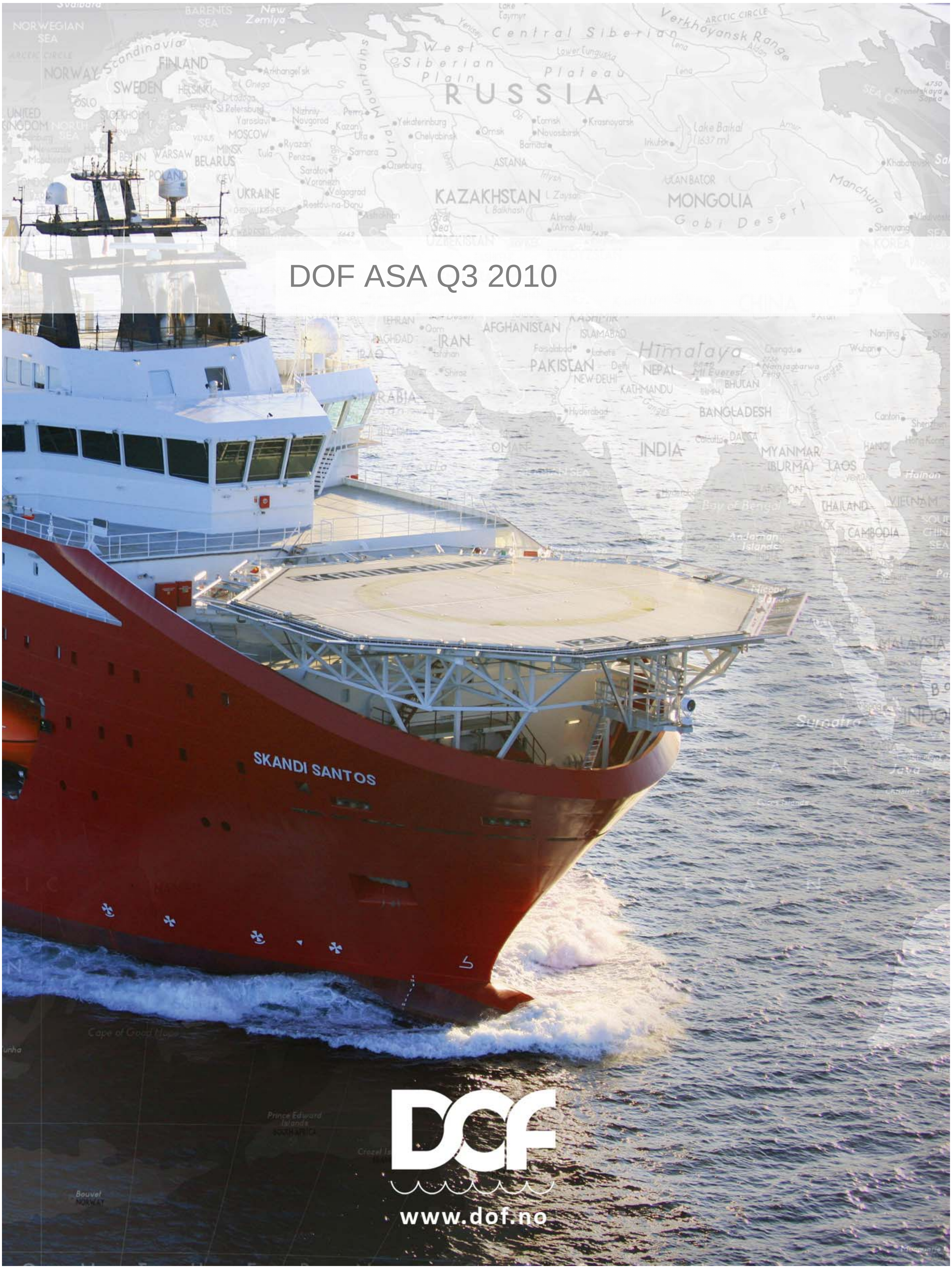
DOF ASA Q3 2010



INTERIM REPORT Q3 2010

Group income for Q3 totalled NOK 1,237 million (NOK 1,120 million), with an operating result before depreciation (EBITDA) of NOK 433 million (NOK 375 million, including a gain on sales of NOK 108 million).

The DOF Group has renewed a number of contracts and signed new long-term contracts, including a 15-year contract for Skandi Patagonia, three 5-year contracts for RSV vessels with Petrobras and four 8-year contracts for AHTS vessels with Petrobras. The total gross value of these new contracts for the quarter is approximately NOK 8.7 billion.

The subsidiary Norskan has contracted three newbuildings from the STX Promar yard in Brazil, scheduled for delivery in 2012 to 2013.

