profit of the Group.

RISK OF WAR, OTHER ARMED CONFLICTS AND TERRORIST ATTACKS

War, military tension and terrorist attacks have among other things caused instability in the world's financial and commercial markets. This has in turn significantly increased political and economic instability in some of the geographic regions in which the Group operates (or may operate in the future), and has contributed to high levels of volatility in prices for, among other things, oil and gas. Continuous instability may cause further disruption to financial and commercial markets and contribute to even higher level of volatility in prices. In addition, acts of terrorism and threats of armed conflicts in or around various areas in which the Group operates (or may operate in the future), and piracy or assaults on property or personnel, kidnapping of personnel and changing political conditions could limit or disrupt the Group's markets and operations, including causing disruptions of oil exploration and production activities, loss, arrest or requisitioning of the fleet, loss or evacuation of personnel, cancellation of contracts, restriction of movements and exchange of funds or limitation of the Group's access to markets for periods of time. Armed conflicts, terrorism and their effects on the Group or its markets may have a significant adverse effect on the Group's business and results of operations in the future.

DEPENDENCE OF PROPRIETARY RIGHTS AND INTELLECTUAL PROPERTY

The Group will maintain trade secrets protection, obtain patents and operate without infringement of the proprietary rights of third parties or having third parties circumvent its rights. There can be no assurance that there would not be any infringement of proprietary rights, that the Group would have adequate remedies for any such infringement, or that the Group's trade secrets or proprietary know-how will not otherwise become known to, or independently developed by, competitors.

The Group may institute or otherwise be involved in such litigation to enforce its patents, protect its trade secrets or know-how, challenge the validity of proprietary rights of others or invalidation of patents, expose the Group to significant liabilities to third parties, require the Group to seek licenses from third parties or prevent the Group from manufacturing and selling its products. Any of the above could have a material adverse effect on the Group's business, financial condition and results of operation.

ATTRACTION AND RETENTION OF KEY PERSONNEL

The Group's ability to continue to attract, retain and motivate key personnel, and other senior members of the management team and experienced personnel will have an impact on the Group's operations. The competition for such employees is intense, and the loss of the services of one or more of these individuals without adequate replacements or the inability to attract new qualified personnel at a reasonable cost, could have a material adverse effect.

The Group is dependent on key individuals in the organisation. If such key individuals were to end their employment with the Group, this could bring about negative consequences for the future development of the Group. There is no assurance that the Group will be able to attract and retain such personnel, consultants and contractors on acceptable terms, given the demand for such qualifications in the market. The failure to retain such personnel or consultants, or to develop or otherwise acquire the expertise, could adversely affect prospects for the Group's success.

CHARTER RISKS

The Group provides its services on the basis of seismic services contracts that are awarded through competitive bidding or to a lesser extent through direct negotiations with oil companies. The Group's financial condition, operating results and cash flows could be materially adversely affected by early termination of contracts, contract renegotiations or cessation of day rates under any of the foregoing circumstances.

could also be impaired due to technological or regulatory changes and other industry or general economic developments. In general, the Group's future sales of Multi-Client data licenses are uncertain and depend on a variety of factors, many of which will be beyond the Group's control.

VESSEL OPERATION

The Group's fleet will be exposed to operational risks associated with offshore operations such as breakdown, bad weather, technical problems, force majeure situations (e.g. nationwide strikes), collisions, grounding and similar events. If any of these risks materialises, the Group's business could be interrupted and the Group could incur significant liabilities. In addition, many similar risks may result in curtailment or cancellation of, or delays in, exploration and production activities of the customers, which could in turn adversely impact the Group's operations. This may in turn have a material adverse effect on the earnings and value of the Group.

"The Group expects to continue to invest significant amounts in acquiring and processing seismic data that the Group owns"

RISKS RELATED TO MULTI-CLIENT INVESTMENTS

The Group has moved and envisages moving further toward a mix of 60/40 of contract seismic services and Multi-Client business in the long-term. In connection with the Multi-Client business, the Group expects to continue to invest significant amounts in acquiring and processing seismic data that the Group owns. The Group intends to license Multi-Client data to third parties for non-exclusive use in oil and gas exploration, development and production activities. However, the Group does not know with certainty how much of the Multi-Client data it will be able to license or at what price. There can be no assurance that the Group will be able to recover all costs and investments associated with acquiring and processing Multi-Client data. If there is a material adverse change in the general prospects for oil and gas exploration, development and production activities in areas where the Group acquires Multi-Client data, the value of such Multi-Client data could be subject to impairment and the Group could be required to take a charge against its earnings. The value of Multi-Client data

Revenues may fluctuate significantly from period to period. The Group's future revenues may fluctuate significantly from quarter to quarter and from year to year as a result of various factors including the following:

- increases and decreases in industry-wide capacity to acquire seismic data;
- fluctuating oil and natural gas prices, which may impact customer demand for the Group's services;
- different levels of activity planned by the customers;
- the timing of offshore lease sales and licensing rounds and the effect of such timing on the demand for seismic data and geophysical services;
- the timing of award and commencement of significant contracts for geophysical data acquisition services;
- weather and other seasonal factors;
- seasonality and other variations in the licensing of geophysical data from the Group's Multi-Client data library;
- reduced vessel utilisation due to longer than scheduled yard stays and delays in obtaining necessary permits.

FINANCIAL RISK

FOREIGN EXCHANGE RISK

The Group's significant operations in foreign countries expose it to risks related to foreign currency movements. The Group will attempt to minimise these risks by implementing hedging arrangements as appropriate, but will not be able to fully avoid these risks. Currency exchange rates are determined by forces of supply and demand in the currency exchange markets. These forces are affected by the international balance of payments, economic and financial conditions, government intervention, speculation and other factors. Changes in currency exchange rates relative to the USD may affect the USD value of the Group's assets and thereby impact the Group's total return on such assets. Changes in currency may also affect the Group's costs, e.g. related to salaries paid in local currency. The Group's expenses are primarily in USD and NOK. As such, the Group's earnings are exposed to fluctuations in the foreign currency market. Currency fluctuations of an investor's currency of reference relative to the USD may adversely affect the value of an investor's investments.

CREDIT RISK

Lack of payments from customers/clients may significantly and adversely impair the Group's liquidity. The concentration of the Group's customers in the energy industry may impact the Group's overall exposure to credit risk as customers may be similarly affected by prolonged changes in economic- and industry conditions as well as by the general constraints on liquidity resulting from the recent turmoil in the financial markets. Those countries that rely heavily upon income from hydrocarbon exports will be hit particularly hard if oil prices decrease. Further, laws in some jurisdictions in which the Group operates could make collection difficult or time consuming. The Group undertakes due consideration to the credit quality of its potential clients during contract negotiations to minimize the risk of payment delinquency, but no assurance can be given that the Group will be able to avoid this risk.

INTEREST RATE RISK

A major part of the Group's interest costs on its bank and bond loans are subject to floating interest rate (NIBOR/LIBOR) plus a margin. Consequently, the Group is exposed to fluctuation in interest rates.

LIQUIDITY RISK

The Group is dependent on having access to long term funding. There can be no assurance that the Group may not experience net cash flow shortfalls exceeding the Group's available funding sources nor can there be any assurance that the Group will be able to raise new equity, or arrange new borrowing facilities, on favourable terms and in amounts necessary to conduct its on-going and future operations, should this be required. In light of current market conditions, the Group may not be able to secure new sources of liquidity or funding, should projected or actual liquidity fall below levels the Group requires. Particularly in current market conditions, the factors giving rise to the Group's liquidity needs could also constrain the ability to replenish the liquidity of the Group. To the extent that current market conditions, and the related constraints on the availability of funding from banks and other lenders, continue, the Group may not have access to funding from banks and other lenders in the amounts or on the terms it may be seeking. These same factors could also impact the ability of the Group's shareholders to provide it with liquidity, and there can be no assurance that the Group will be able to obtain additional shareholder funding. Failure to access necessary liquidity could require the Group to scale back its operations or could have other materially adverse consequences for its business and its ability to meet its obligations.

CAPITAL STRUCTURE AND EQUITY

The primary objectives of the Group's capital management are to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders value.
The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and its strategic goals. Based on the strong organic growth, significant working capital requirements and large investment programs, the Group`s financial strategy has been to maintain a solid equity ratio, focus on increasing cash-flow from operations and hire seismic vessels rather than to purchase and finance seismic vessels onto the Group's balance. No changes were made in the objectives, policies or processes during 2012.

The Group constantly monitors its capital financing structure with its financial covenant requirements in loan and time-charter agreements. The Group's policy is to have an equity ratio in excess of 35%.


41
BOARD OF DIRECTOR'S REPORT
DOLPHIN ANNUAL REPORT 20
Dolphin
Life onboard

ORGANISATION AND WORKING ENVIRONMENT

The strong growth within the Group the last two years has created challenges. The working environment in the Group is considered to be satisfactory (employees are dedicated and motivated and have made great efforts to ensure the successful growth of the Group. The Group had a figure of 2,28% sick leave in 2012 and 1,4% in 2011. One person is on long-term sick leave.

There were no major accidents or injuries to the Group personnel or equipment during 2012.

Lost time incident frequency (LTIF) was 1.06 compared to 0.78 last year and total recordable case frequency (TRCF) was 2.90 compared to 2.34 in 2011.

The total numbers of the Group`s employees increased rapidly from 217 employees at the end of December 2011 to 289 employees by December 2012 which is in line with our growth plan and the strategy for the Group of becoming a full service provider marine seismic company. The established organisation is structured to handle the further growth of the Group, both within vessel operations, seismic data processing and Multi-Client project activities.
The parent company had three employees as of December 2012 against four in 2012.

The proportion of women employees at the end of 2012 was 12% and at the end of 2011 was 11%. The Board of Directors has four male and two female directors.
The Group's objective is to have a workplace with equal opportunities for women and men.

As an employer the Group strives for balance and equality with respect to gender, age, and cultural diversity among staff. As of 31 December 2012, employees represented 27 nationalities.

The group consciously strives to improve the nationality and gender diversity of staff. Long-standing practices include ensuring that offshore crews are culturally diverse and balanced.

The Group's principles are to secure equal rights with regard to salaries, promotions and appointments with respect to gender, age and cultural diversity.

QUALITY, HEALTH, ENVIRONMENT, SAFETY

The Group has an obligation to work to ensure that its business does not damage or pollute the external environment. For 2012 the Group is not aware that it in any respect polluted the external environment

The Group interacts with the external environment through the collection of seismic data and operation of vessels. The Group 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 Group's policy to comply with all national and international regulations.

The Group 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) An open QHSE culture lies at the heart of its development as a new seismic operator. An unwavering commitment to developing better systems is targeted and required to constantly improve our QHSE performance. Indeed, a common Dolphin QHSE culture is emerging.

All recordable incidents and high potential incidents were intensively followed-up, investigated and findings were presented both internally and externally to enable the Group and others to learn from these events.

The Group will in 2012 apply for a third-party ISO 9001 certification. Det Norske Veritas (DNV) will assist to comply with these standards. The external certification will provide a significant benefit to the client pre-qualification process and improve the Group's understanding and awareness of such standards and procedures.

DOLPHIN GROUP ASA'S BOARD, GOVERNANCE AND CORPORATE MANAGEMENT

Dolphin Group ASA is registered in Norway and is a public limited company. Its governance and corporate management is based upon Norwegian legislation and the objective is to comply with the relevant principles in the "Norwegian Code of Practice for Corporate Governance" of 23 October 2012.

It is the parent company's view that effective corporate governance is fundamental to success, and a framework for successful services to customers and value creation for owners.

The Group's principles and implementation of corporate governance are reviewed periodically and most recently approved by the board on 26 April 2013. The applicable principles, guidelines, as well as articles, board instructions and ethical guidelines are available on the Group's websites www.dolphingeo.com/about/corporate_governance.asp. Compensation to executive management is described in note 6.

SHAREHOLDER MATTERS
Prior to the Private Placement in Q1 2013, the parent company's share capital was NOK 600 700 651, divided on 305 350 326 shares, each with a nominal value of NOK 2.00, as of December 2012. Upon the issuance of new shares issued in the Private Placement, the parent company's issued share capital was increased by NOK 71 069 999 to NOK 671 770 650, divided into 335 885 325 shares, each with a nominal value of NOK 2.00.

There is one class of shares. The Shares are equal in all respects, and each share carries one vote at the parent company's general meeting.

FUTURE PROSPECTS
Based on strong marine seismic market conditions, a high oil price and increased oil company E&P spending for 2013, the Group expect 2013 revenues to increase by 40-50% and total revenues to exceed USD 300 million.

The Group had secured a record contract backlog in excess of USD 150 million as of 1 January 2013.
Total vessel coverage is more than 70% for the final three quarters of 2013 (excl. MCS projects).

Furthermore, due to improved prices for high-end 3D seismic capacity and favourable vessel charter costs, the overall operating margins are expected to improve in 2013.

The Group will continue to expand the strategically important Multi-Client business activity and expects to invest USD 50-70 million in new Multi-Client seismic data, with an expected amortisation rate of 45-50%.
The Group will continue to focus on the high end of the marine 3D seismic market as well as rapidly expand our geophysical services with dedicated Multi-Client products and major proprietary seismic processing and broadband technologies. Based on our positive view of the seismic market, the Group has decided in February 2013 to charter two additional high-end seismic vessels at competitive cost levels.

The two new vessels add to our ability to operate efficiently and safely in both mature and hydrocarbon basins and frontier exploration provinces.

Following is the development of issuing of share for 2011 and 2012:

Date	Type of change	Change in share capital (NOK)	Nominal value per share (NOK)	Total share capital (NOK)	Total number of shares	Subscription price per share
24 Jan. 2011	Issue of shares	9 648 000	2.00	329 367 410	164 683 705	2.50
17 Oct. 2011	Issue of shares	59 176 000	2.00	447 719 410	223 859 705	3.00
10 Nov. 2011	Issue of shares	5 824 000	2.00	459 367 410	229 683 705	3.00
29 Nov. 2011	Conversion of convertible loan	27 410 914	2.00	486 778 324	243 389 162	2.50
09 Des. 2011	Issue of shares	13 257 998	2.00	500 036 322	250 018 161	3.00
15 Mar. 2012	Issues of shares	100 000 000	2.00	600 036 323	300 018 161	4.60
22 Mar. 2012	Issues of shares	2 655 662	2.00	602 691 985	301 345 992	2.50
26 Apr. 2012	Issues of shares	6 400 000	2.00	609 091 985	304 545 992	4.60
05 Jun. 2012	Issues of shares	400 000	2.00	609 491 985	304 745 992	3.00
04 Sep. 2012	Issues of shares	654 666	2.00	610 146 651	305 073 325	3.00
27 Nov. 2012	Issues of shares	554 000	2.00	610 700 651	305 350 325	3.00

APPLICATION OF THE PARENT COMPANY'S NET INCOME FOR 2012

The accounts of the parent company, Dolphin Group ASA, and associated note disclosure have been prepared in accordance with International Financial Reporting Standards (IFRS). The board confirms that the parent company's accounts have been prepared on a going concern basis in accordance with §3-3 of the Norwegian Accounting Act.

The annual net income after tax for 2012 was USD 18 835 071 compared with a loss of USD 2 628 256 in 2011. The board has proposed that the parent company's total comprehensive income for the year of USD 18 835 071 to be attributed to other equity.

Total equity as of 31 December 2012 was USD 178 623 817 and the parent company distributable reserves USD 56 088 498 at the end of 2012.

Oslo, 26 April 2013

Board of Directors
Dolphin Group ASA

Tim Wells (Chairman)
Terje Rogne (Deputy Chairman)
John Rae Pickard (Board member)

Eva Kristensen
Eva Kristensen (Board member)
Toril Nag (Board member)
Olav Vinsand (Board member – employee rep.)

DOLPHIN HITS THE BIG SCREEN, BBC

During September of 2012 the British Broadcasting Corporation (BBC) programme The One Show featured Dolphin Geophysical as part of their special 'Oil Week' series of programs. The week-long series contained five short films focusing predominantly on different aspects of the UK Oil Industry including; the history of the UK industry, UK oil reserves, exploration and science, how weather affects the industry and life offshore.

WHAT AN HONOUR

The BBC, is one of the largest and most famous broadcasting corporations in the world. It employs over 23,000 people worldwide and is based out of its new £1 Billion headquarters, Broadcasting House, in London, UK.
The One Show, which aired the Oil Week series, is a live magazine programme featuring topical stories and big name studio guests. The show is aired daily at 18:00 and hosts Matt Baker, Chris Evans and Alex Jones are household names in the UK.
As a relatively new company it was an honour to be asked to appear on BBC program, and a chance that we would most certainly not miss. After receiving the initial request the hard work then commenced to ensure that we could safely and without disruption to our operations accommodate the BBC on board one of our vessels.

PREPARATION OR GOOD FORTUNE?

When the request from the BBC came in, the sistership to our flagship vessel, Polar Duchess was about to commence steaming to the UK quarters of the North Sea for an upcoming survey. This meant that we only had 2-3 weeks to organise the filming and logistics.
Our operations and QHSE departments faced a huge challenge predicting where the vessel would be and including additional people and weight onto their already close to full capacity crew change.
The timings had to be perfect as there was not any room for error with such a tight schedule to follow. The filming was arranged to take place during a crew change, this meant that the BBC film crew needed to be first onto the vessel and last off (a helicopter crew change incudes several trips to and from the vessel from shore) - enabling enough time for shooting but ensuring that additional flights were not needed.
The crew flew from the Flesland Airport, Bergen in Norway and were accompanied by our Vice President QHSE, Mike Hodge, to the prospect area in the North Sea.

FILMING

On 1st August 2012, Marty Jopson, a science and experiments TV presenter, along with a camera man and sound man joined Mike Hodge, VP QHSE and the crew from Polar Duchess commenced filming.
The filming took place for several hours on the back deck of the vessel and inside the instrumentation room, there were also aerial shots of the vessel as the helicopter came into land on the helideck.
The presenter explained, in simple terms, how a seismic vessel works and how seismic exploration fuels the UK economy from the North Sea reserves.
The show was aired early September across the UK and worldwide and was seen by over 5 million people.

THE WORLD'S LARGEST FLOATING OBJECT

PULLING TOGETHER

What do you get if you add three Vatican Cities, to two Principalities of Monaco and two Cities of London? A surface area equivalent to the configuration of seismic surveying equipment that the Polar Duchess has recently been towing through South African waters. And that's no joke.

The Polar Duchess, one of Dolphin's flagship seismic vessels, won a landmark tender contract in July 2012 to conduct a 3D seismic survey in the Orange Basin exploratory area, lying between 150 and 360 km off the western coastline of South Africa. Dutch super major Shell awarded the contract - it's first with Dolphin - after winning the rights to the 37 000 sq. km area from the nation's Minister of Mineral Resources earlier in the year.
The potential in this under-explored basin, with evidence of source rocks suggesting possibilities of significant oil and gas deposits, was clear. However, the challenges in surveying the area were equally as obvious. Shell and Dolphin had no easy task ahead of them.

CLOSING WINDOW

The principal challenge was the weather. The 'weather window' in the often tempestuous waters of the Southern Atlantic is limited. As with all seismic surveys, fast results are of paramount importance to deliver market advantages for the exploration companies, but these results are nothing without good quality data. The slim weather window therefore had to be exploited to take full advantage of the best sea conditions. This would help avoid safety issues with the marine operation of the seismic vessels and equipment, while negating the threat of data 'noise' from the survey – whereby surface (wave) disturbances disrupt the operation of the streamers and impact upon data quality. Dolphin and Shell decided to think big. Very big.

