Prospectus

Dolphin Interconnect Solutions ASA

(A public limited liability company organized under the laws of the Kingdom of Norway)
Registration number 984 861 060.

Listing on Oslo Stock Exchange of 5,829,000 New Shares in Dolphin Interconnect Solutions ASA issued through a Private Placement of Shares completed on 7 May at a subscription price of NOK 2.00 per share

Subsequent Offering and Listing on Oslo Stock Exchange of up to 1,250,000 Offer Shares in Dolphin Interconnect Solutions ASA at a subscription price of NOK 2.00 per Offer Share, with preferred allocation for shareholders as of 7th May 2010 who were not offered to participate in the Private Placement.

Subscription Period in the Subsequent Offering:
23 June 2010 at 9:00 CET to 29 June 2010 at 12:00 CET

June 22, 2010

Important Notice

Please refer to section 13 for definitions, which also apply to the preceding pages.

Important prospectus information:

This Prospectus has been issued by Dolphin Interconnect Solutions ASA ("Dolphin" or "the Company") in connection with (i) the listing on Oslo Stock Exchange of 5,829,000 New Shares in the Private Placement and (ii) a subsequent offering and listing of up to 1,250,000 Offer Shares with preferred allocation for shareholders as of 7th May 2010 who were not offered to participate in the Private Placement.

The Prospectus has been reviewed and approved by the Norwegian Financial Supervisory Authority (Finanstilsynet) in accordance with the Securities Trading Act Section 7-7 and related secondary legislation including the EC Commission Regulation EC/809/2004. The Prospectus has been prepared in the English language only.

All inquiries relating to this Prospectus should be directed to the Company. No other person has been authorized to give any information about, or make any representation on behalf of the Company in connection with the issuance of the New Shares and Offering shares and subsequent Listing and, if given or made, such other information or representation must not be relied upon as having been authorized by the Company.

The information contained herein is as of the date hereof and subject to change, completion or amendment without notice. Neither the delivery of this Prospectus nor the Rights Offering or the listing of the New Shares and Offering Shares at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date. Any new material information and any material inaccuracy that might have an effect on the assessment of the Offering rights after the publication of this Prospectus and before the listing of the New Shares and Offering shares on Oslo Børs will be published and announced promptly as a supplement to this Prospectus in accordance with the Securities Trading Act Section 7-15.

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each reader of the Prospectus should consult with its own legal, business or tax advisor as to legal, business or tax advice.

Investing in the Company's Shares involves certain risks. Potential investors should carefully consider the risk factors in chapter 2 ("Risk Factors") of this Prospectus in addition to the other information contained herein before making an investment decision. An investment in the Company is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment.

Unless otherwise indicated the source of information included in this Prospectus is the Company.

Any dispute that might arise regarding this Prospectus and/or the Listing of the New Shares and /or Listing of the Offering Shares is subject to Norwegian law and the exclusive jurisdictions of the Norwegian courts with Oslo City Court as legal venue.

Notice regarding forward-looking statements:

Certain statements included in the Prospectus may constitute forward-looking statements that involve a number of risks and uncertainties. Certain of such forward-looking statements can be identified by the use of forward looking terminology such as ''believes'', ''expects'', ''may'', ''are expected to'', ''will'',

''will continue'', ''should'', ''would be'', ''seeks'' or ''anticipates'' or similar expressions or the negative thereof or comparable terminology, or by discussions of strategy, plans or intentions. Such forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise. The Company can give no assurance that such expectations will prove to be correct. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to vary materially from such forward-looking statements, including, but not limited to, those discussed in chapter 2. Other factors contained in this Prospectus could also cause actual results to vary materially from the future results indicated in such forward-looking statements.

Offering restrictions:

The distribution of this Prospectus and the offering and sale of the Offer Shares may in certain jurisdictions be restricted by law (including, but not limited to, the United States, Canada, Japan, Hong Kong the Republic of South Africa or Australia). Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer of, or an invitation to subscribe or purchase, any of the New Shares and/or Offer Shares in any jurisdiction in which such offer or sale would be unlawful. No one has taken any action that would permit a public offering of shares to occur outside of Norway. The Offer Shares securities described in this Prospectus have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws.

Each prospective Subscriber of New Shares and Offering Shares must comply with all applicable laws and regulations in force in any jurisdiction in which it subscribes or offers New Shares or Offering Shares or possesses or distributes this Prospectus and must obtain any consent, approval or permission required by it for the subscription or offer of the New Shares and Offering Shares under the laws and regulations in force in any jurisdiction in which it makes such subscription or offer, and the Company shall not have any responsibility for these obligations.

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1. Summary

The following summary should be read as an introduction to the Prospectus and in conjunction with, and is qualified in its entirety, by the more detailed information in the Prospectus and the Appendices appearing elsewhere in this Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor.

The Prospectus has been prepared in English language only.

In case a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff Investor might under the national legislation of Norway, have to bear the cost of translating the Prospectus before legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary including any translation thereof, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus.

1.1 Information about the Company

Dolphin Interconnect Solutions ASA is a Norwegian public limited liability company incorporated 26 August 2002 under the laws of Norway and is registered with the Norwegian Register of Business Enterprises with registration number 984 861 060 under the corporate name Dolphin Interconnect Solutions ASA.

The Company's registered corporate head office is presently located at Olaf Helsets vei 6, 0694, Oslo, Norway. The Company's registration number is 984 861 060. The Company's telephone number is +47 23 16 70 00 and fax: +47 23 16 71 80. The Company web site is www.dolphinics.com. The Company's main activities are concentrated at the corporate head office in Oslo. Dolphin maintains sales representatives in Los Angeles, Boston, Oslo, Hanover, and Lyon and is represented in North America, Europe and Asia by a range of reselling partners, manufacturing representatives and integrators.

1.2 Business overview, Vision and Strategy

Dolphin's strategic mission, starting in 2010, is to exploit its existing technologies and resources developed through the last decade and deliver high performance interconnect technology to the embedded marketplace. Dolphin has previously proven its ability to deliver quality solutions to major OEMS like Siemens Medical, Philips Medical, Thales and Sun Microsystems in the past. Significant parts of the previously developed software and hardware still have a very strong and competitive edge over similar competing solutions.

The need to capture, store, manipulate and distribute real-time digital data has never been greater. Embedded systems are typically characterized by the need for fast interactive response time and real-time operations. The users demand fast response time and data services that are always on (High Availability) supporting critical applications. Data service providers need cost effective high capacity compute resources that can meet these demands that are highly available. The requirements pose unique challenges from a computer technology perspective. At the heart of solving these challenges is the ability to muster the power of multiple computers coordinated to efficiently search, organize and distribute data. To harness the power of those multiple computers, high speed systems interconnect is required and to meet the response time requirements the system interconnect must have extremely low latency. Dolphin's technology is ideally suited to meet these challenges.

Dolphin is in a unique position to provide the infrastructure needed to build cost efficient and powerful embedded platforms. Dolphin technology's strengths are ideally suited to this market's demand for fast response time, low overhead, low transaction jitter data distribution to large groups of systems. Dolphin's computer interconnect technology and software libraries can enable embedded systems and commodity low cost servers, coupled with standard off-the-shelf application software to be transformed into data serving platforms characterized by high capacity, fast response time, highly availability, and leading price/performance. Response time for applications can be traced directly to the response time and capacity of the underlying network solution. When run on platforms utilizing Dolphin's interconnect technology standard applications like Math lab, Oracle and MySQL deliver significant better response time and throughput than running on alternative interconnects. Dolphin is able to deliver this performance capability due to the inherent low latency of its software and hardware technology. The ability to collect, store, manipulate and distribute data is a prime component of many of today's most exciting and innovative businesses. Although representing a diverse set of marketplaces there is a common underlying requirement tied to response time of the application.

Dolphin's business concept is to focus its sales and marketing investments and initiatives on developing the embedded market as Dolphin's growth engine for the future. With its unique competitive advantages Dolphin is positioned to establish a dynamic and defensible business with a revenue stream growing significantly over the next years. To realize this potential Dolphin will change many of its sales and market processes to address the embedded market opportunity. Dolphin provides various levels of solution integration (From interconnect chips to ready to run plug and play solutions). Dolphin will work closely with major customers, channel partners and application vendors who can assist in completing and delivering complete solutions.

Dolphin will continue to support existing customers running database applications and HPC markets with its legacy products and will opportunistically service large new opportunities in these markets. Broad sales and marketing initiatives to these markets will not be undertaken so as to provide focus to the embedded market. Dolphin will invest in company promotion to raise the level of industry awareness of Dolphin's unique value proposition in the embedded market.

Dolphin will use a combination of direct selling to large customers and OEM's and will recruit a reseller channel to sell the products to the broad customer base. Collateral and partner programs will insure the focus and success of the reseller partners. Working with large embedded system providers and OEMs to sell the Dolphin interconnect will also be a key component of the sales channel. Benchmarking and proof points, testimonials and case studies will be used to demonstrate the Company's value proposition. The products will be sold at the module level with the SuperSockets software and SISCI Developers kit bundled.

The most important task for the board of directors and the management is to ensure growth in future revenues. The future long term profitability of the Company depends up on a successful strategy to ensure such a growth at sustainable margins. The sales & marketing strategy and the execution of this together with a successful improvement and development of our product mix which includes our software and hardware solutions will in this respect be important. The Company needs to obtain a foothold in the OEM segment leading to a number of medium and some few larger OEM embedded contract to meet this target.

1.3 History and development of the Company

Dolphin Interconnect Solutions AS was founded in Norway in 1991 and operations began in January 1992. In 1992 the company was acquired by a group of investors led by the Swiss company Genevest Consulting Group S.A. In 1994, after several rounds of venture capital funding, a subsidiary, Dolphin Interconnect Solutions Inc. was established to strengthen the Company's position in the USA. Following a share swap, Dolphin Interconnect Solutions Inc. was established as the parent company to Dolphin Interconnect Solutions AS.

Dolphin's original products were based on technology from Norsk Data which included high speed cache coherent system interconnect technology used for building mainframe class systems using multiple processors. Early customers included Convex and Data General. Expanding on this early technology and leveraging its unique high speed interconnect expertise, Dolphin contributed significantly to the development and establishment of the SCI (Scalable Coherent Interconnect) IEEE system interconnect standard. For the past decade Dolphin has provided system interconnect components to the high performance computing and embedded market based on the SCI standard. Major customers have included Sun Microsystems, Fujitsu Siemens, Philips Medical, Siemens Medical and Thales Computers.

In early 2007 Dolphin completed the acquisition of StarGen Inc. StarGen, Inc. was a recognized industry leader in IO (input/output) interconnect technology focused on serial switch interconnect capabilities for the PCI (Peripheral Component Interconnect) and PCI Express standards. PCI Express has become the de facto industry standard for all PC and server processor-to-IO interconnect. The Dolphin and StarGen business structures, technologies and product lines were integrated during the first half of 2007.

In June 2007, leveraging the new combined Dolphin/StarGen technology; Dolphin launched its Dolphin Express DX product initiative. Dolphin Express was targeted at the system interconnect needs of the growing data serving segment of the enterprise server market. This system interconnect market, projected by Dolphin to grow to over $1B, highly values the fundamental unique capabilities of Dolphin's technology, namely, extremely low latency. Low latency in the system interconnect directly benefits the response time and capacity of data serving applications. A targeted sales and marketing organization was created to quickly exploit the marketing opportunity accelerating Oracle RAC and MySQL Cluster applications. However, Oracle had made significant investments in the Infiniband interconnect technology and Dolphin did not manage to get the competing product picked up by Oracle and the major computer vendors. Continued lack of sales and market pickup of the Dolphin Express solution forced Dolphin in 2009 to downsize and refocus back to the traditional embedded market.

Dolphin Express has several strong leading technical features making it very competitive in the embedded marketplace. Dolphin has created a software product called SISCI Developers Kit to simplify ease of use and ease of integration for customers. Both the special SISCI developers kit API and the standardized sockets API provided by Dolphins SuperSockets software are used by embedded customers today.

Reflective memory is a memory bus technology developed originally in the 1980s by Encore Computer that allowed simultaneous reads and writes to multiple memories. The first version of the Dolphin product was released beginning of 2010 and have already been adopted by several customers.

Several embedded customer projects started in 2009 have resulted in an increasing sale to the embedded market in 2010. Agilent, a leading technical instrumentation provider has managed to create the world's fastest Oscilloscope (DSO90000A) where the SuperSockets over Dolphin Express DX are critical components. Other examples of new embedded customers are Opal-RT, Caltech and Etas.

Dolphin started in 2007 a new project to develop a new version of the initial Dolphin SCI Cache Controller (SCC) technology bundled with the existing LC3 technology. The planned integrated semiconductor device will support Hyper Transport based AMD systems and was branded NumaChip. The technology and project was in 2008 spun off from Dolphin Interconnect Solutions ASA as a subsidiary (Numascale AS). The purpose of this spin off was to give the Numascale AS the possibility to secure external funding and as also reduce the risk on this project for Dolphin. Following the spin-off external investors contributed with new equity in Numacale AS and Dolphin's shareholding was reduced to 72.65% by the end of 2008. Following the need for additional capital in Numascale during 2009 Dolphin's shareholding has been further diluted and Numascale ceased to be a subsidiary by late June 2009. By the end of 2009 Dolphin controls 12.6% of the shares in Numascale AS.

1.4 *Background for the share issues*

Due to poor financial performance during 2008 and 2009 the Company announced, as a part of the announcement of its quarterly report for the 4th quarter 2009 and preliminary results for 2009 on 1st March 2010, that the Company had a severe liquidity situation and required immediately funding in the form of loans or new equity. Following this announcement the Company had a dialog and discussion with several large shareholders and potential investors for funding the Company either in form of convertible loans or new equity. This process led to a proposal from the Board of Directors where the Board proposed a resolution to approve a Private Placement of TNOK 11,658. In the opinion of the Board of Directors the Private Placement was necessary to ensure going concern for the Company. The proceeds from the Private Placement and Subsequent Offering will be use to:

a) Repay debt
b) Make necessary investments in product and marketing development, including strengthening the manning in the marketing and product development functions.
c) Fund necessary inventory increase.
d) Strengthen the liquidity reserves in the Company.

1.5 Financial information

Summary of profit and loss account

Profit and loss accounts **All amounts in 1,000 NOK**	**Q1 2010** Unaudited	**Q1 2009** Unaudited	**2009** Audited	**2008** Audited	**2007** Audited
OPERATING REVENUE					
Sales revenue	1,923	5,380	10,184	24,830	27,334
Other operating revenue	45	0	-147	8,155	0
TOTAL OPERATING REVENUE	**1,968**	**5,380**	**10,037**	**32,985**	**27,334**
OPERATING EXPENSES					
Cost of goods sold	418	1,317	10,324	7,791	9,815
Payroll expenses..........................	1,933	6,910	15,659	26,080	25,115
Other operating expenses...........	1,214	3,113	8,730	14,147	16,118
TOTAL OPERATING EXPENSES	**3,565**	**11,340**	**34,713**	**48,118**	**51,047**
EBITDA..	**-1,597**	**-5,960**	**-24,676**	**-15,133**	**-23,713**
Depreciation	1,143	979	4,086	6,728	2,416
Write-down	0	0	689	50,975	0
OPERATING RESULT (EBIT)	**-2,740**	**-6,939**	**-29,451**	**-72,835**	**-26,129**
NET FINANCIAL PROFIT................	**785**	**-1,039**	**-13,773**	**7,539**	**-89**
PROFIT/LOSS BEFORE TAX...........	**-1,955**	**-7,978**	**-43,224**	**-65,296**	**-23,218**
Income tax expense (-income)	-203	-142	-562	3,977	5
PROFIT/LOSS AFTER TAX	**-1,752**	**-7,836**	**-42,662**	**-69,273**	**-26,223**
Exchange differences	-674	880	3,679	-2,732	-367
TOTAL COMPREHENSIVE INCOME......................................	**-2,426**	**-6,956**	**-38,983**	**-73,005**	**-26,590**
PROFIT/LOSS AFTER TAX IS ATTRIBUTABLE TO					
Minority interest	0	-451	0	-1,422	0
Equity holders of the parent company.....................................	-1,752	-7,385	-42,662	-67,851	-26,223
	-1,752	**-7,836**	**-42,662**	**-69,273**	**-26,223**
TOTAL COMPREHENSIVE INCOME IS ATTRIBUTABLE TO					
Minority interest	0	-451	0	-1,422	0
Equity holders of the parent company.....................................	-2,426	-6,505	-38,983	-71,583	-26,590
	-2,426	**-6,956**	**-38,983**	**-73,005**	**-26,590**

Balance sheet summary

Balance sheet as of **All amounts in 1,000 NOK**	**31.03.2010** Unaudited	**31.12.2009** Audited	**31.12.2008** Audited	**31.12.2007** Audited
ASSETS				
Capitalized development cost	14,725	15,781	42,344	62,947
Deferred income tax assets	0	0	0	9,710
Operating equipment	22	40	197	926
Other shares	2,179	2,179	0	0
Other long-term receivables	0	0	0	284
Total fixed asset	**16,926**	**18,000**	**42,541**	**73,867**
Inventories	2,263	2,577	11,415	9,035
Trade receivables	709	667	2,771	3,628
Other short terms receivables	336	924	3,202	1,379
Cash and cash equivalents	844	1,316	11,832	32,664
Total current asset	**4,152**	**5,484**	**29,220**	**46,706**
TOTAL ASSETS	**21,078**	**23,484**	**71,761**	**120,573**
EQUITY and LIABILITIES				
Total paid-in equity	16,049	16,023	116,654	104,426
Total retained equity	-2,426	0	-66,034	5,467
Minority interests	0	0	4,236	0
Total equity	**13,623**	**16,023**	**54,856**	**109,893**
Deferred income tax liabilities	2,062	2,273	2,858	0
Other long term liabilities	0	249	589	561
Total long-term liabilities	**2,062**	**2,522**	**3,447**	**561**
Short term interest bearing debt	2,102	0	0	0
Trade payables	1,213	2,713	9,222	6,871
Other current liabilities	2,078	2,226	4,236	3,248
Total current liabilities	**5,393**	**4,939**	**13,458**	**10,119**
TOTAL LIABILITIES AND EQUITY	**21,078**	**23,484**	**71,761**	**150,573**

Subsequent to 31st March 2010 the following significant events have taken place in the financial position of the Company:

- ✓ Share issue in a Private Placement of TNOK 11,658.
- ✓ Repayment of unpaid trade debt to certain suppliers of TNOK 840.
- ✓ Repayment of interest bearing liabilities of TNOK 1,975.

These subsequent events are further outlined in section 10.4

Current trends

As announced in the interim quarterly report for 1Q 2010 there was a considerably increase in the sales revenues in the first quarter for 2010 compared with 4Q 2009. The Company notices an increasing number of requests and interest from the customers. We notice that the activity in the market is picking up and starting to normalize from the downturn during the “financial crises”. We see that our new product line, Dolphin Express, increases sales during first quarter compared with sales for the product line in 2009. The cost base as of 31st March 2010 is still affected by reorganization costs and the Company is still working with implementing further cost savings. However, the need to strengthen the organization in product and market development, either in the form of engaging external consultants on shorter or longer terms or employing such competences will increase the cost base.

The current uncertainties to the future development of GNP in the industrialized countries may affect the revenue growth for the Company. Another financial downturn or reduced growth may reduce the expected growth rate in the revenues or delay the expected growth, as reduced GNP growth may lead some of our customers and potential customers to cancel or delay projects that have been initiated or planned.

Capitalization and indebtedness
The Company's consolidated capitalization and net financial indebtedness as of 31st March 2010 amounted to TNOK 21,078 and TNOK -1,258 respectively. Subsequent to 31st March 2010 the Company had a Private Placement and subsequent repayment of some interest bearing debt and some trade payables as outlined in section 10.4. Adjusted for these subsequent events the consolidated capitalization and net financial indebtedness for the Company would be TNOK 30,761 and TNOK 10,400 respectively. For further details, see section 10.8.

Working capital statement
It is the opinion of the Company that the working capital is sufficient to cover the Company's present capital requirements for the next 12 months.

1.6 Board, senior management and employees

Board
The Company's Board is: Ole Henrik Eide, Marit Døving, Alf Rasmussen, Tor Alfheim and Cecilie Vanem.

Management
The management team consists of: Glenn Nøstdahl, CEO; Ketil Sundal, CFO and Hugo Kohmann, COO.

As of the date of this Prospectus, Dolphin's staff consists of 11 highly qualified employees whereof 5 have extensive experience in interconnect solutions for embedded segment and commercial & high performance computing.

1.7 Major shareholders and related party transactions

Major shareholders
Shareholders holding 5% or more of the Shares in the Company have an interest in the Company's share capital, which is notifiable pursuant to the Norwegian Securities Trading Act. As of the date of this Prospectus, the following shareholders own more than 5% of the outstanding shares in the Company (after completion of the Private Placement):

	Shareholder	Number of Shares	%
1	Fjord Partners Invest AS	2,500,000	30.88
2	GN Power AS[1)]	1,500,000	18.53
3	Consema AS[1)]	750,000	9.26
4	Økonomi og Regnskapsbistand AS	500,000	6.18

1) Both companies are controlled by, Glenn Nøstdahl, CEO of Dolphin.

Related party transactions
In the period covered by the last three annual financial statements and up to date of this Prospectus, the Company has entered into and completed into related party transactions as described in section 8.8. The described related party agreements and transactions have all been made on arm's length and at market conditions.

Following the fact that Numascale AS ceased to be a subsidiary in June 2009 there has been some minor transactions between Numascale AS and the Dolphin Group. Further Dolphin entered in December 2009 a loan agreement with GN Power AS. Dolphin has also during the two first quarters in 2010 had some minor transactions with two other companies controlled by Glenn Nøstdahl.

There have not been any transactions with related parties in 2007 and 2008

1.8 Advisors & Auditors

Auditor; BDO AS

1.9 Shares and Articles of Association

Shares

As of the date of this Prospectus, the share capital of the Company is NOK 16,192,352 divided into 8,096,176 shares fully paid and with a par value of NOK 2.00 per share.

Subsequent to the Subsequent Offering the number of issued and outstanding Shares in the Company will be from 8,096,176 to 9,346,176 depending on the number of Offer Shares subscribed and allocated in the Subsequent Offering.

Articles of Association

The articles of association of Dolphin are included as Appendix 1 to this Prospectus. The Company's purpose according to its articles is to develop, marketing and sale of electronic components, including hardware and software, and other related products, cf. article 3. The Company has one class of shares. The Board of Directors consists of up to 5 members elected by the shareholders.

1.10 Summary of the Private Placement

On 1st March 2010, Dolphin announced, as a part of the announcement of its quarterly report for the fourth quarter of 2009 and preliminary results for 2009, that the Company had a severe liquidity situation and required immediately funding in the form of loans or new equity. Following this announcement the Company had a dialog and discussion with several large shareholders and potential investors for funding the company either in form of convertible loans or new equity.

On the 16th April 2010, Dolphin announced a call for an Extraordinary General Meeting to be held on 7th May 2010. The Board of Directors proposed to approve a resolution for a Private Placement of 5,829,000 New Shares. The subscription price was set equal to the par value of the share at NOK 2.00. The price was determined through an assessment of the limited trade in the shares during 2010, discussions with the potential investors that had signaled interest to participate and an evaluation of the fair pricing of the shares.

The Private Placement was directed towards 10 existing shareholders and 4 new shareholders and all of the investors had given irrevocable and unconditional proxy to the Chairman of the Board in Dolphin to subscribe for the shares in an Extraordinary General Meeting.

Completion of the Private Placement was subject to the approval of the Private Placement by the shareholders of Dolphin not later than 12th May 2010. Following the approval by the EGM on 7th May 2010 the Private Placement has been fulfilled and the share capital increase was registered in the Norwegian Register of Business Enterprises on 25th May 2010. The New Shares issued in the Private Placement will be tradable on the Oslo Stock Exchange at the date of the approval of this Prospectus.

The Company had 2,267,176 Shares outstanding prior to the completion of the Private Placement. Following the issuance of the New Shares in the Private Placement this resulted in an immediate dilution of approximately 72%.

As no external managers or advisors have been engaged in relation to the Private Placement, the external costs related to the Private Placement will be minimal.

Further details about the Private Placement are given in chapter 4.

1.11 Summary of the Subsequent Offering

The Subsequent Offering comprises an offering of up to 1,250,000 Offer Shares at a subscription price of NOK 2.00 per Offer Share. The purpose of the Subsequent Offering is to allow shareholders in the Company as of 7th May 2010 (i.e. the date when the extraordinary general meeting approved the Private Placement) who were not offered to participate in the Private Placement ("Eligible Shareholders") the opportunity to subscribe for Shares. The proceeds from the Subsequent Offering will be used to strengthen the Company's liquidity reserve.

Only Eligible Shareholders may subscribe for Offer Shares in the Subsequent Offering. Eligible Shareholders will receive non-transferable allocation rights based on the number of Shared held as of 7th May 2010. The allocation right will be based on the relative ownership among the Eligible Shareholder related to the total number of 1,250,000 Offering Shares. However, all of the Eligible Shareholders will be given the right to subscribe for the minimum subscription that is set to 1,000 shares. Eligible Shareholders are allowed to over subscribe for Offering Shares. Below is a brief summary of the terms and timetable of the Subsequent Offering. See chapter 5 for a detailed description of the Subsequent Offering.

Offer Shares........................	The Subsequent Offering comprises up to 1,250,000 Offer Shares to be issued by the Company through the Subsequent Offering.
Offer Price	The subscription price per share in the Subsequent Offering is NOK 2.00 per share, which equals the offer price per Share in the Private Placement.
Subscription Period	The Subscription Period commences on 23rd June 2010 at 09:00 (CET) and expires on 29th June at 12:00 (CET).
Eligible Shareholders	Eligible Shareholders are the shareholders of the Company as of 7th May 2010, as registered in the VPS on 12th May 2010, except for (i) shareholders who were offered to subscribe for New Shares in the Private Placement and (ii) shareholders who are restricted from participating in the Subsequent Offering due to laws and regulations in their home country jurisdiction.

Non-transferable allocation rights	Eligible Shareholders will as a preliminary basis receive an allocation of 0.7346 non transferable allocations right per existing Share. However, the Board has set a preliminary minimum subscription of 1,000 shares. Eligible shareholders will thus need to subscribe for this as a minimum. If the Subsequent Offering is over subscribed and the total subscription of Eligible shareholders with a holding of less than 1,362 shares in total subscribes for more than their relative share of the shares available in the Subsequent Offering, Eligible Shareholders with holdings that exceeds 1,362 shares will be reduced on a pro-rata basis based on their relative ownership. If the reduction on the relative allocation to shareholders with holdings that exceeds 1,362 shares will be considered to be unreasonably large the minimum subscription can be lowered by a decision from the Board of Directors in the Company.
Allocation date	Allocation of Offer Shares in the Subsequent Offering will take place after the expiry of the Application Period. Allocation is expected to take place on or about 30th June 2010.
Payment date	Expected on or about 5th July 2010. The full amount for the allocated Offer Shares must be available on the specified bank account on 2nd July 2010.
Delivery and trading of the Offer Shares	Assuming that payment from all Applicants is made when due, delivery of the Offer Shares is expected to take place on or about 12th July 2010. The delivered Offer Shares will then be listed and tradable on the Oslo Stock Exchange.
Number of Shares prior to the Subsequent Offering ...	Prior to the Subsequent Offering, the number of outstanding Shares is 8,096,176 (after the completion of the Private Placement).
Number of Shares after the Subsequent Offering	After completion of the Subsequent Offering, the number of outstanding Shares will be increased from 8,096,176 to up to 9,346,176 Shares depending on the number of subscriptions received, allocated and issued.
Gross proceeds from the Subsequent Offering	Up to a maximum of 2.5 million NOK.
Rights of the Offer Shares ..	The Offer Shares will in all respects carry full shareholder rights equal to the existing Shares of the Company from the time of registration of the Offer Shares in the Norwegian Register of Business Enterprises.
Expenses	As the Company has not engaged a manager for the Subsequent Offering and only on a limited basis will engage legal advisors, the direct external costs inclusive the preparation of this Prospectus is expected to amount up to approximately NOK 0.2 million. The preparation of this Prospectus is also a requirement to have the shares issued in the Private Placement listed and tradable on the Oslo Stock Exchange.

The Subsequent Offering will result in a dilution of 13.4% (assuming the maximum number of 1,250,000 Offer Shares is issued) compared to the number of outstanding shares prior to the Subsequent Offering, but following the completion of the Private Placement.

The total dilutive effect of the Private Placement and the Subsequent Offering will be 75.7% compared to the number of outstanding shares prior to the Private Placement and the Subsequent Offering (assuming the maximum number of 1,250,000 Offer Shares is issued).

1.12 Summary of research and development policy

Dolphins R&D policy is to focus on interconnect software development and work with partners to develop the required hardware infrastructure. Several large vendors of modern interconnect microchips exists that will enable Dolphin to continuously deliver leading, integrated interconnect solutions. Dolphin has currently a small staff of skilled and very experienced software engineers. Dolphin relies on a pool of external software and hardware consultants to meet high demands from customers.

In order to be successful in the long run, Dolphin will need to continue to maintain a policy of continuous product development and refinement as progress is made in other areas of the computer industry that the Company is indirectly influenced by.

Dolphin’s policy regarding patenting is that it in the general case is sufficient to protect the designs as industrial secrets, as computer chips are difficult to copy. Further, Dolphin is of the opinion that the business opportunity of developing copies of Dolphin’s technology long after it is put into the market is low. Dolphin will however consider patenting special inventions that may be subject to licensing or sale in those cases where such patenting is viewed to be a stand-alone business opportunity.

Dolphin has adopted a policy on licensing involving a case-by-case evaluation of opportunities for both in-and out licensing.

1.13 Summary of Risk factors

A number of risk factors may adversely affect the Company. Below is a brief summary of some of the most relevant risk factors described in Section □ “Risk factors”. The risks described in section 2 are not exhaustive, and other risks not discussed herein may also adversely affect the Company. Prospective investors should consider carefully the information contained in this Prospectus and make an independent evaluation before making an investment decision.

Risks related to the Company and the industry in which it operates:

- ✓ Competition
- ✓ Rapid technology change
- ✓ Risk related to market and strategy change
- ✓ Reliance of suppliers and manufacturers
- ✓ Contractual relationships, terms of delivery and purchasing
- ✓ Product liability claims
- ✓ Reliance on collaborative partners for marketing, sales and distribution
- ✓ Dependency of proprietary rights and intellectual property
- ✓ General ability to obtain growth and profitability and sustain margins
- ✓ Attraction and retention of key employees and consultants
- ✓ Uninsured losses
- ✓ Risks inherent in doing business abroad
- ✓ Taxation risks

Financial risks:

- ✓ Need for additional funding
- ✓ Foreign exchange rate exposure risk
- ✓ Credit risk
- ✓ Interest rate risk

Risks related to the Shares:

- ✓ Volatile share price
- ✓ Potential share capital dilution
- ✓ Limitation of ability to make claims against the Company following a share capital increase
- ✓ Transfer restrictions
- ✓ Enforceability of Civil Liabilities
- ✓ Exercise of voting rights for nominee shareholders
- ✓ Foreign shareholders may be diluted
- ✓ Norwegian law may limit the shareholders' ability to bring an action against the Company

1.14 Appendices and documents on display

The following documents (or copies thereof) may for the life of the Prospectus be inspected at www.dolphinics.com or at the Company's business address:

(a) The memorandum and articles of association of the issuer;

(b) The historical financial information of the issuer and its subsidiary undertakings for each of the three financial years preceding the publication of the Prospectus and the quarterly historical financial information published in 2010.

(c) All reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the Prospectus;

All appendices to this Prospectus are listed in chapter 15.

2. Risk Factors

Prospective investors should carefully consider the below discussed risk factors, in addition to the other information presented in this Prospectus, before making an investment decision. The risks discussed below are not the only ones that may affect the Company's business or the value of the Company's securities. Additional risks not presently known to the Company or that the Company currently considers immaterial, may also impair the Company's business operations and prospects. The risk factors discussed below may materially adversely affect the business, its financial condition, its operating result or its cash flows. The order in which risk factors appear is not intended as an indication of the relative weight or importance thereof.

A prospective investor should consider carefully the factors set forth below, and elsewhere in the Prospectus, and should consult his or her own expert advisors as to the suitability of an investment in the Shares.

An investment in the Shares is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of the investment. Such information is presented as of the date hereof and is subject to change, completion or amendment without notice.

2.1 Risk factors related to the Company and the industry in which it operates

Competition

The computer industry is highly competitive. New products may be developed by other companies that can be more competitive than the Company's, e.g. other companies may develop products with functionality, price and performance that will compete with new products from the Company.

Dolphin's future business prospects are to a large degree 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. A failure to meet these demands can result in loss of customers or the failure to secure new customers. This could have a material adverse effect on the revenues and profitability of Dolphin.

Rapid technology change

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

The Company's success will depend on its ability to enhance its current products and develop products that will address changing technologies and customer requirements adequately, or to introduce such products on a timely basis. Such new products or enhancements might not be successful in the market. Any delay or failure by the Company to develop or acquire technological improvements or to adapt its products to technological change could have material adverse effect on the Company's business, operating results and financial condition.

Risk related to market and strategy change

The Company has in the recent two year followed a strategy that for several reasons has failed, and the strategy for the Company is now changed where it will focus on what it has been successful at in the past. This implies increased focus on OEM customers within the embedded segment and also a shift towards becoming a more software oriented company with deep knowledge and competences within the "interconnect business". The Company will also focus on providing software and complete solutions to other chip manufacturers and their customers. The current revenue and customer base for the Company is not adequate for the Company to cover its expenses. Thus the Company needs to grow its revenues to be able to operate at a profit. The targeted strategy is to enable the Company to execute this growth. However, no assurance can be made that this strategy will succeed. The next 12 months will thus be of utmost importance to execute the strategy of the company. If this strategy change is unsuccessful this will have a material adverse effect on the Company's operations, earnings and financial conditions.

Further the development in the market may be affected by events outside the control of the Company such as general economic conditions like the financial turmoil recently experienced. As a third party supplier, the Company depends on the markets of its customers and will consequently be negatively affected by downturns in those markets.

Reliance of suppliers and manufactures

Dolphin depends on outside suppliers of raw materials, components and manufacture of the Company's product. These services may not be compatible to Dolphin's quality standards or on acceptable terms, if at all, and alternative suppliers may not be available to Dolphin on acceptable terms. If any of these suppliers fail to meet Dolphin's needs, the Company's business, financial condition and results of operations could suffer.

There are also technical risks involved when the Company's products are being deployed in customers' products, which may delay integration processes and subsequent market introductions.

Contractual relationships, terms of delivery and purchasing

As a participant in an international market with large multinational corporations, the Company will often have to accept standard terms and conditions used by their customers or suppliers. To some extent such standard terms and conditions will appear to be to the disadvantage of the Company.

The strict terms and conditions in the customer contracts could potentially expose the Company to costs and lead to losses. Furthermore, the fact that some of the delivery and purchasing are done without an underlying contract between the parties, may also involve risks, resulting in regulation by applicable background rules of law, e.g. without any limitation of liability.

Product Liability Claims

There is a risk that the Company may be exposed to potential liability resulting from the use of its products. Such liability might be claimed directly by customers or other third parties.

Reliance on collaborative partners for marketing, sales and distribution

The Company relies on partners such as distributors, agents, sales consultants and resellers for marketing and distribution in all its main markets. There is risk involved if those partners are not performing according to expectations.

If the partners terminate the relationship with the Company, the Company would have to find and evaluate new partners with subsequent contract negotiations and training of sales and technical staffs for new partners. If a termination of a relationship from a material business partner occurs this might adversely affect the sales in that market and thus adversely affect the profitability and cash flow in the Company.

Dependence of proprietary rights and intellectual property

The Company's success will depend, in part, on the ability to 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 Company would have adequate remedies for any such infringement, or that the Company's trade secrets or proprietary know-how will not otherwise become known to, or independently developed by, competitors.

The information technology field has been the subject of extensive litigation regarding patents and other intellectual property rights. The Company 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 Company to significant liabilities to third parties, require the Company to seek licenses from third parties or prevent the Company from manufacturing and selling its products. Any of the above could have a material adverse effect on the Company's business, financial condition and results of operation.

General ability to obtain growth and profitability and sustain margins

The profitability of Dolphin may be affected by a number of factors, including but not limited to, customer bargaining power, the general competitive environment, increased capacity costs as a result of increased sales, increased employee turnover and failures in development activities. In the recent years the revenues have been considerably reduced. The Company needs to increase its sales and maintain margins at an acceptable level to achieve profitability. There is a risk that the Company is unable to increase the sales and maintain acceptable margins to reach profitability.

Attraction and retention of key employees and consultants

The Company and its operations are highly dependent on retention of and performance by key employees and management in Dolphin and some third party consultants to successfully perform its business. In the event that Dolphin fails to retain or replace key employees, management or consultants, the Company may encounter delays or other negative effects to its operations that might impede the achievement of the Company's business objectives.

As a technology driven company with focus on human resources and creativity the Company is dependent on key individuals in the organization. If such key individuals were to end their employment in the Company, this could bring about negative consequences for the future development of the Company. There is no assurance that Dolphin 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 Company's success.

Uninsured losses

The Company maintains limited separate insurance policies to protect its core business against losses. There are certain types of losses that generally are not insured because they are uninsurable or not insured due to assessments made by the Company. The result of business operations and the financial condition of the Company could be materially adversely affected in the event of an uninsured loss, a loss that exceeds insured limits or a succession of such losses.

Risks inherent in doing business abroad

The Company has more than 90% of its business outside Norway. Europe and USA combined account for more most of the volume of the Company. The remaining business is mainly in Japan and Eastern Asia with very minor sales to other countries. The risk associated with this is dependent on the stability in those countries.

Taxation Risks

The Company's and/or its subsidiary's own activities will to a large extent be governed by the fiscal legislation of the jurisdictions where it is operating, as its activities in most cases will be deemed to form a permanent establishment according to the tax laws of those countries. Thus, the Company is exposed to a material risk regarding the correct application of the tax regulations as well as possible future changes in the tax legislation of those relevant countries. In addition, the Company is to a certain extent being exposed to different rules of customs duty.

2.2 Financial risks

Need for additional funding

The Company has for the past two years had a negative cash flow from its operations. The company has revised its strategy that requires further investment in product and market development and an increase in the working capital requirements. The Private Placement and the subsequent Rights Offering are intended to raise the level of funds necessary to execute the revised strategy. There can be no assurance that the existing capital base and future business will generate sufficient cash flow from operations for implementing the revised strategy. In the event that the Company's existing resources are insufficient to fund the Company's business activities, the Company may need to raise additional funds through public offerings or private placements of debt or equity securities. The Company cannot guarantee that it will be able to obtain additional financing at all or on terms acceptable to the Company. Failure to do so could have a material adverse effect on the Company's business, operations and financial condition.

Foreign exchange rate exposure risk

Because the Company operates internationally, Dolphin is exposed to exchange losses due to fluctuations in the exchange rates of currencies in which the Company may have to purchase supplies or price their sales, principally EURO, USD and NOK. As most of the Company's fixed operating costs are in NOK an appreciation of NOK against USD and EURO will negatively affect the competitiveness and profit of the Company.

Credit risk

The risk that a customer or another counter part of the company not having the financial ability to meet their obligations is regarded as low as losses have been low in the recent years. As the strategy of the Company changes to increase focus on OEM customers in the embedded segment the Company will most likely experience increased concentration of the credit risk in the future. However, as the Company's primary customers are large corporations with a solid financial basis the assessment is that the credit risk will remain at an acceptable low level. However, there can be no assurance that losses will not increase in the future and impact the Company's earnings and cash balance.

Prior to entering large contracts the credit risk associated with the contract will be evaluated and it is anticipated that the main consequence of business failure from a large customer will be loss of future income.

Interest rate risk

As the company does not have any material interest bearing debt and the net cash balance also will be low any changes in interest rates will not have any material affect for the company with the exception that changes in interest rates may affect the foreign exchange rates for currencies. Refer to the above section for foreign exchange rate exposure risk for further details.

2.3 Risks related to the Shares

Volatile share price

Investors may not be able to resell Shares at or above the Offer Price, and there may be no assurance that an orderly trading market will develop. The trading price of the Shares could fluctuate significantly in response to general market and economic conditions, quarterly variations in operating results, adverse business developments, interest rate, changes in financial estimates by securities analysts, matters announced in respect of major customers or competitors, or changes to the regulatory environment in which the Company operates.

The market price of the Shares could decline due to sales of a large number of the Shares in the market or the perception that such sales could occur. Such sales could also make it more difficult for the Company to offer equity securities in the future at a time and at a price that are deemed appropriate.

Potential share capital dilution

Dilution of shareholders may occur as a result of future share issues by the Company or as a result of conversion of debt to equity, exercise by holders of options that are or may be issued by the Company.

Limitation of ability to make claims against the Company following a share capital increase

The ability of shareholders of the Company in their capacity as such following registration of a share capital increase relating to the Shares (including the New Shares) in the Norwegian Register of Business Enterprises (The Norwegian Register of Business Enterprises (Foretaksregisteret)) is severely limited under Norwegian law. Once the capital increase relating to any Shares of the Company has been registered in the Norwegian Registry of Business Enterprises, purchasers of those Shares have limited rights against the Company under Norwegian law.

Transfer restrictions

Dolphin has not registered the Shares under the US Securities Act of 1933 or the securities laws of other jurisdictions than Norway and the Company does not expect to do so in the future. The Shares may not be offered or sold in the United States or to U.S. persons (as defined in Regulation S under the US Securities Act of 1933) nor may they be offered or sold in any other jurisdiction in which the registration of the Shares is required but has not taken place, unless an exemption from the applicable registration requirement is available or the offer or sale of the Shares occurs in connection with a transaction that is not subject to these provisions. In addition, there can be no assurances that shareholders residing or domiciled in the United States will be able to participate in future capital increases or subscription rights.

Enforceability of Civil Liabilities

The Company is a limited liability company organized under the laws of Norway. The directors of the Company and executives and certain of the experts named herein, reside in Norway, USA or other countries. As a result, it may not be possible for investors to affect service of process in other jurisdictions upon such persons or the Company or to enforce judgments on such persons or the Company in other jurisdictions.

Exercise of voting rights for nominee shareholders

Beneficial owners of the Shares that are registered in a nominee account (e.g. through brokers, dealers or other third parties) may not be able to vote such Shares unless their ownership is re-registered in their names with the Norwegian Central Securities Depository (VPS) prior to Dolphin Interconnect Solutions' general meetings. The Company cannot guarantee that beneficial owners of the Shares will receive the notice for a general meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote their Shares in the manner desired by such beneficial owners.

Foreign shareholders may be diluted

Because non-Norwegian investors may be unable to participate in future offerings due to restrictions in their home countries, their percentage shareholding may be diluted. Unless otherwise resolved by the Board (in case of proxy) or the general meeting, shareholders in Norwegian public limited liability companies, such as the Company have preferential rights proportionate to the aggregate amount of the Shares they hold with respect to new Shares issued by the Company. For reasons relating to foreign securities laws or other factors, foreign investors may not be able to participate in a new issuance of Shares or other securities and may face dilution as a result.

Norwegian law may limit the shareholders' ability to bring an action against the company

The Company is a public limited liability company incorporated under the laws of Norway. The rights of holders of Shares are governed by Norwegian law and by the Articles of Association. These rights differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. Under Norwegian law, any action brought by a company in respect of wrongful acts committed against the Company takes priority over actions brought by shareholders in respect of such acts. In addition, it may be difficult to prevail in a claim against the Company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions.

3. Responsibility Statements

3.1 Statement from the Board of Directors of Dolphin

This Prospectus has been prepared by the Company to provide information to shareholders of the Company in connection with a Private Placement of 5,829,000 New Shares and a subsequent Offering of up to 1,250,000 Offer Shares to existing shareholders as of 7th May 2010 that who were not offered to participate in the Private Placement with subsequent listing of the New Shares and Offer Shares in the Company on Oslo Stock Exchange.

The Board of Directors of the Company confirms that, after having taken all reasonable care to ensure that such is the case the information contained in the Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Oslo, 22 June 2010

The Board of Directors of Dolphin Interconnect Solutions ASA

Ole Henrik Eide Chairman	Tor Alfheim	Alf Rasmussen
Marit Døving	Cecilie Vanem	Simen Thoresen (employee representative)

4. The private placement

4.1 Overview of the Private Placement

On 1st March 2010, Dolphin announced, as a part of the announcement of its quarterly report for the fourth quarter of 2009 and preliminary results for 2009, that the Company had a severe liquidity situation and required immediately funding in the form of loans or new equity. Following this announcement the Company had a dialog and discussion with several large shareholders and potential investors for funding the Company either in form of convertible loans or new equity.

On the 16th April 2010, Dolphin announced a call for an Extraordinary General Meeting to be held on 7th May 2010. The Board of Directors proposed to approve a resolution for a Private Placement of 5,829,000 New Shares. The subscription price was set equal to the par value of the share at NOK 2.00. The price was determined through an assessment of the limited trade in the shares during 2010, discussions with the potential investors that had signaled interest to participate and an evaluation of the fair pricing of the shares.

The Private Placement was directed towards 10 existing shareholders and 4 new shareholders and all of the investors had given irrevocable and unconditional proxy to the Chairman of the Board in Dolphin to subscribe for the shares in an Extraordinary General Meeting.

Completion of the Private Placement was subject to the approval of the Private Placement by the shareholders of Dolphin not later than 12th May 2010. Following the approval by the EGM on 7th May 2010 the Private Placement has been fulfilled and the share capital increase was registered in the Norwegian Register of Business Enterprises on 25th May 2010.

The proceeds from the Private Placement will be used to:

a) Repay debt.
b) Make necessary investments in product and marketing development, including strengthening the manning in the marketing and product development functions.
c) Fund necessary inventory increase.
d) Strengthen the liquidity reserves in the Company.

Subsequent to the completion of the Private Placement a total of about TNOK 2,815 was repaid in outstanding debt and trade debt where the creditors had accepted deferred payment. See section 10.4 for further description.

4.2 Resolution to Issue the New Shares

Pursuant to the Board's proposal, the EGM passed the following resolution on 7th May 2010:

i. The share capital in Dolphin Interconnect Solutions ASA is increased by NOK 11,658,000 by issuing 5,829,000 new shares at par value of NOK 2.00 each.
ii. The shares are subscribed at a price of NOK 2.00 per share, a total consideration of NOK 11,658,000.
iii. The new shares will be subscribed by an investor group comprising 14 individuals and companies that have given irrevocable proxy to the chairman of the board to subscribe for the shares on their behalf. The investor group comprises both existing and new shareholders. The pre-emption right of the Company's existing shareholder is deviated from in accordance with section 10-5, cf. section 10-4 of the Public Companies Act.

iv. Subscription of shares shall take place in the minutes of the general meeting and may be done through proxies.
v. Payment of the allotted shares shall take place within 14 May 2010.
vi. The new shares shall give right to dividend as from the accounting year 2010.
vii. The new shares shall not be transferred until they are fully paid-up and the share capital increase is registered in the Register of Business Enterprises.
viii. Article 4 of the articles of association shall be amended in accordance with the above.

4.3 Share capital

The Company's share capital prior to the Private Placement was NOK 4,534,352 divided into 2,267,176 Shares, fully paid and with a par value of NOK 2.00 per Share.

After the Private Placement, the share capital is NOK 16,192,352 divided into 8,096,176 Shares fully paid and with a par value of NOK 2.00 per Share. The share capital increase in relation to the Private Placement was registered in the Norwegian Register of Business Enterprises on 25 May 2010.

4.4 Subscription price and proceeds

The subscription price per share in the Private Placement equaled the par value of NOK 2.00 per Share. Thus the total gross proceeds amounted to NOK 11,658,000.

4.5 Order period, order process and allocation

The Private Placement was announced together with a notice for an extraordinary general meeting through a stock exchange announcement on 16th April 2019. The subscription price was set equal to the par value of the share at NOK 2.00. The price was determined through an assessment of the limited trade in the shares during 2010, discussions with the potential investors that had signaled interest to participate and an evaluation of the fair pricing of the shares. Allocation of the New Shares subscribed for in the Private Placement was made by the Company's Board.

4.6 Settlement

Allocation of the subscribed shares following the approval of the Private Placement by the EGM was immediately sent the investor group with payment instructions. The due date for payment of the New Shares subscribed for in the Private Placement was 14th May 2010.

4.7 Publication of information in respect of the Private Placement

The Company has published all technical information in respect of the Private Placement through Oslo Stock Exchange electronic information system in announcements as follows:

i. On 16th April 2010; Notice of extraordinary general meeting.
ii. On 21th April 2010; Presentation and additional information related to the Private Placement
iii. On 10th May 2010; Minutes from the EGM and additional stock exchange announcements related to subscription from primary insiders (required according to the Norwegian Securities Ac Section 4-1) and notice for large shareholders passing ownership thresholds according to the Norwegian Securities Act Section 4-2.

4.8 Completion and delivery

The Private Placement has been completed and may no longer be revoked, suspended, reduced or withdrawn. All the New Shares have been fully subscribed, issued and paid for.

The New Shares will be registered in the Norwegian Central Securities Depository (VPS) under ISIN NO001 017 0921 following the publication of this Prospectus on 22 June and be delivered to subscribers in the Private Placement and be tradable from such time. Until this Prospectus has been approved the

New Shares are temporary registered in another ISIN number and the shares are not tradable on the Oslo Stock Exchange.

4.9 Overview of subscribers in the Private Placement

Below is a table summarizing investors that have subscribed for Shares in the Private Placement and been allocated Shares. Only shareholders/investors with a total shareholding in the Company following the Private Placement that exceeds as well as subscribers that are members of the Board or the management in the Company have been listed individually.

Subscribers	**Relation to the Company**	**Shares Subscribed**	**Subscript. Price**	**Subscription Amount**
Fjord Partners Invest AS	New investor	2,500,000	2.00	5,000,000
GN Power AS	Company controlled by the CEO of Dolphin	1,500,000	2.00	3,000,000
Consema AS.......................	New investor	750,000	2.00	1,500,000
Økonomi og Regnskapsbistand AS.........	New investor	500,000	2.00	1,000,000
Hektor AS...........................	Existing shareholder	250,000	2.00	500,000
Pelito AS	Company controlled by the chairman of the board	125,000	2.00	250,000
Tor Alfheim........................	Board Member	75,000	2.00	150,000
Hugo Kohmann..................	COO	15,000	2.00	30,000
Ketil Sundal........................	CFO	10,000	2.00	20,000
Simen Thoresen.................	Employee	10,000	2.00	20,000
Others................................	Other existing shareholders	94,000	2.00	188,000
Total subscriptions		**5,829,000**	**2.00**	**11,658,000**

4.10 Dilution

The Company had 2,267,176 Shares outstanding prior to the completion of the Private Placement. A total of 5,829,000 New Shares were issued in the Private Placement, resulting in an immediate dilution of approximately 72%.

4.11 Admission to trading and dealing arrangements

The Company's Shares are listed on Oslo Stock Exchange under the ticker-code "DOLP". The Company has not entered into any stabilisation agreements, market making agreements or similar agreements for trading of its Shares on Oslo Stock Exchange. The Shares are not listed or traded on any other regulated market or stock exchange than Oslo Stock Exchange. As outlined in section 4.8 the New Shares will be tradable form the date this Prospectus is approved by the Norwegian Financial Supervisory Authority (Finanstilsynet).

4.12 The rights of the New Shares

The New Shares rank pari passu with existing Shares, and have the same rights as existing Shares, with the exception that the right to participate in dividends, if any, will apply from accounting year 2010 as approved by the Company's general meeting. No dividend may be distributed for the accounting year 2009 as the Company does not have any free equity for distribution. The New Shares will be freely tradable following the publication of this Prospectus.

4.13 Expenses and net proceeds

Costs attributable to the Private Placement will be born by the Company. As the Company has not engaged a manager for the Private Placement and only on a limited basis engaged legal advisors, the external costs in relation to the Private Placement will be minimal. Thus the net proceeds will equal the gross proceeds of about NOK 11.66 million.

4.14 Jurisdiction

The New Shares were issued pursuant to the Norwegian Public Limited Companies Act.

5. The Subsequent Offering

5.1 Overview of the Subsequent Offering

The Subsequent Offering comprises an offering of up to 1,250,000 Offer Shares at a subscription price of NOK 2.00 per Offer Share. The purpose of the Subsequent Offering is to allow shareholders in the Company as of 7th May 2010 (i.e. the date of EGM approval of the Private Placement) who were not offered to participate in the Private Placement ("Eligible Shareholders") the opportunity to subscribe for Shares. The Subsequent Offering will be completed as a directed share issue and the pre-emptive rights of the shareholders are waived and the Company will not issue any tradable subscription rights. The proceeds from the Subsequent Offering will be used to strengthen the Company's balance sheet. Only Eligible Shareholders may subscribe for Offer Shares in the Subsequent Offering.

Eligible Shareholders will receive non-transferable allocation rights based on the number of Shares held as of 7th May 2010. The allocation rights will be based on the relative ownership among the Eligible Shareholders related to the total number of 1,250,000 Offering Shares. However, all of the Eligible Shareholders will be given the right to subscribe for the minimum subscription that is set to 1,000 shares. Eligible Shareholders are allowed to over subscribe for Offering Shares.

This Prospectus does not constitute an offer of, or an invitation to purchase, Offer Shares in any jurisdiction in which such offer or sale would be unlawful. For further details see "Important Notice" on page 2 and section 5.20 "Selling restrictions".

5.2 Authorisation to issue the Offer Shares

The EGM of the Company held on 7th May 2010 gave the following mandate to the Board:

i. The board is granted the power of attorney to increase the share capital in Dolphin Interconnect Solutions ASA by up to NOK 2,500,000 by issuing 1,250,000 new shares with a nominal value of NOK 2.00 per share.
ii. The power of attorney shall be effective until 30 June 2010. The power of attorney shall only be used if the share capital increase as mentioned in item 5 above is completed.
iii. The subscription price for shares issued in accordance with the power of attorney shall be NOK 2.00 per share.
iv. The shares shall be offered to those of the Company's existing shareholders who were not offered to subscribe for shares in the private placement mentioned in item 5. The pre-emptive rights of the existing shareholders are thus deviated from pursuant to section 10-5, cf. section 10-4 of the Public Companies Act.
v. The board shall stipulate the remaining subscription terms.
vi. The authority shall only cover a share capital increase against payment in cash.
vii. The authority does not cover a right to adopt a merger, cf. section 13-5 of the Public Companies Act.

5.3 Board resolution to issue the Offer Shares

With basis in the resolution from the EGM of the Company held on 7 May 2010, the Board resolved the following resolution on 7th June 2010:

> *"The Board resolved to initiate an offering up to 1,250,000 shares at a subscription price of NOK 2.00 per share with preferred allocation to those shareholders as of 7th May 2010 who were not offered to subscribe for shares in the private placement approved by an extraordinary general meeting in the company 7th May 2010."*

The Board of the Company will make a resolution with respect to the issue of Offer Shares in the Subsequent Offering after expiry of the Subscription Period, and the number of Offer Shares to be issued under the Subsequent Offering will depend on the total number of subscriptions received prior to the expiry of the Subscription Period.

5.4 Eligible Shareholders

Eligible Shareholders are the shareholders of the Company as of 7th May 2010, as registered in the VPS on 12 May 2010, except for (i) shareholders who were offered to subscribe for New Shares in the Private Placement and (ii) shareholders who are restricted from participating in the Subsequent Offering due to laws and regulations in their home country jurisdiction.

Only Eligible Shareholders will be allowed to participate in the Subsequent Offering. The Eligible Shareholders will as a preliminary basis receive an allocation of 0.7346 non transferable allocation right per existing Share. However, the Board has set a preliminary minimum subscription of 1,000 shares. Eligible shareholders will thus need to subscribe for this as a minimum. If the Subsequent Offering is over subscribed and the total subscription of Eligible shareholders with a holding of less than 1,362 shares in total subscribes for more than their relative share of the shares available in the Subsequent Offering, Eligible Shareholders with holdings that exceeds 1,362 shares will be reduced on a pro-rata basis based on their relative ownership. If the reduction on the relative allocation to shareholders with holdings that exceeds 1,362 shares will be considered to be unreasonably large the minimum subscription can be lowered by a decision from the Board of Directors in the Company.

The non transferable allocation rights will be communicated to each of the Eligible Shareholders. Allocation rights that are not used by Eligible Shareholders will lapse without any compensation when the Subscription Period expires.

The Subsequent Offering is not being and will not be made, directly or indirectly, in or into, or by use of mails or any means or instrumentality (including, without limitation, facsimile transmission, telephone and internet) of interstate or foreign commerce of, or any facilities of a national securities exchange of, the United States of America, its territories and possessions, any State of the United States of America and the District of Columbia (collectively, the “United States”) and the Subsequent Offering will not be capable of acceptance by any such use, means, instrumentality or facilities or from within the United States. In addition, persons located in the United States will not be able to exercise rights to subscribe for the Offer Shares pursuant to the Subsequent Offering.

The Subsequent Offering have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the “Securities Act”), nor under any laws of any state of the United States. The Offer Shares may not be offered, sold, resold, or delivered, directly or indirectly, in or into the United States absent registration under the Securities Act or an exemption from registration.

5.5 Offer Price

The price per Share in the Subsequent Offering is NOK 2.00 per Offer Share, which equals the offer price per Share in the Private Placement.

5.6 Subscription Period

The Subscription Period commences on 23 June 2010 at 09:00 (CET) and expires on 29 June 2009 at 12:00 (CET). The Subscription Period may not be extended or closed earlier.

5.7 Procedure for applications

The subscription offices for the Subsequent Offering are at the Office of the Company. Applications for Offer Shares must be made on an Application Form in the form attached as Appendix 7 hereto. Eligible

Shareholders will receive information, which include information on allocation rights as of 7 May 2010 and certain other matters relating to the relevant shareholders.

Accurately completed Application Forms must be received by one of the Company no later than 12:00 hours (CET) on 29 June 2010. The Company cannot be held responsible for delays in the mail system, unavailable facsimile lines or for non-receipt of Application Forms forwarded by facsimile to the Company.

Properly completed and signed Application Forms may be faxed, mailed or delivered to the address set out below:

Dolphin Interconnect Solutions ASA
Olaf Helsetsvei 6, Skullerud
P.O. Box 150 Oppsal
NO-0619 Oslo
Norway
Fax: +47 23 16 71 80
E-mail: sharesubscription@dolphinics.com

The Board of Directors may at their sole discretion refuse any improperly completed, delivered or executed Application Form or any subscription which may be unlawful. An application is irrevocable and may not be withdrawn, cancelled or modified once it has been received by the Company.

Multiple subscriptions are not allowed. In the event an Eligible Shareholder or another applicant submits more than one Application Form, only the first Application Form will be registered. The other Application Forms will be rejected without further notice. Applicants who have submitted one Application Form and who wish to subscribe for additional Offer Shares should therefore contact one the Company in order to amend the application.

Internet Applications
There will not be any internet applications for the Offer Shares.

5.8 Conditions for completion of the Subsequent Offering

Completion of the Subsequent Offering is conditional upon approval by the Board of Directors following the end of the Subscription Period.

5.9 Allocation of Offer Shares

Allocation of Offer Shares in the Subsequent Offering will take place after the expiry of the Application Period on 30 June 2010. The following allocation criteria will be used in the Subsequent Offering:

1. Eligible Shareholders will be allocated 0.7346 Offer Shares per one Share owned as of 7th May 2010 (as registered in the VPS on 12th May 2010). Fractional Offer Shares will not be issued. The number of Offer Shares delivered to each Eligible Shareholder will be rounded down to the nearest whole number.
2. The minimum subscription is set to 1,000 shares. Thus Eligible Shareholders with current shareholdings lower than 1,362 shares will need to subscribe for 1,000 Offering Shares.
3. In the event the Subsequent Offering is oversubscribed the following reduction criteria will be adhered to:
    a. In the event the Subsequent Offering is oversubscribed and there is a relative oversubscription on all the Eligible Shareholders with a current shareholding less than 1,362 shares there will be a reduction on those shareholders that have subscribed for more than the minimum 1,000 shares.

b. In the event there is a total oversubscription after the Subsequent Offering is reduced in accordance with section a) as outlined above, Eligible Shareholders with current shareholdings above 1,362 shares that have oversubscribed will have their subscription reduced according to their relative ownership.
c. In the event there is a total oversubscription after the Subsequent Offering is reduced in accordance with section a) and b) as outlined above, and the remaining oversubscription is considered material by the Board, the Board has to determine if the relative allocation to the shareholders with holdings less than 1,362 shares is unreasonably large. If the Board determines that this is the case the minimum subscription will have to be lowered and Eligible Shareholders with current shareholdings less than 1,362 shares will have their subscriptions reduced. The Board will reduce the subscription by placing a new minimum and reduce the subscription relatively to this minimum based on current shareholdings among the Eligible Shareholders affected by this reduction.

4. In the event the Subsequent Offering is not fully subscribed all Eligible Shareholders will be allocated their subscribed number of shares. However, Eligible Shareholders that have subscribed for less than 1,000 Offering Shares will be cancelled.

General information on the number of Offer Shares to be issued in the Subsequent Offering together with the total proceeds is expected to be published on or about 30th June 2010 in the form of a stock exchange release through Oslo Stock Exchange' information system. Allocation letters confirming the number of Offer Shares allotted to the Applicant and the corresponding amount to be paid will be distributed on or about 1st July 2010. Investors having access to investor services through their VPS account manager will be able to check the number of Offer Shares that have been allotted to them on or about 2nd July 2010.

The Board reserves the right to round off, cancel or reduce any application for Offer Shares. The Board will, however, not cancel an application which it finds to be correctly submitted by an Eligible Shareholder.

Allocation of fewer Offer Shares than applied for, does not affect the Applicant's obligation to subscribe and pay for the Offer Shares allocated.

5.10 Subscription and payment for the allocated Offer Shares

Each investor applying for Offer Shares in the Subsequent Offering will by signing the Application Form give the Chairman of the Board a one-time authorisation to subscribe for the number of Offer Shares allocated to the Applicant, and the Company and its Bank connection a one-time authorization to charge a specified bank account for the payment amount for the number of allocated Offer Shares.

The specified bank account is expected to be debited on or about 5th July 2010. Sufficient funds to cover the full amount for the allocated Offer Shares must be available on the specified bank account on 2nd July 2010.

Please note that it typically takes at least one business day to transfer money from one Norwegian bank account to another (international bank transfers may take longer to complete).

The Company may also require an applicant to actively transfer the payment amount for the Offer Shares to an account in Nordea.

Applicants who do not have a bank account in Norway must contact the Company well ahead of the payment date in order to arrange for payment by such other means as the Company may instruct.

If payment for allocated Offer Shares is not made when due, the Offer Shares will not be delivered to the applicant. The Company reserve the right, at the cost and risk of the applicant, to cancel the allocation and to reallocate or otherwise dispose of all or parts of the allocated Offer Shares on such terms and in such manner as the Company may decide in accordance with applicable law (however so that the applicant will not be entitled to profits from such disposal, if any). The applicant will remain liable for payment for the Offer Shares together with any interest, costs, charges and expenses accrued, and the Company may enforce payment for such amount outstanding in accordance with applicable law.

Interest will accrue on late payments at the applicable rate on overdue payment in accordance with the Norwegian Act on Interest for Overdue Payments, which at the date of this Prospectus is 8.25% per annum.

5.11 Delivery and trading of the Offer Shares

All Applicants applying for Offer Shares in the Subsequent Offering must have a valid VPS account (established or maintained by an investment bank or a Norwegian bank that is entitled to operate VPS accounts) to receive Offer Shares. Assuming that payments from all Applicants are made when due, delivery of the Offer Shares is expected to take place on or about 12th July 2010. It is expected that the share capital increase will be registered in the Norwegian Register of Business Enterprises on or about 9th July 2010.

The Offer Shares will be listed on Oslo Stock Exchange. Assuming timely payment by all Applicants who are allocated Offer Shares, the Company expects that the Offer Shares will be listed on Oslo Stock Exchange on or about 12th July 2010. No Shares or any interests in Shares of the Company are listed and no application has been filed for listing, on any other stock exchange or regulated market than Oslo Stock Exchange.

5.12 Transferability of the Offer Shares

An Applicant will not under any circumstances be entitled to sell or transfer its Offer Shares until these Offer Shares have been paid in full by such Applicant and delivered to the Applicant's VPS account.

5.13 Share capital following the Subsequent Offering

The final number of Offer Shares to be issued in the Subsequent Offering will depend on the number of subscriptions received. The maximum number of Offer Shares to be issued is 1,250,000 Shares.

After completion of the Subsequent Offering, the share capital in the Company will be increased from NOK 16,192,352 to up to NOK 18,692,352, and the total number of Shares will be increased from 8,096,176 to up to 9,346,176 Shares depending on the final number of Offer Shares to be issued in the Subsequent Offering. Each Share will have par value of NOK 2.00.

See section 11 for a further description of the Company's authorized and issued share capital.

5.14 The rights of the Offer Shares

The Offer Shares will rank pari passu with existing Shares, and have the same rights as existing Shares, including the right to participate in dividends, if any, as approved by the Company's general meeting. The Offer Shares will give right to dividend as from the time of registration of the Offer Shares in the Norwegian Register of Business Enterprises.

For a description of rights attaching to Shares in the Company, see section 11.9 of this Prospectus. See section 11.10.9 and 11.11.2 regarding the dividend rights and the dividend policy.

5.15 Publication of information

In addition to press releases at the Company's web site, the Company intends to use Oslo Stock Exchange' information system to publish information in respect of the Offering, such as number of Offer Shares issued and the total amount of the Offering.

The final number of Offer Shares issued and the total amount of the Subsequent Offering is expected to be published on or about 30th June 2010.

5.16 Proceeds from the Subsequent Offering

The gross proceeds from the Subsequent Offering to the Company will amount to maximum NOK 2.5 million assuming that the maximum number of 1,250,000 Offer Shares is issued as a result of the Subsequent Offering. Considering the estimated the external costs as described in section 5.17 the net proceeds will maximum amount to NOK 2.3 million.

5.17 Expenses

Costs attributable to the Subsequent Offering will be borne by the Company. As the Company has not engaged a manager for the Subsequent Offering and only on a limited basis engaged legal advisors, the external costs in relation to the Private Placement will be minimal. The total direct external costs inclusive of the preparation of this Prospectus is expected to amount up to approximately NOK 0.2 million. The preparation of this Prospectus is also a requirement in order to have the shares issued in the Private Placement listed and tradable on the Oslo Stock Exchange.

