PROSPECTUS

REACH SUBSEA ASA

(A public limited liability company incorporated under the laws of Norway)

Listing on the Oslo Stock Exchange of 13,183,578 Consideration Shares issued in connection with the Combination completed on 5 December 2012

Listing on the Oslo Stock Exchange of 26,250,000 Placement Shares issued in connection with the Private Placement completed on 5 December 2012

The information in this prospectus (the "**Prospectus**") relates to (i) the listing on Oslo Børs (the "**Oslo Stock Exchange**") by Reach Subsea ASA (the "**Company**" or "**Reach Subsea ASA**", and, together with its consolidated subsidiaries (at the relevant point in time), the "**Group**") of 13,183,578 new shares in the Company with a nominal value of NOK 1.00 each (the "**Consideration Shares**") issued at a subscription price of NOK 1.60 per Consideration Share in connection with a private placement completed on 5 December 2012, which related to the contribution agreement dated 29 October 2012 (the "**Contribution Agreement**") between the Company, all the shareholders in Reach Subsea AS ("**Reach Subsea AS**"), Caiano AS, Caiano Ship AS and Aage Thoen Ltd AS regarding a combination of the Company and Reach Subsea AS (the "**Combination**") and (ii) the listing on the Oslo Stock Exchange of 26,250,000 new shares in the Company with a nominal value of NOK 1.00 each (the "**Placement Shares**", and together with the Consideration Shares, the "**New Shares**") issued at a subscription price of NOK 1.60 per Placement Share in a private placement completed on 5 December 2012, which was directed towards a syndicate consisting of members of management in Reach Subsea AS and a few external investors who had entered into a share subscription agreement dated 31 October 2012 (the "**Subscription Agreement**") with the Company (the "**Private Placement**"). The Company's existing shares (the "**Shares**") are (and the New Shares will be) listed on the Oslo Stock Exchange under the ticker code "REACH".

The listing on the Oslo Stock Exchange by the Company of the Consideration Shares and the Placement Shares are referred to as the "**Listing**".

All of the Shares (including the New Shares) are registered in the VPS and are in book-entry form. All of the Shares (including the New Shares) rank *pari passu* with one another and each carry one vote. Except where the context otherwise requires, references in this Prospectus to the Shares will be deemed to include the New Shares.

THIS PROSPECTUS SERVES AS A LISTING PROSPECTUS ONLY. THE PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF, OR INVITATION TO PURCHASE, SUBSCRIBE OR SELL, ANY OF THE SECURITIES DESCRIBED HEREIN, AND NO SHARES OR OTHER SECURITIES ARE BEING OFFERED OR SOLD IN ANY JURISDICTION PURSUANT TO THIS PROSPECTUS.

Investing in the Company's Shares involves a high degree of risk. See Section 2 "Risk Factors" beginning on page 12.

Manager

Pareto Securities

The date of this Prospectus is 17 December 2012

IMPORTANT INFORMATION

This Prospectus has been prepared in order to provide information about the Group and its business in relation to the Combination, the Private Placement and the Listing, and to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75 (the "**Norwegian Securities Trading Act**") and related secondary legislation, including the EC Commission Regulation EC/809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 regarding information contained in prospectuses, as amended, and as implemented in Norway (the "**EU Prospectus Directive**"). This Prospectus has been prepared solely in the English language. The Financial Supervisory Authority of Norway (*Nw.: Finanstilsynet*) (the "**NFSA**") has reviewed and approved this Prospectus in accordance with Sections 7–7 and 7-8 of the Norwegian Securities Trading Act.

For definitions of certain other terms used throughout this Prospectus, see Section 21 "Definitions and Glossary".

The Company has engaged Pareto Securities AS ("**Pareto Securities**" or the "**Manager**") as manager for the Combination, the Private Placement and the Listing.

All inquiries in relation to this Prospectus must be directed to the Company. No other person is authorised to give any information about, or to make any representations on behalf of the Company in connection with the Combination, the Private Placement and the Listing. If any such information is given or representation made, it must not be relied upon as having been authorised by the Company.

The distribution of this Prospectus in certain jurisdictions may be restricted by law. This Prospectus does not constitute an offer of, or an invitation to purchase, subscribe or sell, any of the securities described herein. Neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with applicable laws and regulations. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. In addition, the Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of an investment in the Shares for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

Any reproduction or distribution of this Prospectus, in whole or part, and any disclosure of its contents is prohibited.

No shares or other securities are being offered or sold in any jurisdiction pursuant to this Prospectus.

This Prospectus, the Combination, the Private Placement and the Listing shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo District Court as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Combination, the Private Placement, the Listing or this Prospectus.

In making an investment decision, prospective investors must rely on their own examination, and analysis of, and enquiry into the Group, including the merits and risks involved. None of the Company or the Manager, nor any of their respective representatives or advisers, are making any representation to any offeree or purchaser of the Shares regarding the legality of an investment in the Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

Investing in the Shares involves a high degree of risk. See Section 2 "Risk Factors" beginning on page 12 and Section 4 "General Information".

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APPENDICES

1 SUMMARY

The following summary must be read as an introduction to the full text of this Prospectus. This summary highlights, and is qualified in its entirety by, information presented in greater detail elsewhere in this Prospectus and the appendices hereto. This summary is not complete and does not contain all the information that should be considered before investing in the Shares. Any investment decision relating to the Shares should be based on the consideration of this Prospectus as a whole, including, but not limited to Section 2 "Risk Factors", Section 9 "Business of the Group", Section 14 "Operating and Financial Review" and the financial information for Reach Subsea ASA as incorporation by reference hereto. Where a claim relating to the information contained in this Prospectus is brought before a court, a plaintiff investor might, under the national legislation of a member state of the EEA, have to bear the costs of translating this Prospectus before legal proceedings are initiated. No civil liability attaches to those persons who have prepared this summary, including any translations thereof, unless it is misleading, inaccurate or inconsistent when read together with other sections of this Prospectus. For definitions of certain terms as used herein, see Section 21 "Definitions and Glossary".

1.1 Information about Reach Subsea ASA

Reach Subsea ASA is a Norwegian public limited liability company (*Nw.: allmennaksjeselskap*) with organisation number 922 493 626. The Company was incorporated on 19 August 1909 and registered with the Norwegian Register of Business Enterprises on 18 October 1988. The Company's business address is Skillebekkgata 1 B, N-5523 Haugesund, Norway, with telephone number +47 40 00 77 10. The Company's website address is www.reachsubsea.com.

The Company has in 2012 made a substantial strategic shift in its business and operations. The Company has transformed from being a shipping company operating under the name "Green Reefers ASA" with a fleet of 20 owned and 12 chartered vessels with commercial operations in the reefer market through various joint ventures and pools, to expand into the subsea sector in the offshore industry by acquiring Reach Subsea AS (the "**Combination**"), a company providing certain ROV and engineering consultancy services to the oil industry.

In the first half of 2012, the Company restructured and divested substantially all of its former business related to logistics operations within the reefer market to its main shareholders Caiano AS and its affiliates, following which the Company had very limited operational activities (the "**Divestment**"). The transferred companies in the Divestment contained mainly 32 reefer vessels, of which 20 were owned and 12 were chartered, and the management business related to these vessels. The vessels conducted commercial operations through various pools and joint ventures. As a result thereof, the Company changed its name from "Green Reefers ASA" to "Transit Invest ASA" in August 2012.

Thereafter, the Company conducted a strategic review of potential new business opportunities. After an evaluation of the various alternatives, the Company's board of directors (the "**Board of Directors**") eventually resolved to expand into the subsea sector through the Combination.

On 5 December 2012, the Company completed the Combination, pursuant to which it acquired Reach Subsea AS. In addition, a private placement with gross proceeds of NOK 42 million was completed simultaneously (the "**Private Placement**"), securing the Company's cash needs going forward. As from the Combination, the Company will base its business on the present strategy and operations in Reach Subsea AS. As a result thereof, the Company's name was changed from "Transit Invest ASA" to "Reach Subsea ASA" in connection with the completion of the Combination.

1.2 History and important events

The Company, which until August 2012 was named "Green Reefers ASA", has a long history as legal entity. Green Reefers ASA was a continuation of the former Bruusgaard Kiøsterud & Co that started operations in 1888 as manager of vessels owned by various companies, all of which were merged into a limited company in 1909.

The Company flourished to be one of the largest ship-owners in Norway with a fleet of 22 vessels in total until the crash in 1929. Over the years a considerable liner trade had been established within the Far East, with trades to China as specialty. As much as 65% of the tonnage was lost during the World War II. However, Nortraship compensations laid the foundation for a fleet renewal program whereby, in the years up to 1960, the Company took delivery of 15 new buildings. A run of profitable post-war years culminated in 1971.

In 1984, most of the assets were distributed to the shareholders, and the Company's business was reduced to having a small bank balance as its only asset.

In the period from 1985 through 1988 the Company changed its name several times and was involved in a dwelling platform and in a diving company. In 1988, the Company moved to Bergen, changed its name to Nomadic Shipping ASA, with handy size dry bulk as the new field of activity. During 1994 and 1995 most of the dry bulk vessels were sold.

In 1995, the Company opened up a new field of activity by acquiring 19 smaller and medium sized reefer vessels over a period of three years.

The Company increased its focus on through-transportation logistics by investing in strategically located terminals supporting a door-to-door concept.

In the period from 1998 to 2002 the reefer market experienced historically low freight levels. This situation forced the Company to take various steps to secure necessary financing of its operations. During the period of financial difficulties, the Company completed the construction of the cold store in Kaliningrad, a pioneer project in Russia. Furthermore, the Company developed and strengthened its position as the main carrier in the Norwegian fish export to the Baltic region and continuing to participate in the other main trades and services the Company was and is involved in.

In 2003, the Company was fully refinanced, following an agreement with its largest lender to acquire the bank's debt at a discount. The Company changed its name to Green Reefers ASA. The refinancing in 2003 enabled the Company to pursue a growth strategy and the Company's fleet capacity increased by almost 50% by own investments in combination with investments made by shareholders.

In 2006, the Company entered into agreements for the acquisition 20 reefer vessels. The consideration for the vessels consisted of a combination of cash and new shares in the Company in a private placement. Eight of the vessels were already a part of the Company's operation, while the remaining 12 vessels were an addition to the fleet. This transaction almost doubled the Company's balance sheet.

Following the strong expansion, the Company focused on consolidation in 2007. In 2008 and particularly in 2009, the Company implemented a restructuring of the organisation, reducing administration costs and moving technical management from the head office in Bergen to a subsidiary in Poland.

In 2011 the Company sold its terminal activities, which no longer was a part of the core business after entering into different pools and joint ventures for its vessels.

In the first half of 2012, the Company restructured and divested through the Divestment substantially all of its former "Green Reefers ASA" shipping business related to logistics operations within the reefer market to its main shareholders Caiano AS and its affiliates, following which the Company had very limited activities. In November 2012, the last part of the Divestment was completed, by the transferring of the very few remaining assets, rights and liabilities that related to the previous shipping business of the Company to Caiano AS and its affiliates. See Section 9.3 "The Divestment" below for further information regarding the Divestment.

The table below provides an overview of key events in the history of the Company:

Year	Event
1909	Incorporated as a ship owning limited liability company.
1995	The Company opened up a new field of activity by acquiring 19 smaller and medium sized reefer vessels, and increased its focus on through-transportation logistics by investing in strategically located terminals.
1998-2002	In the period from 1998 to 2002 the reefer market experienced historically low freight levels, forcing the Company to take various steps to secure necessary financing of its operations.
2003	The Company changed its name to Green Reefers ASA.
2003	The Company was listed on the Oslo Stock Exchange.
2006	The Company entered into agreements for the acquisition of 20 reefer vessels.
2007	Consolidation after strong increase in fleet capacity entering 2007.
2009	Restructuring of the Company's operation, reduction in administration costs.
2010	Completion of the movement of technical management head office in Bergen to a wholly-owned subsidiary in Poland.
2010	The Company allocated commercial management of its vessels to various joint ventures and pools.
2011	Sale of the terminal activities.
2012	The Company restructured and divested its previous "Green Reefers ASA" shipping business related to provision of logistics services to the reefer market to its main shareholders Caiano AS and its affiliates.

Year	Event
2012	The Company changed its name to Transit Invest ASA.
2012	The Company made a strategic shift by expanding into the subsea sector through the Combination and the Private Placement.
2012	The Company changed its name to Reach Subsea ASA.

1.3 Business overview

The Group's operations are currently carried out solely through the wholly-owned subsidiary Reach Subsea AS, which was acquired by the Company in the Combination. As a result of the Combination, the Group has fully adopted the business and strategy of Reach Subsea AS.

Reach Subsea AS was established in 2008 in Norway by four founders with extensive subsea experience. Since its incorporation, Reach Subsea AS has provided certain ROV and engineering consultancy services to the oil industry, including the development of a new survey ROV, the Surveyor. Its engineering department consists of highly skilled subsea and marine engineers, all with long experience in planning, management and execution of offshore and subsea operations.

The Group's current business, consisting solely of Reach Subsea AS' past and current business, is two-folded:

1. Engineering consultancy services. The Group is involved with project management and engineering services for engineering, procurement, installation and construction ("**EPIC**") contractors involved in major field developments in Norway. The Group is also involved in engineering services and project administration services for the Pipeline Repair System ("**PRS**") operated by Statoil.

2. Product development. The Group is developing the new ROV system, Surveyor, together with Kystdesign AS. Surveyor is a new design ROV with a hydrodynamic shape and designed to inspect the seabed and pipelines in a much higher speed and with a better quality of data than the existing Work ROV systems. This project is sponsored by Marin Maetteknik in Sweden and Innovasjon Norge.

The Group has its office and workshop facilities on Killingøy Offshore Base in Haugesund, Norway. From the facilities the Group can perform in-house engineering and project planning together with design and fabrication of subsea equipment. Along its quay it can mobilize and support large subsea support vessels. The workshop facilities can undertake the building and maintenance of ROV systems, as is now planned together with Kystdesign AS.

Currently, the Group offers multi purposes support vessel ("**MPSV**") with remotely operated vehicles ("**ROVs**") and manned with its technical team and engineering staff. Further, contracts for chartering of offshore construction vessels for 2013 operations and procurement of ROVs and relating equipment are under negotiations with relevant suppliers and subcontractors.

The Group's vision is to become a full subsea service provider of advanced subsea engineering services and vessel spreads in regards to quality, competence and HSE. Hence, the Group has recently implemented an expansion plan with the purpose of pursuing this vision.

For further information on the business of the Group, see Section 9 "Business of the Group".

1.4 Background for the Combination and the Private Placement

The Combination of the Company and Reach Subsea AS was a result of a strategic decision by the Company to make a substantial shift in its business activities by expanding into the subsea sector. Such decision was made after, and based on, a strategic review of potential new business opportunities, which the Company carried out following a the Divestment of its former business activities within the reefer market in the first half of 2012. The Group will fully adopt the strategy of Reach Subsea AS going forward, which is to become a complete subsea services provider by building on and benefiting from the extensive industry experience and competence of the management and employees in Reach Subsea AS headed by CEO Kåre Johannes Lie.

The Private Placement with approximately NOK 38.55 million in net proceeds was carried out in connection with the Combination to secure the Company's cash needs following the Combination. The net proceeds will be used to finance the first phase of the Group's new business plan.

1.5 Description of the Combination and the Private Placement

1.5.1 The Combination

On 5 December 2012, the Company announced that it had, inter alia, completed the acquisition of Reach Subsea AS against consideration in the form of issuance of the 13,183,578 Consideration Shares with a nominal value of NOK 1.00 each at a subscription price of NOK 1.60 per Consideration Share to the shareholders in Reach Subsea AS. As a result of the Combination, Reach Subsea AS became a wholly-owned subsidiary of the Company.