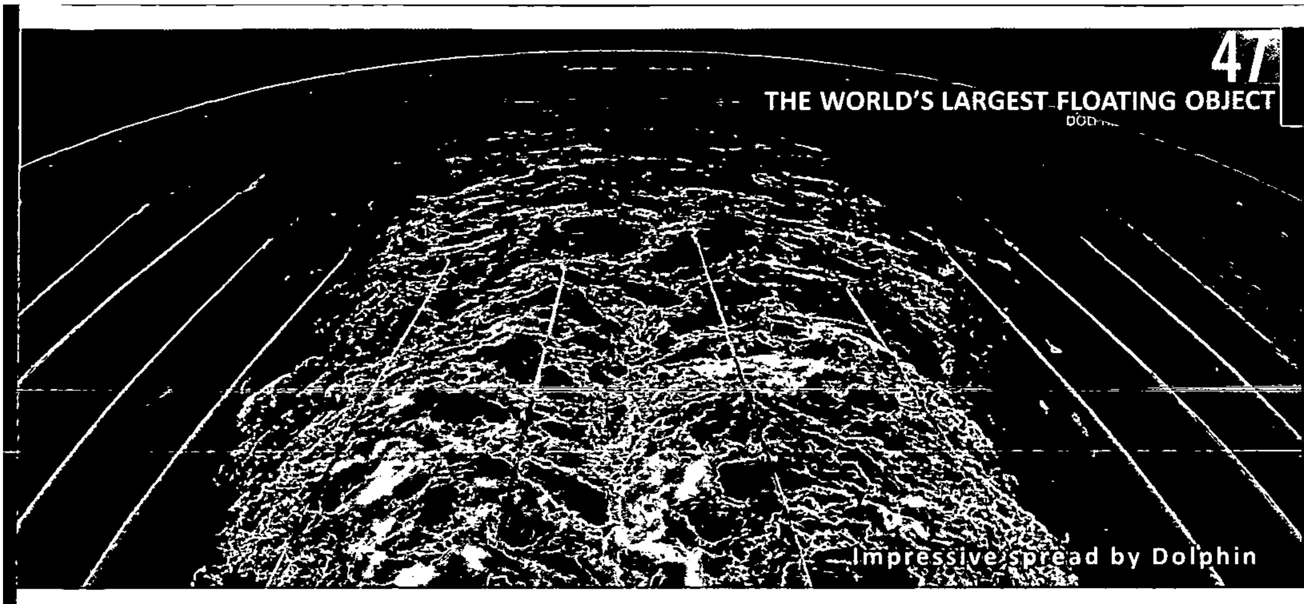
GETTING BIGGER AND BETTER

On 25 October the Polar Duchess mobilised to survey an 8 000 sq. km tranche of the area over a duration of four months. To tackle this daunting task Dolphin assembled a configuration of seismic equipment that had never been seen before. The company created the world's largest floating object.
The Polar Duchess began shooting the data with eight streamers that measured 8 km in length. Each streamer was separated by a distance of 200 meter, constituting a moving width of 1.4km of equipment through the water. This means that the total area of the apparatus being towed by the vessel was 11.2 sq. km (equivalent to the area of the assortment of principalities, city states and financial capitals mentioned above - or, for sports fans, the surface area of 1 569 football pitches).
Prior to this point the largest surface area of streamer equipment that had been utilised was between 8 and 9 sq. km.
Phil Suter, Dolphin's VP Marketing and Sales, explained the thinking behind the bold move: "In order to get 8 000 km covered in the limited weather window we needed as wide a tow as possible," he imparts. "If we'd attempted this with a standard streamer configuration, of say 100 meter apart, it is unlikely that we would have got near the number of square kilometres covered in the same timeframe."

COLLABORATING FOR THE BEST

So, it was a simple solution? Not quite.
The size of the set-up presents its own unique problems, with the principal one being weight and the challenges of successfully navigating it through the water. A vessel needs an immense amount of power, or bollard pull, to safely tow such a huge load. This is the overriding reason why no other seismic company has attempted this before – few of them have vessels with the required strength.
The recently constructed Polar Duchess is, however, an exception. With total propulsion of 2 x 7 100kw (engine shaft power) and a

"As one of the first true, exploratory, wide tow surveys it's been a huge success"



bollard pull capacity of 210 tonnes, the vessel is a floating goliath. Phil Suter states that it was operating well within its working envelope towing the array and was "nowhere near its limits". "This," he stresses, "allows for a comfortable operating cushion and ensures a safe and productive project, even when the requirements of the job are uniquely demanding."

The second challenge is the processing of the data, and its here where Shell demonstrates its capacity for world class operations. Having the streamers spaced 200 meters apart is ideal for covering large areas, but produces a different data density when compared to streamers that are positioned more tightly, at say 100 meters. This creates processing issues.

To achieve the best possible data results, the processing capacity and technology of the responsible company has to be absolutely cutting-edge. As a market pioneer in this respect, Shell entrusted this task to its team of processing experts at the firm's base in Houston. Using its leading interpretation technology, the firm is capable of extracting the best quality results possible – placing it in prime position to uncover the hidden hydrocarbon secrets of the Orange Basin.

A SAFE CHOICE

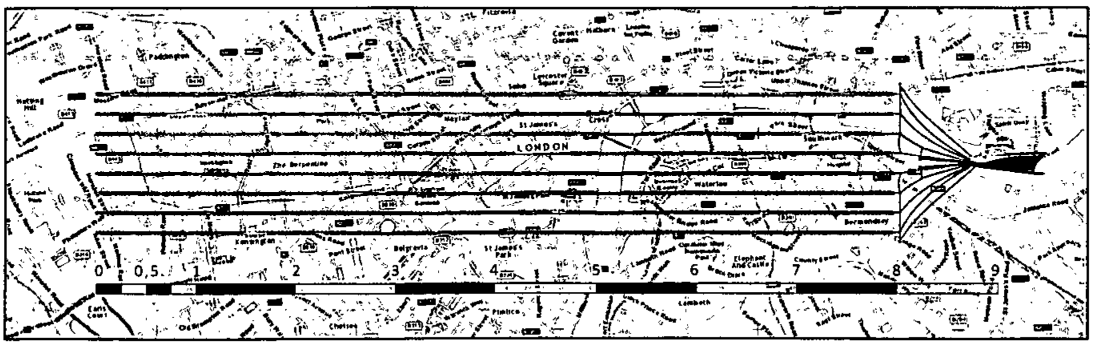
The project came to a conclusion at the end of February and, Dolphin believes, marks the successful beginning of a strong relationship with the energy giant.

"It's been a demanding task in a difficult operational area," Suter comments, "but we, and Shell, are extremely happy with its progress and results. As one of the first true, exploratory, wide tow surveys it's been a huge success."

He continues: "As a company we are committed to providing the best levels of service, meeting challenges and delivering on promises. In the case of the Orange Basin task that is what we have achieved – providing safe operations and minimum downtime to give optimum results."

Shell, for its part, also seems happy with the collaboration. Stuart McGeoch, Shell's Regional Ventures Exploration Manager, Sub-Saharan Africa, notes: "Despite the remote nature of the area, which was 150-250km offshore, and the challenging metocean conditions, the survey has, to-date, been executed safely, efficiently and with a low down time. We have been impressed with the quality of acquisition data.

McGeoch adds that a "significant contributor to this was the focus provided by Dolphin's management team on this survey and the high quality of communication with Shell's operational team."



Towing configuration over a map of London

ENSURING INTERNATIONAL SUCCESS

TEAMWORK AND CREW: JANET TELLE

According to Janet Telle, Dolphin's 'can do' attitude not only applies to the supply of first class vessels and seismic services, but in going the extra mile for the company's roster of 186 seismic offshore crew.

And she should know. As Dolphin's HR Offshore and Crewing Manager for the past two years, she is passionate about support planning and crew operation of the company's vessels.

She compliments the hard work and effort of her team who have also contributed to the employment and care of 186 persons during these past two years including two HR Coordinators in Singapore, one Training Coordinator and three Crew Coordinators in Bergen.

Her primary function is to ensure effective day-to -day crew operation and support based on individual quality for each vessel and crew member. At the same time she focuses on facilitating a good working environment and crew interaction between the vessel's technical managers and shore based personnel.

Among her dedicated crew management tasks, Janet ensures compliance with statutory, industry and business unit certifications as well as training requirements. She has the overall responsibility for visa and documentation handling, performance review and follow-up.

Additionally, she assists in career development management and promotion and development of seismic offshore crew.

"If you ask me, I have one of many vital jobs in Dolphin. I take care of people. They are our most important resource. Dolphin is definitely a people oriented business. Our goal is to develop the most attractive company through employing the best expertise," says Janet.

If a good crew member is someone with a 'can do' attitude and constantly willing to know the crew and their needs, then Janet fits the bill. In her first two years she has contributed to reviewing more than 7 500 applicants for vessel positions and processed 56 Scandinavian and 130 international seismic offshore crew contracts.

"Finding the right people with the right qualifications for the right position is extremely rewarding. Knowing that my responsibilities and contributions build a solid business platform for growth, I am not afraid to go the extra mile, especially in this extremely exciting phase of Dolphin's development" says Janet.

In her HR role, Janet is often the first point of contact for the seismic crew and coordinates and communicates extensively with Dolphin management to achieve the best possible results for them.

"Things happen all the time and I am constantly on my toes with new challenges," she says, while describing the past 24 months as a very steep learning curve."

"I have a much deeper understanding of the seismic business, direction of the company and key people and their personal and work issues. HR responsibilities are very rewarding. Our employees aren't just cogs in a machine, they are imperative enablers in the total seismic process," says Janet.

"Dolphin provides equal opportunities and fair employment conditions, and it genuinely supports people development processes (performance management, career development, integration processes and programs, promotions), new off-shore hire, trainee orientation and recruiting. I am proud to be working for a company that is determined to take the service of our seismic offshore crew to the next level." concludes Janet.

"I am not afraid to go the extra mile, especially in this extremely exciting phase of Dolphin's development"

COMPREHENSIVE INCOME STATEMENT

Parent Company		In thousands of USD		Consolidated Accounts	
Year 2011	Year 2012		Notes	Year 2012	Year 2011
167	**777**	**Net Operating Revenues**	4	**221 284**	**97 557**
		Operating Expenses			
416	-	Cost of sales	4, 5, 6, 7, 26	121 871	72 714
-	-	Amortisation of Multi-Client library	4, 13	22 226	1 941
1 895	2 752	Selling, general and administrative cost	4, 5	16 205	9 287
279	249	Share-based compensation	4, 6, 23	2 229	1 958
9	14	Depreciation and write-down	4, 11, 14, 26	18 125	8 683
2 600	**3 015**	**Total Operating Expenses**		**180 657**	**94 582**
-2 434	**-2 237**	**Operating Profit (EBIT)**		**40 628**	**2 974**
3 701	31 528	Total financial income	8, 16	10 753	7 776
-3 783	-4 965	Total financial expenses	8, 16	-12 431	-9 619
-81	**26 563**	**Net Financial Items**		**-1 679**	**-1 842**
-2 515	**24 326**	**Profit Before Taxes**		**38 949**	**1 132**
113	5 491	Tax expense	9	6 234	2 010
-2 628	**18 835**	**Net Income**		**32 715**	**-878**
-	-	Basic earnings per share	10	0,11	0,00
-	-	Diluted earnings per share	10	0,11	0,00
		Other Comprehensive Income			
95	-	Currency translation differences		-	-137
-	-	Effect of cash flow hegde	8	-1 002	-
-2 533	**18 835**	**Total Comprehensive Income**		**31 713**	**-1 015**
		Average share outstanding	10	294 499 226	178 297 298
		Average share outstanding diluted	10	305 303 978	183 729 021

BALANCE SHEET ASSETS

Parent Company		In thousands of USD		Consolidated Accounts	
Year 2011	Year 2012		Notes	Year 2012	Year 2011
		Assets			
		Non-Current Assets			
-	-	Goodwill	12	5 776	-
-	-	Intangible asset	14	1 307	1 689
5 691	809	Deferred tax assets	9	899	3 807
-	-	Multi-Client library	13	38 864	8 529
5 691	**809**	**Total Intangible Non-Current Assets**		**46 845**	**14 025**
		Tangible Non-Current Assets			
61	47	Leased and owned seismic equipment	11, 26	137 004	76 827
61	**47**	**Total Tangible Non-Current Assets**		**137 004**	**76 827**
		Financial Non-Current Assets			
66 651	98 875	Investment in shares	29	372	372
-	-	Long-term receivables	16, 19	6 760	-
66 651	**98 875**	**Total Financial Non-Current Assets**		**7 132**	**372**
		Current Assets			
		Receivables			
-	-	Inventories and prepayments	18	13 406	6 621
23 090	151 388	Accounts receivables	18	74 011	26 074
93	184	Other Receivables	18	20 163	8 814
23 183	**151 572**	**Total Receivables**		**107 580**	**41 509**
23 712	723	Cash and cash equivalents	21, 16	77 536	57 186
23 712	**723**	**Total Cash and Cash Equivalents**		**77 536**	**57 186**
46 895	152 295	Total Current Assets		185 117	98 695
119 298	**252 026**	**Total Assets**		**376 098**	**189 919**

BALANCE SHEET EQUITY AND LIABILITIES

Parent Company		In thousands of USD		Consolidated Accounts	
Year 2011	Year 2012		Notes	Year 2012	Year 2011
		Equity and Liabilities			
		Paid-in Capital			
86 804	106 271	Share capital	22	106 271	86 804
13 437	10 518	Share premium		10 518	13 437
4 509	5 101	Additional paid-in capital		5 140	4 547
104 751	**121 890**	**Total Paid-in Capital**		**121 929**	**104 789**
		Retained Earnings			
9 721	56 733	Other equity		67 317	10 888
9 721	**56 733**	**Total Retained Earnings**		**67 317**	**10 888**
114 472	**178 624**	**Total Equity**		**189 246**	**115 677**
		Long-Term Liabilities			
2 667	70 584	Long-term liabilities	16, 17, 25, 26	104 753	34 006
2 667	**70 584**	**Total Long-Term Liabilities**		**104 753**	**34 006**
		Other Non-Current Liabilities			
-	-	Contingent liabilities	28	2 250	-
-	-	Deferred tax liabilities	9	2 758	89
-	**-**	**Total Non-Current Liabilities**		**5 008**	**89**
		Current Liabilities			
1 333	1 333	Short-term liability	16, 24, 25, 26	22 010	12 369
457	447	Accounts payable	16, 24	35 434	16 207
-	-	Partnershare	24	7 396	1 941
-	-	Taxes payables	9	-	38
370	1 038	Other short-term liabilities	16, 24	12 250	9 593
2 160	**2 818**	**Total Current Liabilities**		**77 090**	**40 147**
4 826	**73 402**	**Total Liabilities**		**186 852**	**74 242**
119 298	**252 026**	**Total Equity and Liabilities**		**376 098**	**189 919**

Oslo, 26 April 2013
The Board of Directors of Dolphin Group ASA

Tim Wells (Chairman)
Terje Rogne (Deputy Chairman)
John Rae Pickard (Board member)
Eva Kristensen
Eva Kristensen (Board member)
Toril Nag (Board member)
Olav Vinsand (Board member – employee rep.)

STATEMENT OF CHANGE IN EQUITY

In thousands of USD

Consolidated Accounts	Year 2012	Year 2011
Equity Per Opening Balance	**115 677**	**69 754**
Other changes in equity	-1 658	-
Total comprehensive income	31 713	-1 015
Issue of shares	43 985	46 710
Cost related to share issue after tax effect	-2 065	-1 646
Share-based compensation	1 595	1 874
Equity Per Closing Balance	**189 246**	**115 677**

Parent Company	Year 2012	Year 2011
Equity Per Opening Balance	**114 472**	**70 067**
Other changes in equity	2 303	-
Net income	18 835	-2 628
Currency translation differences	-	95
Cash flow hedge	-1 002	-
Issue of shares	43 985	46 710
Cost related to share issue after tax effect	-1 564	-1 646
Share-based compensation	1 595	1 874
Equity Per Closing Balance	**178 624**	**114 472**

SUMMARISED CASH FLOW

Parent Company Year 2011	Parent Company Year 2012	In thousands of USD	Notes	Consolidated Accounts Year 2012	Consolidated Accounts Year 2011
		Operating Activities			
-2 515	24 326	Profit before tax		38 949	1 132
9	14	Depreciation and write-down	4, 11, 14, 26	18 125	8 683
-	-	Amortisation of Multi-Client library	4, 13	22 226	1 941
279	249	Share-based payment expense	4, 6, 23	2 229	1 958
-81	26 563	Net financial income (expense)	8, 16	-1 679	-1 842
-20 852	-153 681	Changes in current assets/liabilities		-48 861	-13 715
-23 160	**-102 529**	**Net Cash Flow From Operating Activities**		**30 989**	**-1 844**
		Investing Activities			
-70	-	Purchase of property, plant and equipment	11	-42 943	-33 849
-	-	Prepaid seismic equipment	11	-31 086	-975
-	-	Net investment in Multi-Client	11, 13	-47 570	-10 470
176	-	Investment in intangible asset and operating equipment	14	-433	-316
-64 598	-30 798	Investment through acquisition	12	-3 967	-
-64 493	**-30 798**	**Net Cash Flow From Investing Activities**		**-125 999**	**-45 610**
		Financing Activities			
45 064	42 421	Net proceeds from issue of new equity		41 920	45 064
4 000	70 500	Proceeds from borrowing	25, 26	100 500	4 000
-	-2 583	Repayment of interest bearing debt	25, 26	-21 133	-7 067
-	-	Proceeds from lending	19	-5 926	-
49 064	**110 339**	**Net Cash Flow From Financing Activities**		**115 361**	**41 997**
-38 588	**-22 989**	**Net Change In Cash and Cash Equivalents**		**20 351**	**-5 457**
62 300	23 712	Cash and cash equivalents opening balance		57 186	62 643
23 712	**723**	**Cash and Cash Equivalents Closing Balance**	21	**77 536**	**57 186**

NOTES TO THE FINANCIAL STATEMENT

NOTE 1: GENERAL INFORMATION

Dolphin Group ASA is a Norwegian company, with office locations in Oslo, Bergen, Houston, London, Singapore and Rio de Janeiro.
The company is listed on the Oslo Stock Exchange with ticker DOLP.
The Group has one business segment; Geophysical.
These financial statements have been approved for issue by the Board of Directors on 26 April 2013 and will be finally approved in the ordinary general meeting 31 May 2013.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

From 2012 the parent company Dolphin Group ASA is following IFRS light instead of IFRS.

The financial statement`s profit and loss is presented according to functional reporting.

2.1 Changes in accounting policy and disclosures
a) New and amended standards adopted by the Group
There are no IFRS's or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Group.

b) New and amended standards not yet adopted by the Group
A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these consolidated financial statements. The most significant of these standards and amendments are;

Amendment to IAS 1, 'Presentation of financial statement - presentation of items of other comprehensive income'

IFRS 13, 'Fair value measurement',
IFRS 9, 'Financial instruments'
IFRS 10, 'Consolidated financial statements'
IFRS 11, 'Joint arrangements'
IFRS 12, 'Disclosures of interests in other entities'

None of these is expected to have a significant effect on the consolidated financial statements of the Group.
There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Basis of consolidation
Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.
Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are eliminated but also considered as impairment indicator of the asset transferred. Accounting policies of subsidiaries will be changed when it is necessary to ensure consistency with the policies adopted by the Group.

2.3 Business Combinations
The purchase method is applied when accounting for business combinations. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.
The preliminary purchase price allocation in a business combination is changed if new information on the fair value becomes available and is applicable on the date when control is assumed. The allocation may be altered prior to the expiry of a 12-month period. Business combinations that are common control transactions are presented in accordance with the pooling of interest method.