5.18 Dilution

The Company had 2,267,176 Shares outstanding prior to the completion of the Private Placement. A total of 5,829,000 New Shares were issued in the Private Placement, resulting in an immediate dilution of approximately 72%.

The Subsequent Offering will result in a dilution of 13.4% (assuming the maximum number of 1,250,000 Offer Shares is issued) compared to the number of outstanding shares prior to the Subsequent Offering, but following the completion of the Private Placement.

The total dilutive effect of the Private Placement and the Subsequent Offering will be 75.7% compared to the number of outstanding shares prior to the Private Placement and the Subsequent Offering (assuming the maximum number of 1,250,000 Offer Shares is issued).

5.19 VPS registration

The Offer Shares will be registered in the Norwegian Central Securities Depository (VPS). The Shares' securities number is ISIN NO 001 017 0921. The Company's VPS registrar is Nordea Bank Norge ASA Issuer Service.

5.20 Selling restrictions

Except for the approval of the Prospectus by the Norwegian Financial Supervisory Authority (Finanstilsynet) in accordance with Section 7-7, cf. Section 7-2 and 7-3 of the Norwegian Securities Trading Act, no action has been taken or will be taken in any jurisdiction by the Company that would permit a public offering of the New Shares or the Offer Shares, or the possession or distribution of any documents relating to the Private Placement or the Subsequent Offering, or any amendment or supplement thereto, including but not limited to this Prospectus, in any country or jurisdiction where specific action for that purpose is required. In particular, the Private Placement, the Subsequent Offering and this Prospectus neither have nor will be registered under the U.S. Securities Act of 1933, as amended, (the "Securities Act"), or under any other state securities laws.

5.21 Jurisdiction

The Offer Shares will be issued pursuant to the Norwegian Public Limited Companies Act. The application for Offer Shares in the Subsequent Offering is subject to Norwegian law.

6. Description of Dolphin Interconnect Solutions ASA

6.1 Incorporation, registered office and registration number

Dolphin Interconnect Solutions ASA is a Norwegian Public Limited Liability Company incorporated 26 August 2002 under the Norwegian Public Limited Liability Companies Act of 19 June 1997 no. 45, and is registered with the Norwegian Register of Business Enterprises with registration number 984 861 060 under the corporate name Dolphin Interconnect Solutions ASA.

The Company's registered corporate head office is located at Olaf Helsets vei 6, 0694 Oslo, Norway. The Company's telephone number is +47 23 16 70 00 and fax: +47 23 16 71 80. The Company web site is www.dolphinics.com. The Company's main activities are concentrated at the corporate head office in Oslo. Dolphin maintains sales representatives in Los Angeles, Dallas, Boston and Lyon and is represented in North America, Europe and Asia by a range of reselling partners, manufacturing representatives and integrators.

Throughout its history Dolphin has developed and delivered products to allow multiple computers to work in cooperation to address the needs of high-end applications.

Dolphin's products enable commodity low cost servers with standard application software and specialized equipment with specialized application software to be transformed into market leading solutions with the best price/performance and characterized by high capacity and very fast response time.

6.2 History and development of the Company

Dolphin Interconnect Solutions AS was founded in Norway in 1991 and operations began in January 1992. In 1992 the company was acquired by a group of investors led by the Swiss company Genevest Consulting Group S.A. In 1994, after several rounds of venture capital funding, a subsidiary, Dolphin Interconnect Solutions Inc. was established to strengthen the Company's position in the USA. Following a share swap, Dolphin Interconnect Solutions Inc. was established as the parent company to Dolphin Interconnect Solutions AS.

In 1997, Dolphin Interconnect Solutions Inc. acquired a department of BBN Inc. in Boston, MA with rights to a tool for parallel software debugging called Totalview. The activities purchased from BBN were organized as a wholly owned subsidiary of Dolphin Interconnect Solutions Inc. called Etnus LLC. An independent company Dolphinics AS was established in 2002. In 2003, Dolphinics AS acquired Dolphin Interconnect Solutions AS from Dolphin Interconnect Solutions Inc. This included all the operations of Dolphin Interconnect Solutions Inc. except those associated with the Totalview product line. Dolphin Interconnect Solution Inc. at that time changed its name to Etnus, Inc. and later to Totalview Inc. In 2004, Dolphin Interconnect Solutions AS and Dolphinics AS merged into a single entity under the name Dolphin Interconnect Solutions AS.

Dolphin's original products were based on technology from Norsk Data, which included high speed cache coherent system interconnect technology used for building mainframe class systems using multiple processors. Early customers included Convex and Data General. Expanding on this early technology and leveraging its unique high speed interconnect expertise, Dolphin contributed significantly to the development and establishment of the SCI (Scalable Coherent Interconnect) IEEE system interconnect standard. For the past decade Dolphin has provided system interconnect components to the high performance computing and embedded market based on the SCI standard. Major customers have included Sun Microsystems, Fujitsu Siemens, Philips Medical, Siemens Medical and Thales Computers.

Dolphin has over a long period invested significantly in providing standardized software application interfaces for its interconnects including Sockets (for enterprise applications) and MPI (for technical applications). These interfaces allow standard software applications to run on and take advantage of the Dolphin hardware interconnects without requiring any application modification. This has significantly enlarged the market opportunity for the products and reduced the cost of migrating to Dolphins products. The socket interface software, named SuperSockets, allowed Dolphin to focus its main market towards standard existing applications both in the commercial and embedded marketplace.

Dolphin completed an IPO on the Oslo Stock Exchange in April of 2006.

In early 2007 Dolphin completed the acquisition of StarGen Inc. StarGen, Inc. was a recognized industry leader in IO (input/output) interconnect technology focused on serial switch interconnect capabilities for the PCI (Peripheral Component Interconnect) and PCI Express standards. PCI Express has become the de facto industry standard for all PC and server processor-to-IO interconnect. StarGen used its deep rooted experience and expertise in PCI to expand on the basic PCI Express capabilities. StarGen's enhanced PCI Express system interconnect technology provides basic PCI Express functionality and multiprocessor system interconnect capabilities similar to SCI but with improvements in bandwidth and latency. The business combination of Dolphin and StarGen was considered a natural step to fulfill both companies common vision for delivering high performance system interconnect solutions for enterprise servers. The Dolphin and StarGen business structures, technologies and product lines were integrated during the first half of 2007.

In June 2007, leveraging the new combined Dolphin/StarGen technology; Dolphin launched its Dolphin Express DX product initiative. Dolphin Express was targeted at the system interconnect needs of the growing data serving segment of the enterprise server market. This system interconnect market, projected by Dolphin to grow to over $1B, highly values the fundamental unique capabilities of Dolphin's technology, namely, extremely low latency. Low latency in the system interconnect directly benefits the response time and capacity of data serving applications. A targeted sales and marketing organization was created to quickly exploit the marketing opportunity accelerating Oracle RAC and MySQL Cluster applications. However, Oracle had made significant investments in the Infiniband interconnect technology and Dolphin did not manage to get the competing product picked up by Oracle and the major computer vendors. Continued lack of sales and market pickup of the Dolphin Express solution forced Dolphin in 2009 to downsize and refocus back to the traditional embedded market.

Dolphin Express has several strong leading technical features making it very competitive in the embedded marketplace. Dolphin has created a software product called SISCI Developers Kit to simplify ease of use and ease of integration for customers. The kit provides basic interfaces and examples for hardware features in a safe and efficient way to embedded application programmers. Both the special SISCI developers kit API and the standardized sockets API provided by Dolphins SuperSockets software are used by embedded customers today.

Reflective memory is a memory bus technology developed originally in the 1980s by Encore Computer that allowed simultaneous reads and writes to multiple memories. Several vendors are providing modern products and the reflective memory method is currently used by many embedded solutions. The Dolphin Express hardware combined with the updated SISCI Developers kit provides a very competitive product. The first version of the Dolphin product was released beginning of 2010 and have already been adopted by several customers.

Several embedded customer projects started in 2009 have resulted in an increasing sale to the embedded market in 2010. Agilent, a leading technical instrumentation provider has managed to create the world's fastest Oscilloscope (DSO9000A) where the SuperSockets over Dolphin Express DX are critical components. Other examples of new embedded customers are Opal-RT, Caltech and Etas.

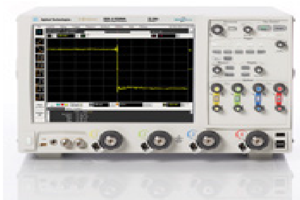


Figure 1 Agilent DSO 9000A

Dolphin started in 2007 a new project to develop a new version of the initial Dolphin SCI Cache Controller (SCC) technology bundled with the existing LC3 technology. The planned integrated semiconductor device will support Hyper Transport based AMD systems and was branded NumaChip. This product provides a CCNUMA system interconnect to enable shared memory systems (mainframe class) to be built from low cost commodity servers. The technology and project was in 2008 spun off from Dolphin Interconnect Solutions ASA as a subsidiary (Numascale AS). The purpose of this spin off was to give the Numascale AS the possibility to secure external funding and as also reduce the risk on this project for Dolphin. Following the spin-off external investors contributed with new equity in Numacale AS and Dolphin's shareholding was reduced to 72.65% by the end of 2008. Following the need for additional capital in Numascale during 2009 Dolphin's shareholding has been further diluted and Numascale ceased to be a subsidiary by late June 2009. By the end of 2009 Dolphin controls 12.6% of the shares in Numascale AS.

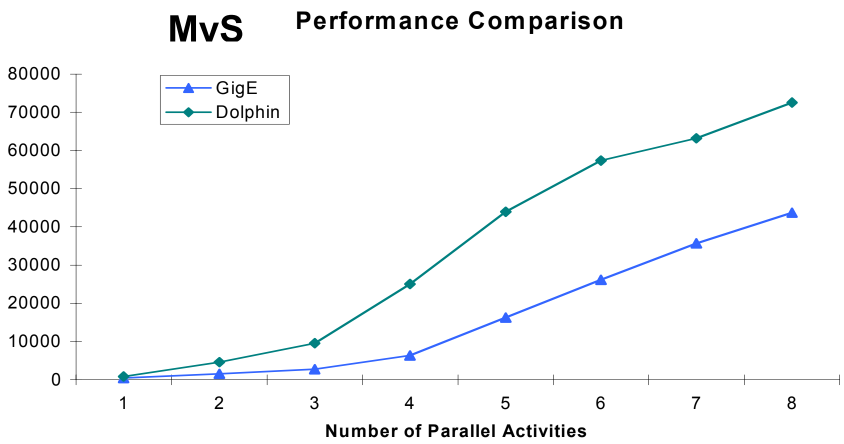
6.3 Mission

Dolphin's strategic mission, starting in 2010, is to exploit its existing technologies and resources developed through the last decade and deliver high performance interconnect technology to the embedded marketplace. Dolphin has previously proven its ability to deliver quality solutions to major OEMS like Siemens Medical, Philips Medical, Thales and Sun Microsystems in the past. Significant parts of the previously developed software and hardware still have a very strong and competitive edge over similar competing solutions.

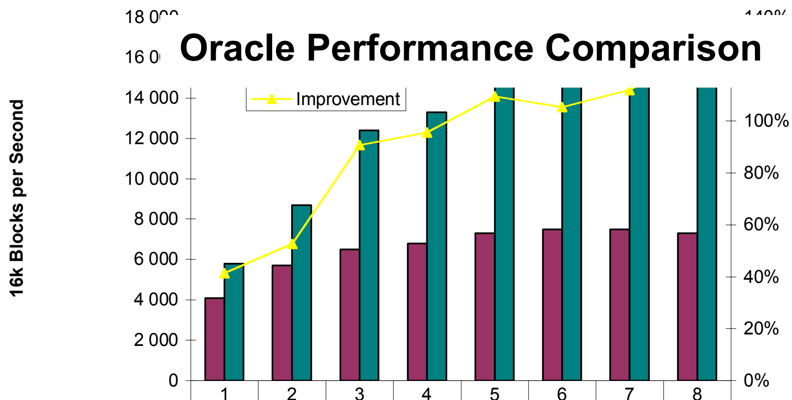
The need to capture, store, manipulate and distribute real-time digital data has never been greater. Embedded systems are typically characterized by the need for fast interactive response time and real-time operations. The users demand fast response time and data services that are always on (High Availability) supporting critical applications. Data service providers need cost effective high capacity compute resources that can meet these demands that are highly available. The requirements pose unique challenges from a computer technology perspective. At the heart of solving these challenges is the ability to muster the power of multiple computers coordinated to efficiently search, organize and distribute data. To harness the power of those multiple computers, high speed systems interconnect is required and to meet the response time requirements the system interconnect must have extremely low latency. Dolphin's technology is ideally suited to meet these challenges.

Dolphin is in a unique position to provide the infrastructure needed to build cost efficient and powerful embedded platforms. Dolphin technology's strengths are ideally suited to this market's demand for fast response time, low overhead, low transaction jitter data distribution to large groups of systems. Dolphin's computer interconnect technology and software libraries can enable embedded systems and commodity low cost servers, coupled with standard off-the-shelf application software to be transformed into data serving platforms characterized by high capacity, fast response time, highly availability, and leading price/performance. Response time for applications can be limited by the response time and capacity of the underlying network solution. When run on platforms utilizing Dolphin's interconnect technology standard applications like Mathlab, Oracle and MySQL deliver significant better response time and throughput than running on alternative interconnects. Dolphin is able to deliver this performance capability due to the inherent low latency of its software and hardware technology. The ability to collect, store, manipulate and distribute data is a prime component of many of today's most exciting and innovative businesses. Although representing a diverse set of marketplaces there is a common underlying requirement tied to response time of the application.

Dolphin has the unique capability within its technology to provide the best engine for network intensive application. Performance measures of response time and throughput with the most widely deployed and popular databases show the significant advantage of Dolphin's technology over alternatives. The charts below show an up to 4x throughput improvement in MySQL over an Ethernet interconnect and a 2x improvement with Oracle. These performance improvements at the application level are made possible by Dolphin's unique extreme low latency architecture. Low latency has a significant impact on applications which utilize a high percentage of small message traffic. Profiles of the largest selling databases show the vast majority of data communication in these applications between nodes is made up of large amounts of small packets. For this reason there is a direct correlation between Dolphin's low latency architecture and the most highly valued attribute for these markets, namely fast database application response time.



Source: Dolphin test laboratory.



	1	2	3	4	5	6	7	8
GigE	4 100	5 700	6 500	6 800	7 300	7 500	7 500	7 300
Dolphin	5 800	8 700	12 400	13 300	15 300	15 400	15 900	16 500
Improvement	41%	53%	91%	96%	110%	105%	112%	126%

The figure above shows the improvements over Gigabit Ethernet.
Source: Dolphin test laboratory.

6.4 Business Concepts and Goals

Dolphin's business concept is to focus its sales and marketing investments and initiatives on developing the embedded market as Dolphin's growth engine for the future. With its unique competitive advantages Dolphin is positioned to establish a dynamic and defensible business with a revenue stream growing significantly over the next years. To realize this potential Dolphin will change many of its sales and market processes to address the embedded market opportunity. Dolphin provides various levels of solution integration (From interconnect chips to ready to run plug and play solutions). Dolphin will work closely with major customers, channel partners and application vendors who can assist in completing and delivering complete solutions.

Dolphin will continue to support existing customers running database applications and HPC markets with its legacy products and will opportunistically service large new opportunities in these markets. Broad sales and marketing initiatives to these markets will not be undertaken so as to provide focus to the embedded market. Dolphin will invest in company promotion to raise the level of industry awareness of Dolphin's unique value proposition in the embedded market.

Dolphin will use a combination of direct selling to large customers and OEMs and will recruit a reseller channel to sell the products to the broad customer base. Collateral and partner programs will insure the focus and success of the reseller partners. Working with large embedded system providers and OEMs to sell the Dolphin interconnect will also be a key component of the sales channel. Benchmarking and proof points, testimonials and case studies will be used to demonstrate the Company's value proposition. The products will be sold at the module level with the SuperSockets software and SISCI Developers kit bundled.

7. Description of the Dolphin interconnect solutions in the market

7.1 Markets and Customers

Dolphin has demonstrated the robustness, quality and reliability of its technology through the 18 years of delivering products to the HPC and embedded marketplace. Sales to the embedded systems markets previously represent a major part of the current total revenue. More than 90% of the revenue is generated outside the Nordic market. This revenue is currently generated by both the legacy the StarFabric product line acquired with StarGen and the SCI and Dolphin Express DX products.

Dolphin has delivered or is currently delivering its products to highly professional customers like:

- ✓ SUN Microsystems
- ✓ Philips Medical
- ✓ MySQL AB
- ✓ Siemens Medical
- ✓ Advantest
- ✓ Lexmark
- ✓ Agilent
- ✓ Honda
- ✓ Etas
- ✓ Raytheon
- ✓ Fujitsu Siemens Computers
- ✓ Avtec Inc.
- ✓ Scali
- ✓ Stanford University
- ✓ Delaware University
- ✓ CERN
- ✓ GWGD Göttingen
- ✓ EMC Data General
- ✓ Transvalor
- ✓ Fujitsu Siemens
- ✓ Thales
- ✓ Cap Gemini
- ✓ Intel
- ✓ U C Santa Cruz
- ✓ Boeing
- ✓ Sony
- ✓ Barco
- ✓ Opal-RT
- ✓ Lexmark
- ✓ Concurrent
- ✓ Lockheed Martin
- ✓ Linköping University
- ✓ Manchester University
- ✓ Pennsylvania State University
- ✓ Florida University
- ✓ Max Plank Institute
- ✓ University of Zürich
- ✓ EDF
- ✓ GACI
- ✓ NASA

Dolphin's products have been sold into the following market segments:

- ➢ Embedded solutions
    - ✓ Using Dolphin's SCI microchips and cards
    - ✓ Using StarFabric PCI switch and bridge microchips
    - ✓ Using Dolphin Express DX and SuperSockets
- ➢ Commercial computing
    - ✓ Using Dolphin SCI cards and SuperSockets
    - ✓ Using Dolphin Express DX and SuperSockets
- ➢ High performance computing (HPC)
    - ✓ Using Dolphin's SCI cards and MPI software

Dolphin will continue to sell in these markets although strategic priority will be placed on the embedded market segment. The primary products will be StarFabric and Dolphin Express DX solutions coupled with the SISCI Developers kit and the SuperSockets software.

7.1.1 Embedded segment

Embedded solutions refer to computer-based products that are specialized for a fixed set of tasks. Sales volumes for an embedded solution may ranges from one for a very special purpose solution to a very high volume general applicable product.

Dolphin provides communication products that matches criteria's for many different embedded solutions. The StarFabric product enables a cost efficient and tight design in integration with PCI based computers and IO devices in high volume products, e.g. in a business level printer.

The SCI and Dolphin Express DX products with Dolphin software enables customers to build high performance, high availabilityand low latency systems. Dolphin supports several industry standard form factors (PCIe, PCI, PMC, cPCI) for embedded computing and will include support for embedded form factors if required by customers. Examples of solutions where Dolphins software and hardware has a strong value are:

- ✓ Real-time Simulators
- ✓ Test and measurements equipment
- ✓ High resolution medical equipment
- ✓ Distributed image processing
- ✓ Process control systems
- ✓ Data acquisition systems

Examples of customer solutions using Dolphins embedded interconnect solutions are:

- ✓ Agilent – Interconnect for the Oscilloscope DSO 9000A family
- ✓ Opal-RT – RT-LAB Orchestra simulator
- ✓ Philips Medical - iU22 and iE33 Ultrasound Systems
- ✓ Siemens Medical - Somatom Sensation Cardiac 64 Scanner
- ✓ NASA – International Space Station training simulator
- ✓ ETAS – Hardware in the loop car electronic test system
- ✓ Thales – Flight computer Interconnect

The main sales channel for these products are through direct sales to major customers, resellers and OEMs.

7.1.2 Commercial computing and HPC

Dolphin Express interconnects PCs or servers as nodes in a powerful scalable topology. This technology brings affordable scalable server capacity to a growing number of commercial applications. Dolphin's sales to these markets are mainly done through integrators and ISVs, with Dolphin's sales force involved both with the integrator and the end user. Dolphin Express with Dolphins MPI (NMPI) provides a general MPI application interface on native shared memory.

- ✓ Dolphin Express with SuperSockets opens a market opportunity in commercial computing for database clusters and client-server applications.
- ✓ MySQL uses Dolphin Express to speed up MySQL Cluster applications.
- ✓ Transvalor uses the Dolphin SCI Interconnect to build very cost efficient systems for its Metal Forging simulator application.

The commercial enterprise computing segment, where Dolphin Express can enable plug-in upgrades for improved performance, scalability and removal of bottlenecks, has previously been a primary focus for the company. A number of successful installations exist but Dolphin has not managed to have the product picked up by large system vendors like HP, Dell and Fujitsu Siemens.

7.1.3 Sales overview by product categories

The table below sets out the sales of main product categories in the years 2009-2007 (other revenue not included).

(In NOK thousand)	**March 31 2010**	**March 31 2009**	**2009**	**2008**	**2007**
Star Fabric	1,245	3,613	6,972	7,941	11,575
DX-Series	506	167	688	524	76
D-Series (SCI)	76	1,522	2,345	12,870	12,878
Other	96	77	179	3,495	2,805
Total sales revenues	1,923	5,379	10,184	24,830	27,334

Source: Figures for 2009 and 2008; Audited financial statement for 2009 and 2008.
Figures for Q1 2010, Q1 2009 and 2007; Unaudited company records.

Presently Dolphin delivers StarFabric, SCI-products and Dolphin Express DX worldwide to customers building embedded systems, enterprise servers and high performance computer clusters.

The sales of SCI-products include contract revenues to one large customer were the customers products were phased out in 2008, and the last deliveries took place in Q2 2009.

7.1.4 Sales overview by geographical segment

The table below sets out the sales based on the country in which the costumer is located.

(In NOK thousand)	**2009**	**2008**	**2007**
EURO zone	2,077	12,522	13,735
U.S.	3,772	9,159	6,902
Japan	2,255	1,824	5,809
Other	2,080	1,325	888
Total sales revenues	10,184	24,830	27,334

Source: Audited financial statement for 2009, 2008 and 2007

7.2 Dolphin's Core Technology

Dolphin's core technology consists of:

- ✓ SCI based microchips and adapter cards
- ✓ Dolphin Express DX (PCI Express-based) microchips, switch and adapter cards
- ✓ StarFabric microchips and switch
- ✓ Dolphin SISCI Developers Kit software
- ✓ Dolphin SuperSockets Software

7.2.1 SCI Technology

The SCI Technology has been Dolphin's sole offering until recently when the PCI Express technology was published. SCI is an acronym for Scalable Coherent Technology, an IEEE standard developed by the computer industry and approved as a standard in 1992. Dolphin was an active participant in the definition of the SCI standard and presented the fist products soon after the standard was approved. The full SCI standard defines an advanced scheme for cache coherent memory sharing over parallel computers. The model includes directory based and scalable cache coherency for shared memory operation. Dolphin's first SCI products were successfully used in commercial application by Convex and Data General and in their differing application fields of High Performance Scientific Computing and Commercial Servers.

Dolphin has offered a range of products for system to system interconnect or clustering. These products are based on an inventive usage of SCI by connecting to the cheaply available I/O ports of the systems, first for SBus, a proprietary bus for Sun systems and later for PCI that moved into the PC mainstream boxes and was followed by PCI Express also supported by Dolphin with SCI adapters. In these products emphasis was made on the bus-bridging capabilities of SCI. They made Dolphin solve a wide variety of application for its customers over the years. The direct bus-bridging capability made it possible make systems with very low latency communication. SCI Adapters have also been the platform for the development of Dolphin's very advanced software solutions with the most recent and forward-looking being SuperSockets.

7.2. 2 StarFabric Technology

The StarFabric technology was acquired through the StarGen acquisition. It consists of microchips that utilize standard Ethernet (cat 5) cabling as interconnect to enable distributed low latency PCI bus bridging. The solution enables customers to build very cost efficient, latency dependent solutions. Dolphin provides chips, switches and evaluation boards and can assist with design and implementation consulting.

7.2.3 Dolphin Express DX Technology

Dolphin's PCI Express switch device is a 10-Port advanced PCI Express Switch, which offers low latency, configurable port widths, advanced flow controls and Quality of Service (QoS). It operates at 20Gb/s. PCI Express I/O devices can be directly connected. Dolphin's advanced PCI Express Bridge is designed to connect a wide variety of PCI Express processors into a system fabric with compatible connection to PCI Express I/O devices. It is processor agnostic and will provide full function bridging for ARM, MIPS, Pentium and PowerPC processors. It provides advanced flow control and QoS. PCI Express products will directly serve the storage, computing and communications markets.

Several common themes exist in each of these markets that drive demand for enhanced capabilities beyond that of base PCI Express:

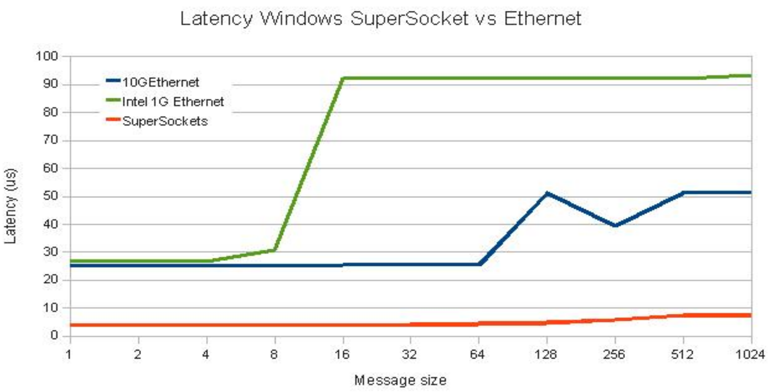
- Multiple processors
- Scalability
- High availability
- I/O virtualization
- Quality of Service
- Standard form factors

Dolphin Express DX solution combines hardware, software and firmware and includes a complementary family of switches, bridges, development kits, and a robust software suite. Dolphin's advanced PCI Express switch and bridge silicon chips are in full production and they are integrated into a series of board and subsystem level components that are introduced to the market now. Dolphin SuperSockets and the SISCI Developers Kit are ported the PCI Express hardware and the combination will offer the best available price/performance solution for communication intensive applications.

7.2.4 SuperSockets Technology

Dolphin SuperSockets is a software library that is compatible with the Microsoft Winsock2 and Berkeley Sockets API, used by almost all software communicating between computers in an Ethernet based LAN environments. Dolphin SuperSockets provides a fully transparent way of improving communication performance, without doing any modifications or reconfiguration to the application software whatsoever. This means that any application that suffers from a communication bottleneck will experience a speed increase of up to ten times compared to the Gigabit Ethernet connections used today. Such applications are found in database servers, computer server clusters, high availability servers and other more specialized fields, like real time applications or streaming data transaction systems.

The Dolphin SuperSockets software provides a fast and transparent way for applications using sockets (TCP, UDP and RDS) to use Dolphin's SCI and DX technology as the transport medium. The major benefits are plug and play, high bandwidth and much lower socket latency than technologies like one- and ten Gigabit Ethernet, Infiniband and Myrinet. Dolphin Express DX with SuperSockets has at least 10 times better latency than regular Gigabit Ethernet and up to 1330 Mbytes per second throughput. Dolphin SuperSockets uses the unique remote memory access to implement a fast and reliable connection and data transfers.



Source: Dolphin test laboratory.

With link level speed of modern interconnect hardware being increased, the communication bottleneck is moved more and more to protocol software. Dolphin's technology provides basic mechanisms to share memory between nodes and to transfer data between them. Dolphin SuperSockets combines legacy applications and the low latency communication hardware. Special emphasis has been put on transparent integration with existing applications, as well as on achieving highest possible performance.

SuperSockets Key product features

- Plug and Play. No operating system patches or application modifications required.
- Supports multiple adapters per computer system for increased fault tolerance and speed.
- Accelerates local loopback connections AND remote connections
- Both TCP and UDP supported.
- Automatic failover to redundant adapter in the case of network failure.
- Supports hot-pluggable links for high availability operation.
- Easy to install.
- Supports both user space and kernel space clients.
- Full support for socket inheritance/duplication.
- Open source, available under a General Public License or a Limited General Public License.

Socket latency
Real benchmarks on Dolphin Express DX show that a complete 1-byte socket send - socket receive is completed in 1.99us (Full round-trip in 3.98us). As far as the Company knows, this is the highest performance solution in the industry and approximately 10 times better than regular Gigabit Ethernet.

High Availability
Dolphin SuperSockets supports transparent failover and channel bonding. SuperSockets will automatically switch over to Ethernet if all available high speed interconnects are unavailable. This means that any application that uses SuperSockets transparently will benefit from the high availability feature.

Socket Throughput
Benchmarks using the "netperf" tool (a well known performance measuring tool in the networking industry) show more than 1330 M Bytes/s sustained throughput using standard TCP_STREAM sockets using a DXH510 Dolphin Express DX adapter card.

Dolphin SuperSockets is available for Windows and Linux. SuperSockets brings low latency and high throughput directly to un-modified application software and is now the key technological element in Dolphin's business development.

7.2.5 SISCI Developers Kit

The SISCI Developers Kit software aim to simplify the integration and use of Dolphins solutions for embedded customers that wants to migrate their application to Dolphins Interconnect solution and take direct advantage of low level powerful features like

- ✓ Local and remote memory access
- ✓ Local and remote Interrupts
- ✓ DMA and PIO Data transfers
- ✓ Reflective Memory data distribution

The SISCI Developers Kit comes with examples code, documentation and strong support that significantly reduces the time required to successfully integrate the Dolphin interconnect solution.

7.2.6 Dolphin Express Program

Dolphin Express is a brand used for Dolphin's technologies targeted for the embedded and server market. The key software component is Dolphin SuperSockets and the SISCI Developers kit and its application to speed up applications. The main hardware platform for Dolphin Express is now Dolphin's PCI Express technology. Both SCI and PCI Express offer extreme latency performance and PCI Express will improve the offering performance-wise, especially improve the bandwidth. SCI will still be offered for applications required scaling to a large number of nodes and when there are specific requirements for high availability or switch-less operation.

7.2.7 Miscellaneous

Products delivered by Dolphin are in compliant with the "Restriction of Hazardous Substances Directive (RoHS) 2002/95/EC", adopted by the European Union in February 2003. The directive took effect on July 1 2006. (Customers in the medical and the military branches are not bound by the directive as of today.) Products sold by Dolphin are subject to Norwegian environmental duties. These duties are paid by the (external) manufacturer of Dolphin's products

Dolphin develops, manufactures and markets high-speed, high-bandwidth interconnect products. Dolphin's products and technologies enable customers to build highly scalable, multiprocessor and

enterprise-class clustering solutions with standards-based hardware and software on Windows, Linux, Solaris and VxWorks platforms.
The StarFabric and SCI-chip sets enable Dolphin's customers to design their own specific products with these chip-sets embedded, and to use Dolphin's computer cards in highly scalable multiprocessor and enterprise class systems based on standard PC and server technology available in the marketplace.

The intellectual property in the Dolphin Hardware is mainly protected as industrial secrets, and the Company is thus not to a significant degree dependant on patents and licenses for the current product portfolio and the products that currently are developed. The technology is implemented in chips produced by a third party, LSI Logic.

Dolphin is monitoring its developments but has not found it required for the business to make an application for patents for any of the inventions that are used in the current chips. Dolphin sold a patent acquired through the merger with StarGen for 1.2 Million USD in 2008. Dolphin has licensing rights to five partially related patents initially filed by Dolphin and now held by SUN Microsystems.

Dolphin's software is mainly open source and under the GPL/LGPL (Gnu Public License and Lesser Gnu Public License). This implies that the software is distributed to the users as a source program. The user can use the source at its own purpose and change the source. The Dolphin software is closely linked to the Dolphin hardware and has limited value used for other purposes. Dolphin may use the changes as improvements to its products, and the open source licensing scheme has commercial advantages to Dolphin. In the exception(s) where the software is not open source, Dolphin has previously entered and may in the future also enter into license agreements.

7.3 Product development

7.3.1 Development activities – basis for growth

About half of all employees in Dolphin are engaged in product development in various degrees. The development activities are organized in projects for developing both new products and follow-up versions and support of existing products.

Dolphin has product development departments in Oslo and consulting engineers are working in Boston, USA and Chemnitz Germany. An effective Internet based working environment and collaborative working spirit is established between the individuals and teams. The geographically distributed structure improves Dolphin's ability to attract people with the right skill set for the advanced tasks in Dolphins development department and improves the Company's contact options to customers, partners and vendors.

The development work in Dolphin is leading edge in several fields of competence as well as in the products it brings forward.

7.3.2 Dolphin Express

Dolphin Express is Dolphin's product portfolio base on SCI and PCI Express and with the advanced software solutions provided by Dolphins well proven software stack prove on a large set of different application over the years on the SCI technology. With the SCI and PCI Express technologies in house Dolphin can work with advanced application related solutions, testing at user sites and benchmarking in parallel with the activities to make the new PCI Express based Dolphin Express hardware market ready and porting the software stack to PCI Express.

7.3.3 PCI Express Technology

All servers, storage, embedded and communication systems are made up of combinations of processing and Input/Output (IO) devices that are connected by a data highway called a system interconnect.

System interconnects in the personal computer and traditional server markets adopted the PCI standard starting in the early 1990s. PCI has seen a number of evolutionary steps since then with the most recent being a shift from its original parallel bus architecture to a serial point-to-point architecture. This new serialized version is called PCI Express and has won widespread industry acceptance.

More sophisticated system architectures requiring features beyond PCI and PCI Express have until recently continued to use proprietary or niche technology for their system interconnects. Dolphin's technology is specifically designed to build upon and leverage PCI Express for these sophisticated architectures. PCI Express alone cannot meet these systems need for peer-to-peer multiprocessing, greater availability, higher quality of service, and higher port densities. Only a high-bandwidth, switch fabric serial interconnect which overlays cleanly on the core of PCI Express and adds transaction layer capabilities such as flexible protocol encapsulation, peer-to-peer transfer, dynamic reconfigurations and multicast, can meet these market needs.

Dolphin's technology adds true switch fabric system interconnect capabilities to PCI Express. A switch fabric system interconnect consists of switch components that provide the multi-node routing within the interconnect (highway interchanges) and bridge components that interface the switches to the system processing and IO elements (on-ramps) In this way switch fabrics are matrices of switches that enable data to be sent from any point over a flexible path to any other end-point in a system. Each end-point is connected to every other end-point through one or more switches. Each end-point is connected to the switch matrix through a bridge.

Dolphin is currently engaged with major PCI Express chip vendors for future next generation products.

7.3.4 Roadmap

The development work in Dolphin is leading edge in several fields of competence as well as in the products it brings forward into future products.

PCI Express specifications are maintained and developed by the PCI-SIG (PCI Special Interest Group), a group of more than 900 companies. All modern computers are now equipped with a PCI Express interface. PCI Express has previously had its domain within the computer, mainly as a very efficient way to connect high performance IO adapters. PCI Express cables are now defined and emerging as a standard to connect external PCI Express equipment (IO Expansion) to host systems.

Dolphin's current PCI Express product uses PCI Express 2.5gbps transfer rate pr link lane – resulting in application to application latency in the range of 1 microsecond (us) and throughput over 1300 Mega bytes / second. Faster versions of the PCI Express link layer, 5gbps transfer rate pr link lane, are defined and implemented by several chip vendors. The new link transfer rate will nearly double the application throughput for large transfers but will have no significant impact on the application-to-application latency. Most of Dolphins customers have the application-to-application latency as the primary requirement.

Dolphin is currently engaged with major PCI Express microchip vendors for its next generation PCI Express products and is planning for a new family of interconnect products based on these microchips. The board level products will be built by Dolphin or in partnership with board level vendors. Dolphin's software infrastructure for efficient support of standard applications is unique and is easily portable to this new hardware infrastructure.

Customers building PCI Express embedded solutions at the microchip level are currently required to implement their own full software stack as general, optimized software interfacing to applications are not available for these microchips. Software interfacing applications are not trivial and implementing such software for a specific application typically takes 12-18 months or more. Dolphin will offer its SISCI Developers Kit and SuperSockets software to customers building their own hardware. The benefit for the customers will be professional supported software, reduced development time and maintenance cost. Dolphin will offer major customers to adopt or extend Dolphins software solutions to specific requirements.

Joining the general PCI Express bandwagon partnering with large microchip vendors will significantly reduce Dolphins development cost for next generation solutions and open up a new market for selling software 3rd party solutions.

7.4 Sales and Marketing

Dolphin's products are specialized components of software and hardware, which are installed in complex technical configurations. Hence, the products require targeted sales and marketing efforts.

The products are sold through a combination of a direct sales force and a reseller network. Dolphin has a direct sales force in some of the main markets in Europe and USA, some of these are employed by Dolphin, but most often are self employed individuals on a retainer contract. The reseller network consists of distributors on regular contracts. Dolphin is currently working on expanding the sales channel.

The major marketing tools are presentation on the company internet web, including adaption to appropriate search engines, activity on blogs and public mailing lists and participation on trade shows, exhibitions and conferences. In the communication with potential customers Dolphin has produced a number of whitepapers documenting the benefits of our product for specific applications. The primary point of awareness is the Company's website (http://www.dolphinics.com) where potential customers and technology advisors can find updated information about products, solutions and success stories.

Lately Dolphin is engaged in partnership discussions with technology companies having complementary technology. One part of such partnership will be to customize products to our partners product range, and have co marketing agreements. Currently Dolphin is in the technical development phase of such solutions. Through these initiatives Dolphin will also maintain the core technology compliant with the latest state of art within the interconnect space.

Due to the ongoing revision of the Company's strategy new initiatives related to sales and marketing remains to be fully implemented

7.5 Important factors to ensure long term profitability

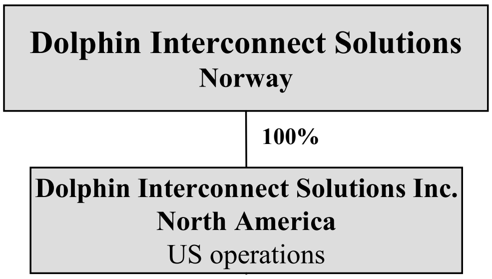
The most important task for the board of directors and the management is to ensure growth in future revenues. The future long term profitability of the Company depends up on a successful strategy to ensure such a growth at sustainable margins. The sales & marketing strategy and the execution of this together with a successful improvement and development of our product mix which includes our software and hardware solutions will in this respect be important. The Company needs to obtain a foothold in the OEM segment leading to a number of medium and some few larger OEM embedded contract to meet this target.

The Company's will in this respect build on its already developed proprietary source code and patent and the software development team of the Company is also an important resource in this respect.

8. Organization, Board and Management

8.1 Organizational structure

The Dolphin Group currently consists of the parent company Dolphin Interconnect Solutions ASA and its wholly owned subsidiary Dolphin Interconnect Solutions North America Inc as shown below.



Dolphin Interconnect Solutions ASA is the ultimate parent company. A major part of the group's operations take place within Dolphin Interconnect Solutions ASA.

Dolphin Inc is presently located in 225 Cedar Hill Street, Marlborough in the state of Massachusetts, United States of America, but will during June/July move its registered office to Woodsville in the state of New Hampshire, United States of America.

8.2 Board of directors

8.2.1 Present composition of the Board of Directors

The table below sets forth the Company's current Board of Directors as of the date of this Prospectus:

Name	**Age**	**Position**	**Has served since**	**Term expires**
Ole Henrik Eide	**59**	Chairman of the Board	2007	Annual general meeting in 2011
Tor Alfheim	**67**	Member of the Board	2007	Annual general meeting in 2011
Alf Rasmussen	**48**	Member of the Board	2002	Annual general meeting in 2011
Marit Døving	**54**	Member of the Board	2007	Annual general meeting in 2010
Cecilie Vanem	**43**	Member of the Board	2006	Annual general meeting in 2011
Simen Thoresen	**36**	Member of the Board	2008	Employee representative in the Board

The Board is responsible for administering the Company's affairs and for ensuring that the Company's operations are organized in a satisfactory manner. The Company's registered business address, Olaf Helsets vei 6, 0694 Oslo, Norway, serve as c/o address for the members of the Company's Board in relation to their directorship of the Company.

Ole-Henrik Eide (born 1951): Chairman of the Board

Mr. Eide has been on the board since June 2007. He has for the last 4 years been an independent business advisor for health care and technology companies. Previously he has headed the asset management for several institutions, and was directly engaged in growth companies in Norway and USA. He has held management positions in the various Norwegian companies, and has served on the board on several companies in the technology industry. Mr. Eide holds a MBA from the University of Utah. Mr Eide is a Norwegian citizen with residence in Bærum, Norway.

Alf Rasmussen (born 1962), Board member
Alf Rasmussen is managing director of Eiger Corporate AS. He holds a degree from American University in Paris as well as New York University. Rasmussen has experience as a M&A consultant at Weibull AS, an international treasury broker with Den norske Credit bank, Stockbroker with Union Bank of Norway, Na Jensen & Co, A. Sundvall ASA and a founder of Atlantic Security AS. From there he went to form Emode AS, a technology company directed towards mobile applications which was later sold to Aspiro AB. Alf Rasmussen has been Chairman of the Board of Totalview Technologies Inc. Mr. Rasmussen is a Norwegian citizen with residence in Bærum, Norway.

Marit Døving (Born 1956), Board member
Døving has long and diverse management experience from Norwegian and international telecom-, software-, and IT companies. The majority of her Executive experience comes from large organizations headquartered in Norway, the US, France and the UK. Her Non executive experience comes from serving as board member or chairman in a variety of publicly listed and privately held companies globally. Previous executive responsibilities include Executive Vice President of Global Marketing at Symbian Ltd, London, CEO of Consorte Group ASA, Oslo, Vice President, responsible for Marketing and Customer Relationships, Mobilix AS, Copenhagen (later Orange Denmark), and Executive Vice President and member of the Executive Committee of the Telenor Group, Oslo. Døving is a Norwegian citizen, resident in London, United Kingdom.

Cecilie Vanem (born 1966), Board member
Cecilie Vanem is Sales Director at Software Innovation. She holds a degree from Stirling Universtiy, Scotland. Vanem has 15 years experience from the IT industry in companies like SaveIT AS, TeleComputing AS and Retuers Ltd. Cecilie Vanem is Chairman of the Board of Omninett AS. Ms Vanem is a Norwegian citizen with residence in Oslo, Norway.

Tor Alfheim (Born 1943), Board Member
Tor Alfheim holds a Master degree in Computer Science from the Norwegian Techn. University. He has a main part of his background from Norsk Data AS, where he held various positions including CEO. Thereafter he became President and CEO of Comma Data Service AS for a period of two years and later President and CEO of Sysdeco Group ASA.
Tor Alfheim is presently partner in Technology International Exchange Norway AS and he has served as chairman/member on several boards within the Norwegian IT and high tech. industry, including Ementor ASA, Norsk Vekst ASA, Startfondet ASA and several other high tech start-up companies. Mr. Alfheim is a Norwegian citizen with residence in Oslo, Norway.

Simen Thoresen (Born 1973), Employee representative on the Board
Simen Thoresen is the Systems Administrator at Dolphin ICS. He has been with the company since 1999, performing system administration, support and technical duties. He has been a minor shareholder since 2007, and holds no other board or management positions. Mr. Thoresen is a Norwegian citizen with residence in Strømmen, Norway.

8.2.2 New composition of the Board of Directors from the date following the approval and public announcement of this Prospectus

The ordinary general meeting held on 16th June 2010 elected a new composition of the board of directors. The ordinary general meeting decided that the new board would commence its service period from the first day after this Prospectus had been approved by the Norwegian Financial Supervisory Authority and officially announced. The new board is composed as follows:

Name	Age	Position	Has served since	Term expires in
Atle Jacobsen	40	Chairman of the Board	N/A	Annual general meeting in 2012
Ole Henrik Eide	**67**	Deputy chairman of the Board	2007	Annual general meeting in 2011
Marit Døving	**54**	Member of the Board	2007	Annual general meeting in 2011
Hege Eikeland	**39**	Member of the Board	N/A	Annual general meeting in 2012
Erik Hokholt	**48**	Member of the Board	N/A	Annual general meeting in 2012
Simen Thoresen	**36**	Member of the Board	2008	Employee representative in the Board

Below is a short description of the proposed new board members.

Atle Jacobsen (born 1970)
Jacobsen has 17 years of experience in the offshore E&P industry with several contractors including PGS and Stolt Offshore, Multiwave and Wavefield Inseis. Before taking the position as CEO in Wavefield Inseis ASA in 2006, he was VP Operations in Multiwave Geophysical Company. As part of the merger between Wavefield Inseis and CGGVeritas he entered in to the position SVP Marin Product Line in CGGVeritas until October 2009. Jacobsen holds a Master of Science in Nautical Engineering from NTH in Trondheim. Jacobsen has served on boards in several offshore and service companies, and is currently chairman of the board of Nautical Technology Consultants AS, Specialist Subsea Services Ltd (UK), EXS Subsea AS and Three M AS. Jacobsen is a Norwegian citizen and resides in Bergen, Norway.

Hege Eikeland (born 1971)
Hege Eikeland is currently the CEO of Consema AS - a management and investment-company partially owned by Skeie Group in Kristiansand. In this position, Ms Eikeland has contributed to the development of the Skeie Group's oil company, Skeie Energy. Previously, Ms Eikeland has held a number of different management and administrative positions within the insurance- and real-estate industries. Ms Eikeland is a Norwegian citizen with residence in Sandnes, Norway.

Erik Hokholt (born 1962)
Erik Hokholt is the CEO of Økonomi og Regnskapssystemer AS, as well as working as a private investor. Mr. Hokholt has long experience from banking, accounting and offshore. He has been CFO at PGS and Wavefield Inseis AS, and has also served as CEO at Inseis AS. He has his academic background from Handelshøyskolen BI and Norges Handelshøyskole. Hokholt is a Norwegian citizen with residence in Oppegård, Norway.

8.3 Description of the group executive management

8.3.1 Overview of group executive management

The group executive management is responsible for the daily management and the operations of the Company.

Name	Age	Position	Joined the company in
Glenn Nøstdahl	32	CEO	January 2010
Ketil Sundal	44	CFO	January 2010
Hugo Kohmann	44	COO	May 1993

The Company's registered business address, Olaf Helsets vei 6, 0619 Oslo, Norway, serve as c/o address in relation to the senior managements' employment in the Company.

Glenn Nøstdahl (born 1978), Chief Executive Officer
Glenn Nøstdahl is the CEO and a major shareholder of the company. Prior to joining Dolphin he was CEO of Vitel AS since 2004. He has significant international management experience in telecom, energy and IT operations in the Nordic countries, Brazil and the United States. He also has broad experience from Norwegian politics. Mr. Nøstdahl is a Norwegian citizen with residence in Stokke, Norway.

Ketil Sundal, (born 1966), Chief Financial Officer
Mr. Sundal joined Dolphin as CFO in January 2010. He is a state authorized auditor and holds an MBA from NHH. He has 8 years of experience from auditing and consulting in Arthur Andersen and Ernst & Young, Mr. Sundal has previously held positions as vice president of Finance in Western Bulk and corporate risk manager in I.M. Skaugen SE. Mr Sundal is a Norwegian citizen with residence in Oslo, Norway.

Hugo Kohmann, (born 1966), Chief Operating Officer
Mr. Kohmann is responsible for all interconnect business. He has key knowledge of the Dolphin SW and HW and its applications and general software industry knowledge and extensive customer and partner contact. He has 17 years of industry experience and holds a Master of Science from the University of Oslo in computer science. Mr. Kohmann is a Norwegian citizen with residence in Oslo, Norway.

8.4 Conflict of interests etc.

All Board members are considered independent from Management, major shareholders or principal business associates to the knowledge of the Board of Directors and management here are no potential conflicts of interests between the management's and the directors' duties to the Company, and their private interests and/or other duties with the exception as described below.

On the date of this Prospectus, GN Power AS owns 1,500,000 of the shares in the Company and Glenn Nøstdahl Konsulenttjenester AS owns 243,034 of the shares in the Company. Both companies are owned and controlled by the Company's CEO, Glenn Nøstdahl. GN Power AS had given a loan to the Company of 1.975 million NOK. After the funds from the Private Placement was available for the Company, following the registration of the shares issued to the subscribers in the Private Placement, the loan inclusive of accrued interest was repaid on 1st June 2010.

On the date of this Prospectus, Tor Alfheim also serves a Board Member in Numascale AS. Dolphin has an ownership of 12.6%. Further Dolphin has from time to time a business relationship with Numascale AS.

The completion of the Private Placement has been in the interest of both the Board of Directors and the employees in the Company as this share issue was necessary in order to secure the funding and going concern for the Company.

There are no family relations between any of the Company's board members or management.

During the last five years preceding the date of this document, no member of the Board and management has:

i. any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
ii. received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
iii. been declared bankrupt or been associated with any bankruptcy, receivership or liquidiation in his capacity as a founder, director or senior manager of a company, apart from what is described under the section above.

The board member Alf Rasmussen was a board member of Exente Sec. AS, which filed a bankruptcy petition in October 2005. Board member Marit Døving was chairman of the board in Tandberg Data ASA that filed for bankruptcy petition in April 2009. The chairman of the Board, Ole Henrik Eide was in 2009 an interim CEO of Altertis Medical AS that filed for bankruptcy petition in October 2009. The CEO of the Company, Glenn Nøstdahl was chairman of the board in Vitel Salg AS that filed for bankruptcy petition in December 2008 and he was a board member of Next Momentum AS that filed a bankruptcy petition in May 2007.

Over the five years preceding the date of this document, the members of the Board and the senior management hold or have held the following directorships (apart from their directorships of the Company) and/or partnerships and membership in administrative management:

Board of Directors:	**Current directorships /partnerships and membership of administrative management**	**Previous directorships/partnerships and membership of administrative management**
Ole Henrik Eide	Dolphin Interconnect Solutions ASA (Chairman); NorChip AS (Vice Chairman); Scala Inc (Board Member); Holta Invest AS (Board Member); Sero AS (Board Member); Pelito AS (Chairman).	Neomed Innovation ASA(Board Member); Medicult AS (Board member); Harbinger Medical Inc (Vice Chairman) Altertis Medical AS (CEO).
Marit Døving	Dolphin Interconnect Solutions ASA (Board Member); Client Computing Europe ASA (Chairman); Kvaleberg AS (Board Member).	Tandberg Data ASA (Chairman); Confirmit ASA (Chairman); Superoffice ASA (Board Member); Colibria AS (Board member); Symbian KK (Board member); Symbian Software Ltd. (Board member and CMO); UIQ AB (Board Member).
Alf Rasmussen	Dolphin Interconnect Solutions ASA (Board Member); Berlin Invest AS (Chairman); Eiger PE II AS (Chairman); Eiger Corporate	TotalView Technologies Inc. (Chairman); Ocean Yachts AS (Chairman).

	AS (Board member and CEO).	
Tor Alfheim	Dolphin Interconnect Solutions ASA (Board Member); M-Solution AS (Chairman); START-fondet ASA (Chairman); Solvangen Marina AS (Chairman); Numascale AS (Board Member) Technology International Exchange Norway A/S (Board Member) Kernel Invest AS (Board Member).	KS Norsk Vekst II (Board Member); Selvaaggruppen Blue Think AS (Board Member); Advisory Board Venturos Venture Capital (Board Member); TM Holding AS (Chairman); Industrial Communication Group AS (Chairman); ITF Multi media learning AS (Chairman); Port IT AS (Board Member); Beacon consulting AS (Chairman); Hands ASA (Board Member); Ementor (Merkantildata) ASA (Board member); Emanio AS (Chairman); Norsk Vekst ASA (Board member); Norsk Vekst forvaltning ASA (Board Member); IT Fornebu Inkubator AS (Board Member); START-fondet ASA (Board Member); Design Power Inc (Board Member).
Cecilie Vanem	Dolphin Interconnect Solutions ASA (Board Member); Omninett AS (Chairman); Stirling Industrier AS (Chairman and CEO); Software Innovation AS (Market Director).	New Media Group AS (Board Member); Norstat ASA (Board Member); Ocelluz AS (Board Member); SaveIT AS (CEO).

Management:	Current directorships /partnerships and membership of administrative management	Previous directorships/partnerships and membership of administrative management
Glenn Nøstdahl	Dolphin Interconnect Solutions ASA (CEO); Glenn Nøstdahl Konsulentj. AS (Chairman and CEO); GN Power AS (Chairman); Asker og Bærum Fibernett AS (Chairman and CEO); Norsk Fibernett AS (Chariman); Vitel AS (Chairman and CEO); Maneo Media AS (Chairman); Comvie AS (Chairman).	Vitel Salg AS (Chairman); Next Momentum AS (Board Member) GN Eiendom Skotfoss AS (Chairman and CEO).
Ketil Sundal	None.	I.M. Skaugen A/S (Board Member).
Hugo Kohmann	None.	None.

8.5 Shareholdings and Stock Options

The following table sets forth, as of the date of this Prospectus, the number of Shares beneficially owned by each of the Company's directors and management.

Name	Position	Holding Company	Shares	Options
Board of Directors				
Ole Henrik Eide[1)]	Chairman	Pelito AS	130,507	0
Tor Alfheim[2)]	Board member		91,000	0
		Solvangen Marina AS	30,000	
Alf Rasmussen	Board member		5	0
Marit Døving	Board member		0	0
Cecilie Vanem	Board member		0	0
Simen Thoresen[3)]	Employee representative in Board		10,294	7,500
Management				
Glenn Nøstdahl[4)]	CEO	GN Power AS	1,500,000	0
		Glenn N. Konsulentj.[4)]	243,034	
Ketil Sundal	CFO		10,000	0
Hugo Kohmann[5)]	COO		17,800	28,000

1) All shares in Dolphin owned by Mr Eide are owned through the Holding Company Pelito AS.
2) Alfheim owns and controls a total of 121,000 shares in Dolphin. A total of 91,000 shares are owned personally and 30,000 shares is owned through Solvangen Marina AS.
3) Mr. Thoresen has 7,500 options with a strike price of NOK 3.50 per share.
4) Mr. Nøstdahl owns shares in Dolphin through the two holding companies GN Power AS and Glenn Nøstdahl Konsulenttjenester AS. Mr. Nøstdahl controls both of the two holding companies.
5) Mr Kohmann has 28,000 options with a strike price of NOK 3.50 per share.

It should be noted that the options stated in this overview was granted in July 2009. The shareholders approved in the extraordinary general meeting that was held 7th May 2010 a new incentive program for employees and members of the board in the Company. As of the date of this prospectus there has not been any allocation of options under the new incentive program. It is the intention from the board that the options granted in July 2009 will be replaced with a new incentive program and thus the employees will have to accept that these options will be cancelled in order to receive the new options. Further details of the proposed stock option program are outlined in section 8.6.

An overview of subscriptions made by Board Members, the management and companies controlled by Board Member and management are in the Private Placement are included in section 4.9. All these subscriptions have been made to at a cash cost of NOK 2.00 per share.
A company controlled by the CEO Glenn Nøstdahl, Glenn Nøstdahl Konsulenttjenester AS, has acquired a total of 243,034 Shares in the Company. Most of these have been acquired during the latest 12 months. The average purchase price for these shares is NOK 3.05.

8.6 Remuneration and Benefits

8.6.1 Remuneration to the Board of Directors

The remuneration to the Board of Directors is determined on a yearly basis in its annual general meeting. Up to the service period 2009/2010 the practice for determining the remuneration to the Board of Directors has been to approve the remuneration in the annual general meeting following the board service period. Following a proposal from the Board of Directors it is proposed that practice for approving remuneration to the Board of Directors will change where the remuneration for the next service period (2010/2011) will be determined in the annual general meeting for 2010.

The nomination committee of Dolphin is responsible for reviewing the remuneration and will make a recommendation for the remuneration to the shareholders to be determined at the annual general meeting.

The remuneration to the Board of Directors for the service period 2009/2010 was approved in the annual general meeting on 16th June 2010 as follows:

- Chairman of the Board, Ole Henrik Eide[1)] NOK 100,000.
- Board Members elected by the shareholders NOK 70,000 each
- No extra remuneration to Board Members elected by the employees.

The remuneration to the Board of Directors for the service period 2010/2010 will also be determined in the annual general meeting on 16th June 2010. The nomination committee has made the following proposal:

- Chairman of the Board NOK 100,000
- Vice Chairman of the Board, Ole Henrik Eide[1)] NOK 100,000
- Board Members elected by the shareholders NOK 80,000 each
- No extra remuneration to Board Members elected by the employees.

1) The annual general meeting approved a remuneration of NOK 100,000 for both the service period in 2009/2010 and 2010/2011. It was approved that the remuneration could be reduced by NOK 50,000 for each of the two service periods, where it will be considered to grant Ole Henrik Eide 150,000 options for the servicing on the board in the period 2009/2011. The Nomination committee has approved that Eide is granted 150,000 in options and the proposed remuneration is based on this assumption. The options have not yet been granted / issued. Refer to section 8.7 for further details on the proposed option arrangement.

The nomination committee proposes that the remuneration for the service period 2010/2011 is paid on a quarterly basis.

Further the nomination committee recommends that the Chairman of the Board for 2010/2011 and Board Members that represent shareholders with a large shareholdings in the Company to limit their remuneration for the service period 2010/2011 to NOK 25,000 and NOK 20,000 respectively.

8.6.2 Remuneration to the management

As there has been a change in the management team and only the COO of the current management was employed in the Company in 2009 we it has been determined to give an overview of current remuneration to the management team. The compensation arrangements are as follows:

Name	Position	Base annual salary in NOK
Glenn Nøstdahl	CEO	75,000
Ketil Sundal	CFO	1,000,000
Hugo Kohmann	COO	907,200

The CEO is expected to on average to spend about 10-20% of his time on the Company.

For a detailed overview of actual compensation to the management in 2009 see note 25 to the financial statements for 2009 attached in Appendix 2.

8.6.3 Benefits upon termination of employment

With the exception of the CFO as described below, none of the members of the administrative management team or supervisory bodies' service contracts with the Company or its subsidiary provides for benefits upon termination of the employment or service to the Company.

The CFO has a clause where he or the Company can terminate the employment upon an acquisition where he will not be offered a similar position as his current position. The CFO will then be entitled to a severance pay of 1-year base salary.

8.6.4 Pension Scheme

The Company has a defined contribution plan for all of its employees in Norway. There are no pension plans for its employees in the US. The former pension plan in the US was terminated in 2010.

The Norwegian scheme is with Vital Forsikring ASA. The scheme includes disability insurance. The Company has committed to pay 5% of the employees annual base salary between 1G[1)] to 5 G[1)] and 8% of the employees annual base salary between 6G[1)] to 8G[1)]. No pension contributions are paid on annual base salary that exceeds 8G.

For a detailed overview of the pension cost in 2009 see note 21 to the financial statements for 2009 attached in Appendix 2.

1) G = Base Amount in the Norwegian Social Security Act, currently at NOK 74,721.

8.6.5 Proposed bonus scheme

The last years have been very challenging for Dolphin. When the long term OEM contracts phased out revenue dropped, and the financial situation became critical. Hence, the board has continuously implemented cost cutting measures, revised the product and sales strategy and restructured the organization. The objective has been to conserve shareholder value and protect values for the creditors and employees. This has resulted in a much smaller company, with all former obligations renegotiated, and the company has by first quarter had a "restart" of the operations.

In this setting the principles of the remuneration and benefits will be more similar to start up companies than to larger established enterprises. Hence, the board has decided to implement incentive schemes that could deviate from the general accepted principles of corporate governance.

The objective is that the remuneration and incentive program will be a contributing factor to achieving a positive cash flow from operations as soon as possible by:

- ✓ Maintain the fixed salaries on an acceptable level relative to competitors
- ✓ Motivate key persons to stay with the company
- ✓ Try to get everybody motivated to give a little extra

The board has approved the following general guidelines:

- ✓ The incentive program consists of a combination of stock options and cash bonuses
- ✓ The incentive program has a structure which should benefit the reputation of the company
- ✓ The structure of incentive program should align the values of the shareholders and the key personnel
- ✓ The company shall not have other benefits than required by law.
- ✓ Cash bonuses shall always have a defined cap

The specific terms of the arrangement is discussed in the Board, but final approval has not yet been taken. The main elements in the bonus plan are as outlined below.

The bonus plan for the all of employees is based on a percentage of salary. The annual bonus cannot be set higher than 33% of annual salary. The maximum bonus percent for each is considered individually based on the position and contribution in the Company. As a norm 10% of the Group's consolidated Earnings Before Taxes (EBT) will be allocated into bonuses. The EBT is adjusted for depreciation, amortization and any write offs related to the acquisition of Stargen in 2007 and adjusted for gains/losses related to the holdings of the shares in Numascale AS. In case 10% of the EBT exceeds the predefined cap on annual bonuses, the residual amount will be set aside to bonuses for the next year. The EBT has to exceed 1 MNOK for any bonuses will be allocated. The board decides the annual bonus, and the payout will be over the subsequent three years. If any employees the resigns during this period before the bonus is paid the employee will not be entitled to any further bonus payments.

This bonus scheme is not yet finally approved by the Board of Directors, but expected to be in June or August 2010.

8.7 Stock option program for employees and board members

8.7.1 Current stock option program

The current stock option program was granted to the employees 1st July 2009. Under the stock option program the COO was granted 28,000 options to purchase shares in the Company at a strike price of NOK 3.50 per share.

The options are vested with 1/3 on 1st July 2010, 1st July 2011 and 1st July 2012. The options can be exercised up to 1st July 2015.

Options were given to all employees in 2009 and total number of options granted amounted to 77,500 options. The profit and loss statement for 2009 for the Company for 2009 is charge with an expense of NOK 36,566 for these options. The Company has in previous years issued other option arrangements to the employees, but in connection with the issue of the option arrangements in 2009 the employees had to accept that the previously granted options were cancelled.

No share option program was set up for the Board of Directors for this program.

In connection with the planned new stock option arrangement, refer to section 8.6.2 it is planned that the employees will have to waive their rights for the options granted in 2009 to be granted options under the new stock option arrangement.

8.7.2 Planned new stock option arrangement

In connection with the "re-start" of the Company the Board of Directors has proposed a new stock option arrangement for its employees. The new stock option arrangement was approved by the extraordinary general meeting in the Company held on 7th May 2010. The approval and issuance of stock to the agreement was subject to the approval from the Nomination Committee of the Company. The Nomination Committee has now reviewed and approved the planned stock option arrangement. However, as of the date of this Prospectus, these options have not yet been granted.

The terms of the proposed new stock option arrangement are as follows:

- ✓ All stock options have a duration of 4 years from the time of allocation
- ✓ All stock options have a vesting period, and a substantial part of the vesting criteria is linked to meeting financial goals.
- ✓ One option will give the right to subscribe for a new share at a strike price that is defined as the volume averaged stock price last weeks before allocation, limited by a predefined minimum of NOK 2.25 per share and maximum of NOK 3.00 per share
- ✓ All allocations of options are contingent on acceptance that all old stock options are voided

The Nomination Committee has approved that the following Board Members and members of the management are granted options under the contemplated stock-option agreement as follows:

Name	Position	Number of options
Ole Henrik Eide	Chairman of the Board	150,000
Ketil Sundal	CFO	150,000
Hugo Kohmann	COO	150,000

8.8 Transactions with related parties

The Company has entered some agreements with companies where board members or members of the management has a large shareholding or a member of the board in the Company serves as a board member in the company that are the counterparty for the entered agreement.

8.8. 1 Loan agreement with GN Power AS

The Company entered into a loan agreement with GN Power AS on the 22nd December 2009, whereas the Company was given a loan facility of up to 5 million NOK. GN Power AS is a company controlled by Dolphin's CEO, Glenn Nøstdahl. There were certain conditions that Dolphin had to meet prior to any draw down on the facility. Dolphin did not meet these conditions. However, due to the fact that Dolphin needed additional funding GN Power waived the conditions for some of the loan and consequently Dolphin was able to draw 1.975 million NOK on the facility during the first quarter of 2010.

Following the refinancing of the Company with the Private Placement this loan was repaid to GN Power AS on 1st June 2010. The facility carried an interest of 5% per annum.

8.8.2 Agreement with Norsk Fibernet AS related to office space

The Company has during part of the first quarter of 2010 temporary rented some office space to Norsk Fibernett AS. Norsk Fibernett is a company controlled by Glenn Nøstdahl, the CEO of Dolphin. The agreement was made on an arm's length basis at market prices and the Company has charged Norsk Fibernett a total of NOK 26,048 in rent.

8.8.3 Agreement with Best Media AS for accounting & administrative services

Following the planned integration of Best Media AS in the Dolphin Group the companies started a process to administratively integrate Best Media AS in Dolphin. Consequently Dolphin started to perform certain accounting and administrative services for Best Media AS. Following the decision to not integrate the two companies the integration process was stopped and integration was reversed. Subsequently the parties agreed a fee of NOK 8,000 for the services performed by Dolphin.

8.8.4 Agreement and transactions with Numascale AS

The Company rents from time to time some services to and from Numascale AS. The Company has a 12.6% ownership in Numascale AS and Tor Alfheim serves as a board member in both companies. All the transactions are made on an arm's length basis at market prices. So far the services provided represents an insignificant value for both companies. In May 2010 the two companies entered into an agreement to provide a proposal for a more comprehensive hardware and software solutions to a prospective customer. If the two companies were successful in obtaining the contract with the customer this would imply a material contract for the Company. None of the companies would have been able to provide the proposed solution to the prospective customer without the collaboration of the other party. Numascale AS was previously a subsidiary of the Group, but through a direct share issue in Numascale in June 2009 where Dolphin did not participate, Dolphin's ownership was diluted from 72.65% to 12.6%.

8.9 Corporate Governance

Dolphin has endured a challenging situation during the last year, with a continuous ongoing process to restructure the Company and reshape its business approach. The aim has been to preserve the value of the company for the shareholders and creditors, as well as retaining jobs. The restructuring was completed during Q1 of 2010. The outcome of the restructuring has been that the Company is significantly smaller than in previous year. 2010 will thus represent an effective 'restart' of the business. In this situation, the board needs to review and reform it's framework for corporate governance. This framework will need to reflect that the company now has greater similarities with start-up-companies than established exchange-listed companies. The board will conform to the principles in the Norwegian recommendations for corporate governance on comply or explain principle. The Company will publish the updated guidelines on the Company website, as soon as they are affirmed by its Board.