The Combination was completed pursuant to the Contribution Agreement entered into on 29 October 2012 between the Company, all the shareholders in Reach Subsea AS, Caiano AS, Caiano Ship AS and Aage Thoen Ltd AS, as incorporated by reference in this Prospectus (see Section 20.7 "Incorporation by reference"). In addition, the report of the Company's auditor (with appendices) with respect to the contribution in kind (i.e. 100% of the shares in Reach Subsea AS) in the Combination is incorporated by reference in this Prospectus (see Section 20.7 "Incorporation by reference").

The Combination was based on an exchange ratio of 1:3 between the Company and Reach Subsea AS, entailing that, following the Combination but prior to completion of the Private Placement, the shareholders in the Company would retain ownership to 25% of the combined group, while the shareholders in Reach Subsea AS would become the owner of 75% of the combined group. Thus, the issuance of the Consideration Shares in the Combination resulted in an immediate dilution of approximately 75% for the Company's Shareholders (which figure does not include the additional dilution caused by the issuance of the Placement Shares in the Private Placement).

The Consideration Shares have been registered in the VPS under a separate International Securities Identification Number ("**ISIN**") 001 0664980 pending the publication of this Prospectus. Following the publication of this Prospectus, the Consideration Shares will be registered under the same ISIN as the Company's existing Shares (i.e. ISIN NO 000 3117202) and become listed and tradable on the Oslo Stock Exchange.

See Section 6 "The Combination" for further information about the Combination.

1.5.2 The Private Placement

On 5 December 2012, the Company announced that it had, inter alia, completed the Private Placement through the issuance of the 26,250,000 Placement Shares with a nominal value of NOK 1 each at a subscription price of NOK 1.60, providing gross proceeds of NOK 42 million.

The Placement Shares were issued to a syndicate consisting of members of management in Reach Subsea AS and a few external investors who had entered into the Subscription Agreement with the Company on 31 October 2012.

The Placement Shares has been registered in the VPS under a separate ISIN NO 001 0664980 pending the publication of this Prospectus. Following the publication of this Prospectus, the Placement Shares will be registered under the same ISIN as the Company's existing Shares (i.e. ISIN NO 000 3117202) and become listed and tradable on the Oslo Stock Exchange.

The issuance of the Placement Shares in the Private Placement resulted in an immediate dilution of approximately 59% for Shareholders who did not participate in the Private Placement (calculated on the basis of the number of Shares in the Company in issue following the Combination).

See Section 7 "The Private Placement" for further information about the Private Placement.

1.6 Summary of financial and other information for Reach Subsea ASA

1.6.1 Summary of income statement, statement of financial position and cash flow statement

General

The following tables present a summary of selected consolidated financial information for Reach Subsea ASA as of, and for the years ended, 31 December 2011, 2010 and 2009, and as of, and for the three and nine months ended, 30 September 2012 and 2011, which has been derived from Reach Subsea ASA's audited consolidated financial statements as of, and for the years ended, 31 December 2011, 2010 and 2009, and from Reach Subsea ASA's unaudited consolidated financial statements as of, and for the three and nine months ended, 30 September 2012 (with comparable figures as of, and for the three and nine months ended, 30 September 2011). The financial statements for Reach Subsea ASA as of, and for the years ended, 31 December 2011, 2010 and 2009, and as of, and for the three and nine months ended, 30 September 2012 and 2011 have been prepared in accordance with the International

Financial Reporting Standards ("**IFRS**") as adopted by the European Union (the "**EU**").

This selected financial information should be read together with Section 4.2 "Presentation of financial and other information", Reach Subsea ASA's consolidated financial statements and the related notes thereto, and other financial information included elsewhere in this Prospectus.

Summary condensed consolidated income statement of Reach Subsea ASA

	As of, and for, the three months ended 30 September		**As of, and for, the nine months ended 30 September**		**As of, and for, the year ended 31 December**		
In USD thousands	**2012** Unaudited	**2011** As Re-presented(1) Unaudited	**2012** Unaudited	**2011** As Re-presented(1) Unaudited	**2011** Audited	**2010** As Re-presented(2) Audited	**2009** Audited
Total operating income	**420**	**82**	**1,156**	**355**	**67,597**	**140,673**	**193,403**
Total operating costs	**(663)**	**(858)**	**(2,795)**	**(3,377)**	**(75,714)**	**(148,506)**	**(184,561)**
Operating result before depreciation (EBITDA)	**(243)**	**(776)**	**(1,639)**	**(3,022)**	**(6,118)**	**(7,834)**	**(8,842)**
Depreciation							
Depreciation	(150)	(41)	(211)	(123)	(19,217)	(26,793)	(31,446)
Write-downs/ reversed write-downs	0	0	0	0	0	(12,490)	(11,751)
Operating result (EBIT)	**(392)**	**(817)**	**(1,850)**	**(3,146)**	**(25,334)**	**(47,116)**	**(34,355)**
Total financial items	**293**	**2,302**	**(2,868)**	**(1,094)**	**(5,389)**	**(5,427)**	**(4,725)**
Profit (loss) before taxes	**(99)**	**1,485**	**(4,718)**	**(4,240)**	**(30,723)**	**(52,543)**	**(39,080)**
Taxes	0	0	0	0	(45)	(59)	(178)
Profit (loss) for the year	**(222)**	**(8,896)**	**(40,871)**	**(19,759)**	**(26,952)**	**(52,921)**	**(39,258)**

(1) In accordance with IFRS 5, amounts for the three and nine months ended 30 September 2011 are re-presented as if the terminal activity, the shipping and management companies and Green Chartering were regarded as discontinued also for such periods.

(2) In accordance with IFRS 5, amounts for the year ended 31 December 2010 are re-presented in the 2011 Annual Report for Reach Subsea ASA as if the terminal activity was regarded as discontinued also for such period. As consequence of this, the corresponding amounts in the 2010 Annual Report differ from those presented in the 2011 Annual Report.

Summary condensed consolidated statement of financial position of Reach Subsea ASA

	As of 30 September		**As of the year ended 31 December**		
In USD thousands	**2012** Unaudited	**2011** Unaudited	**2011** Audited	**2010** Audited	**2009** Audited
Assets					
Total non-current assets	19	175,070	138,389	201,152	237,211
Total current assets	1,394	21,794	18,831	34,868	39,306
Total assets	**1,413**	**196,863**	**157,220**	**236,021**	**276,517**
Equity and liabilities					
Total equity	73	46,357	39,165	67,710	95,590
Total non-current liabilities	0	130,269	105,474	149,661	146,782
Total current liabilities	1,340	20,237	12,581	18,650	34,145
Total equity and liabilities	**1,413**	**196,863**	**157,220**	**236,021**	**276,517**

Summary condensed consolidated statement of cash flow of Reach Subsea ASA

In USD thousands	As of, and for, the three months ended 30 September		As of, and for, the nine months ended 30 September		As of, and for, the year ended 31 December		
	2012	**2011**	**2012**	**2011**	**2011**	**2010**	**2009**
	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited	Audited
Net cash flow from operating activities	(2,338)	(784)	(10,370)	(2,826)	(10,360)	(15,345)	(749)
Net cash flow from investing activities	0	(3,683)	(1,005)	13,682	48,657	(3,860)	10,016
Net cash flow from financing activities	0	6,000	3,500	(13,620)	(44,174)	19,668	(13,631)
Cash and equivalents at end of period	187	11,142	187	11,142	8,062	13,400	12,292

1.6.2 Capitalisation and indebtedness

See Section 12 “Capitalisation and indebtedness” for information regarding the Group’s capitalisation and indebtedness.

1.6.3 No significant change

Except for the Combination and the Private Placement, there have been no significant changes in the financial or trading position of the Group since 30 September 2012 to the date of this Prospectus.

1.6.4 Working capital statement

Reach Subsea ASA is of the opinion that the working capital available to the Group is sufficient for the Group’s present requirements, for the period covering at least 12 months from the date of this Prospectus.

1.7 Trend information

See Section 14.11 “Trend information” for information regarding trends etc.

1.8 Summary of risk factors

An investment in the Shares, involves inherent risk. Below is a brief summary of the risk factors described in Section 2 “Risk Factors”.

If any of the following risks were to materialise, this could have a material adverse effect on the Group and/or its business, results of operations, cash flow, financial condition and/or prospects, which may cause a decline in the value and trading price of the Shares, resulting in the loss of all or part of an investment in the same.

The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Group. Any forward-looking statements are made subject to the reservations set forth in Section 4.3 “Cautionary note regarding forward-looking statements”.

1.8.1 Operational risk

- The Group’s success for the foreseeable future is highly dependent on realization of its new strategy.
- The Group’s strategy is to grow substantially in size, and it may experience difficulties in managing its growth.
- The Group may not be successful in attracting sufficient skilled employees and retaining key personnel which may adversely affect the Group’s operations.
- Reputational and compliance risks.
- The execution of the Group’s strategy is dependent upon the successful contracting of new vessels and engineering consultancy projects.
- Risk of losing market share due to lack of innovation.
- The market value for the Group’s future vessels may decrease, which could cause the Group to incur losses if it is decided to sell them following a decline in their market values.
- The Group may fail to effectively estimate risks, costs or timing when bidding on contracts and to manage such contracts efficiently which could have a material adverse impact on the profitability of the Group.

- The Group's operating and maintenance costs will not necessarily fluctuate in proportion to changes in operating revenues.
- The Group's future contracted revenue for its vessels, ROVs or engineering personnel may not be ultimately realized.
- The Group may not be able to renew or obtain new and favorable contracts for vessels or ROVs whose contracts are expiring or are terminated, which could materially adversely affect the Group's results of operation, cash flows and financial condition.
- The Group may be exposed to several risk factors in connection with potential future newbuilding contracts, such as challenges relating to integration of newbuilds and delay in delivery of acquired newbuilds, which could have a material adverse effect on the Group's results of operation, cash flow and financial condition.
- The Group's vessels may not have the service life projected for them, which may affect the Group's operating results and financial condition.

1.8.2 Market risks

- The Group's business, results of operations, financial condition, and ability to pay dividends depend on the level of activity in the offshore oil and gas industry, which is significantly affected by, among other things, volatile oil and gas prices and may be materially adversely affected by a decline in offshore oil and gas exploration, development and production.
- The Group's results of operations, cash flow and financial condition is significantly affected by the charter rates.
- The Group operates in a marine environment, which is subject to the forces of nature, as well as environmental and climatological risks, that could cause damage to, loss of, or suspension of operations by the Group's vessels and could result in reduced levels of offshore activity.
- The Group could face additional supply of vessels and ROVs in the subsea services industry that could materially adversely affect the Group's competitive position and the rates it can charge for its services.
- The Group's business involves numerous operating hazards, which may cause personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties or customers and suspension of operations which could materially adversely affect the Group's results of operations, cash flows and financial condition.
- The Group may be subject to litigation that could have a material adverse effect on the Group's business, results of operations, cash flow and financial condition, because of potential negative outcomes, the costs associated with prosecuting or defending such lawsuits, and the diversion of management's attention to these matters.
- The Group's potential operations in international markets are subject to risks inherent in international business activities, including, in particular, general economic conditions in each such country where the Group operates, currency fluctuations, unexpected changes in regulatory requirements, complying with a variety of foreign laws and regulations etc.
- Changes in the legislative and fiscal framework governing the activities of the oil and gas business could hinder or delay the Group's operations, increase the Group's operating costs, reduce demand for the Group's services and restrict the Group's ability to operate its vessels or otherwise.

1.8.3 Financial risks

- The Group may be dependent on funding from investors and/or banks to finance its operations going forward and no assurance can be given that sufficient capital will be secured, or the terms at which such capital can be secured (if any) or with respect to the amount of capital that will be required.
- The Group's future loan agreements may include terms, conditions and covenants that may impose restrictions on the operations of the Group. A failure to comply with the conditions and covenants may have a material and adverse effect on the Group.
- The Group is exposed to the risk of contractual default by a counterparty.
- The Group is exposed to changes in interest rates and exchange rates, which may adversely impact the Group's cash flows and financial condition.
- Changes in tax regimes and taxation may adversely affect the Group's cash flows and financial condition.

1.8.4 Risks relating to the Shares

- The market value of the Shares may fluctuate significantly and may not reflect Reach Subsea ASA's underlying asset value.
- The Company's ability to pay dividends is dependent on the availability of distributable reserves.
- Future issuances of Shares or other securities may dilute the holdings of shareholders and could materially affect the price of the Shares.
- Pre-emptive rights to secure and pay for Shares in any additional issuance may not be available to U.S or other shareholders.
- Investors may not be able to exercise their voting rights for Shares registered in a nominee account.
- Investors may be unable to recover losses in civil proceedings in jurisdictions other than Norway.
- Norwegian law may limit shareholders' ability to bring an action against the Company.
- The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions.
- Shareholders outside Norway are subject to exchange rate risk.
- Market interest rates may influence the price of the Shares.

1.9 Share capital

As of the date of this Prospectus, and following the issuance of the New Shares, Reach Subsea ASA's registered share capital is NOK 43,828,104, divided into 43,828,104 Shares, each with a nominal value of NOK 1.00. All the Shares have been created under the Norwegian Public Limited Companies Act of 13 June 1997 No 45 (the "**Norwegian Public Limited Companies Act**"), and are validly issued and fully paid. The Company has one class of shares.

1.10 Major shareholders

Reach Subsea ASA's 10 largest shareholders as of 5 December 2012 are set out in the table below:

Shareholder	No of Shares	% of Total
Accello Partners I AS.	15,625,000	35.7%
Joso Invest AS	5,926,589	13.5%
JT Invest AS	5,301,539	12.1%
A-Å Invest AS	3,281,199	7.5%
Caiano AS	2,281,891	5.2%
SMS Investering AS	1,652,366	3.8%
AS Spectra.	1,250,000	2.9%
TEM Invest AS	1,250,000	2.9%
Thermotech Invest AS	1,250,000	2.9%
Invicta Invest AS	909,179	2.1%
Other	5,100,341	11.7%
Total	**43,828,104**	**100%**

1.11 Related party transactions

Information on related party transactions for the Group for the years ended 31 December 2011, 2010 and 2009 and for the period from 1 January 2012 up to the date of this Prospectus is set forth in Section 20.2 "Related party transactions".

1.12 Board of Directors, Management and employees

1.12.1 Board of Directors

The Company's Board of Directors consists of Rune Lande (Chairman), Sverre B. Mikkelsen, Martha Kold Bakkevig, Anders Onarheim and Merete Haugli.

1.12.2 Management

The Company's senior management team (the "**Management**") consists of Kåre Johannes Lie (Chief Executive Officer), Birgitte Wendelbo Johansen (Chief Financial Officer), Jostein Alendal (Business Development Manager), Sven M. Storesund (Technical Manager), Inge Grutle (Engineering Manager), Åge J. Nilsen jr (Financial Manager) and Bjørg Mathisen Døving (HR and Quality Manager).

1.12.3 Employees

As of the date of this Prospectus, the Group has 15 employees.

1.13 Articles of association

The Company's articles of association (the "**Articles of Association**") as of the date of this Prospectus are attached to this Prospectus as Appendix A, and are further described in Section 17.10.1 "The Articles of Association".

1.14 Auditor and advisors

Reach Subsea ASA's current statutory auditor is Deloitte AS with registration number 980 211 282, and business address Karenslyst Allé 20, N-0278 Oslo, Norway. Deloitte AS has audited the historical financial information for Reach Subsea ASA included in this Prospectus.

It has been proposed that PricewaterhouseCoopers AS, with registration number 987 009 713, and business address Dronning Eufemias gate 8, N-0191 Oslo, Norway, shall be elected as Reach Subsea ASA's new auditor in the extraordinary general meeting in the Company to be held on 18 December 2012.

Pareto Securities is acting as the Manager for the Combination, the Private Placement and the Listing. Advokatfirmaet Thommessen AS is acting as legal advisor to the Company.