2.4 Investments in associates
An associate is an entity in which the Group has significant influence and that is neither a subsidiary nor an investment in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.
The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of the investment. Losses of an associate in excess of the Group's interest in that associate are not recognised.
Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.
Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate is recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment. Goodwill is assessed for impairment as part of the carrying amount of the investment in associates.
All intra-group balances, income, expenses and unrealised gains and losses resulting from intra-group transactions are eliminated to the extent of the interest in the associate.

2.5 The use of estimates when preparing the annual accounts
The annual financial statements have been prepared in accordance with IFRS. This means that the management has used estimates and assumptions that have affected assets, liabilities, revenues, expenses and information on potential liabilities. Future events may lead to these estimates being changed. Such changes will be recognised when new estimates can be determined with certainty. Estimates and their underlying assumptions are reviewed on a regular basis. Changes in accounting estimates are recognised during the period when the changes take place. If the changes also apply to future periods, the effect is divided among the present and future periods, see reference to note 3.

2.6 Foreign currency
The consolidated financial statements are presented in USD, which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured

using that functional 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 of entities 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. On disposal of an entity, the deferred cumulative amount recognised in the equity relating to that particular entity is recognised in profit or loss.

2.7 Property, Plant and Equipment
Property, plant and equipment acquired by the Group 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 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. 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 derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses on derecognising 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 derecognised.
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.

Asset group	*Useful life*
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
Processing equipment	3 - 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 recognised 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 recognised in the balance sheet as Non-current assets, as a part of seismic equipment. Internal cost associated with the rigging is recognised in the balance sheet if it is directly related to the rigging. The capitalised 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.

2.8 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 amortised. 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.

Research and development, Patents and licenses
Expenses relating to research activities are recognised in the income statement as they incur. Expenses relating to development activities are capitalised to the extent that the product or process is technically and commercially viable and the Group has sufficient resources to complete the development work. Expenses that are capitalised include the costs of materials, direct wage costs and a share of the directly attributable common expenses. Capitalised development costs are recognised at their cost minus accumulated amortisation and impairment losses. Capitalised development costs are amortised on a straight-line basis over the estimated useful life of the asset.

Multi-Client library
Multi-Client library includes both completed seismic data and projects in work which is licensed on a non-exclusive basis to oil and gas search/production companies. Production cost directly related to obtain the seismic data and processing are capitalised.
The Multi-Client library contains also the cost price for the seismic data acquired from external parties.
Amortisation is compared with the income for the different projects in proportion to the expected income per project. Minimum amortisation in addition means that the capitalised value of a project a year after completion shall not exceed 80% of the cost price, which is minimum 20% amortisation after 12 months; in addition all projects shall be entirely expensed within 5 years (20% per year) after completion. In these circumstances some related projects can be seen as a unit and the minimum rules for amortisation will then first be relevant 12 months after completion.

Goodwill
The difference between the cost of an acquisition and the fair value of net identifiable assets on the acquisition date is recognised as goodwill. For investment in associates, goodwill is included in the investment's carrying amount.
Goodwill is not amortised but is tested at least once a year for impairment. Goodwill is tested for impairment annually or more frequently if there are indications that the value should be impaired. The impairment test involves determining the recoverable amount of the cash-generating units, which corresponds to the highest of fair value less costs to sell or the value in use.

2.9 Financial instruments, including hedge accounting
The Group classifies its investments in the category loans and receivables and its financial liabilities as other liabilities.
Borrowings are recognised initially at fair value, net of transaction costs incurred. After initial recognition, borrowings are subsequently measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.
After initial measurement loans and receivables are carried at amortised cost using the effective interest method less any impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.
Financial assets valued at amortised cost are written down when it is probable, based on objective evidence, that the instrument's cash flows have been negatively affected by one or more events occurring after the initial recognition of the instrument.
The impairment loss is recognised in the income statement. If the reason for the impairment loss disappears in a later period and this disappearance can be objectively linked to an event which takes place after the impairment loss has been recognised, the previous write-down is reversed. The reversal must not result in the carrying amount of the financial asset exceeding the amount that the amortised cost would have been if the impairment loss had not been recognised on the date when the write-down was reversed. The reversal of a previous impairment loss is presented as income.
Fixed interest rate swap agreement are booked as cash flow hedge at fair value and recognised in other comprehensive income and presented in equity. Any ineffective portion of changes in fair value of the derivative is recognised immediately in profit or loss.
Changes in fair value recognised in other comprehensive income are recycled through profit and loss when changes in hedged risk effect the profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively.

2.10 Inventories
Inventories are stated at the lowest of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

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

2.12 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.

2.13 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.

2.14 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 fulfilment 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 Group 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 Group'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 Group are classified as operating leases. Lease payments are classified as operating costs and recognised in the income statement in a straight line during the contract period.

2.15 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 recognised directly in equity, in which case the tax is also recognised 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 recognised if the temporary difference arises from the initial recognition of goodwill.
Deferred income tax is recognised 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 Group and it is probable that the temporary differences will not reverse in the foreseeable future.
The Group 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 utilised. Unrecognised deferred income tax assets are reassessed at each end of the reporting period and are recognised 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 judgement and estimates in regards to future taxable income and tax planning opportunities, cf. to note 3.
Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised 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.

2.16 Employee benefits
(a) Pension obligations
The companies in the Group have a defined contribution plan. 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 period. The Group has no further payment obligations once the contributions have been paid. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity for pension, based on obligatory, agreed on or voluntary basis. The contributions are recognised as employee benefit expense 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) Share-based compensation
The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised 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 recognises 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.

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

2.17 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 corporate management.

2.18 Revenue recognition
Revenue is recognised when it is probable that the economic benefit from a transaction will flow to the Group and revenue can be reliable measured. The revenue is measured at fair value of the consideration received, net of discounts and sale taxes and duty.

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 capitalised into the Multi-Client surveys. The carrying

amount of Multi-Client library on the balance sheet date is shown at costs less accumulated amortisation 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, favourable pricing compared to late sales and a degree of influence over the project. Advance payments from customers are deferred and recognised 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 recognise after sales revenue upon the client executing a valid license agreement and having been granted access to the data.

Exclusive contracts
The Group performs seismic services for specific customers under exclusive contracts. Sales of services under contracts are recognised 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.

Mobilisation revenue and cost
Mobilisation revenue and the related mobilisation 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 mobilisation costs related to Multi-Client survey are capitalised 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 capitalised or deferred. If the projects are not able to cover all of the costs which could be capitalised or deferred then only those costs that are recoverable are capitalised/deferred.

2.19 Borrowing cost
Borrowing costs are capitalised to the extent that they are directly related to the purchase, construction or production of a non-current asset. The interest costs accrued during the construction period until the non-current asset is capitalised. Borrowing costs are capitalised until the date when the non-current asset is ready for its intended use. If the cost price exceeds the non-current asset's fair value, an impairment loss is recognised.

2.20 Provisions
A provision is recognised when the Group has an obligation (legal or self-imposed) as a result of a previous event, it is probable (more likely than not) that a financial settlement will take place as a result of this obligation and the size of the amount can be measured reliably. If the effect is considerable, the provision is calculated by discounting estimated future cash flows using a discount rate before tax that reflects the market's pricing of the time value of money and, if relevant, risks specifically linked to the obligation.

2.21 Classification
Assets related to normal operating cycles or fall due within 12 months are classified as current assets. Other assets are classified as non-current. Similarly, liabilities related to normal operating cycles or fall due within 12 months are classified as current liabilities. Other liabilities are classified as non-current.

2.22 Net profit per share
The Group present its ordinary earnings per share and earnings per share after dilution. Ordinary earnings per share are calculated as the ratio between the net profit/(loss) for the year that accrues to the ordinary shareholders and the weighted average number of shares outstanding. The figure for diluted earnings per share is the result that accrues to the ordinary shareholders, and the number of weighted average number of shares outstanding has been adjusted for all diluting effects related to share options.

2.23 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.

2.24 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.

From 2012 the parent company Dolphin group ASA has adopted simplified International Financial Reporting Standards pursuant to § 3-9 of the Norwegian Accounting Act in its separate financial statements. Previous year the parent company applied IFRS as adopted by the EU in its separate financial statements.
The effect for the parent company is change in financial income for 2012 with UsD 2.3 million, presented as change in ingoing balance of equity with the same amount.

NOTE 3: ESTIMATE UNCERTAINTY

When preparing the annual accounts in accordance with IFRS the Group's management have used estimates based on their best judgement and assumptions that have been considered to be realistic. Situations or changes in market conditions could arise that may involve changed estimates, and thus affect the Group's assets, liabilities, equity and results.

The Group's most important accounting estimates relate to the following items:
a) Impairment tests/write-downs/reversals of intangible assets
b) Assessment of the capitalisation of deferred tax asset
c) Assessment of write-downs for obsolescence of inventory
d) Assumptions and assessments of the useful life for the seismic equipment
e) Assumptions and assessments for the amortisation rate for the Multi-Clients projects

The Group's capitalised intangible assets are evaluated annually for write-downs and the possible reversal of previous write-downs.

Deferred tax asset related to the Norwegian part of the business was capitalised in 2011 and 2012. For 2011 the Group also capitalised some of the international part coming from Geophysical segment, cf. note 9 and 2.15.

The assumptions and assessments of the useful lifetime for the seismic equipment is based on the expected use and replacement of new equipment, cf. note 11.

NOTE 4A: SEGMENT INFORMATION

In thousands of USD	Geophysical 2012	Other 2012	Consolidated accounts 2012
Net Operating Revenues	**218 986**	**2 298**	**221 284**
Operating Expenses			
Cost of sales	120 618	1 253	121 871
Selling, general and administrative cost	15 056	1 149	16 205
Share-based compensation	2 229	-	2 229
Total Operating Expenses	**137 903**	**2 403**	**140 305**
EBITDA	**81 083**	**-104**	**80 979**
Depreciation, amortisation and write-downs	39 892	459	40 351
Operating Profit (EBIT)	**41 191**	**-564**	**40 628**
Investment in operating equipment/intangible assets	**122 143**	**433**	**122 576**
EBIT margin	18,8%	-24,5%	18,4%

The Group's sement reporting is prepared in accordance with IFRS 8, segment.
For management purposes, the Group is organised into business units based on the area of activity, and has two reportable operating segments:
The Geophysical segment had during 2012 five vessels in production both on exclusive contracts and Multi-Client contracts, compared to four vessels in operation during 2011.
Segment information is not given for the parent company as it is only a holding company with shares in subsidiaries.

In thousands of USD	Geophysical 2011	Other 2011	Consolidated accounts 2011
Net Operating Revenues	**95 330**	**2 226**	**97 557**
Operating Expenses			
Cost of sales	71 981	733	72 714
Selling, general and administrative cost	7 741	1 546	9 287
Share-based compensation	1 935	23	1 958
Total Operating Expenses	**81 657**	**2 302**	**83 959**
EBITDA	**13 673**	**-76**	**13 597**
Depreciation, amortisation and write-downs	10 022	602	10 623
Operating Profit (EBIT)	**3 651**	**-677**	**2 974**
Investment in operating equipment/intangible assets	**95 914**	**316**	**96 229**
EBIT margin	3,8%	-30,4%	3,0%

NOTE 4B: SEGMENT INFORMATION

Consolidated accounts

Geographical segment net operating revenue:

In thousands of USD	2012	2011
Europe, Africa and Middle East	181 512	84 558
Asia/Pacific	7 864	7 687
North & South America	29 695	3 948
Other segments	2 213	1 363
Total	**221 284**	**97 557**

Revenue from major products and services:

In thousands of USD	2012	2011
Exclusive contracts	170 044	90 086
Multi-Client	45 858	3 881
Processing	1 475	-
Other	3 907	3 589
Total	**221 284**	**97 557**

Information about major customers:

Included in the revenues for 2012 are revenues of respectively USD 37.6 million (16%), USD 27.9 million (12%), USD 22.7 million (10%) and USD 19.9 million (9%) from the the four major customers, which all originates from the geophysical segment. In 2011 there were three major customers with respectively USD 39.0 million (41%), USD 13.6 million (14%) and USD 10.3 million all originating from the geophysical segment.

Parent company

Geographical segment net operating revenue:

In thousands of USD	2012	2011
Europe, Africa and Middle East	777	167
Total	**777**	**167**

Revenue from major products and services:

In thousands of USD	2012	2011
Other	777	167
Total	**777**	**167**

NOTE 5: SPECIFICATION OF COST OF SALES

Consolidated accounts

Cost of sales consist of the following:

In thousands of USD	2012	2011
Charterhire	56 444	32 064
Maritime running cost	2 466	1 327
Operational costs incl seismic running cost	103 388	53 450
Wages including crew cost 1)	43 204	21 907
Capitalised cost of sales 2)	-84 199	-36 655
Other	568	620
Total cost of sales	**121 871**	**72 714**

1) Includes cost of seismic crew hired through manning services
2) Relates to expenses directly related to the Multi-Client data library

Selling, general and administrative cost consist of the following:

In thousands of USD	2012	2011
Wages and renumerations	8 745	5 465
Marketing expenses	2 064	688
Professional fees	2 110	370
Office operational cost	3 286	2 764
Total selling, general and administrative cost	**16 205**	**9 287**

Parent company

Cost of sales consist of the following:

In thousands of USD	2012	2011
Other	-	416
Total cost of sales	**-**	**416**

Selling, general and administrative cost consist of the following:

In thousands of USD	2012	2011
Wages and renumerations	2 114	1 895
Marketing expenses	29	-
Office operational cost	609	-
Total selling, general and administrative cost	**2 752**	**1 895**

NOTE 6: SALARY AND PERSONNEL EXPENSE

Consolidated accounts

Cost of sales consist of the following:

In thousands of USD	2012	2011
Salaries and holiday pay	30 300	14 616
Social Security / National insurance contribution	3 928	2 242
Pension costs defined contribution plans (note 27)	2 113	125
Share-based compensation (note 23)	2 229	1 958
Other employee related costs	1 135	256
Crew costs, foreign crew*	4 077	4 668
- Direct salary capitalised	-1 153	-143
- Personnell costs capitalised to Multi-Client library	-7 332	-5 030
Total salaries and personnell expense	**35 297**	**18 693**

* Includes personnell charges from seismic manning services.

The following table presents information about the number of employees as per year end for the last two years:

Location	2012	2011
Norway Offshore	56	39
Norway Office	42	40
Singapore Offshore	123	86
Singapore Office	3	3
Subcontractors Offshore	20	32
United Kindom	29	10
North and South America	13	6
Netherlands	0	1
Total employees	**286**	**217**

Parent company

Cost of sales consist of the following:

In thousands of USD	2012	2011
Salaries and holiday pay	1 480	1 370
Social Security / National insurance contribution	314	204
Pension costs defined contribution plans (note 27)	36	10
Share-based compensation (note 23)	162	279
Other employee related costs	34	31
Total salaries and personnell expense	**2 025**	**1 895**

The following table presents information about the number of employees as per year end for the last two years:

Location	2012	2011
Norway Office	3	4
Total employees	**3**	**4**

Management remuneration
The Group Management consists of the following Group Directors; CEO, CFO and the Vice Presidents being the management team. There was a change of the members of the board at the annual general meeting in May 2012.

Year 2012 In thousands of USD	Board remuneration	Salary	Bonus and benefits in kind	Pension cost	Value of options granted	Total remuneration 2012
Management						
Atle Jacobsen (CEO)	-	468	36	12	240	756
Erik Hokholt (CFO)	-	329	30	13	241	613
Bjarne Stavenes (Technical VP)	-	237	22	11	241	511
Mike Hodge (QHSE VP)	-	257	24	11	306	598
Peter Hooper (Operations VP)	-	272	25	11	206	514
Phil Suter (Marketing and Sales VP)	-	236	41	14	206	497
Ian T. Edwards (Multi-Client VP)	-	207	248	-	280	735
Gareth Williams (Chief Geophysicist)	-	269	12	17	196	494
Total renumeration	**-**	**2 276**	**438**	**88**	**1 916**	**4 719**

Year 2012 In thousands USD	Board remuneration	Salary	Bonus	Benefits in kind	Pension cost	Value of options granted	Total remuneration 2012
Members of the Board							
Tim Wells (Working Chairman after general meeting in May 2012)	35	256	21	32	17	122	483
Terje Rogne (Deputy Chairman and Chairman of Audit Committee)	48	-	-	-	-	-	48
Eva M. H. Kristensen	38	-	-	-	-	-	38
John R. Pickard	38	-	-	-	-	-	38
Toril Nag (Member of Audit Committee)	26	-	-	-	-	-	26
Olav Vinsand (Employee representative)	-	-	-	-	-	-	-
Before general meeting in May 2012;							
Anne Grethe Ellingsen (Chair Person up to general meeting)	17	-	-	-	-	-	17
Scott Kerr	38	-	-	-	-	-	38
Nomination Committee							
Christian Selmer	5	-	-	-	-	-	5
Kjell Ursin-Smith	5	-	-	-	-	-	5
Preben Willoch	5	-	-	-	-	-	5
Total remuneration	**258**	**256**	**21**	**32**	**17**	**122**	**706**

Year 2012	Opening balance	Number of options Granted 2012	Exercised	Average exercise price	Ending balance 2012	Average maturity
Management						
Atle Jacobsen (CEO)	532 000	350 000	-177 333	NOK 4.36	704 667	31 Dec. 2016
Erik Hokholt (CFO)	456 000	300 000	-	NOK 3.99	756 000	31 Dec. 2016
Bjarne Stavenes (Technical VP)	456 000	300 000	-	NOK 3.99	756 000	31 Dec. 2016
Mike Hodge (QHSE VP)	700 000	300 000	-	NOK 3.63	1 000 000	31 Dec. 2016
Peter Hooper (Operations VP)	456 000	300 000	-152 000	NOK 4.36	604 000	31 Dec. 2016
Phil Suter (Marketing and Sales VP)	456 000	300 000	-152 000	NOK 4.36	604 000	31 Dec. 2016
Ian T. Edwards (Multi-Client VP)	600 000	300 000	-	NOK 3.75	900 000	31 Dec. 2016
Gareth Williams (Chief Geophysicist)	300 000	350 000	-100 000	NOK 4.89	550 000	31 Dec. 2016
Tim Wells (Working Chairman)	456 000	-	-	NOK 2.50	456 000	31 Dec. 2016
Total	**4 412 000**	**2 500 000**	**(581 333)**		**6 330 667**	

Year 2012	Opening balance	Number of warrents Granted 2012	Exercised	Ending balance 2012	Average maturity
Management					
Atle Jacobsen (CEO - Geophysical)	1 598 000	-	-	1 598 000	20 Dec. 2015
Erik Hokholt (CFO - Geophysical)	1 598 000	-	-	1 598 000	20 Dec. 2015
Bjarne Stavenes (Technical VP - Geophysical)	1 198 500	-	-	1 198 500	20 Dec. 2015
Peter Hooper (Operations VP - Geophysical)	1 198 500	-	-	1 198 500	20 Dec. 2015
Phil Suter (Marketing and Sales VP - Geophysical)	1 198 500	-	-	1 198 500	20 Dec. 2015
Tim Wells (Working Chairman)	1 198 500	-	-	1 198 500	20 Dec. 2015
Total	**7 990 000**	**-**	**-**	**7 990 000**	

No warrants have been granted for 2012. Half of the warrents 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.