Dolphin's present Corporate Governance practices complies with the Norwegian Code of practice issued on 21st October 2009 with the following exceptions:

a) The annual report for 2009 did not include a "corporate governance statement"
The reason for this is that the Company is in a "restart" position and following the restructuring and changes in 2009 there is a need to update the statement communicated in 2008. The new board will work on this and a statement will be included in the 2010 annual report.

b) General Meetings
In connection with general meetings the Company wants to keep the costs on a reasonable level. Thus the Company has made some modifications compared to the recommended code. These are that board members or nominated board members or nomination committee member that would have to travel are not called, auditor not called unless required and a detailed proxy form that allows separate voting instructions for each matter are not prepared. These adjustments have been made to keep the costs at a reasonable level. The other proposed steps in the code are for all material purposes met.

c) Remuneration to Board Members
There is a proposal that one of the members of the board will be granted share options. This board member will participate in the management meetings and thus take a more active part in the management and the preliminary proposal is that he will be given options in line with the management instead of cash remuneration.

8.10 Committees

The Company has a nomination committee elected by the shareholders' meeting, consisting of Raymond Henriksen, Christian Selmer and Jan Brudvik. The nomination committee proposes candidates to the board normally well in advance of the annual shareholders' meeting where an election is on the agenda. The recommendation of the nomination committee will normally be sent to the shareholders attached to the notice of the shareholders' meeting.

The Company does not have any compensation committee. However, the nomination committee performs the task of reviewing the remuneration to the Board of Directors and proposes the remuneration to the annual general meeting in the Company. The nomination committee is also set to review and approve the proposed new stock option program for the Company. Refer to section 8.7.2 for further details.

The Board itself comprises the audit committee for the Company and the mandate for the audit committee is in line with the role set out in the Public Limited Companies Act section 6-43.

8.11 Loans and Guarantees

The Company has not granted any loans, guarantees or other commitments to any member of the Board, nor the Management and there are no unusual agreements regarding extraordinary bonuses to any member of the Board or management.

8.12 Employees

As of the date of this Prospectus, the Dolphin Group has 11 highly qualified employees whereof 5 have extensive experience in interconnect solutions for embedded segment and commercial & high performance computing. During 2008 and particular during 2009 the staff of the Group has been considerably reduced. The reductions have been done through lay-offs, employees leaving the Companies to pursue other career opportunities due to the uncertainty the Company faced during 2009. Further the number of employees was reduced by 12 when Numascale AS ceased to be part of the Group late June 2009.

Below is an overview of the number of employees within the Group at the end of the stated calendar years and at the date of this prospectus.

	December 2007	**December 2008**	**December 2009**	**June 2010**
Norway	28	25	6	9
USA	14	10	3	2
TOTAL	42	35	9	11

Some of the positions are part time. This is not reflected in the table above.

9. Research and Development, Patents and Licenses

Dolphin has 6 issued patents and 12 published patent applications of which two are joint applications with Intel and 1 abandoned patent application. Dolphin is not to a significant degree dependant on patents. The patents below summarize the individual patents and applications:

Patent / Application #	Issue Date File Date	Title
		Issued Patents
6459323 / 09/810697	10/1/2002 3/16/2001	Interface isolator and method for communication of differential digital signals
7146452 / 11/271273	12/5/2006 11/12/2005	Multi-port system and method for routing a data element within an interconnection fabric
7133955 / 10/660200	11/7/2006 9/11/2003	System and method for selecting fabric master
7062581 / 10/945615	6/13/2006 9/21/2004	Interconnect fabric enumeration
7155557 / 10/949851	12/26/2006 / 9/24/2004	Communication Mechanism
6996658 / 10/152656	2/7/2006 5/21/2002	Multi-port system and method for routing a data element within an interconnection fabric
		Published Applications
20070071005 / 11/235346	3/29/2007 9/26/2005	System and method for implementing ASI over long distances
20060056292 / 10/942203	3/16/2006 9/16/2004	Fast Credit system
20050270974 / 10/861794	12/8/2005 6/4/2004	System and method to identify and communicate congested flows in a network fabric
20050195845 / 10/794067	9/8/2005 3/5/3004	Low cost implementation for a device utilizing look ahead congestion management
20050080976 / 10/945633	4/14/2005 9/21/2004	Multi-port system and method for routing a data element within an interconnection fabric
20040128410 / 10/660188	7/1/2004 9/11/2003	Advanced switching architecture
20060203570 / 11/076464	9/14/2006 3/9/2005	System and method for storing a sequential data stream
20060050691 / 10/937662	3/9/2006 9/9/2004	Queuing System

20060104275 / 10/990585	5/18/2006 11/17/2004	System and method for improved multicast performance
20040015561 / 10/464027	11/22/2004 6/17/2003	System and method for transferring data
		Published Applications Joint Intel / Dolphin
20050041658 / 10/746043	2/24/2005 12/23/2003	Configuration access mechanism for packet switching architecture
20050030963 / 10/745737	2/10/2005 12/23/2003	Deadlock avoidance queuing mechanism
		Abandoned Patents
20050228952 / 10/823300	10/13/2005 4/13/2004	Cache coherency mechanism

In 2000 all Dolphin technology developed up to July 2000 was acquired by SUN Microsystems and licensed back to Dolphin under a royalty-free, fully-paid, perpetual, irrevocable, transferable, worldwide, with rights to sublicense, license to make, have made, use, sell, offer for sale, import, and distribute any product or practice any process, and to use and exploit the Licensed Technology in any manner. Technology developed after this agreement of July 2000 is fully owned by Dolphin and not depending on any licensing or industrial agreements.

Dolphin licensed in 2008 the entire right, title and interest in all technology related to the NumaChip microchip to NumaScale AS.

R&D Policy

Dolphin has historically invested significantly in developing microchips to improve solutions, performance and adapt to new emerging standards. Software has been developed to simplify the use and integration of the hardware. A significant change in policy, starting with the acquisition of StarGen was to reduce the investment in R&D for traditional microchip interconnect technology. The NumaScale spin of completed this plan. Dolphins current R&D policy is to focus on interconnect software development and work with partners to develop the required hardware infrastructure. Several large vendors of modern interconnect microchips exists that will enable Dolphin to continuously deliver leading, integrated interconnect solutions. Dolphin has currently a small staff of skilled and very experienced software engineers. Dolphin relies on a pool of external software and hardware consultants to meet high demands from customers. Due to the Company's difficult financial position emerging in 2009 the Board decided to limit the amount spent on R&D in the year.

In order to be successful in the long run, Dolphin will need to continue to maintain a policy of continuous product development and refinement as progress is made in other areas of the computer industry that the Company is indirectly influenced by.

Dolphin's policy regarding patenting is that it in the general case is sufficient to protect the designs as industrial secrets, as computer chips are difficult to copy (See also chapter 6.3.1). Further, Dolphin is of the opinion that the business opportunity of developing copies of Dolphin's technology long after it is put into the market is low. Dolphin will however consider to patent special inventions that may be subject to licensing or sale in those cases where such patenting is viewed to be a stand-alone business opportunity.

Dolphin has adopted a policy on licensing involving a case-by-case evaluation of opportunities for both in-and out licensing.

Amount spent on research and development activities

(In NOK thousand)	2009	2008	2007
Total R&D cost	185	26,193	20,349

Source: Audited financial statement for 2009, 2008 and 2007.

This relates to capitalized development cost according to the financial reports. The reduction in 2009 relates to the exit of the subsidiary Numascale AS and the low activity in 2009 due to the financial position of the company.

10. Financial Information

The annual and quarterly reports presented by the Company may be found at the Company's website www.dolphinics.com or www.newsweb.no under the ticker "DOLP". The financial statements have been audited by Dolphin's statutory auditor, BDO AS.

The annual reports for 2007-2009 include the Auditor's Statements. See Appendix 2-4. In addition the unaudited interim reports for the first quarter of 2010 and 2009 are attached in Appendix 5 and 6 respectively.

The following consolidated financial figures have been extracted from the Company's audited annual financial statements, hereunder the annual income statement, balance sheet, statement of change in equity, cash flow statement, accounting principles and explanatory notes, for the financial years ending 31 December 2009, 2008 and 2007 and its unaudited financial statements for the three months ended March 31, 2009 and 2010 prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by EU.

The consolidated annual financial statements have been audited, and the audit reports were issued without any qualifications or emphasis of a matter, except for the audit report of the 2009 annual statement, where the auditor made the following statement (translated from Norwegian); "*Without qualifying our opinion, we emphasize the fact that the going concern assumption is subject to the completion of the share issue (Private Placement) as outlined in the board of director's report. We refer to further description in the Board of Director's report*".

The reason for the emphasis of the audit report in 2009 was that, due to the week financial performance the last years, the Company did not have the financial resources to ensure going concern without the funds that was raised through the Private Placement. As of the 29th and 30th April 2010, where the Board of Directors signed the 2009 board of directors' report and 2009 financial statements and the audit report was issued, respectively, the Private Placement was not approved by the shareholders. However, the Company had, as of the 29th April 2010 received irrevocably issued power of authority from the participating shareholders and investors in the Private Placement to subscribe for the New Shares on their behalf. As the EGM was not held as of the date the Board of Directors report and financial statements for 2009 was signed the Board of Directors wanted to highlight this fact. This was also the reason why the audit report contained the emphasis as outlined above.

It should be noted that the financial information set forth below may not contain all of the information that is important to a potential investor and should be read together with the financial statements and the notes thereto that have been included elsewhere in this Prospectus.

10.1 Summary of accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).
Please see Annual report for 2009 note 2 in Appendix 2, 2008 note 2 in Appendix 3 and Annual report for 2004 note 2 in Appendix 4 for the Company's accounting policies.

10.2 Historical financial information

The following sections are a summary of the Company's statements as set out in Appendix 2-6 in this Prospectus.

10.2.1Consolidated income statement for the Company

Profit and loss accounts **All amounts in 1,000 NOK**	**Q1 2010** Unaudited	**Q1 2009** Unaudited	**2009** Audited	**2008** Audited	**2007** Audited
OPERATING REVENUE					
Sales revenue	1,923	5,380	10,184	24,830	27,334
Other operating revenue	45	0	-147	8,155	0
TOTAL OPERATING REVENUE	**1,968**	**5,380**	**10,037**	**32,985**	**27,334**
OPERATING EXPENSES					
Cost of goods sold	418	1,317	10,324	7,791	9,815
Payroll expenses..........................	1,933	6,910	15,659	26,080	25,115
Other operating expenses............	1,214	3,113	8,730	14,147	16,118
TOTAL OPERATING EXPENSES	**3,565**	**11,340**	**34,713**	**48,118**	**51,047**
EBITDA..	**-1,597**	**-5,960**	**-24,676**	**-15,133**	**-23,713**
Depreciation	1,143	979	4,086	6,728	2,416
Write-down	0	0	689	50,975	0
OPERATING RESULT (EBIT)	**-2,740**	**-6,939**	**-29,451**	**-72,835**	**-26,129**
NET FINANCIAL PROFIT................	**785**	**-1,039**	**-13,773**	**7,539**	**-89**
PROFIT/LOSS BEFORE TAX...........	**-1,955**	**-7,978**	**-43,224**	**-65,296**	**-23,218**
Income tax expense (-income)	-203	-142	-562	3,977	5
PROFIT/LOSS AFTER TAX	**-1,752**	**-7,836**	**-42,662**	**-69,273**	**-26,223**
Exchange differences	-674	880	3,679	-2,732	-367
TOTAL COMPREHENSIVE INCOME......................................	**-2,426**	**-6,956**	**-38,983**	**-73,005**	**-26,590**
PROFIT/LOSS AFTER TAX IS ATTRIBUTABLE TO					
Minority interest	0	-451	0	-1,422	0
Equity holders of the parent company	-1,752	-7,385	-42,662	-67,851	-26,223
	-1,752	**-7,836**	**-42,662**	**-69,273**	**-26,223**
TOTAL COMPREHENSIVE INCOME IS ATTRIBUTABLE TO					
Minority interest	0	-451	0	-1,422	0
Equity holders of the parent company	-2,426	-6,505	-38,983	-71,583	-26,590
	-2,426	**-6,956**	**-38,983**	**-73,005**	**-26,590**

The audited figures are in accordance with the Company's annual financial statement for 2009, 2008 and 2007. The unaudited figures are in accordance with the Company's interim financial report for Q1 2010.

10.2.2 Consolidated balance sheet for Company

Balance sheet as of	**31.03.2010**	**31.12.2009**	**31.12.2008**	**31.12.2007**
All amounts in 1,000 NOK	Unaudited	Audited	Audited	Audited
ASSETS				
Capitalized development cost	14,725	15,781	42,344	62,947
Deferred income tax assets	0	0	0	9,710
Operating equipment	22	40	197	926
Other shares	2,179	2,179	0	0
Other long-term receivables	0	0	0	284
Total fixed asset	**16,926**	**18,000**	**42,541**	**73,867**
Inventories	2,263	2,577	11,415	9,035
Trade receivables	709	667	2,771	3,628
Other short terms receivables	336	924	3,202	1,379
Cash and cash equivalents	844	1,316	11,832	32,664
Total current asset	**4,152**	**5,484**	**29,220**	**46,706**
TOTAL ASSETS	**21,078**	**23,484**	**71,761**	**120,573**
EQUITY and LIABILITIES				
Total paid-in equity	16,049	16,023	116,654	104,426
Total retained equity	-2,426	0	-66,034	5,467
Minority interests	0	0	4,236	0
Total equity	**13,623**	**16,023**	**54,856**	**109,893**
Deferred income tax liabilities	2,062	2,273	2,858	0
Other long term liabilities	0	249	589	561
Total long-term liabilities	**2,062**	**2,522**	**3,447**	**561**
Short term interest bearing debt	2,102	0	0	0
Trade payables	1,213	2,713	9,222	6,871
Other current liabilities	2,078	2,226	4,236	3,248
Total current liabilities	**5,393**	**4,939**	**13,458**	**10,119**
TOTAL LIABILITIES AND EQUITY	**21,078**	**23,484**	**71,761**	**150,573**

The audited figures are in accordance with the Company's annual financial statement for 2009, 2008 and 2007. The unaudited figures are in accordance with the Company's interim financial report for Q1 2010.

10.2.3 Consolidated cash-flow statement for Company

Statement of Cash Flow All amounts in 1,000 NOK	Q1 2010 Unaudited	Q1 2009 Unaudited	2009 Audited	2008 Audited	2007 Audited
Cash Flow from operational activities					
Operating result before tax..........	-1,955	-7,978	-43,224	-65,296	-26,218
Paid taxes	-8	0	-31	-28	-5
Depreciation and write-down	1,143	979	4,775	57,703	2,416
Write down of shares...................	0	0	8,967	0	0
Changes in net assets and other operating posts............................	-1,508	3,056	16,735	-4,990	7,286
Net cash flow from operational activities......................................	**-2,328**	**-3,943**	**-12,778**	**-12,611**	**-16,521**
Cash flow from investment activities					
Purchase of intangible assets........	0	-2,431	-185	-26,215	-22,285
Exit of subsidiary	0	0	3,310	0	0
Net cash flow from investment activities......................................	**0**	**-2,431**	**3,125**	**-26,215**	**-22,285**
Net cash flow from financial activities					
Change in long-term debt	-122	-166	-238	27	-322
Raise of short term loan...............	1,975	0	0	0	0
Issue of shares in subsidiary..........	0	0	0	5,192	0
Issue of shares.............................	0	0	0	12,228	23,669
Net cash flow from financial activities......................................	**1,853**	**-166**	**-238**	**17,447**	**23,347**
Net changes in cash and cash equivalents	-474	-6,540	-9,891	-21,379	-15,459
Foreign Exchange changes	2	-163	-625	547	-429
Cash and cash equivalents opening balance	1,316	11,832	11,832	32,664	48,553
Cash and cash equivalents at closing balance............................	**844**	**5,129**	**1,316**	**11,832**	**32,664**

The audited figures are in accordance with the Company's annual financial statement for 2009, 2008 and 2007. The unaudited figures are in accordance with the Company's interim financial report for Q1 2010.

10.2.4 Change in equity

Change in Equity **All amounts in 1,000 NOK**	**Q1 2010** Unaudited	**Q1 2009** Unaudited	**2009** Audited	**2008** Audited	**2007** Audited
Equity opening balance	16,023	54,856	54,856	109,893	75,714
Paid in capital	0	0	0	13,340	59,881
Cost of capital raise	0	0	0	-1,113	-1,287
Paid in capital in subsidiary	0	0	0	5,162	0
Options granted to employees	26	110	150	579	2,175
Total comprehensive income	-2,426	-6,956	-38,983	-73,005	-26,590
Equity closing balance	**13,623**	**48,010**	**16,023**	**54,856**	**109,893**

The audited figures are in accordance with the Company's annual financial statement for 2009, 2008 and 2007. The unaudited figures are in accordance with the Company's interim financial report for Q1 2010.

10.2.5 Financial key figures for the Group

All amounts in NOK	**Q1 2010** Unaudited	**Q1 2009** Unaudited	**2009** Audited	**2008** Audited	**2007** Audited
Dividends per share.................	0.00	0.00	0.00	0.00	0.00
Book equity per share (end of period)	6.01	21.18	7.07	24,20	65,14
Net profit after tax per share ..	-0.77	-3.26	-18.82	-34.89	-23.41
Comprehensive income per share	-1.07	-2.87	-17.20	-36.81	-23.74
Equity ratio (%) end of period ..	64.6%	72.9%	68.2%	76.4%	91.1%
EBITDA margin.........................	-81.1%	-110.8%	-245.9%	-45.9%	-86.8%
Return on equity......................	-10.9%	-14.3%	-77.8%	-63.0%	-34.6%
Number of employees.............	9	33	9	35	42

The audited figures are in accordance with the Company's annual financial statement for 2009, 2008 and 2007. The unaudited figures are in accordance whit the Company's interim financial report for Q1 2010.

Definitions of financial key figures:

Dividend per share:	Declared dividends per share
Book equity per share:	Book equity / Total shares
Earnings per share:	Profit/loss of the year / Average number of total shares
Equity ratio:	Book equity at period end / Total assets at period end
EBITDA margin:	Operating profit before depreciation & amortizations / Operating revenues
Return on equity:	Profit after taxes / Book equity at period start
Number of employees:	Number of employees employed as of end period

10.3 Management discussion & analysis of the financial statements

10.3.1 Income statement

Comments to the Income Statement Q1 2010:
Total operating revenues reached NOK 2.0 million in the first quarter 2010. The revenue figures are down from NOK 5.4 million in Q1 of 2009, but an increase of NOK 0.9 million compared to Q4 2009. The decline compared to Q1 2009 reflects the reduced activity in the company due to uncertainty related to the financial situation. During Q1 2010 the company has revitalized its sales network, and this work shows results and the sales are up from Q4 2010. Due to the full reorganization of the company done in the last part of 2009 payroll expenses and other operating expenses are significantly reduced compared to Q1 2009. It is expected that the operating expenses will continue on the same level as Q1 2010 in the nearest future. Gross margins reached 78% in Q1 2010 compared with 75% in Q1 2009. Operating profit (EBIT) ended at NOK –2.7 million in the first quarter 2010 and result before tax shows a loss of NOK 2.0 million.

Comments to the Income Statement YTD 2009:
Total operating revenues reached NOK 10.2 million in 2009 compared to NOK 24.8 million in 2008. The main reason of the decline is that one of the largest costumers phased out the product where Dolphin provided some of the solutions. The financial crisis, which resulted in a significantly lower activity in the market contributed to the decline. Gross margin in 2009 is negative by NOK 0.3 million, due to a write down of the inventory of NOK 7.3 million done in Q4 2009. Adjusted for the write down of inventory, the gross margin reached 70.2% in 2009 compared to 68.2% in 2008. As a result of the significant reduction in staff and downsizing of the business done during 2009, salaries and other operating expenses have been reduced from NOK 40.2 million in 2008 to NOK 24.4 million in 2009. In addition Numascale AS ceased being a subsidiary in June 2009. Operating costs in Numascale AS in the period January to June 2009 amounted to NOK 4.5 million. EBITDA of the Group ended on NOK -24.7 million compared to NOK -15.1 million in 2008. Net financial profit in 2009 was NOK -13.8 million. Included in this loss is a write down of the shares in Numascale AS of NOK 9.0 million. Result before tax in 2009 shows a loss of NOK 43.2 million compared to a loss of NOK 65.3 million in 2008.

Comments to the Income Statement YTD 2008:
Total revenue in the group increased from NOK 27.3 million in 2007 to NOK 33.0 million in 2008, a growth of 20.7%. Product sales however decreased from NOK 27.3 million to NOK 24.8 million, a reduction of 9.2%. This reduction reflects the continued decline of the legacy products StarFabric and SCI-based products and the slow growth of the newly launched Dolphin Express product line. The expiry of large OEM contracts for the SCI based product is the major explanation of the continued decline in the SCI based products. The group's operating expenses decreased from NOK 51.0 million in 2007 to NOK 48.1 million in 2008. The reduction equals to 5.7%.

The impairment tests of capitalized development cost are based on discounting future net cash flows. Due to a reduction in the expected sales growth for the coming years, the worsened economic climate and high financial risk, the discounted value of future cash flow has been significantly reduced. Intangible assets in the form of capitalized development cost related to Dolphin Express products has been written down by NOK 24.1 million in the Group accounts for 2008. Part of the write down of capitalized development cost is related to excess values from the acquisition of StarGen Inc in 2007. The goodwill resulting from this acquisition has subsequently been written off in it's entirety by NOK 8.6 million. In addition, the value of capitalized development cost in Numascale AS has been written down by NOK 7.6 million in the Group accounts. During the second quarter 2008 Dolphin resolved to put the development of the SCI based P2S chip on hold and capitalized development cost of NOK 3.8 million relating to this project was written off. Also in the second quarter 2008, Dolphin wrote off NOK 6.8 million related to the development of NumaChip in connection with the transfer of the assets related to this project to the subsidiary Numascale AS.

After the above write down, the operating loss for the Group in 2008 was NOK 72.8 million, compared to a loss of NOK 26.1 million in 2007. Due to loss on operation in 2008 and the uncertain economic outlook the balanced deferred income tax assets of NOK 9.7 million was reversed in 2008. Net loss in the Group amounted to NOK 69.3 million for the fiscal year 2008 compared to NOK 26.2 million for 2007.

Comments to the Income Statement YTD 2007
Total operating revenues decreased from NOK 32.1 million in 2006 to NOK 27.3 million in 2007, a reduction of 15%. This reduction reflects the transition from the mature legacy products of Dolphin ASA and former StarGen to the introduction of new Dolphin Express products targeted at new segments. The Group's operating cost increased from NOK 45.1 million in 2006 to NOK 53.5 million. The cost is influenced by the acquisition of StarGen Inc in February 2007. The operating loss for the Group was NOK 26.1 million compared to a loss of NOK 9.1 million in 2006.

10.3.2 Balance sheet

Comments to the Balance sheet as of 31 March 2010:
At the end of Q1 2010 the Group had a booked equity of NOK 13.6 million, which give an equity ratio of 64.6%. This is a decline since the end of 2009, when booked equity totaled to NOK 16.0 million and had an equity ratio of 68.2%. After the share issue in May 2010 described in chapter 10.4 the equity of the Group will be significantly strengthened. During Q1 2010 the liquidity has been very low, and the Company had to raise a short term debt of NOK 2.1 million. Booked capitalized development cost amounts to NOK 14.7 million as of 31 March 2010. This relates to products that are commercialized and available in the market.

Main changes in the balance sheet in the period 2007 to 2009:
Capitalized development cost has been reduced from NOK 62.9 million as of 31.12.2007 to NOK 15.8 million as of 31.12.2009. The reduction is a result of write-down done in 2008 described in 10.3.1, lower investments and the exit of Numascale AS as a subsidiary.
In 2008 the company stopped to capitalize deferred income tax assets. As of 31.12.2009 the company had non-capitalized deferred income tax assets of NOK 30.5 million.
Other shares as of 31.12.2009 relates to the shares owned in Numascale AS.
Inventories has been reduced from NOK 9.0 million to NOK 2.6 million, due to a write down of the inventory of NOK 7.3 million done in 2009.
Cash and cash equivalents has been reduced from NOK 32.7 million in 2007 to NOK 1.3 in 2009 due to operating losses in the company.
Due to the losses in the period total equity has been reduced from NOK 109.9 million in 2007 to 16.0 million in 2009. In 2009 the company used legal reserves to cover accumulated losses, this resulted in a reduction in paid-in equity.
The reduction in trade receivables and trade payables relates to low activity in the company in the last half of 2009.

Holdings:
Dolphin owns 12.6% of the shares and the voting rights in Numascale AS, org.nr 992 462 787, situated in Enebakkveien 302B, 1188 Oslo, Norway. Numascale AS develops and sells electronic components and corresponding software for high-speed interconnection of computers and servers. In addition the company delivers consultancy services within the same markets. Numascale AS has a share capital of NOK 17.3 million, and a total equity of NOK 29.0 million. The result of the company for 2009 shows a loss of NOK 6.0 million. Dolphins ownership in Numascale AS will probably be further reduced since Dolphin has not participated in a convertible loan arrangement in Numascale AS.

10.3.3 Cash flow statements

Due to the negative profitability of the Group the cash flow from operations has been negative in the entire period from 2007 to and including Q1 2010. The negative cash flow from operations amounted to TNOK 2,328 in Q1 compared with a negative amount of TNOK 3,943 in the comparing quarter in 2009.

For 2009 the negative cash flow from operations amounted to TNOK 12,778 compared with a negative cash flow of TNOK 12,611 and TNOK 16,521 in 2008 and 2007.

In 2007 and 2008 there was spent NOK 22.3 million and NOK 26.1 million on investments in intangible assets. In 2009 and Q1 2010 there have not been any material investments.

Cash and cash equivalents as of 31.12.2009 amounted to NOK 1.3 million and as of 31.03.2010 to NOK 0.8 million. The Private Placement described in chapter 10.4 has improved the liquidity situation of the company with NOK 8.8 million after the repayment of debt and unpaid trade liabilities.

The Company is still operating at negative cash flow from operations. However, the restructuring and cost reductions have lowered the negative cash flow from its operations. It is necessary to increase sales to be able to turn the Company to be cash flow positive from operations.

10.4 Major events subsequent to March 31, 2010 and current trends

Following 31st March 2010 for which the latest published interim unaudited financial information for the Company have been published, there have been no significant changes in the financial and trading position for the Group with the exception for the following material subsequent events that have taken place:

a) Share issue in a Private Placement
b) Repayment of unpaid trade debt to certain suppliers
c) Repayment of interest bearing debt

10.4.1 Share issue in a Private Placement

On 7th May an EGM approved a Private Placement of issuing 5,829,000 New Shares as outlined in Chapter 4. The gross proceeds from the Private Placement totals NOK 11,658,000. The Private Placement was registered in the Norwegian Register of Business Enterprises on 25th May 2010. Following this registration the proceeds were at the Company's disposal.

10.4.2 Repayment of unpaid trade debt to certain suppliers

The Company had entered agreements with seven service vendors of delayed payment of outstanding trade payables. The agreements were that the service vendors accepted delayed payment subject that they were paid off as soon as the Company was refinanced. Following the completion of the Private Placement the amounts due to these creditors of about TNOK 840 was paid on 31st May 2010.

10.4.3 Repayment of interest bearing debt

As outlined in section 10.7 and 8.7 the Company repaid NOK 1,975,000 of its interest bearing debt as of 1st June 2010.

10.4.4 Current trends

As announced in the interim quarterly report for 1Q 2010 there was a considerably increase in the sales revenues in the first quarter for 2010 compared with 4Q 2009. The Company notices an increasing number of requests and interest from the customers. We notice that the activity in the market is picking up and starting to normalize from the downturn during the "financial crises". We see that our new product line, Dolphin Express, increases sales during first quarter compared with sales for the product line in 2009. The cost base as of 31st March 2010 is still affected by reorganization costs and the Company is still working with implementing further cost savings. However, the need to strengthen the organization in product and market development, either in the form of engaging external consultants on shorter or longer terms or employing such competences will increase the cost base.

The current uncertainties to the future development of GNP in the industrialized countries may affect the revenue growth for the Company. Another financial downturn or reduced growth may reduce the expected growth rate in the revenues or delay the expected growth, as reduced GNP growth may lead some of our customers and potential customers to cancel or delay projects that have been initiated or planned.

10.5 Investments & intangible assets

10.5.1 Overview of historical investments in tangible and intangible assets

The Group's investments in tangible and intangible assets have in 2007 to 2009 been as follows:

In 2007 Dolphin acquired all assets and liabilities of the U.S. based company StarGen Inc. Total price for the acquisition amounted to NOK 40.2 million whereof NOK 5.2 million regards transaction costs. NOK 34.9 million of the acquisition price were settled by issue of 2,530,769 shares in Dolphin to the former shareholders of StarGen Inc.. The equity of StarGen Inc. on the time for the acquisition was NOK 5.3 million. The excess value from the acquisition was allocated to capitalized development cost.

The total amount, which was capitalized as purchase of intangible assets and tangible assets in 2007, was NOK 22.3 million. The group invested heavily in development of Numachip and PCI express in 2007. Of the total capitalized amount NOK 13.0 million relates to the Numachip and NOK 5.8 million relates to the PCI express.

In 2008 the group moved the development of Numachip to a separate company, Numascale AS, to get new external investors to the projects. Numascale AS remained as a subsidiary all 2008, and at the end of 2008 Dolphin owned 72.65% of the new company. Total investments in capitalized development cost in 2008 amounted to NOK 26.2 million, whereof more than NOK 22 million related to development of the Numachip.

In 2009 there have only been some minor investments in tangible and intangible assets in the group. The ownership in Numascale AS was reduced to 12.6% during 2009, due to capital increases in Numascale AS where Dolphin did not participate.

In Q1 2010 there have not been any investments in tangible or intangible assets.

10.5.2 Planned future investments

In order to execute the planned "restart" of the Company there is a need to strengthen the sales and marketing functions as well as the product development function. This will be done through increasing the workforce with the required technical and commercial competence. The strengthening may take place as a direct hire or hiring external consultants on shorter and/or longer terms. The product development will be to tailor our existing solutions to new generic software solutions and to new technical hardware platforms. There is also a need to continuously update and replace existing equipment for test and verification of our solutions. The expenses related to the strengthening of the sales and marketing functions as the product development function will in all material respect most likely be expensed as incurred. The proceeds from the Private Placement are considered adequate to finance these expenses.

10.6 Working capital statement

Dolphin is currently running with a negative EBITDA and needs to make investments in product and market development as well as increasing inventory levels somewhat. The investment in product and market development will be tailor made at increasing the workforce for technical sales and product development. These investments are considered necessary to carry out the planned “restart” of the Company and were financed with the proceeds from the equity contribution in the Private Placement.

It is the opinion of the Company that the working capital is sufficient to cover the Company’s present requirements for the next 12 months.

10.7 Interest bearing liabilities

As of 31st March 2010 the Company has the following interest bearing debt:

Interest bearing loan nominated in USD	NOK 127,082
Interest bearing loan from GN Power AS	NOK 1,975,000
Total interest bearing debt as of 31st March 2010	NOK 2,102,082

Source: Unaudited financial records from the Company.

The interest bearing loan denominated in USD carries a fixed interest of 3%. The loan will be repaid by the end of June 2010.

The interest bearing loan from GN Power AS was repaid on 1st June 2010. The loan carried a fixed interest of 5%. GN Power AS is controlled by the CEO of the Company. See section 8.7 for further descriptions related to the loan agreement with GN Power AS.

10.8 Capitalization and indebtedness

Amounts in NOK 1,000	31 March 2010	1 June 2010
Share capital	4,534	16,192
Legal Reserve	11,515	11,515
Other Reserves	-2,426	-2,426
Shareholder equity	**13,623**	**25,281**
Current debt		
Guaranteed	0	0
Secured	0	0
Unguaranteed/unsecured	5,393	3,418
Total current debt	**5,393**	**3,418**
Non-current debt		
Guaranteed	0	0
Secured	0	0
Unguaranteed/unsecured	2,062	2,062
Total non-current debt	**2,062**	**2,062**
Total indebtedness	**7,455**	**5,480**
Total capitalization	**21,078**	**30,761**
(A) Cash	844	10,527
(B) Cash equivalents	0	0
(C) Trading securities	0	0
(D) Liquidity (A+B+C)	**844**	**10,527**
(E) Current financial receivables	**0**	**0**
(F) Current bank debt	0	0
(G) Current portion of non-current debt	0	0
(H) Other current financial debt	0	0
(I) Current financial debt (F+G+H)	**0**	**0**
(J) Net current financial indebtedness (I-E-D)	**- 844**	**- 10,527**
(K) Non-current bank loans	0	0
(L) Bonds issued	0	0
(M) Other non-current loans	2,102	127
(N) Non-current financial debt (K+L+M)	**2,102**	**127**
(O) Net financial indebtedness (J+N)	**1,258**	**- 10,400**

Source: Unaudited financial records from the Company.

The figures as of 31st March 2010 are in accordance with the Company's interim financial report for Q1 2010. The figures as of 1st June 2010 have been adjusted for the information described in chapter 10.4. Ongoing operations in the period from 1st April 2010 to 1st June 2010 are not included in the figures as of 1st June 2010.

See chapter 10.7 for a description of the Company's interest bearing debt and 10.2.5 for financial key figures of the Company.

CAPITAL RESOURCES
Following the Private Placement the Company is funded primarily through shareholders equity and further equity may be raised through the Subsequent Offering described in chapter 5.

The assets of the Company as shown in the consolidate financial statement as shown in section 10.2 with the subsequent events as described in section 10.4 are primarily net working capital, cash and cash equivalents as well as investments in intangible assets related to the acquisition of StarGen in 2007. The assets also comprises of a 12.6% holdings in Numascale AS, a previous subsidiary of the Group as outlined in section 6.2. As most of the assets in the Company are difficult pledge, it is the opinion of the Board of Directors that it normally would be difficult to obtain loans. Thus, any future additional funding will most likely be done through a share issue, if required. However, as described in section 10.6 the Board of Directors is of the opinion that the current liquidity reserve following the Private Placement will be sufficient to cover the Company's present requirements for the next 12 months.

10.9 Leasing commitments

The Company has leasing commitments related rent of office premises and some office machines. As of 31^{st} December the Group had the following non-cancellable leasing commitments:

Falling due within 1 year	NOK 496,208
Falling due between 1 and 5 years	NOK 0
Falling due after 5 year	NOK 0
Total contractual lease obligations as	NOK 496,208

Source: Audited financial statement for 2009.

During the second quarter in 2010 the Group signed a new leasing contract for office premises in the United States. The contract is for one year with options for renewal. The minimum leasing commitment for this contract is USD 6,000.

The Company is currently leasing office premises in Norway on a monthly basis to a long term lease contract has been finally negotiated. It is expected that the Company will enter into a lease contract with a minimum lease period of 3 – 5 years in June/July 2010.

10.10 Financial risk management and hedging risk policy

Financial risk factors
The activities of the Group necessitate exposure to certain types of financial risk; mainly currency risk and credit risk. The Group has at certain times entered into financial derivatives to hedge against currency risk. The risk management strategy of the Group is executed in regard to the guidelines established by the Board.

Currency risk
The Group is acting internationally and is exposed to currency risk in several currencies. In particular, this risk is notable in US Dollars and Euro. The currency risk is caused by future trade transactions and recognized assets and liabilities on the balance sheet. The Group may enter into futures contracts with external financial organizations to manage the currency risk associated with its business. The currency risk occurs when future trade transactions or recognized assets or liabilities are denominated in a currency another the functional currency of the Group (NOK). As most of the Company's fixed operating costs are in NOK an appreciation of the Norwegian currency against USD and EURO will negatively affect

the competitiveness and profit for the Company. We refer to description under section 2.2 financial risks.

Credit and interest risk.
The Group has no major concentrations of credit risk. Procedures are in place to verify the credit-worthiness of customers. For derivative- and currency transactions, the counter parties are limited to financial institutions with high credit worthiness. As the strategy of the Company changes to increase focus on OEM customers in the embedded segment, the Company will most likely experience increased concentration of the credit risk in the future. However, as the Company's primary customers are large corporations with a solid financial basis the assessment is that the credit risk will remain at an acceptable low level. Prior to entering large contracts the credit risk associated with the contract will be evaluated and it is anticipated that the main consequence of business failure from a large customer will be loss of future income. The Group has a low amount of interest-bearing debt and the interest rates for those loans are fixed. We refer to description under section 2.2 financial risks.

Liquidity and financing risk
The Group has had a significant negative cash-flow for 2008 and 2009. The stock market is the primary source of funding for the group. Establishing a positive cash-flow in operations is a requirement for the Group to successfully offer new stock to the stock-market. The Board and the management of the Group have a strong focus on generating a positive cash-flow from operations. The opportunities for successfully completing a stock-offering are judged to be good if the cash-flow from operations can be improved. We refer to description under section 2.2 financial risks.

Liquidity reserves will be maintained in bank accounts with well-recognized banks and the highest possible deposit's interest rates.

10.11 Legal and arbitration proceedings

The Company and its subsidiary will from time to time be involved in disputes in the ordinary course of its business activities. As of the date of this Prospectus and the preceding 12 months, the Company is not and has not been involved in any governmental, legal or arbitration proceedings, including any such proceeding which are pending or threatened of which the Company is aware of, which may have or have had a significant effects on the Company's and/or Group's financial position or profitability.

10.12 Auditor

The Company's auditor is BDO AS. Their office address is; Vika Atrium, Munkedamsveien 45, 0121 Oslo, Norway and their post address is; P.O. Box 1704, NO-0121 Oslo, Norway.
Telephone: +47 23 11 91 00, fax: +47 23 11 91 01.
Web site: www.bdo.no.

The audit partners of BDO AS are members of the Norwegian Institute of Public Accountants (DnR).
BDO AS has been the Company's auditor since the fiscal year 2007.

See section 10 for a description of the conclusions in the audit reports.

11. Shares, shareholders matters and ownership structure

11.1 Share capital

The Company's share capital as of the date of this Prospectus is NOK 16,192,352 divided into 8,096,176 Shares, each with a par value of NOK 2.00. The shares have all been validly issued, registered and fully paid.

The shares are registered in VPS with ISIN NO001 017 0921, except for the New Shares issued in the Private Placement that will be registered under the same ISIN number and thus tradable on the Oslo Stock Exchange following the publication of this Prospectus on 22nd June. The Offer Shares will be registered in VPS with the same ISIN number when fully subscribed, paid and issued. The Company's VPS registrar is Nordea Bank Norge ASA Issuer Services. The address and contact details for the VPS registrar is as follows:

P.O. Box 1166 Sentrum, 0107 Oslo, Norway
Tel: +47 22 48 50 00
Fax: +47 22 48 63 49

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

As of the date of this Prospectus the Company does not hold any treasury shares.

11.2 Historical development of share capital

The table below shows the historical development of share capital and the number of outstanding shares in Company:

Date	Type of change	Change in share capital (NOK)	Nominal value per share (NOK)	Total share capital (NOK)	Total Number of shares	Price per share
26.08.2002	Issue of shares	140,000.00	0.10	140,000	1,400,000	0.30
08.11.2002	Issue of shares	440,268	0.10	580,268	5,802,683	0.30
05.05.2003	Employee share issue	19,965	0.10	600,234	6,002,341	0.30
19.08.2003	Employee share issue	10,000	0.10	610,234	6,102,341	0.30
28.02.2006	Script issue	610,234	N/A	1,220,468	6,102,341	N/A
27.03.2006	Issue of shares	570,000	0.20	1,790,468	8,952,341	17.50
16.02.2007	Issue of shares	506,153	0.20	2,296,622	11,483,110	16.00
15.10.2007	Issue of shares	181,000	0.20	2,477,622	12,388,110	9.00
13.12.2007	Issue of shares	896,600	0.20	3,374,222	16,871,111	3.75
05.06.2008	Issue of shares	1,160,000	0.20	4,534,222	22,671,111	2.30
28.05.2009	Consolidation of number of shares	N/A	2.00	4,534,222	2,267,111	N/A
28.01.2010	Issue of shares	130	2.00	4,534,352	2,267,176	2.00
07.05.2010	Issue of shares	11,658,000	2.00	16,192,352	8,096,176	2.00

11.3 Shareholder structure

As of the 4th June 2010 (after completion of the Private Placement) the shareholder structure in the Company is as follows (shareholders holding above 1% of the shares listed):

	Shareholder	Number of Shares	%
1	Fjord Partners Invest AS	2,500,000	30.88
2	GN Power AS	1,500,000	18.53
3	Consema AS	750,000	9.26
4	Økonomi og Regnskapsbistand AS	500,000	6.18
5	Hektor AS	380,000	4.69
6	Glenn Nøstdahl Konsulenttjenester AS	243,034	3.00
7	Pelito AS	130,507	1.61
8	Citigroup Global Markets, nominee account	105,627	1.30
9	MP Pensjon	105,371	1.30
10	Espen Rødaas	105,119	1.30
11	Telinet Energi AS	105,000	1.30
12	Egil Olaf Glørstad	95,600	1.18
13	Tor Alfheim	91,000	1.12
14	Frans Enger AS	90,000	1.11
15	Kåre Sten Løyland	86,650	1.07
	Total 15 largest shareholders	**6,787,908**	**83.84**
	Other shareholders	**1,308,268**	**16.16**
	Total outstanding number of shares	**8,096,175**	**100.00**

The Company is not aware of any arrangements that may result in, prevent or restrict change of control in the Company.

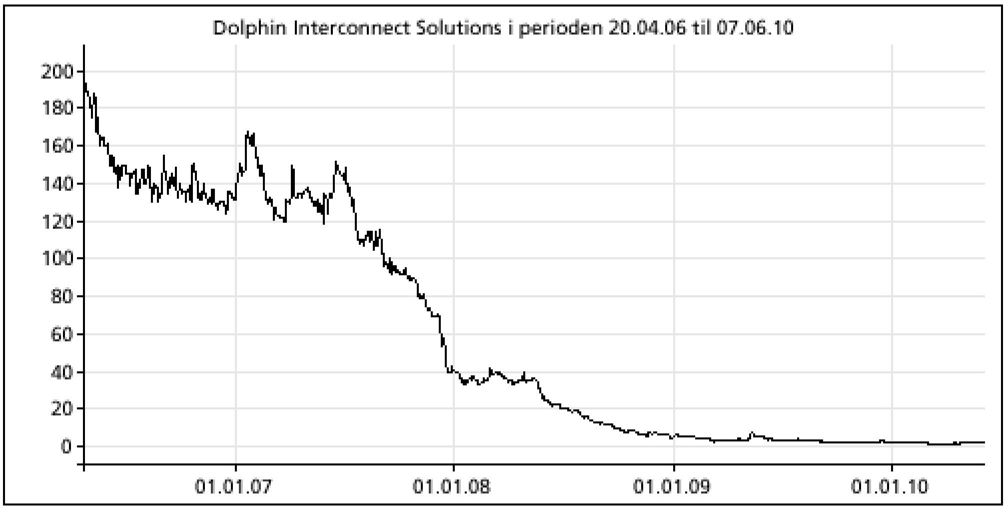
Shareholders holding 5% or more of the Shares in the Company have an interest in the Company's share capital, which exceeds the lowest threshold for mandatory notification of trade according to the Norwegian Securities Trading Act (for a description of the notification thresholds see section 11.10.13).

11.4 Share price development

Since 20th April 2006, the Shares have been publicly traded on the Oslo Stock Exchange under the ticker-code "DOLP". The share price performance is shown in the graph below. There is no other public trading market for the Shares outside Norway.

The figure below shows price development for the Share, as reported on Oslo Stock Exchange, during the periods indicated from 20th April 2006 to 7th June 2010.

Figure: Traded price Dolphin



Source: Netfonds

11.5 Outstanding authorizations

As of the date of the publication of this Prospectus the Company has the outstanding authorizations to issue shares and have issued warrants as outlined below.

11.5.1 Authorization to issue Shares

In the extraordinary general meeting held 7 May 2010 the board was granted authorization three authorizations to increase the share capital in the company.

These authorizations are as follows:

a) Authorization to increase the share capital up to NOK 2,500,000.
b) Authorization to increase the share capital up to NOK 88,850.
c) Authorization to increase the share capital up to NOK 2,000,000.

a) Authorization to increase the share capital up to NOK 2,500,000
The EGM authorized the Board to increase the Company's share capital up to NOK 2,500,000 in connection with the Subsequent Offering. The authorization is effective until 30 June 2010. For further information about the authorization to issue shares in connection with the Subsequent Offering, please see section 5.2.

b) Authorization to increase the share capital up to NOK 88,850
The EGM authorized the Board to increase the Company's share capital up to NOK 88,858 by issuing up to 44,429 new shares with a par value of NOK 2.00 each. The authorization is limited to conversion of unpaid compensation to member of the board of directors and the former CEO of the company. The subscription price shall be in the range of NOK 4.00 to NOK 6.00 per share. The subscription may be done through conversion of debt and the existing shareholders pre-emptive right according to the Norwegian Public Limited Companies Act section 10-14 may be waived. The authorization is valid to 30 June 2010.

This share issue will be completed during June 2010.

c) *Authorization to increase the share capital up to NOK 2,000,000*

The EGM authorized the Board to increase the Company's share capital up to NOK 2,000,000 by issuance of up to 1,000,000 new shares with a par value of NOK 2.00 each. Within this limitation, the authorization may be exercised several times. The authorization is limited to subscription by the participants of the Company's stock option program (see section 8.6 for further description of the program). The authorization covers only a share capital increase against payment in cash. The existing shareholders pre-emptive right according to the Norwegian Public Limited Companies Act section 10-14 may be waived. The authorization is valid until 7th May 2012.

11.5.2 Issued warrants

In accordance with the Business Purchase Agreement in connection with the acquisition of the business of Stargen Inc, it was resolved in the general meeting held 16 February 2007 to issue up to 90,000 warrants to certain StarGen employees signing up as consultants and subsequently as employees with Dolphin US (the "Warrants"). 90,000 Warrants were subscribed for in a separate subscription form.

Each Warrant gives the warrant holder the right to subscribe for one ordinary share in Dolphin at nominal value NOK 2.00 per share, against payment of NOK 139.00 (the "Exercise Price"). The Exercise Price was calculated as the closing price for the Dolphin share on the Oslo Stock Exchange on the date preceding the general meeting held 16 February 2007.

Each Warrant may be exercised from "cliff date" (the start of the exercise period, as defined in schedule 2 to the minutes of the general meeting) to 16 February 2012 by written notice to the Company's chairman. Payment of the Exercise Price shall be made in cash in NOK funds payable to the order of Dolphin in an amount equal to the exercise price of shares for which the Warrant is being exercised. No consideration was paid for the Warrants.

The Warrants may not be assigned to new owners prior to exercise; *provided*, *however*, that the Warrant may be exercised by the Warrant holder's guardian or personal representative in the event of the Warrant holder's incapacity or Warrant holder's beneficiary or executor in the event of Warrant holder's death. Any unvested Warrants that remain outstanding when a Warrant holder ceases to serve as an employee or consultant to Dolphin or Dolphin US shall, as further instructed by the board of the Company, be transferred, in a manner that complies with Section 409A of the United States Internal Revenue Code, if applicable, to designated new hires in Dolphin or Dolphin US, who have assigned duties related to the Performance and Vesting Criteria, at no cost within 30 days.

New shares in Dolphin to be issued upon exercise will carry right to dividend and all other shareholder rights from the date of issuance (i.e. right to dividends for the accounting year prior to year of issuance if applicable).

The Warrants are subject to certain performance and vesting criteria having been met, and if any changes are made to the capital of the Company, the terms of the Warrants shall be adjusted.

As of the Date of this Prospectus there are 51,746 outstanding Warrants. All the outstanding Warrants are vested.

11.6 Rights to acquire Shares

The Company has not issued any convertible securities, exchangeable securities or securities with warrants giving anyone the right to acquire Shares through utilization of such rights other than described in this Prospectus.

11.7 Share options

The Company has currently a total of 78,700 outstanding stock options under employee option programs. 1,200 of these options relate to the employee option program from 2007 and the remaining 77,500 relate to the employee option program from 2009.

The employee option program from 2007 gives the holder of one option the right to subscribe for one share at a strike price of NOK 175.00 per share. The outstanding 1,200 options are vested and expire on 31st May 2011.

The employee option program from 2009 gives the holder of one option the right to subscribe for one share at a strike price of NOK 3.50 per share. None of the outstanding options are vested as of the date of this Prospectus. See section 8.7 for further details on the 2009 stock option program. As outlined in section 8.6 the Board is planning for a new stock option program for the employees. The details of the contemplated new program are outlined in section 8.7.2.

11.8 Shareholder agreements

The Company is not aware that its shareholders have entered into any shareholders agreements.

11.9 Shareholder rights

11.9.1 Share classes and voting rights

There is one class of shares in the Company and the Shares are equal in all respects, and each Share carries one vote at the Company's general meeting. Reference is also made to Section 11.10.2 "The Shares" and Section 11.10.6 "Voting rights" below.

11.9.2 Trading rights

The Company's Articles of Association does not contain any limitations with regard to trading of the Shares. The New Shares will be registered in VPS and be tradable on Oslo Stock Exchange after publication of this Prospectus. The Offer Shares will be registered in VPS and be tradable on Oslo Stock Exchange after completion of the Subsequent Offering.

11.9.3 Limitations on the right to own shares

The Company's Articles of Association does not limit who has the right to own Shares in the Company. Reference is also made to Section 11.10.7 "Ownership of the Shares" below.

11.9.4 Mandatory offers

Section 11.10.11 "Mandatory offer requirements" outlines the legislation on mandatory offers applicable to Norwegian companies listed on Oslo Stock Exchange. The Company has not been subject to any takeover bids or bids to acquire controlling interest during the last 12 months.

11.10 The Articles of Association and general shareholders matters

11.10.1 The Company's objects and purpose

The Articles of Association (last amended 7th May 2010) of the Company is attached in Appendix 1 to this Prospectus. According to section 3 of the Articles of Association, the objective of the Company is development, marketing and sale of electronic components, including hardware and software, and other related products, through acquisition and management of other wholly or partially owned subsidiaries; the Company also conducts supporting activities in research, consulting and education

11.10.2 The Shares

The Articles of Association provides for one class of shares only, in which all Shares have equal rights. The Articles of Association does not contain any provisions to change the rights of the holders that are stricter than the provisions set out in Norwegian Public Limited Liability Companies Act.

11.10.3 The General Meeting of shareholders

The General Meeting of shareholders is the highest authority of a Norwegian Public Limited Liability Company. The Company must arrange for the Annual General Meeting to be held within six months after the end of each financial year. The Annual General Meeting shall, among other things, approve the annual accounts and any dividends payable. An Extraordinary General Meeting shall be called if the Board resolves to do so or if the auditor or shareholders representing 5% of the Shares and votes requires it.

Pursuant to the Norwegian Public Limited Liability Companies Act, a written notice shall be sent to all shareholders with known address. With effect from 3 August 2009, new rules have been implemented in the Norwegian Public Limited Companies Act increasing the notice period for a General Meeting in listed companies so that the written notice must be sent at the latest 21 days prior to a General Meeting. The notice with all enclosures must also be made available at the Company's internet site at the latest 21 days prior to the General Meeting.

According to the new rules, the Annual General Meeting must always be called with at least 21 days notice, but the General Meeting may resolve that during the period until the next annual general meeting, the minimum notice period to call an extraordinary General Meeting shall be 14 days instead of 21 days. The shareholders may participate in person or by proxy.

The Company's Articles of Association states that when documents regarding matters to be addressed at the general meeting are made available to the shareholders on the Company's website, the statutory requirements that the documents shall be sent to the shareholders do not apply. This also concerns documents that, according to law, shall be included in or enclosed to the notice of the general meeting. However, a shareholder can request that documents regarding matters to be addressed at the general meeting are sent. The Company cannot claim compensation for sending the documents to the shareholders.

All shareholders who are registered in the register of shareholders maintained by the VPS as of the date of the general meeting, or have otherwise reported and proved an acquisition of Shares, are entitled to admission without any requirement for pre-registration.

11.10.4 The Board of Directors

The management of the Company pertains to the Board, which shall oversee the proper organization of the business. The Board shall supervise the administration of the Company; hereunder supervise the Chief Executive Officer. Pursuant to section 5 of the Articles of Association, the Board of Directors of the Company shall consist of no less than 3 members and no more than 5 members, as decided by the General Meeting. In addition the employees have one elected employee representative on the Board.

The members of the Board are elected by the General Meeting by majority vote. The General Meeting also resolves the annual remuneration of the Board members.

11.10.5 The management of the Company

The Board employs the CEO of the Company and resolves his/her remuneration. The CEO conducts the day-today business in accordance with the guidelines and instructions of the Board. The CEO has in general the right and duty to participate at Board meetings.

The CEO employs the other members of the executive management and decides their remuneration pursuant to directives given by the Board. These directives are set out in the Company's governance manual.

Under Norwegian law the members of the executive management do not become members of the Board, unless the General Meeting elects them. The CEO cannot be elected as Chairman of the Board of the Company.

11.10.6 Voting rights

Each Share in the Company carries one vote at the General Meeting.

As a general rule, resolutions that shareholders are entitled to make pursuant to Norwegian law or the Company's Articles of Association, requires approval by a simple majority of the votes cast. In the case of election of directors to the Board, the person who obtains the most votes is elected to fill the positions up for election. However, as required under Norwegian law, certain decisions, including resolutions to waive pre-emptive rights in connection with any issue of shares, convertible bonds, warrants etc., to approve a merger or de-merger, to amend the Company's Articles of Association, to authorize an increase or reduction in the share capital, to authorize an issuance of convertible loans or warrants or to authorize the Board to purchase the Company's own Shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a shareholders' meeting. Further, Norwegian law requires that certain decisions, which have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval of all the holders of such shares or class of shares as well as the majority required for amendments of the Company's Articles of Association. Decisions that (i) would reduce any existing shareholder's right in respect of dividend payments or other rights to the assets of the Company or (ii) restrict the transferability of the shares require a majority vote of at least 90% of the share capital represented at the general meeting in question as well as the majority required for amendments to the Company's Articles of Association. Certain types of changes in the rights of shareholders require the consent of all shareholders affected thereby as well as the majority required for amendments to the Company's Articles of Association.

In general, in order to be entitled to vote, a shareholder must be registered as the beneficial owner of Shares in the share register kept by the VPS. Beneficial owners of Shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor are any persons who are designated in the register as holding such Shares as nominees.

Readers should note that there are varying opinions as to the interpretation of Norwegian law in respect of the right to vote nominee-registered shares. For example, Oslo Stock Exchange has in a statement on 21 November 2003 held that in its opinion "nominee-shareholders" may vote in general meetings if they prove their actual shareholding prior to the general meeting.

11.10.7 Ownership of the Shares

Neither the Company's Articles of Association nor the Norwegian Public Limited Liability Companies Act restricts ownership of the Shares. There are no limitations under Norwegian law on the rights of non-residents or foreign owners to hold or vote for the Shares.

11.10.8 Additional issuances and preferential rights

All issuances of shares by the Company, including bonus issues, require an amendment to the Articles of Association of the Company, which requires support by at least two-thirds of the votes cast and share capital represented. Furthermore, under the Norwegian Public Limited Liability Companies Act, the Company's shareholders have a preferential right to subscribe for new shares issued. The preferential rights may be waived by a resolution in a general meeting by two-thirds of the votes cast. A waiver of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding shares, irrespective of class.

Under Norwegian law, bonus issues may be distributed, subject to shareholder approval, by transfer from the Company's free equity or from its share premium reserve. Such bonus issues may be effectuated either by issuing shares or by increasing the par value of the shares outstanding.

To issue shares to holders who are citizens or residents of the United States upon the exercise of preferential rights, the Company may be required to file a registration statement in the United States under United States securities laws. If the Company decides not to file a registration statement, such holders may not be able to exercise their preferential rights and in such event would be required to sell such rights to eligible Norwegian persons or other eligible non-U.S. holders to realize the value of such rights.

11.10.9 Dividends

Under Norwegian law, no interim dividends may be paid in respect of a financial period as to which audited financial statements have not been approved by the annual general meeting of shareholders. Any proposal to pay a dividend must be recommended or accepted by the Board and approved by the shareholders at a general meeting. The shareholders may vote to reduce (but not to increase) the dividends proposed by the Board.

Dividends in cash or in kind are payable only out of (i) the annual profit according to the adopted income statement for the last financial year, (ii) retained profit from previous years, and (iii) distributable reserves, after deduction of (a) any uncovered losses, (b) the book value of research and development, (c) goodwill, (d) net deferred tax assets recorded in the balance sheet for the last financial year, (e) the aggregate value of any treasury shares that the Company has purchased or been granted security over during the preceding financial years, (f) any credit or security given pursuant to Sections 8-7 to 8-9 of the Norwegian Public Limited Liability Companies Act and provided always that such distribution is compatible with good and prudent business practice with due regard to any losses which may have occurred after the last balance sheet date or which may be expected to occur. The Company cannot distribute any dividends if the equity, according to the balance sheet, amounts to less than 10% of the total balance sheet without following the procedure for capital decrease with two months' creditor notice period.

The Board will consider the amount of dividend (if any) to recommend for approval by the Company's shareholders, on an annual basis, based upon the earnings of the Company for the years just ended and the financial situation of the Company at the relevant point in time. Hence, the shareholders do not have an absolute entitlement to share in the Company's profits.

As no dividend may be distributed for the accounting year 2009 all shareholders that are shareholders at the time of the general meeting making its resolution will be entitled to dividend. There is no time limit under which the individual shareholders entitlement to a declared dividend lapses.

11.10.10 Rights of redemption and repurchase of shares

The Company has not issued redeemable shares (i.e., shares redeemable without the shareholder's consent). The Company's share capital may be reduced by reducing the par value of the shares. Such a decision requires the approval of two-thirds of the votes cast at a general meeting. Redemption of individual shares requires the consent of the holders of the shares to be redeemed.

A Norwegian company may purchase its own shares if an authorization for the board of directors of the company to do so has been given by the shareholders at a general meeting with the approval of at least two-thirds of the aggregate number of votes cast at the meeting. The aggregate par value of treasury shares so acquired and held by the company is not permitted to exceed 10% of the company's share capital, and treasury shares may only be acquired if the company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorization cannot be given for a period exceeding 18 months.

11.10.11 Mandatory offer requirement

The current mandatory offer regulations are included in the Securities Trading Act Chapter 6, which came into force on 1 January 2008. The mandatory offer regulations are in compliance with EU's Take-Over-Directive (Directive 2004/25/EF).

Chapter 6 of the Norwegian Securities Trading Act requires any person, entity or group acting in concert that acquires more than 1/3 of the voting rights of a Norwegian company listed on a Norwegian regulated market to make an unconditional general offer for the purchase of the remaining shares in the Company. A mandatory offer obligation may also be triggered where a party acquires the right to become owner of shares which together with the party's shareholding represent more than 1/3 of the voting rights in the Company and Oslo Stock Exchange decides that this must be regarded as an effective acquisition of the shares in question.

The offer is subject to approval by Oslo Exchange before submission of the offer to the shareholders. The offer price per share must be at least as high as the highest price paid or agreed by the offer or in the six-month period prior to the date the 1/3 threshold was exceeded, but equal to the market price if the market price was higher when the 1/3 threshold was exceeded. In the event that the acquirer thereafter, but prior to the expiration of the bid period acquires, or agrees to acquire, additional shares at a higher price, the acquirer is obliged to restate its bid at that higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered. A shareholder who fails to make the required offer must within four weeks dispose of sufficient shares so that the obligation ceases to apply (i.e., to reduce the ownership to a level below 1/3). Otherwise, Oslo Stock Exchange may cause the shares exceeding the 1/3 limit to be sold by public auction. Until the mandatory bid is given or the shares exceeding the 1/3 threshold are sold, the shareholder may not vote for shares exceeding the 1/3 threshold, unless a majority of the remaining shareholders approve. The shareholder can, however, exercise the right to dividends and pre-emption rights in the event of a share capital increase. Oslo Stock Exchange may impose a daily fine upon a shareholder who fails to make the required offer or sell down below 1/3.

A shareholder or consolidated group that owns shares representing more than 1/3 of the votes in a Norwegian company listed on a Norwegian regulated market, and that has not made an offer for the purchase of the remaining shares in the Company in accordance with the provisions concerning mandatory offers (e.g., due to available exemptions), is obliged, in general, to make a mandatory offer in the case of each subsequent acquisition that increases his proportion of the voting rights. However, there are exceptions to this rule. Furthermore, the rule does not apply for a shareholder or a consolidated group that, upon admission of the company to listing on a regulated market, owns shares representing more than 1/3 of the voting rights in the Company. However, if such shareholder or consolidated group acquires shares representing more than 40% or 50% of the voting rights in the Company, a mandatory offer obligation, in general, is triggered.

The obligation to make a mandatory offer will be repeated at acquisition of shares representing 40% or more and 50% or more of the voting rights in the Company.

The Company has not received any takeover bids or bids to acquire controlling interest during the last 12 months.

11.10.12 Compulsory Acquisition

In accordance with section 4-25 of the Norwegian Public Limited Liability Companies Act (cf. section 6-22 of the Norwegian Securities Trading Act), a shareholder, directly or via subsidiaries, who acquires shares representing more than 90% of the total number of issued shares in a Norwegian public limited liability company, as well as more than 90% of the total voting rights attached to such shares, such majority shareholder has a right (and each remaining minority shareholder of the company have a right to require such majority shareholder) to effect compulsory acquisition for cash of the shares not already owned by such majority shareholder. Such compulsory acquisition would imply that the majority shareholder has become the owner of the thus acquired shares with immediate effect. If the majority shareholder has not completed a mandatory offer he will have to do so simultaneously with the compulsory acquisition under the current legislation. Upon effecting the compulsory acquisition the majority shareholder would have to offer the minority shareholders a specific price per share, the determination of which price would be at the discretion of the majority shareholder. However, pursuant to section 6-22 of the Norwegian Securities Trading Act, if such compulsory acquisition is commenced within three months after expiry of a mandatory offer period as described in Section 13.6.11 “Mandatory offer requirement”, the price shall be equal to the mandatory offer price unless particular reasons call for another price to be set. Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months’ duration, request that the price be set by the Norwegian courts. Absent such request or other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the two months deadline. The cost of such court procedure would, as a general rule, be for the account of the majority shareholder, and the courts would have full discretion in respect of the valuation of the shares as per the effectuation of the compulsory acquisition.

11.10.13 Disclosure Obligations

Pursuant to the Norwegian Securities Trading Act, a person, entity or group acting in concert that acquires shares, options for shares or other rights to shares resulting in its beneficial ownership, directly or indirectly, in the aggregate meeting or exceeding the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 and 90% of the share capital and/or the voting rights in the Company has an obligation under Norwegian law to notify Oslo Stock Exchange and the Company immediately. The same applies to disposals of shares (but not options or other rights to shares) resulting in a beneficial ownership, directly or indirectly, in the aggregate meeting or falling below said thresholds. A change in ownership level due to other circumstances may also trigger the notification obligations when said thresholds are passed, e.g. changes in the Company’s share capital.

11.10.14 Insolvency/Liquidation

According to the Norwegian Public Limited Liability Companies Act, the Company may be liquidated by a resolution in a general meeting of the Company passed by a two-thirds majority of the aggregate votes cast as well as two thirds of the aggregate share capital represented at such meeting. The Shares rank pari passu in the event of a return on capital by the Company upon a liquidation or otherwise.

In the event a resolution to liquidate the Company has been made, the Company’s assets shall be transformed to cash in order to cover the Company’s contractual obligations and for distribution to the shareholders as long as the shareholders have not accepted to receive the dividends in kind.

11.11 Shareholder and dividend policy

11.11.1 Shareholder policy

The Company endeavors to provide all market participants with timely and equal information of the Company’s development, activities and special events. Such information will take the form of annual reports, quarterly reports, stock exchange bulletins, press releases and investor presentations when appropriate. In addition to current notifications to Oslo Stock Exchange, the Company will when appropriate arrange investor presentations in connection with quarterly and annual financial reporting and on other selected occasions. The Company also pursues an open information policy towards the media and other stakeholders. All information will be published through the Oslo Stock Exchange information system on www.oslobors.no and on the Company's website www.dolphinics.com.

11.11.2 Dividend policy

Company will strive to follow a dividend policy favorable to shareholders. This will be achieved by sound business development and growth. The Company aims to give shareholders a competitive return on capital relative to the underlying risk. Dolphins existing dividend policy is to retain earnings in order to maintain a sound equity ratio a liquidity reserve and secure funding of product development projects. Due to this the Company does not anticipate to pay cash dividend on a regular basis in the foreseeable future. The payment of future dividends will, among other things, depend on the Company's earnings, financial condition, investment requirements and rate of growth.

As of 31st December 2009 the Company did not have any free equity that could have been distributed to the shareholders as dividends.

12. Tax Issues

The statements herein regarding Norwegian taxation are based on the laws in force in Norway as of the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retrospective basis. The summary does not address foreign tax laws.

The summary is of a general nature and does not purport to be a comprehensive description of all the tax considerations that may be relevant to the Investors. Investors who wish to clarify their own tax situation should consult with and rely upon their own tax advisors. Investors resident in jurisdictions other than Norway and investors who ceases to be resident in Norway for tax purposes (due to domestic tax law or tax treaty) should consult with and rely upon local tax advisors as regards to the tax position in the country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes.
Please note that for the purpose of the summary of tax issues below, a reference to a Norwegian or foreign shareholder refers to the tax residency rather than the nationality of the shareholder.

12.1 Shareholders resident in Norway for tax purposes

This section summarizes Norwegian tax rules relevant to shareholders that are residents of Norway for Norwegian tax purposes ("Norwegian shareholders").

12.2.1 Taxation of dividends

Norwegian Personal Shareholders
Dividends received by Norwegian Shareholders who are individuals ("Norwegian Personal Shareholders") from a limited liability company tax resident in Norway are subject to tax in Norway as general income at a flat rate of 28%.

Norwegian Personal Shareholders may be entitled to deduct a calculated allowance when calculating their taxable dividend income. The allowance is calculated on a share-by-share basis, and the allowance for each share is equal to the cost price of the share, multiplied by a risk free interest rate. The allowance is calculated for each calendar year, and is allocated solely to Norwegian Personal Shareholders holding shares at the expiration of the relevant calendar year. Norwegian Personal Shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share can be forwarded and deducted when calculating taxable dividend income a later year. Furthermore, unused allowance can be included in the basis for calculating the allowance the following years.