1.15 Documents on display

Copies of the following documents will be available for inspection on the Company's website www.reachsubsea.com and at the Company's offices at Skillebekkgata 1 B, N-5523 Haugesund, Norway, during normal business hours from Monday to Friday each week (except public holidays) for a period of twelve months from the date of this Prospectus:

(i) the Company's Articles of Association;

(ii) the Company's Certificate of Registration;

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

(iv) the consolidated audited financial statements of Reach Subsea ASA as of, and for the years ended, 31 December 2011, 2010 and 2009 and Reach Subsea ASA's unaudited consolidated financial statements as of, and for the three and nine months ended, 30 September 2012 and 2011;

(v) the audited financial statements of Reach Subsea AS as of, and for the years ended, 31 December 2011, 2010 and 2009, and Reach Subsea AS' unaudited financial statements as of, and for the three and nine months ended, 30 September 2012 (with comparable figures as of, and for the nine months ended, 30 September 2011);

(vi) the historical financial information for the Company's significant subsidiaries; and

(vii) this Prospectus.

2 RISK FACTORS

An investment in the Shares involves inherent risk. Before deciding whether or not to invest in the Shares, investors should carefully consider all of the information contained in this Prospectus, and in particular the risk factors and uncertainties described in this Section 2, which the Company believes are the principal known risks and uncertainties faced by the Group as of the date hereof. The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Group. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described are not a genuine potential threat to an investment in the Shares. If any of the following risks were to materialise, this could have a material adverse effect on the Group and/or its business, results of operations, cash flow, financial condition, liquidity and/or prospects, which may cause a decline in the value and trading price of the Shares, resulting in the loss of all or part of an investment in the same.

2.1 Operational risk

2.1.1 The Group's success for the foreseeable future is highly dependent on realization of its new strategy.

The Group's vision is to become a complete subsea services provider. For provision of such services, the Group aims at having a fleet of both chartered and owned modern offshore vessels and a resource pool of highly skilled and experienced people and technological advanced equipment. Realization of its new strategy presupposes inter alia tackling numerous market related challenges as listed in Section 2.2 "Market risk" and the effective management of present and future internal resources. Strategy realization is performed through obtaining contracts and resources which are both subject to fierce competition. Contracts for the services that the Group aims to provide are generally awarded on a competitive bid basis, and although clients may consider among other things, the availability and capability of equipment and the reputation and experience of the contractor, price is a primary factor determining which contractor is awarded a contract. Competition could result in pricing pressures, lower sales and reduced margins that would have an adverse effect on the operating results, cash flows, financial conditions of the Group and ultimately the realization of the Group's new strategy. In terms of supply of resources, the Group faces fierce competition and the risk of supply bottle-necks are apparent and may significantly affect the realization of the Group's strategy. Furthermore, the Group's ability to meet the competition in the market and its skill in future strategic adaption will have significant consequences for the Group's future development.

The Group is dependent upon obtaining technology and service offering that is in accordance with what the prospective client demands. If the Group's technology or service offering is unable to obtain market acceptance it could have adverse effects on the Group's profitability.

2.1.2 The Group's strategy is to grow substantially in size, and it may experience difficulties in managing its growth.

As the Group's plans and strategies for its expansion within the subsea market develops, it expects it will need additional managerial, operational, marketing, financial and other resources. As a result, members of management would face significant added responsibilities, including:

- Managing and enhancing asset utilization;
- Identifying, recruiting, maintaining, motivating and integrating additional skilled personnel;
- Managing the Group's internal development efforts effectively while complying with its contractual obligations to customers, suppliers, partners, and other third parties; and
- Improving the Group's managerial, development, operational and finance systems.

As the Group's operations expand, it expects to enter into additional relationships with various customers, strategic partners, suppliers and other third parties. The Group's business, results of operations and financial condition will depend, in part, on its ability to manage its future growth effectively. As a result, the Group must manage its growth efforts and hire, train and integrate additional management, administrative and marketing personnel as required. To the extent that the Group is unable to accomplish these tasks, it could be prevented from successfully maintaining its growth. The scalability of the business will be a major factor going forward.

2.1.3 The Group may not be successful in attracting sufficient skilled employees and retaining key personnel which may adversely affect the Group's operations.

As a technology driven company with focus on human resource and creativity, the Group is dependent upon key individuals in the organisation. If such key individuals were to end their employment in the Group, this could result in negative consequences for the future development of the business. A departure by key members of the Management of the Group may have a material adverse effect on the Group's operations and ability to achieve its strategic goals. Individual period performance may also be significantly affected by the timing of contract completion, when the final outcome of a contract may be fully assessed. This may have an adverse effect on the performance of the Group.

The increase in operational activity demands a continued development of the Group's organisation. A successful development is dependent on the Group being able to attract and keep personnel and management with the right competence and commitment. The labour market in Norway, where the Group has a significant portion of its operations, is still pressed for skilled labour in many industries, especially in the subsea sector, with several companies stating lack of available qualified applicants as their main concern for future development of their business. The Group will have to compete in a fiercely competitive market to attract the human resources needed in the future.

In addition, the Group's success may often depend upon the combined expertise of vessel operators, ROV team and subsea equipment providers in order to successfully complete projects. The combined expertise should ideally amalgamate seamlessly, but the risk of communication problems and cooperation problems may be apparent and effect the Group's operations.

2.1.4 The execution of the Group's strategy is dependent upon the successful contracting of new vessels and engineering consultancy projects.

The Group intends to enter into charter for 1 to 2 subsea DP vessels ready for offshore work before summer 2013. In addition, future plans of expansion will include new charters of multipurpose support vessels, new ROVs and subsea DP vessels. The Group's ability to contract new vessels of the desired specifications and quality is an operational risk that may have adverse effect on the Group's business if it does not materializes.

2.1.5 Risk of losing market share due to lack of innovation.

The crucial role of technology, especially for ROVs, in moving subsea industry forward is a given. The focus of oil and gas companies, from a subsea perspective, will include enabling technologies operate safely in high pressure and temperature environments, extracting heavy crude oil, stranded gas and ultra-deepwater environments, production optimization and decreasing life-of-field costs. In order to accommodate these new challenges in a cost effective way the competing subsea providers must innovate, both in terms of technology and project management. The long term success for the Group will be dependent upon the capabilities of creating innovations thereby retaining and gaining market share.

2.1.6 The market value for vessels acquired by the Group in the future (if any) may decrease, which could cause the Group to incur losses if it is decided to sell them following a decline in their market values.

The Group plans on chartering and owning vessels in the future, and because the market value of vessels may fluctuate, the Group may incur losses when vessels are sold. Market values of vessels may be affected by factors such as:

- general offshore activity worldwide;
- net growth in the supply of vessels;
- the cost of building new vessels;
- competition from other shipping companies;
- changes in demand for various types and sizes of vessels;
- age limitations from oil companies;
- changes in charter rates;
- political changes related to regulatory framework; and
- technological advances.

If the Group sells a vessel at a time when vessel second-hand prices have fallen, the sale may be at less than the vessel's book value in financial statements, with the result that a loss and a corresponding reduction in earnings is incurred. In addition, if it is determined that there is a need for impairment of vessel values; this could result in a charge against earnings and a corresponding reduction of the Group's shareholders' equity. It is possible that the market value of the vessels will decline in the future.

2.1.7 The Group may fail to effectively estimate risks, costs or timing when bidding on contracts and to manage such contracts efficiently, which could have a material adverse impact on the profitability of the Group.

The success of the Group will depend on identifying key issues and risks with respect to potential projects and ensuring that the contractual arrangements in relation to each project adequately safeguard the Group against such risks. The Group must continue to manage risks efficiently as well as adapt to developing circumstances during the life of a project. Such issues and risks may include, but are not limited to, labour costs, wage inflation, and the cost of capital maintenance or replacement of assets. Unanticipated increases in costs in relation to these and other areas may reduce operating profit to the extent that such increases cannot be passed on to customers. Significant financial consequences may be imposed on the Group if its services are not delivered in accordance with the contract. While the identification of key risks, the estimation of costs and the establishment of appropriate deadlines in relation to such contracts is an inherent part of the Group's business, the length and complexity of such projects may imply that management's estimates can be particularly difficult to make and could turn out to be potentially inaccurate. If the risk management strategies employed by the Group fail to identify key risks or accurately estimate costs and timetables, or do not adapt quickly enough to new risks or other changes in the market, this could lead to breach of contract from the Group's side or a claim for damages by a customer and may also have a material adverse impact on the Group's results of operations and financial conditions.

2.1.8 The Group's operating and maintenance costs will not necessarily fluctuate in proportion to changes in operating revenues.

Operating revenues may fluctuate as a function of changes in supply and demand for the Group's services, which in turn affect revenues. In addition, equipment maintenance costs fluctuate depending upon the type of activity each vessel, ROV or personnel is performing. In connection with new assignments, the Group might incur expenses relating to preparation for operations under a new contract. The expenses may vary based on the scope and length of such required preparations and the duration of the firm contractual period over which such expenditures are amortized. In a situation where a vessel or ROV faces longer idle periods, reductions in costs may not be immediate as some of the crew may be required to prepare vessels or ROVs for stacking and maintenance in the stacking period. Should vessels be idle for a longer period, the Group may seek to redeploy crew members who are not required to maintain the vessels to active units to the extent possible in an attempt to reduce its costs. However, there can be no assurance that such attempt will be successful.

2.1.9 The Group's future contracted revenue for its vessels, ROVs or engineering personnel may not be ultimately realized.

The Group may not be able to perform under its current and future contracts due to events beyond its control or due to default of the Group, and any of the Group's customers may seek to cancel or renegotiate contracts for various reasons, including adverse conditions, or invoke suspension periods, at their discretion, resulting in lower revenue. The inability of the Group's or its customers to perform contractual obligations under these contracts may have a material adverse effect on the Group's business, results of operations, cash flows and financial condition.

The operation of vessels and ROVs requires effective maintenance routines and functioning equipment. Certain pieces of equipment are critical for the vessels or ROVs performance of the services as required in customer contracts. While efforts are made to continuously identify the need for critical spare parts, additional personnel and equipment, there exists a risk of unpaid downtime resulting from the time needed to repair or replace equipment which may have a long delivery time should there not be readily available spares. In addition, downtime and suspension periods may be prolonged due to complications with repairing or replacing equipment as the vessels may be situated in remote locations.

2.1.10 The Group may not be able to renew or obtain new and favorable contracts for vessels or ROVs whose contracts are expiring or are terminated, which could materially adversely affect the Group's results of operation, cash flows and financial condition.

The Group's results of operations and cash flows could be materially adversely affected if any of its customers (i) fail to compensate the Group for it services; (ii) were to terminate the contract with or without cause; (iii) fail to renew the existing contract; or (iv) refuse to award new contracts to the Group and the Group is unable to enter into contracts with new customers at comparable prices.

2.1.11 The Group may be exposed to several risk factors in connection with potential future newbuilding contracts, such as challenges relating to integration of newbuilds and delay in delivery of acquired newbuilds, which could have a material adverse effect on the Group's results of operation, cash flow and financial condition.

The scale of the Group's operations will increase substantially relative to what it is at present. There is a risk that the process of integrating any future new vessels into the Group will provoke challenges not foreseen or not effectively manageable by the organization.

2.1.12 The Group's future vessels may not have the service life projected for them, which may affect the Group's operating results and financial condition.

The service life of subsea vessels and modern ROVs is generally considered to exceed thirty years, but may ultimately depend on its efficiency and demand for such equipment, as well as the requirements from customers and authorities. There can be no guarantee that the future vessels of the Group will have a long service life. The vessels may have particular unforeseen technical problems or deficiencies, new environmental requirements may be implemented or enforced, or new technical solutions or vessels may be introduced that are more in demand than the technical solutions and vessels of the Group, causing less demand and use of these vessels. Although it may be possible to upgrade vessels to counteract some of these effects should they occur, this may have a material adverse effect on the operating results and financial condition of the Group.

2.1.13 Reputational and compliance risks.

The Group's reputation and its ability to do business may be impaired by the inappropriate behavior by any of its employees or agents or those of its affiliates. While the Group is committed to conducting business in a legal and ethical manner, there is a risk that its employees or agents or those affiliated may take actions that violate the law and could result in monetary penalties against the Group or its respective affiliates and could damage the reputation and, therefore, the ability to do business of the Group.

2.2 Market risk

2.2.1 The Group's business, expansion plan, results of operations, financial condition, and ability to pay dividends depend on the level of activity in the offshore oil and gas industry, which is significantly affected by, among other things, volatile oil and gas prices and may be materially adversely affected by a decline in offshore oil and gas exploration, development and production.

Oil and gas prices are volatile and are affected by numerous factors beyond the Group's control, including, but not limited to, the following:

- worldwide demand for natural gas;
- the cost of exploring for, developing, producing, transporting and distributing oil and gas;
- expectations regarding future energy prices – for both oil and gas and other sources of energy;
- the ability of the Organization of Petroleum Exporting Countries ("**OPEC**") to set and maintain production and impact pricing;
- level of world-wide production;
- government laws and regulations, including environmental protection laws and regulations;
- the development and exploitation of alternative fuels, and the competitive, social and political position of oil and gas as a source of energy compared with other energy sources;
- local and international political, economic and weather conditions;
- political and military conflicts;
- risk of consolidation in the industry;
- the development and exploitation of alternative energy sources; and
- Uncertainty relating to the development of the world economy.

Demand for offshore subsea services and vessel services in connection with exploration, development and production in the offshore oil and gas industry may be sensitive to oil and gas price fluctuations, low production levels and disappointing exploration results as well as possible political incidents. Any prolonged reduction in oil and gas prices could lead to reduced levels of exploration, development and production activity, which may in turn have a material adverse effect on the Group's business, results of operations, cash flow and financial condition.

Investments in exploration, development and production are partly based on the field operator companies' assessment of the long-term oil and gas price. The development of new oil and gas fields is expected to correlate with the development in the prices and the costs associated with the development, operations and maintenance of new fields. A long-term drop in oil and gas prices will affect the profitability of new offshore fields, which likely would reduce the market for the products and services offered by the Group.

2.2.2 The Group's results of operations, cash flow and financial condition is significantly affected by the charter rates.

Historically, the rates in the offshore shipping markets have been cyclical, with significant fluctuations in charter rates. Depending upon the Group's future plans on either charting vessels themselves, or owning vessels and chartering them to other parties, the rates will significantly affect the Groups performance. Factors such as those listed below influence the offshore markets:

- general offshore activity world-wide, especially in the North Sea;
- oil prices;
- net growth in the supply of vessels and ROVs;
- a lower than expected net growth in the number of vessels and ROVs;
- political changes related to regulatory framework; and
- competition.

An adverse development in the charter rates will have a negative effect on the operating results and financial condition of the Group.

2.2.3 The Group operates in a marine environment, which is subject to the forces of nature, as well as environmental and climatological risks, that could cause damage to, loss of, or suspension of operations by the Group's vessels and could result in reduced levels of offshore activity.

The Group's future vessels and ROVs are subject to risks particular to marine operations, including capsizing, grounding, sinking, collision and loss and damage from severe weather, storms, fire, earthquakes, tsunamis or explosions. Any of the foregoing circumstances could result in damage to, or destruction of, vessels or equipment, personal injury and property damage, suspension of operations or environmental damage.

Litigation from any such event may result in the Group being named as a defendant in lawsuits asserting large claims. Moreover, the loss of any one vessel could result in the Group's inability to meet contract deadlines or improve vessel utilization, which could damage its relationships with key customers, result in opportunity costs to the Group and have a material adverse effect on the Group's business, results of operations, cash flows, financial condition or prospects.

Furthermore, adverse weather conditions usually result in low levels of offshore activity. Additionally, during certain periods of the year, the Group's vessels may encounter adverse weather conditions such as hurricanes or storms. During periods of curtailed activity due to adverse weather conditions, the Group could continue to incur operating expenses, but its revenues from operations may be delayed or reduced.

2.2.4 The Group could face additional supply of vessels and ROVs in the subsea services industry that could materially adversely affect the Group's competitive position and the rates it can charge for its services.

The Group operates in the offshore services industry, which is a highly competitive and fragmented industry that includes several large companies that compete in the markets the Group serves, or will serve, as well as numerous small companies that compete with the Group on a local basis.