Principles for determining compensation to executive management:
In accordance with §6–16 A of the Norwegian Public Companies Act the board has prepared a declaration relating to the determination of the salary and other remuneration of the Chief Executive and senior management. The guidelines below for the Chief Executive's and senior management's salary and other remuneration for the coming financial year, will be presented to shareholders for an advisory vote at the Annual General Meeting in May 2013.
Dolphin Group ASA is an international company that operates within the global Geophysical segments. A fundamental principle is that remuneration and other benefits to senior management should be competitive so that the Group is an attractive place to work and is able to attract and retain the right employees – people who perform, develop and learn. The aggregate salary package must therefore reflect both the national and international framework in which the company operates.
The compensation to senior management includes both fixed and variable elements. The fixed element consists of a base salary and other remuneration. Other remuneration includes newspaper subscriptions, mobile telephone, broadband and similar benefits. The fixed element also includes a mandatory defined contribution pension scheme that covers all employees in the company.
The variable elements consist of a bonus scheme and participation in a share option programme. Further details on main terms are set out in note 23.
Vesting requires the achievement of specifically defined result targets by the business. No upper limit of share price has been established in relation to the option scheme, but the award of options to each of the senior management members is such that the development in the company's share price should be to the advantage of the value of the options over the programme's lifetime so that their value exceeds the aggregate base salary in the option period.
The background for the option scheme is that the company has wished to establish long-term incentive arrangements for key personnell as the long-term commitment of managers and key personnel is regarded vitally important to the further development of the company.
In addition the board has given notice of the planned establishment of a Dolphin Geophysical Performance and Incentive Plan (DPIP) that is based on recognised international incentive and bonus principles, with flexibility to set the performance targets and bonus achievement percentages. The DPIP will be implemented in 2013.
Our existing subjective process will then be replaced with a more fair formulated approach and provide clarity on the business performance to achieve incentives, as well as provide competitive incentive terms to attract skilled employees.
The company's Chief Executive Officer and Chief Financial Officer have contractual post-termination salary arrangements if they are asked by the board to resign from their positions. The arrangements are the same and allow post- termination salary for 15 months after the expiration of the 3 months notice period. The arrangement has provisions to shorten the post-termination salary after 12 months from the date of resignation to the

extent the relevant person takes up a new position during the remaining post-termination salary period. In addition they have the right to corresponding post-termination salary in cases where there are changes on the ownership side ("change of control") that mean that the nature and character of the job is changed to the extent that they wish to resign from their positions.
It is the board's view that the senior management salary policy reported and explained at the company's Annual General Meeting in 2012 has been observed during the year.

Year 2011 In thousands of USD	Board remuneration	Salary	Bonus and benefits in kind	Pension cost	Value of options granted	Total remuneration 2011
Management						
Atle Jacobsen (CEO - Geophysical)	-	353	-	10	148	511
Erik Hokholt (CFO - Geophysical)	-	294	-	10	127	431
Bjarne Stavenes (Technical VP - Geophysical)	-	240	14	10	127	391
Mike Hodge (QHSE VP - Geophysical)	-	248	3	10	194	456
Peter Hooper (Operations VP - Geophysical)	-	266	5	10	127	408
Phil Suter (Marketing and Sales VP - Geophysical)	-	162	-	17	127	306
Tim Wells (President Western Hemisphere - Geophysical)	-	250	29	9	127	416
Ian T. Edwards (Multi-Client VP - Geophysical)	-	150	9	9	167	335
Gareth Williams (Chief Geophysicist - Geophysical)	-	162	-	-	83	246
Hugo Kohmann (CEO - Interconnect)	-	146	-	9	-	156
Members of the Board						
Anne Grethe Ellingsen (Chair Person)	33	-	-	-	-	33
Terje Rogne (Deputy Chair Person)	29	-	-	-	-	29
Eva Magrethe Holt Kristensen	-	-	-	-	-	-
John Rae Pickard	25	-	-	-	-	25
Scott Irving Kerr	25	-	-	-	-	25
Simen Timian Thoresen (Employee representative)	-	-	-	-	-	-
Total remuneration	**111**	**2 272**	**61**	**97**	**1 226**	**3 767**

Year 2011	Number of options Opening balance	Granted 2011	Forfeited	Exercised	Average exercise price	Ending balance 2011	Average maturity
Management							
Atle Jacobsen (CEO - Geophysical)	-	532 000	-	-	NOK 2.50	532 000	31 Dec. 2014
Erik Hokholt (CFO - Geophysical)	-	456 000	-	-	NOK 2.50	456 000	31 Dec. 2014
Bjarne Stavenes (Technical VP - Geophysical)	-	456 000	-	-	NOK 2.50	456 000	31 Dec. 2014
Mike Hodge (QHSE VP - Geophysical)	-	700 000	-	-	NOK 2.50	700 000	31 Dec. 2014
Peter Hooper (Operations VP - Geophysical)	-	456 000	-	-	NOK 2.50	456 000	31 Dec. 2014
Phil Suter (Marketing and Sales VP - Geophysical)	-	456 000	-	-	NOK 2.50	456 000	31 Dec. 2014
Tim Wells (President Western Hemisphere - Geophysical)	-	456 000	-	-	NOK 2.50	456 000	31 Dec. 2014
Ian T. Edwards (Multi-Client VP - Geophysical)	-	600 000	-	-	NOK 2.50	600 000	31 Dec. 2014
Gareth Williams (Chief Geophysicist - Geophysical)	-	300 000	-	-	NOK 2.50	300 000	31 Dec. 2014
Hugo Kohmann (CEO - Interconnect)	150 000	-	-	-	NOK 2.50	150 000	30 Jun. 2014
Total	**150 000**	**4 412 000**	**-**	**-**		**4 562 000**	

Year 2011	Number of warrents Opening balance	Granted 2011	Exercised	Ending balance 2011	Average maturity
Management					
Atle Jacobsen (CEO - Geophysical)	1 598 000	-	-	1 598 000	20 Dec. 2015
Erik Hokholt (CFO - Geophysical)	1 598 000	-	-	1 598 000	20 Dec. 2015
Bjarne Stavenes (Technical VP - Geophysical)	1 198 500	-	-	1 198 500	20 Dec. 2015
Peter Hooper (Operations VP - Geophysical)	1 198 500	-	-	1 198 500	20 Dec. 2015
Phil Suter (Marketing and Sales VP - Geophysical)	1 198 500	-	-	1 198 500	20 Dec. 2015
Tim Wells (President Western Hemisphere - Geophysical)	1 198 500	-	-	1 198 500	20 Dec. 2015
Total	**7 990 000**	**-**	**-**	**7 990 000**	

NOTE 7: AUDITOR'S FEE

Consolidated accounts

In thousands of USD	2012	2011
Statutory audit	219	70
Other attestation services, merger and IPO	18	3
Statutory audit required by law	**237**	**73**
Other services outside the auditscope	22	4
Tax advice	2	-
Other services	**24**	**4**
Total auditor's fee	**261**	**77**

VAT is not included in the auditor's fee.

Parent company

In thousands of USD	2012	2011
Statutory audit	73	63
Other attestation services, merger and IPO	12	1
Statutory audit required by law	**85**	**65**
Other services outside the auditscope	5	3
Tax advice		
Other services	**5**	**3**
Total auditor's fee	**90**	**68**

VAT is not included in the auditor's fee.

NOTE 8: FINANCIAL INCOME AND EXPENSES

Consolidated accounts

In thousands of USD	2012	2011
Interest income	1 689	349
Exchange gain	6 690	7 427
Other financial income	2 374	-
Total financial income	**10 753**	**7 776**
Interest costs on loans	-1 170	-375
Interest costs on finance leases	-2 390	-1 681
Other financial expenses	-1 325	-199
Exchange loss	-7 546	-7 364
Total financial expenses	**-12 431**	**-9 619**
Net financial income + / expenses -	**-1 679**	**-1 842**

Parent company

In thousands of USD	2012	2011
Interest income	160	238
Intercompany financial income	4 210	1 817
Group contribution	23 914	-
Exchange gain	959	1 646
Exchange gain InterCompany	2 286	-
Total financial income	**31 528**	**3 701**
Interest costs on loans	-668	-373
Intercompany financial expense	-	-602
Other financial expenses	-119	-90
Exchange loss	-1 809	-2 718
Exchange loss InterCompany	-2 369	-
Total financial expenses	**-4 965**	**-3 783**
Net financial income + / expenses -	**26 563**	**-81**

NOTE 9: INCOME TAX

Consolidated accounts

Income tax expense:

In thousands of USD	2012	2011
Tax payable	-	38
Changes in deferred tax	6 234	1 972
Income tax expense	**6 234**	**2 010**

In thousands of USD	2012	2011
Tax payable for the year	-	38
Tax payable on transactions recorded directly to equity	-	-
Total tax payable	**-**	**38**

Explanation of the relationship between reported tax expense and expected income tax at tax rate of 28%:

In thousands of USD	2012	2011
Profit before tax	**38 949**	**1 132**
Expected income taxes according to income tax rate in Norway (28%)	10 906	317
Tax rate outside Norway other than 28%	-181	66
Change in deferred tax asset not recognised	-4 571	-907
Non-taxable income	-2 817	-803
Non deductable expenses	1 596	1 542
Currency effects	1 301	1 794
Income tax expense	**6 234**	**2 010**
Effective tax rate in %:	**16%**	**178%**

Deferred tax liabilities and deferred tax assets:

	Asset		Liability	
In thousands of USD	2012 Accounting value	2012 Tax value	2012 Accounting value	2012 Tax value
Fixed assets	21 978	21 297	109 604	99 757
Stock	-	-	168	336
Currency loan	-7 553	-7 435	-26 616	-26 840
Receivables	-	-	-15	-
Accrued accountingwise	-	-	-37	-
Losses carried forward	-	20 536	-	-
Gain/loss account	-	-438	-	-
Total	**14 425**	**33 960**	**83 104**	**73 254**

	Asset		Liability	
In thousands of USD	2011 Accounting value	2011 Tax value	2011 Accounting value	2011 Tax value
Fixed assets	-	-	78 983	65 003
Stock	-	-	-	-
Currency loan	-21 489	-19 814	-	-
Receivables	-	-	-	-
Accrued accountingwise	-	58	-	-
Losses carried forward	-	26 354	-	-
Gain/loss account	-	-	-	-509
Total	**-21 489**	**6 598**	**78 983**	**64 495**

In thousands of USD	2012	2011
Calculated deferred tax assets	-5 470	-7 864
Calculated deferred tax liabilities	2 758	4 057
Net deferred tax (assets)	**-2 712**	**-3 807**

Not booked tax asset	**4 571**	**-**
Deferred tax assets in balance sheet	**899**	**3 807**
Deferred tax liability in balance sheet	**2 758**	**89**

Parent company

Income tax expense:

In thousands of USD	2012	2011
Tax payable	-	-
Changes in deferred tax	5 491	113
Income tax expense	**5 491**	**113**

In thousands of USD	2012	2011
Tax payable for the year	-	-
Tax payable on transactions recorded directly to equity	-	-
Total tax payable	**-**	**-**

Explanation of the relationship between reported tax expense and expected income tax at tax rate of 28%:

In thousands of USD	2012	2011
Profit before tax	**24 326**	**-212**
Expected income taxes according to income tax rate in Norway (28%)	7 456	-59
Group contribution recognised previous year	-645	-
Change in deferred tax asset not recognised	661	-886
Non deductable expenses	-1 498	1 063
Currency effects	-483	-4
Income tax expense	**5 491**	**113**
Effective tax rate in %:	**23%**	**N/A**

Deferred tax liabilities and deferred tax assets:

	Asset		Liability	
In thousands of USD	**2012 Accounting value**	**2012 Tax value**	**2012 Accounting value**	**2012 Tax value**
Fixed asset	47	98	-	-
Accrued accountingwise	-	-	-	-
Losses carried forward	-	3 275	-	-
Gain/loss account	-	-	-	-438
Total	**47**	**3 373**	**-**	**-438**

	Asset		Liability	
In thousands of USD	**2011 Accounting value**	**2011 Tax value**	**2011 Accounting value**	**2011 Tax value**
Fixed asset	61	131	-	-
Accrued accountingwise	-	58	-	-
Losses carried forward	-	20 707	-	-
Gain/loss account	-	-	-	-509
Total	**61**	**20 895**	**-**	**-509**

In thousands of USD	2012	2011
Calculated deferred tax assets	-931	-5 834
Calculated deferred tax liabilities	123	142
Net deferred tax (assets)	**-809**	**-5 691**
Not booked tax asset	-	-
Net tax asset in balance sheet	**809**	**5 691**

NOTE 10: EARNINGS PER SHARE

Consolidated accounts

Earnings per share are calculated by dividing the result for the year before any minority interests by a weighted average of the outstanding issued shares during the year . Weighted average number of outstanding shares is calculated by dividing the numbers of shares during the year after changes done in each quarter with corresponding numbers of days a year.

In thousands of USD	2012	2011
Result for the year after tax	32 715	-878
Weighted average number of issued shares*	294 499 226	178 297 298
Earnings after tax per share	**0.11**	**0.00**
Total comprehensive result	31 713	-1 015
Weighted average number of issued shares*	294 499 226	178 297 298
Comprehensive earnings after tax per share	**0.11**	**-0.01**

The diluted earnings per share are calculated by dividing the annual result by the weighted average number of issued shares and issued options during the year.

In thousands of USD	2012	2011
Result for the year after tax	32 715	-878
Weighted average number of issued shares and issued options*	305 350 325	183 729 021
Diluted earnings after tax per share	**0.11**	**0.00**
Total comprehensive result	31 713	-1 015
Weighted average number of issued shares and issued options*	305 350 325	183 729 021
Comprehensive earnings after tax per share	**0.10**	**-0.01**

* The weighted average number of shares and options take into account the weighted average effect of changes in treasury share transactions during the year.

Specification of effect of dillution:

Weighted average number of issued shares	294 499 226	178 297 298
Effect of dillution	-	-
Share options	10 804 752	5 431 723
Weighted average number of issued shares and issued options	**305 303 978**	**183 729 021**

NOTE 11: TANGIBLE NON-CURRENT ASSETS

Consolidated accounts 2012

In thousands of USD	Office equipment	Processing equipment	Owned seismic equipment	Leased seismic equipment	Assets under construction	Total
Cost:						
Acquisition cost at 01 Jan. 2012	980	-	10 196	73 251	1 071	85 498
Purchase of tangibles	668	1 745	7 893	-	65 926	82 835
Disposals	-	-	-102	-	-	-102
Reclass- asset under construction	-	-	57 903	-	-51 302	-
Sales of tangibles	-	-	-	-	-	-
Acquisition cost at 31 Dec. 2012	**1 648**	**1 745**	**75 891**	**73 251**	**15 696**	**168 231**
Accumulated depreciation:						
Balance at 01 Jan. 2012	238	-	989	7 444	-	8 671
Depreciation for the period	458	196	9 768	12 140	-	22 561
Reversed depreciation sold/scrapped	-	-	-6	-	-	-6
Accumulated depreciations at 31 Dec. 2012	**696**	**196**	**10 751**	**19 584**	**-**	**31 227**
Carrying amount:						
Balance sheet closing value at 31 Dec. 2012	**952**	**1 550**	**65 139**	**53 667**	**15 696**	**137 004**
Deprecation of the year	458	196	9 762	12 140	-	22 555
Depreciation capitalised to Multi-Client library	-	-	-1 470	-3 520	-	-4 991
Depreciation charged to expense	**458**	**196**	**8 292**	**8 619**	**-**	**17 565**
Useful life	3 years	3-7 years	3-7 years	3-7 years		

Consolidated accounts 2011

In thousands of USD	Office equipment	Owned seismic equipment	Leased seismic equipment	Assets under construction	Total
Cost:					
Acquisition cost at 01 Jan. 2011	68	-	-	-	68
Purchase of tangibles	926	10 196	73 251	1 071	85 444
Disposals	-	-	-	-	-
Reclass- asset under construction	-	-	-	-	-
Sales of tangibles	-14	-	-	-	-14
Acquisition cost at 31 Dec. 2011	**980**	**10 196**	**73 251**	**1 071**	**85 498**
Accumulated depreciation:					
Balance at 01 Jan. 2011	-	-	-	-	-
Depreciation for the period	239	988	7 444	-	8 671
Reversed depreciation sold/scrapped	-	-	-	-	-
Accumulated depreciations at 31 Dec. 2011	**239**	**988**	**7 444**	**-**	**8 671**
Carrying amount:					
Balance sheet closing value at 31 Dec. 2011	**741**	**9 209**	**65 807**	**1 071**	**76 827**
Deprecation of the year	239	988	7 444	-	8 671
Depreciation capitalised to Multi-Client library	-	-40	-550	-	-590
Depreciation charged to expense	**239**	**948**	**6 894**	**-**	**8 081**
Useful life	3 years	3-7 years	3-7 years		

Parent company 2012

In thousands of USD	Office equipment	Total
Cost:		
Acquisition cost at 01 Jan. 2012	70	70
Purchase of tangibles	-	-
Sales of tangibles	-	-
Acquisition cost at 31 Dec. 2012	**70**	**70**
Accumulated depreciation:		
Balance at 01 Jan. 2012	9	9
Depreciation for the period	14	14
Accumulated depreciations at 31 Dec. 2012	**23**	**23**
Carrying amount:		
Balance sheet closing value of 31 Dec. 2012	**47**	**47**
Deprecation of the year	14	14
Depreciation capitalised to Multi-Client library	-	-
Depreciation charged to expense	**14**	**14**
Useful life	3 years	

Parent company 2011

In thousands of USD	Office equipment	Total
Cost:		
Acquisition cost at 01 Jan. 2011	-	-
Purchase of tangibles	70	70
Sales of tangibles	-	-
Acquisition cost at 31 Dec. 2011	**70**	**70**
Accumulated depreciation:		
Balance at 01 Jan. 2011	-	-
Depreciation for the period	9	9
Accumulated depreciations at 31 Dec. 2011	**9**	**9**
Carrying amount:		
Balance sheet closing value of 31 Dec. 2011	**61**	**61**
Deprecation of the year	9	9
Depreciation capitalised to Multi-Client library	-	-
Depreciation charged to expense	**9**	**9**
Useful life	3 years	

NOTE 12: GOODWILL

Consolidated accounts

In thousands of USD	2012
Acquisition cost at 01 Jan. 2012	-
Business combinations	5 776
Disposals	-
Acquisition cost at 31 Dec. 2012	**5 776**
Amortisation and impairment	
Accumulated impairment at 01 Jan. 2012	-
Impairment for the year	-
Accumulated impairments at 31 Dec. 2012	-
Carrying amount	
Net book value at 31 Dec. 2012	**5 776**

The carrying amount of goodwill of USD 5.8 million relates to the 2012 acquisitions of Open Geophysical Inc (Open). Open was acquired in April 2012 and has successfully been implemented in the Group. Software from Open has been rolled out on all the vessels in the Group during the year and Dolphin is able to offer fast-track onboard processing to own clients. In addition has processing in leadership worked with Open to be able to announce Dolphin SHarp (broadband). Open has external clients by themselves from the seismic industry, so future for Open looks good. Goodwill is tested annually for impairment or whenever there is an indication that goodwill might be impaired. Based on the impairment testing performed, no impairment exists as of 31 December 2012.

The base price was USD 5 250 000 and Purchase Price Allocation (PPA) is done as follow:

In thousands of USD	PPA
Purchase Price	
Stright away payment	3 000
Milestone according to contract (note 28) if certain criteria is met	2 250
Purchase price	5 250
Cash requirements	352
Changes in 2012 after acquisition	526
Paid to previous shareholders	88
Total	**6 217**
Net book value of asset in Open	-441
Total Goodwill as of 31 Dec. 2012	**5 776**

Opening balance of Open as follows:	
Assets at closing date	603
Liabilities at closing date	162
Closing net cash paid	352
Retained earnings for close	88
	603
Net book value of asset in Open	**441**

Parent company

There are no goodwill in the Parent company.

NOTE 13: MULTI-CLIENT DATA LIBRARY

Consolidated accounts 2012

In thousands of USD	Multi-Client data library
Cost:	
Acquisition cost at 01 Jan. 2012	10 470
Investment in Multi-Client data library	52 561
Acquisition cost at 31 Dec. 2012	**63 031**
Accumulated amortisation:	
Balance at 01 Jan. 2012	1 941
Amortisation for the period	22 226
Accumulated amortisation at 31 Dec. 2012	**24 167**
Net carrying amount 31 Dec. 2012	**38 864**

As of 31 December 2012 no Multi-Client projects are finalised and therefore no minimum amoritsation is recognised.