DOF ASA and DOF Subsea AS have issued two new bond loans: a 3-year loan of NOK 950 million and a 3.5-year loan of NOK 750 million. Both loans have been utilised in part to redeem bond loans which is due in 2011.

In July, DOF Installer received delivery of Skandi Skolten which has had operations on the project market after delivery.

In October, DOF Installer carried out a share issue of NOK 200 million. Subsequent to the issue, DOF Subsea owns 78.5% of the company.

In October, DOF ASA made the decision to postpone the stock exchange listing of Norskan in Brazil.

DOF ASA is an international company involved in the ownership and operation of a fleet comprising supply and subsea vessels and engineering companies providing services to the subsea market. The Group has a modern fleet with an average age of 6.2 years, adjusted in terms of market values to an average age of 3.2 years. As of 18 November, the fleet comprises 68 vessels (including newbuildings) and a fleet distribution as follows: 23 AHTS, 20 PSV and 25 CSV. Moreover, the Group owns 40 ROVs and 1 AUV.

The main share of DOF ASA's fleet operates on long-term contracts. As of November, the financial value of these contracts totalled approximately NOK 19 billion, including options with a value of approximately NOK 34 billion. A significant share of the Group's contracts are in Brazil. Contractual coverage in 2011 is 68% with 49% for 2012.

Main items in the interim accounts for Q3

- Operating income amounted to NOK 1,237 million (NOK 1,120 million).
- Operating result before depr. (EBITDA) totalled NOK 433 million (NOK 375 million).
- The operating result (EBIT) was NOK 132 million (NOK 160 million).
- Total financial costs before unrealised gain/loss on foreign exchange was NOK 271 million (NOK 37 million).
- Unrealised gain/loss on foreign exchange totalled NOK 339 million (NOK 496 million).
- The pre-tax result was NOK 200 million (NOK 619 million).
- Net interest-bearing liabilities as of 30 September 2010 were NOK 14,154 million (NOK 10,379 million).
- Prepaid instalments for vessels as of 30 September 2010 were NOK 3,428 million (NOK 4,288 million).
- Book equity including minority interests as of 30 September 2010 was NOK 6,645 million (NOK 6,892 million).

Comments to third quarter operations

Supply fleet utilisation for DOF Supply and Norskan in the quarter was 91%. One PSV, Skandi Falcon, left a contract in India and sailed to the North Sea during the quarter where she is currently operating on the spot market. Skandi Admiral has completed a minor reconstruction process and sailed to Brazil for a 4-year contract which started at the end of September. A classification drydock was carried out for one vessel. The total number of days offhire for the supply fleet in the third quarter was 176.

DOF Subsea had an average degree of utilisation of approx. 85 % for the quarter. This is lower than the degree of utilisation for the second quarter. This reduction was expected due to the seasonal variations in Australia. Geograph has been off-hire for the entire quarter due to its reconstruction to an RSV. Skandi Skolten was delivered in mid July and started her first contract on 9 August. The vessel has been in full operation since delivery date.

Financial result and tax

Norskan's functional currency is the Brazilian Real (BRL). Major fluctuations in the BRL/USD rate have had a significant impact on the accounts, even though Norskan has a limited degree of exposure to foreign exchange as all long-term contracts are hedged in the same currencies as the operating and financial costs.

Balance sheet

The Group's net interest-bearing liabilities, excluding unemployed capital, amount to approximately NOK 10,726 million as of 30 September 2010 (NOK 6,019 million). The increase in net interest-bearing liabilities mainly represents new long-term loans taken out in connection with the delivery of six new vessels and the refinancing of bond loans. As of 30 September 2010, cash reserves totalled NOK 2,143 million, of which approx. NOK 940 million is non-distributable cash in connection with long-term liabilities.

Net cash flow from investment activities at the end of Q3 was negative at NOK -3,764 million (negative at NOK -2,376 million) and net cash flow from financial activities was NOK 2,861 million (NOK 1,198 million).

Financing and capital structure

In July, DOF ASA issued a new 3-year unsecured bond loan of NOK 950 million and redeemed the main share of the bond loan which matures in June 2011. The cash effect of this transaction amounted to approx. NOK 225 million.

In October, DOF Subsea issued a new 3.5-year bond loan of NOK 750 million and redeemed part of the bond loan which matures in March 2011. The cash effect of this transaction amounted to approx. NOK 550 million and will be recorded on the accounts with effect from the fourth quarter.