It typically takes approximately 12-24 months from an offshore service vessel is ordered until it is delivered, depending on its complexity and the order backlog at the ship yards. The strong market outlook may be counterbalanced by too high newbuilding activity, which may even lead to a stronger growth in supply of vessels than in demand for vessels.

The Group's operations may be adversely affected if the supply to demand ratio for offshore service vessels increases significantly. Competitive pressures or other factors may result in significant price competition, particularly during industry downturns, which could have a material adverse effect on the Group's results of operations and financial condition.

The supply of ROVs in the industry is affected by, inter alia, assessment of the demand for these units by oil and drilling companies. Any overestimation of demand for ROVs may result in an excess supply of new ROVs. The oil and gas exploration and production ("**E&P**") industry is currently witnessing a new building cycle of rigs. This may result in the acquisition of ROVs to accommodate for the new projects arising due to increased activity in the sector. Excess supply of ROVs could put pressure on contract rates, which may have a material adverse effect on the business and results of operations of the Group.

2.2.5 The Group's planned business involves numerous operating hazards, which may cause personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties or customers and suspension of operations which could materially adversely affect the Group's results of operations, cash flows and financial condition.

The Group's planned operations will be subject to hazards inherent in the industry where it operates, service down time on its future vessels and ROVs, equipment defects, fires, explosions and pollution. These hazards can cause personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by employees, third parties or customers and suspension of operations. The operation of the Group's future vessels will also subject to hazards inherent in marine operations, such as capsizing, sinking, grounding, collision, damage from severe weather and marine life infestations. Operations may also be suspended because of machinery breakdowns, abnormal conditions, and failure of subcontractors to perform or supply goods or services, or personnel shortages.

Damage to the environment could also result from the Group's planned operations, particularly through spillage of fuel, lubricants or other chemicals and substances used in operations, or extensive uncontrolled fires. The Group's operations also involve the use and handling of materials that can be environmentally hazardous. Environmental legislation has, in general, become stricter in recent years. These laws and regulations might expose the Group to liability due to events caused by others or by the companies themselves, even though the actions were consistent with existing laws at the time. The Group would expect to get some contractual compensation from its customers through contractual regulation of events such as pollution and other environmental damages. However, there can be no assurance that the compensation achieved in such events, if achieved at all, will cover losses inflicted on them.

Further, the Group's vessels and ROVs may suffer damage in the course of loading, diving, transporting or discharging cargo, which could cause suspension of operations and have a material adverse effect on the Group's results of operations, cash flows and financial condition.

The Group may be unable to procure adequate insurance coverage at commercially reasonable rates in the future. For example, more stringent environmental regulations have in the past led to increased costs for, and in the future may result in the lack of availability of, insurance against risks of environmental damage or pollution. Any uninsured or underinsured loss could harm the Group's business and financial condition. In addition, the Group's insurance may be voidable by the insurers as a result of certain of the Group's actions, such as the Group's ships failing to maintain certification with applicable maritime self-regulatory organizations.

The amount of the Group's insurance cover may be less than the related impact on enterprise value after a loss. The Group's coverage includes policy limits. As a result, the Group retains the risk through self-insurance for any losses in excess of these limits. Any such lack of reimbursement may cause the Group to incur substantial costs. In addition, the Group could decide to retain substantially more risk through self-insurance in the future. Moreover, no assurance can be made that the Group has, or will be able to maintain in the future, adequate insurance against certain risks.

If a significant accident or other event occurs and is not fully covered by the Group's insurance or any enforceable or recoverable indemnity from a client, it could adversely affect the Group's statement of financial position, results of operations or cash flows.

2.2.6 The Group may be subject to litigation that could have a material adverse effect on the Group's business, results of operations, cash flow and financial condition, because of potential negative outcomes, the costs associated with prosecuting or defending such lawsuits, and the diversion of management's attention to these matters.

The operating hazards inherent in the Group's business may expose the Group to litigation processes. The Group is currently not involved in any defensive litigation. However, the Group may in the future be involved in litigation matters from time to time. The Group cannot predict with certainty the outcome or effect of any claim or other litigation matter. Any future litigation may have an adverse effect on the Group's business, results of operations and financial position, and the Group's ability to pay dividends because of potential negative outcomes, the costs associated with prosecuting or defending such lawsuits, and the diversion of Management's attention to these matters.

2.2.7 The Group's potential operations in international markets are subject to risks inherent in international business activities, including, in particular, general economic conditions in each such country where the Group operates, currency fluctuations, unexpected changes in regulatory requirements, complying with a variety of foreign laws and regulations etc.

The Group's intent and vision involves pursuing operations in many different countries where oil and gas E&P is present, such as Europe/West Africa, Australasia and Americas/worldwide. The Group will from time to time operate in various jurisdictions and such international operations involve additional risks, including risks of:

- terrorist acts, war, civil disturbances and acts of piracy;
- seizure, nationalization or expropriation of property or equipment;
- political unrest;
- labor unrest and strikes;
- third party claims resulting from alleged breach of patented and other intellectual property;
- the inability to repatriate income or capital;
- complications associated with repairing and replacing equipment in remote locations;
- impositions of embargos;
- import-export quotas, wage and price controls, imposition of trade barriers and other forms of government regulation and economic conditions that are beyond the Group's control;
- regulatory or financial requirements to comply with foreign bureaucratic actions; and
- change in taxation policies.

In addition, international operations are subject to the various laws and regulations in various countries and jurisdictions, including laws and regulations relating to:

- the vessels and the equipment requirements;
- repatriation of foreign earnings;
- oil and gas exploration and development;
- taxation of offshore earnings and the earnings of expatriate personnel;
- customs duties on the importation of vessels and related equipment;
- requirements for local registration or ownership of vessels by nationals of the country of operations in certain countries; and
- the use and compensation of local employees and suppliers by foreign contractors.

Some foreign governments favor or effectively require (i) the awarding of contracts to local contractors or to vessels owned by their own citizens, (ii) the use of a local agent or (iii) foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. These practices may materially adversely affect the Group's ability to compete in those regions.

2.2.8 Changes in the legislative and fiscal framework governing the activities of the oil and gas business could hinder or delay the Group's operations, increase the Group's operating costs, reduce demand for the Group's services and restrict the Group's ability to operate its vessels or otherwise.

Changes in the legislative and fiscal framework governing the activities of oil and gas business could have material impact on exploration and development activities, or affect the Group's operations or financial results directly. Changes in political regimes may constitute a material risk factor for the operations in foreign countries.

The Group's intent and vision is to operate in several countries and its operations may include projects and investments in countries that are unsafe and politically unstable. Activities in such countries will often involve greater risk than the Group typically experiences, including unfavourable changes in tax laws and other laws, partly or full expropriation, currency volatility and restrictions on currency transfer, disruption of operations because of labour disputes or political riots, riots or wars, and some individual countries' requirement for some local ownership interests.

The Group is subject to laws, regulations and supervisory rules in countries where the activities are performed. The operations of the Group can be affected by changes in environmental laws and other regulations that can result in large expenses in, for example, modification of vessels and changes in the operation of vessels.

2.3 Financial risk

2.3.1 The Group may be dependent on funding from investors and/or banks to finance its operations going forward and no assurance can be given that sufficient capital will be secured, or the terms at which such capital can be secured (if any) or with respect to the amount of capital that will be requires.

The Group's planned business is capital intensive and, to the extent the Group does not generate sufficient cash from operations, the Group may need to raise additional funds through public or private debt or equity financing to execute the Group's growth strategy and to fund capital expenditures, e.g. such as the financing of acquisition of new vessels and ROVs and acquisition of other businesses. Adequate sources of capital funding may not be available when needed or may not be available on favorable terms. If the Group raises additional funds by issuing additional shares or other securities the holdings of existing shareholders may be diluted. If funding is insufficient at any time in the future, the Group may be unable to fund maintenance requirements and acquisitions, take advantage of business opportunities or respond to competitive pressures, any of which could adversely impact the Group's results of operations and financial condition.

2.3.2 The Group's future loan agreements may include terms, conditions and covenants that may impose restrictions on the operations of the Group. A failure to comply with the conditions and covenants may have a material and adverse effect on the Group.

The Group does currently not have any loan agreements. However, the Group may in the future need to enter into loan agreements to finance its expansion plan within the subsea market. If the Group is unable to comply with the restrictions and covenants in future debt financing agreements, there could be a default under the terms of those agreements. The Group's ability to comply with these restrictions and covenants, including meeting financial ratios and measures, is dependent on the Group's future performance and may be affected by events beyond its control. If a default occurs under these agreements, lenders could terminate their commitments to lend or accelerate the outstanding loans and declare all amounts borrowed as due and payable. If any of these events occur, the Group cannot guarantee that its assets will be sufficient to repay in full all of its outstanding indebtedness, and the Group may be unable to find alternative financing. Even if the Group could obtain alternative financing, that financing might not be on terms that are favorable or acceptable to the Group.

2.3.3 The Group is exposed to the risk of contractual default by a counterparty.

The Group routinely executes transactions many of which expose the Group to the risk of contractual default by a counterparty. A general downturn in financial markets and economic activity may result in a higher volume of late payments and outstanding receivables. The Group's cash flows and financial condition may be materially adversely affected should its counterparts fail to fulfill their payment obligations towards the Group.

2.3.4 The Group may be exposed to changes in interest rates and exchange rates, which may adversely impact the Group's cash flows and financial condition.

The Group may in the future incur significant amounts of debt. In such case, movements in interest rates could have certain effects on the Group's cash flow and financial condition. Further, fluctuations in currency exchange rates may have a material impact on the Group's financial performance. Future purchases from subcontractors and deliveries to the customer may be made in other currencies than NOK. Fluctuating foreign exchange rates can have an effect on the results of the operations.

2.3.5 Changes in tax regimes and taxation may adversely affect the Group's cash flows and financial condition.

The Group may be subject to the special tax rules for ship owners in the Norwegian Taxation Act (Section 8-10 to Section 8-20). Further, such special tax rules stipulate certain requirements which will have to be met in order to qualify for taxation pursuant to such rules. No assurance can be given that the Group will meet such requirements in the future. A failure to meet such requirements may have an adverse effect on the effective tax rate of the Group.

2.4 Risks relating to the Shares

2.4.1 The market value of the Shares may fluctuate significantly and may not reflect the Group's underlying asset value.

An investment in the Shares may decrease in market value as well as increase. The market value of the Shares can fluctuate significantly and may not always reflect the underlying asset value. A number of factors outside the Group's control may impact its performance and the price of the Shares. Such factors include, but are not limited to, a change in market sentiment regarding the Shares, the Group, the operating and share price performance of other companies in the industry and markets in which the Group operates. Changes in market sentiment may be due to speculation about the Group's business in the media or investment community, changes to the Group's profit estimates, the publication of research reports by analysts and changes in general market conditions. If any of these factors actually occurs, this may have a material adverse effect on the pricing of the Shares.

In recent years, the Oslo Stock Exchange has experienced wide price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies.

2.4.2 The Company's ability to pay dividends is dependent on the availability of distributable reserves.

Norwegian law provides that any declaration of dividends must be adopted by the shareholders at the Company's general meeting of shareholders. Dividends may only be declared to the extent that the Company has distributable funds and the Company's Board of Directors finds such a declaration to be prudent in consideration of the size, nature, scope and risks associated with the Company's operations and the need to strengthen its liquidity and financial position. As the Company's ability to pay dividends is dependent on the availability of distributable reserves, it is, among other things, dependent upon receipt of dividends and other distributions of value from its subsidiaries and the companies in which the Company has invested.

As a general rule, the general meeting may not declare higher dividends than the Board of Directors has proposed or approved. If, for any reason, the general meeting does not declare dividends in accordance with the above, a shareholder will, as a general rule, have no claim in respect of such non-payment, and the Company will, as a general rule, have no obligation to pay any dividend in respect of the relevant period.

2.4.3 Future issuances of Shares or other securities may dilute the holdings of shareholders and could materially affect the price of the Shares.

It is possible that the Company may in the future decide to offer additional Shares or other equity-based securities through directed offerings without pre-emptive rights for existing holders. Any such additional offering could reduce the proportionate ownership and voting interests of holders of Shares, as well as the earnings per Share and the net asset value per Share.

2.4.4 Pre-emptive rights to secure and pay for Shares in any additional issuance may not be available to U.S. or other shareholders.

Under Norwegian law, unless otherwise resolved at a general meeting, existing shareholders have pre-emptive rights to participate on the basis of their existing share ownership in the issuance of any new shares for cash consideration. Shareholders in the United States, however, may be unable to exercise any such rights to subscribe for new shares unless a registration statement under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") is in effect in respect of such rights and shares or an exemption from the registration requirements under the U.S. Securities Act is available. Shareholders in other jurisdictions outside Norway may be similarly affected if the rights and the new shares being offered have not be registered with, or approved by, the relevant authorities in such jurisdiction. The Company is under no obligation to file a registration statement under the U.S. Securities Act or seek similar approvals under the laws of any other jurisdiction outside Norway in respect of any such rights and shares and doing so in the future may be impractical and costly. To the extent that the Company's shareholders are not able to exercise their rights to subscribe for new shares, their proportional interests in the Company will be reduced.

2.4.5 Investors may not be able to exercise their voting rights for Shares registered in a nominee account.

Beneficial owners of the Shares that are registered in a nominee account (such as through brokers, dealers or other third parties) may not be able to vote for such Shares unless their ownership is re-registered in their names with the VPS prior to the general meetings. Reach Subsea ASA can provide no assurances that beneficial owners of the Shares will receive the notice of a general meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote for their Shares in the manner desired by such beneficial owners.

2.4.6 Investors may be unable to recover losses in civil proceedings in jurisdictions other than Norway.

The Company is a public limited company organised under the laws of Norway. The members of its Board of Directors and management reside in Norway. As a result, it may not be possible for investors to effect service of process in other jurisdictions upon such persons or the Company, to enforce against such persons or the Company judgments obtained in non-Norwegian courts, or to enforce judgments on such persons or the Company in other jurisdictions.

2.4.7 Norwegian law may limit shareholders' ability to bring an action against the Company.

The rights of holders of the Shares are governed by Norwegian law and by the Articles of Association. These rights may 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. For instance, under Norwegian law, any action brought by the Company in respect of wrongful acts committed against the Company will be prioritised over actions brought by shareholders claiming compensation 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.

2.4.8 The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions.

The Shares have been admitted to public trading in Norway but the Company has not registered the Shares under the U.S. Securities Act or any U.S. state securities laws or any other jurisdiction outside of Norway and it does not expect to do so in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable securities laws. In addition, there can be no assurances that shareholders residing or domiciled in the United States or other jurisdictions will be able to participate in future capital increases or rights offerings.

2.4.9 Market interest rates may influence the price of the Shares.

One of the factors that may influence the price of the Shares is its annual dividend yield as compared to yields on other financial instruments. Thus, an increase in market interest rates will result in higher yields on other financial instruments, which could adversely affect the price of the Shares.

3 RESPONSIBILITY FOR THE PROSPECTUS

The Board of Directors of Reach Subsea ASA accepts responsibility for the information contained in this Prospectus. The members of the Board of Directors confirm that, after having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

17 December 2012

The Board of Directors of Reach Subsea ASA

____
Rune Lande
Chairman

____________________ *Martha Kold Bakkevig* *Board member*	____________________ *Sverre B. Mikkelsen* *Board member*
____________________ *Anders Onarheim* *Board member*	____________________ *Merete Haugli* *Board member*

4 GENERAL INFORMATION

4.1 Other important investor information

In making an investment decision, investors must rely on their own examination of the Group, including the merits and risks involved, and investors must only rely on the information contained in this Prospectus, any supplement to this Prospectus and any notices required under the rules of the Oslo Stock Exchange that are published by the Company and expressly amend this Prospectus.