Norwegian Corporate Shareholders
Dividends received by Norwegian Shareholders that are limited liability companies or similar entities ("Norwegian Corporate Shareholders") from a limited liability company tax resident in Norway, are comprised by the tax exemption method. Three percent of the net annual income comprised by the tax exemption method shall be entered as general income and taxed at the flat rate of 28%, implying a 0.84 per cent effective tax rate for Norwegian corporate shareholders on dividends from the Company. Losses on shares may reduce the net annual income comprised by the tax exemption method to zero, but cannot be forwarded nor reduce taxable income from other sources.

12.2.2 Taxation upon realisation of shares

Norwegian Personal Shareholders
Sale, redemption or other disposal of shares is considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian personal shareholder through a disposal of shares is

taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the basis for computation of general income in the year of disposal. The general income is taxable at a rate of 28%. The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The capital gain is calculated as the consideration received less the cost price of the share, including costs incurred in relation to the acquisition or realization of the share. From this capital gain, Norwegian Personal Shareholders may be entitled to deduct a calculated allowance when calculating their taxable income, provided that the allowance has not already been used to reduce taxable dividend income, cf. above. The allowance for each share will be equal to the cost price of the share multiplied by a determined risk free interest rate. The allowance is calculated pr each calendar year, and is allocated solely to Norwegian Personal Shareholders holding shares at the expiration of the relevant calendar year. Norwegian Personal Shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. The allowance may only be deducted in order to reduce a taxable gain, and may not be deducted in order to increase or produce a deductible loss.

If the shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

Norwegian Personal Shareholders, who move abroad and cease to be tax resident in Norway as a result of this, are deemed taxable in Norway for any unrealized gain related to the shares held at the time the tax residency ceased, as if the shares were realized for tax purposes at this time. Gains of NOK 500,000 or less are not taxable. Any unrealized losses related to the shares are as a main rule not deductible. If the person moves to a jurisdiction within the European Economic Area (“EEA”), unrealized losses related to shares held at the time tax residency ceases will, as a main rule be tax deductible if exceeding the NOK 500,000 threshold.

The actual taxation (loss deduction) will in principle occur at the time of emigration. However, the Norwegian Personal Shareholders may be given a delay, provided that security for the tax claim is given. If the taxpayer moves to a country within the EEA, the Norwegian Personal Shareholder will usually be given a delay without providing security for the tax claim.

Norwegian Corporate Shareholders

For Norwegian Corporate Shareholders a capital gain or loss on realization of shares in a limited liability company tax resident in Norway are comprised by the tax exemption method. Three percent of the net annual income comprised by the tax exemption method shall be entered as general income and taxed at the rate of 28%, implying a 0.84 per cent effective tax rate for Norwegian corporate shareholders on profits related to realization of shares in the Company. Losses on shares may reduce the net annual income comprised by the tax exemption method to zero, but cannot be forwarded nor reduce taxable income from other sources. If the shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

12.2.3 Net Wealth Tax

The value of shares is included in the basis for the computation of wealth tax imposed on Norwegian Personal Shareholders. Currently, the marginal wealth tax rate is 1.1 percent of the value assessed. The value for assessment purposes for shares listed on Oslo Stock Exchange is currently set to the listed value as of January 1 in the year of assessment (i.e. the year following the fiscal year).

Norwegian Corporate Shareholders are not subject to wealth tax.

12.3 Tax consequences related to the ownership and disposal of shares – foreign shareholders

This section summarizes Norwegian tax rules relevant to shareholders that are not residents of Norway for Norwegian tax purposes ("Foreign Shareholders"). The potential tax liabilities for foreign shareholders in the country where they are resident for tax purposes or other countries will depend on tax rules applicable in the relevant country.

12.3.1 Taxation of dividends

Dividends paid by Norwegian limited liability companies and similar entities to Foreign Shareholders, both corporate and personal, are as a general rule subject to withholding tax in Norway at a rate of 25%, unless otherwise provided for in an applicable income tax treaty or the recipient is covered by the specific regulations for shareholders resident within the EEA (see below). The withholding obligation lies with the company distributing the dividends.

Foreign Shareholders who are individuals ("Foreign Personal Shareholders") resident within the EEA for tax purposes are subject to Norwegian withholding tax on dividends received from Norwegian companies at the regular rate or at a reduced rate determined in an applicable tax treaty. However, if withholding tax at regular rate is deducted, such shareholders may apply individually to the tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual share (see above). Foreign Personal Shareholders resident within the EEA may carry forward unused allowance provided the allowance exceeds the dividends.

Foreign Shareholders that are corporate entities tax resident within the EEA for tax purposes are exempt from Norwegian withholding tax on dividends distributed from Norwegian limited liability companies and similar entities, provided that the shareholder is a corporate entity, which in fact is established for business purposes, and manage a business within EEA.

In accordance with the present administrative system in Norway, a distributing company will normally deduct withholding tax at the applicable reduced rate when dividends are paid directly to an eligible Foreign Shareholder based on the information registered with the VPS with regard to the tax residence of the Foreign Shareholder. Dividends paid to Foreign Shareholders in respect of nominee registered shares will be subject to withholding tax at the general rate of 25% unless the nominee, by agreeing to provide certain information regarding the beneficial owners, has obtained approval for reduced rate from the Central Office for Foreign Tax Affairs (Sentralskattekontoret for utenlandssaker).

Foreign Shareholders that are corporate entities within the EEA which are exempt from withholding tax on dividends and Foreign Shareholders who have suffered a higher withholding tax than set out by an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

If a Foreign Shareholder is carrying on business activities in Norway, and the relevant shares are effectively connected with such business activities, dividends distributed to such shareholder will generally be subject to the same taxation as Norwegian shareholders, as described above.

12.3.2 Taxation upon the realisation of shares

As a general rule, capital gains generated by Foreign Shareholders are not taxable in Norway. However, such gains may be subject to taxation for Foreign Shareholders who (i) holds the shares in connection with the conduct of a trade or business in Norway or (ii) are individuals who have been resident in Norway for tax purposes within the five calendar years preceding the year of the sale or other realization (and whose gains are not exempt pursuant to the provisions of an applicable income tax treaty).

12.3.3 Net Wealth Tax

Foreign Shareholders are not subject to net wealth tax in Norway on shares unless the shareholder is an individual and the shareholding is effectively connected with business activities carried out by the shareholder in Norway.

12.4 Duties on the transfer of shares

No stamp or similar duties are currently imposed in Norway on the transfer of shares whether on acquisition or disposal.

12.5 Inheritance tax

When shares are transferred either through inheritance or as a gift, such transfer may give rise to inheritance tax in Norway if the decedent, at the time of death, or the donor, at the time of the gift, is a resident or citizen of Norway, or if the shares are effectively connected with a business carried out through a permanent establishment in Norway. However, in the case of inheritance, if the decedent was a citizen but not a resident of Norway, Norwegian inheritance tax will not be levied if inheritance tax or a similar tax is levied by the decedent's country of residence. In case of gift, if the donor is a citizen but not a resident of Norway, a credit for foreign inheritance tax or similar tax paid may be given in the Norwegian inheritance tax.

Inheritance tax will be applicable to gifts if the donor is a citizen of Norway at the time the gift was given. However, for taxes paid in the donor's country of residence a credit will be given in the Norwegian gift taxes.

13. Definitions and Glossary

The following definitions and glossary apply in this Prospectus unless dictated otherwise by the context, including the foregoing pages of this Prospectus.

Definitions

Articles of Association:	The Articles of Association of the Company, adopted pursuant to a written resolution passed by the extraordinary general meeting on 7th May 2010.
Board:	The Board of Directors of Dolphin.
Dolphin Group:	Dolphin Interconnect Solutions ASA together with its subsidiaries.
Dolphin or Company:	Dolphin Interconnect Solutions ASA.
Dolphin US:	Dolphin Interconnect Solutions (North America) Inc.
EGM:	Extra ordinary General Meeting in the Company held 7th May 2010.
Eligible Shareholder(s):	Shareholders as of 7th May 2010 that have not been offered to participate in the Private Placement.
IFRS:	International Financial Reporting Standards, issued by the IASB.
Listing:	The Listing of the Company's shares on Oslo Stock Exchange.
Money Laundering Act:	The Money Laundering Act of June 20 2003 no. 41 ("Hvitvaskingsloven").
New Shares:	The 5,829,000 new shares issued to the investors in the Private Placement.
NOK:	Norwegian Kroner, the lawful currency of the Kingdom of Norway.
Norwegian Public Limited Companies Act:	The Norwegian Public Limited Companies Act of 13 June 1997 no. 45 ("Allmennaksjeloven").
Norwegian Securities Trading Act:	The Securities Trading Act of 19 June 1997 no. 79 ("Verdipapirhandelloven").
Norwegian Stock Exchange Regulations:	The Stock Exchange Regulations of 17 January 1994 no. 30, last amended by Regulation of 9 December 2005 nr. 1427 ("Børsforskriften").
Offer Price:	The price per share subscribed in the Private Placement and Subsequent Offering
Offer Shares:	The Shares offered in the Subsequent Offering
Oslo Stock Exchange:	Oslo Børs ASA (translated "the Oslo Stock Exchange").
Private Placement:	Shares subscribed by the investors in the EGM.
Prospectus:	This Prospectus dated 30 March 2007 prepared in connection with the application for Listing.
Share(s):	"Shares" means common shares in the capital of Dolphin and "Share" means any one of them.
StarGen:	StarGen Inc.
Subscription Period:	The period where Eligible Shareholders may subscribe for Offer Shares from 23rd June 2010 at 09:00 (CET) to 29th June 2010 at 12:00(CET).
Subsequent Offering:	Offer to Eligible Shareholders to subscribe for Offer Shares.
TNOK:	NOK 1,000.
Trading Lot:	Trading on the Oslo Børs trading systems takes place in whole Trading Lots. A Trading Lot in Dolphin Interconnect Solutions ASA is expected to

	be 5,000 Shares in the Company.
Transaction:............................	On 25 January 2007 Dolphin and StarGen Inc signed a business purchase agreement where Dolphin's US Subsidiary acquired the assets and activities in StarGen Inc. The agreement was approved by the extraordinary general meeting (EGM) in Dolphin held on 16 February 2007. Closing was carried out on 23 February 2007.
USD:..	United States Dollars.
VPS account:...........................	An account with VPS for the registration of holdings of securities.
VPS:...	Verdipapirsentralen (Norwegian Central Securities Depository), which organizes the Norwegian paperless securities registration system.

Glossary of Terms

Terms and expressions used in the IT-industry and technical terms used in the description of the Company are set out below.

AMD:.......................................	Advanced Micro Devices (Processor producer).
API:	Application Programming Interface.
ARM	Advanced RISC (Reduced Instruction Set Computer) Machines – A company and an associated processor family, frequently used in low-power handheld devices
Bill, B:.....................................	Billion.
C:...	A popular computer language for programming.
CAE:	Computer Aided Engineering.
CC-NUMA:	Cache Coherent Non Uniform Memory Access.
COGS:......................................	Cost of Goods Sold.
COTS:	Commercial-off-the-shelf.
CPU:..	Central Processing Unit, also called Processor.
DNC:..	Dolphin NumaChip.
EBIT:..	Earnings before interest expense and taxes.
EDA:..	Electronic Design Automation.
Embedded:	An integral part of.
FSC:...	Fujitsu Siemens Computers.
Gb/s	Gigabits per second (data transfer rate)
HPC:..	High Performance Computing.
I/O:..	Input/Output.
IDC:	Global market intelligence and advisory firm.
INTEL:......................................	Intel (Processor manufacturer).
IP:..	1) Intellectual Property.
	2) Internet Protocol. International standard for network communication.
K:...	Thousand.
LC:...	SCI link controller.
LAN:	Local Area Network.
Last Time Buy	An activity under Obsolescence Management, "Last Time Buy" is undertaken to mitigate the effects of obsolescence. E.g. when a product is taken out of production the customers get a date to order a last delivery volume and the customers places a "Last Time Buy" order.
MIPS	Name of MIPS Technologies (MIPS – Million Instructions Per second), a company providing processor technology to embedded solutions like the gaming industry
Norsk Data (ND):	Norwegian minicomputer manufacturer.
NRE:..	Non-Recurring Engineering Charges.

OEM:......................................	Original Equipment Manufacturer.
PCI:..	Peripheral Component Interconnect, a standard for add on cards to computer systems, most computers that are offered in the market today support PCI.
Pentium	Name of a family of processors from Intel
PCB:	Printed circuit board.
PowerPC	Name of a family of processors from IBM
QoS	Quality of Service – e.g. guarantee for a certain (minimum) throughput level
SCC:...	SCI Cache Controller.
SCI:..	Scalable Coherent Interface, IEEE std. 1596-1992.
Server:	A general-purpose multi-user computer. It is a piece of hardware, which allows the attachment of multiple client devices and allows shared applications to be run.
SMP:	Symmetrical Multi Processor.
SUN:.......................................	Sun Microsystems (computer company).
TCP:..	Transport Control Protocol. International standard for network communication.
Tier-1, Tier-2:..........................	The groups of the largest and the second largest companies.
USD:.......................................	US Dollars.
UDP:.......................................	User Datagram Protocol. International standard for network communication.
Warrant:	A security entitling the holder to buy a proportionate amount of stock at some specified future date at a specified price, usually one higher than current market price. Warrants are traded as securities whose price reflects the value of the underlying stock.

14. Documents on Display

The following documents (or copies thereof) may for the life of the Prospectus be inspected at www.dolphinics.com or at the Company's business address:

(d) The memorandum and articles of association of the issuer;

(e) The historical financial information of the issuer and its subsidiary undertakings for each of the three financial years preceding the publication of the Prospectus and the quarterly historical financial information published in 2010.

(f) All reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the Prospectus;

15. Appendix

Appendices

Appendix 1: Articles of Association

Dolphin Interconnect Solutions ASA
(7 May, 2010)

§ 1

The name of the Company is Dolphin Interconnect Solutions ASA. The Company is a public limited company (ASA).

§ 2

The company's registered office shall be in Oslo.

§ 3

The Company's purpose is development, marketing and sale of electronic components, including hardware and software, and other related products, through acquisition and management of other wholly or partially owned subsidiaries; the Company also conducts supporting activities in research, consulting and education.

§ 4

The share capital of the Company is NOK 16,193,352 divided into 8,096,176 shares, each with a par value of NOK 2.00 each.

§ 5

There shall be no restrictions on the transferability of the Company's shares.

§ 6

The company shall have an election committee consisting of three members who are shareholders or representing the company's shareholders. In connection with the election of shareholders to the board and the election of election committee, the election committee shall nominate candidates to the general meeting. In connection with the election of board members and the proposal for the board members' remuneration, the election committee shall present its proposals to the general meeting. Members elected by the general meeting are elected for two years at a time. The chairman of the election committee is elected among its members.

§ 7

The shares in the Company shall be registered in The Norwegian Central Securities Depository (VPS).

§ 8

The Board of Directors shall consist of 3 to 5 members. The chairman of the board is authorized to sign on behalf of the Company. The Board of Directors can grant power of attorney.

§ 9

The annual general meeting shall be held before or on June 30 every year. The general meeting shall decide on:

i. Approval of the profit and loss statement and balance sheet.
ii. Employment of net income or coverage of net loss based on the finalized balance sheet and payment of dividends.
iii. The election of the Board of Directors and other issues that according to law pertinent to public limited companies shall be decided on by the annual general meeting.

§ 10

Documents concerning matters to be discussed at the general meeting may be published on the company's website. The same applies to documents that according to law shall be included in or enclosed to the notice of a general meeting. If the documents are made available to the shareholders on the company's website, the statutory requirement that the documents shall be sent to the shareholders does not apply. However, a shareholder may still require that he is sent documents concerning matters to be discussed at the general meeting. The company cannot claim any compensation for sending such documents to the shareholders.

§ 11

All current laws and regulations pertinent to public limited companies apply at all times.

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Appendix 2: Annual Report for 2009

Dolphin Interconnect Solutions ASA

ÅRSRAPPORT 2009

INNHOLD

STYRETS ÅRSBERETNING 2009

Dolphin Interconnect Solutions ASA (Dolphin) har sitt hovedkontor i Olaf Helsetsvei 6, Oslo, Norge. Dolphin eier 100 % av Dolphin Interconnect Solutions North America Inc som har kontoradresse 225 Cedar Hill Street Marlborough, MA 01752 USA. Dolphin utvikler og markedsfører maskinvare og programvare til bruk i kommunikasjon mellom datamaskiner. Produksjon av maskinvare er satt ut til underleverandører.

Selskapets drift, utvikling og fremtidsutsikter
Selskapets utvikling var ikke tilfredsstillende i 2009, og det ble iverksatt en rekke tiltak for å ivareta verdiene i selskapet.

Den vesentlige andelen av Dolphins omsetning de siste 7 år har vært knyttet til noen få større prosjekter som gikk over flere år. Disse prosjektene hadde gode marginer, men lav forutsigbarhet for fremtidige salg utgjorde en betydelig operasjonell risiko for fremtidig drift. Av den grunn startet selskapet med å utvikle teknologi og produkter som var mer skalerbare, og kunne benyttes til bredere kundegrupper. Etter sammenslåingen med StarGen i 2007 startet selskapet en utvikling basert på PCI Express teknologien som sammen med Dolphins SuperSocket programvare dannet kjernen av produktlinjen Dolphin Express. Dolphin investerte betydelige ressurser i å få Dolphin Express etablert på databasemarkedet.

Av ulike grunner ga denne satsningen ikke det ønskede resultatet. Styret måtte derfor avvikle den salgsorganisasjonen som var etablert, og la om strategien til å satse på bredere OEM løsninger med partnere. Videre medførte den manglende inntjeningen at Dolphin ikke hadde tilstrekkelige finansielle ressurser til å fullføre selskapets ambisiøse utviklingsprogram for NumaChip. Midt under den globale finanskrisen og med fallende salg var det styrets oppfatning at det ikke forelå noe grunnlag for å hente ny egenkapital til selskapet. Styret valgte isteden å utfisjonere NumaChip prosjektet i et eget datterselskap -Numascale AS. – I juni 2009 lykkes man med å hente inn NOK 14,3 mill. gjennom en emisjon, hvilket medførte at Dolphins eierandel i Numascale AS ble redusert fra 72,7 % til 12,6 %. Kapitalutvidelsen i Numascale AS medførte at selskapet opphørte å være et datterselskap av Dolphin fra det tidspunktet hvor kapitalutvidelsen i Numascale AS ble gjennomført.

Som et ledd i kostnadsmessig tilpasning til inntektene ble det igangsatt betydelige kostnadsreduksjoner, som bl.a. medførte at et betydelig antall medarbeidere måtte forlate selskapet i 2009. For å redusere kostnadsnivået i selskapet ytterligere har flere av selskapets medarbeidere vært permittert i løpet av 2009 samt at flere av konsernets medarbeidere utenfor Norge måtte akseptere lønnsreduksjoner. I løpet av 2009 valgte flere medarbeidere å si opp sin stilling.

Selskapet foretok ytterligere kostnadsreduksjoner i løpet av fjerde kvartal. Man inngikk bl.a. en avtale med huseier om at leieforholdet for selskapets lokaler i Olav Helsets vei 6, Oslo ble avsluttet ved utgangen av mars 2010. Dolphin hadde opprinnelig en avtale om leie av ca 1.000 kvm kontorlokaler ut 2014. Som en naturlig følge av de betydelige bemanningsreduksjonene samt utskillelsen av Numascale hadde Dolphin ikke lenger behov for kontorlokaler i denne størrelsen. Selskapet fremforhandlet en termineringsavtale som medførte at leieforholdet ble avsluttet pr mars 2010. Selskapet har fra april 2010 en kortsiktig leiekontrakt i Olaf Helsets vei 6, Oslo. Tilsvarende ordning vedrørende leie av lokaler er også gjennomført ved datterselskapet i USA.

På bakgrunn av den svake økonomiske utviklingen i 2009 initierte styret en strategisk prosess hvor man innledet samtaler med flere andre selskaper med sikte på samarbeid. Formålet med prosessen var å finne en løsning hvor selskapets virksomhet kunne videreføres. Styret vurderte det som nødvendig at den nye konstellasjonen måtte ha tilstrekkelige finansielle ressurser til at man kunne videreutvikle Dolphins virksomhet ut fra de immaterielle ressurser selskapet råder over.

Denne prosessen endte med at selskapets styre i november inngikk en avtale med eierne av Best Media AS om en sammenslåing. Sammenslåingen var planlagt gjennomført ved at samtlige aksjer i Best Media AS ble overdratt til Dolphin med oppgjør i Dolphin aksjer. Avtalen ble godkjent av selskapets generalforsamling 8. desember 2009. Med bakgrunn i at Dolphin ikke hadde fått ferdigstilt en fullstendig due diligence og uavhengig verdsettelse av Best Media, var det i forkant av endelig gjennomføring av avtalen nødvendig å foreta en ytterligere gjennomgang av enkelte forhold i Best Media. Resultatet av denne gjennomgangen medførte at det ikke var mulig å registrere kapitalinnskuddet i Dolphin innenfor 3 måneders fristen i Allmennaksjeloven. På bakgrunn av dette vedtok styret i Dolphin i et ultimo februar 2010 at sammenslåingen ikke vil bli gjennomført som opprinnelig avtalt.

På bakgrunn av de endringsprosesser som Dolphin har gjennomført i 2009 ble det i desember inngått en avtale med Tim Miller om at han fratrådte som administrerende direktør ved utgangen av 2009. Samtidig ble Glenn Nøstdahl ansatt som selskapets nye administrerende direktør med tiltredelse 1. januar 2010. Nøstdahl er største aksjonær i Best Media AS og samtidig vært ansatt som daglig leder Best Media.

Styret og den nye ledelsen initierte i januar 2010 en prosess for å foreta en ny analyse av Dolphins salgs- og markedsstrategi. Bakgrunnen for gjennomgangen var at den markedsmessige satsingen selskapet hadde gjennomført de siste to årene ikke ga det forventede resultat. På bakgrunn av denne gjennomgangen konkluderte styret med at det er grunnlag for en "restart" av selskapet med fokus på løsninger i hovedsak rettet mot OEM kunder i "embedded segmentet" hvor Dolphin tidligere har vist at man er konkurransedyktig. Samtidig vil man intensivere samarbeidet med større chip produsenter for å få økt markedstilgang til dette viktige markedssegmentet. Dolphins produktfokus vil således dreie mer mot softwareløsninger i forhold til tidligere, men selskapet vil også tilby hardwareplattformer til kunder der dette måtte være en fornuftig markedsmessig løsning. Det er styrets vurdering at det er på softwaresiden at selskapet har sitt konkurransefortrinn og at det er utvikling av denne delen av selskapet som vil skape fremtidige verdier for aksjonærer og ansatte. Styret forventer at denne satsningen først vil resultere i vesentlig økning av salgsvolumet fra 2011, og det er styrets vurdering at den nye strategien vil gi grunnlag for lønnsom drift i løpet av 2011.

Finansiering og fortsatt drift
På bakgrunn av selskapets underskudd i løpet av 2009 har selskapets likviditetssituasjon i løpet av året vært anstrengt. I forbindelse med sammenslåingen med Best Media AS ble finansieringen av Dolphin sikret ved at GN Power AS, et selskap kontrollert av Glenn Nøstdahl, ga Dolphin en låneramme på 5 millioner kroner. En av forutsetningene for at lånet skulle utbetales var at emisjonen mot eierne av Best Media AS skulle være gjennomført. Som en følge av at emisjonen mot eierne av Best Media ikke ble gjennomført, har kun 1,975 millioner kroner blitt stilt til disposisjon til Dolphin (utbetalt til Dolphin i løpet av første kvartal 2010). For å sikre at man fikk tilstrekkelig tid til å gjennomføre en refinansiering av selskapet ble det i første kvartal 2010 inngått avtale men noen kreditorer om utsatt forfall av gjeld i størrelsesorden 1 millioner kroner.

Styret og ledelsen har i mars/april vært i kontakt med enkelte av Dolphins største aksjonærer og andre investorer og invitert disse til å delta i en rettet emisjon. Denne prosessen har medført at man har lykkes med å skaffe ugjenkallelige fullmakter til å tegne 11,658 millioner kroner i en rettet emisjon. Totalt har ni eksisterende aksjonærer og fem nye investorer avgitt slike fullmakter til styrets leder om tegning av 5,829 millioner aksjer til en tegningskurs på kroner 2,- pr aksje. Tegningskursen er satt lik aksjens pålydende. Styrets forslag til rettet emisjon skal behandles på en ekstraordinær generalforsamling i selskapet 7. mai. Tegningsbeløpet vil være disponibelt for selskapet i løpet av siste halvdel av mai. Denne rettede emisjonen vil bli etterfulgt av en reparasjonsemisjon hvor aksjonærer som ikke har fått muligheten til å delta i den rettede emisjonen gis mulighet til å tegne seg. Tegningskursen i reparasjonsemisjonen vil være den samme som i den rettede emisjonen og vil bli gjennomført i månedsskiftet mai/juni. Reparasjonsemisjonen er begrenset til totalt 2,5 millioner kroner.

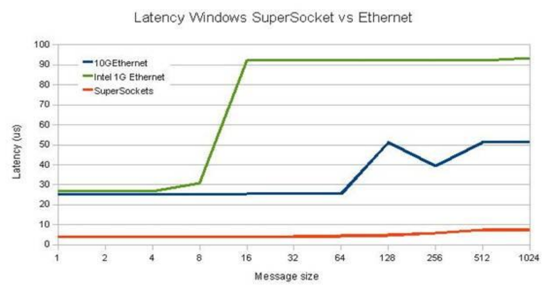
Styret forventer at selskapets ekstraordinære generalforsamling 7. mai godkjenner emisjonene. Under forutsetning av at emisjonene gjennomføres som forutsatt, sammen med konsernets prognoser for 2010 og strategiske planer, kan styret i samsvar med regnskapslovens § 3-3a bekrefte at forutsetningene for fortsatt drift er tilstede og at regnskapet er avlagt under denne forutsetningen.

Produktstatus
Dolphins produkter består av hardware og software produkter som vesentlig forbedrer kommunikasjonen mellom datamaskiner. Løsningen består av kort som settes inn i datamaskinene og en switch som kobler det hele sammen i ett nettverk. Optimalisert software som installeres på maskinene sørger for at applikasjoner kan benytte kommunikasjonsløsningen uten endringer i applikasjonen.

Et nytt software produkt fra Dolphin er SuperSockets for Windows. Dette produktet har opp til 10 ganger bedre latency (forsinkelse på svar) og opp til 4 ganger bedre båndbredde enn standard 10 Gigabit Ethernet. Dette produktet er løpet av 2010 blitt godkjent av Agilent og benyttes nå som løsning for å koble sammen Agilents høy ende oscilloskop DSO 90000A.


DXH510 Adapter card


DXS410 Switch



Figuren viser forskjellen mellom standard Gigabit og 10 Gigabit Ethernet mot Dolphins SuperSockets løsning på Windows.

Dolphin har i tillegg ferdigstilt en "Reflektive Memory" løsning basert på den samme hardwaren som SuperSockets. Foreløpige tilbakemeldinger fra pilot kunder og distributører er meget gode. Dette produktet har meget gode tekniske egenskaper og kost i forhold til konkurrerende løsninger. Begge produktene vil nå bli markedsført på generell basis innenfor markedet for Embedded applikasjoner.

Finansielle forhold
Salgsinntektene for året utgjorde 10,2 millioner kroner sammenholdt med 24,8 millioner kroner i 2008. Hovedårsaken til nedgangen er at selskapet i løpet av første kvartal 2009 mistet omsetning fra sin største kunde som utfaset det produktet som Dolphins løsninger ble levert til. Av mange årsaker, hvorav den globale finansielle krisen med kapitaltørke og betydelig redusert aktivitet i mange området er en betydelig medvirkende faktor, har Dolphin beklageligvis ikke maktet å omstille seg raskt nok og få levert sine produkter og løsninger i markedet. Den feilslåtte strategien har videre ført til at man ikke har satset tilstrekkelig på "embedded" segmentet og således ikke har maktet å fornye de viktige OEM kontraktene som historisk har stått for en vesentlig del av selskapets salgsinntekter. Styret ser i ettertid at omsetningsutviklingen i løpet av 2009 har vært preget av et for lite målrettet fokus på salgsorganisasjonen i selskapet. Nedbemanning og permitteringer har medført at selgernes tillit til organisasjonen har blitt svekket. Den revitalisering som har funnet sted de siste måneder har bidratt til å snu denne trenden, og så langt i 2010 har man sett en vekst i omsetningen sammenholdt med de siste måneder i 2009. Geografisk fordeler salget seg som følger, 20 % i Europa, 37 % i USA, 22 % i Japan og 21 % i andre områder. Bare en ubetydelig andel av salget var til kunder i Norge. Sammenlignet med 2008 er det en vesentlig nedgang i Europa og USA mens omsetningen i Japan og andre land har økt i 2009.

Som en konsekvens av at konsernet har foretatt nedskrivning av varelageret på 7,3 millioner kroner i fjerde kvartal 2009 viser regnskapet en negativ bruttofortjeneste med ca 0,3 millioner kroner i året. Korrigert for denne nedskrivningen er bruttofortjenesten ca 7,1 millioner kroner i 2009 mot 17,0 millioner kroner forrige år. Dette gir en liten økning i bruttofortjenesten for året som endte på 70,2 % mot 68,6 % i 2008. Bruttofortjenesten justert for nedskrivning av varelageret er således på linje med forrige år.

Selskapets driftskostnader (lønn- og andre driftskostnader) utgjorde for året 24,4 millioner kroner mot 40,3 millioner forrige år. Nedgangen er en konsekvens av den betydelige nedbemanning og nedskalering av virksomheten som har skjedd i løpet av året. I tillegg opphørte Numascale AS å være et datterselskap i slutten av juni 2009. Driftskostnadene for Numascale i perioden frem til selskapet gikk ut av konsernet utgjorde ca 4,45 millioner kroner.

Konsernets EBITDA endte på minus 24,7 millioner kroner i 2009 mot minus 15,1 millioner kroner i 2008.

På bakgrunn av den negative utviklingen for konsernet har man måttet gjennomføre nye vurderinger av den balanseførte verdien av de immaterielle eiendelene i konsernet. Ved utgangen av 2009 er den balanseførte verdien 15,8 millioner. Styret og ledelsen har i sin vurdering utarbeidet estimater over fremtidige inntekter, kostnader og samt foretatt en vurdering av risiko etter beste skjønn. I vurderingen har man lagt til grunn en "restart" av selskapet hvor man klarer å kapitalisere på den kunnskap som er opparbeidet over flere år. Dette innebærer at det forutsettes en vesentlig resultatforbedring i analysen og at det er ligger ambisiøse mål til grunn, hvor en vesentlig forutsetning er at man klarer å øke selskapets omsetning betydelig i forhold til nivået fra 2009. Det er således lagt til grunn at man lykkes med å foreta en re-posisjonering av selskapet og klarer å etablere lønnsomhet innenfor "embedded" segmentet. Det henvises til årsregnskapets note 12 for ytterligere detaljer knyttet til denne vurderingen.

Selskapet har i året en negativ netto finansposter på 13,8 millioner for året mot 7,5 millioner kroner i fjor. Inkludert i netto finansposter for 2009 ligger det en et tap på aksjene i Numascale AS på 9 millioner kroner samtidig som selskapet har et netto valutatap på ca 4,8 millioner kroner.

Ved utgangen av 2009 er konsernets regnskapsførte egenkapital på 16 millioner kroner sammenholdt med 54,9 millioner kroner ved utgangen av 2008. Dette utgjør en egenkapitalandel på 68 % og er en nedgang fra 76 % ved forrige årsskifte. Årsaken til nedgangen er den svake resultatutviklingen.

Konsernet fikk også i 2009 en negativ kontantstrøm fra driften og denne utgjorde 12,8 millioner kroner sammenlignet med en negativ kontantstrøm fra drift på 12,4 millioner kroner i 2008.

Ved utgangen av 2009 var konsernets likviditet meget stram med en likviditets beholdning på 1,3 millioner kroner. Herav var ca 1,0 millioner kroner bundne bankinnskudd. Den stramme likviditetssituasjonen har fortsatt ut i 2010, men løses når midlene fra den rettede emisjonen i mai 2010 blir disponible for selskapet. Det vises til omtale under avsnittet finansiering og fortsatt drift.

Morselskapet har i 2009 hatt en spesiell negativ utvikling med betydelig nedgang i salg. Samtidig har man i selskapsregnskapet måttet regnskapsføre en nedskrivning knyttet til både Numascale AS og datterselskapet Dolphin Interconnect Solutions North America Inc. Totalt er det ble foretatt nedskrivning på aksjer i Numascale AS på ca 18,9 millioner kroner. Aksjene er verdsatt i til den pris som ble foretatt i siste kapitalutvidelse i juni 2009.

I forbindelse med de endringer som har skjedd i 2009 har man også foretatt en gjennomgang av verdiene i datterselskapet Dolphin Interconnect Solutions North Amercia Inc. Gjennomgangen har medført at styret har funnet det riktig å nedskrive verdien av investeringen og lån gitt til datterselskapet på til sammen ca 17,7 millioner kroner. Dette fordeler seg med 8,8 millioner i nedskrivning av aksjeverdien og 8,9 millioner i nedskrivning av langsiktig lån gitt til selskapet.

For øvrig består netto finansposter av et netto valutatap på ca 5,1 millioner kroner. Det alt vesentligste av dette relaterer seg til det langsiktige lån som er gitt til datterselskapet i USA. Dette er et utlån i valuta hvor valutakursen pr 31.12.2008 utgjorde 6,9989, mens kursen ved utgangen av 2009 utgjorde 5,7767.

Etter styrets oppfatning gir det vedtatte årsregnskapet et fyllestgjørende bilde av konsernets og morselskapet resultat i året og finansielle stilling pr 31.12.2009.

Disponering av resultat og fri egenkapital
Styret foreslår at årets underskudd i morselskapet på NOK 60.624.221 dekkes ved overføring fra selskapets overkursfond. Samtidig foreslår styret at selskapets udekkede tap pr 31.12.2008 også dekkes ved overføring fra selskapets overkursfond. Selskapet har pr 31.12.2009 ingen fri egenkapital.

Operasjonell og finansiell risiko
Operasjonell markedsrisiko:
I alle virksomheter hvor det foretas betydelige strategiendringer vil det være en risiko for at man ikke lykkes. Den strategi endring som nå foretas der fokuset rettes mot OEM kunder innenfor "embedded" segmentet er en strategi hvor Dolphin tidligere har vist at man er konkurransedyktig. Dette gjør at styret har tro på at strategien også lar seg realisere fremover. Styret har nå tatt grep ved at man har foretatt vesentlige endringer i ledelsen og samtidig har en mye sterkere styring over virksomheten. Dette gjennomføres blant annet ved at styrets leder i de neste 12 månedene vil fungere som arbeidende styreformann og aktivt delta i selskapets ledergruppe. Det vil være avgjørende for selskapets utvikling at man lykkes med endringen i den strategiske retning hvilket innebærer at Dolphin i løpet av de nest 12 måneder må vise en vesentlig omsetningsøkning sammenholdt med nivået i siste halvdel av 2009.

Avhengighet av nøkkelpersoner:
Nedbemanningen i selskapet har medført at selskapet på kort sikt er avhengig av noen få nøkkelpersoner knyttet til utvikling, tilpasning og testing av software samt service til kundene. I selskapets planer for utvikling av virksomheten vil inngår plan for styrking av selskapets kapasitet samtidig som man arbeider med en helhetlig kompensasjonsordning for selskapet nøkkelpersoner som skal sikre langsiktighet ved å skape aksjonærverdier gjennom langsiktig vekst og lønnsomhet.

Valutarisiko:
Konsernet er eksponert for endringen i valutakurser siden majoriteten av konsernets inntekter er i Euro eller USD. På bakgrunn av at konsernet har en virksomhet i USA er deler av kostnadsbasen i USD, men hoveddelen av kostnadsbasen vil være i norske kroner. Det estimeres at i overkant av 70 % av de operative kostnadene i 2010 vil være i kroner. En styrking av den norske kronen vil således svekke konsernets konkurranseposisjon. Bruk av terminkontrakter blir kontinuerlig vurdert.

Kredittrisiko:
Risikoen for at en kunde eller samarbeidspartner ikke kan innfri sine finansielle forpliktelser ansees som lav, og Dolphin har historisk hatt lave tap på utestående fordringer. Konsernet har ingen avtaler eller instrumenter for å redusere kredittrisiko, og ledelsen vurderer heller ikke dette på nåværende tidspunkt. Ledelsen har en aktiv oppfølging av utestående fordringer og tar umiddelbare

grep om kunder eller samarbeidspartnere ikke overholder sine betalingsforpliktelser. På bakgrunn av at selskapet nå endrer sin strategi mot slik at kundegrunnlaget i større grad rettes mot OEM-kunder i "embedded"-markedet vil konsernet få en økt kredittrisiko fremover sammenlignet med kredittrisikoen de senere år. På bakgrunn av at konsernet retter sin virksomhet mot større og solide virksomheter vurderer styret at kredittrisikoen som helhet også vil være lav i fremtiden. I forkant av avtaleinngåelse med større kunder vil også kredittrisikoen bli vurdert, men det er styrets vurdering at den største konsekvensen av en eventuell betalingsinnstilling hos en større kunde vil være bortfall av fremtidige inntekter.

Likviditets- og finansieringsrisiko:
En av selskapets hovedutfordringer i løpet av 2009 og så langt i 2010 har vært å håndtere selskapets likviditetssituasjon. Til tross for at likviditeten har vært styrt aktivt, har man måttet inngå avtaler om betalingsutsettelse med enkelte leverandører for å håndtere likviditetsutfordringene til selskapet. Med utgangspunkt i den refinansieringsplan som nå er etablert, vil denne situasjonen bli løst. Det er styrets vurdering at selskapets likviditets- og finansieringsrisiko er tett knyttet til selskapets evne til å realisere strategien som ligger til grunn for selskapet "restart".

Organisasjonen og arbeidsmiljø
For å tilpasse kostnadsnivået til et lavere salg ble en rekke kostnadsreduserende tiltak gjennomført herunder en reduksjon av ansatte både i USA og Norge og for alle funksjoner. Samtidig opphørte Numascale å være et datterselskap. Dette har medført en betydelig reduksjon i bemanningen hvor konsernet ved utgangen at 2009 har 9 ansatte sammenlignet med 35 ansatte ved utgangen av 2008.

På bakgrunn av at flere ansatte har måttet forlate selskapet i løpet av året samt at ansatte i perioder har vært permittert har det vært et utfordrende år. Arbeidsmiljøet i Dolphin anses som tilfredsstillende og til tross for den usikkerheten som har vært knyttet til selskapets finansiering har man dedikerte og motiverte medarbeidere som har ytt en fin innsats i den nåværende situasjon. Selskapet har i 2009 hatt en person på langtidsfravær, mens korttidssyke fraværet har vært lavt. Det har ikke vært noen uhell eller skader på personell eller utstyr i løpet av 2009.

I løpet av 2009 har det ikke vært nødvendige med noen endringer i retningslinjene for HRS i selskapet.

Kvinneandelen er ved utgangen av 2009 33 % mot 20 % ved utgangen av 2008. Konsernets mål er å ha en arbeidsplass med full likhet mellom kvinner og menn. Retningslinjer er innført for å sikre likhet når det gjelder lønn, forfremmelse og ansettelser.

Ytre miljø
Dolphins virksomhet forurenser ikke det ytre miljø. Produktene har som alle andre elektroniske produkter komponenter som kan inneholde bly og andre substanser som anses som skadelige for miljøet. I samarbeid med våre leverandører har Dolphin i perioden 2005 - 2009 gjort endringer i produktene slik at de er i samsvar med kravene i RoHS direktivet.

Eierstyring og selskapsledelse
Dolphin har hatt en utfordrende situasjon det siste år hvor det har blitt arbeidet kontinuerlig med en omlegging av den operative virksomheten og en restrukturering av selskapet. Siktemålet har vært å

bevare arbeidsplasser og verdiene for selskapets kreditorer og aksjonærer. Denne restruktureringen ble sluttført i første kvartal 2010. Dette har medført at selskapet er betydelig mindre enn tidligere, og året 2010 vil fremstå som en "restart" av virksomheten. I denne sammenheng har selskapets styre behov for å gjennomgå og utarbeide sitt rammeverk for eierstyring og selskapsledelse på nytt. På bakgrunn av at selskapets strategi nå har større likhetstrekk med nystartede virksomheter, enn med etablerte børsnoterte foretak vil selskapets rammeverk nødvendigvis måtte reflektere dette. Styret vil rette seg etter prinsippene i norsk anbefaling for eierstyring og selskapsledelse om "følge eller forklar". Så snart en oppdatering av retningslinjene er endelig godkjent av selskapet styre vil disse bli presentert på selskapets hjemmesider.

Aksjonærforhold
Selskapet gjennomførte i løpet av 2009 en spleis av selskapets aksjer ved at ti gamle aksjer ble til en ny aksje. Ved utgangen av 2009 var selskapets aksjekurs 2,35 kroner pr aksje mot 5,10 kroner (justert for spleis) ved inngangen til året. Utviklingen i selskapet har gjort at likviditeten i selskapets aksje har vært dårlig i løpet av 2009. Totalt var det pr 31.12.2009 594 aksjonærer i selskapet hvorav de 20 største aksjonærene har en eierandel på til sammen 58,3 %. I forbindelse med den rettede emisjonen og påfølgende reparasjonsemisjon som vil bli gjennomført i mai/juni 2010 vil det bli en utvanning i aksjen hvor antall aksjer pr 31.12.2009 vil tilsvare minimum 24,3 % og maksimum 28,0 % av selskapets aksjer etter at emisjonene er gjennomført.

Oslo, 29. april 2010

Ole Henrik Eide Styrets leder	Alf Rasmussen Styremedlem	Marit Elisabeth Døving Styremedlem
Cecilie Vanem Styremedlem	Tor Alfheim Styremedlem	Simen Thoresen Styremedlem (representant for ansatte)
Glenn Nøstdahl Daglig leder		

Dolphin Interconnect Solutions ASA

Resultatregnskap

Morselskap 2008	Morselskap 2009		Noter	Konsern 2009	Konsern 2008
		DRIFTSINNTEKTER			
14 952 693	2 004 155	Salgsinntekter	8	10 184 184	24 830 368
0	0	Andre driftsinntekter	22	-147 121	8 155 320
14 952 693	**2 004 155**	**SUM DRIFTSINNTEKTER**		**10 037 063**	**32 985 688**
		DRIFTSKOSTNADER			
4 579 255	8 897 186	Forbruk av varer og tjenester		10 324 265	7 790 841
11 407 420	5 875 294	Lønn og sosiale kostnader	21,23,25,26	15 659 132	26 080 060
7 079 377	4 204 243	Andre driftskostnader	13,24,25	8 730 422	14 247 351
23 066 052	**18 976 723**	**SUM DRIFTSKOSTNADER**		**34 713 819**	**48 118 253**
-8 113 359	**-16 972 568**	**EBITDA***		**-24 676 756**	**-15 132 564**
1 899 068	1 192 087	Ordinære avskrivninger	9,10,11	4 085 484	6 727 607
13 281 926	689 112	Nedskrivning	10,12	689 112	50 975 261
-23 294 353	**-18 853 767**	**DRIFTSRESULTAT (EBIT)**		**-29 451 352**	**-72 835 433**
-18 893 995	**-41 770 454**	**NETTO FINANSPOSTER**	17	**-13 772 796**	**7 538 965**
-42 188 348	**-60 624 221**	**RESULTAT FØR SKATTEKOSTNAD**		**-43 224 148**	**-65 296 468**
9 710 424	0	Skattekostnad	20	-561 768	3 977 062
-51 898 772	**-60 624 221**	**RESULTAT ETTER SKATT**	27	**-42 662 380**	**-69 273 530**
		ANDRE INNTEKTER OG KOSTNADER			
0	0	Omregningsdifferanser valuta		3 678 725	-3 731 767
-51 898 772	**-60 624 221**	**TOTALRESULTAT**		**-38 983 655**	**-73 005 297**
		Resultat etter skatt fordeles på:			
		Minoritetsinteresser		0	-1 422 217
		Majoritetsinteresser		-42 662 380	-67 851 313
				-42 662 380	**-69 273 530**
		Totalresultat fordeles på:			
		Minoritetsinteresser		0	-1 422 217
		Majoritetsinteresser		-38 983 655	-71 583 080
				-38 983 655	**-73 005 297**
		DISPONERINGER			
-51 898 772	-60 624 221	Overført annen egenkapital			
-51 898 772	**-60 624 221**	**SUM DISPONERINGER**			
		Gj.snittlig antall utestående aksjer		2 267 111	1 944 536
		Resultat etter skatt pr aksje	27	-18,82	-34,89
		Totalresultat pr aksje	27	-17,20	-36,81

*) Resultat før finansposter, skatt, avskrivninger og amortiseringer

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Balanse

Morselskap 2008	Morselskap 2009	EIENDELER	Noter	Konsern 2009	Konsern 2008
		ANLEGGSMIDLER			
2 883 896	1 307 344	Aktivert utvikling	10	15 780 465	42 344 089
159 731	40 129	Inventar og utstyr	9	40 135	196 727
29 876 218	0	Aksjer i datterselskaper	5	0	0
0	2 179 699	Andre aksjer	5	2 179 699	0
32 919 845	**3 527 172**	**SUM ANLEGGSMIDLER**		**18 000 299**	**42 540 816**
		OMLØPSMIDLER			
5 883 645	1 590 538	Varebeholdning	14	2 576 765	11 415 016
1 650 260	121 655	Kundefordringer	13	666 918	2 771 020
32 754 235	13 932 238	Andre kortsiktige fordringer	13,28	923 853	3 202 010
7 755 741	1 266 424	Kasse og bank	15	1 315 624	11 832 396
48 043 881	**16 910 855**	**SUM OMLØPSMIDLER**		**5 483 160**	**29 220 443**
80 963 726	**20 438 027**	**SUM EIENDELER**		**23 483 459**	**71 761 259**

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Balanse

Morselskap 2008	Morselskap 2009	EGENKAPITAL OG GJELD	Noter	Konsern 2009	Konsern 2008
		EGENKAPITAL			
116 653 500	16 022 513	Innskutt egenkapital	16,26,27	16 022 513	116 653 500
-40 156 562	0	Opptjent egenkapital		0	-66 033 668
0	0	Minoritetsinteresser		0	4 236 540
76 496 938	**16 022 513**	**SUM EGENKAPITAL**		**16 022 513**	**54 856 372**
		LANGSIKTIG GJELD			
0	0	Utsatt skatteforpliktelse	20	2 273 426	2 857 926
588 633	248 832	Annen langsiktig gjeld	19	248 832	588 633
588 633	**248 832**	**SUM LANGSIKTIG GJELD**		**2 522 258**	**3 446 559**
		KORTSIKTIG GJELD			
1 479 619	2 603 131	Leverandørgjeld	28	2 713 258	9 222 440
898 030	248 706	Skyldige offentlige avgifter	15	248 706	1 232 784
1 500 506	1 314 845	Annen kortsiktig gjeld	18	1 976 724	3 003 104
3 878 155	**4 166 682**	**SUM KORTSIKTIG GJELD**		**4 938 688**	**13 458 328**
80 963 726	**20 438 027**	**SUM EGENKAPITAL OG GJELD**		**23 483 459**	**71 761 259**

Oslo, 29. april 2010

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Styremedlem

Simen Thoresen
Styremedlem
(representant for ansatte)

Glenn Nøstdahl
Daglig leder

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Kontantstrømoppstilling

Oppstillingen er en systematisk oversikt som viser hvordan virksomheten i løpet av året er tilført finansielle midler og hvordan disse midlene er anvendt. Kontantstrømsoppstillingen skal gi et bilde av periodens utvikling i finansiering, investering og likviditet.

Morselskap 2008	Morselskap 2009		Konsern 2009	Konsern 2008
		Kontantstrømmer fra operasjonelle aktiviteter		
-42 188 348	-60 624 221	Resultat før skatter	-43 224 148	-65 296 468
0	0	Betalte skatter	-31 037	-27 883
1 899 068	1 192 087	Avskrivninger	4 085 484	6 727 607
13 281 926	689 112	Nedskrivning immaterielle eiendeler	689 112	50 975 261
27 434 695	27 696 519	Nedskrivning aksjer	8 966 852	0
0	8 926 150	Nedskrivning fordring	0	0
578 980	149 796	Kostnad vedrørende opsjoner	149 796	578 980
2 540 703	4 293 107	Endring varelager	7 872 322	-2 201 395
-68 164	1 528 605	Endring kundefordringer	1 905 291	1 457 191
-3 274 031	1 123 512	Endring leverandører	148 553	1 701 547
-23 149 643	8 958 665	Endring i andre tidsavgrensningsposter	6 659 183	-6 360 779
-22 944 814	**-6 066 668**	**Netto kontantstrøm fra operasj. akt.**	**-12 778 591**	**-12 445 939**
		Kontantstrømmer fra investeringsakt.		
-17 140 507	0	Investeringer i datterselskap	0	0
0	0	Avgang datterselskap	3 309 797	0
-22 060	0	Kjøp av driftsmidler	0	-22 060
-12 016 324	-185 045	Kjøp av immaterielle eiendeler	-185 045	-26 193 056
16 989 260	0	Avgang immaterielle eiendeler	0	0
-12 189 631	**-185 045**	**Netto kontantstrøm fra investeringsakt.**	**3 124 752**	**-26 215 116**
		Kontantstrømmer fra finansieringsakt.		
-137 501	-237 604	Utbetalinger ved betaling av langsiktig gjeld	-237 604	-137 501
0	0	Innbetalinger ved emisjon i datterselskap	0	5 192 025
12 227 442	0	Innbetalinger ved utstedelse av aksjekapital	0	12 227 442
12 089 941	**-237 604**	**Netto kontantstrømmer fra finans. akt.**	**-237 604**	**17 281 966**
-23 044 504	-6 489 317	Netto kontantstrøm for perioden	-9 891 443	-21 379 089
0	0	Effekt av valutakursendringer	-625 329	547 059
30 800 245	7 755 741	Beholdning av kasse og bank 01.01	11 832 396	32 664 426
7 755 741	**1 266 424**	**Beholdning av kasse og bank 31.12**	**1 315 624**	**11 832 396**

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Endringer i egenkapital

Morselskap	Aksjekapital	Overkursfond	Annen egenkapital	Sum
Egenkapital 01.01.2008	3 374 222	101 051 836	11 163 230	115 589 288
Emisjon	1 160 000	12 180 000	0	13 340 000
Emisjonskostnader	0	-1 112 558	0	-1 112 558
Opsjonsprogram ansatte	0	0	578 980	578 980
Årets resultat	0	0	-51 898 772	-51 898 772
Egenkapital 31.12.2008	**4 534 222**	**112 119 278**	**-40 156 562**	**76 496 938**
Egenkapital 01.01.2009	4 534 222	112 119 278	-40 156 562	76 496 938
Opsjonsprogram ansatte	0	0	149 796	149 796
Årets resultat	0	0	-60 624 221	-60 624 221
Dekning av udekket tap	0	-100 630 987	100 630 987	0
Egenkapital 31.12.2009	**4 534 222**	**11 488 291**	**0**	**16 022 513**

Konsern	Aksjekapital	Overkursfond	Annen egenkapital	Sum
Egenkapital 01.01.2008	3 374 222	101 051 836	5 467 165	109 893 223
Emisjon	1 160 000	12 180 000	0	13 340 000
Emisjonskostnader	0	-1 112 558	0	-1 112 558
Emisjon i datterselskap	0	0	5 162 024	5 162 024
Opsjonsprogram ansatte	0	0	578 980	578 980
Omregningsdifferanse	0	0	-3 731 767	-3 731 767
Årets resultat	0	0	-69 273 530	-69 273 530
Egenkapital 31.12.2008	**4 534 222**	**112 119 278**	**-61 797 128**	**54 856 372**
Egenkapital 01.01.2009	4 534 222	112 119 278	-61 797 128	54 856 372
Opsjonsprogram ansatte	0	149 796	0	149 796
Totalresultat	0	0	-38 983 655	-38 983 655
Dekning av udekket tap	0	-100 780 783	100 780 783	0
Egenkapital 31.12.2009	**4 534 222**	**11 488 291**	**0**	**16 022 513**

Dolphin Interconnect Solutions ASA

Noter til konsernregnskapet 2009

Note 1 - Generell informasjon

Dolphin Interconnect Solusjons ASA og dets datterselskap i USA utvikler, produserer og selger høyhastighets produkter for koblinger av datanettverk. Konsernet selger sine produkter i hele verden, men hovedsakelig til USA, Japan og Europa. Salget skjer direkte, i OEM avtaler, via distributører og via forhandlere.

Dolphin Interconnect Solutions ASA er hjemhørende i Norge, med hovedkontor i Oslo.

Konsernregnskapet ble vedtatt av styret 29. april 2010.

Note 2 - Regnskapsprinsipper

2.1 Basisprinsipper
Selskapsregnskapet og konsernregnskapet er utarbeidet i samsvar med International Financial Reporting Standards (IFRS) som fastsatt av EU.

Konsernregnskapet er utarbeidet basert på historisk kost prinsippet.

Utarbeidelse av regnskap i samsvar med IFRS krever bruk av estimater. Videre krever anvendelse av selskapets regnskapsprinsipper at ledelsen må utøve skjønn. Områder som i høy grad inneholder slike skjønnsmessige vurderinger eller høy grad av kompleksitet, eller områder hvor forutsetninger og estimater er vesentlige for konsernregnskapet, er beskrevet i note 6.

2.2 Konsolideringsprinsipper
Datterselskaper er alle enheter (inklusive foretak med avgrenset formål - Special Purpose Entities) der konsernet har bestemmende innflytelse på enhetens finansielle og operasjonelle strategi, normalt gjennom eie av mer enn halvparten av stemmeberettiget kapital. Ved fastsettelse av om det foreligger bestemmende innflytelse inkluderes effekten av potensielle stemmerettigheter som kan utøves eller konverteres på balansedagen. Datterselskaper blir konsolidert fra det tidspunkt kontroll er overført til konsernet og blir utelatt fra konsolideringen når kontroll opphører.

Oppkjøpsmetoden benyttes for regnskapsføring ved kjøp av datterselskaper. Anskaffelseskost ved oppkjøp måles til virkelig verdi av: eiendeler som ytes som vederlag ved kjøpet, egenkapitalinstrumenter som utstedes, pådratte forpliktelser ved overføring av kontroll og direkte kostnader forbundet med selve oppkjøpet. Identifiserbare oppkjøpte eiendeler, overtatt gjeld og er regnskapsført til virkelig verdi på oppkjøpstidspunktet, uavhengig av eventuelle minoritetsinteresser. Anskaffelseskost som overtiger virkelig verdi av identifiserbare netto eiendeler i datterselskapet balanseføres som goodwill. Hvis anskaffelseskost er lavere enn virkelig verdi av netto eiendeler i datterselskapet, resultatføres differansen på oppkjøpstidspunktet.

Konserninterne transaksjoner, mellomværende og urealisert fortjeneste mellom konsernselskaper er eliminert. Urealiserte tap elimineres, men vurderes som en indikator på verdifall i forhold til nedskrivning av den overførte eiendelen. Regnskapsprinsipper i datterselskaper endres når dette er nødvendig for å oppnå samsvar med konsernets regnskapsprinsipper.

2.3 Omregning av utenlandsk valuta
(a) Funksjonell valuta og presentasjonsvaluta
Regnskapet til de enkelte enheter i konsernet måles i den valuta som i hovedsak benyttes i det økonomiske område der enheten opererer (funksjonell valuta). Konsernregnskapet er presentert i NOK som er både den funksjonelle valutaen og presentasjonsvalutaen til morselskapet.

(b) Transaksjoner og balanseposter
Transaksjoner i utenlandsk valuta regnes om til den funksjonelle valutaen ved bruk av transaksjonskursen.
Valutagevinster og -tap som oppstår ved betaling av slike transaksjoner, og ved omregning av pengeposter (eiendeler og gjeld) i utenlandsk valuta ved årets slutt til kursen på balansedagen, resultatføres.

(c) Konsernselskaper
Resultatregnskap og balanse for konsernenheter med funksjonell valuta forskjellig fra presentasjonsvalutaen regnes om på følgende måte:
i. balansen er regnet om til sluttkursen på balansedagen
ii. resultatregnskapet er regnet om til gjennomsnittskurs
iii. omregningsdifferanser føres direkte i egenkapitalen og spesifiseres separat

2.4 Varige driftsmidler
Varige driftsmidler regnskapsføres til anskaffelseskost, med fradrag for avskrivninger. Anskaffelseskost inkluderer kostnader direkte knyttet til anskaffelsen av driftsmidlet. Påfølgende utgifter legges til driftsmidlenes balanseførte verdi eller balanseføres separat, når det er sannsynlig at fremtidige økonomiske fordeler tilknyttet utgiften vil tilflyte konsernet, og utgiften kan måles pålitelig. Øvrige reparasjons- og vedlikeholdskostnader føres over resultatet i den perioden utgiftene pådras.

Driftsmidlene avskrives etter den lineære metode, slik at anleggsmidlenes anskaffelseskost avskrives til restverdi over forventet utnyttbar levetid.

Driftsmidlenes utnyttbare levetid, samt restverdi, revurderes på hver balansedag og endres hvis nødvendig. Når balanseført verdi på et driftsmiddel er høyere enn estimert gjenvinnbart beløp, skrives verdien ned til gjenvinnbart beløp (note 2.6).

Gevinst og tap ved avgang resultatføres og utgjør forskjellen mellom salgspris og balanseført verdi.

2.5 Immaterielle eiendeler
Forskning og utvikling
Utvikling av produkter som kan måles pålitelig og hvor det er sannsynlig at produktene vil gi fremtidige økonomiske fordeler aktiveres som immateriell eiendel og avskrives. Forskning på nye produkter og vedlikehold av eksisterende produkter skal kostnadsføres. Utgifter som blir aktivert omfatter egne personalkostnader og innkjøpte tjenester. Mottatt offentlig støtte føres som en kostnadsreduksjon, og eventuell offentlig støtte til produkter som er aktivert medfører at de aktiverte kostnadene blir lavere.

Aktivert utvikling antas å ha begrenset levetid og avskrives over den perioden produktene er forventet å gi inntekter. Aktivert utvikling forventede inntjening, samt restverdi, revurderes på hver balansedag og endres hvis nødvendig.

2.6 Verdifall på ikke-finansielle eiendeler
Varige driftsmidler og immaterielle eiendeler med begrenset levetid vurderes for verdifall når det foreligger indikatorer på at fremtidig inntjening ikke kan forsvare balanseført verdi. Immaterielle eiendeler med ubegrenset levetid vurderes årlig for verdifall.
En nedskrivning resultatføres med forskjellen mellom balanseført verdi og gjenvinnbart beløp. Gjenvinnbart beløp er det høyeste av virkelig verdi med fradrag av salgskostnader og bruksverdi. Ved vurdering av verdifall, grupperes anleggsmidlene på det laveste nivået der det er mulig å skille ut uavhengige kontantstrømmer (kontantgenererende enheter). Ved hver rapporteringsdato vurderes mulighetene for reversering av tidligere nedskrivninger på ikke-finansielle eiendeler.

2.7 Varer
Varer vurderes til det laveste av anskaffelseskost og netto realisasjonsverdi. Anskaffelseskost beregnes ved bruk av først-inn, først-ut metoden (FIFO). Netto realisasjonsverdi er estimert salgspris fratrukket kostnader for ferdigstillelse og salg.

2.8 Kundefordringer
Kundefordringer måles til virkelig verdi, fratrukket avsetning for forventet tap. Avsetning for tap regnskapsføres når det foreligger objektive indikatorer for at konsernet ikke vil motta oppgjør i samsvar med opprinnelige betingelser. Vesentlige økonomiske problemer hos kunden, sannsynligheten for at kunden vil gå konkurs eller gjennomgå økonomisk restrukturering og utsettelser og manglende betalinger ansees som indikatorer på at kundefordringer må nedskrives. Endringer i avsetningen resultatføres som andre driftskostnader.

2.9 Kontanter og kontantekvivalenter
Kontanter og kontantekvivalenter består av kontanter og bankinnskudd med maksimum tre måneders opprinnelig løpetid.

2.10 Skatt
Skattekostnaden i resultatregnskapet omfatter både periodens betalbare skatt og endringen i utsatt skatt. Endringen i utsatt skatt reflekterer de fremtidige betalbare skatter som oppstår som følge av årets aktiviteter. Utsatt skatt er den skatten som påhviler det akkumulerte resultatet, men som kommer til betaling i senere perioder. Det er beregnet utsatt skatt av netto skatteøkende midlertidige forskjeller mellom regnskapsmessige og skattemessige balanseverdier etter utligning av skattereduserende midlertidige forskjeller og underskudd til fremføring etter gjeldsmetoden.

Utsatt skattefordel er bare balanseført begrenset i den utstrekning at det er sannsynlig at det vil foreligge en fremtidig skattepliktig inntekt som den skattereduserende forskjellen kan utnyttes mot. Utsatt skattefordel er vurdert for hver periode og vil bli redusert dersom det ikke lenger er sannsynlig at den utsatte skattefordelen kan utnyttes.

2.11 Pensjonsforpliktelser, bonusordninger og andre kompensasjonsordninger overfor ansatte
(a) Pensjonsforpliktelser
Selskapene i konsernet har en innskuddsbasert pensjonsordning. En innskuddsplan er en pensjonsordning hvor konsernet betaler faste bidrag til en separat juridisk enhet. Konsernet har ingen juridisk eller annen forpliktelse til å betale ytterligere bidrag hvis enheten ikke har nok midler til å betale alle ansatte ytelser knyttet til opptjening i inneværende og tidligere perioder. Ved innskuddsplaner, betaler konsernet innskudd til offentlig eller privat administrerte forsikringsplaner for pensjon på obligatorisk, avtalemessig eller frivillig basis. Konsernet har ingen ytterligere betalingsforpliktelser etter at innskuddene er blitt betalt. Innskuddene regnskapsføres som lønnskostnad når de forfaller. Forskuddsbetale innskudd bokføres som en eiendel i den grad innskuddet kan refunderes eller redusere fremtidige innbetalinger.

(b) Aksjebasert avlønning
Konsernet har en aksjebasert avlønningsplan med oppgjør i aksjer. Virkelig verdi av de tjenester som selskapet har mottatt fra de ansatte som motytelse for de tildelte opsjonene regnskapsføres som en kostnad. Det totale beløp som skal kostnadsføres over opptjeningsperioden blir beregnet basert på virkelig verdi av de tildelte opsjonene. På hver balansedag revurderer selskapet sine estimater for antall opsjoner som forventes å bli utøvd. Selskapet regnskapsfører den eventuelle effekten av endringen av de originale estimatene i resultatregnskapet og med en tilsvarende justering mot egenkapitalen.

Mottatt vederlag ved opsjonsutøvelse fratrukket direkte henførbare transaksjonskostnader krediteres aksjekapitalen (nominell verdi) og overkurs når opsjonene utøves.

(c) Overskuddsdeling og bonusplaner
Konsernet regnskapsfører en forpliktelse og en kostnad for bonuser og overskuddsdeling. Konsernet regnskapsfører en avsetning der det foreligger kontraktsmessige forpliktelser eller der det foreligger en tidligere praksis som skaper en selvpålagt forpliktelse.

2.12 Inntektsføring
Inntekter ved salg av varer og tjenester vurderes til virkelig verdi, netto etter fradrag for merverdiavgift, returer, rabatter og avslag. Konserninternt salg elimineres. Inntekter ved salg av varer resultatføres når en enhet innenfor konsernet har levert sine produkter til kunden, kunden har akseptert produktet og kundens evne til å gjøre opp fordringen er tilfredsstillende bekreftet.

2.13 Leieavtaler
Leieavtaler der en vesentlig del av risiko og avkastning knyttet til eierskap fortsatt ligger hos utleier, klassifiseres som operasjonelle leieavtaler. Leiebetaling ved operasjonelle avtaler kostnadsføres lineært over leieperioden.
Selskapet har ingen finansielle leieavtaler.

2.14 Lånekostnader
Lånekostnader innregnes som kostnad i regnskapsperioden da de har påløpt med mindre de knytter seg til anskaffelser som balanseføres hvor lånekostnadene vil bli balanseført sammen med anskaffelsen.

2.15 Avsetninger
Avsetninger regnskapsføres når konsernet har en forpliktelse som en følge av tidligere hendelse, og når det er sannsynlig at det vil skje et økonomisk oppgjør som følge av denne forpliktelsen og beløpets størrelse kan måles pålitelig. Generelt estimeres avsetninger basert på historisk informasjon og vekting av mulige utfall mot deres sannsynlighet. Dersom tidsverdien er vesentlig, skal avsetningen være nåverdien av det beløp som forventes å bli nødvendig for å gjøre opp plikten.

2.16 Klassifisering
Eiendeler som er tilknyttet vare-/tjenestekretsløpet eller forfaller innen 12 måneder, klassifiseres som kortsiktige. Andre eiendeler klassifiseres som langsiktige. Tilsvarende klassifiseres forpliktelser som er tilknyttet vare-/tjenestekretsløpet, eller som forfaller innen 12 måneder, som kortsiktige. Andre forpliktelser klassifiseres som langsiktige.

2.17 Segmenter
Konsernet anser hele virksomheten som ett felles segment, og rapportering skjer basert på konsoliderte tall. Selskapet foretar en inndeling av salg basert på produktgrupper og på geografi. Se note 8 for segmentinformasjon vedrørende selskapets salgsinntekter som er utarbeidet i samsvar med IFRS 8 Driftssegmenter.

2.18 Resultat pr. aksje
Konsernet presenterer ordinært resultat pr. aksje og utvannet resultat pr. aksje. Ordinært resultat pr. aksje blir beregnet som forholdet mellom årets resultat som tilfaller de ordinære aksjeeierne og vektet gjennomsnittlig utestående ordinære aksjer. Utvannet resultat pr. aksje er resultatet som tilfaller de ordinære aksjeeierne og vektet utestående aksjer justert for alle utvanningseffekter knyttet til aksjeopsjoner.

2.19 Nye standarder med virkning for 2009
Dolphin har i 2008 tatt i bruk IFRIC 11 uten vesentlig effekt for rapporterte tall.