The remaining commitments for the Group in terms of vessels under construction amount to approx. NOK 8,400 million and cover deliveries in the period from 2010 to 2013. External financing planned for this new building programme totals approx. NOK 7,500 million, of which approx. NOK 5,700 million has been secured long-term financing. Funding has been planned via FMM/BNDES for all vessels to be built in Brazil.

As of September, the Group had a short-term portion of long-term liabilities totalling NOK 3,366 million, of which approx. NOK 2,350 million relates to loans with balloon payments due before June 2011. The Group has refinanced approx. NOK 750 million (bond loan in DOF Subsea) and is in the process of refinancing a further NOK 1,500 million, estimated to be in place by the end of 2010.
In November, DOF Installer carried out a share issue of NOK 200 million with the issue of 10,000,000 shares. DOF Subsea owns approx. 78% of the company subsequent to this transaction.

In October, the company made the decision to postpone the stock exchange listing of Norskan in Brazil. DOF expects Norskan to experience a strong growth in both the number of vessels and in earnings. At the time of writing, the DOF Group is building 7 vessels in Brazil. Delivery is expected for 4 of these by the end of 2011. Moreover, the DOF Group has won a number of contracts for vessels with international flags which will start in 2011. The reason for the postponement is therefore that DOF expects to achieve a higher price for Norskan by postponing the stock exchange listing and placing a focus on the 2012 estimates.

Shareholders

There were no significant changes in the company shareholders during the quarter. As of 30 September 2010, the company had 4,209 shareholders. The share price as of 30 September 2010 was NOK 43.40.

The fleet/business activities

In September, Norskan contracted one AHTS vessel (AH 11) from STX in Brazil. This is vessel number three in a series of large AHTS vessels (BHP 21,000). The two former vessels have already been secured two 8-year contracts with Petrobras. Scheduled delivery for the third vessel is in 2013.

The purchaser of building no. 082 from Cochin has decided not to buy this hull and the new building has been incorporated as part of DOF's PSV fleet. Scheduled delivery for the vessel is April 2011.

In July, DOF Installer received delivery of Skandi Skolten which has had operations on the subsea/project market in the North Sea. This vessel is a so-called state of the art Subsea/AHTS vessel, with

BHP of 35,000, a 250-ton crane, traction power of 360 tons, deck area of 1,000 square metres and accommodation capacity for 90 persons.

In September, Skandi Aker was named ship of the year for 2010. This vessel is the first well intervention vessel for DOF Subsea and is the most advanced vessel within her segment. She is engaged on a 5-year contract for Aker Solutions.

Market/new contracts

In July, Norskan won four 8-year contracts for large AHTS vessels for Petrobras in Brazil. Contracts have been signed for 4 new-buildings to serve these contracts, which are due to start after delivery in the period from 2011 to 2013.

In August, DOF signed a LOI for a new 15-year contract with Total in Argentina for the vessel Skandi Patagonia.

In October, DOF Subsea/Norskan won three 5-year contracts for RSV vessels in Brazil, with start-up in 2011 and 2012. Geograph, Geosea and a third vessel have been allocated to these contracts.

DOF Subsea has had a high level of activity in the North Sea during the quarter. The vessels operating on the "project market" in the North Sea are expected to continue to have a high level of utilisation in the fourth quarter.

The level of activity for DOF Subsea in Asia/Australia has seen a significant increase in the last half of the third quarter.

The Group's fleet mainly operates in the North Sea, Brazil and Asia/Australia.

The main share of the supply fleet is engaged on long-term contracts. DOF currently has two vessels on the North Sea spot market. The spot market for supply vessels in the North Sea has been weak during Q3 and this trend continues in Q4. As of October, 96 vessels were operating on the spot market in the North Sea.

Outlook

The company has a high contractual coverage for its supply fleet and has had a limited degree of exposure to the spot market. There is therefore a low level of uncertainty regarding the earnings in Q4 for this segment. Delivery of 2 supply vessels is scheduled for the fourth quarter and both have been secured long-term contracts.

The subsea market in the North Sea has been good during Q3. A fall in the level of activity is expected in the fourth quarter due to normal seasonal fluctuations. However, DOF Subsea has good contractual coverage for its North Sea fleet for the fourth quarter. The level of activity in Asia/Brazil is expected to be high in Q4. Delivery of one subsea/AHTS vessel to DOF Installer is scheduled for the end of the year.

The Board of Directors expects to see higher earnings in the fourth quarter when compared with the third quarter.