The information contained herein is current as of the date hereof and subject to change, completion and amendment without notice. In accordance with Section 7-15 of the Norwegian Securities Trading Act, significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus, which are capable of affecting the assessment by investors of the Shares between the time of approval of this Prospectus by the NFSA and the listing of the New Shares on the Oslo Stock Exchange, will be included in a supplement to this Prospectus. Neither the publication nor distribution of this Prospectus shall under any circumstances imply that there has been no change in the Group's affairs or that the information herein is correct as of any date subsequent to the date of this Prospectus.

No person is authorised to give information or to make any representation concerning the Group or in connection with the Combination, the Private Placement or the Listing other than as contained in this Prospectus. If any such information is given or made, it must not be relied upon as having been authorised by the Company or the Manager or by any of the affiliates, representatives, advisors or selling agents of any of the foregoing.

The information contained herein is valid as of the date hereof and is subject to change, completion and amendment without further notice. The delivery of this Prospectus shall not imply that there has been no change in the Company's affairs or that the information set forth herein is correct as of any date subsequent to the date hereof.

Unless otherwise indicated, the source of information included in this Prospectus is the Company. The contents of this Prospectus shall not be construed as legal, business, financial or tax advice. Each reader of this Prospectus should consult its own legal, business, financial or tax advisor as to legal, business, financial or tax advice. If the reader is in any doubt about the contents of this Prospectus, a stockbroker, bank manager, lawyer, accountant or other professional advisor should be consulted. The Company has furnished the information in this Prospectus. Pareto Securities (the Manager) makes no representation or warranty, expressed or implied, as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, nor shall be relied upon as, a promise or representation by the Manager. The Manager assumes no responsibility for the accuracy or completeness or the verification of this Prospectus and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Prospectus or any such statement.

In the ordinary course of their respective businesses, the Manager and certain of its affiliates have engaged, and may continue to engage, in investment and commercial banking transactions with the Group.

Without limiting the manner in which the Company may choose to make any public announcements, and subject to the Company's obligations under applicable law, announcements relating to the matters described in this Prospectus will be considered to have been made once they have been received by the Oslo Stock Exchange and distributed through its information system.

For the definitions of terms used throughout this Prospectus, see Section 21 "Definitions and glossary".

4.2 Presentation of financial and other information

4.2.1 Financial information

The financial information contained in this Prospectus relating to Reach Subsea ASA has been derived from the audited consolidated financial statements as of, and for the years ended, 31 December 2011, 2010 and 2009, and from Reach Subsea ASA's unaudited consolidated financial statement as of, and for the three and nine months ended, 30 September 2012 and 2011, as incorporated by reference in this Prospectus (see Section 20.7 "Incorporation by reference"). The financial statements for Reach Subsea ASA as of, and for the years ended, 31 December 2011, 2010 and 2009, and as of, and for the three and nine months ended, 30 September 2012 and 2011 have been prepared in accordance with IFRS as adopted by the EU. The financial statements for Reach Subsea ASA as of, and for the years ended, 31 December 2011, 2010 and 2009 have been audited by Deloitte AS. Reach Subsea ASA's consolidated financial statement as of, and for the three and nine months ended, 30 September 2012 and 2011 have not been audited.

The financial information contained in this Prospectus relating to Reach Subsea AS has been derived from the audited financial statements as of, and for the years ended, 31 December 2011, 2010 and 2009, as incorporated by reference in this Prospectus (see Section 20.7 "Incorporation by reference"), and from Reach Subsea AS' unaudited financial statement as of, and for the three and nine months ended, 30 September 2012 (with comparable figures as of, and for the three and nine months ended, 30 September 2011), as attached as Appendix C hereto. The financial statements for Reach Subsea AS as of, and for the years ended, 31 December 2011, 2010 and 2009, and as of, and for the three and nine months ended, 30 September 2012 (with comparable figures as of, and for the three and nine months ended, 30 September 2011) have been prepared in accordance with the Norwegian Accounting Act and accounting standards and principles generally accepted in Norway ("**NGAAP**"). The financial statements for Reach Subsea AS as of, and for the years ended, 31 December 2011, 2010 and 2009 have been audited by PricewaterhouseCoopers AS. Reach Subsea AS' financial statement as of, and for the three and nine months ended, 30 September 2012 (with comparable figures as of, and for the three and nine months ended, 30 September 2011) have not been audited.

The unaudited pro forma condensed combined financial information contained in this Prospectus is based on and derived from (i) the unaudited financial statements as of and for the three and nine months ended 30 September 2012 for Reach Subsea ASA and the unaudited financial statements as of and for the nine months ended 30 September 2012 for Reach Subsea AS; (ii) the audited financial statements as of and for the year ended 31 December 2011 for Reach Subsea ASA and Reach Subsea AS.

Unless otherwise stated herein, the financial information set out in this Prospectus is unaudited.

4.2.2 Industry and market data

This Prospectus also contains information sourced from third parties. The Company confirms that the information provided by third parties has been accurately reproduced. As far as the Company is aware, and has been able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used. This Prospectus contains market data, industry forecasts and other information published by third parties, including information related to the sizes of markets in which the Group operates. The information has been extracted from a number of sources. The Company has estimated certain market share statistics using both its internal data and industry data from other sources. Although the Company regards these sources as reliable, the information contained in them has not been independently verified. Therefore, the Company does not guarantee or assume any responsibility for the accuracy of the data, estimates, forecasts or other information taken from the sources in the public domain. This Prospectus also contains assessments of market data and information derived therefrom that could not be obtained from any independent sources. Such information is based on the Company's own internal assessments and may therefore deviate from the assessments of competitors of the Company or future statistics by independent sources.

4.2.3 Other information

Unless otherwise indicated, all references in this Prospectus to "**NOK**" are to the lawful currency of Norway; all references to "**EUR**" are to the lawful common currency of the EU member states who have adopted the Euro as their sole national currency; and all references to "**USD**" are to the lawful currency of the United States of America.

4.2.4 Rounding

Certain figures included in this Prospectus have been subject to rounding adjustments (by rounding to the nearest whole number or decimal or fraction, as the case may be), accordingly, figures shown for the same category presented in different tables may vary slightly.

4.3 Cautionary note regarding forward-looking statements

This Prospectus includes forward-looking statements that reflect the Group's current intentions, beliefs or current expectations concerning, among other things, financial position, operating results, liquidity, prospects, growth, strategies and the industries and markets in which the Group operates. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. Forward-looking statements as a general matter are all statements other than statements as to historic facts or present facts or circumstances. They appear in a number of places throughout this Prospectus, including, without limitation, in Section 2 "Risk Factors", Section 8 "Market Overview", Section 9 "Business of the Group", Section 11 "Dividends and Dividend Policy" and Section 14 "Operating and Financial Review", and include, among other things, statements relating to:

- the Group's strategy, outlook and growth prospects and the ability of the Group to implement its strategic initiatives;
- the Group's future results of operations;
- the Group's financial condition;
- the Group's working capital, cash flows and capital investments;
- the Company's dividend policy;
- the impact of regulation on the Group's;
- general economic trends and trends in the Group's industries and markets; and
- the competitive environment in which the Group operates.

Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Group's actual financial position, operating results and liquidity, and the development of the industries and markets in which the Group operates, may differ materially from those made in or suggested by the forward-looking statements contained in this Prospectus. The Company can provide no assurances that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

Although the Company believes that the expectations implied by these forward-looking statements are reasonable, the Company can give no assurances that the outcomes contemplated will materialise or prove to be correct. By their nature, forward-looking statements involve and are subject to known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, outcomes may differ materially from those set out in any forward-looking statement. Important factors that could cause those differences include, but are not limited to:

- implementation of its strategy and its ability to further expand its business and growth;
- expected trends in the development of the subsea market;
- the competitive nature of the business the Group operates in and the competitive pressure and changes to the competitive environment in general;
- loss of important customers;
- earnings, cash flow, dividends and other expected financial results and conditions;
- fluctuations of exchange and interest rates;
- changes in general economic and industry conditions;
- political and governmental and social changes;
- changes in the legal and regulatory environment;
- environmental liabilities;
- access to funding; and
- legal proceedings.

Additional factors that could cause the Group's actual results, performance or achievements to differ materially include, but are not limited to, those discussed under Section 2 "Risk Factors" and Section 14 "Operating and Financial Review". Prospective investors are urged to read all Sections of this Prospectus and, in particular, Section 2 "Risk Factors" and Section 14 "Operating and Financial Review" for a more complete discussion of the factors that could affect the Group's future performance and the industry in which the Group operates when considering an investment in the Company.

These forward-looking statements speak only as of the date of this Prospectus. Save as required by Section 7-15 of the Norwegian Securities Trading Act or by other applicable law, the Company expressly disclaims any obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus. Accordingly, prospective investors are urged not to place undue reliance on any of the forward-looking statements herein.

5 BACKGROUND FOR THE COMBINATION AND THE PRIVATE PLACEMENT

The Combination with Reach Subsea AS was a result of a strategic decision by Company to make a substantial shift in its business activities by expanding into the subsea sector. Such decision was made after, and based on, a strategic review of potential new business opportunities, which the Company carried out following the Divestment of its former shipping business activities within the reefer market in the first half of 2012. The Group will fully adopt the strategy of Reach Subsea AS going forward, which is to become a complete subsea services provider by building on and benefiting from the extensive industry experience and competence of the management and employees in Reach Subsea AS headed by CEO Kåre Johannes Lie. Reference is made to Sections 6 "The Combination", 7 "The Private Placement" and 9.4 "Shifts towards the subsea sector; the Combination and the Private Placement" for further information.

The Private Placement with approximately NOK 38.55 million in net proceeds was carried out in connection with the Combination to secure the Company's cash needs following the Combination. The net proceeds will be used to finance the first phase of the Group's new business plan cf. Section 9.10 "Expansion plan", i.e. for general corporate purposes and strengthening of the balance sheet.

6 THE COMBINATION

6.1 Overview and terms of the Combination

On 5 December 2012, the Company announced that it had, *inter alia*, completed the acquisition of all the shares in Reach Subsea AS against consideration in the form of the issuance by the Company of the 13,183,578 Consideration Shares with a nominal value of NOK 1.00 each at a subscription price of NOK 1.60 per Consideration Share to the shareholders in Reach Subsea AS. As a result of the Combination, Reach Subsea AS became a wholly-owned subsidiary of the Company.

The Combination was completed pursuant to the Contribution Agreement entered into on 29 October 2012 between the Company, all the shareholders in Reach Subsea AS, Caiano AS, Caiano Ship AS and Aage Thoen Ltd AS, as incorporated by reference in this Prospectus (see Section 20.7 "Incorporation by reference"). In addition, the report of the Company's auditor (with appendices) with respect to the contribution in kind (i.e. 100% of the shares in Reach Subsea AS) in connection with the Combination is incorporated by reference in this Prospectus (see Section 20.7 "Incorporation by reference").

The Combination was based on an exchange ratio of 1:3 between the Company and Reach Subsea AS, entailing that, following the Combination but prior to completion of the Private Placement, the shareholders in the Company would retain ownership to 25% of the combined group, while the shareholders in Reach Subsea AS would become the owner of 75% of the combined group. The exchange ratio was negotiated and agreed by the parties to the Contribution Agreement.

The completion of the Combination was subject to the following conditions: (i) the general meeting in the Company resolving: (a) to consolidate the Company's shares in the ratio 20:1, (b) the share capital increase required to implement the Combination, (c) the share capital increase required to implement the Private Placement, (d) certain changes to the Company's Articles of Association, including to change the company name to "Reach Subsea ASA", and (e) to appoint a new Board of Directors; (ii) the Board of Directors in the Company appointing Kåre Johannes Lie as the CEO of the Company; (iii) the Company remaining listed on the Oslo Stock Exchange; (iv) no material adverse change having occurred with regards to the Company's business or financial position; and (v) a restructuring of the Company having been duly completed. Upon completion of the Combination, all the conditions were either satisfied or waived.

As a consequence of the Combination, the Company was requested by the Oslo Stock Exchange to furnish a document equivalent to a listing application to report on its satisfaction of the listing requirements in accordance with the Continuing Obligation of stock exchange listed companies. On 30 November 2012, the Company received a letter from the Oslo Stock Exchange confirming that it had concluded that, after a review of the report furnished by the company, the Company would keep its current listing on the Oslo Stock Exchange.

6.2 Resolution to issue the Consideration Shares

On 28 November 2012, the extraordinary general meeting of the Company passed the following resolution to issue the Consideration Shares and increase the share capital of the Company in connection with the Combination (translated from Norwegian):

1. *The Company's share capital shall be increased with NOK 13,183,578 by issue of 13,183,578 new shares.*

2. *The nominal value per new share shall be NOK 1.*

3. *The new shares can be subscribed for by the shareholders of Reach. The Company's shareholders do not have preferential right to subscribe for the new shares pursuant to Section 10-4 of the Norwegian Public Limited Companies Act.*

4. *The subscription price shall be NOK 1.6 per new share. The contribution shall take place by way of transfer of 100% of the shares in Reach to the Company in accordance with the Agreement dated 29 October 2012.*

5. *The shares shall be subscribed for in the minutes from the General Meeting or on a separate subscription form no later than 7 December 2012.*

6. *The deadline for transfer of contribution is the same date as subscription takes place.*

7. *The new shares will give full shareholder rights in the Company, including the right to dividends, from the time the share capital increase is registered with the Norwegian Register of Business Enterprises.*

8. *Section 2 of the articles of association is amended to read as follows:*

   "The company's share capital is NOK 17,578,104 divided into 17,578,104 shares, each with a nominal value of NOK 1.00. The company's shares shall be registered in the Norwegian Central Securities Depository."

6.3 Issuance, delivery and listing of the Consideration Shares

The share capital increase pertaining to the Combination was registered with the Norwegian Register of Business Enterprises on 5 December 2012. As a result of the registration, the Company's shares capital was increased from NOKK 4,394,526 to NOK 17,578,104, divided into 17,578,104 Shares, each with a nominal value of NOK 1.00

The Consideration Shares have been registered in the VPS under a separate ISIN NO 001 0664980 pending the publication of this Prospectus. Following the publication of this Prospectus, the Consideration Shares will be registered under the same ISIN as the Company's other Shares (i.e. ISIN NO 000 3117202) and become listed and tradable on the Oslo Stock Exchange.

6.4 The rights conferred by the Consideration Shares

The Consideration Shares issued in the Combination are ordinary Shares in the Company each having a nominal value of NOK 1.00. The Consideration Shares are issued electronically in registered form in accordance with the Norwegian Public Limited Companies Act.

The Consideration Shares rank *pari passu* in all respects with the Shares and carry full shareholder rights in the Company from the time of registration of the share capital increase pertaining to the Combination with the Norwegian Register of Business Enterprises. The Consideration Shares are eligible for any dividends that the Company may declare after such registration. All Shares, including the Consideration Shares, will have voting rights and other rights and obligations which are standard under the Norwegian Public Limited Companies Act, and are governed by Norwegian law. See Section 17 "Corporate information and description of the share capital" below for a more detailed description of the Shares.

6.5 Dilution

The issuance of the Consideration Shares in the Combination resulted in an immediate dilution of approximately 75% for the Company's Shareholders (which figure does not include the additional dilution caused by the issuance of the Placement Shares in the Private Placement).

6.6 Expenses relating to the Combination

The Company will bear the fees and expenses related to the Combination, which are estimated to amount to approximately NOK 2.4 million. No expenses or taxes will be charged by the Company or the Manager to the subscribers in the Combination.

6.7 Interests of natural and legal persons involved in the Combination

The Manager and its affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Manager, its employees and any affiliate may currently own Shares in the Company. The Manager does not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Manager has received a commission in connection with the Combination and, as such, has an interest in the Combination, see Section 6.6 "Expenses relating to the Combination".

6.8 Participation of major existing shareholders and members of the Company's Management, supervisory and administrative bodies in the Combination

Neither any existing major shareholders nor any members of the Board of Directors and the Management at that point in time participated (i.e. subscribed for Consideration Shares) in the Combination.

The Company is not aware of any conflicting interests of any subscribers in the Combination that is material to the Combination.

6.9 Publication of information relating to the Combination

In addition to press releases which will be posted on the Company's website, the Company will use the Oslo Stock Exchange's information system to publish information relating to the Combination.