Konsernet har anvendt følgende nye standarder og IFRIC fortolkninger gjennom året:
IAS 1 – Presentasjon av finansregnskapet (revidert): Konsernet har i 2009 tatt i bruk IAS 1 (revidert). IAS 1 (revidert) krever at inntekts- og kostnadsposter som tidligere ble ført direkte mot egenkapitalen nå skal presenteres i utvidet resultatregnskap. Slike transaksjoner med eiere og inntekts- og kostnadsposter kan enten vises i egen oppstilling (utvidet resultatregnskap) eller i to oppstillinger (separat resultatregnskap og et utvidet resultatregnskap). Når enheter endrer eller reklassifiserer sammenligningsinformasjon, må de også presentere en endret inngående balanse for sammenligningsperiodene i tillegg til nåværende krav om å presentere utgående balanser for aktuell periode og sammenligningsperioder. Endringen påvirker kun presentasjonen og ikke resultat pr. aksje.

IFRS 7 – Finansielle instrumenter – Noteopplysninger (endret): Konsernet har i 2009 tatt i bruk IFRS 7. Endringen krever ytterligere opplysninger vedrørende måling av virkelig verdi og likviditetsrisiko, herunder opplysninger om hvilke verdsettelsesmetoder som benyttes ved måling av virkelig verdi. Endringen påvirker kun presentasjonen og ikke resultat per aksje.

IFRS 2 – Aksjebasert betaling (endret): Endringen har ikke hatt noen effekt på konsernregnskapet.

IAS 23 – Låneutgifter (revidert): Denne endringen har ingen innvirkning på konsernregnskapet.

IFRS standarder, endringer og fortolkninger til eksisterende standarder som ikke er trådt i kraft 31. desember 2009 og hvor konsernet ikke har valgt tidlig anvendelse:
IFRS 2 "Group cash-settled and share-based payments transactions" (endret)
IFRS 3 "Business combinations" (revidert)
IFRS 5 "Measurement of noncurrent assets classified as held-for-sale" (endret)
IAS 1 "Presentation of Financial Statements" (endret)
IAS 7 "Classification of expenditures on unrecognised assets"
IAS 17 "Classification of leases of land and buildings"
IAS 27 "Consolidated and separate financial statements" (revidert)
IAS 36 "Unit of accounting goodwill impairment test"
IAS 38 "Intangible assets" (endret)
IAS 39 "Financial instruments – Recognition and Measurement" (endret)
IFRIC 9 "Reassessment of embedded derivatives and IAS 39" (endret)
IFRIC 15 "Agreements for the construction of real estate"
IFRIC 16 "Hedges of a net investment in a foreign operation"
IFRIC 17 "Distribution of non-cash assets to owners"
IFRIC 18 "Transfers of assets from Customers"

Note 3 - Finansiell risikostyring og finansielle instrumenter

Finansielle risikofaktorer
Konsernets aktiviteter medfører ulike typer finansiell risiko: valutarisiko og kredittrisiko. Konsernet har benyttet finansielle derivater for å sikre seg mot valutarisiko ved enkelte tilfeller. Risikostyringen for konsernet skjer i overensstemmelse med retningslinjer godkjent av styret.

Valutarisiko
Konsernet opererer internasjonalt og er eksponert for valutarisiko i flere valutaer. Denne risikoen er særskilt relevant i forhold til US dollar og Euro. Valutarisiko oppstår fra fremtidige handelstransaksjoner og balanseførte eiendeler og forpliktelser. For å styre valutarisikoen fra fremtidige handelstransaksjoner og balanseførte eiendeler og forpliktelser, kan konsernet inngå valutaterminkontrakter med eksterne finansinstitusjoner. Pr 31.12.2009 har ikke konsernet noen valutaterminkontrakter. Valutarisikoen oppstår når fremtidige handelstransaksjoner eller balanseførte eiendeler eller forpliktelser er nominert i en valuta som ikke er enhetens funksjonelle valuta.

Kreditt- og renterisiko
Konsernet har ingen vesentlige konsentrasjoner av kredittrisiko. Det er innført rutiner som sikrer at salg av produkter skjer til kunder med tilfredsstillende kredittverdighet. Motparter ved derivatkontrakter og kontanttransaksjoner er begrenset til finansinstitusjoner med høy kredittverdighet. Da en stor andel av inntektene er fra langsiktige OEM kontrakter hvor det er etablert nært samarbeid anses konsernets evne til å vurdere kredittrisikoen til å være god. Konsernet har lite rentebærende gjeld. Den rentebærende gjelden har fast rente.

Likviditets- og finansieringsrisiko
Selskapet har hatt en betydelig negativ kontantstrøm for 2008 og 2009. Selskapets primære finansieringskilde er egenkapitalmarkedet. I løpet av de to siste år har selskapet hentet ny egenkapital til Numascale på bakgrunn av selskapets kapitalbehov knyttet til utviklingen av NumaChipen. Som en følge av Numascale AS sin innhenting av ny egenkapital opphørte Numascale å være et konsernselskap ultimo juni 2009. En forutsetning for at selskapet skal være i stand til å innhente ny kapital i egenkapitalmarkedet er at konsernet klarer å generere en positiv kontantstrøm fra driften. Selskapets styre og ledelse har stort fokus på å generere en positiv kontantstrøm. I den grad man klarer å forbedre kontantstrømmen fra drift vurderes det at man har mulighet til å innhente kapital i egenkapitalmarkedet.

Analyse av sensitivitet og valutarisiko knyttet til USD
En sensitivitetsanalyse basert på valuta for 2009 indikerer at en 10 % styrkning av NOK mot USD ville ha redusert underskuddet med kr 0,4 millioner og økt egenkapitalen med kr 1,6 millioner, eksklusiv effekten på egenkapital som følger direkte av det reduserte underskuddet. En 10 % svekkelse av NOK mot USD ville hatt en tilsvarende effekt, men med motsatt fortegn av beløpene ovenfor, så lenge alle andre variabler holdes konstante. Sensitivitetsanalysen er kalkulert med basis i regnskapstallene i USD for 2009 regnskapene, og forutsetter at alle andre variabler holdes konstante. Beregningene er basert på beløp og valutakurser pr 31. desember 2009.

Fastsettelse av virkelig verdi
For ikke-noterte finansielle eiendeler har virkelig verdi blitt satt lik den verdien som investorer betalte for aksjene i forbindelse med en emisjon av betydelig størrelse i juni 2009 da det ikke foreligger andre observerbare markedspriser anses dette å tilsvare verdien.

Følgende av selskapets finansielle instrumenter er ikke verdsatt til virkelig verdi: Kontanter og kontantekvivalenter, kundefordringer, andre kortsiktige fordringer, leverandørgjeld og langsiktig gjeld.

Balanseført verdi av kontanter og kontantekvivalenter er tilnærmet lik virkelig verdi på grunn av at disse instrumentene har kort forfallstid. Tilsvarende er balanseført verdi av kundefordringer og leverandørgjeld tilnærmet lik virkelig verdi da de inngås til "normale" betingelser.

Virkelig verdi på langsiktig gjeld er beregnet ved bruk av noterte markedspriser eller ved bruk av rentebetingelser for gjeld med tilsvarende løpetid og kredittrisiko.

Under følger en sammenligning av balanseførte verdier og virkelig verdi for konsernets finansielle instrumenter:

	Balanseført verdi	Virkelig verdi
Finansielle eiendeler		
Aksjer	2 179 699	2 179 699
Kontanter	1 315 624	1 315 624
Kundefordringer	666 918	666 918
Finansiell gjeld		
Leverandørgjeld	-2 713 258	-2 713 258
Rentebærende gjeld		
Rentebærende lån	-248 832	-246 045

Note 4 - Endringer i konsernets struktur

StarGen Inc
Dolphin Interconnect Solutions ASA overtok i 2007 alle eiendeler og gjeldsforpliktelser til det amerikanske selskapet StarGen Inc. Dette var et meget viktig strategisk oppkjøp. Oppkjøpet medførte at konsernet fikk tilgang på hardware teknologi basert på PCI Express standarden som i kombinasjon med Dolphins egenutviklede SuperSockets Software gjør konsernet i stand til å levere en rekke konkurransedyktige produkter og angripe nye markedsområder. Selskapet som er lokalisert i Marlborough i Massachuttes i USA hadde ved overtagelsen 15 ansatte. All aktivitet og innmat i tidligere StarGen Inc er nå integrert i konsernets datterselskap Dolphin Interconnect Solutions North America Inc ("Dolphin, Inc.") med virkning fra 16. februar 2007 og datterselskapet inngår i konsernrapporteringen. Totalkostnaden for kjøpet utgjorde kr 36.244.691 hvorav kr 1.320.079 gjaldt transaksjonskostnader ifbm. oppkjøpet. Kjøpesummen på kr 34.924.612 ble gjort opp med utstedelse av totalt 2.530.769 aksjer i Dolphin Interconnect Solutions ASA til tidligere aksjonærer i StarGen Inc. Egenkapitalen i StarGen Inc på oppkjøpstidspunktet var kr 1.337.081. Merverdien ved oppkjøpet ble allokert til aktiverte utviklingskostnader.

Numascale AS
I juni 2008 etablerte Dolphin det heleide datterselskapet Numascale AS. Alle eiendeler, patenter, personell og aktiviteter relatert til utviklingen av NumaChip ble overført til dette datterselskapet. Numascale AS vil fullføre utviklingen av NumaChip produktet og bygge opp en langsiktig virksomhet basert på denne teknologien. Datterselskapet ble etablert for å forenkle finansieringen av denne virksomheten.

Numascale sin forretningside er å utvikle en chip (NumaChip) som skal gjøre det mulig å bygge kraftige datamaskiner til en vesentlig lavere kostnaden enn de løsninger som finnes på markedet i dag. En suksessfull løsning vil åpne for et stort marked av nye kunder. High performance computing (HPC) er målmarkedet i den første del av utviklingen. Dette markedet har en stor appetitt for ny ytelsesorientert teknologi. HPC markedet er i sterk vekst, med en årlig vekstrate på 35-45 % i målsegmentet for NumaChip.

På bakgrunn av selskapets kapitalbehov ble det i løpet av 2008 hentet ny egenkapital i selskapet ved at eksterne investorer tegnet seg i en rettet emisjon. Dolphins eierandel ble således utvannet til 72,65 % ved utgangen av 2008. Som en følge av at Numascale trengte ytterligere kapital i 2009 ble det foretatt en ny emisjon mot eksisterende aksjonærer i juni 2009. Dolphin valgte og ikke delta i denne emisjonen og ble som følge av denne emisjonen utvannet til en eierandel på 12,61 %. Numascale opphørte således å være et datterselskap fra 24. juni 2009, og selskapet har ikke blitt konsolidert i Dolphin konsernet etter dette tidspunktet. I forbindelse med at Numascale opphørte å være et datterselskap ble det foretatt en vurdering av aksjens regnskapsførte verdi. Den regnskapsmessige effekten av at selskapet opphørte å være et datterselskap samt vurderingen av verdien på aksjene i Numascale på dette tidspunkt medførte at konsernregnskapet er belastet med et tap i størrelsesorden 9,0 millioner kroner. Dette tapet er i konsernregnskapet inkludert i netto finansposter.

Nedenfor vises den regnskapsmessige effekten på konsernets resultatoppstilling for 2009 når Numascale AS presenteres som avviklet virksomhet.

	Konserntall for 2009	Avviklet virksomhet	Gjenværende virksomhet
Driftsinntekter			
Salgsinntekter	10 184 184	178 800	10 005 384
Andre driftsinntekter	-147 121	0	-147 121
Sum driftsinntekter	**10 037 063**	**178 800**	**9 858 263**
Driftskostnader			
Forbruk av varer og tjenester	10 324 265	0	10 324 265
Lønn og sosiale kostnader	15 659 132	2 841 695	12 817 437
Andre driftskostnader	8 730 422	1 608 825	7 121 597
Sum driftskostnader	**34 713 819**	**4 450 520**	**30 263 299**
EBITDA	**-24 676 756**	**-4 271 720**	**-20 405 036**
Ordinære avskrivninger	4 085 484	0	4 085 484
Nedskrivning	689 112	0	689 112
Driftsresultat (EBIT)	**-29 451 352**	**-4 271 720**	**-25 179 632**
Netto finansposter	**-13 772 796**	**-8 500 653**	**-5 272 143**
Resultat før skattekostnad	**-43 224 148**	**-12 772 373**	**-30 451 775**
Skattekostnad	-561 768	0	-561 768
Resultat etter skatt	**-42 662 380**	**-12 772 373**	**-29 890 007**

Note 5 - Oversikt over investeringer i konsernselskaper og andre selskaper

Selskapet har aksjer i følgende datterselskap som er inkludert i det konsoliderte regnskapet:

Selskap	Hjemland	Hovedvirksomhet	kostpris	Balanseført verdi	eierandel / stemme-andel
Dolphin Interconnect Solutions NA Inc	USA	Produktutv. og salg	36 244 691	0	100 %
		Sum	36 244 691	0	

Ut fra en vurdering av inntjeningen i datterselskapet har investeringen blitt nedskrevet i sin helhet i 2009. Dette belaster morselskapets regnskap med et tap på kr. 8.809.996 som er presentert under finansposter i morselskapsregnskapet.

Selskapet og konsernet har aksjer i følgende andre selskap:

Selskap	Antall aksjer	Eierandel	kostpris	Balanseført verdi
Numascale AS	2 179 699	12,61 %	21 066 222	2 179 699
		Sum	21 066 222	2 179 699

Aksjene i Numascale AS har blitt nedskrevet til kr 1,00 pr aksje i 2009. Dette tilsvarer den verdien som investorer betalte for aksjene i Numascale AS i forbindelse med en emisjon av betydelig størrelse i juni 2009.

I forbindelse med at Numascale opphørte å være et datterselskap ble det foretatt en vurdering av virkelig verdi av aksjene i selskapet. Dette medførte at man i morselskapsregnskapet har regnskapsført en nedskrivning på kr 18.886.523 i tilknytning til Numascale som er presentert under finansposter. I konsernregnskapet er denne vurderingen gjennomført i forbindelse med at Numascale opphørte å være et datterselskap og har medført et tap på kr 8.966.852 som er presentert under finansposter i konsernregnskapet. Det henvises forøvrig til spesifikasjon i note 17.

Note 6 - Estimatusikkerhet

Ved utarbeidelsen av årsregnskapet i henhold til IFRS har selskapets ledelse benyttet estimater basert på beste skjønn og forutsetninger som er vurdert å være realistiske. Det vil kunne oppstå situasjoner eller endringer i markedsforhold som kan medføre endrede estimater, og dermed påvirke selskapets eiendeler, gjeld, egenkapital og resultat.

Selskapets mest vesentlige regnskapsestimater er knyttet til følgende poster:
a) Nedskrivning/reversering av immaterielle eiendeler.
b) Vurdering av balanseføring av utsatt skattefordel.
c) Vurdering av nedskrivning for ukurans på varelageret.

For immaterielle eiendeler har selskapet foretatt vurderinger av potensielle verdiforringelser i samsvar med de retningslinjer som er trukket opp i IAS 36. Nedskrivningstestene er nærmere omtalt i egen note 12.

Selskapets balanseførte immaterielle eiendeler vurderes årlig for nedskrivning og for eventuelt reversering av tidligere nedskrivninger.

Utsatt skattefordel er ikke balanseført pr 31.12.2009, jfr. note 20 og 2.10.

Nedskrivning for ukurans på varelageret gjøres fortløpende på bakgrunn i varer med lav omløpshastighet, og varer med utgått teknologi, jfr. note 14.

Note 7 - Valutakurser

Følgende valutakurser er benyttet i det konsoliderte regnskapet:

Valuta	31.12.2009	31.12.2008	Gj.snitt 2009	Gj.snitt 2008
Amerikanske dollar (USD)	5,7767	6,9989	6,2816	5,6390

Note 8 - Segmentinformasjon

Selskapets økonomiske rapportering skjer basert på totalnivå for konsernet. Det foretas en spesifikasjon av salgsinntekter basert på produkttype og basert på kundens hjemland.

Produkt segment:
Produktene blir inndelt i følgende grupper:

- StarFabric; er chip level produktene som stammer fra oppkjøpet av StarGen tidlig i 2007. Disse produktene blir i hovedsak solgt i det integrerte marked.
- DX Serie; er produkter basert på PCI Express cluster teknologi fra oppkjøpet av StarGen. Disse produktene blir i hovedsak solgt i bedriftsmarkedet.
- D Serie; er produkter basert på Dolphin's cluster teknologi. Disse produktene blir solgt både i det integrerte markedet og i bedriftsmarkedet.
- Annet; inkluderer spesialtilpasninger og konsulenttjenester som blir gjort for enkelte kunder.

	Konsern 2009	Konsern 2008
StarFabric	6 972 096	7 940 824
DX-Serie	688 049	524 339
SCI-D-Serie	2 345 239	12 869 611
Annet	178 800	3 495 594
Sum	**10 184 184**	**24 830 368**

Geografisk segment:
Salget blir allokert på grunnlag av kundens hjemland. Salget skjer i hovedsak i Europa, USA og Japan.

	Morselskap 2009	Morselskap 2008	Konsern 2009	Konsern 2008
Euroområdet	1 645 169	11 356 728	2 076 986	12 521 891
USA	287 153	3 104 459	3 772 080	9 159 227
Japan	26 521	0	2 254 921	1 824 126
Andre land	45 313	491 506	2 080 197	1 325 124
Sum	**2 004 156**	**14 952 693**	**10 184 184**	**24 830 368**

Informasjon om de største kundene
Inkludert i inntektene er en omsetning på henholdsvis 2,3 millioner kroner (22,6 %), 1,3 millioner kroner (12,5 %) og 1,2 millioner kroner (12,0 %) som oppsto fra salg til konsernets tre største kunder.

Note 9 - Inventar og utstyr

Morselskap	Inventar og utstyr
Anskaffelseskost 1.1.2009	1 512 054
Tilgang	0
Avgang	0
Anskaffelseskost 31.12.2009	**1 512 054**
Akkumulerte avskrivninger 1.1.2009	1 352 323
Årets avskrivninger	119 602
Akkumulerte avskrivninger 31.12.2009	**1 471 925**
Balanseført verdi pr. 31.12.2009	**40 129**
Økonomisk levetid	3-5 år

Konsern	Inventar og utstyr
Anskaffelseskost 1.1.2009	3 317 420
Omregningsdifferanser	-6 461
Tilgang	0
Avgang	0
Anskaffelseskost 31.12.2009	**3 310 959**
Akkumulerte avskrivninger 1.1.2009	3 120 693
Årets avskrivninger	150 131
Akkumulerte avskrivninger 31.12.2009	**3 270 824**
Balanseført verdi pr. 31.12.2009	**40 135**
Økonomisk levetid	3-5 år

Note 10 - Immaterielle eiendeler

Morselskap	Aktivert utvikling
Anskaffelseskost 1.1.2009	19 460 185
Tilgang	185 045
Avgang	0
Anskaffelseskost 31.12.2009	**19 645 230**
Akkumulerte av- og nedskrivninger 1.1.2009	16 576 289
Årets avskrivninger	1 072 485
Årets nedskrivninger	689 112
Akkumulerte av- og nedskrivninger på avgang	0
Akkumulerte av- og nedskrivninger 31.12.2009	**18 337 886**
Balanseført verdi pr. 31.12.2009	**1 307 344**

Konsern	Goodwill	Aktivert utvikling	Sum
Anskaffelseskost 1.1.2009	8 619 170	98 219 682	106 838 852
Valutaeffekt	0	-1 347 561	-1 347 561
Tilgang	0	185 045	185 045
Avgang	0	-35 738 467	-35 738 467
Anskaffelseskost 31.12.2009	**8 619 170**	**61 318 699**	**69 937 869**
Akkumulerte av- og nedskrivninger 1.1.2009	8 619 170	55 875 593	64 494 763
Valutaeffekt	0	-796 356	-796 356
Årets avskrivninger	0	3 935 353	3 935 353
Årets nedskrivninger	0	689 112	689 112
Akkumulerte av- og nedskrivninger på avgang	0	-14 165 468	-14 165 468
Akkumulerte av- og nedskrivninger 31.12.2009	**8 619 170**	**45 538 234**	**54 157 404**
Balanseført verdi pr. 31.12.2009	**0**	**15 780 465**	**15 780 465**

Aktivert utvikling avskrives over den perioden produktene er forventet å gi inntekter. Aktivert utvikling forventede inntjening, samt restverdi, revurderes på hver balansedag og endres hvis nødvendig, se note 12.

Goodwill testes for verdifall ved hver balansedato, se note 12 for nedskrivningstest.

Dolphin Interconnect Solutions ASA
Noter til konsernregnskapet 2009

Note 11 - Avskrivninger

Morselskap	2009	2008
Inventar og utstyr (se note 9)	119 602	140 402
Aktivert utvikling (se note 10)	1 072 485	1 758 666
Sum	**1 192 087**	**1 899 068**

Konsern	2009	2008
Inventar og utstyr (se note 9)	150 131	782 449
Aktivert utvikling (se note 10)	3 935 353	5 945 158
Sum	**4 085 484**	**6 727 607**

Note 12 - Nedskrivningstest av immaterielle eiendeler

Balanseførte aktiverte utviklingskostnader i Dolphin konsernet utgjør pr 31.12.2009 totalt 15,8 millioner kroner (42,3 millioner kroner i 2008 og 62,9 millioner kroner i 2007). Dette gjelder forskjellige produkter som er utviklet og som er under utvikling. Selskapet opereres som en kontantstrømgenerende enhet.
Forventede kontantstrømmer er basert på budsjetter og prognoser vedtatt av ledelsen og styret i Dolphin konsernet. Kontantstrømmene er fastsatt med utgangspunkt i strategien som ligger til grunn for en "restart" av konsernet. Dette innebærer en vesentlig vekst i omsetning sammenlignet med 2008 og 2009 og en vesentlig vekst i EBITDA marginen til den når en langsiktig forutsetning om EBITDA margin i størrelsesorden 20 % i 2014.

Nedskrivningsvurderingene er gjennomført av konsernets ledelse i april 2010. Gjennvinnbart beløp er fastsatt basert på en vurdering av bruksverdi. I Bruksverdien er beregnet basert på en diskontering av forventede framtidige netto kontantstrømmer etter skatt, diskontert med en relevant diskonteringsrente før skatt som hensyntar løpetid og risiko. Renten som er benyttet for diskontering av kontantstrømmene er 20 % (etter skatt) for de første 5 årene og en rente på 25 % for terminalleddet. Renten er satt med utgangspunkt i at selskapets "restart" har likhetstrekk med virksomheter i en venture fase og renten må således vurderes i forhold til avkastningskrav for venture selskapet. Kontantstrømmen er spesifikt vurdert for en tidshorisont på 5 år samt at man regnet i nåverdien av terminal leddet basert på kontantstrømmen i år 5 uten tillegg av vekst. Nåverdien av kontantstrømmen i 5 årsperioden utgjør ca 25 % av den estimerte bruksverdien mens de gjenværende 75 % knytter seg til terminalleddet.

Basert på den gjennomførte vurderingen vil den bruksverdi samsvare med balanseført verdi slik at den balanseførte verdien pr 31.12.2009 kan opprettholdes uten ytterligere nedskrivninger. I fjerde kvartal 2009 er det foretatt en nedskrivning av et spesifikt utviklingsprosjekt som selskapet har valgt å avslutte uten at prosjektet er ferdigstilt. Denne nedskrivningen utgjør 0,7 millioner kroner. I årsregnskapet for 2008 ble det totalt foretatt nedskrivninger på ca 51 millioner kroner. Nedskrivningen i årsregnskapet 2008 knytter seg til følgende poster:

Goodwill	8,6 millioner kroner
Aktivert utvikling Dolphin	31,7 millioner kroner
Aktivert utvikling Numascale	10,7 millioner kroner
Sum nedskrivninger i 2008	51,0 millioner kroner

En sensitivitetsanalyse viser at bruksverdien ville vært 7,9 millioner kroner lavere hvis omsetningsveksten blir 10 % lavere enn forventet, og følgelig medført økte nedskrivninger. Hvis omsetningsveksten blir 10 % høyere enn forventet ville bruksverdien vært 7,9 millioner kroner høyere, og dette ville medført av tidligere års nedskrivning ville kunne blitt reversert med tilsvarende beløp. Tilsvarende viser sensitivitetsanalysen at en endring i EBITDA marginen på 5 % poeng vil endre bruksverdien med ca 7,0 millioner kroner.

Sensitivitetsanalysen viser videre at en økning i diskonteringsrenten på 5 % poeng vil medføre en reduksjon i bruksverdien på 4,7 millioner kroner, og følgelig medført økte nedskrivninger med dette beløp. Motsatt ville en reduksjon av diskonteringsrenten medført at bruksverdien ville vært 7,1 millioner kroner høyere, og dette ville medført av tidligere års nedskrivning ville kunne blitt reversert med tilsvarende beløp.

Note 13 - Kundefordringer og andre fordringer

Kundefordringer
Det er ikke foretatt nedskrivninger på kundefordringer i morselskapet eller i konsernet i 2009 eller 2008. Kundefordringer pr 31.12.2009 og 31.12.2008 er vurdert til pålydende, hhv kr 121.655 og kr 1.650.260 for morselskapet og kr 666.918 og kr 2.771.020 for konsernet.
Resultatførte tap på kundefordringer utgjør kr 0 i 2009 og 2008 for både morselskap og konsern.

Kundefordringer pr 31. desember hadde følgende forfall:

	Konsern	
	2009	**2008**
Forfall 0 - 30 dager	363 838	2 064 679
Forfall 31 - 90 dager	286 328	641 811
Forfall 91 - 365 dager	16 752	64 530
Forfall mer enn ett år siden	0	0
Sum	**666 918**	**2 771 020**

	Morselskap		Konsern	
Andre fordringer	**2009**	**2008**	**2009**	**2008**
Til gode merverdiavgift	340 622	266 321	340 622	365 203
Skattefunn	0	926 370	0	1 726 370
Fordringer på konsernselskap	13 064 904	30 726 484	0	0
Forskuddsbetalinger og annet	526 712	835 060	583 231	1 110 437
Sum	**13 932 238**	**32 754 235**	**923 853**	**3 202 010**

Morselskapets fordring på konsernselskap gjelder datterselskapet Dolphin Interconnect Solutions NA Inc. I forbindelse med årsavslutningen er det gjort en vurdering av denne fordringen, hvilket har medført at man har foretatt en nedskrivning av fordringen med kr. 8.926.150. Nedskrivningen er inkludert i netto finansposter i morselskapets resultatoppstilling.

Note 14 - Varer

	Morselskap		Konsern	
	2009	**2008**	**2009**	**2008**
Varelager	9 105 562	11 368 050	10 091 789	17 599 311
Nedskrevet for ukurans	-7 515 024	-5 484 405	-7 515 024	-6 184 295
Balanseført verdi	**1 590 538**	**5 883 645**	**2 576 765**	**11 415 016**

Note 15 - Kontanter og kontantekvialenter

Morselskap:
Av totale likvide midler pr 31.12.2009 utgjør bundne bankinnskudd kr 988.719 (kr 1.180.584 i 2008).

Konsern:
Av totale likvide midler pr 31.12.2009 utgjør bundne bankinnskudd kr 988.719 (kr 1.408.176 i 2008).

Note 16 - Aksjekapital og aksjeeiere

I løpet av 2009 har det blitt gjennomført en spleis av selskapets aksjer hvor 10 gamle aksjer ble omgjort til 1 aksje.

Pr. 31.12.09 er selskapets aksjekapital kr. 4.534.222 fordelt på 2.267.111 aksjer pålydende kroner 2,00 pr aksje.

Selskapets største aksjonærer pr 31.12.2009 er:	Antall		%-andel
Glenn Nøstdahl Konsulent og Salgstjenester AS	237 034	aksjer	10,46 %
Hektor AS	130 000	aksjer	5,73 %
Citigroup Global Markets Inc	105 627	aksjer	4,66 %
MP Pensjon	105 371	aksjer	4,65 %
Morgan Stanley & Co Inc	99 905	aksjer	4,41 %
Egil Olaf Glørstad	95 600	aksjer	4,22 %
Kåre Sten Løyland	95 000	aksjer	4,19 %
Frans Enger AS	90 000	aksjer	3,97 %
Espen Rødaas	54 119	aksjer	2,39 %
Reidar Egil Ellenes	53 350	aksjer	2,35 %
Rolf Nesheim	38 000	aksjer	1,68 %
Vest Eiendom AS	35 000	aksjer	1,54 %
Solvangen Marina AS	30 000	aksjer	1,32 %
Kåre Mikalsen	30 000	aksjer	1,32 %
Altea Property Devolpment AS	23 960	aksjer	1,06 %
Avanza Bank AS	22 000	aksjer	0,97 %
Kjell Robert Wærstad	21 500	aksjer	0,95 %
Timothy R. Miller	19 000	aksjer	0,84 %
Nordea Bank Denmark AS	18 652	aksjer	0,82 %
Ole Tormod Beck	18 200	aksjer	0,80 %
Sum 20 største aksjonærer	1 322 318	aksjer	58,33 %

Totalt hadde selskapet 594 aksjonærer pr 31.12.2009.

Aksjer eiet av styremedlemmer:		
Ole Henrik Eide (styrets leder)*	5 507	aksjer
Tor Alfheim (styremedlem)**	46 000	aksjer
Alf Rasmussen (styremedlem)	5	aksjer
Simen Thoresen (styremedlem, ansattes representant)	294	aksjer
Aksjer eiet av ledende ansatte:		
Glenn Nøstdahl (daglig leder)***	237 034	aksjer
Hugo Kohman	2 800	aksjer

* Aksjene er eiet gjennom holdingselskapet Pelito AS.
** Aksjene er eiet privat og gjennom holdingselskapet Solvangen Marina AS.
*** Aksjene er eiet gjennom holdingselskapet Glenn Nøstdahl Konsulent og Salgstjenester AS

Note 17 - Finansposter

	Morselskap		Konsern	
Netto finansposter	**2009**	**2008**	**2009**	**2008**
Renteinntekter	84 792	1 690 351	84 792	615 994
Agio / - disagio	-5 103 131	7 014 754	-4 760 290	7 095 633
Tap avhendelse datterselskap	0	0	-8 966 852	0
Nedskrivning aksjer i datterselskap	-27 696 519	-27 434 695	0	0
Nedskrivning lån til datterselskap	-8 926 150	0	0	0
Andre rente- og finanskostnader	-129 446	-164 405	-130 446	-172 662
Sum	**-41 770 454**	**-18 893 995**	**-13 772 796**	**7 538 965**

Note 18 - Annen kortsiktig gjeld

	Morselskap		Konsern	
Annen kortsiktig gjeld	**2009**	**2008**	**2009**	**2008**
Feriepenger	218 705	1 019 941	218 705	1 284 567
Påløpt aga på feriepenger	31 188	133 124	31 188	170 436
Påløpt lønn og honorarer	584 562	263 866	584 562	1 318 645
Annen kortsiktig gjeld	480 390	83 576	1 142 269	229 456
Sum	**1 314 845**	**1 500 507**	**1 976 724**	**3 003 104**

Note 19 - Annen langsiktig gjeld

Morselskap og konsern:
Annen langsiktig gjeld er et lån fra Etnus Inc i USA i USD. Total gjeld pr 31.12.2009 utgjør 43.075 USD (83.617 USD i 2008). Lånet forrentes med fastrente på 3 % pr år, og det betales 2 avdrag hvert år. Lånet vil være innfridd i 2010.

Note 20 - Skatter

Morselskap:

Årets skattekostnad fremkommer slik:	**2009**	**2008**
Betalbar skatt	0	0
Endring i utsatt skatt	0	9 710 424
Skattekostnad ordinært resultat	0	9 710 424

Avstemming fra nominell til faktisk skattesats:	**2009**	**2008**
Ordinært resultat før skatt	-60 624 221	-42 188 348
Forventet inntektsskatt etter nominell skattesats (28 %)	-16 974 782	-11 812 737
Skatteeffekten av følgende poster:		
Endring i ikke bokført utsatt skattefordel	9 177 136	14 238 838
Skattefunn	0	-259 384
Emisjonskostnader	0	-311 516
Opsjonskostnader	41 943	162 114
Nedskrivning aksjer	7 755 025	7 681 715
Ikke fradragsberettigede kostnader	678	11 394
Skattekostnad	0	9 710 424
Effektiv skattesats	0,0 %	-23,0 %

Spesifikasjon av skatteeffekten av midlertidige forskjeller og underskudd til framføring:

	2009		**2008**	
	Fordel	Forpliktelse	Fordel	Forpliktelse
Driftsmidler	539 934	0	65 011	0
Gevinst og tapskonto	0	1 334 005	0	1 667 507
Varer	2 104 207	0	1 535 633	0
Fordringer	2 523 546	0	0	0
Underskudd til fremføring	25 328 503	0	20 051 912	0
Sum	30 496 191	1 334 005	21 652 556	1 667 507
Ikke balanseført utsatt skattefordel	29 162 185		19 985 049	
Netto utsatt skattefordel i balansen	**0**		**0**	

Ved årsslutt 2009 hadde selskapet skattemessig fremførbare underskudd på kr 90.458.940.

Dolphin Interconnect Solutions ASA

Noter til konsernregnskapet 2009

Konsern:

Årets skattekostnad fremkommer slik:	**2009**	**2008**
Betalbar skatt	31 037	27 883
Endring i utsatt skatt	530 731	3 949 179
Skattekostnad ordinært resultat	561 768	3 977 062

Avstemming fra nominell til faktisk skattesats:	**2009**	**2008**
Ordinært resultat før skatt	-43 224 148	-65 296 468
Forventet inntektsskatt etter nominell skattesats (28 %)	-12 102 761	-18 283 011
Skatteeffekten av følgende poster:		
Endring i ikke bokført utsatt skattefordel	4 717 578	18 359 556
Skattefunn	0	-39 662
Forskjellig skattesats	-91 972	-483 384
Emisjonskostnader	0	-669 923
Opsjonskostnader	41 943	162 114
Effekt av oppkjøp / utgang datter	2 708 076	4 867 779
Nedskrivning aksjer	5 288 226	0
Ikke fradragsberettigede kostnader	678	63 593
Skattekostnad	561 768	3 977 062
Effektiv skattesats	-1,3 %	-6,1 %

Spesifikasjon av skatteeffekten av midlertidige forskjeller og underskudd til framføring:

	2009		**2008**	
	Fordel	Forpliktelse	Fordel	Forpliktelse
Driftsmidler	0	2 358 791	0	9 991 315
Gevinst og tapskonto	0	1 334 005	0	1 667 507
Varer	2 104 207	0	1 535 633	0
Fordringer	24 224	0	0	0
Underskudd til fremføring	29 794 066	0	33 050 812	0
Sum	31 922 497	3 692 796	34 586 445	11 658 822
Ikke balanseført utsatt skattefordel	30 503 127		25 785 549	
Netto utsatt skattefordel/forpliktelse i balansen	**0**	**2 273 426**	**0**	**2 857 926**

Ved årsslutt 2009 hadde konsernet skattemessig fremførbare underskudd på kr 105.344.150. Dette inkluderer ikke fremførbare underskudd fra StarGen Inc i tiden før oppkjøpet i 2007.

Note 21 - Pensjon

De ansatte i Dolphin Interconnect Solutions ASA og datterselskapet har nå en innskuddsbasert pensjonsordning. Pr 31.12.2009 var det 6 medlemmer i ordningen i morselskapet (11 i 2008) og totalt 9 medlemmer i ordningen i konsernet (29 i 2008). Pensjonsordningen administreres av et forsikringsselskap.

Morselskap	**2009**	**2008**
Kostnadsført innskudd	303 251	728 017
Konsern	**2009**	**2008**
Kostnadsført innskudd	781 336	1 183 928

Note 22 - Andre inntekter

	Morselskap		Konsern	
	2009	2008	2009	2008
Salg av patent	0	0	0	8 155 320
Annet	0	0	-147 121	0
Sum	**0**	**0**	**-147 121**	**8 155 320**

Note 23 - Lønnskostnader

	Morselskap		Konsern	
	2009	2008	2009	2008
Lønn	4 412 592	7 350 792	12 534 283	19 261 134
Arbeidsgiveravgift	386 846	1 590 009	1 191 133	2 772 146
Pensjonskostnad, se note 21	303 251	728 017	781 336	1 183 928
Opsjonsprogram ansatte	149 796	578 980	149 796	578 980
Andre ytelser	622 809	1 159 622	1 002 584	2 076 888
Sum	**5 875 294**	**11 407 420**	**15 659 132**	**25 873 076**

Morselskapet har i 2009 sysselsatt 9,1 årsverk (19,2 årsverk i 2008), mens konsernet har sysselsatt 21,7 årsverk i 2009 (40,2 årsverk i 2008).

Note 24 - Fremtidige leieforpliktelser

Morselskapet har leieforpliktelser knyttet til lokaler, og enkelte kontormaskiner. Lokalleien vil være gjenstand indeksregulering. Felleskostnader er medtatt som en andel av leieforpliktelsene. Selskapet hadde opprinnelig lengre husleiekontrakter i både Norge og USA. I løpet av 2009 har kontraktene blitt reforhandlet og de langsiktige husleiekontraktene termineres i løpet av 2010.

Fremtidige akkumulerte minimumsutbetalinger knyttet til leieavtaler er som følger:

	Morselskap		Konsern	
	2009	2008	2009	2008
Forfall innen 1 år	424 000	1 616 928	496 208	2 725 554
Forfall mellom 1 og 5 år	0	6 467 711	0	7 853 493
Forfall senere enn 5 år	0	1 616 928	0	1 616 928
Sum	**424 000**	**9 701 567**	**496 208**	**12 195 975**

Note 25 - Godtgjørelser, lån til ledende ansatte med mer

Ytelser til ledende personer		**Lønn og annen godtgj.**	**Sluttet**
Styrets leder		125 000	
Øvrige styremedlemmer		320 000	
Timothy Russel Miller	CEO	1 350 000	des. 09
Alex Gundersen*	CFO	332 106	mar. 09
Hugo Kohmann	VP Software	608 137	
Jon G. Snilsberg	VP Marketing	727 864	sep. 09
Lynne Brocco	COO	494 930	mar. 09
Venkata Krishnan	CTO	808 628	aug. 09

Godtgjørelse til styret
Utbetalt godtgjørelse til styremedlemmene i 2009 er for styreperioden 2008/2009. Det utbetales ikke styrehonorar til ansattevalgte representanter i styret. Det er pr dato ikke utbetalt godtgjørelse til styret for perioden 2009/2010. I regnskapet for 2009 er det kostnadsført en godtgjørelse for siste styreperiode på kr. 222.500.

Etterlønn til daglig leder Timothy Miller
Etter avtale med styret fratrådte Timothy Miller sin stilling 31. desember 2009. Partene fremforhandlet en sluttkompensasjon på USD 80.000. Sluttvederlaget er blitt utbetalt i 2010, men er kostnadsført i regnskapet for 2009.

Ny daglig leder
Glenn Nøstdahl ble 22. desember 2009 ansatt som daglig leder og han tiltrådte stillingen 1. januar 2010. Han forventes ikke å bruke full tid på stillingen og har en årslønn på kr. 90.000. Han har ingen avtaler om etterlønn ved fratredelse.

Lån til daglig leder og styremedlemmer
Det foreligger ingen lån til daglig leder, aksjeeiere eller medlemmer av styret pr 31.12.2009.

Revisor
Kostnadsført revisjonshonorarer for morselskapet og konsernet i 2009 utgjør følgende beløp eksklusive mva:

	Morselskap	Konsern
Lovpålagt revisjon	306 750	306 750
Skatterådgivning	24 000	24 000
Andre tjenester utenfor revisjon	115 500	115 500
Sum honorar	446 250	446 250

Hovedprinsipper for selskapets lederlønnspolitikk for 2010
Dolphin har hatt en utfordrende situasjon de senere år med betydelig fall i omsetningen, underskudd og en finansiell stilling hvor selskapet var nødt til å finne ekstern finansiering for å drive videre. Som følge av dette har styret de siste to årene arbeidet kontinuerlig med en omlegging av den operative virksomheten og en restrukturering av selskapet. Siktemålet har vært å bevare arbeidsplasser og verdiene for selskapets kreditorer og aksjonærer. Denne restruktureringen ble sluttført i første kvartal 2010. Dette har medført at selskapet er betydelig mindre enn tidligere, og året 2010 vil fremstå som en restart av virksomheten.

Målsetningen med incentivordningene er at de bidrar til å få reetablert lønnsom drift i selskapet ved å:

- Holde de løpende faste lønnskostnadene på et akseptabelt nivå i forhold til konkurrenter og relevant lønnstatistikk
- Motivere nøkkelpersonell til å bli værende i bedriften
- Motivere alle til å yte litt ekstra

Følgende generelle retningslinjer gjelder:

- Fast lønn til ansatte og styre skal holdes på et akseptabelt nivå for selskapet, og for å oppnå dette er det etablert incentivordninger i form av aksjeopsjoner og bonusordninger
- Incentivordningene skal utformes slik at de ikke kan skade selskapets omdømme.
- Incentivordningene skal være utformet slik at aksjonærenes interesser og interessene til selskapets nøkkelpersonell er best mulig synkronisert. Dette blir søkt gjennomført ved at incentivordningene først får verdi når selskapet har oppnådd resultater som forventes å gi en merverdi til aksjonærene.
- Selskapet skal følge norske regler for etablering av pensjonsordning og andre vanlige tilleggsgoder, men at slike ordninger holdes på et minimumsnivå og med avtaler som gir størst mulig fleksibilitet.
- Det skal settes øvre begrensninger på avtaler om kontantbonuser.

For styret tilbys hvert enkelt medlem to alternative modeller for avlønning

1. En lav kontant betaling og opsjoner
2. Markedsmessig styrehonorar uten opsjoner

Da selskapet ikke har en egen kompensasjonskomité, vil valgkomiteen avgi innstilling om selskapets incentiv plan.

Redegjørelse for lederlønnspolitikk i 2009:
På bakgrunn av selskapets utvikling i 2009 ble styrets hovedfokus å redusere kostnadene mest mulig i løpet av året. Dette innebar at flere personer i ledergruppen også fikk lønnen redusert. Samtidig ble det inngått avtale med flere av selskapets ledere om at de fratrådte sine stillinger. De permitteringer som har blitt gjennomført i Norge har også inkludert personer i selskapets ledergruppe.

Note 26 – Opsjoner

Oversikt over utestående opsjoner:	**2009**	**2008**
Utestående opsjoner 1.1	150 548	110 259
Tildelt i løpet av året	176 500	113 000
Utløpt i løpet av året	-196 602	-72 711
Utøvd i løpet av året	0	0
Utestående opsjoner 31.12	**130 446**	**150 548**
Herav opptjent	52 946	51 272

På bakgrunn av en spleis av selskapets aksjer som er blitt gjennomført i løpet av 2009 har tidligere opsjonsordninger blitt justert på samme måte slik at 10 tidligere opsjoner har blitt til en opsjon og opprinnelig utøvelseskurs er multiplisert med 10. Opsjonene fordeler seg på 5 forskjellige incentivprogrammer som er gitt fra 2007 og til 2009 slik det er redegjort for nedenfor. Med unntak av de tegningsretter som er gitt til tidligere ansatte i StarGen Inc har tildeling av opsjoner i henhold til nytt opsjonsprogram skjedd under forutsetning av at de ansatte frafaller tildeling i henhold til tidligere opsjonsprogram. Bakgrunn for dette er at utviklingen i selskapets aksjekurs har medført at de eldre ordningene i realiteten har vært tilnærmet verdiløse. Regnskapsmessig har man i henhold til gjeldende regnskaps-standarder fortsatt å kostnadsføre opsjonskostnaden i de tidligere ordningene. En oversikt over status i de ulike ordninger følger nedenfor.

1) Ansatte i tidligere StarGen Inc ble tildelt totalt 90.000 tegningsretter til en utøvelseskurs på kr 139,00 pr aksje. Utestående tegningsretter er 51.746 pr 31.12.2009 og samtlige er opptjent. Seneste dato for innløsning av alle delene er 16.02.2012. Ingen av opsjonene har blitt innløst pr 31.12.2009.

2) Ansatte ble i 2007 tildelt totalt 32.600 opsjoner til en utøvelseskurs på kr 175,00 pr aksje. Opptjeningstiden var 2 år og opsjonene kunne opprinnelig utøves i inntil 4 år fra tildelingsdatoen. Ved utgangen av 2009 var det utestående 1.200 opsjoner knyttet til denne ordningen, mens øvrige opsjoner er bortfalt. De utestående opsjonene er opptjent.

3) En stor del av de ansatte ble tildelt til sammen 84.000 opsjoner i juli 2008 til en utøvelseskurs på kr 24,70 pr aksje. Opsjonene var oppdelt i 3 "lotter" med opptjeningstid på henholdsvis 1 år, 2 år og 3 år. Opsjonene kunne utøves innen 6 år fra tildelingsdatoen. Samtlige av disse opsjonene er bortfalt ved utgangen av 2009.

4) En stor del av de ansatte ble i tillegg tildelt til sammen 29.000 opsjoner i oktober 2008 til en utøvelseskurs på kr 11,20 pr aksje. Opsjonene var oppdelt i 3 "lotter" med opptjeningstid på henholdsvis 1 år, 2 år og 3 år. Opsjonene kunne utøves innen 6 år fra tildelingsdatoen. Samtlige av disse opsjonene er bortfalt ved utgangen av 2009.

5) Ansatte ble i juli 2009 tildelt totalt 176.500 opsjoner i juli 2009 til en utøvelseskurs på kr 3,50 pr aksje. På samme måte som for tildelingene i 2008 er opsjonene oppdelt i 3 "lotter" med opptjeningstid på henholdsvis 1 år, 2 år og 3 år, samt at de kan utøves innen 6 år fra tildelingsdatoen. I løpet av året har 99.000 av opsjonene bortfalt, slik at utestående antall opsjoner ved årsskiftet utgjør totalt 77.500 opsjoner. Ingen av disse opsjonene er opptjent pr 31.12.2009.

Virkelig verdi av de tildelte opsjonene i perioden ble beregnet med Black-Scholes opsjonsprisingsmodell. De viktigste forutsetningene på tildelingstidspunktet har for de ulike ordningene vært som følger:

- Sist kjente aksjekurs på hhv kr 13,90 for program 1, kr 91,50 for program 2, kr 24,70 for program 3 og kr 11,20 for program 4 og kr 3,50 for program 5.
- Risikofri rente hhv på 4,63 %, 4,75 %, 5,27 %, 4,32 % og 3,45 % basert på renten på norske statsobligasjoner med tilsvarende løpetid som opsjonene.
- Opsjonens løpetid (se over).
- Volatilitet på hhv 40 % for program 1, 2 og 5 samt en volatilitet på 55,7 % og 57,2 % for program 3 og 4. Volatiliteten er basert på data fra Oslo Børs og en skjønnsmessig vurdering.
- Estimat for total utøvelse av opsjonene, varierer mellom 60-100 % avhengig av tid frem til opptjening.

Virkelig verdi på opsjoner til ansatte kostnadsføres som lønnskostnad i den perioden opsjonene blir opptjent. Kostnadsført beløp i 2009 utgjør kr 147.796 (kr 578.980 i 2008).

Note 27 - Resultat pr. aksje

Resultat pr aksje er beregnet ved å dele årsresultatet før eventuelle minoritetsinteresser med et veid gjennomsnitt av antall utstedte aksjer gjennom året.

	2009	2008
	-42 662	-67 851
Årsresultat etter skatt (majoritetens andel)	380	313
Veid gjennomsnitt av antall utstedte aksjer	2 267 111	1 944 536
Resultat etter skatt pr aksje	**-18,82**	**-34,89**
	-38 983	-71 583
Totalresultat (majoritetens andel)	655	080
Veid gjennomsnitt av antall utstedte aksjer	2 267 111	1 944 536
Totalresultat pr aksje	**-17,20**	**-36,81**

Utvannet resultat pr aksje tilsvarer resultat pr aksje da innløsningskurs for opsjonene i 2009 har vært høyere enn børskurs.

Note 28 - Transaksjoner med nærstående parter

Ved utgangen av 2009 har morselskapet fordringer på datterselskapet i USA med kr 21.991.054 (kr 29.872.509 pr 31.12.2008), beløpet inngår i andre kortsiktige fordringer for morselskapet. Fordringen er nedskrevet med kr Det er beregnet renter på fordringene med kr 8.926.150 slik at regnskapsført verdi i morselskapsregnskapet utgjør totalt kr 13.932.238. På bakgrunn av datterselskapets egenkapitalsituasjon er lånet ikke renteberegnet i 2009 (kr 1.018.760 ble beregnet i renter i 2008).

Selskapet inngikk 22.desember 2009 en lånefasilitet med selskapet GN Power AS på 5 millioner kroner. GN Power AS er et selskap som er kontrollert av Glenn Nøstdahl som tiltrådte som daglig leder 1. januar 2010. Det var ingen utbetalinger knyttet til lånefasiliteten i 2009 men det har vært utbetalinger under fasiliteten på 1,975 millioner kroner i 2010.

Note 29 - Hendelser etter balansedagen og fortsatt drift

om en følge av resultatutviklingen i løpet av 2009 har selskapets likviditetssituasjon i 2009 vært anstrengt. Selskapet har i 2010 fått et lån fra GN Power AS på 1,975 millioner kroner. For å sikre at man fikk tilstrekkelig tid til å gjennomføre en refinansiering av selskapet ble det i tillegg inngått avtale med noen kreditorer om utsatt forfall av gjeld i størrelsesorden 1 millioner kroner.

Styret og ledelsen har i mars/april vært i kontakt med enkelte av Dolphins største aksjonærer og andre investorer og invitert disse til å delta i en rettet emisjon. Denne prosessen har medført at man har lykkes med å skaffe ugjenkallelige fullmakter til å tegne 11,658 millioner kroner i en rettet emisjon. Totalt har ni eksisterende aksjonærer og fem nye investorer avgitt slike fullmakter til styrets leder om tegning av 5,829 millioner aksjer til en tegningskurs på kroner 2,- pr aksje. Tegningskursen er satt lik aksjens pålydende. Styrets forslag til rettet emisjon skal behandles på en ekstraordinær generalforsamling i selskapet 7. mai. Tegningsbeløpet vil være disponibelt for selskapet i løpet av siste halvdel av mai. Denne rettede emisjonen vil bli etterfulgt av en reparasjonsemisjon hvor aksjonærer som ikke har fått muligheten til å delta i den rettede emisjonen. Tegningskursen i reparasjonsemisjonen vil være den samme som i den rettede emisjonen og vil bli gjennomført i månedsskiftet mai/juni. Reparasjonsemisjonen er begrenset til totalt 2,5 millioner kroner.

Under forutsetning av at emisjonene gjennomføres som forutsatt sammen med konsernets prognoser for 2010 og strategiske planer, kan styret i samsvar med regnskapslovens § 3-3a bekrefte at forutsetningene for fortsatt drift er tilstede og at regnskapet er avlagt under denne forutsetningen.

Erklæring fra styret og daglig leder

Styret og daglig leder har i dag behandlet og godkjent årsberetning og årsregnskapet for Dolphin Interconnect Solutions ASA, konsern og morselskap, for kalenderåret 2009 og per 31. desember 2009 (årsrapport 2009). Konsernregnskapet er avlagt i samsvar med de EU-godkjente IFRSer og tilhørende fortolkningsuttalelser, samt de ytterligere norske opplysningskrav som følger av regnskapsloven og som skal anvendes per 31.12.2009. Årsregnskapet for morselskapet er avlagt i samsvar med regnskapsloven og norsk god regnskapsskikk per 31.12.2009. Årsberetningen for konsern og mor er i samsvar med regnskapslovens krav og Norsk Regnskaps Standard nr. 16 per 31.12.2009. Etter vår beste overbevisning:

- er årsregnskapet 2009 for konsernet og morselskapet utarbeidet i samsvar med gjeldende regnskapsstandarder
- gir opplysningene i regnskapet et rettvisende bilde av konsernets og morselskapets eiendeler, gjeld og finansielle stilling og resultat som helhet per 31. desember 2009
- gir årsberetningen for konsernet og morselskapet en rettvisende oversikt over
  - ✓ utviklingen, resultatet og stillingen til konsernet og morselskapet
  - ✓ De mest sentrale risiko- og usikkerhetsfaktorer konsernet og selskapet står overfor

Oslo, 29. april 2010

___________________	___________________	___________________
Ole Henrik Eide Styrets leder	Alf Rasmussen Styremedlem	Marit Elisabeth Døving Styremedlem
___________________	___________________	___________________
Cecilie Vanem Styremedlem	Tor Alfheim Styremedlem	Simen Thoresen Styremedlem (representant for ansatte)
___________________		
Glenn Nøstdahl Daglig leder		

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Til generalforsamlingen i
Dolphin Interconnect Solutions ASA

REVISJONSBERETNING FOR 2009

Vi har revidert årsregnskapet for Dolphin Interconnect Solutions ASA for regnskapsåret 2009, som viser et underskudd på NOK 60.624.221 for morselskapet og et underskudd på NOK 42.662.380 for konsernet. Vi har også revidert opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til dekning av underskuddet. Årsregnskapet består av selskapsregnskap og konsernregnskap. Selskapsregnskapet består av resultatregnskap, balanse, kontantstrømoppstilling, oppstilling over endringer i egenkapitalen og noteopplysninger. Konsernregnskapet består av resultatregnskap, balanse, kontantstrømoppstilling, oppstilling over endringer i egenkapital og noteopplysninger. International Financial Reporting Standards som fastsatt av EU er anvendt ved utarbeidelse av årsregnskapet. Årsregnskapet og årsberetningen er avgitt av selskapets styre og daglig leder. Vår oppgave er å uttale oss om årsregnskapet og øvrige forhold i henhold til revisorlovens krav.

Vi har utført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder revisjonsstandarder vedtatt av Den norske Revisorforening. Revisjonsstandardene krever at vi planlegger og utfører revisjonen for å oppnå betryggende sikkerhet for at årsregnskapet ikke inneholder vesentlig feilinformasjon. Revisjon omfatter kontroll av utvalgte deler av materialet som underbygger informasjonen i årsregnskapet, vurdering av de benyttede regnskapsprinsipper og vesentlige regnskapsestimater, samt vurdering av innholdet i og presentasjonen av årsregnskapet. I den grad det følger av god revisjonsskikk, omfatter revisjon også en gjennomgåelse av selskapets formuesforvaltning og regnskaps- og intern kontroll-systemer. Vi mener at vår revisjon gir et forsvarlig grunnlag for vår uttalelse.

Vi mener at

- årsregnskapet er avgitt i samsvar med lov og forskrifter og gir et rettvisende bilde av selskapets og konsernets økonomiske stilling 31. desember 2009 og av resultatet, kontantstrømmene og endringene i egenkapitalen i regnskapsåret i overensstemmelse med International Financial Reporting Standards som fastsatt av EU.
- ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.
- opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til dekning av underskuddet er konsistente med årsregnskapet og er i samsvar med lov og forskrifter.

Uten at det har betydning for konklusjonene i avsnittet over, presiserer vi at fortsatt drift forutsetter gjennomføring av emisjon som beskrevet i styrets årsberetning. Vi viser til nærmere omtale i årsberetningen.

Oslo, 30. april 2010
BDO AS (org.nr. 994 855 573)

Trond-Morten Lindberg
statsautorisert revisor

BDO AS, et norsk aksjeselskap, er deltaker i BDO International Limited, et engelsk selskap med begrenset ansvar, og er en del av det internasjonale nettverket BDO, som består av uavhengige selskaper i de enkelte land.

Appendix 3: Annual Report for 2008

Dolphin Interconnect Solutions ASA

ANNUAL REPORT 2008

CONTENTS

CEO'S LETTER

2008 was a challenging year for the industry and Dolphin. As a company we faced a number of unexpected hurdles which necessitated changes in our original plans and prevented us from reaching our goals. As we struggled to gain market momentum it became necessary to institute a number of cost saving initiatives. Although many of the decisions and trade-off the company had to face were difficult I believe Dolphin is now better positioned to face the continued uncertain market.

Through this process the company maintained an overriding commitment to maintain its core technical competitive assets. The company possesses talent, technology and expertise unmatched in the industry. Its core competency lies in the sweet spot of an exciting emerging market with high growth potential. Although a number of initiatives had to be stopped or postponed the core strength of the company was preserved.

Through the initiative to spin out the Numascale business, the innovative technology embodied in the company's NumaChip development will be appropriately funded through venture investment. By restructuring the company's remaining cost profile the Dolphin Express software and hardware products can be a profitable business in the short term.

As we move forward in 2009 an important strategic initiative will be to build a strong network of partners. Through these partnerships Dolphin will deliver complete solutions to customers combining its best of class technologies with those of its partners. This model provides an effective and efficient path to growth in a competitive and fast moving industry.

In 2009 we will work aggressively to realize Dolphin's true potential. We thank you for your continued support.

Tim Miller
CEO

INVESTOR RELATIONS

The goal of the investor relations activities in Dolphin is to contribute to maximizing shareholder value. This is attained through timely, correct, equal and analytical presentation of relevant information concerning both Dolphin and its industry sector.

The nature of the business and operating activities in Dolphin are complex. The company believes that thorough and regular information for the financial community, in addition to scheduled quarterly presentations, is necessary to increase understanding of the company and its industry segment. This will contribute to a share price that correctly reflects the company's earnings potential and its underlying value as precisely as possible.

In view of Dolphin expansive plans to launch new products and enter new market segments in the years ahead, the company currently intends to retain all available financial resources and any earnings generated by operations to secure successful execution of these plans. Therefore, the Company does not anticipate paying dividends in the medium term horizon. All Dolphin shares are freely tradeable and each share carries one vote at the shareholders meetings.

The reporting language in the company is English. The company submits all relevant information to the Oslo Stock Exchange, as well as publishing this information on its website. Dolphin has entered into an agreement with Oslo Stock exchange for broad and simultaneous distribution of news and bulletins. Published material always includes slide material presentations when relevant.

Dolphin increased the share capital one times in 2008. The increase occurred in July where the share capital was increased by NOK 1,160,000 when 5,800,000 shares were issued at NOK 2.30 in a public issue. Total gross proceeds from the stock issue were NOK 13,340,000. The issue of the 5,800,000 shares was executed on an authorization to the board granted in the shareholders' meeting on 28 May 2008.

Total outstanding authorization to the board to increase the share capital in the company is NOK 40,000, which corresponds to 200,000 shares following the capital increases noted above. Total authorization corresponds to 0.9% of the company's share capital after the stock issue. Such a proxy makes it easier for the company to increase capital in connection to acquisitions or to strengthen the company's liquidity reserves if necessary. The authorization is valid until the ordinary shareholders' meeting in 2009.

In addition the board has an authorization to increase the share capital by a total of 5% of total outstanding shares through incentive programs to the employees in Dolphin. As of 31.12.2008 the board has given the employees a total of 1,130,000 options, which correspond to 4.98% of total outstanding shares. The option programs have duration of maximum 6 years. The authorization is valid until the ordinary shareholders' meeting in 2010.

On 26 June 2008 the company established a wholly owned subsidiary, Numascale AS. Effective 13 August 2008 all assets, intellectual property, personnel and activities related to the development of NumaChip were transferred to this subsidiary. The transfer was executed through a subscription for share wherein Dolphin acquired 2,079,699 shares at a share price of NOK 10 against a total consideration of NOK 29,796,990. On 8 September 2008 Numascale AS announced it had placed 634,706 shares in a private issue of shares directed towards shareholders in Dolphin. Further funding was then pursued from Norwegian and international venture investors. Although a term sheet for funding of Numascale AS was received in September it did not close as anticipated in December. Alternative funding sources are being pursued.

Prior to the IPO and listing on the Oslo Stock Exchange in April 2006, Dolphin had approximately 200 shareholders. Since then, total number of shareholders has steadily grown to 552 by January 2009. The increase in shareholder numbers has improved trading liquidity in Dolphin shares. In 2008 Dolphin had a Market-Maker agreement with Orion Securities. In the Market-Maker agreement, Orion made prices for a minimum volume of four lots at the maximum difference between the bid and ask price of 4%. The Market-Maker agreement was ended by March 13, 2009. Dolphin shares are classified on the OB Match segment.

Dolphin presents its quarterly and annual results to the financial community prior to opening of trading the same day as the results are released. Both investors and analysts are invited. The financial calendar for 2009 is:

28 May	Results 1st quarter
28 May	Annual shareholders meeting
20 August	Report 2nd quarter
12 November	Report 3rd quarter

Development of price and volume of trade of the Dolphin share at OSE

IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

The board of directors in Dolphin holds the opinion that corporate governance outlines the most important principles and guidelines for corporate management, and the definition of the relationship between the shareholders, the board of directors and the executive management of the company. In addition, the board of directors has implemented values and ethics guidelines. These, together with the Corporate Governance Code, exist to protect and forward the interests of shareholders and other interested parties, such as employees, customers and suppliers. In this section, all elements in the Norwegian Code of Practice for Corporate Governance are reviewed.

Business

Paragraph two of the articles of association defines Dolphin's business to be within development, marketing and sale of electronics. This includes hardware, software and other related products. Through the years, Dolphin has focused its resources on developing a unique competence in computer interconnect. Effective interconnects are needed between computers, as well as within and between the various components of a single computer.

Dolphin has expanded its area of strategic focus to include the database and data serving markets. The integration of former StarGen in 2007 adds to the Dolphin product range and widens the company's platform with the introduction of the new PCI Express products in early 2008. Lastly, the NumaChip launch is planned for 2009. This will reinforce Dolphin's position in the server market by expanding Dolphin's share of the valuable high-end server segment.

Equity and dividends

As of 31 December 2008 the equity ratio in Dolphin is 76%, compared to 91% in 2007 and 90% in 2006. The decrease is mainly due to write down of intangible assets in 2008. In 2008 the major development activities in Dolphin were the NumaChip project and SuperSockets software extensions for Dolphin Express products. At the same time, Dolphin was in the early launch phase with the Dolphin Express products. As the company is in an important period of product development, it is unlikely that any dividend will be paid over the medium term.

At the shareholders' meeting held on 28 May 2008, the board was given a proxy to increase the share capital by up to NOK 1,200,000. Of this, NOK 1,160,000 was used in July 2008 through a public issue of 5,800,000 shares. The proxy makes it easier for the company to complete capital increases connected to, for example, exercise of warrants, acquisitions and, if necessary, further strengthening of liquidity reserves. The proxy includes the possibility for the board to waive the pre-emptive rights of the existing shareholders if necessary. The proxy is not limited to any specific purpose and comprises of capital increases in return for non-cash contributions and a right to assume special obligations on behalf of the company, as well as a merger resolution in accordance with § 13-5 of the Limited Liability Companies Act. The authorization is valid until the ordinary general meeting in 2009.

At the shareholders' meeting on 28 May the board was authorized to increase capital by up to 5% of total outstanding shares for the purpose of implementing an employee options program. As of 31.12.2008 the board has given the employees a total of 1,130,000 options, which correspond to

4.98% of total outstanding shares. The option programs have duration of maximum 6 years. The authorization is valid until the ordinary shareholders' meeting in 2010.

Equal treatment of shareholders and transaction with close associates
Dolphin has only one class of share and this has no voting restrictions. The board of directors does not intend to submit any proposals to the general assembly concerning voting restrictions.

The company's policy on transactions with close associates is based on the requirement that all transactions must be at arm's length and at market price. In 2008, there have been no transactions with close associates in the company.

Freely negotiable shares
Dolphin has no restrictions on the negotiability of its shares and the board of directors does not intend to submit any proposals to the general assembly concerning any such restrictions.

General assembly
Dolphin has followed the period of notice stipulated in the Norwegian Public Limited Companies Act, i.e. 14 days' notice, as there are no limitations in the company's articles of association, or otherwise, concerning the period of notice. In 2009, Dolphin will continue to strive to give notice and make relevant material available on the company's website no longer than 21 days prior to the meeting. As long as it's practical, Dolphin will continue to waive shareholders' requirement to notify their attendance of the meeting. The agenda and any supporting material will be comprehensive and contain detailed information on the resolutions under consideration, as well as any recommendations from the nomination committee. A proxy form is attached to the notification and the minutes of the meeting will be published on the company's website and made available for inspection at the company's offices.

Nomination committee
According to its articles of association, Dolphin has a nomination committee consisting of three members who are either shareholders or representatives thereof. The nomination committee must submit candidates for the board and its own composition to the annual general meeting, and propose compensation for members of the board. Members of the nomination committee are elected for a period of two years. Up until now, the chairman has been elected among the members. The annual general meeting held on 28 May 2008 elected the following committee: Riulf Rustad, Odd Eide and Hans Othar Blix. All members are independent of the Board of Directors.

Corporate assembly and board of directors – composition and independence
Under Norwegian law, Dolphin is not required to have a corporate assembly. There are five board members, each elected for two years at a time. The chairman of the board has up to now been elected among the board's members. The company's executive management is not represented on the board. The Board has accommodated employee representation on the board, and initiatives to nominate candidates are currently ongoing.
The annual general meeting held on 28 May 2008 elected the following directors: Marit Døving, Monica Myklebust Øyen, Tor Alfheim, Alf Rasmussen and Ole Henrik Eide (elected chairman by the members).

All members are considered independent of management and do not hold any significant business relationships with Dolphin. The majority of the board does not represent any of the largest shareholders. None of the board members are or have been employed by the company.

The work of the board of directors
The board of directors is elected by the shareholders to oversee the executive management and to ensure that the long-term interests of the shareholders and other interested parties are being served. The board's main responsibility is to determine the company's overall vision, goal and strategy.

The board has resolved and adopted a written set of rules and procedures. The purpose is to structure the work and administrative procedures of the board and to provide clear internal allocation of responsibility. According to these rules, the board should plan meetings six months ahead, prepare an annual work plan and evaluate progress and its own competence once a year. Furthermore, the board adopted a written set of rules and procedures for the CEO. These include comprehensive guidelines for the CEO's responsibilities and clearly distinguish between the responsibilities of the board and the CEO.

In addition, the board has resolved and adopted guidelines with regard to values and ethics (the 'code of conduct'). The purpose of the code of conduct is to create a sound corporate culture and to preserve the integrity of the Dolphin Group by helping employees promote good business practice. Furthermore, the code is intended to be a tool for self evaluation and a vehicle for development of the group's identity. The code applies to members of the board of directors, the CEO, members of management and other employees in all companies within the group, as well as others acting on behalf of Dolphin companies.

At the time of this report, the board is evaluating the need to establish sub-committees to ensure thorough and independent preparation and review of compensation paid to members of the executive management and the group's financial reporting.

Risk management and internal control
Dolphin has implemented instructions and written routines approved by the board in several areas from regulations for insider trading to guidelines for values and ethics.

A vital element of Dolphin's risk management is its implementation of high-quality written routines for the company's important business and reporting areas. Since October 2006, these have been ISO 9001:2000 approved.