The Board of Directors in DOF ASA, 17 November 2010

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

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THE GROUPS SUMMARIZED PROFIT AND LOSS ACCOUNT

(MNOK)	Note	2010 Q3	2009 Q3	2010 YTD	2009 YTD	2009
Operating income		1.237	1.120	3.888	3.166	4.327
Total operating income	2	**1.237**	**1.120**	**3.888**	**3.166**	**4.327**
operating expenses vessels		805	745	2.632	2.228	3.094
Total operating expenses		**805**	**745**	**2.632**	**2.228**	**3.094**
Operating profit before depreciation EBITDA	2	**433**	**375**	**1.256**	**939**	**1.234**
Depreciation		301	215	825	566	837
Write-down		-	-	-	-	179
Operating profit - EBIT		**132**	**160**	**431**	**373**	**218**
Net profit from associated companies		-9	3	-7	176	192
other financial Items		-262	-40	-484	-287	-163
Unralized profit/ loss on currencies		339	496	-1	900	758
Net financial costs		**68**	**459**	**-492**	**789**	**787**
Pre-tax profit		**200**	**619**	**-61**	**1.162**	**1.005**
Taxes	7	26	122	46	272	201
Result		**174**	**497**	**-107**	**890**	**803**
Currency translation differences		-54	-114	-92	57	87
Other income and costs		-0	-11	-1	-4	-16
Other comprehensive income		**-54**	**-125**	**-93**	**53**	**70**
Total comprehensive income		**120**	**372**	**-199**	**943**	**873**
Profit attributable to						
Minority		31	103	-54	264	201
Majority		143	394	-53	626	602
Total comprehensive income attrubutable to						
Minority		-2	103	-77	264	152
Majority		122	269	-123	679	722
Profit per share ex minority interest		1,85	6,24	-0,08	10,84	9,16
Profit per share ex. unrealized gain/loss		-1,81	0,01	-1,16	-0,12	0,52

Key Figures

		2010 Q3	2009 Q3	2010 YTD	2009 YTD	2009
Profit per share ex. minority interest	1)	1,85	6,24	-0,08	10,84	9,16
Profit per share ex. unrealized loss/gain	2)	-1,81	0,01	-1,16	-0,12	0,52
Cashflow per share	3)	1,50	2,61	7,90	6,72	12,10
		-	-	-	-	-
Ebitda margin	4)	35 %	34 %	32 %	30 %	29 %
Ebit margin	5)	11 %	14 %	11 %	12 %	5 %
Return on net capital	6)	3 %	7 %	-2 %	13 %	12 %
Equity ratio	7)	26 %	33 %	26 %	33 %	31 %
Net interest bearing debt		14.154	10.379	14.154	10.379	11.073
Net interest bearing debt ex. unemployed capital		10.726	6.091	10.726	6.091	6.478
No of shares		91.037.975	82.767.975	91.037.975	82.767.975	87.730.811
Face value per share		2	2	2	2	2

1(Result ex minority share)/average no. of shares

2 (Result before taxes +depreciation +unrealized loss on currencies + minority)/average no of shares

3 (Result incl. minority share ex unrealized gain/loss on currencies/average no of shares)

4 (Operating profit before depreciation in percent of operating income)

5 (Operating profit in percent of operating income)

6 (Profit after taxes in percent of booked equity)

7 (Equity/total capital)

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THE GROUPS'S SUMMARIZED BALANCE SHEET

(MNOK)	Note	30.09.2010	30.09.2009	31.12.2009
ASSETS				
Intangible assets		485	663	476
Fixed assets		20.164	16.354	17.263
Financial assets		255	40	89
Total non current assets		20.904	17.058	17.827
Receivables		2.175	1.649	1.744
Cash and cash equivalents	4	2.143	2.195	2.214
Total current assets		4.317	3.845	3.957
Total Assets		**25.221**	**20.902**	**21.785**
EQUITY AND LIABILITIES				
Subscribed equity		860	860	860
Retained earnings		3.048	3.128	3.171
Minority interest		2.736	2.903	2.777
Total Equity		6.645	6.892	6.809
Provisions for commitment		513	477	603
Other long-term liabilities		13.149	11.153	11.371
Total long-term liabilities		13.662	11.630	11.973
Debt to credit institutions	6	3.366	1.551	2.128
Other short term liabilities		1.549	830	874
Total short term liablilities		4.914	2.381	3.002
Total liability and equity		**25.221**	**20.902**	**21.785**

SUMMARIZED CASH FLOW STATEMENT

(MNOK)	2010 Q3 YTD	2009 Q3 YTD	2009
Cash flow from operation activity	832	542	599
Cash flow from investment activity	-3.764	-2.376	-3.264
Cash from financial activity	2.861	1.198	2.048
Changes in cash over the period	**-71**	**-636**	**-618**
Liquid assets at the beginning of the period	2.214	2.832	2.832
Liquid assets at the end of the period	**2.143**	**2.195**	**2.214**