6.10 Governing law and jurisdiction

The Combination and the listing of the Consideration Shares on the Oslo Stock Exchange shall be governed by, and construed in accordance with, and the Consideration Shares have been issued pursuant to, Norwegian law. Any dispute arising out of, or in connection with, the Combination and the listing of the Consideration Shares on the Oslo Stock Exchange shall be subject to the exclusive jurisdiction of the courts of Norway, with Oslo District Court as legal venue.

6.11 Accounting for the Combination as a reverse acquisition

IFRS 3 "Business Combinations" requires in a business combination effected through an exchange of equity interests, all relevant facts and circumstances to be considered to determine which of the combining entities has the power to govern the financial and operating policies of the other entity so as to obtain benefits from its activities. In some business combinations, the acquirer is the entity whose equity interests have been acquired, and the issuing entity is the acquiree. These combinations are commonly referred to as "reverse acquisitions".

The merger of a private operating entity into a non-operating public shell corporation with nominal net assets typically results in (i) the owners of the private entity gaining control over the combined entity after the transaction and (ii) the shareholders of the former public shell corporation continuing only as investors, and typically results in a situation where the legal acquirer is the acquiree for accounting purposes.

Furthermore guidance from the IFRS Interpretations Committee clarified recently the treatment of such situations. The Interpretations Committee observed that the transactions have some features of a reverse acquisition under IFRS 3 because the former shareholders of the legal subsidiary obtain control of the legal parent. Consequently, it is appropriate to apply by analogy, in accordance with IAS 8 "Accounting Policies", the guidance in IFRS 3 for reverse acquisitions be applied. Application of the reverse acquisitions guidance by analogy results in the non-listed operating entity being identified as the accounting acquirer, and the listed non-operating entity being identified as the accounting acquiree. The Interpretations Committee noted that in applying the reverse acquisition guidance in IFRS 3 by analogy, the accounting acquirer is deemed to have issued shares to obtain control of the acquiree.

The Interpretations Committee also noted that on the basis of the guidance in IFRS 3, the listed non-operating entity is not a business. Consequently, the transactions analysed are not business combinations. Therefore, there is no expectation that goodwill is created and that the acquisition of the net assets of the accounting acquirree should be accounted for in accordance with IFRS 2. The Interpretations Committee observed that on the basis of the guidance in IFRS 2, any difference in the fair value of the shares deemed to have been issued by the accounting acquirer and the fair value of the accounting acquiree's identifiable net assets represents a service received by the accounting acquirer. Typically, the service received will not constitute an asset and the cost of the service received is recognised as an expense.

In a reverse acquisition, the accounting acquirer usually issues no consideration for the acquiree. Instead, the accounting acquiree usually issues its equity shares to the owners of the accounting acquirer. Accordingly, the acquisition-date fair value of the consideration transferred by the accounting acquirer for its interest in the accounting acquiree is based on the number of equity interests the legal subsidiary would have had to issue to give the owners of the legal parent the same percentage equity interest in the combined entity that results from the reverse acquisition. The fair value of the number of equity interests calculated in that way can be used as the fair value of consideration transferred in exchange for the acquiree.

Consolidated financial statements prepared following a reverse acquisition are issued under the name of the legal parent (accounting acquiree) but described in the notes as a continuation of the financial statements of the legal subsidiary (accounting acquirer), with one adjustment, which is to adjust retroactively the accounting acquirer's legal capital to reflect the legal capital of the accounting acquiree. That adjustment is required to reflect the capital of the legal parent (the accounting acquiree). Comparative information presented in those consolidated financial statements also is retroactively adjusted to reflect the legal capital of the legal parent (accounting acquiree).

Because the consolidated financial statements represent the continuation of the financial statements of the legal subsidiary except for its capital structure, the consolidated financial statements reflect: (a) the assets and liabilities of the legal subsidiary (the accounting acquirer) recognised and measured at their pre-combination carrying amounts;

(b) the assets and liabilities of the legal parent (the accounting acquiree) recognised and measured in accordance with this IFRS; (c) the retained earnings and other equity balances of the legal subsidiary (accounting acquirer) before the business combination; and (d) the amount recognised as issued equity interests in the consolidated financial statements determined by adding the issued equity interest of the legal subsidiary (the accounting acquirer) outstanding immediately before the business combination to the fair value of the legal parent (accounting acquiree) determined in accordance with this IFRS. However, the equity structure (i.e. the number and type of equity interests issued) reflects the equity structure of the legal parent (the accounting acquiree), including the equity interests the legal parent issued to effect the combination. Accordingly, the equity structure of the legal subsidiary (the accounting acquirer) is restated using the exchange ratio established in the acquisition agreement to reflect the number of shares of the legal parent (the accounting acquiree) issued in the reverse acquisition.

Reach Subsea ASA has performed an evaluation of the Combination and has determined that, with reference to relevant accounting considerations discussed above, this transaction will constitute such a transaction under IFRS. As such, in accordance with IFRS, Reach Subsea AS will comprise the accounting acquirer and Reach Subsea ASA will comprise the accounting acquiree.

Accordingly, the future presentation of the Reach Subsea ASA's financial statements will be adjusted retrospectively to reflect the legal capital of the legal parent, the accounting acquiree, Reach Subsea ASA. Future annual reports of Reach Subsea ASA will be prepared under IFRS and as if the Reach Subsea AS (the accounting acquirer) had acquired Reach Subsea ASA (the accounting acquiree) upon the date of the Combination. Comparative financial information will also be retrospectively adjusted to reflect the continuation of the accounting acquirer's financial statements.

7 THE PRIVATE PLACEMENT

7.1 Overview and terms of the Private Placement

On 5 December 2012, the Company announced that it had, *inter alia*, completed the Private Placement through the issuance of the 26,250,000 Placement Shares with a nominal value of NOK 1.00 each at a subscription price of NOK 1.60, providing gross proceeds of NOK 42 million.

The Placement Shares were issued to a syndicate consisting of members of management in Reach Subsea AS and a few external investors who had entered into the Subscription Agreement with the Company on 31 October 2012. None of the then existing shareholders in the Company participated in the Private Placement.

The completion of the Subscription Agreement was conditional upon: (i) the Contribution Agreement becoming unconditional, including through inter alia the general meeting in the Company resolving the share capital increase required to implement the Private Placement; (ii) the general meeting in the Company appointing a new Board of Directors; and (iii) lock-up undertakings being obtained from Kåre Johannes Lie, Jostein Alendal and Inge Grutle, and from the new CFO Birgitte Wendelbo Johansen and new senior operation officer in the Company to be appointed (provided, however, that such persons actually have been employed), and from Caiano AS and Caiano Ship AS, for such persons' shares in the Company. Upon completion of the Private Placement, all the conditions were either satisfied or waived.

In connection with the Private Placement, the existing shareholders' preferential rights to the New Shares were deviated from. The main reason for this was that the Private Placement was closely related to, and integrated with, the Combination. The subscription price in the Private Placement was set to the same as the subscription price in the Combination, i.e. NOK 1.60 per New Share. The subscription price was negotiated and agreed in connection with the process which resulted in the Combination and the Private Placement.

7.2 Resolution to issue the Placement Shares

On 28 November 2012, the extraordinary general meeting of the Company passed the following resolution to issue the Placement Shares and increase the share capital of the Company in connection with the Private Placement (translated from Norwegian):

1. *The Company's share capital shall be increased with NOK 26,250,000 by issue of 26,250,000 new shares.*

2. *The nominal value per new share shall be NOK 1.*

3. *The new shares can be subscribed for by the investors in the syndicate who have entered into the subscription agreement with the company. The shareholders' preferential right to subscribe for the new shares pursuant to Section 10-4 of the Norwegian Public Limited Companies Act is waived, cf. Section 10-5 of the Norwegian Public Limited Companies Act.*

4. *The subscription price shall be NOK 1.6 per new share. The subscription amount shall be paid in cash.*

5. *The shares shall be subscribed for in the minutes from the General Meeting or on a separate subscription form no later than 7 December 2012.*

6. *The deadline for payment of the shares is 2 business days subsequent the date when the subscription is made. The payment shall be made to the Company's designated bank account for share capital increases.*

7. *The new shares will give full shareholder rights in the Company, including the right to dividends, from the time the share capital increase is registered with the Norwegian Register of Business Enterprises.*

8. *Section 2 of the articles of association is amended to read as follows:*

   "The company's share capital is NOK 43,828,104 divided into 43,828,104 shares, each with a nominal value of NOK 1.00. The company's shares shall be registered in the Norwegian Central Securities Depository."

7.3 Issuance, delivery and listing of the Placement Shares

The share capital increase pertaining to the Private Placement was registered with the Norwegian Register of Business Enterprises on 5 December 2012. As a result of such registration, the Company's share capital was increased with NOK

26,250,000 to NOK 43,828,104, divided into 43,828,104 Shares, each with a nominal value of NOK 1.00.

The Placement Shares have been registered in the VPS under a separate ISIN NO 001 0664980 pending the publication of this Prospectus. Following the publication of this Prospectus, the Placement Shares will be registered under the same ISIN as the Company's other Shares (i.e. ISIN NO 000 3117202) and become listed and tradable on the Oslo Stock Exchange.

7.4 The rights conferred by the Placement Shares

The Placement Shares issued in the Private Placement are ordinary Shares in the Company each having a nominal value of NOK 1.00. The Placement Shares are issued electronically in registered form in accordance with the Norwegian Public Limited Companies Act.

The Placement Shares rank *pari passu* in all respects with the Shares and carry full shareholder rights in the Company from the time of registration of the share capital increase pertaining to the Private Placement with the Norwegian Register of Business Enterprises. The Placement Shares are eligible for any dividends that the Company may declare after such registration. All Shares, including the Placement Shares, will have voting rights and other rights and obligations which are standard under the Norwegian Public Limited Companies Act, and are governed by Norwegian law. See Section 17 "Corporate information and description of the share capital" below for a more detailed description of the Shares.

7.5 Dilution

The issuance of the Placement Shares in the Private Placement resulted in an immediate dilution of approximately 60% for Shareholders who did not participate in the Private Placement (calculated on the basis of the number of Shares in the Company in issue following the Combination). Taken together, the Combination and the Private Placement entailed a total dilution of 90% for Shareholders in the Company who did not participate in the Combination and the Private Placement (calculated on the basis of the number of Shares in the Company in issue prior to the Combination and the Private Placement).

7.6 Net proceeds and expenses relating to the Private Placement

The Company will bear the fees and expenses related to the Private Placement, which are estimated to amount to approximately NOK 3.45 million. No expenses or taxes will be charged by the Company or the Manager to the subscribers in the Private Placement.

Total net proceeds from the Private Placement are estimated to amount to approximately NOK 38.55 million and will be allocated to the Company's share capital and share premium reserve fund. For a description of the use of such proceeds, see Section 5 "Background for the Combination and the Private Placement".

7.7 Interests of natural and legal persons involved in the Private Placement

The Manager and its affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Manager, its employees and any affiliate may currently own Shares in the Company. The Manager does not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Manager has received a commission in connection with the Private Placement and, as such, has an interest in the Private Placement, see Section 7.6 "Net proceeds and expenses relating to the Private Placement".

7.8 Participation of major existing shareholders and members of the Company's Management, supervisory and administrative bodies in the Private Placement

Neither any existing major shareholders nor any members of the Board of Directors and the Management at that point in time participated (i.e. subscribed for Placement Shares) in the Private Placement.

The Company is not aware of any conflicting interests of any subscribers in the Private Placement that is material to the Private Placement.

7.9 Publication of information relating to the Private Placement

In addition to press releases which will be posted on the Company's website, the Company will use the Oslo Stock Exchange's information system to publish information relating to the Private Placement.

7.10 Governing law and jurisdiction

The Private Placement and the listing of the Placement Shares on the Oslo Stock Exchange shall be governed by, and construed in accordance with, and the Placement Shares have been issued pursuant to, Norwegian law. Any dispute arising out of, or in connection with, the Private Placement and the listing of the Placement Shares on the Oslo Stock Exchange shall be subject to the exclusive jurisdiction of the courts of Norway, with Oslo District Court as legal venue.

8 MARKET OVERVIEW

The Group seeks to become a complete subsea services provider, and operate within the Norwegian subsea services sector.

8.1 Demand for subsea services

Subsea services include services such as subsea survey, inspection, maintenance and repair ("**IMR**"), construction support and subsea engineering. The demand for such services is mainly driven by oil and gas operators' exploration and production (E&P) activity and spending, which in turn is influenced by factors including by not limited to the demand for- and price of oil, gas and related products, the financial positions of involved companies, government policies, political stability and other micro- and macroeconomic factors. Summarized, the demand for subsea services is mainly influenced by:

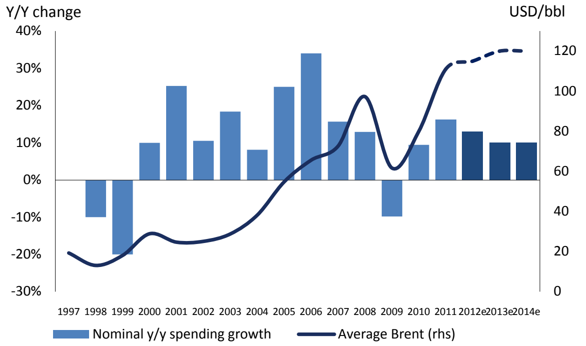
- The demand for oil and gas;
- The price of oil and gas; and
- Oil companies' E&P spending.

8.2 Oil and offshore market in general

The US Energy Information Administration ("**EIA**") expects that global oil and gas production will grow by an average of 1% per annum over the next 20 years. Of the nearly 140 million barrels of oil equivalents (mmboe) (figures include approximately 55 mmboe gas) of current global petroleum production, approximately 45 mmboe (32%) comes from offshore locations (source: BP Statistical Review 2011, EIA International Energy Outlook 2011). By 2020, offshore production is expected to increase to 75 mmboe, an increase of approximately 67%. In order to achieve this, global E&P spending is expected to increase further.

As shown in the chart below, E&P spending is closely related to the oil price. The financial crisis and the sharp drop in the oil price in 2008 had a significant impact on 2009 E&P spending which showed a year on year double-digit percentage decline. Following the improved economic outlook and increasing oil prices, 2011 E&P spending is expected to have shown a double digit percentage year on year growth, bouncing back from the retreat in 2009. Going forward it is expected that the current strong oil prices combined with a continued strengthening of the global economic outlook will provide support for further increase in E&P spending. This is among others driven by the fact that oil companies currently use planning prices well below the current oil price and have breakeven oil price for new investments further below planning prices.

E&P spending growth estimates (left); E&P spending among main sub-segments (right)

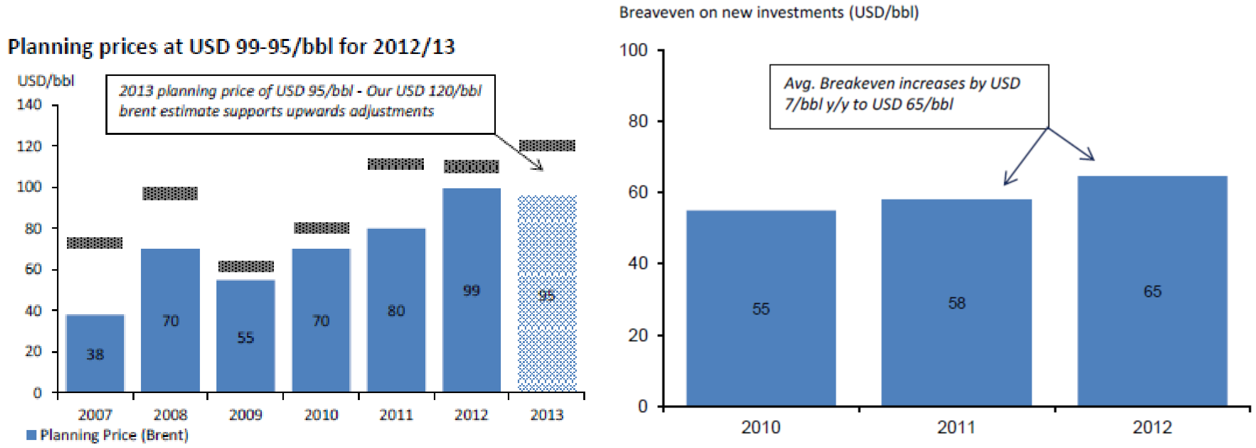


USDbn		Size	10	11e	12e	Δ10	Δ11	Δ12
NOCs	$bn	30%	100	107	119	13%	7%	11%
Majors	¨	45%	136	158	180	3%	16%	14%
Independents	¨	14%	42	56	63	25%	33%	12%
Specialised Onshore	¨	11%	30	37	43	7%	22%	15%
Total	¨		308	358	404	9%	16%	13%

** Sample comprising 47 E&Ps, size approximately 70% of total 2010*

Source: Pareto Research E&P Survey 2012.