Dolphin has implemented monthly financial reporting to the board of directors and quarterly interim reporting to the Oslo Stock Exchange. In order to reduce the overall financial risk, group accounts are consolidated every month, and discussed and analyzed in a monthly report to the board. Both the monthly and quarterly reports undergo internal quality control and, in addition, external resources are used to monitor the monthly accounts. The report includes main items from the balance sheet and working capital. The internal operating reports review economic and financial risk, in addition to the management's assessment of significant risk within major customer relationships, market segments and product development. Financial development is tracked and measured monthly against an approved annual budget. Financial reporting complexity is generally regarded as low in Dolphin.

An emphasis on risk management is reflected in Dolphin's business plan. All major budget assumptions and contingencies are discussed in detail. The annual business plan also includes guidelines for investor relations activity within the group.

Remuneration of the board
The remuneration to the board of directors is set at NOK 125,000 for the chairman and NOK 80,000 for each member. None of the directors receive compensation, including result or share-based payments, other than the annual fee decided by the annual shareholders meeting.

Remuneration of the executive management
The board of directors Issue and publish guidelines for the remuneration of the members of the executive management. Dolphin has a warrants program for former StarGen employees that signed up with Dolphin. All of the warrants have vesting criteria, while 80% are also subject to performance criteria being met. In addition, Dolphin has an options program for all employees. All of these options have vesting criteria. Further information on remuneration of the executive management is provided in note 25 to the financial statments.

Information and communication
Dolphin continues to maintain an open dialogue with the capital markets, and arranges regular presentations for investors, analysts and others. The main emphasis is on the timely, correct, equal and analytical presentation of relevant information concerning both Dolphin and its industry sector. The board has developed and implemented an investor relations policy for the company. As part of this policy, an investor relations execution plan with set targets is implemented and forms an integral part of the company's annual business plan.

As the company is engaged in a specialist industry, particular focus is placed on communicating in language understandable for investors who are not sector specialists. Information is published in the annual and quarterly reports, in presentations, on the website and through press releases. Dolphin communicates all share price sensitive information to the stock exchange and simultaneously publishes the information on the company's web pages. The company's operating language is English. All information is communicated within the framework established by securities and accounting legislation, and the rules and regulations of the stock exchange.

Corporate takeover
The board of directors will not seek to obstruct any takeover bids for the company unless resolved by a general meeting following announcement of the bid. In the event of a takeover bid, the board of directors will seek to ensure that all shareholders are treated equally and issue a statement that includes the board's assessment of the bid and its recommendation.

Auditor
The company's external auditor is appointed by the general assembly and is responsible for the financial audit of both the parent company, the Norwegian subsidiary, Numascale AS and the US subsidiary and the group accounts. The company's auditor for 2008 is BDO Noraudit. The auditor's primary objective is to audit with the accuracy, competence and integrity as dictated by relevant laws and professional standards. The board has developed and implemented guidelines for the auditor and its associate's non-audit work. These guidelines are intended to safeguard the independence and integrity of the auditor and the public's confidence in the company's audit. Dolphin continues to maintain relations with other audit firms for non-audit services to help secure the independence of the company's auditor.

DECLARATION BY THE BOARD OF DIRECTORS AND CEO

The Board of Directors and CEO have today discussed and approved the annual report and financial statements Dolphin Interconnect Solutions ASA, the Group and Parent company, for calendar year 2008 and per 31. December 2008 (Annual Report 2008). The consolidated accounts have been prepared in accordance with IFRS's approved by EU and interpretations, as well as the further Norwegian requirement arising from Norwegian Accounting act to be applied per 31.12.2008. The financial statements for the Parent company are prepared in accordance with the Norwegian Accounting Act and Norwegian generally accepted accounting principles per 31.12.2008. The annual report for the Group and the Parent is prepared in accordance with the Accounting Act requirements and the Norwegian Accounting Standard no. 16 per 31.12.2008. To the best of our conviction:

- the 2008 financial statements for the Group and Parent company, are prepared in accordance with applicable accounting standards
- information in the statements provide a true and fair view of the Group and Parent company's assets, liabilities and financial position and performance as a whole as at 31 December 2008
- the annual report for the Group and Parent company, give a true and fair view of:
  - the development, performance and position of the Group and Parent company
  - the most important risk and uncertainty factors faced by the Group and Parent company

Oslo, April 29th, 2009

Ole Henrik Eide Chairman of the board	Alf Rasmussen Member of the board	Marit Elisabeth Døving Member of the board
Timothy Russel Miller Managing Director	Tor Alfheim Member of the board	Simen Thoresen Member of the board (emp.rep.)

DIRECTORS' REPORT

The Dolphin Interconnect Solutions group (Dolphin) is located at Olaf Helsetsvei 6, Oslo Norway. The group owns 100% of Dolphin Interconnect Solutions North America Inc at 225 Cedar Hill Street Marlborough, MA 01752 USA (doing business as Dolphin, Inc.). Dolphin also owns and 72.7% of Numascale AS also located at Olaf Helsetsvei 6, Oslo Norway. The group is engaged in development, marketing and sales of computer hardware and software. The group's production is out-sourced to sub-contractors in Norway and various other countries, and the global sales and marketing activities are managed from the U.S. offices.

Products and product development
Over the last 2 years Dolphin has been executing a product generation transition. Older generation products continue to be sold but in decreasing volumes. No additional development investment is made in these older generation products. In 2007 the company was in a phase of active product development on the new generation products. In 2008 Dolphin entered a period of early launch of these new generation hardware products based on the PCI Express technology. Coupled with Dolphin's SuperSocket software suite these products form the core of the Dolphin Express product line. In 2008, as focus shifted to market launch, product development in the Dolphin Express business has been limited to development of several computer cards and additional software development to allow support for an expanding number of operating systems and applications.

The development of NumaChip continued in the subsidiary Numascale through 2008. The first prototypes are now expected to be available in 2009.

A large part of Dolphin's revenues in 2008 came from the older generation products sold to the embedded segment. This includes the StarFabric product line acquired with StarGen in 2007 and the SCI based products sold to several large OEM customers.

Market conditions
Dolphin achieved its stated financial goals for the first half of 2008 but market conditions deteriorated significantly during the second half of the year. The company invested significantly to capitalize on opportunities with Dolphin Express in the Oracle marketplace. By Q3 however it became clear that obstacles in that marketplace would require additional time to overcome and the decision was made to reduce overall cost and focus sales efforts more narrowly. The overall market conditions at the end of the year had a negative impact on the legacy business sales as well although no major customers were lost.

The market timing for the new PCI Express products appears positive in 2009 as interest in using PCI Express as a system interconnect solutions grows. Dolphin is positioning to take advantage of this trend with by developing strategic partnerships. The opportunity to leverage the unique software capabilities Dolphin possess on top of standard PCI Express hardware is especially promising.

In the first half of 2008 it also became clear the NumaChip development would require significant additional investment and could not be covered through cash generated by operations. It was decided to spin-out the development into a separate subsidiary which could be funded separately. Although a term sheet for funding of Numascale was received in September it did not close as

anticipated in December. Alternative funding sources are being pursued. NumaChip will address the untapped segment for shared memory servers.

With the new PCI Express-based hardware developed by StarGen, Dolphin is able to address new areas of the interconnect market. This opportunity forms the basis of the group's prediction that most growth will come from new markets and unexploited segments of existing markets.

The organization
To adjust for the lower than planned revenue during the year a number of cost cutting initiatives were executed. This included reduction in headcount on a worldwide basis impacting all functions within the organization. A more focused sales and marketing strategy using lower resources was put in place to focus on MySQL rather than Oracle and cultivating sales through a partner network. Several lower priority development efforts were stopped or postponed so engineering resources could focus on the highest return programs. Several initiatives to consolidate operations were also undertaken to compensate for fewer operational and administrative resources.

Finance
Total revenue in the group increased from NOK 27,333,762 in 2007 to NOK 32,985,688 in 2008, a growth of 20.7%. Product sales however decreased from 27,333,762 to 24,830,368, a reduction of 9.2%. This reduction reflects the continued decline of the legacy products StarFabric and SCI-based products and the slow growth of the newly launched Dolphin Express product line. The expiry of large OEM contracts for the SCI based product is the major explanation of the continued decline in the SCI based products. Sales were distributed geographically as follows: 50% in Europe, 37% in US, 7% in Japan and 6% in other areas. Only a negligible share of the revenue was from sales to companies in Norway.

The group's operating expenses decreased from NOK 51,047,220 in 2007 to 48,118,253 in 2008. The reduction equals 5.7%

The Group performs impairment testing of intangible assets and goodwill according to IAS 36 annually or whenever there is any indicator of impairment of the booked assets in the Group accounts. As of 31.12.2008, Dolphin owns 72.7% of Numascale AS, the assets booked in Numascale therefore undergoes similar measurements.

The impairment tests are based on discounting future net cash flows. Due to a reduction in the expected sales growth for the coming years, the worsened economic climate and high financial risk, the discounted value of future cash flow has been significantly reduced. The Board therefore found it correct to write down the value of the intangible assets in the Group accounts to reflect the current value resulting from the impairment tests performed in February 2009. These tests are based on the Boards best estimate for future revenue and cost as well as assessment of financial risk. However, the current economic climate has made budget planning and risk assessment more uncertain, and the Board will therefore conduct impairment analysis more frequently in 2009. Given further reduction in future estimates for product sales, higher financial risk and/or ability for Numascale to establish funding, further write downs may be warranted.

Intangible assets in the form of capitalized development cost related to Dolphin Express products has been written down by NOK 24,114,706 in the Group accounts for 2008. Part of the write down of capitalized development cost is related to excess values from the acquisition of StarGen Inc in 2007. The goodwill resulting from this acquisition has subsequently been written off in it's entirety by NOK 8,619,170. In addition, the value of capitalized development cost in Numascale has been written down by NOK 7,565,246 in the Group accounts.

During the second quarter 2008 Dolphin resolved to put the development of the SCI based P2S chip on hold and capitalized development cost of NOK 3,839,280 relating to this project was written off. Also in the second quarter 2008, Dolphin wrote off 6,836,859 related to the development of NumaChip in connection with the transfer of the assets related to this project to the subsidiary Numascale AS.

After the above write down, the operating loss for the Group in 2008 was NOK 72,835,433, compared to a loss of NOK 26,129,155 in 2007.

Due to loss on operation in 2008 and the uncertain economic outlook the Board has also found it correct to reverse the capitalization of deferred income tax assets of NOK 9,710,424. Additionally, deferred income tax liabilities of NOK 4,734,700 has been reversed as a result of the write down of the excess values described above. In sum, the reversal of tax assets and liabilities results in a non payable tax charge of NOK 3,977,062 in the Group accounts for 2008.

Net loss in the Group amounted to NOK 69,273,530 for the fiscal year 2008 compared to 26,222,861 for 2007. Of the deficit for 2008, 1,422,217 is attributable to minority interests and 67,851,313 is attributable to the equity holders of the parent company.

Total cash flow from operational activities in the Group was NOK -12,610.684 in 2008 compared to NOK -16,521,705 in 2007.

Total cash and cash equivalents were NOK 11,832,396 at the end of 2008, a decrease from NOK 32,664,426 as of 31.12.2007. The decrease reflects the continued negative cash flow from operations and investments, in particular in Numascale. The stock market has been through a very week period in 2008 and the beginning of 2009. The price of the shares in the company has fallen sharply through the same period. The combination of this and the lack of clear evidence of growth and significant contribution from new products have reduced the Group's ability to self finance through issuing new shares. For this reason, the management of the Group's cash reserves have the highest priority in 2009 and on March 17th, the company announced that it will implement further significant reductions to operating cost compared to the cost level by the end of 2008.

Total current assets for the group were NOK 29,220,443 at the turn of the year, versus NOK 46,706,198 by the end of 2007.

Total assets in the group were NOK 71,761,259 by the end of 2008 compared to 120,573,886 as of 31.12.2007. The reduction can to a large extent be explained by the write down of intangible assets described above. The equity ratio for the Group as of 31.12.2008 is 76% compared to 91% as of 31.12.2007.

Allocation of result and free equity
The board suggests that the year's deficit in the parent company of NOK -51,898,772 is covered by transfer from other equity. As of 31.12.2008 there was no free equity in the parent company.

Future outlook
During the second half of 2008 it became clear that market barriers for Dolphin Express in the Oracle marketplace was higher than anticipated. However, the continued decline in legacy business and the slower ramp in Dolphin Express necessitated implementation of significant cost reductions and organizational restructuring. Adjustments to sales strategy and resources were undertaken to focus on nearer term opportunities.

It is anticipated the legacy SCI business will continue to decline through the first half of 2009 when final orders from the last major SCI OEM contract will ship. Legacy StarFabric business is impacted by general economic conditions and although no major current customers have been lost order rates are down. This will most likely continue during the economic downturn. The company has refocused its sales activities to OEMs and through new partnerships, and these are expected to produce modest product growth over the next several quarters.

After the transfer of assets and activities related to the development of NumaChip to Numascale in 2008, the cost level in the remaining part of the company has been significantly reduced. On March 17, 2009 the company announced further significant cost reductions. Although cash reserves at the end of 2008 are relatively low, these measures will further reduce cash usage and growth gap to positive cash generation.

Financial risk
Market risk: The group is exposed for changes in foreign exchange rates as most of the group's revenue is in EUR or USD. Recent appreciation of the USD and EUR has led to higher revenue from product sales, but also higher cost due to the operations in the US and due to foreign suppliers invoicing in USD and EUR. The use of forward contracts for sale and purchase of foreign exchange is evaluated on a continual basis.

Credit risk: The risk of a trading partner being unable to fulfill its financial obligations is considered low, and Dolphin has historically had low loss on trade receivables. A significant part of the revenue is still on long term contracts. The group has currently no financial agreements or instruments to minimize credit risk, but will evaluate the use of such as the customer portfolio evolves.

Liquidity risk: Cash and cash equivalents amounts to NOK 11,832,396 in the Group as of December 31 2008. This level of cash and cash equivalents are considered to be low and calls for particular management attention in order to minimize related risk. The Group is listed on the Oslo Stock Exchange and the equity market is considered to be the primary source of funding. However, the current economic climate and lack of evidence of growth from new products have made the company's ability to raise funds through the issuance of stock uncertain. Although cash usage is expected to fall from Q2 2009, the Group expects negative cash flow also in parts of 2009 and liquidity risk must therefore be considered to be high. Payment-due terms for trade receivables have been largely maintained during 2008.

Internal environment:
The work environment in Dolphin is considered to be satisfactory. The sick-leave rate is relatively low. There have not been any work-related accidents, occupational injuries or serious damage to equipment in 2008.

Dolphin has an arrangement with a health service that includes analysis and suggestions for improvements in the working environment, and is in compliance with the relevant laws regarding health, safety and the environment. During 2008, no major changes in HSE policy have been necessary.

External environment
Dolphin's operations do not directly pollute the external environment. The group's products have, as other electronic products, contained lead and other substances regarded hazardous to the environment. In co-operation with its vendors, the group has in the period 2005 to 2008, implemented changes in the products so that they comply with the RoHS directives. The new products have been gradually phased in for customer use during the last years. Some customers in the medical and military markets are excluded from the requirements at this stage.

Equality
Dolphin has 35 employees at the end of 2008, including 7 women. The group's goal is to provide a workplace with full equality between men and women. The group has implemented a policy that aims to provide gender equality in issues such as salaries, advancement and recruiting.

Working hours in the group relate to the various positions and are independent of gender. Apart from this, the ratio of employees working part time is higher among women.

Originally the board consisted of 3 men and 2 women, but Monica June Myklebust Oyen resigned from the Board for personal reasons August 28, 2008. After the resign the assembly of the board has not been in compliance with The Public Limited Liability Companies Act Section 6-11a. An initiative to identify a replacement female director is in process.

The profit and loss account
In the opinion of the board of directors, the proposed profit and loss account and balance sheet give a correct picture of the group and group's position as of 31.12.2008.

Going concern
In accordance with the Norwegian Accounting Act, §3-3a, it is hereby confirmed that the assumptions of going concern are in effect. This assumption is based on prognoses for 2009 results and the group's long-term strategic forecasts for the years to come.

Oslo, April 29th, 2009

Ole Henrik Eide Chairman of the board	Alf Rasmussen Member of the board	Marit Elisabeth Døving Member of the board
Timothy Russel Miller Managing Director	Tor Alfheim Member of the board	Simen Thoresen Member of the board (emp.rep.)

Dolphin Interconnect Solutions ASA

Income Statement

Parent Company 2007	Parent Company 2008		Note	Group 2008	Group 2007	Group 2006
		OPERATING REVENUES				
13 922 574	14 952 693	Sales	8	24 830 368	27 333 762	32 091 691
0	0	Other operating revenue	22	8 155 320	0	3 949 841
13 922 574	**14 952 693**	**TOTAL OPERATING REVENUE**		**32 985 688**	**27 333 762**	**36 041 532**
		OPERATING EXPENSES				
5 911 325	4 579 255	Cost of goods sold		7 790 841	9 814 806	14 662 028
16 713 577	11 407 420	Payroll expenses	21,23,25,26	26 080 060	25 114 756	11 884 495
10 701 771	7 079 377	Other operating expenses	13,24,25	14 247 351	16 117 658	12 168 929
33 326 673	**23 066 052**	**TOTAL OPERATING EXPENSES**		**48 118 253**	**51 047 220**	**38 715 452**
-19 404 099	**-8 113 359**	**EBITDA**		**-15 132 564**	**-23 713 458**	**-2 673 920**
1 323 524	1 899 068	Depreciation	9,10,11	6 727 607	2 415 697	348 419
0	13 281 926	Write down	10,12	50 975 261	0	6 038 104
-20 727 623	**-23 294 353**	**OPERATING PROFIT (EBIT)**		**-72 835 433**	**-26 129 155**	**-9 060 443**
		FINANCIAL INCOME AND COSTS				
1 186 202	1 690 351	Interest income	28	615 994	989 521	1 234 333
568 404	8 726 649	Foreign exchange gains		9 096 393	568 404	1 580 305
1 495 141	1 711 895	Foreign exchange losses		2 000 760	1 495 141	1 536 725
0	27 434 695	Write down of shares		0	0	0
150 623	164 405	Interest and other financial expense		172 662	151 681	82 516
108 842	**-18 893 995**	**NET FINANCIAL PROFIT**		**7 538 965**	**-88 897**	**1 195 397**
-20 618 781	**-42 188 348**	**PROFIT BEFORE TAXES**		**-65 296 468**	**-26 218 052**	**-7 865 046**
0	9 710 424	Income taxes	20	3 977 062	4 809	-3 989 793
-20 618 781	**-51 898 772**	**PROFIT OF THE YEAR**	27	**-69 273 530**	**-26 222 862**	**-3 875 253**
		Attributable to:				
		Minority interests		-1 422 217	0	0
		Equity holders of the parent company		-67 851 313	-26 222 862	-3 875 253
		TRANSFERS				
-20 618 781	-51 898 772	Allocated to retained earnings				
-20 618 781	**-51 898 772**	**TOTAL TRANSFERS**				

Dolphin Interconnect Solutions ASA

Balance sheet

Parent Company 2007	Parent Company 2008	ASSETS	Note	2008	Group 2007	2006
		NON-CURRENT ASSETS				
22 897 430	2 883 896	Capitalized development cost	10	42 344 089	62 947 211	8 911 664
9 710 424	0	Deferred income tax assets	20	0	9 710 424	9 710 424
278 073	159 731	Operating equipment	9	196 727	925 694	179 344
40 170 406	29 876 218	Shares in subsidiaries	5	0	0	0
0	0	Other long term receivables		0	284 359	2 189
73 056 333	**32 919 845**	**TOTAL NON-CURRENT ASSETS**		**42 540 816**	**73 867 688**	**18 803 621**
		CURRENT ASSETS				
8 424 348	5 883 645	Inventories	14	11 415 016	9 034 552	11 296 088
1 582 096	1 650 260	Trade receivables	13	2 771 020	3 627 865	1 764 659
10 139 620	32 754 235	Other short term receivables	13,28	3 202 010	1 379 354	3 908 499
30 800 245	7 755 741	Cash and cash equivalents	15	11 832 396	32 664 426	48 553 242
50 946 309	**48 043 881**	**TOTAL CURRENT ASSETS**		**29 220 443**	**46 706 198**	**65 522 488**
124 002 642	**80 963 726**	**TOTAL ASSETS**		**71 761 259**	**120 573 886**	**84 326 109**

Dolphin Interconnect Solutions ASA

Balance sheet

Parent Company 2007	Parent Company 2008	EQUITY AND LIABILITIES	Noter	2008	Group 2007	2006
		EQUITY				
		Subscribed equity				
3 374 222	4 534 222	Share capital	16,17,26,27	4 534 222	3 374 222	1 790 468
101 051 836	112 119 278	Share premium fund	17	112 119 278	101 051 836	44 041 951
104 426 058	**116 653 500**	**Total subscribed equity**		**116 653 500**	**104 426 058**	**45 832 419**
		Retained equity				
11 163 230	-40 156 562	Retained earnings	17	-66 033 668	5 467 165	29 881 606
11 163 230	**-40 156 562**	**Total retained equity**		**-66 033 668**	**5 467 165**	**29 881 606**
0	**0**	**Minority interests**		**4 236 540**	**0**	**0**
115 589 288	**76 496 938**	**TOTAL EQUITY**		**54 856 372**	**109 893 223**	**75 714 025**
		NON CURRENT LIABILITIES				
0	0	Deferred tax liability	20	2 857 926	0	0
561 389	588 633	Other long-term liabilities	19	588 633	561 389	883 751
561 389	**588 633**	**TOTAL NON CURRENT LIABILITIES**		**3 446 559**	**561 389**	**883 751**
		CURRENT LIABILITIES				
4 753 650	1 479 619	Trade payables	28	9 222 440	6 871 413	4 814 349
1 219 247	898 030	Public duties payable	15	1 232 784	1 219 247	1 248 197
1 879 068	1 500 506	Other current liabilities	18	3 003 104	2 028 614	1 665 787
7 851 965	**3 878 155**	**TOTAL CURRENT LIABILITIES**		**13 458 328**	**10 119 274**	**7 728 333**
124 002 642	**80 963 726**	**TOTAL EQUITY AND LIABILITIES**		**71 761 259**	**120 573 886**	**84 326 109**

Oslo, April 29th, 2009

Ole Henrik Eide Chairman of the board	Alf Rasmussen Member of the board	Marit Elisabeth Døving Member of the board
Timothy Russel Miller Managing Director	Tor Alfheim Member of the board	Simen Thoresen Member of the board (emp.rep.)

Dolphin Interconnect Solutions ASA

Statement of Cash Flow

The statement of cash flow is a systematic overview that shows how the company has received and used cash and cash equivalents during the year. The statement of cash flow is supposed to present the development of operation, investment and financing during the periods.

Parent Company 2007	Parent Company 2008		Group 2008	Group 2007	Group 2006
		Cash flow from operational activities			
-20 618 781	-42 188 348	Operating result before tax	-65 296 468	-26 218 053	-7 865 046
0	0	Paid taxes	-27 883	-4 809	-8 061
1 323 524	1 899 068	Depreciation	6 727 607	2 415 697	348 431
0	13 281 926	Write down of intangible assets	50 975 261	0	6 038 104
0	27 434 695	Write down of shares	0	0	0
0	0	Changes in pension obligations	0	0	-1 846 194
2 175 116	578 980	Cost of options	578 980	2 175 116	0
2 871 740	2 540 703	Changes in inventory	-2 201 395	2 261 536	-3 779 635
182 563	-68 164	Changes in receivables	1 457 191	-1 863 206	670 740
-339 992	-3 274 031	Changes in trade payables	1 701 547	2 057 064	708 276
-5 784 881	-23 314 388	Changes in other current assets/debt items	-6 525 524	2 654 950	-605 873
-20 190 711	**-23 109 559**	**Net cash flow from operational activities**	**-12 610 684**	**-16 521 705**	**-6 339 258**
		Cash flow from investment activities			
-5 245 794	-17 140 507	Aquisition of subsidiary	0	0	0
-196 038	-22 060	Purchase of operating equipment	-22 060	-1 935 827	-187 474
-15 211 986	-12 016 324	Purchase of intangible assets	-26 193 056	-20 348 729	-7 868 310
0	16 989 260	Disposals of intangible assets	0	0	0
-20 653 818	**-12 189 631**	**Net cash flow from investment activities**	**-26 215 116**	**-22 284 556**	**-8 055 784**
		Cash flow from financial activities			
-322 362	27 244	Payment of long term debt	27 244	-322 362	-343 629
0	0	Issue of shares in subsidiary	5 192 025	0	0
23 669 027	12 227 442	Issue of shares	12 227 442	23 669 027	44 293 634
23 346 665	**12 254 686**	**Net cash flow from financial activities**	**17 446 711**	**23 346 665**	**43 950 005**
-17 497 864	-23 044 504	Net changes in cash and cash equivalents	-21 379 089	-15 459 596	29 554 963
0	0	Foreign exchange changes	547 059	-429 220	-17 300
48 298 109	30 800 245	Cash and cash equivalents 01.01	32 664 426	48 553 242	19 015 579
30 800 245	**7 755 741**	**Cash and cash equivalents 31.12**	**11 832 396**	**32 664 426**	**48 553 242**

Dolphin Interconnect Solutions ASA

Statement of changes in equity

Parent Company	Share Capital	Share premium fund	Other Equity	Total Equity
Equity 01.01.2007	1 790 468	44 041 951	29 606 895	75 439 314
Issue of shares (StarGen acquisition)	506 154	34 418 458	0	34 924 612
Issue of shares	181 000	7 964 000	0	8 145 000
Issue of shares	896 600	15 914 654	0	16 811 254
Cost of issue of shares	0	-1 287 227	0	-1 287 227
Cost of options to employees	0	0	2 175 116	2 175 116
Net profit	0	0	-20 618 781	-20 618 781
Equity 31.12.2007	**3 374 222**	**101 051 836**	**11 163 230**	**115 589 288**
Equity 01.01.2008	3 374 222	101 051 836	11 163 230	115 589 288
Issue of shares	1 160 000	12 180 000	0	13 340 000
Cost of issue of shares	0	-1 112 558	0	-1 112 558
Cost of options to employees	0	0	578 980	578 980
Net profit	0	0	-51 898 772	-51 898 772
Equity 31.12.2008	**4 534 222**	**112 119 278**	**-40 156 562**	**76 496 938**

Group	Share Capital	Share premium fund	Other Equity	Total Equity
Equity 01.01.2007	1 790 468	44 041 951	29 881 606	75 714 025
Issue of shares (StarGen acquisition)	506 154	34 418 458	0	34 924 612
Issue of shares	181 000	7 964 000	0	8 145 000
Issue of shares	896 600	15 914 654	0	16 811 254
Cost of issue of shares	0	-1 287 227	0	-1 287 227
Cost of options to employees	0	0	2 175 116	2 175 116
Currency translation differences	0	0	-366 695	-366 695
Net profit	0	0	-26 222 862	-26 222 862
Equity 31.12.2007	**3 374 222**	**101 051 836**	**5 467 165**	**109 893 223**
Equity 01.01.2008	3 374 222	101 051 836	5 467 165	109 893 223
Issue of shares	1 160 000	12 180 000	0	13 340 000
Cost of issue of shares	0	-1 112 558	0	-1 112 558
Issue of shares in subsidiary	0	0	5 162 024	5 162 024
Cost of options to employees	0	0	578 980	578 980
Currency translation differences	0	0	-3 731 767	-3 731 767
Net profit	0	0	-69 273 530	-69 273 530
Equity 31.12.2008	**4 534 222**	**112 119 278**	**-61 797 128**	**54 856 372**

Note 1 - General information

Dolphin Interconnect Solutions ASA and its subsidiary in the U.S. develops, manufactures and markets high-speed, high-bandwidth interconnect products based on the Scalable Coherent Interface. The Group sells its products all over the world, but the main markets are in the US, Japan and Europe. The sale is handled directly, in OEM agreements, by resellers and by distributors and integrators.

Dolphin Interconnect Solutions ASA is a Norwegian company, with headquarter in Oslo.

These consolidated financial statements have been approved for issue by the Board of Directors on April 29th 2009.

Note 2 - Summary of significant accounting policies

2.1 Basis of preparation
The consolidated financial statements of Dolphin Group have been prepared in accordance with International Financial Reporting Standards (IFRS).

The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 6.

2.2 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 recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Foreign currency translation
(a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in NOK, which is the Company's functional and presentation currency.

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

(c) Group companies
The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
(ii) income and expenses for each income statement are translated at average exchange rates
(iii) all resulting exchange differences are recognized as a separate component of equity.

2.4 Operating equipment
All machinery and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the 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.

Depreciation on all assets is calculated using the straight-line method to allocate their cost or revalue amounts to their residual values over their estimated useful lives, as follows:
– Furniture, fittings and equipment 3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount, se note 2.6.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

2.5 Intangible assets
Research and development
Development cost of products which can be measured with reliability and that probably will generate future economic benefits is capitalized and depreciated. Research on new products and maintenance of existing products is expensed as incurred. Costs which are capitalized contain internal payroll costs and external assistance. Public grants regarding capitalized products reduce the capitalized amount.

Capitalized development cost is depreciated over the period the products are expected to give economic benefits. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.6 Impairment of non-financial assets
Operating Equipment and intangible assets with definite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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

2.8 Trade receivables
Trade receivables are recognized at fair value, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the 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 reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is recognized in the income statement.

2.9 Cash and cash equivalents
Cash and cash equivalents include cash in hand and deposits held at call with banks.

2.10 Taxes
Tax expense on the income statement includes payable taxes and the change in deferred tax for the period. The change in deferred tax reflects the future payable taxes resulting from the current year's activities. Deferred tax is based on accumulated profit, but which will be payable in subsequent accounting periods. Deferred tax is calculated on net tax-increasing differences between the balance sheet items used for accounting purposes and those used for taxation purposes, adjusted for deductible temporary tax differences and tax losses carried forward according to the liability method.

Deferred tax assets are only capitalized to the extent that it is probable that there will be future taxable income available for reducing the difference. Deferred tax assets are assessed for each period and will be reduced if it is no longer probable that the deferred tax asset can be used.

2.11 Employee benefits
(a) Pension obligations
Dolphin Interconnect Solutions ASA changed from a defined benefit pension plan to a defined contribution plan in 2006. The Subsidiary in the U.S. does have a defined contribution plan too. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior period. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The change of pension plan in 2006 resulted in a cost reduction of MNOK 1.8 because of a reversal of the recognized pension obligation.

(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 recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

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

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

2.12 Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, estimated returns, rebates and discounts and after eliminated sales within the Group. Sales of goods are recognized when a group entity has delivered products to the customer; the customer has accepted the products and collectability of the related receivables is reasonably assured.

2.13 Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.
There are no financial leases in the Group.

2.14 Borrowing costs
Borrowing costs is expensed in the same period as accrued.

2.15 Provisions
Provisions are recognised when the Group has an obligation as a result of past events, and when it is probable that there will be a financial settlement as a result of this obligation and the amount can be measured reliably. Generally speaking, provisions are based on historical data and a weighting of possible outcomes against the probability they will occur. If the time value is significant, the provision will be the net present value of the amount expected to be required to meet the obligation.

2.16 Classification
Assets related to normal operating cycles or that 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 that fall due within 12 months are classified as current liabilities. Other liabilities are classified as non-current.

2.17 Segments
The Group is organized as one operational segment, and reporting is done based on consolidated figures. The company does a split of sales based on product groups and geography. Note 8 contains segment reporting of the groups sales, which is prepared in accordance to IAS 14 Segment reporting.

2.18 Net profit per share
The Group present 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.

2.19 New standards effective for 2008 and 2009
Dolphin has applied IFRIC 11 without any significant impact on the reported figures.

IFRS and interpretations approved by the EU/EEA and which were not mandatory at 31 December 2008, have not been applied by Dolphin.
IFRS and IFRIC interpretations expected to be applied as from 1 January 2009:
IFRS 8 – Operating segments
IAS 1 (revised) – Presentation of financial statements
IFRIC 13 – Customer loyalty programmes
IFRIC 14 – IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction

IFRS and IFRIC interpretations expected to be applied as from 1 January 2010 or later:
IFRS 3 (revised) – Business combinations
IAS 27 (revised) – Consolidated and separate financial statements
Amendment to IAS 39 Financial instruments – recognition and measurement – eligible hedged items
IFRIC 16 – Hedges of a net investment in a foreign operation
IFRIC 17 – Distributions of non-cash assets to owners

With the exception of IFRS 8 – Operating segments, which could change measurement rules for segment profit, segment assets and segment liabilities, the implementation of the amendments listed above is not expected to have a significant impact on the consolidated accounts on the date of implementation.

IASB's annual improvement projects
The amendments implemented in several standards will enter into effect in 2009.
The following is a list of the most important changes that can affect recognition, measurement and information disclosure in the notes:
IFRS 5 – Non-current assets held for sale and discontinued operations
IAS 1 – Presentation of financial statements
IAS 19 – Employee benefits
IAS 28 – Investments in associates, and IAS 31 – Interests in joint ventures
IAS 36 – Impairment of assets
IAS 39 – Financial instruments – recognition and measurement
None of the amendments will lead to changes in the Group's application of accounting policies or disclosure of information in the notes.

Note 3 - Financial risk management

Financial risk factors
The Group's activities expose it to a variety of financial risks: currency risk, credit risk and interest rate risk. The Group has used financial derivates to hedge certain risk exposures. Risk management is carried out under policies approved by the Board of Directors.

Currency risk
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and EURO. To manage foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, the Group has used forward contracts with external banks. As of 31.12.2007 the Group has no forward contracts. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

Liquidity risk
Product development activity was high in the group during 2007 and 2008. This, along with declining sales of Sci and StarFabric-based products, has led to a negative cash-flow from operations and investments in 2007 and 2008. This situation is expected to gradually reverse as development projects are completed and new product sales outweigh the decline in mature products. The primary funding source is the equity market, and there were completed two share issues in 2007 and one share issue in the parent company and one share issue in the subsidiary Numascale AS in 2008. After the stock exchange listing in 2006, the group's ability to self-finance is considered good, but a liquidity risk related to future funding needs prevails as long as the company continues to generate negative cash-flow from operations and investments.

Analysis of sensitivity of currency risk related to USD
A foreign currency sensitivity analysis indicates that a ten percent strengthening of NOK against USD at December 31th 2008 would have decreased the loss by NOK 0,7 million and increased the equity by NOK 1,6 million, excluding the effect on equity that follows directly from the decreased loss. A ten percent weakening of NOK against USD at December 31th 2008 would have had an equal, but opposite effect, on the above amounts, as long as all other variables remained constant. The sensitivity analysis is calculated based on the figures in USD from the 2008 accounts and assumes that all other variables remain constant. Calculations are based on amounts and foreign currency exchange rates as of December 31th 2008.

Note 4 - Changes in the Group's structure

Numascale AS
In June Dolphin establish a wholly owned subsidiary called Numascale AS. It transferred all assets, intellectual property, personnel and activities related to the development of NumaChip to this subsidiary. Numascale will complete the development of the NumaChip product and build a long-term business based on proprietary cache coherent technology. The subsidiary was created in order to facilitate independent funding for this business.

The Board is very positive on the market prospects for the Numascale business. It promises to revolutionize the development of "mainframe" class computer capabilities at a fraction of the cost and thereby opening up a large market of new customers. The early adopter target market is in high performance computing (HPC). This market has an appetite for new performance- oriented technology. The HPC market is growing strongly with growth levels of 35-45% per year in the target segments for NumaChip.

External investors have entered as shareholders in Numascale AS in 2008 through a share issue, this was done to strengthen the liquidity in the company. It is expected further share issues to external investors in Numascale AS in 2009. As of December 31th 2008 Dolphin owns 72,65% of the shares in Numascale AS.

StarGen Inc.
Dolphin Interconnect Solutions ASA acquired all assets and liabilities of the U.S. based company StarGen Inc. in 2007. This was a very important strategic acquisition. It entailed that the Group received access to hardware technology based on the PCI Express standard, which in combination with Dolphin's own developed SuperSockets Software will make the Group capable to deliver a range of competitive products and to enter new markets. StarGen Inc is situated in Marlborough in Massachusetts in the U.S. had 15 employees at the time of the acquisition. All activity, assets and liabilities of the former StarGen Inc is integrated in the subsidiary Dolphin Interconnect Solutions North America Inc (Dolphin Inc.) from February 16. 2007 and is included in the accounts of the Group. Total price for the acquisition amounted to NOK 36.244.691 whereof NOK 1.320.079 regards transaction costs. NOK 34.924.612 of the acquisition price were settled by issue of 2.530.769 shares in Dolphin Interconnect Solutions ASA to the former shareholders of StarGen Inc.. The equity of StarGen Inc. on the time for the acquisition was NOK 1.337.081. The excess value from the acquisition has been allocated to capitalized development cost.

Note 5 - List of subsidiaries

The following subsidiaries are included in the consolidated financial statements:

Company	Country	Main operations	cost of shares	booked value	voting and ownership share
Dolphin Interconnect Solutions NA Inc	USA	Product sale/-deliveries	36 244 691	14 497 876	100 %
Numascale AS	Norway	Product sale/-deliveries	21 066 222	15 378 342	73 %
		Total	**57 310 913**	**29 876 218**	

Note 6 - Estimation uncertainty
In the process of applying the Group's accounting policies in according to IFRS, management has made several judgments and estimates. All estimates are assessed to the most probable outcome based on the management's best knowledge. Changes in key assumptions may have significant effect and may cause material adjustments to the carrying amounts of assets and liabilities, equity and the net result.

The company's most important accounting estimates are the following items:
• Write-down/reversal of goodwill and other intangible fixed assets and of tangible fixed assets

The company test annually whether intangible assets has suffered any impairment in accordance with IAS 36. The impairment tests are shown in note 12.

The company's recognized intangible assets are assessed annually with regard to impairment or a reversal of previous impairments.

Note 7 - Exchange rates

The following exchange rates are used in the consolidated financial statements:

Currency	31.12.2008	31.12.2007	Average 2008	Average 2007	Average 2006
American dollar (USD)	6,9989	5,4110	5,6390	5,8600	6,4180

Note 8 - Information by segment

The economic reporting in the group is based on consolidated figures. It is done a specification of sales, based on type of product and based on allocation of the costumers.

Product segment:
The products are divided in the following groups:

- StarFabric products; include the chip level business acquired as part of the StarGen acquisition in early 2007. These products are sold predominately in the embedded market.
- DX Series products; are based on the PCI Express cluster technology acquired from StarGen and are sold predominantly in the enterprise market.
- D Series products; include those products based on Dolphin's cluster technology, which are sold into both the embedded and enterprise market.
- Other; include contractor and nonrecurring engineering, customizations work done for specific costumers.

	Group 2008
StarFabric	7 940 824
DX-Series	524 339
D-Series	12 869 611
Other	3 495 594
Total	**24 830 368**

Geographical segment:
Sales are allocated based on the country in which the costumer is located. The sale mainly find place in the Euro zone, the U.S and Japan.

	Parent Company		Group		
Sales	**2008**	**2007**	**2008**	**2007**	**2006**
EURO zone	11 356 728	13 177 747	12 521 891	13 735 215	17 110 288
U.S.	3 104 459	322 642	9 159 227	6 901 775	13 340 258
Japan	0	0	1 824 126	5 808 424	0
Others	491 506	422 185	1 325 124	888 347	1 641 145
Total	**14 952 693**	**13 922 574**	**24 830 368**	**27 333 762**	**32 091 691**

Note 9 - Operating equipment

Parent Company	Operating equipment
Cost 1.1.2008	1 489 994
Additions	22 060
Disposals	0
Cost 31.12.2008	**1 512 054**
Accumulated depreciation 1.1.2008	1 211 921
Depreciation charge	140 402
Accumulated depreciation 31.12.2008	**1 352 323**
Net book amount 31.12.2008	**159 731**
Time for depreciation	3-5 years

Group	Operating equipment
Cost 1.1.2008	3 263 938
Foreign exchange changes	31 422
Additions	22 060
Disposals	0
Cost 31.12.2008	**3 317 420**
Accumulated depreciation 1.1.2008	2 338 244
Depreciation charge	782 449
Accumulated depreciation 31.12.2008	**3 120 693**
Net book amount 31.12.2008	**196 727**
Time for depreciation	3-5 years

Note 10 – Intangible assets

Parent Company	Develop. cost
Cost 1.1.2008	30 471 774
Additions	12 016 324
Disposals	-23 027 913
Cost 31.12.2008	**19 460 185**
Accumulated depreciation and write-off 1.1.2008	7 574 344
Depreciation charge	1 758 666
Write-off (see note 12)	13 281 926
Accumulated depreciation and write-off on disposals	-6 038 647
Accumulated depreciation and write-off 31.12.2008	**16 576 289**
Net book amount 31.12.2008	**2 883 896**

Group	Goodwill	Develop. cost	Total
Cost 1.1.2008	0	70 521 555	70 521 555
Foreign exchange changes	0	1 505 071	1 505 071
Additions	8 619 170	26 193 056	34 812 226
Disposals	0	0	0
Cost 31.12.2008	**8 619 170**	**98 219 682**	**106 838 852**
Accumulated depreciation and write-off 1.1.2008	0	7 574 344	7 574 344
Depreciation charge	0	5 945 158	5 945 158
Write-off (see note 12)	8 619 170	42 356 091	50 975 261
Accumulated depreciation and write-off 31.12.2008	**8 619 170**	**55 875 593**	**64 494 763**
Net book amount 31.12.2008	**0**	**42 344 089**	**42 344 089**

Capitalized development cost is depreciated through the useful life of the products. Expected income on capitalized development cost and booked value is tested for impairment at the time of the balance sheet, and written down if necessarily, see note 12.

Goodwill is tested for impairment at the time of the balance sheet, and written down if necessarily, see note 12.

Note 11 - Depreciation

Parent Company	2007	2008
Operating equipment (see note 9)	97 304	140 402
Capitalized development cost (see note 10)	1 226 220	1 758 666
Total	**1 323 524**	**1 899 068**

Group	2006	2007	2008
Operating equipment (see note 9)	38 411	1 189 477	782 449
Capitalized development cost (see note 10)	310 020	1 226 220	5 945 158
Total	**348 431**	**2 415 697**	**6 727 607**

Note 12 - Impairment testing of intangible assets

Recognized capitalized development cost in the Group as of 31.12.2008 amounts to MNOK 42.3 (MNOK 62.9 in 2007 and MNOK 8.9 in 2006). This relates to different product which is under development. Cash generating unit (CGU) for the capitalized development cost is based on expected cash flow for products alone or groups of products.
Projected cash flows have been determined on financial budget approved by the management of the Group. The projected cash flows are based on historical data for the CGU, but adjusted for a growth of the group's market share in the total market.

The impairment test is carried out by the Groups accountants' department. The valuation was done in December 2008. The recoverable amount is set to the estimated value in use. The value in use is estimated to the net present value of the anticipated cash flow before tax, using a discount rate taking into account the duration of the cash flows and the expected risk. In the calculation of net cash flow is direct cost related to sales and marketing and a portion of other cost deducted. The discount rate used for calculating the net present value of the cash flow is 15,5 %. This is based on a risk free rate of 5,0 % and a risk premium of 10,5 %. The risk premium is based on uncertainty regarding the expected growth. It is used a five years horizon for the estimated cash-flow.

As of 31.12.2008 the value in use of the capitalized development cost was lower than the carrying amount, which leads to a write down of goodwill and capitalized development cost with the following amounts:

Goodwill	8 619 170
Development cost	31 679 952
Total write down	40 299 122

In addition there were made a write down of capitalized development cost regarding NumaChip in connection with the establishment of Numascale AS in June 2008. This write down amounted to NOK 10,676,139.

Total amounts of write down of intangible assets in 2008 amounts to NOK 50,975,261.

Analysis of sensitivity indicates that the value in use would have been NOK 11.4 million lower if the growth in sales turns out to be 5% lower than anticipated, and thereby lead to increased write down. If the growth in sales turns out to be 5% higher than anticipated the value in use would have been NOK 11.4 million higher, and lead to decreased write down.

The acquisition of StarGen Inc in 2007 resulted in a write-off in Dolphin Interconnect Solutions ASA capitalized development cost of the product Dolphin Express of NOK 6,038,104 as of 31.12.2006. The reason for the write-off is that StarGen Inc had developed a comparable technology. This technology is considered to be more advanced and with a far larger potential, and it is this technology which will be used in the future development.

Note 13 - Trade receivables and other short term receivables

Trade receivables
There has not been booked any provisions for loss on trade receivables in 2008, 2007 or 2006. Trade receivables as of 31.12.2008 and 31.12.2007 is booked to fair value, NOK 1.650.260 and NOK 1.582.096 in the Parent Company and NOK 2.771.020 and NOK 3.627.865 in the Group.
Booked losses on trade receivables was NOK 0 in 2008 and 2007 and NOK 68.967 in 2006 both in the Parent Company and in the Group.

Trade receivables as of December 31th 2008 had the following due dates:	Group 2008	Group 2007
Due 0 - 30 days ago	2 495 667	2 610 421
Due 31 - 90 days ago	641 811	546 621
Due 91 - 365 days ago	64 530	470 823
Due more than one year ago	0	0
Total	**3 202 008**	**3 627 865**

	Parent Company		Group		
Other short term receivables	**2008**	**2007**	**2008**	**2007**	**2006**
VAT	266 321	291 138	365 203	291 138	1 204 128
EU grant to projects	0	0	0	0	1 459 570
Taxes	926 370	862 204	1 726 370	862 204	800 000
Intercompany	30 726 484	8 970 964	0	0	0
Pre paid costs and other	835 060	15 314	1 110 437	226 012	444 801
Total	**32 754 235**	**10 139 620**	**3 202 010**	**1 379 354**	**3 908 499**

Note 14 - Inventory

	Parent Company 2008	Parent Company 2007	Group 2008	Group 2007	Group 2006
Inventories	11 368 050	13 908 753	17 599 311	14 518 957	18 284 828
Write down of dead stock	-5 484 405	-5 484 405	-6 184 295	-5 484 405	-6 988 740
Booked value	**5 883 645**	**8 424 348**	**11 415 016**	**9 034 552**	**11 296 088**

Note 15 - Cash and cash equivalents

Parent Company:
As of 31.12.2008 NOK 297.730 of the total cash and cash equivalents is tied to withholding tax (NOK 651.428 in 2007). Liabilities to withholding tax as of 31.12.2008 were NOK 421.890 (NOK 642.915 in 2007).

Group:
As of 31.12.2008 NOK 525.322 of the total cash and cash equivalents is tied to withholding tax (NOK 651.428 in 2007). Liabilities to withholding tax as of 31.12.2008 were NOK 649.482 (NOK 642.915 in 2007).

Note 16 - Share capital and Shareholders

Total share capital of the Company as of 31.12.08 is NOK 4.534.222,20 divided on 22.671.111 shares with a nominal amount of NOK 0,20.

Major shareholders as of 31.12.2008	**Shares**	**ownership interest**
Selvaag Invest AS	1 948 480	8,59%
Zoncolan ASA	1 800 000	7,94%
Hektor AS	1 300 000	5,73%
Morgan Stanley & Co Inc	1 119 870	4,94%
Citigroup Global Markets Inc	1 100 586	4,85%
MP Pensjon	1 053 702	4,65%
Punte Holding AS	1 000 000	4,41%
Frans Engler A/S	900 000	3,97%
Sjøinvest AS	750 000	3,31%
Den Norske Krigsforsikring	749 881	3,31%
Orion Absolutt AS	670 670	2,96%
Reidar Egil Ellenes	533 500	2,35%
LGJ Invest AS	308 127	1,36%
Solvangen Marina AS	300 000	1,32%
Altea Property Development AS	279 598	1,23%
Rolf Nesheim	250 000	1,10%
Orion Securities ASA	232 820	1,03%
Drage Industries AS	200 000	0,88%
Sigurd Olsvold AS	193 225	0,85%
Timothy R. Miller	190 000	0,84%
Total 20 largest shareholders	14 880 459	65,64%

The Company had a total of 552 shareholders as of 31.12.2008.

Shares owned by board members:		
Ole Henrik Eide (Chairman of the Board)*	55 063	shares
Tor Alfheim (Boardmember)**	460 000	shares
Alf Rasmussen (Boardmember)	102 102	shares
Shares owned by leading employees:		
Timothy R. Miller (Managing Director)	190 000	shares
Alex Gundersen***	1 000	shares
Jon Snilsberg	4 500	shares
Hugo Kohman	27 992	shares

* The shares is owned through the holdingcompany Pelito AS.
** The shares is owned privatly and through the holdingcompany Salvangen Marina AS.
*** Alex Gundersen has resigned from the company in March 2009.

Note 17 - Equity

Parent Company	**Share capital**	**Share premium fund**	**Other Equity**	**Total Equity**
Equity 31.12.2007	3 374 222	101 051 836	11 163 230	115 589 288
Issue of shares	1 160 000	12 180 000	0	13 340 000
Cost of issue of shares	0	-1 112 558	0	-1 112 558
Cost of options to employees	0	0	578 980	578 980
Net profit	0	0	-51 898 772	-51 898 772
Equity 31.12.2008	**4 534 222**	**112 119 278**	**-40 156 562**	**76 496 938**

Group	
Equity 31.12.2007	109 893 223
Issue of shares	13 340 000
Cost of issue of shares	-1 112 558
Issue of shares in subsidiary	5 162 024
Cost of options to employees	548 980
Currency translation differences	-3 731 767
Net profit	-69 273 530
Equity 31.12.2008	**54 826 372**

Note 18 - Other current liabilities

Other current liabilities	Parent Company 2008	Parent Company 2007	Group 2008	Group 2007	Group 2006
Accrued vacation salary	1 019 941	1 575 421	1 284 567	1 575 421	1 356 935
Accrued empl. contr on vac. salary	133 124	211 447	170 436	211 447	180 640
Accrued salary	263 866	92 200	1 318 645	92 200	53 972
Other short term debt	83 576	0	229 456	54 110	74 240
Total	**1 500 507**	**1 879 068**	**3 003 104**	**1 933 178**	**1 665 787**

Note 19 - Other long-term liabilities

Parent Company and Group:
Other long-term liabilities as of 31.12.08 consist of a loan from Etnus Inc in the U.S in US dollar. Total debt as of 31.12.2008 was USD 83.617 (USD 103.750 in 2007). The loan has an annual interest of 3 %. There will be two repayments each year until the loan is fully repaid in 2010.

Note 20 - Taxes

Parent Company:

Income taxes	2008	2007
Tax payable	0	0
Changes in deferred tax	9 710 424	0
Total income taxes	9 710 424	0

Reconciliation from nominal to actual tax rate	2008	2007
Profit before taxes	-42 188 348	-20 618 781
Estimated income tax at nominal tax rate (28%)	-11 812 737	-5 773 259
Tax effect on following items:		
Change in non-capitalized deferred tax assets	14 238 838	5 746 211
Skattefunn	-259 384	-241 417
Cost of issue of shares	-311 516	-360 424
Cost of options	162 114	609 033
Write down of shares	7 681 715	0
Non-deductible costs	11 394	19 856
Total income taxes	9 710 424	0
Effective tax rate	-23,0 %	0,0 %

Specification of tax effect of temporarily differences and loss to be carry forward:

	2008		2007	
	Asset	Liability	Asset	Liability
Operating equipment	65 011	0	0	5 578 091
Profit- and loss account	0	1 667 507	0	2 084 383
Inventory	1 535 633	0	1 535 633	0
Loss to be carried forward	20 051 912	0	21 583 476	0
Total	21 652 556	1 667 507	23 119 109	7 662 474
Non-capitalized deferred tax assets	19 985 049		5 746 211	
Net deferred income tax assets	**0**		**9 710 424**	

The Parent Company had loss to be carry forward of NOK 71.613.972 as of 31.12.2008.

Group:

Income taxes	2008	2007	2006
Tax payable	27 883	4 809	8 056
Changes in deferred tax	3 949 179	0	-3 997 849
Total income taxes	3 977 062	4 809	-3 989 793

Reconciliation from nominal to actual tax rate	2008	2007	2006
Profit before taxes	-65 296 468	-26 218 053	-7 865 045
Estimated income tax at nominal tax rate (28%)	-18 283 011	-7 341 055	-2 202 213
Tax effect on following items:			
Change in non-capitalized deferred tax assets	18 359 556	7 425 993	0
Skattefunn	-39 662	-241 417	-224 000
Different tax rate	-483 384	-111 985	-25 824
Cost of issue of shares	-669 923	-360 424	-1 562 782
Cost of options	162 114	609 033	0
Effect of aquisition of StarGen	4 867 779	0	0
Non-deductible costs	63 593	24 664	25 026
Total income taxes	3 977 062	4 809	-3 989 793
Effective tax rate	-6,1 %	0,0 %	50,7 %

Specification of tax effect of temporarily differences and loss to be carry forward:

	2008		2007	
	Asset	Liability	Asset	Liability
Operating equipment	0	9 991 315	0	5 578 091
Profit- and loss account	0	1 667 507	0	2 084 383
Inventory	1 535 633	0	1 535 633	0
Loss to be carried forward	33 050 812	0	23 263 258	0
Total	34 586 445	11 658 822	24 798 891	7 662 474
Non-capitalized deferred tax assets	25 785 549		7 425 993	
Net deferred income tax assets/liability	**0**	**2 857 926**	**9 710 424**	**0**

The Group had loss to be carry forward of NOK 117.243.444 as of 31.12.2008. This do not include loss to be carry forward from StarGen Inc in the time before the acquisition in 2007.

Note 21 - Pension

Dolphin Interconnect Solutions ASA changed from a defined benefit pension plan to a defined contribution plan in 2006. The change resulted in a cost reduction of MNOK 1.8 because of a reversal of the recognized pension obligation.
Now the employees in Dolphin Interconnect Solutions ASA and the subsidiaries has a defined contribution plan. As of 31.12.2008 there are 11 employees included in the pension plan in the parent company and totally 29 employees in the pension plan in the group. The pension plan is administrated by an insurance company. Total costs to the pensions plans amounts to:

Parent company	2008	2007	
Paid contribution	728 017	373 567	
Group	**2008**	**2007**	**2006**
Paid contribution	1 183 928	650 341	791 123

Note 22 - Other income

	Parent Company		Group		
Other income	**2008**	**2007**	**2008**	**2007**	**2006**
Contribution to projects from EU	0	0	0	0	340 040
Sale of patent	0	0	8 155 320	0	3 506 291
Other	0	0	0	0	103 510
Total	**0**	**0**	**8 155 320**	**0**	**3 949 841**

Note 23 - Payroll expenses

	Parent Company		Group		
	2008	**2007**	**2008**	**2007**	**2006**
Salaries	7 350 792	10 978 180	19 261 134	17 800 328	9 736 580
Employers' contribution	1 590 009	2 253 655	2 772 146	3 072 086	1 953 787
Pension cost, see note 21	728 017	373 567	1 183 928	650 341	-1 055 071
Options to employees	578 980	2 175 118	578 980	2 175 118	0
Other payroll cost	1 159 622	933 057	2 076 888	1 416 884	1 249 199
Total	**11 407 420**	**16 713 577**	**25 873 076**	**25 114 757**	**11 884 495**

The Parent Company has in 2008 employed 19,2 man-labor year (25,2 man-labor year in 2007), and the Group has in 2008 employed 40,2 man-labor year (37,5 man-labor year in 2007 and 23,8 man-labor year in 2006).

Note 24 - Future lease obligations

The Parent Company and the Group has future lease obligation related to office rental and rental of office equipment. The rent will be index regulated each year.

Future accumulated minimum payments regarding the lease obligations:

	Parent Company		Group		
	2008	**2007**	**2008**	**2007**	**2006**
Mature within one year	1 616 928	1 294 000	2 725 554	2 142 936	823 250
Mature between one and five years	6 467 711	5 176 000	7 853 493	6 693 454	6 360 000
Mature later than 5 years	1 616 928	2 588 000	1 616 928	2 588 000	3 120 000
Total	**9 701 567**	**9 058 000**	**12 195 975**	**11 424 390**	**10 303 250**

Note 25 - Fees and remuneration

Remuneration to leading personel		Salary and Other Benefits
Director of the Board		125 000
Other members of the Board		240 000
Timothy Russel Miller	CEO	1 437 945
Alex Gundersen*	CFO	824 995
Hugo Kohmann	VP Software	866 944
Jon G. Snilsberg	VP Marketing	1 005 950
Lynne Brocco	COO	952 991
John Longmire	VP Sales	1 285 108

* Alex Gundersen has resigned from the company in March 2009.

Agreement on servance salary to the Managing Director
The Managing Director has a six months' salary servance in case of termination of the contract.

Loan to managing director, members of the board and shareholders
There are no loans to the managing director, members of the board or shareholders as of 31.12.2008.

Auditor
Booked auditors fee in 2008 amount to (exclusive IVA):

	Parent Company	Group
Mandatory audits	411 800	411 800
Other assurance services	0	0
Tax consultancy	0	0
Services other than auditing	0	0
Total fees	411 800	411 800

Main principles of remuneration of the management
These principles describe guidelines for remuneration to the management for the accounting year 2008 and the main principles that will be followed in 2009.

The board has followed a constrained remuneration policy in 2008. In the opinion of the board, remuneration to management in Dolphin is significantly below the level found in comparable companies. Staff has increased also in 2008, and the company has experienced significant competition on salary in the hiring process.

In order to recruit and maintain management personnel, it is critical to offer a competitive remuneration package. This means that remuneration should be at or about the same level as comparable companies. The remuneration should be so that it motivates value creation. Bonus payments should be tied to collective or individual targets and should not total above 30% of fixed salary. Total remuneration should not be of such size or nature that it may hurt the company's reputation.

The main part of the remuneration to management should consist of fixed salary. However, additional remuneration in the form of bonus, pension, insurance, company car, telephone and broad band connection may be offered if found appropriate.

Share based compensation
Dolphin now has three different option programs, one for former StarGen employees and two for the employees in the group. See note 26 for a closer description of the option programs.

The board is of the opinion that employee ownership in the company is positive, and that implementation of a share based remuneration program will strengthen the company's ability to attract and retain key personnel. Also, in the opinion of the board, management in general may have a key influence on shareholder value creation and it is considered positive that it exist coinsiding economic incitements between management and existing and potential investors. Further, the board is of the opinion that any share based remuneration program should be tied to performance criteria whenever this is possible and practical.

The board is monitoring the development of the incentive program continuous, and has changed one of the option programs in 2008 where the exercise price was NOK 17.50 per share, to two new programs with exercise price and NOK 2.47 and NOK 1.12 per share. This was done to do the program more attractive for the employees.

For the period of 2008, the Board may propose to a future shareholders meeting to adjust the existing option programs and or propose additional options. Any such proposal will be based on the following guidelines:

- All employees shall be eligible to receive options, as long as this is practical to implement.
- Granted options shall vest over time.
- Vesting and exercise of options shall be dependent on performance criteria as long as practical.
- The total number of outstandable vestable options, including the options and warrants already issued, shall not exceed 15% of outstanding shares in Dolphin.
- The exercise price shall at least be equal to the market value of the shares at the time of grant. The market value shall be determined by the trading price on the Oslo Stock Exchange.
- Maximum duration should be 6 years.
- The board will settle the remaining conditions within the scope of these guidelines.

Note 26 - Options

Existing options	2008	2007
Options as of 1.1	1 102 585	0
Issued during the year	1 130 000	1 226 000
Expired during the year	-727 105	-123 415
Exercised during the year	0	0
Total options as of 31.12	**1 505 480**	**1 102 585**
Whereof accrued	512 720	0

The options relates to three different programs:

1) Employees in former StarGen Inc received a total of 900,000 warrants with an exercise price of NOK 13.90 per share. 512,720 of the warrants is accrued as of 31.12.2008. The warrants will be accrued in three different parts, and the subscription of the first part could take place 16.02.2008, the next part could be subscribed 31.12.2008 and the last part cannot be subscribed before 30.06.2009. The warrants may not be subscribed later than 16.02.2012. None of the warrants have been exercised as of 31.12.2008.
2) A large number of the employees have a option agreement of total 840,000 options with an exercise price of NOK 2.47 per share. None of the options is accrued as of 31.12.2008. The options may be subscribed in the period between 01.01 and 01.03 each year when they are accrued, but not later than July 2014.
3) 3) A large number of the employees have a option agreement of total 290,000 options with an exercise price of NOK 1.12 per share. None of the options is accrued as of 31.12.2008. The options may be subscribed in the period between 01.01 and 01.03 each year when they are accrued, but not later than October 2014.

Fair value of the issued options in the period was calculated using the Black-Scholes option pricing model. The most important input data at the time of issuing the options agreement were:
* The last known price of the share on Oslo Stock Exchange of NOK 13.90 for program 1, NOK 2.47 for program 2 and NOK 1.12 for program 3
* Risk free interest of 4.63%, 5.27% and 4.32% based on the interest of Norwegian state obligations with corresponding vesting time
* Vesting time of the options (se above).
* Volatility of 40%, 55.7% and 57.2%, based on data of the share from Oslo Stock Exchange.
* Estimate of total subscription of the options varies between 60 and 100% depending on time to accrual.

Fair value of options to employees is booked as a payroll cost in the earning period of the options. Booked cost of options to employees in 2008 amounts to NOK 578,980 (NOK 2,175,118 in 2007 and NOK 0 in 2006).

Notes to the Financial Statement 2008

Note 27 - Net profit per share

Net profit per share is calculated by dividing the net profit before prospective minority interests on the average number of issued shares during the year.

	2008	2007	2006
Net profit	-67 851 313	-26 222 862	-3 875 253
Average number of issued shares	19 445 358	11 200 638	8 093 437
Net profit per share	**-3,49**	**-2,34**	**-0,48**

Fully diluted net profit per share is calculated by dividing the net profit before prospective minority interests on the average number of issued shares and issued options during the year.

	2008	2007	2006
Net profit	-67 851 313	-26 222 862	-3 875 253
Average number of issued shares and issued options	20 777 861	12 058 328	8 093 437
Fully diluted net profit per share	**-3,27**	**-2,17**	**-0,48**

Note 28 - Related-party transactions

The Parent Company has not paid commission and service fees to its subsidiary in the US in 2008 (NOK 482,549 in 2007). As of 31.12.2008 the Parent Company has a receivable on its subsidiary in the U.S. of NOK 29,872,509, the amount is included in other short term receivables for the Parent Company (NOK 8,970,965 in 2007). It is paid NOK 1,018,760 in interest on the receivable in 2008 (NOK 199,098 in 2007), the amount is included in interest income for the Parent Company.

BDO Noraudit

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To the Annual Shareholders' Meeting of
Dolphin Interconnect Solutions ASA

AUDITOR'S REPORT FOR 2008

We have audited the annual financial statements of the Dolphin Interconnect Solutions ASA as of 31 December 2008, showing a loss of NOK 51.898.772 for the parent company and a loss of NOK 69.273.530 for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The annual financial statements comprise the parent company's financial statements and the group accounts. The parent company's financial statements comprise the balance sheet, the statements of income and cash flows and the accompanying notes. The group accounts comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. The financial statements of the parent company have been prepared in accordance with the rules of the Norwegian accounting act and good accounting practice in Norway. International Financial Reporting Standards as adopted by the EU have been applied on the financial statements of the group. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on the other information according to the requirements of the Norwegian Act on Auditing and Auditors.

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

In our opinion,

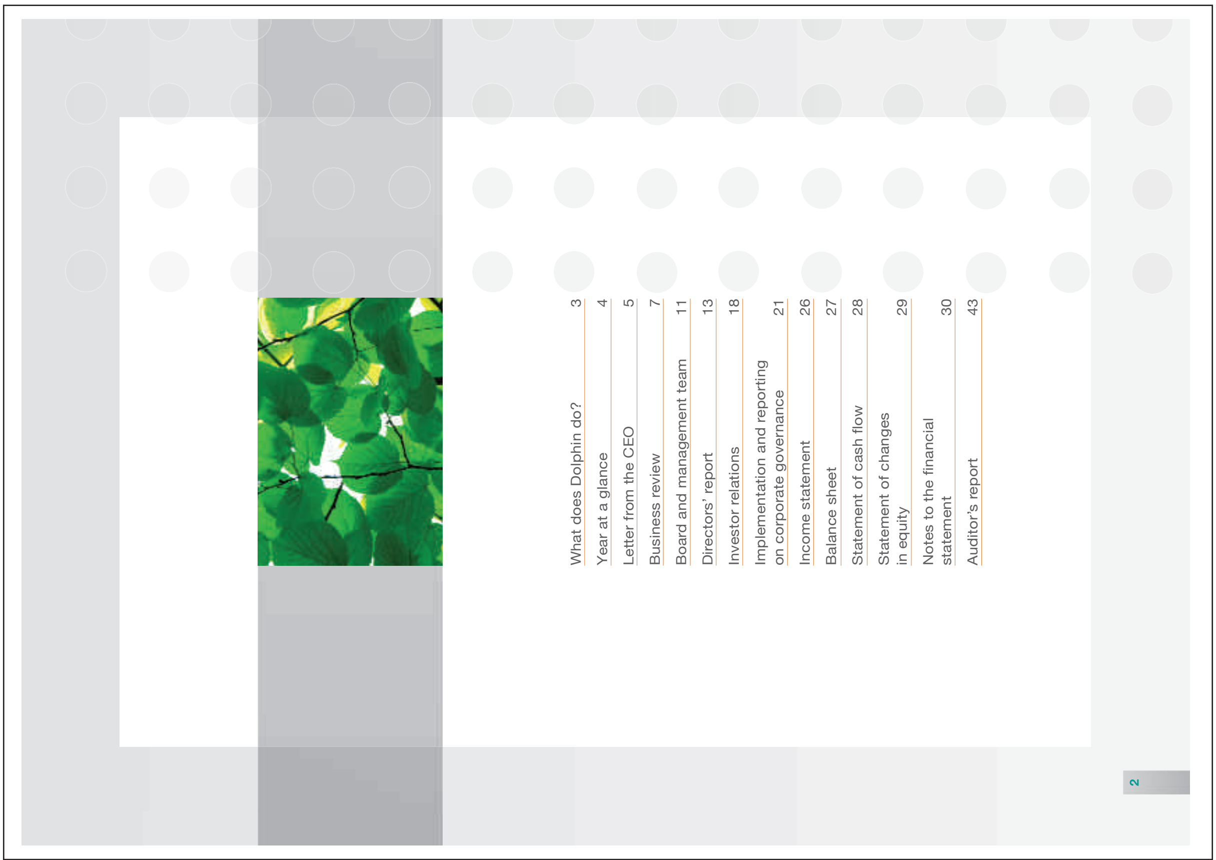
- the financial statements of the mother company are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Company as of December 31, 2008, and the results of its operations and its cash flows for the year then ended, in accordance with good accounting practice in Norway
- the financial statements of the group are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Group as of December 31, 2008, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with The International Financial Reporting Standards
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good bookkeeping practice in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Oslo, 30th of April 2009
BDO Noraudit Oslo DA

Trond-Morten Lindberg
State Authorized Public Accountant

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

Appendix 4: Annual Report for 2007



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Connect better

DOLPHIN INTERCONNECT SOLUTIONS ASA

Annual report 2007

What does Dolphin do?