STATEMENT OF CHANGES IN EQUITY

	Subscribed equity	Currency Differences	Retained equity	Total retained equity	Minority interests	Total equity
Balance 01.01.2009	620	-	2.450	2.450	2.429	5.499
Net earnings in the period	-	-	625	625	265	890
Other comprehensive income	-	53	-	53	-	53
Increase of capital	240					240
Transaction with minority	-	-	-	-	209	209
Balance 30.09.2009	**860**	**53**	**3075**	**3128**	**2903**	**6.892**
Balance 01-01-2010	860	-	3.171	3.171	2.777	6.809
Net earnings in the period	-	-	-138	-138	31	-107
Other comprehensive income	-	-122	-	-122	30	-92
Capital increase	-	-	-	-	-	-
Capital from minority	-	-	-	-	35	35
Balance 30.09.2010	**860**	**-122**	**3.033**	**2.911**	**2.874**	**6.645**

SHARE CAPITAL AND SHAREHOLDERS

Largest shareholders as of 30.09.10

Name	No. shares	Shareholding	Voting shares
MØGSTER OFFSHORE AS	46.210.050	50,76 %	50,76 %
ODIN NORGE	6.138.700	6,74 %	6,74 %
SKAGEN VEKST	4.954.800	5,44 %	5,44 %
PARETO AKSJE NORGE	4.739.407	5,21 %	5,21 %
PARETO AKTIV	2.253.300	2,48 %	2,48 %
MP PENSJON	1.845.600	2,03 %	2,03 %
ODIN OFFSHORE	1.751.900	1,92 %	1,92 %
VESTERFJORD AS	873.650	0,96 %	0,96 %
SKANDINAVISKA ENSKILDA BANKEN	849.439	0,93 %	0,93 %
PARETO VERDI	833.998	0,92 %	0,92 %
DNB NOR SMB	737.084	0,81 %	0,81 %
NORDEA BANK NORGE ASA MARKETS	658.675	0,72 %	0,72 %
MUSTAD INDUSTRIER AS	590.000	0,65 %	0,65 %
HOLBERG NORGE	545.500	0,60 %	0,60 %
MOCO AS	498.100	0,55 %	0,55 %
PACTUM AS	400.000	0,44 %	0,44 %
FORSVARETS PERSONELLSERVICE	356.200	0,39 %	0,39 %
ODIN MARITIM	339.800	0,37 %	0,37 %
POSH AS	282.600	0,31 %	0,31 %
ODIN NORGE II	280.000	0,31 %	0,31 %
Total	**75.138.803**	**82,54 %**	**82,54 %**
Total other shareholders	**15.899.172**	**17,46 %**	**17,46 %**
Total no of shares	**91.037.975**	**100,00 %**	**100,00 %**

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Notes to the Condensed Financial statements

Note 1 General

This interim report has been prepared in accordance with the standard for interim reporting (IAS34). Amendments to the standards and their interpretation may result in amended figures. The accounting principles and calculation methods applied for the last annual accounts published have been applied to this document.
The interim report has not been audited and should be read in the context of the annual report for 2009. The Financial statement are unaudited.

Note 2 Segment information

Operating income and EBITDA per segment

Operating Income	Q3 2010	Q3 2009	2010 YTD	2009 YTD	2009
PSV	170	170	563	509	709
AHTS	190	175	643	504	711
CSV	877	772	2.682	2.125	2.907
Not allocated	-	3	-	28	-
Total	**1.237**	**1.120**	**3.888**	**3.166**	**4.327**

EBITDA	Q3 2010	Q3 2009	2010 YTD	2009 YTD	2009
PSV	68	68	200	199	231
AHTS	86	83	280	247	292
CSV	279	223	776	513	712
Not allocated	-	1	-	-20	-
Total	**433**	**375**	**1.256**	**939**	**1.234**

Note 3 Events after balance sheet date

There have been no significant events after balance sheet date with any effect on the accounts

Note 4 Cash and cash equivalent

	30.09.2010	30.09.2009
Cash and cash equivalent	2.143	2.195
Of which is restricted cash	-940	-1.053
Free cash and cash equivalent	**1.203**	**1.142**

Note 5 Transaction with related parties

There have been no significant transactions with related parties.

Note 6 Short-Term of long-term debt

Short-term of Long-term debt amount to MNOK 3 366 as of 30.09.2010. Of this MNOK 2 350 relates to loans with balloon payments due before June 2011
The Group have refinanced NOK 750 mill and are in process of refinancing NOK 1 500 according to the company's financing plan.

Note 7 Taxes

Taxes pr 30.09.2010 are based on an estimate

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