Consolidated accounts 2011

In thousands of USD	Multi-Client data library
Cost:	
Acquisition cost at 01 Jan. 2011	-
Investment in Multi-Client data library	10 470
Acquisition cost at 31 Dec. 2011	**10 470**
Accumulated amortisation:	
Balance at 01 Jan. 2011	-
Amortisation for the period	1 941
Accumulated amortisation at 31 Dec. 2011	**1 941**
Net carrying amount 31 Dec. 2011	**8 529**

Parent company
The parent company has no Multi-Client library.

NOTE 14: INTANGIBLE ASSETS

Consolidated accounts

In thousands of USD	2012	2011
Acquisition cost at 01 Jan.	**10 855**	**10 559**
Additions	76	316
Translation differences	-45	-20
Acquisition cost at 31 Dec.	**10 887**	**10 855**
Amortisation and impairment		
Accumulated depreciation and impairment at 01 Jan.	**9 166**	**8 565**
Depreciation for the year	414	602
Accumulated amortisation and impairments at 31 Dec.	**9 580**	**9 166**
Carrying amount		
Net book value at 31 Dec.	**1 307**	**1 689**
Useful life	3-10 years	3-10 years

Parent company

In thousands of USD	2012	2011
Acquisition cost at 01 Jan.	-	**3 427**
Disposals (Sold to Dolphing Interconnect AS)*	-	-3 427
Acquisition cost at 31 Dec.	-	-
Amortisation and impairment		
Accumulated depreciation and impairment at 01 Jan.	-	**3 252**
Accumulated depriciation on disposals	-	-3 252
Accumulated amortisation and impairments at 31 Dec.	-	-
Carrying amount		
Net book value at 31 Dec.	-	-
Useful life	3-10 years	3-10 years

* Profit on disposals during the year was 0 USD.

NOTE 15: FOREIGN EXCHANGE RATES

The following exhange rates have been used in the consolidated financial statements:

Currency	31 Dec. 2012	31 Dec. 2011	Average 2012	Average 2011
NOK/USD	5.56640	5.99270	5.82100	5.60700
GBP/USD	1.61609	1.54903	1.58390	1.60230
EUR/USD	1.31881	1.29391	1.28404	1.38980

NOTE 16: FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The Group is exposed through its operations to the following financial risks:
• Credit risk
• Market risk
  - Interest rate risk
  - Foreign exchange risk
  - Foreign exchange risk
• Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.
There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments
The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

• Trade receivables
• Cash and cash equivalents
• Investments in unquoted equity securities
• Trade and other payables
• Floating-rate bank loans
• Senior unsecured bond loan
• Cross-currency interest rate swap

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy to assess the credit risk of new customers before entering contracts. Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

The Group does not enter into derivatives to manage credit risk, although in certain isolated cases may take steps to mitigate such risks if it is sufficiently concentrated.

Lack of payments from customers/clients may significantly and adversely impair the Group's liquidity. The concentration of the Group's customers in the energy industry may impact the Group's overall exposure to credit risk as customers may be similarly affected by prolonged changes in economic- and industry conditions as well as by the general constraints on liquidity resulting from the recent turmoil in the financial markets. Countries that rely heavily upon income from hydrocarbon exports will be hit particularly hard if oil prices decrease. Further, laws in some jurisdictions in which the Group operates could make collection difficult or time consuming. The Group undertakes due consideration to the credit quality of its potential clients during contract negotiations to minimise the risk of payment delinquency, but no assurance can be given that the Group will be able to avoid this 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, cf. note 24.

Market risk

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk from long-term borrowings at variable rate. During 2012 and 2011, the Group's borrowings at variable rate were denominated in NOK and USD.

In November 2012 Dolphin Group ASA issued a senior unsecured bond loan of NOK 400 million. The purpose of the contemplated bond issuance is to finance Multi-Client investment going forward, seismic equipment onboard Sanco Swift and to further finance the Group's growth. The bond agreement is formal and written with external parties (the bondholders) and was listed on Oslo Stock Exchange at 1 February 2013. The bond loan has a floating interest rate of 3M NIBOR plus 775 basis points and shall pay interest on the par value of the bonds quarterly in arrears. The bonds shall mature in full on maturity date 16 November 2016 at par (100 %).

The functional currency of Dolphin Group ASA is USD and the floating rate bond loan is denominated in NOK. Consequently, the company is exposed to both interest rate risk and currency risk on the future interest payments and currency risk on the notional amount.

The bond loan is presented as other financial liabilities and measured at amortised cost using the effective interest method (note 8, 17).

Hedging interest rate and currency risk

In November 2012 Dolphin Group ASA entered into a cross-currency interest rate swap agreement (CCIRS) with purpose to hedge interest rate risk and currency risk related to a MNOK 400 bond loan issued simultaneously. The CCIRS is accounted for as a cash flow hedge.

Dolphin manages the currency risk and interest rate risk by entering into the cross-currency interest rate swap (CCIRS) agreement. The notional amount of the CCIRS is MUSD 70.5 and has a fixed interest rate of 8.86 percent per annum. The critical terms of the swap match those of the bond loan (exchange of principal at maturity and quarterly interest payments).

Under the CCIRS agreement Dolphin receives floating interest payments in NOK and pays fixed interest in USD. In addition, the CCIRS secures a fixed principal payment in USD at maturity.

Because the currency, notional, coupons, and interest payment dates match on both the CCIRS and the debt, the hedge relationship is expected to be highly effective. Consequently, the hedge relationship would qualify for cash flow hedge accounting in accordance with IAS 39.

Consolidated accounts

Dolphin use the cross currency interest swap agreement with DnB as hedge accounting. Dolphin`s bond loan is booked as amortised cost and the interest swap agreement of fixed USD rate is booked as follows:

In thousands of USD	2012	2011
Book value at beginning of year	-	-
Fair value change through statement of comprehensive income	1 002	-
Recycling of fair value through statement of profit&loss	-1 044	-
Book value at end of year	**-42**	**-**

Fair value changes of hedged items:

In thousands of USD	2012	2011
Book value at beginning of year	-	-
Changes during the year	68 147	-
Amortisation	60	-
Revaluation of hedged items	1 044	-
Book value at end of year	**69 251**	**-**

Parent company

Dolphin use the cross currency interest swap agreement with DnB as hedge accounting. Dolphin`s bond loan is booked as amortised cost and the interest swap agreement of fixed USD rate is booked as follows:

In thousands of USD	2012	2011
Book value at beginning of year	-	-
Fair value change through statement of comprehensive income	1 002	-
Recycling of fair value through statement of profit&loss	-1 044	-
Book value at end of year	**-42**	**-**

Fair value changes of hedged items:

In thousands of USD	2012	2011
Book value at beginning of year	-	-
Changes during the year	68 147	-
Amortisation	60	-
Revaluation of hedged items	1 044	-
Book value at end of year	**69 251**	**-**

The following tables show the Group's and Parents's sensitivity for fluctuations in interest rates. The calculation includes the financial leases.

Consolidated accounts

In thousands of USD	Adjustments in interest rate level in basis points	Effect on profit before tax	Effect on equity
2012	+50	-206	1 401
2012	-50	206	-1 401
2011	+50	-159	-
2011	-50	159	-

Parent company

In thousands of USD	Adjustments in interest rate level in basis points	Effect on profit before tax	Effect on equity
2012	+50	-13	1 401
2012	-50	13	-1 401
2011	+50	-1	-
2011	-50	1	-

Based on the financial instruments that existed at 31 December 2012, an increase of 50 of basis points in the interest rate will reduce the Group's profit before tax by USD 206 thousand (2011: 159 thousand) and increase the parents by USD 13 thousand(2011: -1 thousand).

The weighted average interest rate on financial instruments was as follows, cf. notes 24 and 25:

Consolidated accounts

	2012 (%)	2011 (%)
Loan	4,44 %	4,53 %
Finance leases	4,88 %	5,00 %

Parent company

	2012 (%)	2011 (%)
Loan	4,47 %	4,54 %

(ii) Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's significant operations in foreign countries expose it to risks related to foreign currency movements. The Group will attempt to minimize these risks by implementing hedging arrangements as appropriate, but will not be able to fully avoid these risks. Currency exchange rates are determined by forces of supply and demand in the currency exchange markets. These forces are affected by the international balance of payments, economic and financial conditions, government intervention, speculation and other factors. Changes in currency exchange rates relative to the USD may affect the USD value of the Group's assets and thereby impact the Group's total return on such assets. Changes in currency may also affect the Group's costs, e.g. related to salaries paid in local currency. The Group's expenses are primarily in USD and NOK. As such, the Group's earnings are exposed to fluctuations in the foreign currency market. Currency fluctuations of an investor's currency of reference relative to the USD may adversely affect the value of an investor's investments.

The following tables sets the Group's sensitivity for potential adjustments in USD exchange rate towards NOK and GBP, with all the other variables kept constant. The calculation is based on equal adjustments in towards all relevant currency.

Consolidated accounts

In thousands of USD	Adjustments in exchange rate, NOK and GBP	Effect on profit before tax	Effect on equity
2012	+5%	-2 853	-4 694
2012	-5%	2 853	4 694
2011	+5%	-1 242	-
2011	-5%	1 242	-

Parent company

In thousands of USD	Adjustments in exchange rate, NOK and GBP	Effect on profit before tax	Effect on equity
2012	+5%	108	-4 694
2012	-5%	-108	4 694
2011	+5%	-140	-
2011	-5%	140	-

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

The table below sets out the maturity profile of the Group's financial liabilities based on contractual undiscounted payments. When a counterparty has a choice to determine the due date of the payment, the liability is included on the basis of the earliest date on which the entity can be required to pay. Financial liabilities that are subject to repayment on demand, are included in the ""within 1 month"" column.

Consolidated accounts

Year ended 2012

In thousands of USD	1 month	1-3 months	3-12 months	1-5 years	5 years	Total
Short-term debt and interest-bearing loans	-	2 833	8 500	13 833	-	25 166
Financial leases	467	1 402	10 157	23 478	-	35 505
Trade and other payables	5 670	29 764	17 388	-	-	52 822
Long-term debt and interes-bearing bond	-	1 726	5 179	91 217	-	98 122
Total	**6 138**	**35 725**	**41 224**	**128 528**	**-**	**211 615**

Year ended 2011

In thousands of USD	1 month	1-3 months	3-12 months	1-5 years	5 years	Total
Short-term debt and interest-bearing loans	-	333	1 000	2 667	-	4 000
Financial leases	446	2 818	9 685	34 642	-	47 591
Trade and other payables	1 528	14 679	7 853	-	-	24 060
Total	**1 974**	**17 830**	**18 538**	**37 308**	**-**	**75 650**

Liabilities under finance leases are discussed in further detail in note 26.

Parent company

Year ended 2012

In thousands of USD	1 month	1-3 months	3-12 months	1-5 years	5 years	Total
Short-term debt and interest-bearing loans	-	333	1 000	1 333	-	2 666
Trade and other payables	324	123	1 038	0	-	1 485
Long-term debt and interes-bearing bond	-	1 726	5 179	91 217	-	98 122
Total	**324**	**456**	**2 038**	**92 550**	**-**	**102 273**

Year ended 2011

In thousands of USD	1 month	1-3 months	3-12 months	1-5 years	5 years	Total
Short-term debt and interest-bearing loans	-	333	1 000	2 667	-	4 000
Trade and other payables	3	824	0	0	-	826
Total	**3**	**1 157**	**1 000**	**2 667**	**-**	**4 826**

Liabilities under finance leases are discussed in further detail in note 26.

Capital structure and equity
The primary objectives of the Group's capital management is to ensure that it maintains a strong credit rating and healty capital ratios in order to support its business and maximise shareholder value.
The Group monitors capital using a gearing ratio, which is net debt divided by total equity and net debt. The Group's policy is to have a gearing ratio lower than 35% and equity ratio in excess of 40%. As of 31 December 2012, the book debt ratio was 30,9% (in 2011 the net debt was 4,5%). Based on the strong organic growth, significant working capital requirement and large investment programs, the Group's financial strategy has been to maintain a solid equity ratio, focus on increasing cash-flow from operations and hire seismic vessels rather than purchase and finance seismic vessels onto the Group's balance.

The gearing ratio is calculated as net debt divided by total equity and net debt as follows:

Consolidated accounts

In thousands of USD	**2012**	**2011**
Interest-bearing debt	126 764	46 376
Accounts payable	35 434	16 207
Less cash	-77 536	-57 186
Net debt	**84 661**	**5 397**
Total equity	**189 246**	**115 677**
Total equity and net debt	**273 907**	**121 074**
Debt ratio	30,9%	4,5%

Parent company

In thousands of USD	**2012**	**2011**
Interest-bearing debt	71 917	4 000
Accounts payable	447	457
Less cash	-723	-23 712
Net debt	**71 640**	**-19 256**
Total equity	**178 624**	**114 472**
Total equity and net debt	**250 264**	**95 216**
Debt ratio	28,6%	-20,2%

NOTE 17: FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT

This note summarises each class of financial instruments an gives an overview of carrying amount and fair value of the Group's financial instruments and the accounting treatment of these instruments. In addition the note presents the levels of fair value measurement in the fair value hierarchy applied for financial instruments.

Consolidated accounts

Overview of financial instruments in statement of financial position:

In thousands of USD	Note	2012	2011
Financial assets measured at fair value			
Cash and cash equivalents	21	77 536	57 186
Available for sale investments		372	372
Total financial assets measured at fair value		**77 909**	**57 558**
Financial assets measured at amortised cost			
Accounts receivable	18	74 011	26 074
Other receivables		512	3 212
Long-term receivables	19	6 760	-
Total financial assets measured at amortised cost		**81 283**	**29 286**
Total financial assets		**159 192**	**86 844**
Financial liabilities measured at fair value			
Derivative liabilities (qualifying hedge)	16	42	-
Total financial liabilities measured at fair value		**42**	-
Financial liabilities measured at amortised cost			
Senior unsecured bonds due 2016	16	69 251	-
Bank loan	16	25 167	4 000
Finance lease liabilities	26	32 346	42 376
Accounts payable	24	35 434	16 207
Partnershare	24	7 396	1 941
Other short-term liabilities	24	12 250	-
Total financial liabilities measured at amortised cost		**181 844**	**64 523**
Total financial liabilities		**181 885**	**64 523**

Fair value of financial instruments:

The fair value of cash and cash equivalents, accounts receivable, other current financial assets, and accounts payable approximates the carrying amount because of the short maturity on these financial instruments.

The fair value of finance lease liabilities and other long-term debt approximates the carrying amount because of no significant changes in the market rates for similar debt financing between the date of securing the debt financing and year-end.

The carrying amount and estimated fair value of senior secured bond is presented below:

	2012		2011	
In thousands of USD	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Loans and borrowings measured at amortised cost				
Senior unsecured bond loan	69 251	71 860	-	-

Fair value hierarchy:

The financial instruments that are measured at fair value in the statement of financial position require disclosure of fair value measurement by level of the following fair value hierarchy:
Level 1: Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Fair value based on inputs other than quoted prices included in level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
Level 3: Fair value based on inputs that are not observable market data.

In thousands of USD	Carrying amount 31 Dec. 2012	Level 1	Level 2	Level 3
Assets measured at fair value				
Available for sale financial assets				
Investment in shares	372	-	-	372
Liabilities measured at fair value				
Financial liabilities at fair value through profit & loss				
Cross-currency interest rate swap (hedge)	-42	-	-42	-

Parent company

Overview of financial instruments in statement of financial position

In thousands of USD	Note	2012	2011
Financial assets measured at fair value			
Cash and cash equivalents	21	723	23 712
Available for sale investments		372	372
Total financial assets measured at fair value		**1 096**	**24 084**
Financial assets measured at amortised cost			
Other receivables		184	93
Total financial assets measured at amortised cost		**184**	**93**
Total financial assets		**1 279**	**24 177**
Financial liabilities measured at fair value			
Derivative liabilities (qualifying hedge)	16	42	-
Total financial liabilities measured at fair value		**42**	**-**
Financial liabilities measured at amortised cost			
Senior unsecured bonds due 2016	16	69 251	-
Bank loan		2 667	4 000
Finance lease liabilities		-	42
Accounts payable		447	-
Other short-term liabilities		1 038	370
Total financial liabilities measured at amortised cost		**73 402**	**4 412**
Total financial liabilities		**73 444**	**4 412**

Fair value of financial instruments:

The fair value of cash and cash equivalents, accounts receivable, other current financial assets, and accounts payable approximates the carrying amount because of the short maturity on these financial instruments.
The fair value of finance lease liabilities and other long-term debt approximates the carrying amount because of no significant changes in the market rates for similar debt financing between the date of securing the debt financing and year-end.

The carrying amount and estimated fair value of senior secured bond is presented below:

In thousands of USD	Carrying amount	Fair value	Carrying amount	Fair value
Loans and borrowings measured at amortised cost				
Senior unsecured bond loan	69 516	71 860	-	-

Fair value hierarchy

The financial instruments that are measured at fair value in the statement of financial position require disclosure of fair value measurement by level of the following fair value hierarchy:
Level 1: Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Fair value based on inputs other than quoted prices included in level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
Level 3: Fair value based on inputs that are not observable market data.

In thousands of USD	Carrying amount 31 Dec. 2012	Level 1	Level 2	Level 3
Assets measured at fair value				
Available for sale financial assets				
Investment in shares	372	-	-	372
Liabilities measured at fair value				
Financial liabilities at fair value through profit & loss				
Cross-currency interest rate swap (hedge)	-42	-	-42	-

NOTE 18: ACCOUNTS RECEIVABLE, PREPAYMENTS AND OTHER RECEIVABLES

Consolidated accounts

In thousands of USD	2012	2011
Accounts receivable	74 011	26 074
Impairment of receivables	-	-
Accounts receivable net	**74 011**	**26 074**
Deferred mobilisation cost and inventory (cf. note 20)	13 406	6 621
Inventory and prepayments	**13 406**	**6 621**
Prepaid costs	5 363	4 448
Prepaid seismic equipment	1 041	1 154
Other receivables	13 759	3 212
Other receivables	**20 163**	**8 814**
Total receivables	**107 580**	**41 509**

Aging of accounts receivable was as follows for the last two years:

			Overdue			
In thousands of USD	**Total**	**Not due**	**Less than 30 days**	**30-60 days**	**60-90 days**	**More than 90 days**
2012	74 011	42 330	3 045	6 285	3 408	18 942
2011	26 074	9 202	16 337	143	-	392

Parent company

In thousands of USD	**2012**	**2011**
Inter-company accounts receivables	151 388	23 090
Impairment of receivables	-	-
Accounts receivable net	**151 388**	**23 090**
Other receivables	**184**	**93**
Total receivables	**151 572**	**23 183**

Aging of accounts receivable was as follows for the last two years:

			Overdue			
In thousands of USD	**Total**	**Not due**	**Less than 30 days**	**30-60 days**	**60-90 days**	**More than 90 days**
2012	151 388	53 438	68 016	17	992	28 925
2011	23 090	2 366	-	38	-	20 686

In thousands of USD	**2012**	**2011**
Dolphin Geophysical AS	149 567	20 884
Dolphin Interconnect Solution AS	1 821	2 207
Total	**151 388**	**23 090**

NOTE 19: LONG-TERM RECEIVABLES

Consolidated accounts

In 2012 a long-term loan to Sanco Holding of NOK 36 milllion was granted.

In thousands of USD	**2012**	**2011**
Long-term interest bearing loan with maturity later than 1 year	6 760	-
Total long-term receivables	**6 760**	-

This is a long-term loan to Sanco Holding of NOK 36 millions. The purpose of the loan is financing building of Sanco Swift, and is given together with four other companies with each different share of loan amount. The loan is not secured. Interest (NIBOR+7,5%) is calculated and booked and will be paid on due date for the loan.