Dolphin Interconnect Solutions provides super-fast interconnect for computer systems.

Interconnect is the data highway within and between computer systems. Data moves via this highway from disks to memory to processors to graphics cards. For large systems, a very high speed version of this highway is used to connect multiple computers or processors. In these systems, multiple processors working together to complete large-scale computing tasks share lots of data using the highway.

Four key characteristics of the interconnect highway have a direct impact on the performance users get from their computer system.

- Capacity, also called bandwidth. This is determined by the width and speed limit of the highway
- The speed data elements can get onto the highway and once there, how fast they can get from point A to point B. This is often referred to as latency
- The scale of the highway. This refers to how large a single highway network can be built
- Interconnect reliability. With highly reliable interconnects an alternative route is automatically found for the data if the original way is blocked

Since the early 1990's, Dolphin has been an innovator in interconnect design for highly efficient, high-performance data highways delivering leading performance for applications in industrial, scientific and commercial computer markets. Its interconnect products provide five very important benefits:

- High bandwidth allows greater volumes of data traffic
- Extremely low latencies minimize traffic-delay times
- Very low overhead means managing and operating the data highway takes very little resources from the computer processors
- Easy integration means the data interconnect works seamlessly with existing computer system software and components
- Highly scalable solutions mean one data highway network can connect two to several hundred computers

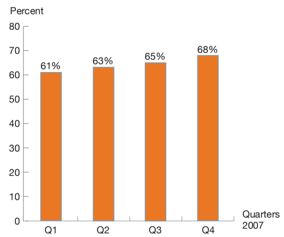
In 2007, Dolphin began to adapt its interconnect technology for the rapidly evolving internet and mobile markets. These markets depend on fast, large-scale computer systems to collect, store and distribute massive amounts of digital data and information. Dolphin's interconnect highway technology is ideal for solving some of the critical performance issues faced by these web, mobile and online businesses. Today, Dolphin is leveraging its highway building expertise to help speed traffic in the internet world.

Dolphin is an innovator in the development of super-efficient, high-performance data highways

Year at a glance

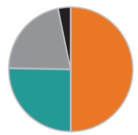
- Completion of StarGen acquisition gives Dolphin more resources and opportunities than ever before
- Launch of Dolphin Express products targets internet and mobile service providers. This new market offers a ten-fold greater opportunity for Dolphin compared to its traditional niche market
- By year's end, growth from this new market outstrips decline in Dolphin's traditional market
- Dolphin Express deployed for test purposes with key customers and demonstrates 700%+ performance improvement over competition
- Dolphin builds up a mainstream-focused sales and marketing organization with vastly increased sales capacity and capability
- Worldwide reseller network launched with agreements between Dolphin and key partners in main Asian markets, including StarBridge in Japan, Carnation in China and NetWeb in India
- Two capital increases in 2007 secure greater resources for Dolphin and swells shareholder numbers
- Further strategic investment in NumaConnect technology helps secure future market share and sales revenues for Dolphin

Gross margin 2007



Gross margin has steadily increased through 2007

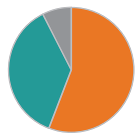
Sales by region



- Euro zone 50.2%
- U.S. 25.3%
- Japan 21.2%
- Other 3.3%

The majority of sales originated from Europe, the U.S. and Japan

Employees by region



- Norway 23
- U.S. 15
- Other 3

Most employees are based in Norway

Letter from the CEO

In many ways, 2007 marks the beginning of a new Dolphin. We are now a company positioned for success in high-volume mainstream markets. We have leveraged our core strengths, while adding new resources and capabilities. After significant change, we have emerged with a solid foundation for future growth.

Building the new Dolphin

Early in the year we completed our acquisition of StarGen. Blending the talents and capabilities of the two companies has resulted in expanded opportunities. We are now executing a strategy to be a leading technology supplier to companies providing internet and mobile content services. This includes web, mobile and online businesses, as well as companies moving their IT infrastructures to web-based technologies.

Internet and mobile service providers offer a ten-fold greater opportunity for Dolphin than its traditional markets

These markets offer a tenfold greater opportunity for Dolphin's technology compared to our traditional niche markets. In 2007, we launched new products and retooled our development and sales capabilities to address this new business. We have achieved consistent quarter-over-quarter growth in this business since its introduction in April and, by the end of the year, growth offset revenue decline in our legacy businesses. This trend is accelerating in 2008 and will lead to a projected doubling of revenue over 2007.

Connect better

The world is becoming more digitally connected. Our new mission is to help people and businesses 'connect better'. Phase two of the internet revolution is underway and it is bringing sweeping changes in the way people and businesses interact, share information and collaborate. It is a business and social phenomena impacting wide areas of mainstream entertainment, education and commerce.

We provide crucial technology that can help drive this revolution. Underpinning this digitally connected world are millions of powerful computer systems that collect, store and distribute digital content. Built using Dolphin's products these computer systems can be more powerful, with higher capacity, and run more efficiently than those using alternative technology. Through the leadership performance characteristics of our technology we will deliver compelling economic value to the internet and mobile service providers driving this revolution.

Throughout the process of creating the new Dolphin in 2007 we leveraged our core strengths; our amazingly talented people, our unique and unrivaled technology, our standards of quality and our culture of customer service. The hard work and persistence has paid off. With new technology, new resources, new partnerships, new customer relations and new sales capabilities in place we are well positioned for success and growth in 2008.

Tim Miller
Chief Executive Officer
Dolphin Interconnect Solutions ASA

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Business review

There is a quiet revolution going on in the way people use and interact over the internet. It has evolved from a collection of websites to a massive worldwide computing platform for social and commercial networking, creating communities that emphasize collaboration and sharing among users.

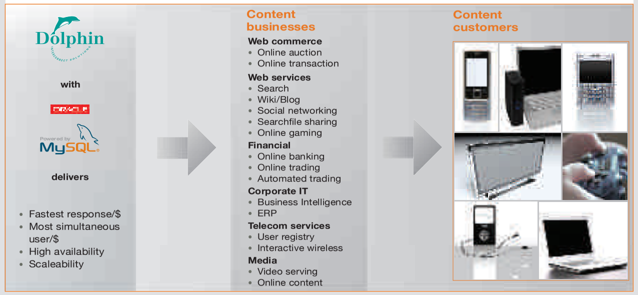
Helping people connect better

Simultaneously, the wealth of online content is exploding, increasingly containing rich data types, such as images and video. The proliferation of client devices for accessing these powerful resources is also exploding – from smart phones and laptops to PDAs and music and game systems. The tipping point has been reached with more users driving more content creation, which attracts yet more users looking to connect.

Businesses like Google, E-Bay, U-Tube, I-Tunes, MySpace and Wikipedia epitomize this connected world, but thousands of other businesses are also involved, touching all aspects of worldwide business, communication, education and entertainment. This ability to collect, store, manipulate and distribute data worldwide is the core capability driving growth across diverse markets, including web services, web commerce, telecommunication services, online financial services, media distribution and web-based corporate IT infrastructure.

Underpinning this 'connect' revolution are millions of computer systems supporting large databases of online content. These systems need to provide rapid response to customers' content requests. As a result, internet businesses need to invest heavily in computer technology. They are looking for technology that is high performance yet cost effective, both initially and through its lifetime. Many are building large datacenters and are concerned about utilizing 'green' technology that keeps energy and space usage low.

Dolphin provides the technology these businesses need. By using Dolphin's technology people and businesses can connect faster, connect smarter, connect greener, connect easier – simply put *connect better.*



Dolphin Express drives new business

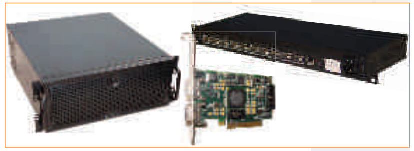
The first generation of the Dolphin Express product line was launched in April. Dolphin Express includes software and hardware interconnect components used for transforming multiple low-cost standard servers into powerful database compute systems. By leveraging Dolphin's low-latency technology Dolphin Express products enable internet and mobile content service businesses to deliver industry-leading response time to their customers at a fraction of the cost of alternatives. Dolphin Express seamlessly supports the most popular database engines, such as Oracle RAC and MySQL on clusters from two to several hundred nodes.

A second generation of the Dolphin Express product line based on the PCI Express standard and technology acquired from StarGen was demonstrated at the Intel Developers Conference in San Francisco in September, and sampled to customers by the end of the year. Completely compatible with the mainstream PCI Express industry standard the second-generation products, branded as the DX-series, support both clustering capability (connecting multiple servers) and the ability to expand PCI Express IO (input/output). Initial shipments of this PCI Express IO expansion capability went to customers for a range of applications at the end of the year. These customers include major server and OEM equipment manufacturers.

All Dolphin Express solutions are characterised by their leading low latency capabilities, which translate into very high performance for many database intensive applications. The DX-series will augment the existing D-Series products by providing a 5x increase in bandwidth to complement this low latency. Many applications will benefit from the DX-Series' combination of low latency and high bandwidth. Many other applications, which are not bandwidth sensitive, will continue demand for the switchless D-series products.

Sales expansion

In 2007, Dolphin focused its sales and marketing investments and initiatives on developing the content serving market as the company's growth engine for the future. New sales and marketing leadership was put in place during Q4 and the company's sales and marketing headquarters were established in the U.S. Additional direct sales resources increased the reach and capabilities of the organization, while new telesales capabilities were added to increase the company's lead generation capacity and accelerate its pipeline development. Furthermore, new channel management was brought in to drive recruitment and training of hardware and software reselling partners. Resellers provide the ability to scale the business across vertical



The Dolphin Express DX-series products include a switch with ten 10Gbps PCI Express ports in a 1U enclosure, a PCI Express HBA (host bus adapter) and a PCI Express expansion enclosure for adding additional PCI Express IO modules to the system

NumaConnect is a unique technology for creating powerful enterprise class computers from multiple standard low-cost servers

markets and geographies, and contribute in-depth customer knowledge and relationships. The organization was strengthened with specific sales expertise in the enterprise and database solutions marketplace, including former Oracle sales professionals. New direct selling capacity in the eastern U.S. territory addresses the customer-rich financial, media and telecom markets.

Sales in key Asian markets are achieved through dedicated reseller and system-integrator partners. Dolphin signed agreements with key partners in the major markets, including StarBridge in Japan, Carnation in China and NetWeb in India. Going forward, additional resources will be added to strengthen the direct sales force in Europe and to drive worldwide sales through strategic OEM hardware partners.

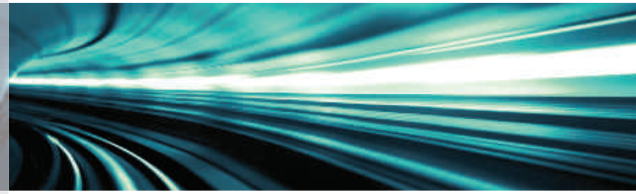
Quality and customer support – hallmarks of embedded business

Dolphin has developed an excellent reputation in the embedded business among world-class companies for its product quality, vendor responsiveness and customer support. Key customers in 2007 included Siemens Medical, Sun, Phillips, Advantest, Boeing, Sony, Barco and Lexmark.

NumaConnect – next generation datacenter virtualization

Dolphin's product offering for the computer interconnect market will be enhanced in 2009 with the introduction of its NumaConnect technology. NumaConnect is a unique technology for creating powerful enterprise class computers from multiple standard low-cost servers. NumaConnect allows tens or hundreds of computers to work together, effectively forming one ultra-large computer that provides the functionality of multi-million dollar mainframe systems at a fraction of the cost. During 2007, Dolphin invested in the design of a semiconductor device, called NumaChip, which leverages the NumaConnect technology. The first NumaConnect device will be produced in 2009 to work in conjunction with the AMD x86 microprocessors. It promises to revolutionize datacenter virtualization by enabling shared memory computer grids with extremely fast response time and high capacity at less than a tenth of the cost of the competition. The NumaConnect solutions will complement the Dolphin Express products to deliver further share gains in the content serving market and open opportunities in the HPC (high performance computing) market. Dolphin is working closely with IBM and Siemens to finalize the chip design and prepare for manufacturing in 2008.

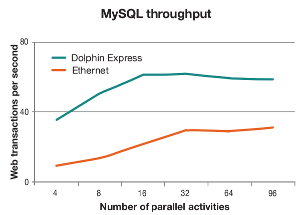
The Somatom Sensation 64 containing Dolphin's SCI cards is one of Siemens Medical's most important products

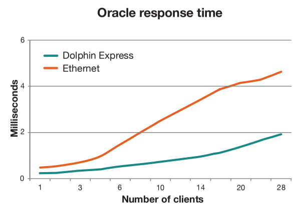


Proven performance

The requirements of the new internet revolution pose extreme challenges from a computer technology perspective. At the heart of solving these challenges is the ability to muster the power of multiple computers coordinated to search, organize and distribute massive amounts of data. To harness the power of these multiple computers, high-speed system interconnect is required. Furthermore, to meet response time requirements the system interconnect must have extremely low latency, i.e. minimal delay time for a packet of data sent from point A to point B. Dolphin's technology is ideally suited to meet these challenges.

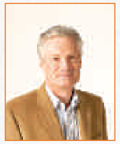
The graphs to the right show the dramatic performance advantage in terms of response time and throughput of MySQL and Oracle using Dolphin Express vs. alternatives. These dramatic performance improvements at the application level are made possible by Dolphin's unique extreme low-latency architecture. Low latency has a dramatic impact on applications that utilize a high percentage of small message traffic. Profiles of the largest selling databases show that the vast majority of data communication between nodes in these applications is made up of large amounts of small packets. For this reason, there is direct correlation between Dolphin's low-latency architecture and the most highly valued attribute for these markets, namely fast database application response time.





Board and management team

Board



Ole Henrik Eide
(Chairman of the board)

Tor Alfheim
(Board member)

Alf Rasmussen
(Board member)

Monica June
Myklebust Øyen
(Board member)

Marit Døving
(Board member)

Management

Timothy Russell Miller
(Managing director)

Kåre Løchsen
(EVP)

Alex Gundersen
(CFO)

Einar Rustad
(VP business development)

Hugo Kohmann
(VP software)

Lynne Brocco
(COO)

Jon Snilsberg
(VP marketing)

John Longmire
(VP sales)

connect bigger

Dolphin interconnects mean more users, more content and richer data types. In short, they let you deal with more complex applications and tackle bigger business problems

Directors' report

Dolphin Interconnect Solutions group (Dolphin) is engaged in development, marketing and sales of computer hardware and software.

The Dolphin Interconnect Solutions group (Dolphin) is located at Olaf Helsetsvei 6, Oslo, Norway. The group owns 100% of Dolphin Interconnect Solutions North America Inc. at 225 Cedar Hill Street, Marlborough, MA 01752, USA (doing business as Dolphin, Inc.). Dolphin is engaged in development, marketing and sales of computer hardware and software. Production is out-sourced to sub-contractors in Norway and various other countries, and the global sales and marketing activities are managed from the U.S.

Products and product development

In 2007, Dolphin went through a phase of active product development, including investment in Dolphin Express, the company's new product line. Dolphin Express is a combination of interconnect hardware and new software. The first generation hardware is based on the SCI standard, but through the acquisition of StarGen Inc. in early 2007, Dolphin gained access to state of the art interconnect hardware based on the broadly accepted PCI Express standard. In late 2007, the first Dolphin Express products based on this new PCI Express standard were launched. This launch will be followed by other PCI Express-based products that complement the Dolphin Express product line in early 2008. Through 2008, Dolphin Express will be further expanded by the introduction of new versions of the software component, allowing support for an expanding number of operating systems and applications. The year will also see the launch of the P2S chip, which will provide an important life cycle extension of the SCI technology for both embedded and standard applications.

The development of the strategically important NumaChip continued with a high activity level through 2007. A specialist consulting group from Siemens AG is assisting in this development, together with key resources from both companies of the group. The project completed the floor-planning milestone in February 2008 and first prototypes are scheduled for late 2008.

A large part of Dolphin's revenues continued to come from the embedded segment in 2007. Both the StarFabric product line acquired with StarGen, as well as a large part of the SCI-based products, are still sold to this segment. Forward focus, however, is on the growing data serving market, targeting in particular web applications and databases served by the Dolphin Express products.

Market conditions

The market for Dolphin's products, in particular clusters running web applications and databases, is in solid growth. The launch of the new PCI Express-based technology is expected to open up new markets based on IO Interconnect, and NumaChip will create expansion opportunities in the untapped segment for shared memory servers. In total, new technology and new strategic focus are expected to provide an opportunity for a ten-fold expansion in the group's products.

Dolphin's market share is estimated to be below 10% in its traditional segments. Until recently, market shares of the targeted database segment and the market for servers based on shared memory have been negligible.

"Customer interest generated through the early launch of Dolphin Express promises that sales will steadily pick up through 2008"

With the new PCI Express-based hardware developed by StarGen, Dolphin is able to address new areas of the interconnect market. Together with Dolphin Express, the NumaChip introduction in 2008 will reopen the currently untapped server market for Dolphin. The combination of these opportunities forms the basis of the group's prediction that most growth will come from new markets and unexploited segments of existing markets.

The sales organization

In order to capitalize on the sales potential for web applications and databases, Dolphin has reengineered its marketing operation. Marketing is now run from the U.S. office under new leadership. Sales capacity has been increased with more sales people on the ground and greater investment in telesales operations. Furthermore, new and dynamic channel management increased the number of resellers recruited and, in turn, these resellers have increased Dolphin's reach into new markets significantly. Beyond this investment, Dolphin's sales operation has been strengthened with ex-Oracle sales professionals with specific expertise in the enterprise and data solutions marketplace.

Finance

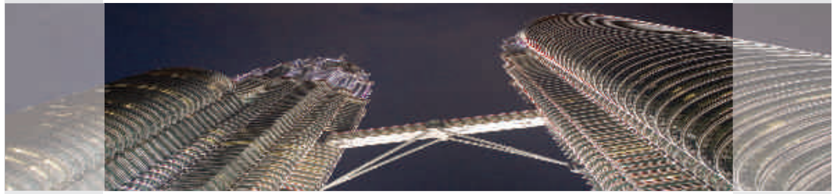
Total operating revenue in the group decreased from NOK 32,091,691 in 2006 to NOK 27,333,762 in 2007, a reduction of 15%. This reduction reflects the transition from the mature legacy products of Dolphin ASA and former StarGen to the introduction of new Dolphin Express products targeted at new segments. A major part of the SCI-based products has been sold through long-term OEM contracts over the last few years and the wind-up of larger accounts, for example in the medical ultrasound market, is a major contributor to the decline. Group sales were distributed geographically as follows: NOK 13,735,215 in Europe, NOK 6,901,775 in the U.S., NOK 5,808,424 in Japan and NOK 888,348 in other areas. Only a negligible share of the revenue came from sales to companies in Norway.

The group's operating cost increased from NOK 45,101,975 in 2006 to NOK 53,462,918. The operating loss for the group was NOK 26,129,156 compared to a loss of NOK 9,060,443 in 2006. Net loss after tax was NOK 26,222,862.

Total cash flow from group operations was NOK -16,521,705 compared to NOK -6,339,258 in 2006.

Total cash and cash equivalents totaled NOK 32,664,426 at the end of 2007, a decrease from NOK 48,553,242 as of 31.12.2006. The decrease reflects the continuing negative cash flow from operations and investments. The group's ability to self-finance is considered good following the listing on the Oslo Stock Exchange in April 2006. Total current assets for the group were NOK 46,706,198 at the turn of the year, versus NOK 65,522,488 at the end of 2006.

Total assets in the group were NOK 120,573,886 at the end of 2007 compared to 84,326,109 for 2006. The equity ratio for the group as of 31.12.2007 is 91% compared to 90% as of 31.12.2006.



Allocation of result and free equity

The board suggests that a transfer from other equity covers the year's deficit in the parent company of NOK 20,618,781 The combined free equity in the parent company and group as of 31.12.2006 was NOK 0.

Future outlook

Customer interest generated through the early launch of Dolphin Express promises that sales will steadily pick up through 2008. The launch of this new family of products is expected to be a major driving force in 2008 and beyond. Dolphin expects to show quarter-by-quarter revenue growth from Q4 2007. The group also has important volume customers that forecast stabile purchases of legacy products through the year. Profitability is expected to return by the end of 2008.

Financial risk

Market risk: The group is exposed for changes in foreign exchange rates as most of the group's revenue is in EUR or USD. As expenses currently exceed revenue, the recent depreciation of the US dollar versus NOK reduces the net deficit in the group. The use of forward contracts for sale and purchase of foreign exchange is evaluated on a continual basis.

Credit risk: The risk of a trading partner being unable to fulfill its financial obligations is considered low for two reasons. Firstly, Dolphin has had almost no loss on trade receivables in earlier years and, secondly, a major part of revenue comes from long-term contracts. Currently, the group has no financial agreements or instruments to minimize credit risk, but will evaluate the use of such as the customer portfolio evolves.

Liquidity risk: Cash and cash equivalents amount to NOK 32,664,426 in the group as of 31.12.2007 showing that year-end cash and cash equivalents are above the quarterly average for 2007. The company is listed on the Oslo Stock Exchange and considers self-financing opportunities to be good, especially from the equity market. The group expects negative cash flow in 2008. Payment due terms for trade receivables are maintained. Historically, payments from the group's largest customers are on time and predictable.

Internal environment

The work environment in Dolphin is considered to be good. The sick-leave rate has been low for several years. There have not been any work-related accidents, occupational injuries or serious damage to equipment in 2007.

Dolphin has an arrangement with a health service that includes analysis and suggestions for improvements in the working environment, and is in compliance with the relevant laws regarding health, safety and the environment. During 2007, no major changes in HSE policy have been necessary.

External environment

Dolphin's operations do not directly pollute the external environment. The group's products have, as other electronic products, contained lead and other substances regarded as hazardous to the environment. In co-operation with its vendors,

"The group has implemented a policy that aims to provide gender equality in issues such as salaries, advancement and recruiting"

the group has in the period 2005 to 2007, implemented changes in the products so that they comply with the RoHS directives. The new products have been gradually phased in for customer use during 2006. Some customers in the medical and military markets are excluded from the requirements at this stage.

Equality

Dolphin had 40 employees at the end of 2007, including six women. The former StarGen organization became part of the group in February 2007 and contributed 13 people, including two women, to the organization at that time. It is very hard to recruit women for specialist positions, as few women work within this field. In spite of this, the group's goal is to provide a workplace with full equality between men and women. The group has implemented a policy that aims to provide gender equality in issues such as salaries, advancement and recruiting.

Working hours in the group relate to the various positions and are independent of gender. Apart from this, the ratio of employees working part time is higher among women.

The profit and loss account

In the opinion of the board of directors, the proposed profit and loss account and balance sheet give a correct picture of the group and group's position as of 31.12.2007.

Going concern

In accordance with the Norwegian Accounting Act, §3-3a, it is hereby confirmed that the assumptions of going concern are in effect. This assumption is based on prognoses for 2008 results and the group's long-term strategic forecasts for the years to come. The group is in a sound economic and financial position.

Oslo, 5 May 2008

Ole Henrik Eide (Chairman)

Monica Myklebust Øyen

Marit Doving

Alf Rasmussen

Tor Alfheim

connect smarter

Lowest operating cost, easier management and better resource organization help deliver market-leading return on investment for Dolphin's customers

Investor relations

The goal of investor relations (IR) activities in Dolphin is to contribute to maximizing shareholder value.

The goal is attained through timely, correct, equal and analytical presentation of relevant information concerning both Dolphin and its industry sector.

The nature of the business and operating activities in Dolphin are complex. The company believes that thorough and regular information for the financial community, in addition to scheduled quarterly presentations, is necessary to increase understanding of the company and its industry segment. This will contribute to a share price that correctly reflects the company's earnings potential and its underlying value as precisely as possible.

In view of Dolphin's extensive plans to launch new products and enter new market segments in the years ahead, the company currently intends to retain all available financial resources, including any earnings generated by operations, for the successful execution of these plans. Therefore, the company does not anticipate paying dividends in the medium term. All Dolphin shares are freely tradeable and each share carries one vote at the shareholders' meetings.

The reporting language in the company is English. The company submits all relevant information to the Oslo Stock Exchange, as well as publishing this information on its website. Dolphin has entered into an agreement with the Oslo Stock Exchange for broad and simultaneous distribution of news and bulletins. Published material always includes slide material presentations when relevant.

Dolphin increased share capital three times in 2007. The first increase occurred in February at an extraordinary shareholders' meeting where 2,530,769 shares were issued as payment for all assets in former StarGen Inc.

Two additional share capital increases took place in October and December, wherein 905,000 and 4,483,001 shares were issued at NOK 9 and 3.75 in a private and a public issue respectively. Total gross proceeds from the two stock issues were NOK 24,956,254. Of the two issues, the private issue of 905,000 shares was executed on an authorization to the board granted in the extraordinary shareholders' meeting on 16 February 2007, whereas the public issue was resolved by the extraordinary shareholders' meeting on 13 December 2007.

Total outstanding authorization to the board to increase share capital in the company is NOK 1,000,000, which corresponds to 5,000,000 shares following the capital increases noted above. Total authorization corresponds to 29.6% of the company's share capital after the recent stock issue. Such a proxy makes it easier for the company to increase capital in connection with acquisitions or to strengthen the company's liquidity reserves if necessary. The authorization is valid until the ordinary shareholders' meeting in 2008.

At the extraordinary shareholders meeting held on 16 February 2007, the board was granted authorization to purchase up to 895,234 of its own shares with a maximum total par value of NOK 179,046.80. This number of shares corresponds to 5.3% of the company's share capital after the issues in 2007. The purchase price for the shares must be in the range NOK 0 to 10 and the proxy is valid until the ordinary shareholders' meeting in 2008.

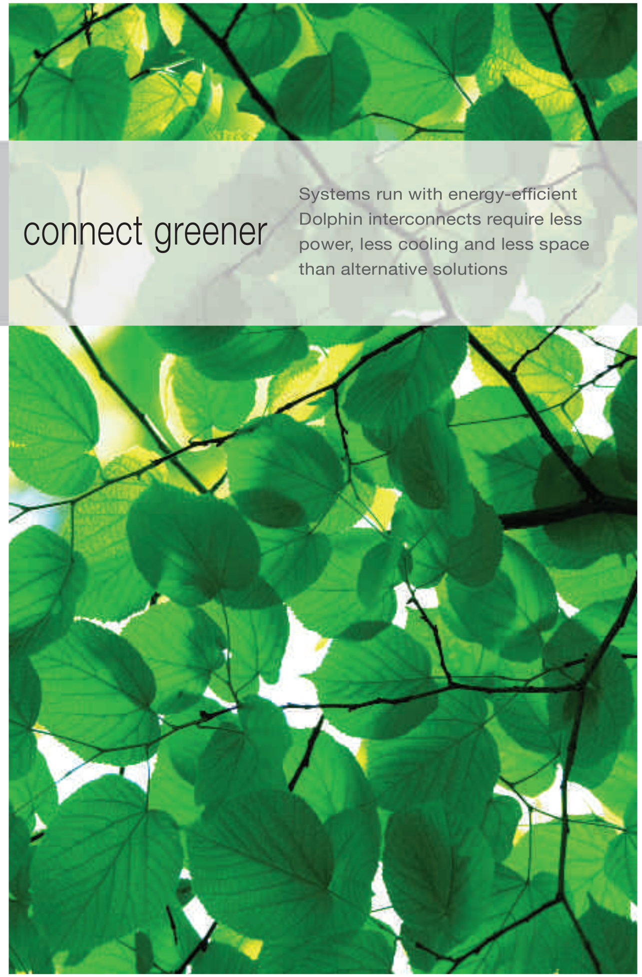
Prior to the IPO and listing on the Oslo Stock Exchange in April 2006, Dolphin had approximately 200 shareholders. Since then, total number of shareholders has steadily grown to 514 by February 2008. The increase in shareholder

numbers and the current Market-Maker agreement with Orion Securities have improved trading liquidity in Dolphin shares. In the Market-Maker agreement, Orion make prices for a minimum volume of four lots at the maximum difference between the bid and ask price of 4%. As the agreement complies with Oslo Stock Exchange requirements, Dolphin shares are classified on the OB Match segment.

Dolphin presents its quarterly and annual results to the financial community before trading opens on the same day as the results are released. Both investors and analysts are invited to attend these meetings. The financial calendar for 2008 is as follows:

28 May	Q1 interim results
28 May	Annual Shareholders' Meeting
29 August	Q2 interim results
12 November	Q3 interim results

Major shareholders as of 31.12.2007	Shares	Ownership interest (%)
Selvaag Invest AS	1 740 450	10.32
Zoncolan ASA	1 328 334	7.87
Morgan Stanley & Co. Inc.	1 130 505	6.70
Citigroup Global Markets Inc.	1 100 586	6.52
Verdipapirfondet Danske Fund Norge	787 048	4.67
MP Pensjon	753 702	4.47
Den Norske Krigsforsikring	749 881	4.44
Sjøinvest AS	550 000	3.26
Frans Engler A/S	500 000	2.96
Bamo AS	400 000	2.37
Granada Forvaltning AS	315 082	1.87
L Gill-Johannessen AS	308 127	1.83
Solvangen Marina AS	300 000	1.78
Verdipapirfondet KLP Aksjenorge	254 196	1.51
Drage Industries AS	200 000	1.19
Consort Invest AS	195 483	1.16
Sigurd Olsvold AS	165 225	0.98
Falkum Invest A/S	157 000	0.93
Granada Management AS	152 544	0.90
Altea Property Development A/S	152 000	0.90
Total 20 largest shareholders	11 240 163	66.62



Implementation and reporting on corporate governance

The board of directors in Dolphin holds the opinion that corporate governance outlines the most important principles and guidelines for corporate management, and the definition of the relationship between the shareholders, the board of directors and the executive management of the company.

In addition, the board of directors has implemented values and ethics guidelines. These, together with the Corporate Governance Code, exist to protect and forward the interests of shareholders and other interested parties, such as employees, customers and suppliers. In this section, all elements in the Norwegian Code of Practice for Corporate Governance are reviewed.

Business

Paragraph two of the articles of association defines Dolphin's business to be within development, marketing and sale of electronics. This includes hardware, software and other related products. Through the years, Dolphin has focused its resources on developing a unique competence in computer interconnect. Effective interconnects are needed between computers, as well as within and between the various components of a single computer.

Dolphin has expanded its area of strategic focus to include the database and data serving markets. The integration of former StarGen adds to the Dolphin product range and widens the company's platform with the introduction of the new PCI Express products in early 2008. Lastly, the NumaChip launch is planned for 2009. This will reinforce Dolphin's position in the server market by expanding Dolphin's share of the valuable high-end server segment.

Equity and dividends

As of 31 December 2007 the equity ratio in Dolphin is 91%, compared to 90% in 2006 and 77% in 2005. The increase is mainly due to capital increases and subsequent investment in product development. Currently, the major development activities in Dolphin are the NumaChip project and SuperSockets software extensions for Dolphin Express products. At the same time, Dolphin is in an early launch phase with the Dolphin Express products. As the company is in an important period of product development, it is unlikely that any dividend will be paid over the medium term.

At the extraordinary general meeting held on 16 February 2007, the board was given a proxy to increase the share capital by up to NOK 447,617. Of this, NOK 181,000 was used in October through the company's private stock issue of 905,000 shares. The proxy makes it easier for the company to complete capital increases connected to, for example, exercise of warrants, acquisitions and, if necessary, further strengthening of liquidity reserves. The proxy includes the possibility for the board to waive the pre-emptive rights of the existing shareholders if necessary. The proxy is not limited to any specific purpose and comprises of capital increases in return for non-cash contributions and a right to assume special obligations on behalf of the company, as well as a merger resolution in accordance with § 13-5 of the Limited Liability Companies Act. The authorization is valid until the ordinary general meeting in 2008.

At the same extraordinary general meeting, the board was authorized to purchase up to 895,234 own shares, corresponding to less than 8% after the above mentioned share issue, at share prices between NOK 10 and 30. In accordance with the Limited Liability Companies Act § 6-28 and its principle of equal treatment, the board determines how own shares can be acquired and disposed of. The authorization is valid until the ordinary general meeting in 2008.

"Dolphin has no restrictions on the negotiability of its shares and the board of directors does not intend to submit any proposals to the general assembly concerning any such restrictions"

At the ordinary shareholders' meeting on 31 May and extraordinary shareholders' meeting on 13 December 2007 the board was authorized to increase capital by up to NOK 80,000 and NOK 106,000 respectively for the purpose of implementing an employee options program. Authorization of NOK 80,000 expires at the ordinary shareholders' meeting in 2008, while the time limit on the second capital increase extends until the ordinary shareholders' meeting in 2009. This extension is due to the lateness of the issue in 2007 and the duration of the option program.

At the same extraordinary shareholders' meeting on 13 December 2007, the board was given authorization to increase capital by up to NOK 733,383 under the same conditions and expiry date as the authorization issued on 16 February 2007. Unused authorization to increase share capital now totals NOK 1,000,000, or 5,000,000 shares. Capital increases for the sole purpose of implementing option programs come in addition to this figure.

Equal treatment of shareholders and transaction with close associates

Dolphin has only one class of share and this has no voting restrictions. The board of directors does not intend to submit any proposals to the general assembly concerning voting restrictions. The company carried out a private placement of 905,000 shares in October 2007. This share issue was followed in December by a public share issue. As the private issue was followed by a public issue, existing shareholders were largely able to reverse any dilution of ownership from the private issue.

The company's policy on transactions with close associates is based on the requirement that all transactions must be at arm's length and at market price. In 2007, there have been no transactions with close associates in the company.

Freely negotiable shares

Dolphin has no restrictions on the negotiability of its shares and the board of directors does not intend to submit any proposals to the general assembly concerning any such restrictions.

General assembly

Dolphin has followed the period of notice stipulated in the Norwegian Public Limited Companies Act, i.e. 14 days' notice, as there are no limitations in the company's articles of association, or otherwise, concerning the period of notice. From 2008, Dolphin will strive to give notice and make relevant material available on the company's website no longer than 21 days prior to the meeting. As long as it's practical, Dolphin will continue to waive shareholders' requirement to notify their attendance of the meeting. The agenda and any supporting material will be comprehensive and contain detailed information on the resolutions under consideration, as well as any recommendations from the nomination committee. A proxy form is attached to the notification and the minutes of the meeting will be published on the company's website and made available for inspection at the company's offices.

Nomination committee

According to its articles of association, Dolphin has a nomination committee consisting of three members who are either shareholders or representatives thereof. The nomination committee must submit candidates for the board and its own composition to the AGM, and propose compensation for members of the board. Members of the nomination committee are elected for a period of two years. Up until now, the chairman has been elected among the members. The AGM held on 31 May 2007 elected the following committee: Yngvar Hvistendahl, Odd Eide and Hans Othar Blix. All members are independent of the board of directors.

Corporate assembly and board of directors – composition and independence

Under Norwegian law, Dolphin is not required to have a corporate assembly. There are five board members, each elected for two years at a time. The chairman has, up to now, been elected among the board's members. The company's executive management is unrepresented, while the board has recently accommodated employee representation. Initiatives to nominate candidates among employees are currently ongoing. The AGM held on 31 May 2007 elected the following directors: Marit Døving, Monica Myklebust Øyen, Tor Alfheim, Alf Rasmussen and Ole Henrik Eide (elected chairman by the members).

All members are considered independent of management and do not hold any significant business relationships with Dolphin. The majority of the board does not represent any of the largest shareholders. None of the board members are or have been employed by the company.

The work of the board of directors

The board of directors is elected by the shareholders to oversee the executive management and to ensure that the long-term interests of the shareholders and other interested parties are being served. The board's main responsibility is to determine the company's overall vision, goal and strategy.

The board has resolved and adopted a written set of rules and procedures. The purpose is to structure the work and administrative procedures of the board and to provide clear internal allocation of responsibility. According to these rules, the board should plan meetings six months ahead, prepare an annual work plan and evaluate progress and its own competence once a year. Furthermore, the board adopted a written set of rules and procedures for the CEO. These include comprehensive guidelines for the CEO's responsibilities and clearly distinguish between the responsibilities of the board and the CEO.

In addition, the board has resolved and adopted guidelines with regard to values and ethics (the 'code of conduct'). The purpose of the code of conduct is to create a sound corporate culture and to preserve the integrity of the Dolphin Group by helping employees promote good business practice. Furthermore, the code is intended to be a tool for self-evaluation and a vehicle for development of the

"Dolphin has implemented instructions and written routines approved by the board in several areas from regulations for insider trading to guidelines for values and ethics"

group's identity. The code applies to members of the board of directors, the CEO, members of management and other employees in all companies within the group, as well as others acting on behalf of Dolphin companies.

At the time of this report, the board is evaluating the need to establish sub-committees to ensure thorough and independent preparation and review of compensation paid to members of the executive management and the group's financial reporting.

Risk management and internal control

Dolphin has implemented instructions and written routines approved by the board in several areas from regulations for insider trading to guidelines for values and ethics.

A vital element of Dolphin's risk management is its implementation of high-quality written routines for the company's important business and reporting areas. Since October 2006, these have been ISO 9001:2000 approved.

Dolphin has implemented monthly financial reporting to the board of directors and quarterly interim reporting to the Oslo Stock Exchange. In order to reduce the overall financial risk, group accounts are consolidated every month, and discussed and analyzed in a monthly report to the board. Both the monthly and quarterly reports undergo internal quality control and, in addition, external resources are used to monitor the monthly accounts. The report includes main items from the balance sheet and working capital. The internal operating reports review economic and financial risk, in addition to the management's assessment of significant risk within major customer relationships, market segments and product development. Financial development is tracked and measured monthly against an approved annual budget. Financial reporting complexity is generally regarded as low in Dolphin.

An emphasis on risk management is reflected in Dolphin's business plan. All major budget assumptions and contingencies are discussed in detail. The annual business plan also includes guidelines for investor relations activity within the group.

Remuneration of the board

Remuneration to the board of directors is set at NOK 75,000 for the chairman and NOK 50,000 for each member. None of the directors receive compensation, including result or share-based payments, other than the annual fee decided by the AGM.

Remuneration of the executive management

The board of directors issue and publish guidelines for the remuneration of the members of the executive management. Dolphin has a warrants program for former StarGen employees who signed up with Dolphin. All of the warrants have vesting criteria, while 80% are also subject to performance criteria being met. In addition, Dolphin has an options program for non-US based employees. All of these options have vesting criteria. Further information on remuneration of the executive management is provided in note 25 to the accounts.

Information and communication

Dolphin continues to maintain an open dialogue with the capital markets, and arranges regular presentations for investors, analysts and others. The main emphasis is on the timely, correct, equal and analytical presentation of relevant information concerning both Dolphin and its industry sector. The board has developed and implemented an investor relations policy for the company. As part of this policy, an investor relations execution plan with set targets is implemented and forms an integral part of the company's annual business plan.

As the company is engaged in a specialist industry, particular focus is placed on communicating in language understandable for investors who are not sector specialists. Information is published in the annual and quarterly reports, in presentations, on the website and through press releases. Dolphin communicates all share price sensitive information to the stock exchange and simultaneously publishes the information on the company's web pages. The company's operating language is English. All information is communicated within the framework established by securities and accounting legislation, and the rules and regulations of the stock exchange.

Corporate takeover

The board of directors will not seek to obstruct any takeover bids for the company unless resolved by a general meeting following announcement of the bid. In the event of a takeover bid, the board of directors will seek to ensure that all shareholders are treated equally and issue a statement that includes the board's assessment of the bid and its recommendation.

Auditor

The company's external auditor is appointed by the general assembly and is responsible for the financial audit of both the parent company, the US subsidiary and the group accounts. The company's auditor for 2007 is BDO Noraudit. The auditor's primary objective is to audit with the accuracy, competence and integrity dictated by relevant laws and professional standards. The board has developed and implemented guidelines for the auditor and its associates non-audit work. These guidelines are intended to safeguard the independence and integrity of the auditor and the public's confidence in the company's audit. Dolphin continues to maintain relations with other audit firms for non-audit services to help secure the independence of the company's auditor.

Dolphin Interconnect Solutions ASA

Income statement (NOK)

Parent company 2006 IFRS	Parent company 2007 IFRS		Note	Group 2007 IFRS	Group 2006 IFRS	Group 2005 IFRS
		OPERATING REVENUES				
32 195 201	13 922 574	Sales	8	27 333 762	32 091 691	49 426 396
3 846 331	0	Other operating revenue	22	0	3 949 841	996 600
36 041 532	**13 922 574**	**TOTAL OPERATING REVENUE**		**27 333 762**	**36 041 532**	**50 422 996**
		OPERATING EXPENSES				
14 662 028	5 911 325	Cost of goods sold		9 814 806	14 662 028	18 246 211
10 861 026	16 713 577	Payroll expenses	21, 23, 25, 26	25 114 756	11 884 495	9 321 430
337 530	1 323 524	Depreciation	9, 10, 11	2 415 697	348 419	10 902
6 038 104	0	Write down	10, 12	0	6 038 104	0
13 324 299	10 701 771	Other operating expenses	13, 24, 25	16 117 658	12 168 929	10 982 780
45 222 987	**34 650 197**	**TOTAL OPERATING EXPENSES**		**53 462 918**	**45 101 975**	**38 561 324**
-9 181 455	**-20 727 623**	**OPERATING PROFIT**		**-26 129 156**	**-9 060 443**	**11 861 673**
		FINANCIAL INCOME AND COSTS				
1 234 333	1 186 202	Interest income	28	989 521	1 234 333	82 906
1 580 305	568 404	Foreign exchange gains		568 404	1 580 305	2 564 281
1 536 725	1 495 141	Foreign exchange losses		1 495 141	1 536 725	914 280
82 500	150 623	Interest and other financial expenses		151 681	82 516	1 845
1 195 413	**108 842**	**NET FINANCIAL PROFIT**		**-88 897**	**1 195 397**	**1 731 062**
-7 986 042	**-20 618 781**	**PROFIT BEFORE TAXES**		**-26 218 053**	**-7 865 046**	**13 592 735**
-3 997 849	0	Income taxes	20	4 809	-3 989 793	-5 703 405
-3 988 193	**-20 618 781**	**PROFIT FOR THE YEAR**	27	**-26 222 862**	**-3 875 253**	**19 296 139**
		TRANSFERS				
-3 988 193	-20 618 781	Allocated to retained earnings				
-3 988 193	**-20 618 781**	**TOTAL TRANSFERS**				

Dolphin Interconnect Solutions ASA
Balance sheet (NOK)

Parent company 2006 IFRS	Parent company 2007 IFRS	ASSETS	Note	Group 2007 IFRS	Group 2006 IFRS	Group 2005 IFRS
		NON-CURRENT ASSETS				
8 911 664	22 897 430	Capitalized development cost	10	62 947 211	8 911 664	7 391 478
9 710 424	9 710 424	Deferred income tax assets	20	9 710 424	9 710 424	5 712 575
179 339	278 073	Operating equipment	9	925 694	179 344	29 869
0	40 170 406	Shares in subsidiaries	5	0	0	0
0	0	Other long-term receivables		284 359	2 189	2 369
18 801 427	**73 056 333**	**TOTAL NON-CURRENT ASSETS**		**73 867 688**	**18 803 621**	**13 136 291**
		CURRENT ASSETS				
11 296 088	8 424 348	Inventories	14	9 034 552	11 296 088	7 516 453
1 764 659	1 582 096	Trade receivables	13	3 627 865	1 764 659	2 435 399
3 908 499	10 139 620	Other short-term receivables	13, 28	1 379 354	3 908 499	3 757 437
48 298 109	30 800 245	Cash and cash equivalents	15	32 664 426	48 553 242	19 015 579
65 267 355	**50 946 309**	**TOTAL CURRENT ASSETS**		**46 706 198**	**65 522 488**	**32 724 868**
84 068 782	**124 002 642**	**TOTAL ASSETS**		**120 573 886**	**84 326 109**	**45 861 159**

Parent company 2006 IFRS	Parent company 2007 IFRS	EQUITY AND LIABILITIES	Note	Group 2007 IFRS	Group 2006 IFRS	Group 2005 IFRS
		EQUITY				
		Subscribed equity				
1 790 468	3 374 222	Share capital	16, 17, 26, 27	3 374 222	1 790 468	610 234
44 041 951	101 051 836	Share premium fund	17	101 051 836	44 041 951	928 551
45 832 419	**104 426 058**	**Total subscribed equity**		**104 426 058**	**45 832 419**	**1 538 785**
		Retained equity				
29 606 895	11 163 230	Retained earnings	17	5 467 165	29 881 606	33 763 147
29 606 895	**11 163 230**	**Total retained equity**		**5 467 165**	**29 881 606**	**33 763 147**
75 439 314	**115 589 288**	**TOTAL EQUITY**		**109 893 223**	**75 714 025**	**35 301 932**
		NON-CURRENT LIABILITIES				
883 751	561 389	Other long-term liabilities	19	561 389	883 751	1 227 380
0	0	Pension obligations	21	0	0	1 846 194
883 751	**561 389**	**TOTAL NON-CURRENT LIABILITIES**		**561 389**	**883 751**	**3 073 574**
		CURRENT LIABILITIES				
5 093 642	4 753 650	Trade payables	28	6 871 413	4 814 349	4 106 073
1 248 197	1 219 247	Public duties payable	15	1 219 247	1 248 197	726 453
1 403 878	1 879 068	Other current liabilities	18	2 028 614	1 665 787	2 653 127
7 745 717	**7 851 965**	**TOTAL CURRENT LIABILITIES**		**10 119 274**	**7 728 333**	**7 485 652**
84 068 782	**124 002 642**	**TOTAL EQUITY AND LIABILITIES**		**120 573 886**	**84 326 109**	**45 861 159**

Oslo, 9 April 2008

Ole Henrik Eide (Chairman of the board) Timothy Russell Miller (Managing director) Marit Doving (Board member)

Alf Rasmussen (Board member) Tor Alfheim (Board member) Monica June Myklebust Øyen (Board member)

Dolphin Interconnect Solutions ASA
Statement of cash flow (NOK)

Parent company 2006	Parent company 2007	Cash flow from operational activities	Group 2007	Group 2006	Group 2005
-7 986 043	-20 618 781	Operating result before tax	-26 218 053	-7 865 046	13 592 735
0	0	Paid taxes	-4 809	-8 061	-9 171
337 530	1 323 524	Depreciation	2 415 697	348 431	10 902
6 038 104	0	Write down	0	6 038 104	0
-1 846 194	0	Changes in pension obligations	0	-1 846 194	331 246
0	2 175 116	Cost of options	2 175 116	0	0
0	0	Loss from disposals of operating equipment	0	0	16 822
-3 779 635	2 871 740	Changes in inventory	2 261 536	-3 779 635	-129 441
670 740	182 563	Changes in receivables	-1 863 206	670 740	3 505 245
1 021 577	-339 992	Changes in trade payables	2 057 064	708 276	1 267 358
-796 688	-5 784 881	Changes in other current assets/debt items	2 654 950	-605 873	-143 224
-6 340 609	**-20 190 711**	**Net cash flow from operational activities**	**-16 521 705**	**-6 339 258**	**18 442 472**
		Cash flow from investment activities			
0	-5 245 794	Payment for shares in other companies	0	0	0
-179 674	-196 038	Purchase of operating equipment	-1 935 827	-187 474	0
-7 868 310	-15 211 986	Purchase of intangible assets	-20 348 729	-7 868 310	-4 680 015
-8 047 984	**-20 653 818**	**Net cash flow from investment activities**	**-22 284 556**	**-8 055 784**	**-4 680 015**
		Cash flow from financial activities			
-343 629	-322 362	Payment of long-term debt	-322 362	-343 629	-83 102
44 293 634	23 669 027	Issue of shares	23 669 027	44 293 634	0
43 950 005	**23 346 665**	**Net cash flow from financial activities**	**23 346 665**	**43 950 005**	**-83 102**
29 561 412	-17 497 864	Net changes in cash and cash equivalents	-15 459 596	29 554 963	13 679 355
0	0	Foreign exchange changes	-429 219	-17 300	57 407
18 736 697	48 298 109	Cash and cash equivalents 01.01	48 553 242	19 015 579	5 278 816
48 298 109	**30 800 245**	**Cash and cash equivalents 31.12**	**32 664 426**	**48 553 242**	**19 015 579**

The statement of cash flow is a systematic overview that shows how the company has received and used cash and cash equivalents during the year. The statement of cash flow is supposed to present the development of operation, investment and financing during the periods.

Parent company	Share capital	Share premium fund	Other equity	Total equity
Equity 01.01.2006	610 234	928 551	33 595 088	35 133 873
Script issue	610 234	-610 234	0	0
Issue of shares	570 000	49 305 000	0	49 875 000
Cost of issue of shares	0	-5 581 366	0	-5 581 366
Net profit	0	0	-3 988 193	-3 988 193
Equity 31.12.2006	**1 790 468**	**44 041 951**	**29 606 895**	**75 439 314**
Equity 01.01.2007	1 790 468	44 041 951	29 606 895	75 439 314
Issue of shares (StarGen acquisition)	506 154	34 418 458	0	34 924 612
Issue of shares	181 000	7 964 000	0	8 145 000
Issue of shares	896 600	15 914 654	0	16 811 254
Cost of issue of shares	0	-1 287 227	0	-1 287 227
Cost of options to employees	0	0	2 175 116	2 175 116
Net profit	0	0	-20 618 781	-20 618 781
Equity 31.12.2007	**3 374 222**	**101 051 836**	**11 163 230**	**115 589 288**

Group	Share capital	Share premium fund	Other equity	Total equity
Equity 01.01.2005	610 234	928 551	14 426 048	15 964 833
Currency translation differences	0	0	40 959	40 959
Net profit	0	0	19 296 139	19 296 139
Equity 31.12.2005	**610 234**	**928 551**	**33 763 147**	**35 301 932**
Equity 01.01.2006	610 234	928 551	33 763 147	35 301 932
Script issue	610 234	-610 234	0	0
Issue of shares	570 000	49 305 000	0	49 875 000
Cost of issue of shares	0	-5 581 366	0	-5 581 366
Currency translation differences	0	0	-6 288	-6 288
Net profit	0	0	-3 875 253	-3 875 253
Equity 31.12.2006	**1 790 468**	**44 041 951**	**29 881 606**	**75 714 025**
Equity 01.01.2007	1 790 468	44 041 951	29 881 606	75 714 025
Issue of shares (StarGen acquisition)	506 154	34 418 458	0	34 924 612
Issue of shares	181 000	7 964 000	0	8 145 000
Issue of shares	896 600	15 914 654	0	16 811 254
Cost of issue of shares	0	-1 287 227	0	-1 287 227
Cost of options to employees	0	0	2 175 116	2 175 116
Currency translation differences	0	0	-366 695	-366 695
Net profit	0	0	-26 222 862	-26 222 862
Equity 31.12.2007	**3 374 222**	**101 051 836**	**5 467 165**	**109 893 223**

Note 1 – General information

Dolphin Interconnect Solutions ASA and its subsidiary in the U.S. develops, manufactures and markets high-speed, high-bandwidth interconnect products based on the Scalable Coherent Interface. The group sells its products all over the world, but the main markets are in the U.S., Japan and Europe. In OEM agreements, sales are handled by resellers, distributors and integrators.

Dolphin Interconnect Solutions ASA is a Norwegian company, headquartered in Oslo.

These consolidated financial statements have been approved for issue by the board of directors on 9 April 2008.

Note 2 – Summary of significant accounting policies

2.1 Basis of preparation
The consolidated financial statements of Dolphin Group have been prepared in accordance with International Financial Reporting Standards (IFRS).

The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 6.

2.2 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.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated, but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

2.3 Foreign currency translation
(a) Functional and presentation currency
Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in NOK, which is the company's functional and presentation currency.

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

(c) Group companies
The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
(ii) income and expenses for each income statement are translated at average exchange rates
(iii) all resulting exchange differences are recognised as a separate component of equity.

2.4 Operating equipment
All machinery and equipment is stated at historical cost less depreciation. 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.

Depreciation on all assets is calculated using the straight-line method to allocate their cost or revalue amounts to their residual values over their estimated useful lives as follows:
– Furniture, fittings and equipment: three to five years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount, see note 2.6.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

2.5 Intangible assets – research and development
Development cost of products that can be reliably measured and will probably generate future economic benefits are capitalized and depreciated. Research on new products and maintenance of existing products are expensed as incurred. Capitalized costs contain internal payroll costs and external assistance. Public grants regarding capitalized products reduce the capitalized amount.

Capitalized development cost is depreciated over the period the products are expected to give economic benefits. The assets' residual values and useful lives are reviewed and adjusted if appropriate at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

2.7 Inventory
Inventories are stated at either cost or net realizable value, whichever is the lower. Cost is determined using the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.8 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 re-organisation and default or delinquency of payments are considered indicators that the trade receivable is impaired. The amount of the provision is recognised in the income statement.

2.9 Cash and cash equivalents
Cash and cash equivalents include cash in hand and deposits held at call with banks.

2.10 Taxes
Tax expenses on the income statement include payable taxes and the change in deferred tax for the period. The change in deferred tax reflects future payable taxes resulting from the current year's activities. Deferred tax is based on accumulated profit payable in subsequent accounting periods. Deferred tax is calculated on net tax-increasing differences between the balance sheet items used for accounting purposes and those used for taxation purposes, adjusted for deductible temporary tax differences and tax losses carried forward according to the liability method.

Deferred tax assets are only capitalized to the extent that it is probable that there will be future taxable income available for reducing the difference. Deferred tax assets are assessed for each period and reduced if it is no longer probable that the deferred tax asset can be used.

2.11 Employee benefits
(a) Pension obligations
Dolphin Interconnect Solutions ASA changed from a defined benefit pension plan to a defined contribution plan in 2006, which is the same form as the U.S. operation employs. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits that relate to employee service in the current and prior period. The group has no further payment obligations once the contributions have been paid. Contributions are recognised as an 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 future payments is available.

The change of pension plan in 2006 resulted in a cost reduction of NOK 1.8 million because of a reversal of the recognised pension obligation.

(b) Share-based compensation
The group operates an equity-settled, share-based compensation plan. The fair value of employee services received in exchange for 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 recognizes the impact of original estimate revisions in the income statement (if there are any), with a corresponding adjustment in equity.

The net proceeds of any directly attributable transaction cost 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 company's shareholders after certain adjustments. The group recognises a provision where contractually obliged or where a past practice has created a constructive obligation.

2.12 Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown, net of value-added tax, estimated returns, rebates and discounts and after eliminated sales within the group. Sales of goods are recognised when a group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

2.13 Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. There are no financial leases in the group.

2.14 Borrowing costs
Borrowing costs are expensed in the same period as they accrue.

2.15 Provisions
Provisions are recognised when: i) the group has an obligation as a result of past events, ii) when it is probable that there will be a financial settlement as a result of this obligation, iii) the amount can be measured reliably. Generally speaking, provisions are based on historical data and weighted against possible outcomes and the probability they will occur. If the time value is significant, the provision is the net present value of the amount expected to be required to meet the obligation.

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

2.17 Segments
The group is organized as one segment. Hence, in accordance with IAS 14, information by segment has not been prepared.

2.18 Net profit per share
The group presents 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 accrued to the ordinary shareholders and the weighted average number of shares outstanding. The figure for diluted earnings per share is the accrued result to ordinary shareholders after the weighted average number of shares outstanding has been adjusted for all diluting effects relating to share options.

2.19 New standards effective in 2007
IFRS 7 – Financial instruments: disclosures complementary amendment to IAS 1, presentation of financial statements-capital disclosures were adopted in 2007. IFRS 7 introduces new disclosures relating to financial instruments. This standard does not have any impact on the classification and valuation of the group's financial instruments.

IFRIC 11 – Group and treasury share transactions are implemented with no material effect.

The following IFRS/IAS standards have been approved, but are effective from 2009, with earlier application permitted.

These standards are not implemented with effect for the financial statements for 2007.
• IAS 23 – borrowing costs
• IFRS 8 – operating segments
• IAS 1 – presentation of financial statements
• IAS 32 – financial instruments – presentation
It is assumed that the new standards will only have an insignificant effect on reported results or balance sheet items. The main effects will relate to presentation formats for financial statements and for the note disclosures.

Note 3 – Financial risk management

Financial risk factors
The group's activities expose it to a variety of financial risks: currency risk, credit risk, liquidity risk and interest rate risk. The group has used financial derivatives, such as forward contracts on foreign exchange to hedge certain risk exposures. Risk management is carried out under policies approved by the board of directors.

Currency risk
The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Euro. A large part of the income in the mother company is in Euro and almost all income and expenses in the U.S. subsidiary is in USD. To manage foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the group has used forward contracts with external banks. As of 31.12.2007 the group has no such forward contracts. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

Credit and interest rate risk
The group has no significant concentrations of credit risk. It has policies in place to ensure that wholesale of products and services are made to customers with an appropriate credit history. As a substantial part of the income is from long-term OEM contracts, where the group has established relationships, the group's ability to assess such risk is good.
Interest bearing debt is low in the group and the debt has a fixed interest rate.

Liquidity risk
Product development activity was high in the group during 2007. This, along with declining sales of Sci and StarFabric-based products, has led to a negative cash flow from operations and investments in 2007. This situation is expected to gradually reverse as development projects are completed and new product sales outweigh the decline in mature products. The primary funding source is the equity market and two share issues in 2007 were completed during the year. After the stock exchange listing in 2006, the group's ability to self-finance is considered good, but a liquidity risk relating to possible future funding needs prevails as long as the company continues to generate negative cash flow from operations and investments.

Analysis of sensitivity of currency risk related to USD
A foreign currency sensitivity analysis indicates that a ten percent strengthening of NOK against USD at 31 December would have decreased the loss by NOK 1.1 million and increased the equity by NOK 0.8 million, excluding the effect on equity that follows directly from the decreased loss. A ten percent weakening of NOK against USD at 31 December would have had an equal, but opposite effect, on the above amounts, as long as all other variables remained constant. The sensitivity analysis is calculated based on the figures in USD from the 2007 accounts and assumes that all other variables remain constant. Calculations are based on amounts and foreign currency exchange rates as of 31 December.

Note 4 – Changes in the group's structure

In 2007, Dolphin Interconnect Solutions ASA acquired all assets and liabilities of the U.S.-based company StarGen Inc. This is a very important strategic acquisition. It means that the group receives access to hardware technology based on the PCI Express standard that, in combination with Dolphin's own developed SuperSockets software, will enable the group to deliver a range of competitive products and enter new markets. StarGen Inc., situated in Marlborough, Massachuttes in the U.S., had 13 employees at the time of acquisition. All activity, assets and liabilities of former StarGen Inc. are integrated into the subsidiary Dolphin Interconnect Solutions North America Inc. (Dolphin Inc.) from 16 February 2007 and are included in the group accounts. Total cost of the acquisition amounted to NOK 40,170,406, whereof NOK 5,245,794 was transaction costs. NOK 34,924,612 of the acquisition price was settled by an issue of 2,530,769 shares in Dolphin Interconnect Solutions ASA to the former shareholders of StarGen Inc. The equity of StarGen Inc. at the time of acquisition was NOK 5,257,368. The excess value from the acquisition has been allocated to capitalized development cost.

Pro-forma figures for 2006, including StarGen Inc:

	2006
Total operating revenue	56 164 108
Total operating expenses	73 992 451
Operating profit	-17 828 343
Net financial profit	2 087 832
Profit before taxes	-15 740 511
Income taxes	-3 989 793
Net profit	**-11 750 718**
Intangible assets	55 877 413
Operating equipment	2 395 413
Other non-current assets	1 578 018
Current assets	78 285 795
Total assets	**138 136 639**
Total equity	116 206 329
Total long-term debt	883 751
Total short-term debt	21 046 559
Total equity and debt	**138 136 639**

Note 5 – List of subsidiaries

The following subsidiaries are included in the consolidated financial statements:

Company	Country	Main operations	Cost of shares	Ownership share	Voting share
Dolphin Interconnect Solutions NA Inc.	U.S.	Product sale/deliveries	40 170 406	100%	100%
		Total	**40 170 406**		

Note 6 – Estimation uncertainty

In the process of applying the group's accounting policies in accordance with IFRS, management has made several judgements and estimates. All estimates are assessed on the most probable outcome based on the management's best knowledge. Changes in key assumptions may have significant effect and may cause material adjustments to the carrying amounts of assets and liabilities, equity and the net result.

The company's most important accounting estimate is as follows:
Write-down/reversal of goodwill and other intangible or tangible fixed assets.

The company tests annually whether intangible assets have suffered any impairment in accordance with IAS 36. The impairment tests are shown in note 12.

The company's recognized intangible assets are assessed annually with regard to impairment or a reversal of previous impairments.

Note 7 – Exchange rates

The following exchange rates are used in the consolidated financial statements:

Currency	31.12.2007	31.12.2006	Average 2007	Average 2006	Average 2005
American dollar (USD)	5.411	6.255	5.860	6.418	6.445

Note 8 – Sales

Group sales mainly occur in the Euro zone, U.S. and Japan.

	Parent company		Group		
Sales	**2007**	**2006**	**2007**	**2006**	**2005**
Euro zone	13 177 747	17 110 288	13 735 215	17 110 288	30 612 779
U.S.	322 642	13 443 768	6 901 775	13 340 258	17 344 622
Japan	0	0	5 808 424	0	0
Other	422 185	1 641 145	888 348	1 641 145	1 468 995
Total	**13 922 574**	**32 195 201**	**27 333 762**	**32 091 691**	**49 426 396**

Sales are allocated to the country where the customer is located.

Note 9 – Operating equipment

Parent company	Operating equipment
Cost 1.1.2007	1 293 956
Additions	196 038
Disposals	0
Cost 31.12.2007	**1 489 994**
Accumulated depreciation 1.1.2007	1 114 617
Depreciation charge	97 304
Accumulated depreciation 31.12.2007	**1 211 921**
Net book amount 31.12.2007	**278 073**
Time for depreciation	3-5 years

Group	Operating equipment
Cost 1.1.2007	1 328 111
Additions	1 935 827
Disposals	0
Cost 31.12.2007	**3 263 938**
Accumulated depreciation 1.1.2007	1 148 767
Depreciation charge	1 189 477
Accumulated depreciation 31.12.2007	**2 338 244**
Net book amount 31.12.2007	**925 694**
Time for depreciation	3-5 years

Note 10 – Capitalized development cost

Parent company	Development cost
Cost 1.1.2007	15 259 788
Additions	15 211 986
Disposals	0
Cost 31.12.2007	**30 471 774**
Accumulated depreciation and write-off 1.1.2007	6 348 124
Depreciation charge	1 226 220
Write-off (see note 12)	0
Accumulated depreciation and write-off 31.12.2007	**7 574 344**
Net book amount 31.12.2007	**22 897 430**

Group	Development cost
Cost 1.1.2007	15 259 788
Additions	55 261 767
Disposals	0
Cost 31.12.2007	**70 521 555**
Accumulated depreciation and write-off 1.1.2007	6 348 124
Depreciation charge	1 226 220
Write-off (see note 12)	0
Accumulated depreciation and write-off 31.12.2007	**7 574 344**
Net book amount 31.12.2007	**62 947 211**

Capitalized development cost is depreciated through the useful life of the products. Expected income on capitalized development cost and booked value is tested for impairment at the time of the balance sheet, and written down if necessary (see note 12).

Note 11 – Depreciation

Parent company	2006	2007
Operating equipment (see note 9)	27 510	97 304
Capitalized development cost (see note 10)	310 020	1 226 220
Total	**337 530**	**1 323 524**

Group	2005	2006	2007
Operating equipment (see note 9)	10 902	38 411	1 189 477
Capitalized development cost (see note 10)	0	310 020	1 226 220
Total	**10 902**	**348 431**	**2 415 697**

Note 12 – Impairment testing of intangible assets

Recognised capitalized development cost in the group as of 31.12.2007 amounts to NOK 62.9 million (NOK 8.9 million in 2006) and relates to different products under development. Cash generating unit (CGU) for the capitalized development cost is based on expected cash flow for sole products or groups of products. Projected cash flows have been determined on financial budgets approved by group management. The projected cash flows are based on historical data for the CGU, but adjusted for growth of Dolphin's share of the total market.

The impairment test is carried out by the group's accounting department. The valuation was completed in December 2007. The recoverable amount is set to the estimated value in use. The value in use is estimated at the net present value of the anticipated cash flow before tax, using a discount rate after the duration of the cash flows and expected risk are taken into account. Contained in the calculation of net cash flow is direct cost relating to sales and marketing, and a portion of other cost deducted. The discount rate used for calculating the net present value of the cash flow is 15.5%. This is based on a risk free rate of 5.0% and a risk premium of 10.5%. The risk premium is based on uncertainty regarding the expected growth.

As of 31.12.2007 the value in use of the capitalized development cost was significantly higher than the carrying amount. This shows that the calculations are not sensitive to impairment loss of goodwill if significant changes are made in the assumptions.

The acquisition of StarGen Inc. in 2007 resulted in a write-off in Dolphin Interconnect Solutions ASA capitalized development cost for Dolphin Express of NOK 6,038,104 million as of 31.12.2006. The reason for the write-off is that StarGen Inc. had developed comparable technology. This is considered more advanced with far greater potential and, consequently, it is this technology that will be used in future development.