Oil planning prices (left); Breakeven of new investments (right)



Source: Pareto Research E&P Survey 2012.

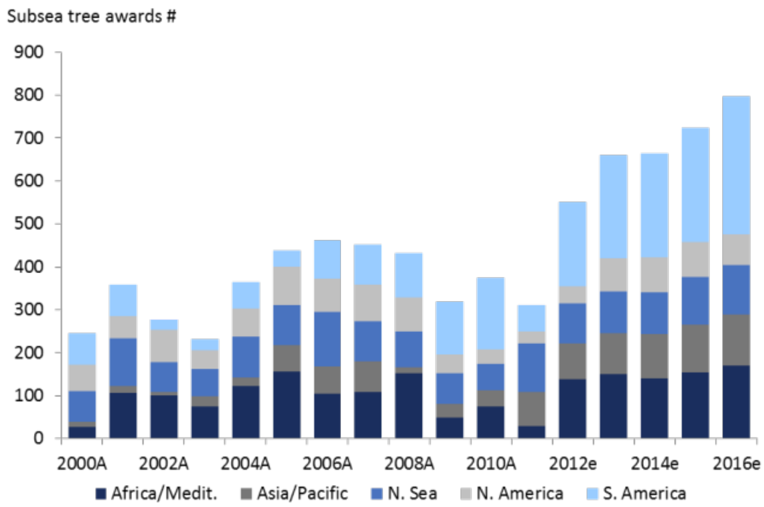
8.2 Subsea market

Reach Subsea ASA believes that the outlook for the subsea industry is promising. Subsea spending has experienced a strong increase over the last years, with West Africa and South America as the main growth contributors. With oil and gas companies currently struggling with falling oil and gas reserves and weak production growth after several years of massive underinvestment, the Company expects growth in the global subsea market far beyond 2012. The number of subsea production trees awarded to the industry is a leading indicator for subsea construction and market in general. The number of trees awarded to the subsea equipment companies has been stable the recent 3 years and the number finalised at 311 in 2011. 2012 has started on a strong note with some 280 trees awarded by H1. The industry expects further 200-250 trees in H2, which will put the final number at around 500 trees (source: Quest, FMC Technologies, Aker Solution). This is a growth of more than 50% compared to 2011. Subsea equipment companies such as FMC Technologies, Cameron, Aker Solution and GE Oil are also very optimistic on awards.

The longer term subsea tree projections proposes a continued high level going forward, with the level ranging from 650-700 trees in 2013-2015e. This development is supported by the strong growth of the ultra deepwater drilling fleet, which basically doubles from 2010 to 2015e with the current order book. While a large part of the ultra deepwater drilling fleet is currently employed in the exploration phase of projects (i.e. no short term subsea equipment/construction demand), it is likely to focus more on development over the next years due to the many drilling successes in deepwater recent years.

The largest number of tree awards is expected in Brazil, with >250 tree awards annually, and West Africa with ~150 tree awards annually going forward. Activity also expected to remain high in the North Sea with ~100 annual awards.

Number of subsea tree awards



Source: Quest Subsea Tree Awards May 2012, Pareto Securities.

Global subsea capex is estimated to increase from USD 35 billion in the 2006 to 2011 period to USD 72 billion in the 2012-2017 period (Source: Quest). This is an expected increase of approximately 100%. Key value drivers for the subsea market going forward will be:

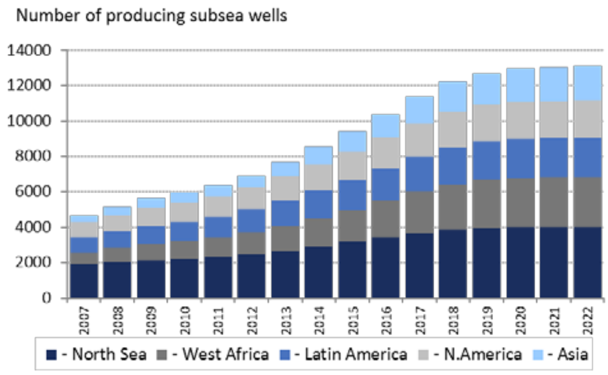
- Robust oil and natural gas prices;
- Development and drilling activity in mid to deep water;
- New and existing subsea tie-backs to existing installations;
- Increased maintenance activity on ageing offshore oil and gas fields;
- New field development solutions; and
- New and existing subsea wells tied back to onshore production facilities.

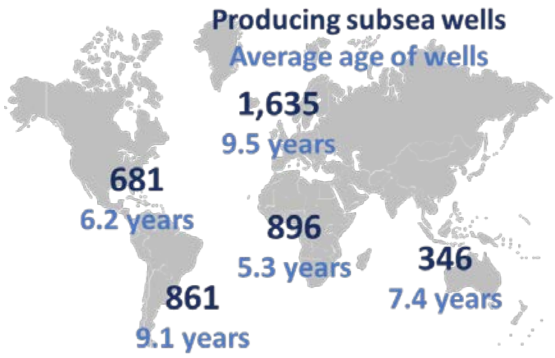
8.2.1 Subsea IMR market

The subsea IMR market demand is driven by companies and governments with interest in subsea installations and/or operations. IMR is demanded from such companies as they continuously seek to assure safe and proper operation, and/or as they seek to upgrade or renew installations to increase operational capabilities and safety.

The demand for IMR services has grown and is expected to grow in line with an increasing number of subsea installations. Also, as the age of such installations increases, the need of IMR increases due to wear and tear. Currently there are approximately 7,000 producing subsea wells, all which require regular maintenance and service. The North Sea is one of the key IMR markets as almost one third of the producing subsea wells are here. A high growth in North Sea wells is also expected going forward.

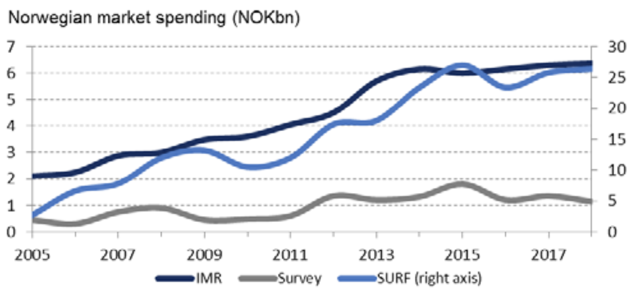
Number of producing subsea wells (left); Producing wells and average age (right)

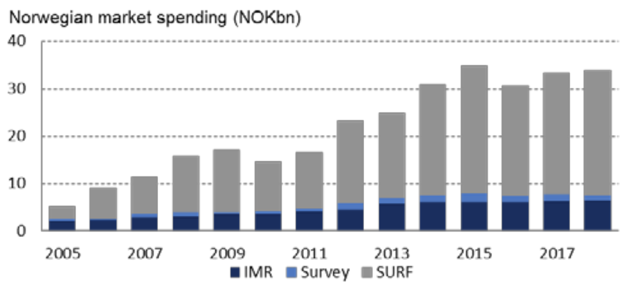




Source: Infield; Quest, Intsok, Rystad Energy.

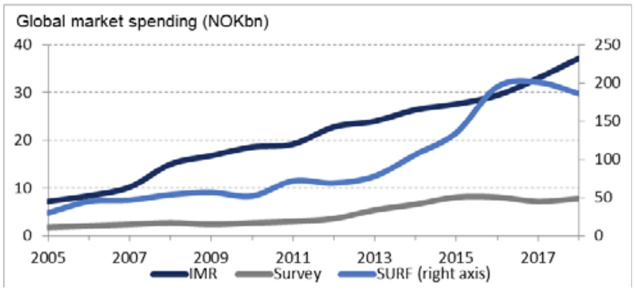
Norwegian subsea market spending

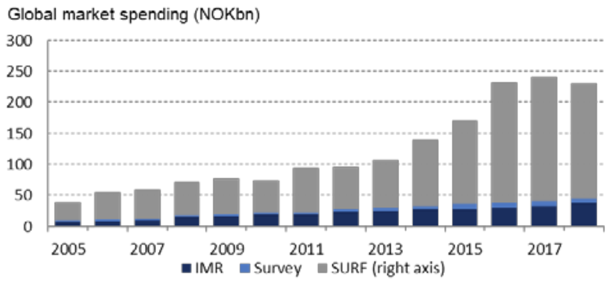




Source: Intsok, Rystad Energy.

Global subsea market spending





Source: Intsok, Rystad Energy.

8.2.2 Subsea vessel market

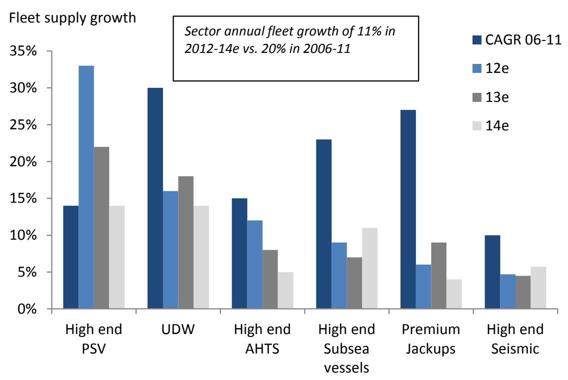
The oil and gas industry has been completing subsea wells since 1960 when subsea construction activities were initiated in the North Sea. Subsea completions allow operators to tie-in smaller oil and gas fields/satellites that are close to existing infrastructure. The subsea market consists of a number of different ships, barges (pipe and derrick laying barges) and crane and heavy-lift vessels. Disregarding the barges and crane vessels, there is still a variety of different offshore vessels/ships servicing the subsea market. These include standard construction vessels, pipelaying vessels, remotely operated vehicle (ROV) vessels, IMR vessels, survey vessels and diving support vessels ("**DSV**").

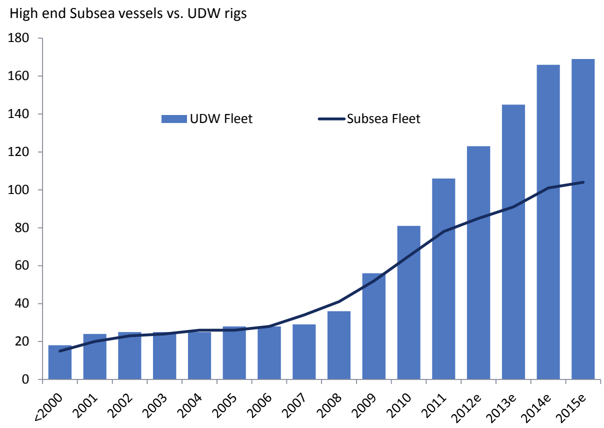
The majority of the offshore construction segment vessels are multi-purpose vessels or vessels with capabilities within several of the categories described below. They are thus involved in a wide range of subsea work such as pipeline inspection, general ROV intervention work and IMR. Vessels are today typically built with DP (dynamic positioning) capabilities.

- Construction vessels are used for, amongst other things, subsea installation of production facilities, pipelines and FPSO mooring installation. Such vessels are generally fitted with large engines, a large cargo deck, heave compensated cranes on deck with up to a 400 metric tonne lift capability, an A-frame crane as well as under-deck product carousels used for deployment of flexible pipe and cable products. Construction vessels are also generally equipped with one or two work class ROVs.
- Pipelay vessels are designed for laying pipelines, flexible pipe, flowlines, umbilicals and cables in all types of water depths. These vessels are generally fitted with flexible pipe and umbilical carousels or reels, as well as linear pipe and umbilical pipe tensioners. The vessels are also fitted with cranes and normally work class ROVs.
- ROV vessels (remotely operated vehicles) are offshore vessels fitted with up to five or six work-class ROVs that operate in water depths of up to 3,000 metres and can undertake construction and intervention, drill rig support and survey jobs with live video feedback to the vessel. These vessels also work as construction and installation support to larger construction and pipe lay vessels.
- DSVs (diving support vessels) assist in subsea construction work and are fitted with saturation diving systems for the divers. Newer DSVs are also generally fitted with a work class and observation class ROV, semi-large cranes and a helicopter deck for easy access.
- IMR vessels (inspection, maintenance and repair) are used for such activities on offshore subsea installations including subsea production facilities and pipelines. IMR vessels are generally equipped with observation/inspection class ROVs with sonar and video inspection capabilities.
- Survey vessels are involved in mapping the seabed prior to the installation of subsea equipment such as pipelines or to detect changes in the seabed in the years following the installation of such subsea equipment. Survey vessels are equipped with survey class ROVs generally with several cameras enabling high repopulation colour live video feeds of the seabed, pipelines back to the vessel as well as navigation systems to ensure highly accurate and repeatable vehicle positioning.

There are two types of bottlenecks evolving within the engineering, procurement, installation and construction (EPIC) companies. One is access to engineers and project managers, which is also the issue in many other sectors at current with the booming activity levels. Although challenging, this human resources deficit is probably manageable. The second bottleneck is access to subsea vessels, which has been subject to an order drought for the past three years. Although there have been some 12 vessels being ordered this year (of which about half has already secured long term charters) for delivery in H2'13 and 2014, there is still need for further vessels going forward. This is further illustrated by the Ultra Deepwater fleet growth which is expected to outpace the subsea vessel growth despite the clear link between the two (see graphs below). This has also impacted dayrates in the high-end subsea segment, which have increased significantly the last 2 years. There is however less of a shortage for the medium sized vessels (90m-160m). This is the relevant market segment for Reach Subsea ASA.

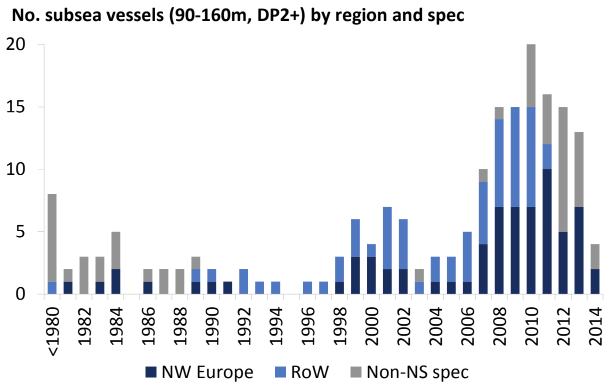
Fleet supply growth (left); High end subsea fleet (right)

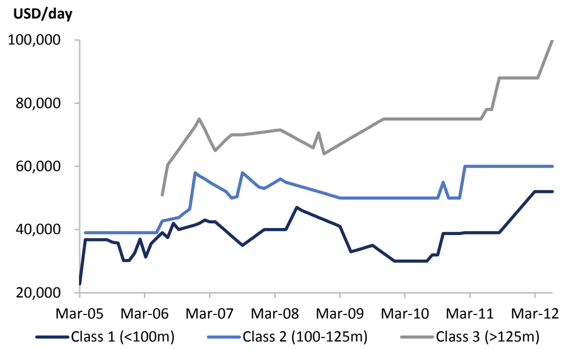




Source: Quest, ODS, Technip, Pareto Securities.

No. subsea vessels (90-160m, DP2+) by region and spec (left); Subsea dayrates (right)





Source: ODS Petrodata, Pareto Securities.