Parent company

The parent company has no long-term receivables.

NOTE 20: INVENTORY

Consolidated accounts

In thousands of USD	2012	2011
Inventory (cf. note 18)	499	99
Written down for obsolescence	-	-
Net book value as of 31 Dec.	**499**	**99**

Parent company

The parent company has no inventory.

NOTE 21: CASH AND SHORT-TERM DEPOSITS

Consolidated accounts

In thousands of USD	2012	2011
Cash and cash equivalents in the balance sheet	77 536	57 186

Restricted Cash

In thousands of USD	2012	2011
Employees' tax deductions and other deposits	10 915	5 202

Parent company

In thousands of USD	2012	2011
Cash and cash equivalents in the balance sheet	723	23 712

Restricted Cash

In thousands of USD	2012	2011
Employees' tax deductions and other deposits	181	113

NOTE 22: SHARE CAPITAL AND SHAREHOLDER

As of 31 December 2012 the Dolphin Group ASA's share capital amounts to NOK 610 700 650 divided into 305 350 325 shares at the par value of NOK 2.00 per share.

	Shareholder	Number of shares	Ownership share
1	Ramoo Investment Partners	38 643 818	12,7%
2	Everest Capital	29 457 508	9,6%
3	Varma Mutual Pension Insurance	21 443 274	7,0%
4	MP Pensjon PK	7 507 667	2,5%
5	Verdipapirfondet Delphi Norden	5 544 142	1,8%
6	Verdipapirfondet DNB SMB	5 025 000	1,6%
7	Pictet & Cie Banquiers - Nominee	5 000 000	1,6%
8	Storebrand Vekst	4 716 972	1,5%
9	Staff- Gruppen	4 500 000	1,5%
10	VPF Nordea Kapital	4 257 572	1,4%
11	Armada Seismic ASA	4 205 457	1,4%
12	Delphi Norge	4 200 000	1,4%
13	Verdipapirfondet Alfred Berg Gamba	4 079 545	1,3%
14	Holberg Norden	3 796 970	1,2%
15	Skandinaviska Enskilda Banken S.A.- Nominee	3 738 843	1,2%
16	Clearstream Banking S.A - Nominee	3 707 213	1,2%
17	Dukat AS	3 700 000	1,2%
18	Pactum AS	3 450 000	1,1%
19	Three M AS	3 309 460	1,1%
20	BNYBE -Arctic Funds PLC	3 273 994	1,1%
	Total 20 largest shareholders	163 557 435	53,6%
	Other shareholders	141 792 890	46,4%
	Total outstanding shares	**305 350 325**	**100,0%**

Dolphin has 2.001 shareholders in total.

The General meeting in May 2012 did authorisate following possibility changes in equity for 2012;

a) Authorisation to grant new options to employees;

The general meeting approved the issuance of further 8.4 million new options, so that the aggregate number of options is 24 million. These options will give the right to acquire a bit less than 8% of the outstanding shares in the company. The options shall be issued on the terms set out in the prevailing option program, provided that the exercise price shall correspond to an amount considered by the Board of Directors to be a fair market price for the shares at the allotment date.

b) Autorisation to increase the share capital in order to fulfil the employees' option scheme;

In accordance with the proposal from the board of directors the general meeting passed the following resolution:

1. The Board of Directors shall be granted authorisation to increase the share capital by up to NOK 48 000 000.
2. The authorisation is valid until the annual general meeting in 2013, but under no circumstances longer than until 30 June 2013.
3. The shareholders' pre-emptive right pursuant to § 10-4 of the Public Limited Liability Companies Act may be waived.
4. The power of attorney only encompasses a capital increase by cash contribution.
5. This power of attorney may solely be applied in order to fulfil the company's obligations in connection with the company's option scheme for the employees of the group.

c) Autorisation to increase the share capital;

In accordance with the proposal from the board of directors the general meeting passed the following resolution:

1. The Board of Directors is granted a power of attorney to increase the share capital by up to NOK 120 000 000.
2. The power of attorney is valid until the company's ordinary general meeting in 2013, but under no circumstances longer than until 30 June 2013.
3. The shareholders' preferential right pursuant to § 10-4 of the Public Limited Liability Companies Act may be waived.
4. The power of attorney comprises capital increase by non-monetary contribution and with a right to incur special obligations on behalf of the company, as well as a resolution on merger and demerger, cf. § 13-5 and § 14-6 (2) of the Public Limited Liability Companies Act.

d) Authorisation to acquire own shares;

In accordance with the proposal from the board of directors the general meeting passed the following resolution:

1. The Board of Directors is authorised to acquire and pledge own shares with an aggregate nominal value of up to NOK 60 000 000, although limited to a nominal value equal to 10% of the share capital of the company at any time.
2. The authorisation is valid until the ordinary general meeting of 2013, although not after 30 June 2013.
3. Acquisition of own shares should only occur against a consideration of minimum of NOK 0 and a maximum of NOK 30 for each share.
4. Acquisition and transfer of own shares can only take place
   (a) in order to fulfill option schemes for the company's employees,
   (b) in connection with buy-back programmes or market making for the company's shares, or
   (c) mergers, demergers or acquisitions of other companies or businesses/assets.

e) Reduction of the share premium fond;

In accordance with the proposal from the board of directors the general meeting passed the following resolution: "Dolphin Group ASA's share premium fond is reduced with NOK 150 000 000. The amount shall be transferred to a fund and constitute other retained equity."

Shares owned by board members as of 31 Dec. 2012:	Personal ownership	Owned by connected persons/companies	Total shares	Options
Tim Wells (Working Chairman after general meeting in May 2012)	500 000	-	500 000	456 000
Terje Rogne (Deputy Chairman)	-	-	-	-
Eva Magrethe Holt Kristensen	-	-	-	-
John Rae Pickard	32 500	-	32 500	-
Toril Nag	-	-	-	-
Olav Vinsand (Employee representative)	-	400 000	400 000	570 000
Total	**532 500**	**400 000**	**932 500**	**1 026 000**

Shares owned by senior management as of 31 Dec. 2012:	Personal ownership	Owned by connected persons/companies	Total shares
Atle Jacobsen (CEO)	-	4 402 641	4 402 641
Erik Hokholt (CFO)	-	3 733 333	3 733 333
Bjarne Stavenes (Technical VP)	-	991 212	991 212
Mike Hodge (QHSE VP)	-	854 545	854 545
Peter Hopper (Operations VP)	-	1 680 607	1 680 607
Phil Suter (Marketing and Sales VP)	417 272	-	417 272
Ian T. Edwards (Multi-Client VP)	300 000	-	300 000
Garreth Williams (Chief Geophysicist)	566 667	-	566 667
Total	**1 283 939**	**11 662 338**	**12 946 277**

NOTE 23: OPTIONS AND WARRANTS

Consolidated accounts
During the period which ended 31 December 2012, the Group has had share-based payment arrangements for employees as described below.

	2010 Share Incentive Programme Geophysical	2011 Share Incentive Programme Geophysical	2012 Share Incentive Programme Geophysical	2010 Interconnect Programme
Type of arrangement	Equity based	Equity based	Equity based	Equity based
Dates of Grant	25 Jan. 2011	19 Dec. 2011	13 Dec.2012	26 Oct. 2010
Options granted as of 31 Dec. 2012	13 628 000	3 120 000	9 365 164	485 000
Outstanding options as of 31 Dec. 2012	11 337 336	2 980 000	9 365 164	317 500
Contractual life	3.93 years	4.03 years	4.05 years	3.68 years
Vesting conditions	1/3 vests after the release of 2011 Q4 figures 1/3 vests after the release of 2012 Q4 figures conditional on certain performance criteria being met 1/3 vests after the release of 2013 Q4 figures conditional on certain performance criteria being met	1/3 vests after the release of 2012 Q4 figures 1/3 vests after the release of 2013 Q4 figures conditional on certain performance criteria being met 1/3 vests after the release of 2014 Q4 figures conditional on certain performance criteria being met	1/3 vests after the release of 2013 Q4 figures 1/3 vests after the release of 2014 Q4 figures conditional on certain performance criteria being met 1/3 vests after the release of 2015 Q4 figures conditional on certain performance criteria being met	1/2 vests immediately after grant 1/2 vests dependent on certain performance criteria being met
Expiry date	31 Dec. 2014	31 Dec. 2015	31 Dec. 2016	30 Jun. 2014
Other	All options are vested as of 31 Dec. 2012			

According to guidelines in IFRS 2 all of these performance conditions are non-market conditions and the Group will report the expected quantity to vest or the expected vesting date at each reporting period. The performance criteria for two thirds of the grants are non-market conditions and combinations of internal utilisation and operational criteria. All performance criteria are met, and 100% of the granted options are vested as of 31 Dec. 2012.

Options granted in 2012:
Fair values of options under the 2012 Share Incentive Plan are calculated using the Black & Scholes - Merton optionpricing model

The weighted average inputs and assumptions for 2012-grants are described below:

	2012 Share Incentive Programme Geophysical
Grant Date	13 Dec. 2012
Underlying shares	9 365 164
Exercise Price	NOK 6.25
Stock Price	NOK 6.60
Expected lifetime	2.74 years
Volatility	50,00%
Risk free interest rate	1,53%
Dividend	-
Fair value per option	NOK 2.31

2012 Share Incentive Programme assumptions and features:

Risk free interest rates used are interest rate from Norges Bank on the Grant date (bond, cerficicates and bills retrieved from Norges Bank). 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. Employees are on average expected to exercise the options a half year after they have vested.

Expected volatility is based on historical volatilities of similar entities in the seismic industry.
The guidelines in IFRS 2, B29 are used to estimate expected volatility.

All of the Group's option plans are equity-settled which entails accounting for the option grants as a personell expense in the Group's financial statements with a corresponding increase in equity in the Group's balance sheet. Accruals are made for the Groupy's social security contributions in connection with the option grants.
Total expense related to share based payment exclusive of social security is recognised in 2012 with USD 2 229 thousands.
Total amount recognised in equity in 2012 is USD 1 595 thousands.

Further details of the option programme is as follows:

Group Grants	2012		2011	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at the beginning of period	**16 912 000**	**2.59**	**485 000**	**2.25**
Granted	9 365 164	6.25	16 748 000	2.59
Exercised	-2 132 164	2.48	-	-
Forfeited	-145 000	2.97	-321 000	2.50
Outstanding at the end of period	**24 000 000**	**4.03**	**16 912 000**	**2.59**
Vested options	2 783 493	2.47	280 000	2.25
Weighted Average Fair Value of Options Granted during the period	9 365 164	2.31	16 748 000	1.49
Intrinsic value outstanding options at the end of the period	24 000 000	69 144 760	16 912 000	11 245 250
Intrinsic value vested options at the end of the period	2 783 493	12 326 744	280 000	280 000

Details concerning outstanding options as of 31 December 2012 are given below:

	Outstanding Options			Vested options	
Exercise price	Outstanding Options Per 31 Dec. 2012	Weighted average remaining Contractual Life	Weighted Average Exercise Price	Vested options Per 31 Dec. 2012	Weighted Average Exercise Price
0.00 - 2.25	317 500	1.50	2.25	317 500	2.25
2.25 - 2.50	11 337 336	2.00	2.50	2 465 993	2.50
2.50 - 5.00	2 980 000	3.00	3.00	-	-
5.00 -	9 365 164	4.00	6.25	-	-
Total	**24 000 000**	**2.90**	**4.03**	**2 783 493**	**2.47**

Warrants

The initative takers for the new Geohysical segment was given warrants in December 2010 of total 7 990 000 warrants.

Each warrant gives the holder the right to subscribe one share in the 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 exercise exceeds NOK 3.75. The other half of the warrants may be exercised if the weighted average price of the shares for the last 30 trading days prior to exercise exceeds NOK 5.00. The deadline for exercise of the warrants expires on 20 December 2015.

The fair value of the warrants was estimated to NOK 15 025 000 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, Share-based payment. Based on the fact that the warrants have been finally awarded the estimated value of the warrants was expensed in 2010 against other paid-in-equity.

Parent Company

During the period which ended 31 December 2012, the company has had share-based payment arrangements for employees as described below:

	2010 Share Incentive Programme Geophysical	2012 Share Incentive Programme Geophysical	2010 Interconnect Programme
Type of arrangement	Equity based	Equity based	Equity based
Dates of Grant	25 Jan. 2011	13 Dec. 2012	26 Oct. 2010
Options granted as of 31 Dec. 2012	1 594 000	865 000	75 000
Outstanding options as of 31 Dec. 2012	1 110 667	865 000	0
Contractual life	3.93 years	4.05 years	3.68 years
Vesting conditions	1/3 vests after the release of 2011 Q4 figures 1/3 vests after the release of 2012 Q4 figures conditional on certain performance criteria being met 1/3 vests after the release of 2013 Q4 figures conditional on certain performance criteria being met	1/3 vests after the release of 2013 Q4 figures 1/3 vests after the release of 2014 Q4 figures conditional on certain performance criteria being met 1/3 vests after the release of 2015 Q4 figures conditional on certain performance criteria being met	1/2 vests immediately after grant 1/2 vests dependent on certain performance criteria being met
Expiry date	31 Dec. 2014	31 Dec. 2016	30 Jun. 2014
Other		All options are vested as of 31 Dec. 2012	-

According to guidelines in IFRS 2 all of these performance conditions are non-market conditions and the Group will report the expected quantity to vest or the expected vesting date at each reporting period. The performance criteria for two thirds of the grants are non-market conditions and combinations of internal utilisation and operational criteria. All performance criteria are met, and 100% of the granted options are vested as of 31 Dec. 2012.

Options granted in 2012:
Fair values of options under the 2012 Share Incentive Plan are calculated using the Black & Scholes - Merton optionpricing model.

The weighted average inputs and assumptions for 2012-grants are described below:

	2012 Share Incentive Programme Geophysical
Grant Date	13 Dec. 2012
Underlying shares	865 000
Exercise Price	NOK 6.25
Stock Price	NOK 6.60
Expected lifetime	2.74 years
Volatility	50,00%
Risk free interest rate	1,53%
Dividend	-
Fair value per option	NOK 2.31

2012 Share Incentive Programme assumptions and features:
Risk free interest rates used are interest rate from Norges Bank on the Grant date (bond, cerficicates and bills retrieved from Norges Bank). 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.
Employees are on average expected to exercise the options a half year after they have vested.

Expected volatility is based on historical volatilities of similar entities in the seismic industry.
The guidelines in IFRS 2, B29 are used to estimate expected volatility.
Total expense related to share based payment exclusive of social security recognised in 2012 is USD 248 thousands.
Total amount recognised in equity in 2012 is USD 1 595 thousands.

Further details of the option programme is as follows:

Group Grants	2012		2011	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at the beginning of period	**1 363 000**	**2.49**	**75 000**	**2.25**
Granted	865 000	6.25	1 594 000	2.50
Exercised	-252 333	-	-	-
Forfeited	-	-	-306 000	2.50
Outstanding at the end of period	**1 975 667**	**4.11**	**1 363 000**	**2.49**
Vested options	252 000	2.50	75 000	2.25
Weighted Average Fair Value of Options Granted during the period	865 000	2.31	1 594 000	1.56
Intrinsic value outstanding options at the end of the period	1 975 667	5 432 935	1 363 000	1 041 000
Intrinsic value vested options at the end of the period	252 000	1 108 800	75 000	75 000

Details concerning outstanding options as of 31 December 2012 are given below:

	Outstanding Options			Vested options	
Exercise price	**Outstanding Options Per 31 Dec. 2012**	**Weighted average remaining Contractual Life**	**Weighted Average Exercise Price**	**Vested options Per 31 Dec. 2012**	**Weighted Average Exercise Price**
2.25 - 2.50	1 110 667	2.00	2.50	252 000	2.50
5.00 -	865 000	4.00	6.25	-	-
Total	**1 975 667**	**2.86**	**4.11**	**252 000**	**2.50**

NOTE 24: TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Consolidated accounts

In thousands of USD	2012	2011
Current portion of financial lease obligation	10 677	11 036
Short-term debt	11 333	1 333
Short-term debt and current portion of long-term debt	**22 010**	**12 369**
Accounts payable	**35 434**	**16 207**
Project partnershare	**7 396**	**1 941**
Taxes payable	**-**	**38**
Prepaid revenue	2 259	3 718
National insurance contribution, payroll taxes and VAT	1 194	1 420
Accrued interest	676	10
Accrued holiday allowance, bonus and other personnel charges	659	542
Other current liabilities	7 463	3 904
Other short-term liabilities	**12 250**	**9 593**
Total	**77 090**	**40 147**

Financial liabilities are as follows:

In thousands of USD	2012	2011
Non-current lease liabilities	21 669	31 340
Current portion of financial lease obligation	10 677	11 036
Interest bearing loan	94 417	4 000
Total interest bearing financial liabilities	**126 764**	**46 376**
Accounts payable	35 434	16 207
Project partnershare	7 396	1 941
Prepaid revenue	2 259	3 718
Other non-interest bearing financial liabilities	9 992	6 001
Total non-interest bearing financial liabilities	**55 080**	**27 866**

Aging of accounts payables was as follows for the last two years:

			Overdue			
In thousands of USD	Total	Not due	Less than 30 days	30-60 days	60-90 days	More than 90 days
2012	35 434	29 764	4 492	209	770	200
2011	16 207	14 679	890	68	-	570

Parent company

In thousands of USD	2012	2011
Short-term debt	1 333	1 333
Short-term debt and current portion of long-term debt	**1 333**	**1 333**
Accounts payable	**447**	**457**
National insurance contribution, payroll taxes and VAT	71	106
Accrued interest	533	10
Accrued holiday allowance, bonus and other personnel charges	112	101
Other current liabilities	321	153
Other short-term liabilities	**1 038**	**370**
Total	**2 818**	**2 160**

Financial liabilities are as follows:

In thousands of USD	2012	2011
Interest bearing loan	71 917	4 000
Total interest bearing financial liabilities	**71 917**	**4 000**
Accounts payable	346	208
Inter-company accounts payables	101	248
Other non-interest bearing financial liabilities	1 038	370
Total non-interest bearing financial liabilities	**1 485**	**826**

Aging of accounts payables was as follows for the last two years:

			Overdue			
In thousands of USD	**Total**	**Not due**	**Less than 30 days**	**30-60 days**	**60-90 days**	**More than 90 days**
2012	447	123	324	-	-	-
2011	457	454	3	-	-	-

Specification of Intercompany payables	**2012**	**2011**
Dolphin Geophysical AS	-	160
Dolphin Interconnect Solution AS	26	88
Dolphin Geophysical Ltd	74	-
Dolphin Assets 1 AS	1	1
Total	**101**	**248**

NOTE 25: COLLATERAL AND GUARANTEES

Consolidation

Guarantees:
As a part of its operations the Group may from time to time be required to have a financial institution to issue bid-, performance or other type of guarantees to some of its counterparts. In these circumstances the Group will normally be required to issue an unconditionally and irrevocably counter guarantee to the financial institution. As of 31 December 2012 the Group has given such counter guarantees for a total amount of about USD 2.0 million, and in 2011 USD 0.9 million.

Pledges:
As a part of its operations Dolphin Group ASA will from time to time be required to set up a restricted bank deposit as security for its contractual commitments with its counterparts. As of 31 December 2012 the Group has pledged restricted bank deposits for a total amount of about USD 9.7 million, and in 2011 for USD 4.8 million.
The Group has entered lease agreements with several counterparties for leasing of seismic equipment onboard the vessel Polar Duke and the two Artemis vessels. In the consolidated financial statements these lease agreements are accounted for as financial leases with the value of the assets on the balance sheet and the leasing commitment as a financial liability. All of these assets are formally owned by the lease counter parts. In addition cash and cash equivalents and tangible assets are pleged ut to USD 36 million.