Note 13 – Trade receivables and other short-term receivables

Trade receivables
No provisions for loss on trade receivables in 2007, 2006 or 2005 have been booked. Trade receivables as of 31.12.2007 and 31.12.2006 are booked to fair value, NOK 1,582,096 and NOK 1,764,659 for the parent company and NOK 3,627,865 and NOK 1,764,659 for the group. Booked losses on trade receivables were NOK 0 in 2007, NOK 68,967 in 2006 and NOK 22,779 in 2005 for both the parent company and the group

Trade receivables as of 31 December 2007 had the following due dates:

Due date	NOK
Due 0 – 30 days ago	2 610 421
Due 31 – 90 days ago	546 621
Due 91 – 365 days ago	470 823
Due more than one year ago	0
Total	**3 627 865**

	Parent company		Group		
Other short term receivables	**2007**	**2006**	**2007**	**2006**	**2005**
VAT	291 138	1 204 128	291 138	1 204 128	1 192 955
EU grant for projects	0	1 459 570	0	1 459 570	1 714 558
Taxes	862 204	800 000	862 204	800 000	800 000
Intercompany	8 970 964	0	0	0	0
Pre-paid costs and other	15 314	444 801	226 012	444 801	49 923
Total	**10 139 620**	**3 908 499**	**1 379 354**	**3 908 499**	**3 757 436**

Note 14 – Inventory

	Parent company 2007	Parent company 2006	Group 2007	Group 2006	Group 2005
Inventories	13 908 753	18 284 828	14 518 957	18 284 828	12 640 038
Write down of dead stock	-5 484 405	-6 988 740	-5 484 405	-6 988 740	-5 123 585
Booked value	**8 424 348**	**11 296 088**	**9 034 552**	**11 296 088**	**7 516 453**

Note 15 – Cash and cash equivalents

Parent company and group
As of 31.12.2007, NOK 651,428 of the total cash and cash equivalents is tied to withholding tax (NOK 753,568 in 2006). Liabilities connected to withholding tax as of 31.12.2007 total NOK 642,915 (NOK 751,552 in 2007).

Note 16 – Share capital and shareholders

Total share capital of the company as of 31.12.07 is NOK 3,374,222.20 divided between 16,871,111 shares with a nominal amount of NOK 0.20.

Major shareholders as of 31.12.2007	Shares	Ownership interest (%)
Selvaag Invest AS	1 740 450	10.32
Zoncolan ASA	1 328 334	7.87
Morgan Stanley & Co. Inc.	1 130 505	6.70
Citigroup Global Markets Inc.	1 100 586	6.52
Verdipapirfondet Danske Fund Norge	787 048	4.67
MP Pensjon	753 702	4.47
Den Norske Krigsforsikring	749 881	4.44
Sjøinvest AS	550 000	3.26
Frans Engler A/S	500 000	2.96
Bamo AS	400 000	2.37
Granada Forvaltning AS	315 082	1.87
L Gill-Johannessen AS	308 127	1.83
Solvangen Marina AS	300 000	1.78
Verdipapirfondet KLP Aksjenorge	254 196	1.51
Drage Industries AS	200 000	1.19
Consort Invest AS	195 483	1.16
Sigurd Olsvold AS	165 225	0.98
Falkum Invest A/S	157 000	0.93
Granada Management AS	152 544	0.90
Altea Property Development A/S	152 000	0.90
Total 20 largest shareholders	11 240 163	66.62

The company had a total of 509 shareholders as of 31.12.2007.

Shares owned by board members	
Ole Henrik Eide (chairman of the board)[1]	35 063
Tor Alfheim (board member)[2]	415 000
Alf Rasmussen (board member)	132 102

Shares owned by leading employees	
Timothy R. Miller (managing director)	16 599
Kåre Løchsen	58 738
Alex Gundersen	1000
Einar Rustad	18 711
Jon Snilsberg	4 500
Hugo Kohman	27 992

1) The shares are owned privately and through the company Pelito AS.
2) The shares are owned privately and through the company Solvangen Marina AS.

Note 17 – Equity

Parent company	Share capital	Share premium fund	Other equity	Total equity
Equity 31.12.2006	1 790 468	44 041 951	29 606 895	75 439 314
Issue of shares (StarGen acquisition)	506 154	34 418 458	0	34 924 612
Issue of shares	181 000	7 964 000	0	8 145 000
Issue of shares	896 600	15 914 654	0	16 811 254
Cost of issue of shares	0	-1 287 227	0	-1 287 227
Cost of employee options	0	0	2 175 116	2 175 116
Net profit	0	0	-20 618 781	-20 618 781
Equity 31.12.2007	**3 374 222**	**101 051 836**	**11 163 230**	**115 589 288**

Group	
Equity 31.12.2006	75 714 025
Issue of shares (StarGen acquisition)	34 924 612
Issue of shares	8 145 000
Issue of shares	16 811 254
Cost of issue of shares	-1 287 227
Cost of employee options	2 175 116
Net profit	-26 222 862
Currency translation differences	-366 695
Equity 31.12.2007	**109 893 223**

Note 18 – Other current liabilities

Other current liabilities	Parent company 2007	Parent company 2006	Group 2007	Group 2006	Group 2005
Accrued vacation salary	1 575 421	1 356 935	1 575 421	1 356 935	1 140 603
Accrued empl. contr on vac. salary	211 447	180 640	211 447	180 640	152 005
Bonus to employees	0	0	0	0	1 028 000
Accrued salary	92 200	53 972	92 200	53 972	105 074
Other short-term debt	0	-187 669	54 110	74 240	227 445
Total	**1 879 068**	**1 403 878**	**1 933 178**	**1 665 787**	**2 653 127**

Note 19 – Other long-term liabilities

Parent company and group
Other long-term liabilities as of 31.12.07 consist of a loan in U.S. dollars from Etnus Inc. in the U.S. Total debt as of 31.12.2007 was USD 103,750. The loan has an annual interest rate of 3%. There will be two repayments each year until the loan is fully repaid in 2010.

Note 20 – Taxes

Parent company Income taxes	2007	2006
Tax payable	0	0
Changes in deferred tax	0	-3 997 849
Total income taxes	0	-3 997 849

Reconciliation from nominal to actual tax rate	2007	2006
Profit before taxes	-20 618 781	-7 986 043
Estimated income tax at nominal tax rate (28%)	-5 773 259	-2 236 092
Tax effect on following items		
Change in non-capitalized deferred tax assets	5 746 211	0
Skattefunn[1]	-241 417	-224 000
Cost of issue of shares	-360 424	-1 562 782
Cost of options	609 033	0
Non-deductible costs	19 856	25 026
Total income taxes	0	-3 997 849
Effective tax rate	0.0%	50.1%

1) A nationwide scheme providing tax reductions for R&D expenses in approved projects.

Specification of tax effect of temporary differences and loss to be carried forward

	2007		2006	
	Asset	Liability	Asset	Liability
Operating equipment	0	5 578 091	0	1 689 321
Profit and loss account	0	2 084 383	0	2 605 479
Inventory	1 535 633	0	1 956 847	0
Loss to be carried forward	21 583 476	0	12 048 378	0
Total	23 119 109	7 662 474	14 005 225	4 294 800
Non-capitalized deferred tax assets	5 746 211		0	
Net deferred income tax assets	**9 710 424**		**9 710 424**	

As of 31.12.2007, the parent company had a loss to be carried forward of NOK 77,083,842.

Group			
Income taxes	**2007**	**2006**	**2005**
Tax payable	4 809	8 056	13 320
Changes in deferred tax	0	-3 997 849	-5 712 575
Total income taxes	4 809	-3 989 793	-5 699 255

Reconciliation from nominal to actual tax rate	**2007**	**2006**	**2005**
Profit before taxes	-26 218 053	-7 865 045	13 592 735
Estimated income tax at nominal tax rate (28%)	-7 341 055	-2 202 213	3 805 966
Tax effect on following items:			
Change in non-capitalized deferred tax assets	7 425 993	0	-9 420 976
Skattefunn[1]	-241 417	-224 000	-224 000
Different tax rate	-111 985	-25 824	99 457
Cost of issue of shares	-360 424	-1 562 782	0
Cost of options	609 033	0	0
Non-deductible costs	24 664	25 026	40 298
Total income taxes	4 809	-3 989 793	-5 699 255
Effective tax rate	0.0%	50.7%	-41.9%

Specification of tax effect of temporary differences and loss to be carried forward

	2007		2006	
	Asset	Liability	Asset	Liability
Operating equipment	0	5 578 091	0	1 689 321
Profit and loss account	0	2 084 383	0	2 605 479
Inventory	1 535 633	0	1 956 847	0
Loss to be carried forward	23 263 258	0	12 048 378	0
Total	24 798 891	7 662 474	14 005 225	4 294 800
Non-capitalized deferred tax assets	7 425 993		0	
Net deferred income tax assets	**9 710 424**		**9 710 424**	

As of 31.12.2007, the group had a loss to be carried forward of NOK 82,683,114, not including loss to be carried forward from Stargen Inc prior to acquisition in 2007.

1) A nationwide scheme providing tax reductions for R&D expenses in approved projects.

Note 21 – Pension

In 2006, Dolphin Interconnect Solutions ASA changed from a defined benefit pension plan to a defined contribution plan. The change resulted in a cost reduction of NOK 1.8 million due to a reversal of the recognised pension obligation. As of 31.12.2006, there were 26 employees included in the pension plan. The pension plan is administrated by the insurance company Vital ASA.

	2007	2006
Paid contribution	373 567	791 123

Note 22 – Other income

	Parent company		Group		
Other income	**2007**	**2006**	**2007**	**2006**	**2005**
EU grants to projects	0	340 040	0	340 040	996 594
Sale of patent	0	3 506 291	0	3 506 291	0
Other	0	0	0	103 510	6
Total	**0**	**3 846 331**	**0**	**3 949 841**	**996 600**

Note 23 – Payroll expenses

	Parent company		Group		
	2007	**2006**	**2007**	**2006**	**2005**
Salaries	10 978 180	8 888 281	17 800 328	9 736 580	6 389 436
Employers' contribution	2 253 655	1 861 884	3 072 086	1 953 787	1 454 947
Pension costs (see note 21)	373 567	-1 055 071	650 341	-1 055 071	710 777
Employee options	2 175 118	0	2 175 118	0	0
Other payroll costs	933 057	1 165 932	1 416 884	1 249 199	766 271
Total	**16 713 577**	**10 861 026**	**25 114 757**	**11 884 495**	**9 321 430**

The parent company has employed 25.2 man-labor years in 2007 compared to 21.3 in 2006, while the group has employed 37.5 man-labor years in 2007 compared to 23.8 in 2006.

Note 24 – Future lease obligations

The parent company and the group have future lease obligations related to rental of offices and office equipment. The rent is index regulated each year. Future accumulated minimum payments regarding the lease obligations are as follows:

	Parent company		Group		
	2007	**2006**	**2007**	**2006**	**2005**
Mature within one year	1 294 000	810 000	2 142 936	823 250	1 483 632
Mature between one and five years	5 176 000	6 360 000	6 693 454	6 360 000	336 944
Mature later than five years	2 588 000	3 120 000	2 588 000	3 120 000	0
Total	**9 058 000**	**10 290 000**	**11 424 390**	**10 303 250**	**1 820 576**

Note 25 – Fees and remuneration

Remuneration of leading personnel		**Salary and other benefits**
Director of the board		50 000
Other members of the board		206 250
Timothy Russell Miller	CEO	1 190 609
Kåre Løchsen	EVP	912 380
Alex Gundersen	CFO	792 806
Einar Rustad	VP business development	792 692
Hugo Kohmann	VP software	842 688
Jon G. Snilsberg	VP marketing	931 227
Lynne Brocco	COO	954 592
John Longmire	VP Sales	195 367
Total		**6 868 611**

Agreement on severance salary for the managing director
The managing director has six months' severance salary in case of contract termination.

Loan to managing director, members of the board and shareholders
There are no loans to the managing director, members of the board or shareholders as of 31.12.2007.

Auditor
Booked auditor's fees in 2007 (exclusive IVA) amount to:

	Parent company	Group
Mandatory audits	120 000	120 000
Other assurance services	0	0
Tax consultancy	10 000	10 000
Services other than auditing	0	0
Total fees	**130 000**	**130 000**

STATEMENT ON MANAGEMENT REMUNERATION
This statement describes guidelines on management remuneration for the accounting year 2007 and the main principles set for 2008.

The board has followed a constrained remuneration policy in 2007. In the board's opinion, remuneration of Dolphin's management is significantly below the level found in comparable companies. Staff has also increased in 2007, and the company has experienced significant competition on salary in the hiring process. Up to and including 2005, a cash-based bonus program existed in Dolphin. This consisted of 10% of net result paid in cash and divided between all employees.

In order to recruit and maintain management personnel, it is critical to offer competitive remuneration. This means that remuneration should be at or about the same level as comparable companies. Remuneration should motivate value creation. Bonus payments should be tied to collective or individual targets and not be higher than 30% of fixed salary. Furthermore, total remuneration should not be of such size or nature that it may hurt the company's reputation.

Management remuneration should largely consist of fixed salary. However, additional remuneration in the form of bonus, pension, insurance, company car, telephone and broadband may be offered if appropriate.

Share-based compensation
Dolphin has 900,000 warrants outstanding to former StarGen employees who accepted employment with Dolphin. Each warrant gives the warrant holder the right to subscribe for one ordinary share in Dolphin at a nominal value of NOK 0.20 per share, against payment of NOK 13.90 (the 'exercise price'). All warrants have vesting criteria, while 80% are subject to performance criteria being fulfilled.

At the annual shareholders' meeting in May 2007, 400,000 options were granted to employees in Dolphin. Each option gives the right to subscribe for one share at NOK 17.50. As of 12 December 2007, 326,000 of these options have been granted to employees in individual lots amounting to between 4,000 and 34,000 options. The options vest over two years and expire after four.

The board believes that employee ownership in the company is positive, and that implementation of a share-based remuneration program will strengthen the company's ability to attract and retain key personnel. Also, in the opinion of the board, management may have a key influence on shareholder value creation. It is considered positive that common economic incentives exist between management and investors. Furthermore, the board is of the opinion that any share-based remuneration program should be tied to performance criteria whenever possible.

At the shareholders' meeting on 13 December 2007, an additional 530,000 options were granted as part of an employee incentive program. Each option gives the right to subscribe for one share at NOK 12. The options vest over three years and expire after six. (At the time of publication, these options have not been granted.)

For 2008, the board may propose an adjustment to the existing option program, or additional options, at a future shareholders' meeting. Any such proposal will be based on the following guidelines:

- All employees shall be eligible to receive options, as long as implementation is practical. The minimum level shall be equal to the Norwegian tax authority's tax free sum of NOK 1,500
- Granted options shall vest over time
- Vesting and exercise of options shall be dependant on measured performance as long as it is practical to do so
- The total numer of outstanding vestable options, including the options and warrants already issued, shall not exceed 15% of outstanding shares in Dolphin
- The exercise price shall at least be equal to the market value of the shares at the time these are granted. The market value shall be determined by the trading price on the Oslo Stock Exchange
- A maximum duration of six years
- The board will settle the remaining conditions within the scope of these guidelines

The above guidelines shall prevail from 13 December 2007.

Note 26 – Options

Existing options	2007	2006
Options as of 1.1.2007	0	0
Issued during the year	1 226 000	0
Expired during the year	-123 415	0
Exercised during the year	0	0
Total options as of 31.12.2007	**1 102 585**	**0**
Whereof accrued	0	0

The options relate to two different programs:

1) Employees in former StarGen Inc. received a total of 900,000 warrants with an exercise price of NOK 13.90 per share. None of the warrants are accrued as of 31.12.2007. The warrants will be accrued in three different parts. The subscription of the first part can not take place until 16.02.2008, the next part cannot be subscribed before 31.12.2008 and the last part cannot be subscribed before 30.06.2009. The warrants may not be subscribed later than 16.02.2012.

2) A large number of other employees have option agreements totaling 326,000 options with an exercise price of NOK 17.50 per share. None of these options are accrued as of 31.12.2007. The options may be subscribed in the period between 01.01 and 01.03 each year when they are accrued, but no later than October 2011.

Fair value of the issued options in the period was calculated using the Black-Scholes option pricing model. The most important input is the last known price of the share (at the time of issuing the options agreement) of NOK 13.90 for program one and NOK 17.50 for program two, risk free interest of 4.65% and 4.75%, life-time of the options (see above) and volatility on 40%.

Fair value of options to employees is booked as a payroll cost in the earning period of the options. Booked cost of options to employees in 2007 amounts to NOK 2,175,118 (NOK 0 in 2006).

Note 27 – Net profit per share

Net profit per share
Net profit per share is calculated by dividing the net profit before prospective minority interests by the average number of issued shares during the year.

	2007	2006	2005
Net profit	-26 222 862	-3 875 253	19 296 139
Average number of issued shares	11 200 638	8 093 437	6 102 341
Net profit per share	**-2.34**	**-0.48**	**3.16**

Fully diluted net profit per share
Fully diluted net profit per share is calculated by dividing the net profit before prospective minority interests by the average number of issued shares and issued options during the year.

	2007	2006	2005
Net profit	-26 222 862	-3 875 253	19 296 139
Average number of issued shares and issued options	12 058 328	8 093 437	6 102 341
Fully diluted net profit per share	**-2.17**	**-0.48**	**3.16**

Note 28 – Related-party transactions

The group bought consultancy services from Novateam AS in 2005 of NOK 225,000. In 2007 and 2006, there have been no transactions between the companies. The former chairman of the board, Jan Engebretsen, has ownership interests in Novateam AS.

In 2007, the parent company has paid commission and service fees of total NOK 482,549 to its subsidiary in the U.S. (NOK 1,714,006 in 2006). As of 31.12.2007, the parent company has a receivable on its subsidiary in the U.S. of NOK 8,970,965. This amount is included in other short-term receivables for the parent company (debt of NOK 280,772 in 2006). It has paid NOK 199,098 in interest on the receivable in 2007, which is included in interest income for the parent company.

BDO Noraudit

BDO Noraudit Oslo DA

To the Annual Shareholders' Meeting of Dolphin Interconnect Solutions ASA

AUDITOR'S REPORT FOR 2007

We have audited the annual financial statements of Dolphin Interconnect Solutions ASA as of 31 December 2007, showing a loss of KNOK 20,619 for the parent company and a loss of KNOK 26,223 for the Group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the covering of the loss. The annual financial statements comprise the parent company's financial statements and the group accounts. The parent company's financial statements comprise the balance sheet, the statements of income and cash flows, and the accompanying notes. The group accounts comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity, and the accompanying notes. International Financial Reporting Standards as adopted by the EU have been applied to produce the financial statements. These financial statements and the Board of Directors' report are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on the other information according to the requirements of the Norwegian Act on Auditing and Auditors.

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

In our opinion,

- the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Group as of 31 December 2007, the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU.
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good bookkeeping practice in Norway.
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss are consistent with the financial statements and comply with the law and regulations.

Oslo, 5 May 2008
BDO Noraudit Oslo DA

Trond-Morten Lindberg
State Authorized Public Accountant

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

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Connect better

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Dolphin

Appendix 5: Unaudited interim report for Q1 2010

Kvartalsrapport
1. kvartal 2010
27. mai 2010

Viktige hendelser og status

- Selskapet registrerer tegn på bedring i markedet. Interessen fra kunder, partnere og distributører er høyere for Dolphins produkter i første kvartal i år sammenlignet med siste halvår i 2009.
- Revidert markedsplan igangsatt, men aktiviteten på et minimum i første kvartal på grunn av stram likviditet.
- Fremgang for flere OEM prosjekter, hvor de første salgsordrer er fakturert. Samarbeidsprosjekter med kretsprodusenter åpner interessante muligheter for Dolphin.
- Omfattende omstrukturering av virksomheten er gjennomført og organisasjon og kostnader er tilpasset ny strategi.
- Selskapet er refinansiert med NOK 11,7 mill i ny egenkapital.
- Det ble besluttet ikke å gjennomføre sammenslåingen med Best Media AS.

Hovedpunkter i utviklingen av selskapet

Innledning

På grunn av den vanskelige finansielle stillingen selskapet hadde i 2009 ba styret de siste 6 måneder av fjoråret administrasjonen om å redusere den operasjonelle aktiviteten betydelig. Samtidig var det klar at den globale finanskrisen hadde betydelig negativ innvirkning på selskapets markeder - spesielt innenfor IT investeringer.

Som en følge av vedtaket om en sammenslåing med Best Media AS i desember ble Dolphin tilført likviditet i form av lån fra GN Power AS. Dette lånet gjorde det mulig for selskapet å gjennomføre en restrukturering av selskapet, og gjenoppta et minimum av operasjonell virksomhet i første kvartal. Organisasjonen ble betydelig endret, og langsiktige husleieforpliktelser ble reforhandlet. OEM prosjekter som tidligere var initiert ble revitalisert, et minimum av markedsaktiviteter ble gjennomført og en revisjon av selskapets strategi ble gjennomført. Etter årsskiftet erfarte selskapet et markert stemningsskifte i markedet, antall ulike forespørsler økte betydelig, flere av samarbeidsprosjektene ble ytterligere konkretisert, og samtidig oppnådde selskapet en økning i salgsinntektene på 73% i forhold til 4 kvartal 2009.

Basert på den positive utviklingen besluttet styret at det, i motsetning til i 2009, nå var grunnlag for å foreta en emisjon for å invitere investorer til å delta i en "restart" av selskapet.

Refinansiering av selskapet med innhenting av ny egenkapital

Styret og ledelsen i løpet av mars/april nedlagt betydelig arbeidet for å sikre selskapet ny kapital. Denne prosessen medførte at selskapets aksjonærer i en ekstraordinær generalforsamling 7. mai vedtok en rettet emisjon mot enkelte investorer og eksisterende aksjonærer på til sammen 11,658 millioner kroner. Beløpet er innbetalt og kapitalutvidelsen ble registrert i Foretaksregisteret 25. mai. I tillegg er det vedtatt en reparasjonsemisjon på inntil 2,5 millioner kroner.

Tegningskursen i den rettede emisjonen ble satt lik aksjens pålydende, kroner 2,- pr aksje, og tegningskursen i reparasjonsemisjonen vil være den samme som i den rettede emisjonen. Reparasjonsemisjonen vil bli rettet mot selskapets aksjonærer pr 7. mai som ikke ble gitt mulighet til å delta i den rettede emisjonen. Reparasjonsemisjonen vil bli gjennomført i løpet av juni.

Midlene fra emisjonene vil bli benyttet til:

- nedbetaling av lån
- innfrielse av leverandørgjeld hvor man har hatt en avtale om utsatt betaling
- nødvendige investeringer i produktutvikling og markedsarbeid herunder styrking av bemanningen knyttet til teknisk salg og produktutvikling
- generelt arbeidskapitalbehov
- styrke likviditetsreserven til selskapet

Refinansieringen har vært avgjørende for at selskapet skal kunne foreta den "restart" som er initiert og omtalt tidligere. Selskapet har nå de nødvendige finansielle ressurser til å øke markedsaktiviteten med sikte på å oppnå et salgsvolum som kan gi en positiv kontantstrøm for selskapet.

Omlegging av strategisk retning med økt fokus på OEM kunder innenfor "Embedded" segmentet

Selskapets strategi legges om til fokus på OEM kunder innenfor "embedded" markedet hvor Dolphin tidligere har vist konkurransedyktighet. Samtidig intensiveres samarbeidet med større chip produsenter for å få økt markedstilgang til dette viktige markedssegmentet. Dolphins produktfokus vil således dreie mer mot softwareløsninger i forhold til tidligere, men selskapet vil også tilby hardwareplattformer til kunder der dette måtte være en fornuftig markedsmessig løsning. Selskapet forventer at satsningen først vil resultere i vesentlig økning av salgsvolumet fra 2011. Det er ellers gledelig å se at antall henvendelser om selskapets løsninger har økt, og dette har hittil medført økt omsetning i første kvartal i år sammenlignet de tre foregående kvartalene. Vi ser at den revitalisering av vårt salgsnettverk som nå finner sted allerede har gitt resultater, og det forventes at resultatene vil forbedres gjennom de neste kvartalene. Det er selskapets oppfatning at den nye strategien vil gi grunnlag for lønnsom drift i løpet av 2011.

Beslutning om å ikke gjennomføre sammenslåing med Best Media AS

Som annonsert 1. mars besluttet styret at en planlagt sammenslåing med Best Media AS ikke ble gjennomført. Etter at generalforsamlingen i Dolphin i desember godkjente avtalen om sammenslåing initierte styrene i Best Media og Dolphin en prosess for å integrere virksomhetene. Denne prosessen er nå fullt reversert.

Finansielle nøkkeltall: 1. kvartal 2010

Salgsinntektene utgjorde 1,9 millioner kroner i første kvartal 2010. Dette er en betydelig økning fra 4. kvartal 2009 hvor salgsinntektene endte på 1,1 millioner kroner. Selskapet har i løpet av kvartalet arbeidet aktivt for å revitalisere salgsnettverket. Dette arbeidet gir nå resultater og vi registrerer at antallet henvendelser og omsetningen øker. Samtidig ser vi at aktiviteten i markedet øker ettersom markedene ser ut til å normalisere seg etter finanskrisen. Vi ser også at våre "reflective memory" løsninger som ble lansert i begynnelsen av året har blitt godt mottatt i markedet. Bruttofortjenesten i kvartalet endte på 78,2%, som er høyere enn bruttofortjenesten for 2009 (korrigert for varelagernedskrivninger) som endte på 70,2%.

Selskapets driftskostnader (lønn- og andre driftskostnader) endte på 3,1 millioner kroner i kvartalet. Driftskostnadene inneholder noen omstillingskostnader ved at redusert husleie først kommer inn fra og med 2. kvartal 2010 samtidig som det er belastet engangskostnader knyttet til den avbrutte integrasjonsprosessen med Best Media. Det arbeides fremdeles med å gjennomføre ytterligere kostnadsreduksjoner, men samtidig er det identifisert behov for å styrke organisasjonen knyttet til teknisk salg og produktutvikling. Det forventes således at driftskostnadene i de nærmeste kvartalene vil være på nivå med første kvartal i år.

Egenkapital, balanse og kontantstrømmer

Ved utgangen av kvartalet er konsernets regnskapsførte egenkapital på 13,6 millioner kroner hvilket utgjør en egenkapitalandel på 64,6%. Dette er en nedgang siden utgangen av 2009 hvor den regnskapsførte egenkapitalen utgjorde 16 millioner kroner som utgjorde en egenkapitalandel på 68,2%. I forbindelse med den pågående refinansieringen vil selskapets egenkapital og risikoevne bli betydelig styrket.

Finansiering og likviditet

Dolphin har i løpet av første kvartal hatt en meget vanskelig likviditetssituasjon. På bakgrunn av denne situasjonen ble det gjennomført samtaler med flere leverandører av varer/tjenester for å få utsatt forfall på leverandørgjeld slik at man kunne få foretatt en refinansiering av selskapet. Leverandørene samtykket i at Dolphin utsatte betaling med sin leverandørgjeld med til sammen nesten 1 million kroner. Dette vil bli tilbakebetalt i forbindelse med at midlene fra den rettede emisjonen blir disponible for selskapet. I tillegg har Dolphin pr. 31. mars fått utbetalt til sammen 1,975 millioner i lån fra selskapet GN Power AS. GN Power AS er et selskap som er kontrollert av Dolphins daglige leder, Glenn Nøstdahl. Lånet ble opprinnelig gitt som en låneramme på 5 millioner kroner hvor Dolphin kunne trekke på lånerammen fra

det tidspunkt transaksjonen med Best Media AS var gjennomført. På bakgrunn av Dolphins finansielle stilling, aksepterte långiver at deler av lånerammen ble utbetalt før alle betingelser for opptrekk under lånerammen var oppfylt. I forbindelse med at selskapet nå er refinansiert vil dette lånet bli tilbakebetalt.

Emisjonen som nå er gjennomført gir selskapet en tilfredsstillende finansiell plattform til å gjennomføre den "restart" som styre og ledelse har initiert.

Selskapets løpende likviditetsreserve vil bli plassert på høyrentekonti i banker.

Aksjonærer

Pr 25. mai 2010 er selskapets 15 største aksjonærer som følger:

	Aksjonær	Beholdning	Eierandel
1	Fjord Partners Invest AS	2 500 000	30,88 %
2	GN Power AS	1 500 000	18,53 %
3	Consema AS	750 000	9,26 %
4	Økonomi og Regnskapsbistand AS	500 000	6,18 %
5	Hektor AS	380 000	4,69 %
6	Glenn Nøstdahl Konsulenttjenester AS	243 034	3,00 %
7	Pelito AS	130 507	1,61 %
8	Citigroup Global Markets, klientkonto	105 627	1,30 %
9	MP Pensjon	105 371	1,30 %
10	Telinet Energi AS	105 000	1,30 %
11	Espen Rødaas	104 119	1,29 %
12	Egil Olaf Glørstad	95 600	1,18 %
13	Tor Alfheim	91 000	1,12 %
14	Frans Enger AS	90 000	1,11 %
15	Kåre Sten Løyland	86 650	1,07 %
	Sum 15 største aksjonærer	**6 786 908**	**83,83 %**
	Øvrige aksjonærer	**1 309 268**	**16,17 %**
	Totalt utestående antall aksjer	**8 096 176**	**100,00 %**

Den planlagte reparasjonsemisjonen gjennomføres ved at det utstedes inntil 1,25 millioner nye aksjer til pålydende 2,- kroner pr aksje. Tegningskursen tilsvarer pålydende verdi som tilsvarer tegningskursen i den rettede emisjonen. Reparasjonsemisjonen vil maksimalt medføre at de som er registrert som aksjonær pr 25. mai (jfr. tabellen over) vil bli utvannet til en eierandel på 86,6% i selskapet.

Markedsutvikling og markedsstatus

Selskapets markedsplan er å posisjonere seg som en totalleverandør av interconnect løsninger til embedded systemer. Selskapets eksisterende produktportefølje består i dag av følgende løsninger:

StarFabric: Interconnect løsning basert på kretser utviklet av tidligere StarGen. Løsningen støtter PCI standarden og gir kunden en meget kostnadseffektiv løsning med god ytelse. Dolphin produkt er hovedsakelig kretser som kunden selv setter inn i egenutviklede systemer. Produktet selger godt til eksisterende og noen nye kunder. Anvendelsesområdet er stort, produktet brukes i dag i industrielle maskiner, printere, "in-flight entertainment" og anvendelser innenfor jagerfly. Produktet har tidligere vært lavt prioritert, men den nye ledelsen tror at det er mulig å øke omsetningen av StarFabric produktet ved bedre oppfølging av eksisterende kunder og partnere og bedre markedsføring.

SCI: Egenutviklet interconnect løsning som har vært brukt av mange av Dolphins tidligere embedded kunder. Løsningen støtter PCI og PCI Express standarden og gir kombinert med Dolphins software kunden en nøkkelferdig løsning med meget god latency (svartid) og skalerbarhet. Dolphins SCI produkter er på generell basis i ferd med å bli faset ut til fordel for Dolphins nyere og raskere DX løsning. Det er likevel muligheter for at eksisterende kunder kan komme tilbake og gi gode inntekter frem mot 2012.

DX: Interconnect løsning utviklet av tidligere StarGen. Løsningen støtter PCI Express standarden og gir sammen med Dolphins software en nøkkelferdig løsning med meget god latency og båndbredde. Produktet brukes i dag til løsninger innenfor simulatorer, prosess kontroll, test og måleutstyr. Produktet har tekniske egenskaper (PIO, reflective memory) som vesentlig overgår konkurrerende produkter.

SuperSockets: Dette er et software bibliotek som er utviklet for SCI og DX hardware produktet. Sammen med Dolphins hardware gir løsningen opp til 10 ganger bedre latency og 2-4 ganger bedre båndbredde enn moderne 10 Gigabit Ethernet. Produktet er tilgjengelig for både Linux og Windows systemer.

Dolphin arbeider med en markedsplan som vil utnytte eksisterende gode tekniske produkter inn mot embedded markedet.

Dolphins neste generasjon interconnect løsning vil bli basert på kretser fra ledende leverandører av PCI Express løsninger. Disse leverandørene har i dag ikke software som kan benyttes til å bytte systemer og løsninger og kundene må selv utvikle nødvendig software. Av den grunn ønsker leverandørene å etablere et samarbeid med Dolphin for å gjøre sine løsninger lettere tilgjengelig i markedet. Det forventes at inntektene fra dette samarbeidet vil komme fra og med 2011.

Oslo, 27. mai 2010

Styret i Dolphin Interconnect Solutions ASA

Dolphin Interconnect Solutions Konsern

Resultatregnskap

(Alle tall i kroner)	1 Kv./2010	1 Kv./2009	2009
DRIFTSINNTEKTER			
Salg	1 923 216	5 379 502	10 184 184
Andre driftsinntekter	45 299	0	-147 121
SUM DRIFTSINNTEKTER	**1 968 515**	**5 379 502**	**10 037 063**
DRIFTSKOSTNADER			
Varekostnad	418 694	1 316 867	10 324 265
Lønnskostnad	1 932 822	6 909 600	15 659 132
Andre driftskostnader	1 213 938	3 113 159	8 730 422
SUM DRIFTSKOSTNADER	**3 565 453**	**11 339 626**	**34 713 819**
EBITDA*	**-1 596 939**	**-5 960 124**	**-24 676 756**
Avskrivninger	1 143 172	979 010	4 085 484
Nedskrivninger	0	0	689 112
DRIFTSRESULTAT (EBIT)	**-2 740 111**	**-6 939 134**	**-29 451 352**
NETTO FINANSPOSTER	**784 779**	**-1 038 916**	**-13 772 796**
RESULTAT FØR SKATT	**-1 955 332**	**-7 978 050**	**-43 224 148**
Skattekostnad	-203 457	-141 690	-561 768
RESULTAT ETTER SKATT	**-1 751 875**	**-7 836 360**	**-42 662 380**
ANDRE INNTEKTER OG KOSTNADER			
Omregningsdifferanser valuta	-673 894	880 449	3 678 725
TOTALRESULTAT FOR PERIODEN	**-2 425 769**	**-6 955 911**	**-38 983 655**
Resultat etter skatt fordeles på:			
Minoritetsinteresser	0	-451 006	0
Majoritetsinteresser	-1 751 875	-7 385 354	-42 662 380
	-1 751 875	**-7 836 360**	**-42 662 380**
Totaltresultat for periden fordeles på:			
Minoritetsinteresser	0	-451 006	0
Majoritetsinteresser	-2 425 769	-6 504 905	-38 983 655
	-2 425 769	**-6 955 911**	**-38 983 655**
RESULTAT PR AKSJE			
Gjennomsnittlig utestående aksjer	2 267 146	2 267 111	2 267 111
Resultat etter skatt pr aksje	-0,77	-3,26	-18,82
Totalresultat for perioden pr aksje	-1,07	-2,87	-17,20

*) Resultat før finansposter, skatt, avskrivninger og amortiseringer

Dolphin Interconnect Solutions Konsern

Balanse

(Alle tall i kroner)

EIENDELER	31.03.2010	31.03.2009	31.12.2009
ANLEGGSMIDLER			
Aktiverte utviklingskostnader	14 724 643	43 707 527	15 780 465
Inventar og utstyr	21 881	126 997	40 135
Aksjer	2 179 699	0	2 179 699
SUM ANLEGGSMIDLER	**16 926 222**	**43 834 524**	**18 000 299**
OMLØPSMIDLER			
Varelager	2 262 698	10 809 216	2 576 765
Kundefordringer	709 433	2 497 856	666 918
Andre kortsiktige fordringer	335 516	3 618 983	923 853
Betalingsmidler	844 044	5 129 285	1 315 624
SUM OMLØPSMIDLER	**4 151 690**	**22 055 340**	**5 483 160**
SUM EIENDELER	**21 077 912**	**65 889 864**	**23 483 459**

EGENKAPITAL OG GJELD	31.03.2010	31.03.2009	31.12.2009
EGENKAPITAL			
Innskutt egenkapital	16 048 655	116 653 500	16 022 513
Opptjent egenkapital	-2 425 769	-72 428 875	0
Minoritetsinteresser	0	3 785 534	0
SUM EGENKAPITAL	**13 622 886**	**48 010 159**	**16 022 513**
LANGSIKTIG GJELD			
Utsatt skatteforpliktelse	2 062 324	2 698 288	2 273 426
Annen langsiktig gjeld	0	422 115	248 832
SUM LANGSIKTIG GJELD	**2 062 324**	**3 120 403**	**2 522 258**
KORTSIKTIG GJELD			
Kortsiktig rentebærende gjeld	2 102 082	0	0
Leverandørgjeld	1 213 294	9 350 777	2 713 258
Annen kortsiktig gjeld	2 077 326	5 408 525	2 225 430
SUM KORTSIKTIG GJELD	**5 392 702**	**14 759 302**	**4 938 688**
SUM EGENKAPITAL OG GJELD	**21 077 912**	**65 889 864**	**23 483 459**

Dolphin Interconnect Solutions Konsern

Kontantstrømoppstilling / Endringer i egenkapitalen

(Alle tall i kroner)

KONTANTSTRØMOPPSTILLING	1 Kv./2010	1 Kv./2009	2009
Kontantstrøm fra driftsaktiviteter			
Resultat før skatt	-1 955 332	-7 978 050	-43 224 148
Betalbare skatter	-7 645	0	-31 037
Avskrivninger og nedskrivninger	1 143 172	979 010	4 774 596
Nedskrivning av aksjer	0	0	8 966 852
Endringer i netto omløpsmidler og andre driftsrelaterte poster	-1 506 910	3 056 552	16 735 146
Netto kontantstrøm fra driftsaktiviteter	**-2 326 715**	**-3 942 488**	**-12 778 591**
Kontantstrøm fra investeringsaktiviteter			
Investeringer i immaterielle eiendeler og andre driftsmidler	0	-2 431 045	-185 045
Utgang datterselskap	0	0	3 309 797
Netto kontantstrøm fra investeringsakt.	**0**	**-2 431 045**	**3 124 752**
Kontantstrøm fra finansieringsaktiviteter			
Betaling av langsiktig lån	-121 750	-166 518	-237 604
Opptak av kortsiktig lån	1 975 000	0	0
Utstedelse av aksjer	130	0	0
Netto kontantstrøm fra finansieringsakt.	**1 853 380**	**-166 518**	**-237 604**
Netto endring betalingsmidler	-473 334	-6 540 051	-9 891 443
Effekt av valutakursendringer på betalingsmidler	1 754	-163 060	-625 329
Betalingsmidler IB	1 315 624	11 832 396	11 832 396
Betalingsmidler UB	**844 043**	**5 129 285**	**1 315 624**

ENDRINGER I EGENKAPITALEN	1 Kv./2010	1 Kv./2009	2009
Egenkapital IB	16 022 513	54 856 372	54 856 372
Totalresultat for perioden	-2 425 769	-6 955 911	-38 983 655
Utstedelse av aksjer	130	0	0
Opsjonsordning for de ansatte	26 012	109 698	149 796
Egenkapital UB	**13 622 885**	**48 010 159**	**16 022 513**

Note 1 – Generell informasjon og prinsipper

Det konsoliderte regnskapet for 1. kvartal 2010 omfatter Dolphin Interconnect Solutions ASA og dets datterselskap.

Delårsregnskapet er ikke revidert.

Delårsegnskapet for regnskapsperioden som ble avsluttet 31. mars 2010 er utarbeidet i samsvar med IAS 34 Delårsrapportering. Finansregnskapet i delårsrapporten inneholder ikke all informasjon og tilleggsopplysninger som det er krav om ved avleggelse av årsregnskap, og må bli lest i forbindelse med Dolphin's årsrapport for 2009. Regnskapsprinsippene som er benyttet ved utarbeidelsen av delårsrapporten er konsistente med de prinsippene som ble benyttet ved utarbeidelse av konsernets årsregnskap for 2009.

Note 2 – Hendelser etter balansedagen og grunnlaget for fortsatt drift

Selskapets aksjonærer vedtok i en ekstraordinær generalforsamling 7. mai 2010 en rettet emisjon på 11,658 millioner kroner mot noen utvalgte investorer og aksjonærer. Emisjonen ble umiddelbart innbetalt og kapitalutvidelsen ble registrert i Foretaksregisteret 25. mai. I tillegg er det vedtatt en reparasjonsemisjon på inntil 2,5 millioner kroner mot eksisterende aksjonærer som ikke hadde blitt gitt muligheten til å delta i den rettede emisjonen. Disse emisjonene har vært grunnlaget for at man skulle kunne legge fortsatt drift til grunn for selskapets regnskap ved utgangen av mars 2010.

Appendix 6: Unaudited interim report for Q1 2009

Interim Report
1st Quarter 2009
May 28, 2009

Quarterly Highlights

All figures NOK
(Q1 2008 in parenthesis)

- Total Q1 revenue 5.4 million (8.3 million), flat from Q4 product sales of 5.3 million
- Gross margin increase to 76% (71%) from 65% in Q4
- Additional restructuring and cost reductions implemented
- Numascale subsidiary completed funding agreement and bridge loan, close of first tranche scheduled for June
- StorExpress product line launched joining Dolphin Express and partner technology for ultra-low latency storage solutions
- Partnerships with FusionIO and ScaleDB announced

Business Summary

Total sales for Q1 equalled 5.4 million which was essentially equal to product sales in Q4 of 5.3 million. The legacy SCI product sales continued to decline while legacy StarFabric sales experienced some seasonal growth. Dolphin Express revenue was flat as general economic conditions continued to impact evaluation and purchase cycles at new customers. With continued demand uncertainty due to economic and product cycle challenges additional restructuring activities were taken including an additional 20% headcount reduction. Salary reductions and partial lay-offs were also implemented for Q2. Cash usage in Q1 was 6.5 million including 3.0 million in Numascale purchase of intangible assets and restructuring charges. Restructuring actions, Numascale funding and working capital adjustments will all have positive impact on run rate cash flow in Q2.

Numascale

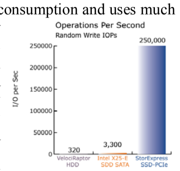
The Numascale subsidiary received a term sheet for fully funding the commercialization of its Numachip technology in March. A bridge loan was also completed to provide operating funds sufficient for operations until the first tranche close scheduled for June. The new investors are two Norwegian venture investors. Subsequent to the closing of the financing Dolphin will be a minority shareholder in Numascale. The NumaChip will achieve design hand-off to IBM manufacturing in the summer with prototypes anticipated by the end of the year.

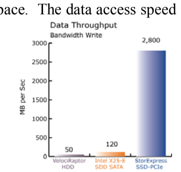
StorExpress product launch

Dolphin announced the StorExpress product line in March. It is the result of the partner focused initiatives Dolphin began in second half of 2008. These initiatives were in response to the barriers Dolphin was encountering in the Oracle database market.

StorExpress brings together Dolphin Express with technology from partners Magma and Fusionio. It is a very fast storage product based on 'flash' memory rather than traditional hard disks. Hard disks (HDD) are the dominant storage solutions used in computer systems today. 'Flash' memory storage is starting to become more attractive for general purpose computing as price points have recently reduced dramatically. It is the same basic storage technology used in the iPhone and other consumer compute products today.

By utilizing 'flash' memory storage cards from its partners Dolphin's StorExpress box (pictured above) can deliver performance equivalent to 100's of disk drives. It does this at much lower cost, lower power consumption and uses much less space. The data access speed of the 'flash' memory technology of StorExpress is 1000's of times faster than accessing data stored on a hard drive. The analogy used by Fusionio is comparing getting food from the neighborhood store vs. getting it from Mars! Because the 'flash' memory technology used in StorExpress connects directly to PCI Express it is a perfect complement to the Dolphin's PCI Express connectivity products. StorExpress connects directly to any standard server via a Dolphin Express host card and can be positioned as much as 300 meters away from the host server.





When compared to the performance of fast hard drives (HDD) or even other solid state memory based disks (SSD) it provides many times more transactions per second. For customers this translates to faster application response time and more simultaneous users of stored data. StorExpress also complements Dolphin's SuperSocket software enabling efficient virtualized configurations where storage can be shared across multiple servers in a datacenter.

Applicable across a number of different vertical markets, StorExpress is seeing its initial traction in high speed financial and security applications. It is also attractive in web infrastructure and eCommerce applications. Partnerships with ScaleDB and Linbit have been announced targeting these markets. Additional partnerships are in development which will expand upon the capabilities of StorExpress as well as target additional vertical markets. To accelerate the market penetration of StorExpress Dolphin is in the process of building a network of independent sales representatives focused on storage solutions in specific geographies and vertical markets.

In addition to StorExpress, sales activities with the Dolphin Express MySQL database acceleration products continue with a number of new customers wins added in Q1. Dolphin had a strong presence at the annual MySQL annual show in April. Oracle's recent acquisition of Sun/MySQL are not expected to negatively impact Dolphin's MySQL initiatives.

Discussions continue with PCI Express technology companies for joint collaboration and potential strategic partnerships focused on Gen2 PCI Express. Interest in using PCI Express as a general system interconnect continues and Dolphin is the only company to have a software solution to efficiently support high performance PCI Express clustering.

Business Outlook

Revenue uncertainty continues due to overall economic conditions and the end of life of legacy OEM contracts. The StorExpress product launch is well received but significant contribution to revenue is not anticipated until during the second half of the year. Completion of the Numascale spin-out and the cumulative effects of cost reduction actions over the past 6 months will result in reduced cash usage in Q2. Targeted spending for Q2 is 4 million. Sales rates going into Q3 will be monitored closely and further actions initiated if appropriate.

Financial Review: 1st Quarter (1th Quarter 2008 in parenthesis)

Total revenue was 5.4 million in the 1st Quarter 2009, a decline of 35% compared to the same Quarter 2008 (8.3 million) and flat with Q4 2008 product sales (5.3 million). Gross margin was at 76% in the 1st Quarter 2009 (71%).

Operating cost (ex cogs) was 10.0 million in the 1st Quarter including one time restructuring charges of 0.7 million. Payroll expenses were 6.9 million in the 1st Quarter (7.3 million). In Dolphin alone (ex Numascale) payroll expenses was 6.2 million in the 1st Quarter. Other operating expenses ended at 3.1 million on Group level (3.8 million) and was 1.9 million in Dolphin (ex Numascale). Spending in Dolphin (ex Numascale and restructuring expenses) was 7.5 million about 7% above the target of 7 million due to seasonal payroll related costs. With cost reductions including salary reductions and partial layoffs the spending target in Q2 is 4 million.

EBITDA ended at -6.0 million in the 1st Quarter compared to -5.2 million in the same Quarter last year. Ordinary depreciation totalled 1.0 million in the 1st Quarter 2009 compared to 0.5 million in the 1st Quarter 2008. Operating profit (EBIT) ended at -6.9 million (-5.8 million). Net financial profit was -1.0 million in the 1st Quarter (-0.3 million). Profit before taxes ended at -8.0 million in the 1tst Quarter (-6.1 million). Net profit per share ended at -0.35 in the 1st Quarter (-0.36), and net comprehensive income per share ended at -0.29 in the 1st Quarter (-0.35).

Equity, balance sheet and cash flow items

Dolphin owns 72.7% of Numascale AS, and the company is consolidated in the Group accounts in the 1tst Quarter.

The Group had 43.7 million in capitalized development cost in the balance sheet as of 31.03.2009. Of this, 23.9 million is capitalized development cost in Numascale. Of the remaining 19.8 million, 13.8 million is excess values from the acquisition of StarGen in 2007. Given the worsened economic outlook there is considerable uncertainty in the current budgets and growth expectations. For this reason, the Group will be monitoring asset values closely in the coming Quarters.

Total equity in the Group is 48.0 million. The equity ratio by the end of Q1 is 73% compared to 87% by the end of Q1 2008.

In Dolphin, before the consolidation of Numascale, ongoing development activity is mainly limited to software and board development for PCI Express products and related appliances. In the 1st Quarter, Dolphin ex Numascale booked 0.1 million to capitalized development. In Numascale, total development cost of 2.3 million has been capitalized in the 1st Quarter for a total investment in intangible assets of 2.4 million on Group level in the 1st Quarter 2009 (6.0 million).

Net cash flow from operations was -3.9 million in the 1st Quarter (-9.5 million). Inventory declined by about 0.3 million, receivables declined by 0.2 million and increased trade payables of 0.2 million for a net postive contribution of 0.7 million to operating cash flow. Change in other current assets and debt items were 2.2 million in the Quarter.

Net change in cash and equivalents amounted to -6.5 million in the 1st Quarter 2009 (-15.6 million) including -2.3 million in Numascale related purchase of intangible assets. The Group had 5.1 million in cash by the end of the quarter (17.0 million).

Financing and shareholders

As of March 31st 2009, Dolphin owns 72.7% of Numascale. In March 2009 two Norwegian venture investors provided a term sheet offer enabling funding for the full commercialization of the NumaChip. Additionally a bridge loan was provided to support operations until closing of the first tranche scheduled for June.

After the transfer of assets and activities related to the development of NumaChip to Numascale, the cost level in the remaining part of the Group has been sharply reduced. Running cost is currently nearing the target of 4 million per Quarter (ex cogs). Given the current level of sales, gross margins and unchanged working capital, cash usage is at a significantly reduced level. However, cash reserves at the end of the quarter are a limited 5.1 million by the end of Q1, resulting in high financial risk and potential need for further measurements to contain cost and reduce spending.

The annual Shareholders Meeting will be held on May 28th 2009 and the notice of the meeting was posted on 5 May and mailed to all shareholders. The 2008 annual report was posted on 30 April and also mailed to all shareholders. As of May 26th, Dolphin had 522 shareholders of which the 20 largest are included in the table below.

	Shareholder		% Ownership
1	SELVAAG INVEST	1,945,450	8.6%
2	ZONCOLAN ASA	1,680,000	7.4%
3	HEKTOR AS	1,300,000	5.7%
4	MORGAN STANLEY & CO. INC.	1,119,870	4.9%
5	CITIGROUP GLOBAL MARKETS INC.	1,100,586	4.9%
6	MP PENSJON	1,053,702	4.7%
7	PUNTE HOLDING AS	1,000,000	4.4%
8	FRANS ENGER AS	900,000	4.0%
9	SJØINVEST AS	750,000	3.3%
10	DEN NORSKE KRIGSFORSIKRING FOR	749,881	3.3%
11	ELLENES	533,500	2.4%
12	LGJ INVEST AS	308,127	1.4%
13	NESHEIM	300,000	1.3%
14	SOLVANGEN MARINA AS	300,000	1.3%
15	ALTEA PROPERTY DEVELOPMENT A/S	279,598	1.2%
16	WÆRSTAD	215,000	1.0%
17	DRAGE INDUSTRIES AS V/ARNE STEEN	200,000	0.9%
18	SIGURD OLSVOLD AS	193,225	0.9%
19	MILLER	190,000	0.8%
20	JASTO AS	184,055	0.8%
	Total 20 largest shareholders	**14,302,994**	**63.1%**
	Other shareholders	**8,368,117**	**36.9%**
	Total oustanding shares	**22,671,111**	**100.0%**

Accounting principles

Dolphin Interconnect Solutions ASA follows the principles of IFRS in this report. The figures are reported in accordance with the regulations for interim reporting in IAS 34. For further reference on accounting principles, see the annual report for 2008.

The Board of Directors, Dolphin Interconnect Solutions ASA
Oslo, May 28th, 2009

Ole Henrik Eide (Chairman) | Alf Rasmussen | Marit Døving

Tor Alfheim | Simen Thoresen (Employee representative)

Dolphin Interconnect Solutions Group

Income Statement

	Q1 / 09	Q1 / 08	Full year 2008
OPERATING REVENUES			
Sales	5,379,502	8,295,850	24,830,368
Other operating revenue	0	0	8,155,320
TOTAL OPERATING REVENUE	**5,379,502**	**8,295,850**	**32,985,688**
OPERATING EXPENSES			
Cost of goods sold	1,316,867	2,395,172	7,790,841
Payroll expenses	6,909,600	7,303,262	26,080,060
Other operating expenses	3,113,159	3,812,973	14,247,351
TOTAL OPERATING EXPENSES	**11,339,626**	**13,511,407**	**48,118,253**
EBITDA	**-5,960,124**	**-5,215,557**	**-15,132,565**
Depreciation	979,010	541,252	6,727,607
Write off	0	0	50,975,261
OPERATING PROFIT (EBIT)	**-6,939,133**	**-5,756,810**	**-72,835,433**
NET FINANCIAL PROFIT	**-1,038,917**	**-324,706**	**7,538,966**
PROFIT BEFORE TAXES	**-7,978,050**	**-6,081,516**	**-65,296,467**
Income taxes	-141,690	8,328	3,977,063
NET PROFIT	**-7,836,360**	**-6,089,843**	**-69,273,530**
Attributable to:			
Minority Interests	-451,006	0	-1,422,217
Equity holders of the parent company	-7,385,354	-6,089,843	-67,851,313
	-7,836,360	-6,089,843	-69,273,530
STATEMENT OF COMPREHENSIVE INCOME			
NET PROFIT	-7,836,360	-6,089,843	-69,273,530
OTHER COMPREHENSIVE INCOME			
Currency translation differences	880,449	177,634	-3,731,767
OTHER COMPREHENSIVE INCOME DIRECTLY AGAINST EQUITY	880,449	177,634	-3,731,767
TOTAL COMPREHENSIVE INCOME	**-6,955,911**	**-5,912,209**	**-73,005,297**
Attributable to:			
Minority Interests	-451,006	0	-1,422,217
Equity holders of the parent company	-6,504,905	-5,912,209	-71,583,080
	-6,955,911	-5,912,209	-73,005,297
EARNINGS PER SHARE			
Avg.no. of shares outstanding	22,671,111	16,871,111	19,445,358
Net profit per share	-0.35	-0.36	-3.49
Net comprehensive income per share	-0.29	-0.35	-3.68

Dolphin Interconnect Solutions Group

Balance Sheet

ASSETS	31.03.2009	31.03.2008	31.12.2008
NON-CURRENT ASSETS			
Goodwill	0	8,619,170	0
Capitalized development cost	43,707,527	68,307,539	42,344,090
Deferred income tax assets	0	9,710,424	0
Operating equipment	126,997	679,910	196,727
TOTAL NON-CURRENT ASSETS	**43,834,524**	**87,317,043**	**42,540,817**
CURRENT ASSETS			
Inventories	10,809,216	8,229,007	11,415,016
Trade receivables	2,497,855	5,039,597	2,771,020
Other short term receivables	3,618,983	2,992,554	3,202,008
Cash and cash equivalents	5,129,285	16,989,335	11,832,396
TOTAL CURRENT ASSETS	**22,055,340**	**33,250,493**	**29,220,441**
TOTAL ASSETS	**65,889,864**	**120,567,536**	**71,761,259**

EQUITY AND LIABILITIES	31.03.2009	31.03.2008	31.12.2008
EQUITY			
Subscribed equity			
Share capital	4,534,222	3,374,222	4,534,222
Share premium fund	112,119,278	101,016,473	112,119,278
Total subscribed equity	**116,653,500**	**104,390,695**	**116,653,500**
Retained equity			
Retained earnings	-72,428,875	35,829	-66,033,667
Total retained equity	**-72,428,875**	**35,829**	**-66,033,667**
Minority interests	**3,785,534**	**0**	**4,236,540**
TOTAL EQUITY	**48,010,159**	**104,426,524**	**54,856,372**
NON CURRENT LIABILITIES			
Deferred income tax liability	2,698,288	8,619,170	2,857,927
Other long-term liabilities	422,115	538,875	588,633
TOTAL NON CURRENT LIABILITIES	**3,120,403**	**9,158,045**	**3,446,560**
CURRENT LIABILITIES			
Trade payables	9,350,777	3,756,179	9,222,440
Public duties payable	612,156	724,125	1,232,784
Other current liabilities	4,796,369	2,502,662	3,003,103
TOTAL CURRENT LIABILITIES	**14,759,302**	**6,982,967**	**13,458,327**
TOTAL EQUITY AND LIABILITIES	**65,889,864**	**120,567,536**	**71,761,259**

Dolphin Interconnect Solutions Group

Cash Flow Statement / Change in Equity

CASH FLOW STATEMENT	Q1 / 09	Q1 / 08	Full year 2008
Cash Flow from Operations			
Operating result before tax	-7,978,050	-6,081,516	-65,296,467
Depreciation & write off	979,010	541,252	57,702,868
Changes in inventories	348,888	769,537	-2,201,395
Changes in receivables	222,301	-1,532,452	1,457,191
Changes in trade payables	214,146	-2,984,634	1,701,547
Changes in other current assets/debt items	2,271,218	-230,393	-5,974,428
Net Cash Flow from Operations	**-3,942,488**	**-9,518,205**	**-12,610,684**
Cash Flow from Investments			
Purchase of operating equipment	0	-19,005	-22,060
Purchase of intangible assets	-2,431,045	-5,969,999	-26,193,056
Net Cash Flow from Investments	**-2,431,045**	**-5,989,004**	**-26,215,116**
Cash Flow from Financial Activities			
Payment of long term liabilities	-166,518	-22,514	27,244
Issue of shares in subidiary	0	0	5,192,025
Issue of shares	0	-35,363	12,227,442
Net Cash Flow from Financial Activities	**-166,518**	**-57,877**	**17,446,711**
Net change in cash and equivalents	-6,540,051	-15,565,087	-21,379,089
Foreign currency effect on cash	-163,060	-110,004	547,059
Opening balance, cash and equivalents	11,832,396	32,664,426	32,664,426
Closing balance, cash and equivalents	**5,129,285**	**16,989,335**	**11,832,396**

CHANGE IN EQUITY	Q1 / 09	Q1 / 08	Full year 2008
Equity opening balance	54,856,372	109,893,223	109,893,223
Total comprehensive income	-6,955,911	-5,912,209	-73,005,297
Issue of shares	0	0	13,340,000
Cost of issue of shares	0	-35,363	-1,112,558
Issue of shares in subsidiary	0	0	5,162,024
Option granted to employees	109,698	480,874	578,980
Equity closing balance	**48,010,159**	**104,426,524**	**54,856,372**

Appendix 7: Application Form

Dolphin Interconnect Solutions ASA

Rights Offering

SUBSCRIPTION FORM

Securities No. ISIN NO 0010170921

General information: The terms and conditions of the Rights Offering of up to 1,250,000 New Shares in Dolphin Interconnect Solutions ASA (the "Company") pursuant to a resolution by the Company's extraordinary general meeting held on the 7'th of May, 2010 (the "EGM") are set out in the prospectus dated __ of June 2010 (the "Prospectus"). Terms defined in the Prospectus shall have the same meaning in this Subscription Form. The Prospectus, the notice of and minutes from the EGM (with enclosures), the Company's Articles of Association, and annual accounts and annual reports for the last two years are available for review at the Company's registered office at Olav Helsetsvei 6, 0619 Oslo, Norway.

Subscription procedures: The Subscription Period is from 23 June 2010 at 9:00 CET to 29 June 2010 at 12:00. Correctly completed Subscription Forms must be received by the Company before the end of the Subscription Period at the following address: **Dolphin Interconnect Solutions ASA, P.O Box 150 Oppsal, N0619 Oslo,** fax **+47 23167180** or email **sharesubscription@dolphinics.no**. The subscriber is responsible for the correctness of the information inserted on the Subscription Form. Subscription Forms received after the end of the Subscription Period and/or incomplete or incorrect Subscription Forms and any subscription that may be unlawful may be disregarded at the sole discretion of the Company. The Company will not be held responsible for postal delays, unavailable fax lines, internet lines or servers or other logistical or technical problems that may result in subscriptions not being received in time or at all by the Company. Subscriptions are binding and irrevocable and cannot be withdrawn, cancelled or modified by the subscriber after having been received by the Company. By signing and submitting this Subscription Form, the subscriber confirms and warrants to have read the Prospectus and to be eligible to subscribe for New Shares under the terms set forth therein.

Subscription Price: The Subscription Price in the Rights Offering is NOK 2 per New Share.

Subscription Rights: Eligible Registered holders of the Company's shares as appearing in the VPS on 12th May 2010 (the "Eligible Shareholders") will be granted Subscription Rights in proportion to their registered shareholding in the Company as of such date. The Company will issue 0.7346 Subscription Rights for every Share registered as held by such Eligible Shareholder. The number of Subscription Rights granted to each Eligible Shareholder will be rounded down to the nearest whole number. The minimum subscription is set to 1,000 shares. Thus Eligible Shareholders with current shareholdings lower than 1,362 Shares will need to subscribe for minimum 1,000 Offering Shares. Only Eligible Shareholders are allowed to participate in the offering. Over-subscription is permitted.

Allocation of New Shares: The New Shares will be allocated to the subscribers based on the allocation criteria set out in the Prospectus. The Company reserves the right to round down, reject or reduce any subscription for New Shares not covered by Subscription Rights. The Company will not allocate fractional New Shares. Allocation of fewer New Shares than subscribed for does not impact on the subscriber's obligation to pay for the New Shares allocated. The minimum shares subscription that has been set to 1,000 shares may be lowered by a decision from the Company's Board of Directors if the subscription are over-subscribed and this turns out to be unreasonably to the largest shareholders. Notification of allocated New Shares and the corresponding subscription amount to be paid by each subscriber are expected to be distributed in a letter from the Company on or about 1 July 2010.

Payment: The payment for New Shares allocated to a subscriber falls due on 5 July 2010 (the "Payment Date"). By signing this Subscription Form, subscribers having a Norwegian bank account irrevocably authorise the Company to debit the bank account specified below for the subscription amount payable for the New Shares allocated to the subscriber for transfer to the Company's bank account for share issues. The Company is only authorised to debit such account once, but reserves the right to make up to three debit attempts. The authorisation will be valid for up to ten working days after the Payment Date. The subscriber furthermore authorises the Company to obtain confirmation from the subscriber's bank that the subscriber has the right to dispose over the specified account and that there are sufficient funds in the account to cover the payment. If there are insufficient funds in the subscriber's bank account or if for other reasons it is impossible to debit such bank account when a debit attempt is made pursuant to the authorisation from the subscriber, the subscriber's obligation to pay for the New Shares will be deemed overdue. Payment by direct debiting is only available for subscribers who are allocated New Shares for an amount below NOK 1.0 million and who have a Norwegian bank account. By signing the Subscription Form, subscribers who subscribe for an amount exceeding NOK 1.0 million give the Company an authorisation to manually debit the specified Norwegian bank account on or after the Payment Date. Subscribers who do not have a Norwegian bank account must ensure that payment with cleared funds for the New Shares allocated to them is made on or before the Payment Date. Prior to any such payment being made, the subscriber must contact the Company (Ketil Sundal, Dolphin Interconnect Solutions, +47 23167000) for further details and instructions.

PLEASE SEE PAGE 2 OF THIS SUBSCRIPTION FORM FOR OTHER PROVISIONS THAT ALSO APPLY TO THE SUBSCRIPTION

DETAILS OF THE SUBSCRIPTION

Subscriber's VPS account	Number of Existing Shares	Number of New Shares subscribed (incl. over-subscription)	

SUBSCRIPTION RIGHTS' SECURITIES NUMBER: ISIN NO0010170921

Subscription Price per New Share	Subscription amount to be paid
NOK 2.00	NOK

IRREVOCABLE AUTHORISATION TO DEBIT ACCOUNT (MUST BE COMPLETED BY SUBSCRIBERS WITH A NORWEGIAN BANK ACCOUNT)

Norwegian bank account to be debited for the payment for New Shares allocated (number of New Shares allocated x NOK 2).	______________________ (Norwegian bank account no. 11 digits)

In accordance with the terms and conditions set out in the Prospectus and this Subscription Form (two pages), I/we hereby irrevocably subscribe for the number of New Shares specified above and grant the Company authorisation to debit (by direct debiting or manually as described above) the specified bank account for the payment of the New Shares allocated to me/us. By signing this Subscription Form, subscribers subject to direct debiting accept the terms and conditions for "Payment by Direct Debiting - Securities Trading" set out on page 2 of this Subscription Form.

____

Place and date

Must be dated in the Subscription Period

____

Binding signature. The subscriber must have legal capacity. When signed on behalf of a company or pursuant to an authorisation, documentation in the form of a company certificate or power of attorney should be enclosed.

INFORMATION ON THE SUBSCRIBER

VPS account number	
First name	
Surname/company	
Street address	
Post code/district/country	
Personal ID number/ organisation number	
Norwegian bank account for dividends	
Nationality	
Daytime telephone number	

In the case of changes in registered information, the account operator must be contacted. Your account operator is:

The subscriber represents that he/she/it is capable of evaluating the merits and risks of an investment decision to invest in the Company by subscribing for New Shares, and is able to bear the economic risk, and to withstand a complete loss, of an investment in the New Shares.

Selling and Transfer Restrictions: The attention of persons who wish to subscribe for New Shares is drawn to the important notice outlined on page 1 and 2 of the Prospectus and in particular the Offering Restrictions outlined on page 2. The making or acceptance of the Rights Offering to persons who have registered addresses outside Norway, or who are resident in, or citizens of, countries outside Norway, may be affected by the laws of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to subscribe for New Shares. It is the responsibility of any person outside Norway wishing to subscribe for New Shares under the Rights Offering to satisfy himself as to the full observance of the laws of any relevant jurisdiction in connection therewith, including obtaining any governmental or other consent which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The Subscription Rights and New Shares have not been registered and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or under the securities law of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, delivered or transferred, directly or indirectly, within the United States, except pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. There will be no public offer of the Subscription Rights and New Shares in the United States. The Subscription Rights and New Shares have not been and will not be registered under the applicable securities laws of Australia, Canada, Hong Kong or Japan and may not be offered, sold, resold or delivered, directly or indirectly, in or into Australia, Canada, Hong Kong or Japan except pursuant to an applicable exemption from applicable securities laws. This Subscription Form does not constitute an offer to sell or a solicitation of an offer to buy New Shares in any jurisdiction in which such offer or solicitation is unlawful. A notification of exercise of Subscription Rights and subscription of New Shares in contravention of the above restrictions may be deemed to be invalid.

Execution Only: The Company will treat the Subscription Form as an execution-only instruction. The Company is not required to determine whether an investment in the New Shares is appropriate or not for the subscriber.

Overdue Payment: Overdue payments will be charged with interest at the applicable rate under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 No. 100, currently 8.75% per annum. If the subscriber fails to comply with the terms of payment, the New Shares will, subject to the restrictions in the Public Limited Companies Act, not be delivered to the subscriber. The Company reserves the right to have the Company or a third party advance payment on behalf of a subscriber who has not paid for the New Shares allocated to the subscriber within the Payment Date, in accordance with section 10-12 fourth paragraph of the Public Limited Companies Act. The non-paying subscriber will remain fully liable for the subscription amount payable for the New Shares allocated to the subscriber, irrespective of such payment from a third party. If a third party has paid for the allocated New Shares on behalf of the subscriber and payment from the subscriber has not been received within the third day after the Payment Date, the third party shall have the right to sell the New Shares at the cost and risk or the subscriber, or assume ownership of the New Shares, without further notice to the subscriber in question, in accordance with Section 10-12 fourth paragraph of the Public Limited Companies Act. The subscriber will be liable for any loss, costs, charges and expenses suffered or incurred by the Company as a result of or in connection with late payment. The Company may enforce payment for any amounts outstanding in accordance with Norwegian law.

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