Covenants:
As a part of the time Group's obligation under the time-charter for the seismic vessel Polar Duchess both Dolphin Geophysical AS (as charterer) and Dolphin Group ASA have undertaken certain financial covenants.
The charterer (Dolphin Geophysical AS) has undertaken the following financial covenants (calculated on statutory financial statements for the company):

- The charterers' current assets to current liabilities (less the next six months installments on long-term debt) are required to be positive
- Requirement to have an equity ratio of minimum 30%

In connection with Dolphin Group ASA's unconditionally and irrevocably guarantee for Dolphin Geophysical AS' (as charterers) full and timely performance of under the time-charter the following financial covenants (calculated on consolidated financial statements) have been undertaken by Dolphin Group ASA:

- Cash and cash equivalents shall at least be equal to the next six months payment of interest and installments excluding any balloon payments
- The ratio of the current assets to current liabilities shall be positive
- Requirement to have an equity ratio of minimum 30%

From 1 January 2012 it is required that the ratio EBITDA (on a 12 month rolling basis) to consolidated payments of interest and installments minimum should be 1.5.

The Group has also entered into a loan facility with DNB Bank ASA and Sparebank 1 SR-Bank ASA.
Dolphin Geophysical AS signed in January 2012 a credit facility of USD 30 million with the bank syndicate. The proceeds from the facility have been used as debt financing for the purchase of the seismic equipment on Polar Duchess. The entire loan facility was draw down during the first quarter in 2012. The loan has an interest rate of three months LIBOR plus a margin of 400 basis points per annum. The facility will be repaid in quarterly installments over a three year period.
Dolphin Geophysical AS has given an unconditional and irrevocable guarantee to the banks for loan facility.
The following main securities have been established for the loan facility:

- First priority mortgage on the seismic equipment onboard Polar Duchess
- First priority assignment of earnings and first priority assignment of receivables from the borrower
- First priority floating charge for all earnings bank accounts for the borrower and guarantor
- First priority floating charge of any inventory ("driftsløsørepant") of the borrower

As a guarantor for the loan facility Dolphin Group ASA has undertaken the following financial covenants for the Group (calculated on the consolidated financial statement for the Group):

- Free cash and cash equivalents of minimum USD 10 million
- Requirement to have an equity ratio of minimum 35%. Multi-client assets on the balance sheet to be excluded from the total asset in the calculation of the equity ratio.
- Working capital excluding current portion of long term debt to be positive at all time.
- Gearing ratio total interest-bearing debt (including leasing) divided by EBITDA to be maximum 3.0 x in Q2 2012, 2.0 x in Q3 2012 – Q2 2013 and 1.5 x from Q3 2013.

Further the Dolphin Group ASA undertakes to not make any dividend payments, repurchase of shares that exceeds NOK 20 million per calendar year or any other capital distributions to its shareholders without prior written consent from the Lenders.
The Company further undertakes to not increase its vessel capacity without the prior written consent from the Lenders. However, the Lenders have already given their consent to the existing vessel commitments including the delivery of "Super Duke" in 2015.

Dolphin Group ASA also successfully completed the issuance of NOK 400 million in the Norwegian bond market, with maturity in November 2016. The company has swapped the bond into USD obligations of total USD 70.5 million at a fixed interest rate of 8,86%. The bond issue was oversubscribed. As previously announced, the purpose of the contemplated bond issuance is to finance Multi-Client investments, seismic equipment and to further finance the Group's growth. See further specification in note 16.
Dolphin Group ASA financial covenants require at all times during the term of the Bond Issue, maintain (on a consolidated basis for the Group);
Liquidity of minimum USD 10 million. Equity Ratio of minimum 35%, and an Interst Coverage Ratio of no less than 2.5:1

All the financial covenants are met as of year-end 2012.

Parent company
Guarantees:
As a part of financing and funding the operations of its subsidiaries, Dolphin Group ASA has given guarantees to counterparties or financial institutions. As of 31 December 2012 Dolphin Group ASA has given the following guarantees:

- Unconditionally and irrevocably guarantees for Dolphin Geophysical AS' (as charterers) full and timely performance of each and every obligation under time-charter that Dolphin Geophysical AS has entered for the seismic vessels Polar Duke and Polar Duchess.
- Unconditionally and irrevocably guarantees for a leasing commitment that Dolphin Assets I AS has entered. The guarantee is limited to NOK 84 million.
- Unconditionally and irrevocably counter guarantees for performance and bid guarantees issued by financial institutions for a total amount of about USD 2.0 million in 2012 and USD 0.9 million in 2011.

Pledges:
As a part of financing and funding the operations of its subsidiaries, Dolphin Group ASA has pledged some bank deposits to financial institutions as a security for performance and bid guarantees issued by the financial institutions. As of 31 December 2012 a total of USD 0.1 million in bank deposits were pledged in this respect, same as in 2011. In addition cash and cash equivalents and tangible assets are pleged ut to USD 36 million.

Covenants:
In connection with Dolphin Group ASA's unconditionally and irrevocably guarantee for Dolphin Geophysical AS' (as charterers) full and timely performance of under the time-charter for the vessel Polar Duchess, the company has undertaken certain financial covenants (calculated on consolidated financial statements). The detailed covenants undertaken are outlined under the covenant section description for the Group accounts above.
The Group has entered into a loan facility with DNB Bank ASA and Sparebank 1 SR-Bank ASA. These guarantees, pledged assets and financial covenants are outlined above under the consolidation amount.
Dolphin Group ASA successfully completed the issuance of NOK 400 million in the Norwegian bond market, see covenants section above. The financial covenants is maintain on a consolidated basis for the Group.

All the financial covenants are met as of year-end 2012.

NOTE 26: LEASES

The Group as a lessee – financial leases

The Group has four financial leases, where two are subject to floating interest rate, whilst the other two have fixed rates.

There is no adjustments to the rates in the leasing periods. For one of the leases, there is an option to extend the leasing period at reduced rate.

The assets under financial leases are as follows:

In thousands of USD	2012 Seismic Equipment	2011 Seismic Equipment
Seismic equipment and vessel	73 251	85 498
Accumulated depreciation	19 584	8 671
Net carrying amount	**53 667**	**76 827**
Current portion of long-term debt	10 677	11 036
Non-current lease liabilities	21 669	31 340

Overview of future minimum lease payments:

In thousands of USD	2012 Seismic Equipment	2011 Seismic Equipment
Next 1 year	12 027	12 949
1 to 5 years	23 478	34 642
After 5 years	-	-
Future minimum lease payments	**35 505**	**47 591**
Effective interest rate	5,1%	5,4%
Interest	4,9%	5,0%

Present value of future minimum lease payments:

In thousands of USD	2012 Seismic Equipment	2011 Seismic Equipment
Of which:		
- current liabilities	10 677	11 036
- long-term liabilities	21 669	31 340
Present value of future minimum	**32 346**	**42 376**

The Group as a lessee – operating leases

In thousands of USD	2012	2011
Timecharter agreements	374 181	203 299
Office rents + other lease facilities	5 967	2 878
Total	**380 148**	**206 177**

As of 31 Dec.2012 the Group operates four vessels under time charter agreements. These are the Artemis Atlantic, the Artemis Arctic, the Polar Duke and the Polar Duchess.
Sanco Swift is included with five year time charter from 1 June 2013 and Sanco Sword is included with five year time charter from 1 April 2014.
In addition "Geo Atlantic" is included with three and a half year from 15 November 2013 and the newbuild "Super Duke" is included with five years from 15 March 2015.

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

In thousands of USD	2012	2011
Within 1 year	42 989	32 596
1 to 5 years	278 147	153 813
After 5 years	59 012	19 768
Total	**380 148**	**206 177**

The Parent as a lessee – operating leases

In thousands of USD	2012	2011
Timecharter agreements	-	-
Office rents + other lease facilities	706	1 108
Total	**706**	**1 108**

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

In thousands of USD	2012	2011
Within 1 year	217	256
1 to 5 years	489	852
After 5 years	-	-
Total	**706**	**1 108**

NOTE 27: PENSIONS

Some of the companies in the Group are obliged by Norwegian pension legislation, to have a pension plan. The companies in the Group have a defined contribution plan which is in compliance with legislation.

As of 31 Dec. 2012 there were 228 members in the scheme compared to 183 members in 2011. The pension scheme is administered by an insurance company.

The contribution expenses for the consolidated accounts in 2012 was USD 2 113 thousands and USD 478 thousands in 2011.

The contribution expenses for the Parent company in 2012 was USD 36 thousands and USD 10 thousands in 2011.

NOTE 28: CONTINGENT LIABILITIES AND ASSETS

In 2012 the Group has made provision for contingent liabilities as of 31 December 2012 of USD 2.25 million. This is related to the aquring of the company Open Geophysical Inc in US, done in April 2012. The amount is related to certain performance criteria to be meet during the next three years. The management of Dolphin finds it more than likely the it will be achived.

There are no contingent assets.

NOTE 29: OVERVIEW OF INVESTMENTS IN GROUP COMPANIES AND OTHER COMPANIES

The Dolphin Group consists of:

Company	Country	Main business	Ownership	Voting power
Dolphin Geophysical AS	Norway	Geophysical services	100%	100%
Dolphin Geophysial PTE Ltd	Singapore	Geophysical services	100%	100%
Dolphin Geophysial Inc	USA	Geophysical services	100%	100%
Dolphin Geophysial Ltd	United Kindom	Geophysical services	100%	100%
Dolphin Asset 1 AS	Norway	Geophysical services	100%	100%
Dolphin Geophysical Do Brazil Ltda	Brazil	Geophysical services	100%	100%
Open Geophysical Inc	USA	Geophysical services	100%	100%
Dolphin Interconnect Solutions AS	Norway	Product development and sales IT	100%	100%
Dolphin Interconnect Solutions NA Inc	USA	Product development and sales IT	100%	100%

Parent company

					In thousands of USD		
Company	Country	Main business	Ownership	Voting power	Cost price	Equity	Net profit 2012
Dolphin Geophysical AS	Norway	Geophysical services	100%	100%	95 702	100 102	21 726
Dolphin Interconnect Solutions AS	Norway	Product development and sales IT	100%	100%	2 845	1 057	-1 086

NOTE 30: ENVIRONMENTAL CONDITIONS

The Group interacts with the external environment through the collection of seismic data and operation of vessels. The Group 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 Group's policy to comply with national and international regulations.

NOTE 31: TRANSACTIONS WITH RELATED PARTIES

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 cost + 5% margin 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 or transfer pricing agreement 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.
Further, the Parent company provides accounting, salary, IT-support and other management services to the subsidiaries for cost + 5% margin each month.

If required, Dolphin Geophysical AS will provide subsidiaries with funding through internal loans and re-payment will be made according to transfer pricing 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 organised and provided by the Dolphin UK and US subsidiaries based on cost + % margin each month.

Agreement with Ramoo Investment Partners
In connection with Dolphin Group ASA equity offerings and the need for immediate offering of tradable shares to new investors, The company entered into a share lender agreement with Ramoo Investment partners in October 2011. The lending was compensated with a fee of 0,2% of the gross market value of the borrowed shares. In March 2012 a total of 49 300 000 shares were loaned to Dolphin Group ASA. The agreement has been used in both 2012 and in 2011.

Agreement with Three M AS
Dolphin Group ASA entered into a per share lending agreement with Three M AS on 6 March 2012. A total of 732 280 shares were loaned to Dolphin Group ASA.

NOTE 32: POST BALANCE SHEET EVENTS

New leasing agreement
In February 2012 the Group also entered into new charter agreements with GC Rieber Shipping for delivery of two high-end 3D seismic vessel. At the same time, the Group announces that it intends to redeliver Artemis Arctic following the expiration of the fixed contract term. Combined with the recent redelivery of Polar Explorer, this confirms the Group's strategy to operate a fleet of high-end modern 3D vessels.
The first vessel, Geo Atlantic, is an existing 3D seismic vessel built in 2002 which will be upgraded by the owner to a 14 streamer seismic vessel at a yard in Singapore. The vessel is expected to be delivered to the Group in the 4th Quarter 2013. The agreement has a fixed contract term of three years and 6 months, with additional options for 2+2 years extensions. The second vessel, newbuild, is a top-end 22-streamer 3D seismic newbuild vessel with highest ice-class, to be constructed at Kleven yard in Norway and expected delivery to the Group in March 2015. The vessel is based on an upgraded version of the proven design used for Polar Duke and Polar Duchess. The agreement has a fixed contract term of five years, with additional options for 2x3 years extensions.

Extension of leasing agreement
As part of the two new charter agreements, the Group has extended the firm contract term for Polar Duchess with 2 years to give a total initial firm period of 5 years.

Private placement
Dolphin Group ASA has successfully completed a Private Placement of approximately USD 41 million (NOK 226 million) in February 2013 to support Dolphins chartered vessel capacity growth. The issue was significantly oversubscribed. The subscription price was set to NOK 7.40 per share following a book-building process. The shares will be issued according to the existing authorisation to issue new shares.

RESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTORS AND CEO

The Board of Directors and the CEO have today discussed and approved the annual report and financial statements for the Dolphin Group ASA (the Parent company) and the Group, the consolidated accounts, for both the calendar year 2012 and at the end of 31 December 2012. The consolidated financial statements have been prepared in accordance with the EU-approved IFRS standards and interpretations, together with the additional disclosure requirements in the Norwegian Accounting Act to be applied per 31 December 2012. The financial statements for the parent company are prepared in accordance with EU-approved IFRS standards and the provisions on simplified IFRS in the financial statements contained in the Norwegian Accounting Act § 3-9, 5 paragraph.

The annual report for the Group and the parent company is in compliance with the Accounting Act.

To the best of our knowledge;

- 2012 financial statements for the Group and the parent company are prepared in accordance with applicable accounting standards

- providing information in the financial statements gives a true and fair view of the Group and the parent company's assets, liabilities, financial position and results of operations as of 31 December 2012

- the board of directors report provides the Group and the parent company a fair review of
  - development, performance and position of the Group and the parent company
  - the most important risks and uncertainties the Group and the parent company faces

Oslo, 26 April 2013

Board of Directors
Dolphin Group ASA

Tim Wells (Chairman)

Terje Rogne (Deputy Chairman)

John Rae Pickard (Board member)

Eva Kristensen

Eva Kristensen (Board member)

Toril Nag (Board member)

Olav Vinsand (Board member – employee rep.)

BDO

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

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

To the Annual Shareholders' Meeting of Dolphin Group ASA

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Dolphin Group ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company and the financial statements of the group comprise the balance sheet as at 31 December 2012, income statement, statement of comprehensive income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Chief Executive Officer's Responsibility for the Financial Statements

The Board of Directors and the Chief Executive Officer are responsible for the preparation and fair presentation of the parent company's financial statements in accordance with simplified International Financial Reporting Standards pursuant to § 3-9 of the Norwegian Accounting Act and for the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the Board of Directors and the Chief Executive Officer 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.

BDO

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of the parent company and the group Dolphin Group ASA as at 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with simplified IFRS pursuant to § 3-9 of the Norwegian Accounting Act.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and statement of corporate governance principles and practices

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report and statement of corporate governance principles and practices concerning the financial statements and the going concern assumption, and the proposal for 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, 26 April 2013
BDO AS

Børre Skisland

Børre Skisland
State Authorised Public Accountant (Norway)

DOLPHIN SHARES AND SHAREHOLDERS

Dolphin Group ASA's shares are listed on the Oslo Stock Exchange and traded on the OB Match market under the ticker "DOLP".

SHARE FACTS

As at 31 December 2012 Dolphin had 305 350 325 shares outstanding, the figure as at 1 January 2012 was 250 018 161 shares.

Between 1 January 2013 and 2013 (the date of this report) a further 32 549 494 shares have been issued – 30 535 000 pursuant to a private placement completed on 14 February 2013 and 2 014 494 pursuant to the exercise of options by employees in March 2013. As a result 337 899 819 shares are outstanding as at 19 April 2013.

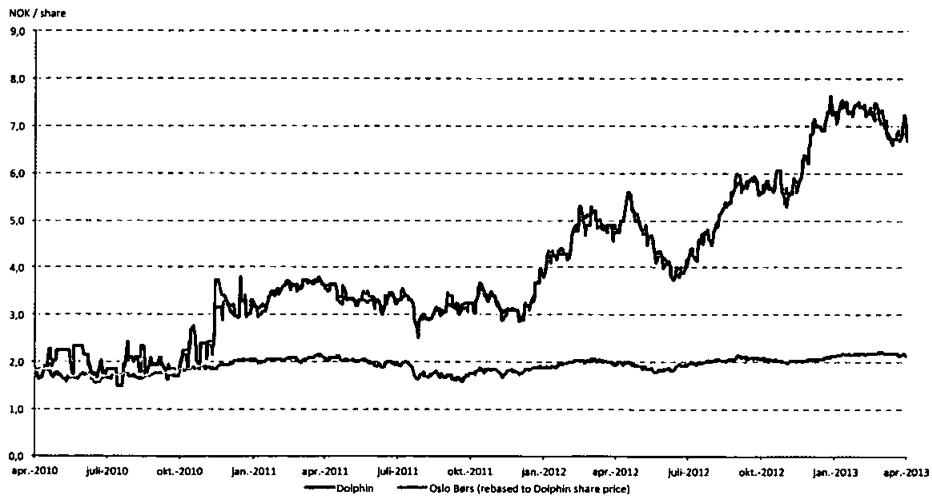
All Dolphin Group ASA shares are of the same class with equal voting and dividend rights. Each share has a par value of NOK 2.00.

TRADING AND LIQUIDITY

Since its listing on 20 April 2006, the parent company' s shares have been publicly traded on the Oslo Stock Exchange under the ticker "DOLP". There is no other public trading market for the shares outside of Norway.

The closing price for the Dolphin share on the first day of trading in 2012 was NOK 3.16 and on the last day of trading NOK 6.81. The closing price on 15 April 2013 was NOK 6.70.

The following graph shows the development in the Dolphin's share price during the last three years:



Date	Type of change	Change in share capital (NOK)	Nominal value per share (NOK)	Total share capital (NOK)	Total number of shares	Subscription price per share
15 Mar. 2012	Issues of shares- Private placement	100 000 000	2.00	600 036 323	300 018 161	4.60
22 Mar. 2012	Issues of shares- Employee options exercise	2 655 662	2.00	602 691 985	301 345 992	2.50
26 Apr. 2012	Issues of shares – Private placement subsequent offering	6 400 000	2.00	609 091 985	304 545 992	4.60
05 Jun. 2012	Issues of shares – Employee options exercise	400 000	2.00	609 491 985	304 745 992	3.00
04 Sept. 2012	Issues of shares – Employee options exercise	654 666	2.00	610 146 651	305 073 325	3.00
27 Nov. 2012	Issues of shares – Employee options exercise	554 000	2.00	610 700 651	305 350 325	3.00

TREASURY SHARES

Dolphin is authorised to purchase up to nominal value of up to NOK 60 000 000, of its own shares, subject to a maximum of 10% of outstanding share capital. The authorisation was given at the company's Annual General Meeting in 2012 and remains valid until the Annual General Meeting in 2013. The company did not purchase any of its own shares in 2012 and no purchases have been made up to 26 April 2013.

OPTIONS

As at 31 December 2012 a total of 24 million options issued to employees entitling them to subscribe for a total of 24 million shares in Dolphin were outstanding of which 2.7 million had vested. The total is equivalent to 7,9% of the company's share capital as at 31 December 2012.

WARRANTS

The company has issued 7 990 000 warrants to companies representing six senior employees of the company who initiated its seismic business. These warrants give the holder the right to subscribe for 1 share in the company at a price of NOK 2.50. The last date for exercise of the warrants is 20 December 2015 and there are certain restrictions on exercise relative to the weighted average price of the company's shares in the preceding period.

DIVIDENDS

The parent company's primary long-term objective is to provide the shareholders with a return on their investment that is at least equal to alternative investments with a comparable risk profile. It is the Board's aim that the shares of the parent company shall appear as a liquid and attractive investment opportunity.

As the parent company has a growth strategy, it has been determined that any profits for the next two years will be used for reinvestment.

INFORMATION

All company information considered material to shareholders is published via the Oslo Stock Exchange news service and is available on the company's website. As well as the quarterly and annual financial reports Dolphin also provides interim information of significance through press releases. Further information on the Multi-Client seismic library is available on the website through a separate newsletter. In addition the financial reporting calendar is published on the website.

Members of the senior management of Dolphin are available for meetings with investors during the year with the exception of the closed periods immediately prior to the announcement of quarterly and annual results. Members of management also participate in roadshows and investor conferences.

For more information contact:
Erik Hokholt, CFO;
erik.hokholt@dolphingeo.com
or
Nina Midtlie, Group Financial Director;
nina.midtlie@dolphingeo.com

SHARE PRICE DRIVERS

Dolphin's mission is "to create value in a growing market" and the company can be regarded as a pure-play exposure to the offshore seismic exploration market.

The main factor influencing this market is the exploration expenditure of oil companies, which to a large degree is determined by the oil price. The oil companies' average budgeting of oil price is USD 100. The company views this as an indicator of strong demand for seismic exploration services. Within these parameters the company seeks to combine best-in-class operational efficiency with technological excellence in order to generate its target return on capital. In addition the company is positioned to expand its Multi-Client seismic data library, which is an arrangement for the provision of data increasingly favoured by oil companies.

ANNUAL GENERAL MEETING

The company's 2013 Annual General Meeting will be held in Oslo on 31 May 2013 and all shareholders are invited to attend. Shareholders wishing to attend should give notice to the company no later than 30 May 2013. The notice convening the meeting will be sent to shareholders' registered addresses and published on the company's website at least 14 days before the date of the meeting together with relevant documents. To vote at the Annual General Meeting shareholders must be registered as a holder of title to the shares to be voted no later than 30 May 2013.

SHAREHOLDERS

As at 31 December 2012 Dolphin had 2001 shareholders. As at 15 April 2013 the number of shareholders had increased to 2 547.

THE 20 LARGEST SHAREHOLDERS AS AT 15 APRIL 2013 WERE AS FOLLOWS:

Shareholder	Shares	Holding
1 Ramoo Investment Partners	40 693 818	12,0%
2 Varma Mutual Pension Insurance	26 779 990	7,9%
3 Everest Capital	26 682 704	7,9%
4 MP Pensjon PK	7 907 667	2,3%
5 Verdipapirfondet DNB SMB	5 966 816	1,8%
6 Pictet & Cie (Europe) S.A- Nominee	5 673 000	1,7%
7 Delphi Norge	5 550 000	1,6%
8 Verdipapirfondet Delphi Norden	5 524 017	1,6%
9 Skandinaviska Enskilda Banken - Nominee	5 295 172	1,6%
10 Skandinaviska Enskilda Banken S.A.- Nominee	4 825 225	1,4%
11 Skandinaviska Enskilda Banken- Nominee	4 796 500	1,4%
12 VPF Nordea Kapital	4 668 571	1,4%
13 Staff- Gruppen	4 500 000	1,3%
14 Verdipapirfondet Alfred Berg Gamba	4 354 545	1,3%
15 State Street Bank and Trust Co- Nominee	4 271 052	1,3%
16 Polar Ship Invest IV AS	4 172 853	1,2%
17 Storebrand Vekst	4 019 310	1,2%
18 Clearstream Banking S.A - Nominee	3 740 704	1,1%
19 Three M AS	3 509 460	1,0%
20 NHO- P665AK	3 495 000	1,0%
Total 20 largest shareholders	**176 426 404**	**52,2%**
Other shareholders	161 473 415	47,8%
Total outstanding shares	**337 899 819**	**100,0%**

ANALYST COVERAGE

As of April 2013 there were 13 sales side analysts covering Dolphin on a regular basis. They are follows:

Analyst	Name
ABG Sundal Collier	John Olaisen
Arctic Securities	Christian Yggeseth
Carnegie	Ole Martin Westgaard
Danske Bank Markets	Jo Henrik Eriksen
DNB Markets	Mats Olimb
Fearnley Fonds	Morten Nystroem
Handelsbanken	Knut Erik Loevstad
Nordea Markets	Joergen Andreas Lande
Pareto Securities	Kristian Diesen
RS Platou	Thomas Oerner
SEB Enskilda	Terje Fatnes
SpareBank 1 Markets	Christopher Moellerloekken
Swedbank	Eivind Toennesen

ANALYSTS REPORT

CHRISTIAN YGGESETH – ARCTIC SECURITIES

"In 2012 the market turned after several weak years where supply outstripped demand. This was partly due to the Gulf of Mexico returning to its normal level of demand for the first time since the Deepwater Horizon incident in 2010. As well as solid demand in the North Sea market, there was also a lot of frontier exploration in areas such as Greenland, East Africa – where several good-sized gas discoveries in recent years have attracted a lot of attention – Australia and New Zealand.
"In addition, limited supply – due to very few orders being made during 2009 and 2010 – finally created a more balanced market and pushed day rates up," he states and adds that the second half of the year was particularly strong.

"Third quarter was the first really good quarter in 2012 and day rates continued at these levels through fourth quarter. This overall picture of greater demand than supply has continued into 2013, and we expect to see day rates rise by between 10% and 20% this year," says Yggeseth.

Driving this demand is oil companies' increased focus on exploration he explains.

"E&P spending is set to increase this year and a higher proportion seems to be allocated to exploration than ever before. In particular, there are indications that national oil companies are ramping up their exploration spending. Although we have less visibility on the national companies, they account for an increasingly large part of the overall spending, so it is important to take them into account when assessing the market," he says.

On the supply side, Yggeseth predicts that unless newbuilding announcements are made soon, the outlook is for a tight market into 2015. In addition, he states that supply may become more stable, with the boom and bust cycles becoming less pronounced in the future.

"The barriers to entry into the seismic market have become higher. It's very difficult to get funding due to a lack of willingness from the banks and investors. Seismic technology has also taken a big leap forward recently and that makes it difficult for new companies to compete with the existing ones. On top of this, there has recently been consolidation in the segment and there is room for more. All of this points to a market with more structured supply additions, so I doubt we will see the high peaks and low troughs of the past," he explains. "As such, we believe the sector deserves a higher valuation."

One of the technology advances Yggeseth refers to is broadband solutions, which provide much clearer information in complex geological environments such as pre-salt.

"Broadband technology contributes greatly to demand. This is because it enables much better seismic assessments than have been made in the past, which means areas that have already been surveyed are being redone," he says and adds that, while there are many different versions of the technology on the market, the oil companies, in a bid to commoditise the seismic market, will eventually name a preferred solution.

"E&P spending is set to increase this year and a higher proportion seems to be allocated to exploration than ever before,"

Christian Yggeseth, Research, Arctic Securities

Looking ahead, Yggeseth points to the increasingly global nature of oil and gas exploration, with more non-traditional areas contributing to demand.

"The Mediterranean is an area that could surprise on the upside in 2013. Lebanon and Greece are set to hold their first licencing rounds this year and there is also more exploration focus on the coastlines of Spain and Italy. Brazil and India, which have both been quiet for the last few years, should require more capacity through this year and into 2014. Also surprising is the many gas discoveries that continue to be made in Asia, for example in Myanmar, which present good commercial opportunities for the oil companies due to the high price of natural gas in that region," he says.

MORTEN NYSTRØM – FEARNLEY SECURITIES

"2012 was a year of two halves. The first signs of a recovery came in late 2011 and early 2012, but it took the seismic companies six months to work through their low-margin backlogs before they started working on contracts at the new, higher rates. That resulted in a surge in day rates and hence earnings in the second half of the year," says Morten Nystrøm, equity research, Fearnley Securities.

He points out that it was a combination of limited supply additions and increased exploration spending that drove rates higher.

"E&P spending was strong in 2012, partly due to exploration interest in new countries. Prospects in Angola, for example, led to four high-end vessels operating there, which is 7% of total supply," says Nystrøm and goes onto explain that discoveries are an important driver of seismic activity.

"People tend to focus solely on the oil price when discussing the seismic industry. Obviously that is a major factor, but discoveries are also crucial. This is because if a discovery is made, it attracts more vessels and more exploration in that region.

"Look at Skrugard and Havis, for example. Before there were only one or two vessels in the Barents Sea, but after making those major discoveries, suddenly five vessels were operating in the area. There were several more such examples around the world in 2011 which provided momentum for more exploration spending and we're still seeing the effects of now," he states, but adds that further exploration success is needed to maintain those gains.

Nystrøm says the shift in market conditions in 2012 is an example of how the market can change quickly.

"The oil companies act together; if one company ups its exploration spending, so does the whole industry. With just 63 vessels in the global seismic fleet, you only need each E&P company to hire one more vessel and that has a huge effect on the seismic market," he explains.

"That is why we have seen day rates rise 20% in the last year and there is probably room for a further 10% gain this year," he says.

Asked which regions will attract seismic interest over the next year, Nystrøm replies there is strong demand across the globe.

"The whole Atlantic margin will continue to be a very important market. In Africa, there is extremely high activity all the way from Morocco to Tanzania. Parts of South America have emerged in 2013 to absorb a lot of capacity, particularly Uruguay and the Falkland Islands. The announcement of new lease sales in Brazil is a big boost for the industry and should trigger demand for up to 36 months. If we see a return to 2008 levels of activity there, it is conceivable that rates could rise 20% to 25%.

Despite an upturn in the seismic market during 2012, it is still not near the highs seen in 2007 and early 08. However, this is not such a bad thing, according to Nystrøm.

"I think the market is healthier now than it was then. There is less risk of significant new capacity coming into the market. Back in 2007, it was easy to get financing, now it isn't and that is a good thing for the established players," he comments.

"The oil price is crucial for activity, but discoveries are also extremely important,"

Morten Nystrøm, equity research, Fearnley Securities

"In 2012 we saw demand for surveys in regions that have little or no history of seismic activity,"

Terje Fatnes, Research, SEB Enskilda

TERJE FATNES
- SEB ENSKILDA

"2012 was a very positive year for the seismic market. It was characterised by solid growth in demand and limited supply and this led to better utilisation rates and higher day rates. At the start of the year there were signs that things would pick up and those indications soon materialised in contracts. We saw a sharp rise in day rates in February and early March for the upcoming North Sea summer season. This unexpectedly brought several more vessels to the area and by late summer the extra capacity resulted in a slight market correction.

"The most notable development in 2012 was the early signing of good contracts for the 2012/2013 winter, at rates similar to those achieved in summer, which went against the tendency for rates to decline in winter. This was in stark contrast to fourth quarter in 2011, when 10 to 15 vessels moved out of the North Sea and other areas, without having secured contracts for the winter. The contracts that were signed were at rates around USD 200 000 pr day to USD 225 000 pr day, whereas contracts for the 2012/2013 winter were signed at around USD 250 000 pr day to USD 280 000 pr day," he says.

According to Fatnes, a surge in survey demand in new regions drove competition for vessels.

"In 2012 we saw demand for surveys in regions that have little or no history of seismic activity. Uruguay is a great example of a country that wasn't even on the radar until 2012. There were big, new surveys in South Africa, the Falkland Islands and East Africa, including large surveys in non-traditional areas such as Seychelles. India also returned to the market in 2012 and there was plenty of activity in South East Asia, notably in Myanmar, Vietnam and Indonesia," he says.

Fatnes says that while new frontier regions are experiencing increased demand, three of the more traditional regions – the Gulf of Mexico, Brazil and North Africa – are lagging behind.

"Demand in the Gulf of Mexico is much lower than we've seen historically. The Gulf is primarily a Multi-Client market and there have been better opportunities for Multi-Client surveys elsewhere. Post Macondo, we have seen fewer companies participating in lease sales. That is partly driven by oil companies who built up a backlog after a two-year standstill after the Deepwater Horizon incident, and so are focusing more on their drilling commitments than new exploration. Demand will probably swing back in a couple of years once they have worked through this backlog. But as yet there are no signs of a recovery," he explains.

While Brazil has been quiet in recent times, Fatnes points out that the country's first lease sale since 2006 (scheduled for May this year), as well as a probable Autumn lease sale on pre-salt, could trigger a rebound. In addition, surveys have ceased in Egypt and Libya, where there are typically two to four vessels operating, due to ongoing political instability.

Fatnes expects the seismic market to build on 2012 with another strong year in 2013.

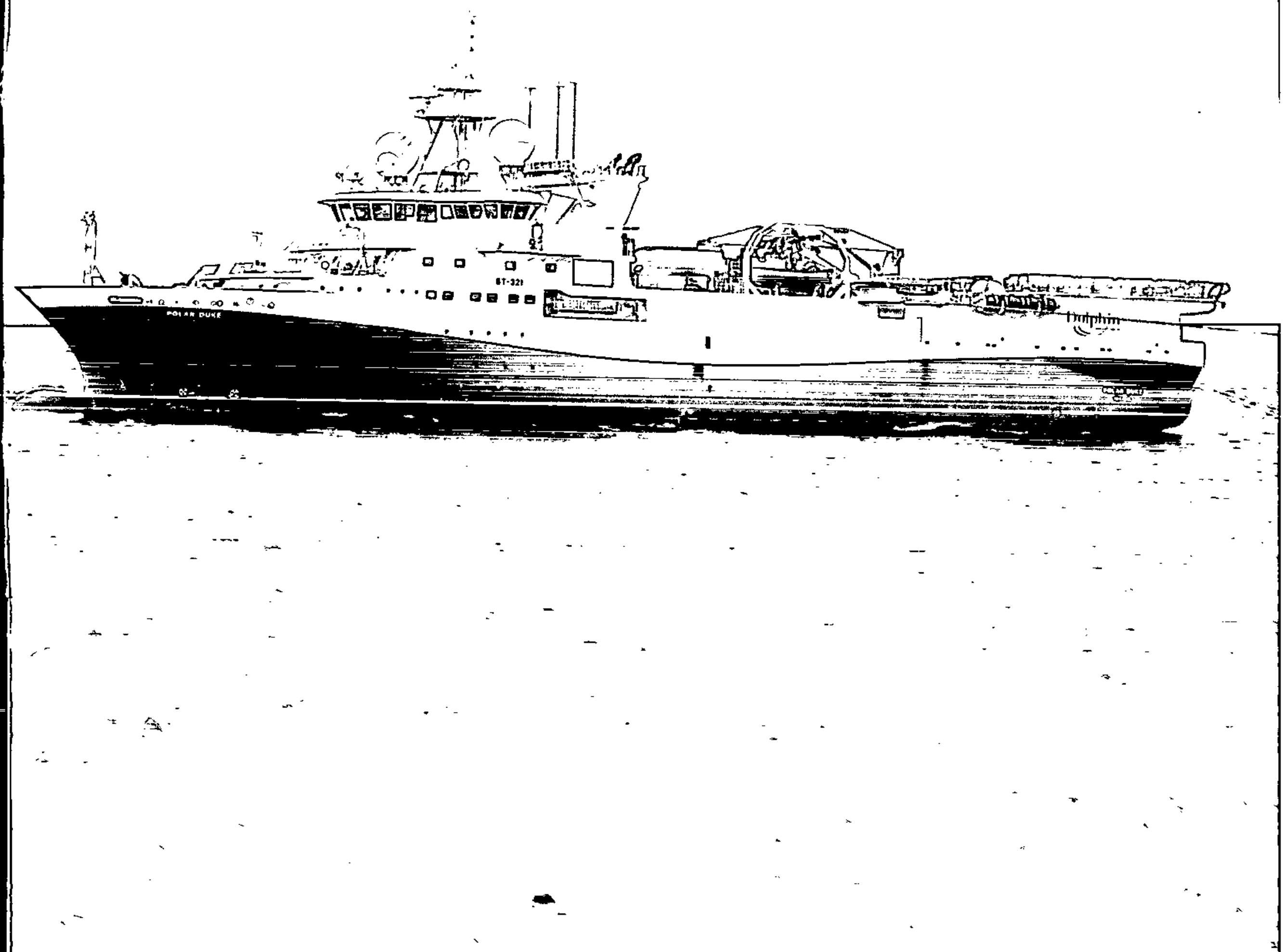
"Demand growth is expected to continue this year and supply will stay flat with only two vessels being added to the international fleet, one of which is a Dolphin vessel. We believe there will be steady growth in demand in most established regions as well as activity in new ones. Demand in the North Sea, particularly in the Barents Sea, is strong and that is reflected in the prices of the initial contracts. It has been quiet during the first weeks of this year, after a rush of announcements around Christmas time, but I'm sure companies are busy tendering and negotiating new contracts," he says.

Although it is not clear at this stage, Fatnes also predicts a strong seismic market into 2014.

"Although it is too early to say, the outlook for 2014 is good, but with two main assumptions: that there will be continued growth in demand of around 10% and that the big operators stick to their stated plans to scrap their old vessels when the new ones are delivered. With upgrades to existing vessels, there will be a capacity increase of around 7%, so if those old vessels are not retired, that could put strain on the supply side," says Fatnes.

He adds that continued demand is dependent on the price of oil.

"Obviously, a strong seismic market is underpinned by an oil price of above USD 100 a barrel. Below that, there would still be good activity, but probably not enough to absorb any new capacity beyond the current order book of newbuilds."



Polar Duke in operation

Oslo Office
Dolphin Group ASA
Innspurten 15
Helsfyr Atrium
0663 Oslo Norway
Tel +47 23 16 70 00
Fax +47 23 16 71 80
Email: Info@dolphingeo.com

Dolphin Interconnect Solutions AS
Innspurten 15
Helsfyr Atrium
0663 Oslo Norway
Tel +47 23 16 70 00
Fax +47 23 16 71 80
Email: Info@Dolphinics.no
www.dolphinics.com

Bergen Office
Dolphin Geophysical AS
Damsgaardsveien 131
5160 Laksevaag, Norway
Tel: +47 55 38 75 00
Fax: +47 55 38 75 01
Email: Info@dolphingeo.com

London Office
Dolphin Geophysical LTD
Heathervale House
Vale Avenue
Tunbridge Wells, Kent
TN1 1DJ UK
Tel: +44 (0) 189 2701 000
Fax: +44 (0) 189 257 9965
Email: Info@dolphingeo.com

Singapore Office
Dolphin Geophysical PTE LTD
9 Battery Road
12 F St Raits Traiding Building
Singapore 049910
Tel: +65 65 97 09 08
Email: Info@dolphingeo.com

Brazil Office
Dolphin Geofisica Do Brazil LTDA
Av. Nilo Pecanha 50 / Suite 1809
Centro, Rio De Janeiro – RJ
ZIP Code: 20.020-100 Brazil
Tel: +55 21 2210-9131
Email: Info@dolphingeo.com

USA Office
Dolphin Geophysical INC
Energy Crossing One
15021 Katy Freeway, Suite 210
Houston, Tx 77094
Tel: +1 281-936-0631
Email: Info@dolphingeo.com

Open Geophysical INC
Energy Crossing One
15021 Katy Freeway, Suite 210
Houston, Tx 77094
Tel: + (713) 224-6225
Email: Info@opengeophysical.com

Dolphin Interconnect Solutions North America INC
Po Box 148 Woodsville
NH 03785 USA
Tel: + (1)60 37 47 41 00
Fax: + (1)60 37 47 41 01
Email: Info@Dolphinics.no

Find us on:
www.facebook.com/Dolphingeo
www.linkedin.com/Company/2010219
www.youtube.com/Dolphingeo

WWW.DOLPHINGEO.COM

Dolphin group