8.3 Competitors

As Reach Subsea ASA seeks to operate in the subsea services segment, positioned between vessel owners and subsea EPIC operators, the Company considers its main competitors to be; DeepOcean, Fugro, DOF Subsea, Oceaneering and Reef Subsea. The illustration below gives an overview of the current subsea industry composition.

	Vessel owners	Subsea Services	Subsea EPIC
Business characteristics	• Asset intensive (-) • Dayrate revenue model (+) • Demand growth (+) • Limited differentiation (-) • Low barriers to entry/ fragmented (-)	• Less asset intensive (+) • Dayrate + spread revenue model (+) • High demand within capex and opex (+) • High barriers to entry for expertise (+) • Engineering/technology driven (+)	• Asset intensive (-) • Lump-sum turn-key risk (-) • Principally capex driven, more volatile (-) • Highly differentiated, engineering (+) • High barriers to entry, expertise and capital (+)
Traditional players	• Several publicly traded companies and regional competitors	REACH SUBSEA, DeepOcean, FUGRO, REEF SUBSEA, OCEANEERING, DOF subsea	Saipem, Technip, subsea 7, HELIX, EMAS, McDermott

Source: Reach Subsea AS.

9 BUSINESS OF THE GROUP

9.1 Introduction

Reach Subsea ASA (previously named Transit Invest ASA (until December 2012) and Green Reefers ASA (until August 2012)) has in 2012 made a substantial strategic shift in its business and operations.

The Company has transformed from being a shipping company operating under the name “Green Reefers ASA” with a fleet of 20 owned and 12 chartered vessels with commercial operations in the reefer market through various joint ventures and pools, to expand into the subsea sector in the offshore industry by acquiring Reach Subsea AS in the Combination, a company providing certain ROV and engineering consultancy services to the oil industry (as described in Section 6 “The Combination”).

In the first half of 2012, the Company restructured and divested substantially all of its former business related to logistics operations within the reefer market to its main shareholders Caiano AS and its affiliates, following which the Company had very limited operational activities. As a result thereof, the Company changed its name from “Green Reefers ASA” to “Transit Invest ASA”.

Thereafter, the Company conducted a strategic review of potential new business opportunities. After an evaluation of the various alternatives, the Board of Directors eventually resolved to expand into the subsea sector through the Combination.

In December 2012, the Company completed the Combination, pursuant to which it acquired Reach Subsea AS. In addition, the Private Placement with gross proceeds of NOK 42 million was completed simultaneously, securing the Company’s cash needs going forward. As from the Combination, the Company will base its business solely on the present strategy and operations in Reach Subsea AS. As a result thereof, the Company’s name was changed from “Transit Invest ASA” to “Reach Subsea ASA” in connection with the completion of the Combination.

9.2 History and important events

The Company, which pursuant to being named “Transit Invest ASA” in August 2012 was called “Green Reefers ASA”, has a long history as a legal entity.

Green Reefers ASA was a continuation of the former Bruusgaard Kiøsterud & Co that started operations in 1888 as manager of vessels owned by various companies, all of which were merged into a limited company in 1909.

The Company flourished to be one of the largest ship-owners in Norway with a fleet of 22 vessels in total until the crash in 1929. Over the years a considerable liner trade had been established within the Far East, with trades to China as specialty. As much as 65% of the tonnage was lost during the World War II. However, Nortraship compensations laid the foundation for a fleet renewal program whereby, in the years up to 1960, the Company took delivery of 15 new buildings. A run of profitable post-war years culminated in 1971.

In 1984, most of the assets were distributed to the shareholders, and the Company’s business was reduced to having a small bank balance as its only asset.

In the period from 1985 through 1988 the Company changed its name several times and was involved in a dwelling platform and in a diving company. In 1988, the Company moved to Bergen, changed its name to Nomadic Shipping ASA, with handy size dry bulk as the new field of activity. During 1994 and 1995 most of the dry bulk vessels were sold.

In 1995, the Company opened up a new field of activity by acquiring 19 smaller and medium sized reefer vessels over a period of three years.

The Company increased its focus on through-transportation logistics by investing in strategically located terminals supporting a door-to-door concept.

In the period from 1998 to 2002 the reefer market experienced historically low freight levels. This situation forced the Company to take various steps to secure necessary financing of its operations. During the period of financial difficulties, the Company completed the construction of the cold store in Kaliningrad, a pioneer project in Russia. Furthermore, the Company developed and strengthened its position as the main carrier in the Norwegian fish export to the Baltic region and continuing to participate in the other main trades and services the Company was and is involved in.

In 2003, the Company was fully refinanced, following an agreement with its largest lender to acquire the bank's debt at a discount. The Company changed its name to Green Reefers ASA. The refinancing in 2003 enabled the Company to pursue a growth strategy and the Company's fleet capacity increased by almost 50% by own investments in combination with investments made by shareholders.

In 2006, the Company entered into agreements for the acquisition 20 reefer vessels. The consideration for the vessels consisted of a combination of cash and new shares in the Company in a private placement. Eight of the vessels were already a part of the Company's operation, while the remaining 12 vessels were an addition to the fleet. This transaction almost doubled the Company's balance sheet.

Following the strong expansion, the Company focused on consolidation in 2007. In 2008 and particularly in 2009, the Company implemented a restructuring of the organisation, reducing administration costs and moving technical management from the head office in Bergen to a subsidiary in Poland.

In 2011 the Company sold its terminal activities, which no longer was a part of the core business after entering into different pools and joint ventures for its vessels.

In the first half of 2012, the Company restructured and divested substantially all of its former "Green Reefers ASA"-business related to logistics operations within the reefer market in the Divestment to its main shareholders Caiano AS and its affiliates, following which the Company had very limited operational activities. In November 2012, the last part of the Divestment was completed, by the transferring of the very few remaining assets, rights and liabilities that related to the previous shipping business of the Company to Caiano AS and its affiliates.

The table below provides an overview of key events in the history of the Company:

Year	Event
1909	Incorporated as a ship owning limited liability company.
1995	The Company opened up a new field of activity by acquiring 19 smaller and medium sized reefer vessels, and increased its focus on through-transportation logistics by investing in strategically located terminals.
1998-2002..........	In the period from 1998 to 2002 the reefer market experienced historically low freight levels, forcing the Company to take various steps to secure necessary financing of its operations.
2003	The Company changed its name to Green Reefers ASA.
2003	The Company was listed on the Oslo Stock Exchange.
2006	The Company entered into agreements for the acquisition of 20 reefer vessels.
2007	Consolidation after strong increase in fleet capacity entering 2007.
2009	Restructuring of the Company's operation, reduction in administration costs.
2010	Completion of the movement of technical management head office in Bergen to a wholly-owned subsidiary in Poland.
2010	The Company allocated commercial management of its vessels to various joint ventures and pools.
2011	Sale of the terminal activities.
2012	The Company restructured and divested its previous "Green Reefers ASA" shipping business related to provision of logistics services to the reefer market to its main shareholders Caiano AS and its affiliates.
2012	The Company changed its name to Transit Invest ASA.
2012	The Company made a strategic shift by expanding into the subsea sector through the Combination and the Private Placement.
2012	The Company changed its name to Reach Subsea ASA.

9.3 The Divestment of the former "Green Reefers ASA" shipping business to Caiano AS and its affiliates

On 18 May 2012, the Company entered into an agreement with Caiano AS and its affiliates for the Divestment through a sale of the Company's ownership interest (i.e. 100% of the shares) in the Company's ship owning subsidiaries; Green Shipping AS, Green Shipping 2 AS, Green Shipping 3 AS and Green Management AS for a total consideration of USD 3.3 million. The transferred companies in the Divestment contained mainly 32 reefer vessels, of which 20 were owned and 12 were chartered, and the management business related to these vessels. The vessels conducted commercial operations through various pools and joint ventures.

Pursuant to, and prior to completion of, the agreement, the Company completed a restructuring whereby it transferred all of its shares in subsidiaries that carried out activities related to the operation of the Group's vessels to Green Shipping AS, Green Shipping 2 AS and/or Green Shipping 3 AS, thus including also these assets and operations as part of the business to be transferred to Caiano AS and its affiliates under the transaction. Specifically, this entailed that the shares in (i) GreenSea Group NV and (ii) GreenSea Chartering were sold to Green Shipping AS, and the shares in (iii) Silver Green AS were sold to Green Shipping 2 AS.

The proceeds from the Divestment were applied for settlement of debt/guarantee obligations whereby the Company prepaid USD 3 million under a EURfacility agreement on behalf of Green Shipping AS. The prepayment was a consideration for the Company being fully released and discharged from any and all guarantee obligations towards DNB Bank ASA. The Company was by the prepayment released from any and all liabilities under a recourse agreement entered into with Caiano AS and its affiliates. The Divestment did therefore not result in free liquidity in excess of what was required to operate the Group throughout 2012.

The purpose and main effect of the Divestment was for the Company to be fully released and discharged from any and all obligations towards DNB Bank ASA and/or Caiano AS and its affiliates, as the case may be, under and in connection with various financing agreements.

The background for the Divestment was that the reefer market had been at historically low levels since end of 2011. Combined with a non-existing high season in 2012, the majority of the Company's vessels had as a consequence been trading at levels below operating expenses. The Company was thus dependent on further working capital financing in order to be able to continue its operation. The Company had negotiated with its banks regarding such financing, however without success. The Company had also explored financing options in the equity market, but with its negative market outlook for the industry, the prospects of succeeding in achieving financing at viable conditions, was regarded as unlikely. Sale of vessels had been considered as well, but with purchase prices at scrap levels and well below outstanding loans; such transactions would not provide the required capital. In order to secure continued operation, the Company entered into negotiations with its largest shareholder, Caiano AS and its affiliates, and succeeded in reaching an agreement. The agreement implied that operation in the subsidiaries of the Company continued under new ownership, and thus secures the position of the employees and creditors.

In November 2012, the Group completed the outstanding part of the Divestment, by the transferring of the very few remaining assets, rights and liabilities that related to the former shipping business of the Company to Caiano and its affiliates without any consideration. Following this transfer, the Company was empty for all practical purposes.

9.4 Shift towards the subsea sector; the Combination and the Private Placement

In December 2012, the Company made a significant shift towards the subsea sector.

On 5 December 2012, the Company completed the Combination pursuant to which it acquired all the shares in Reach Subsea AS from the shareholders in Reach against consideration in the form of the 13,183,578 Consideration Shares issued by the Company. For further details regarding the Combination reference is made to Sections 5 "The Background for the Combination and the Private Placement" and 6 "The Combination" above.

The business of Reach Subsea AS, which has been fully adopted by, and constitutes the sole business of, the Group as from the Combination, is further described in Sections 9.6.2 "Reach Subsea AS", 9.7 "Overview of the current business of the Group" and 9.9 "Expansion Plan" below. For selected financial data for Reach Subsea AS reference is made to Section 15 "Selected Financial Data for Reach Subsea AS" below.

On the same date as the completion of the Combination, the Company completed the Private Placement of NOK 42 million, securing the Company's cash needs going forward. For further details regarding the Private Placement reference is made to Sections 5 "Background for the Combination and the Private Placement" and 7 "The Private Placement".

The decision to enter into the Combination was motivated by the fact that the Board of Directors believes that it will open for attractive new opportunities for the Company. The Group will going forward fully adopt the strategy of the acquired company Reach Subsea AS, which is to become a complete subsea services provider, by building on and benefiting from the extensive industry experience and competence of the management and employees in Reach Subsea AS headed by the CEO Kåre Johannes Lie. Furthermore, through the Private Placement, the Company obtained an attractive shareholder base which is willing to support the Company's growth strategy. From the perspective of Reach Subsea AS and its shareholders, the Combination with the Company provided a stock exchange listed entity which swiftly may access the capital markets to finance the new strategy developed in Reach Subsea AS.

9.5 Legal structure of the Group

Reach Subsea ASA is the holding company of the wholly-owned subsidiary Reach Subsea AS. The Company does not have ownership in any other subsidiaries or affiliated companies.

9.6 Description of the companies in the Group

9.6.1 Reach Subsea ASA

Reach Subsea ASA merely serves as the holding company of its wholly-owned subsidiary Reach Subsea AS.

9.6.2 Reach Subsea AS

The Group's operations are carried out solely through Reach Subsea AS, which was acquired by Reach Subsea ASA in the Combination.

Reach Subsea AS is a Norwegian private limited company organised under the laws of Norway in accordance with the Norwegian Private Limited Companies Act of 13 June 1997 No 44 (the "**Norwegian Private Limited Companies Act**") with registration number 993 252 263. The Company was incorporated on 14 October 2008 by JT Invest AS (registration number 992 271 965, Saudagatea 39, N-5521 Haugesund, Norway), Framnes Holding AS (registration number 988 686 212, Haga 104, N-5414 Stord, Norway), A-Å Invest AS (registration number 993 250 945, Viervegen 21, N-5535 Haugesund, Norway) and SMS Investering AS (registration number 993 251 380, Geitafjellet 34, N-5521 Haugesund, Norway), and registered in the Norwegian Register of Business Enterprises on 29 October 2008. The Company has its registered address at Skillebekkgata 1 B, N-5523 Haugesund, Norway, with telephone number +47 40 00 77 10. The current board of directors of Reach Subsea AS consists of Kåre Johannes Lie (chairman), Jostein Alendal, Åge J. Nilsen jr, Sven M. Storesund and Inge Grutle. See Section 16.4.2 "Brief biographies of the members of the Management" below for further information about the members.

Reach Subsea AS was established in 2008 in Norway by four founders with extensive subsea experience. Since its incorporation, Reach Subsea AS has provided certain ROV and engineering consultancy services to the oil industry, including the development of a new survey ROV, the Surveyor. Its engineering department consists of highly skilled subsea and marine engineers, all with long experience in planning, management and execution of offshore and subsea operations.

The Group's business, consisting solely of Reach Subsea AS' past and current business, is two-folded:

1. Engineering consultancy services. The Group is involved with project management and engineering services for EPIC contractors involved in major field developments in Norway. The Group is also involved in engineering services and project administration services for the Pipeline Repair System (PRS) operated by Statoil.

2. Product development. The Group is developing the new ROV system, Surveyor, together with Kystdesign AS. Surveyor is a new design ROV with a hydrodynamic shape and designed to inspect the seabed and pipelines in a much higher speed and with a better quality of data than the existing Work ROV systems. This project is sponsored by Marin Maetteknik in Sweden and Innovasjon Norge.

The demand for the services of Reach Subsea AS has since the establishment in 2008 been solid and increasing, which has inter alia been reflected in the increasing revenues of the company the past three years. The investment decision to implement the expansion plan described in Section 9.10 "Expansion Plan" is based on the expectations of increased demand for subsea services in Norway and outside Norway and that there will be a deficit of qualified and experienced competence in the sector in the coming years.

9.7 Overview of the current business of the Group

Following the Combination, the business of the Group solely consists of the business in Reach Subsea AS. The Group has fully adopted the current business of Reach Subsea AS, as described under Section 9.6.2 "Reach Subsea AS" above.

Currently, the Group also offers MPSVs with ROV's and manned with its technical team and engineering staff.

Further, contracts for chartering of offshore construction vessels for 2013 operations and procurement of ROVs and relating equipment are under negotiations with relevant suppliers and subcontractors.

9.8 The Group's vision and business strategy

The Group's vision is to become a full subsea service provider of advanced subsea engineering services and vessel spreads in regards to quality, competence and HSE.

9.9 Competent and experienced Management

The Group's main asset and enabling factor in pursuing and realising its vision and strategy set out in Section 9.8 "The Group's vision and strategy" above, including the expansion plan described in Section 9.10 "Expansion plan" below, is the extensive experience and competence of its Management. Reach Subsea ASA desires to develop the Group based on the past extensive experience of the Management, of which several of the members founded and developed DeepOcean, one of the leading subsea IMR players today. The current CEO of Reach Subsea, Kåre Johannes Lie, founded, developed and functioned as the CEO of DeepOcean from 1999 to 2008. DeepOcean was listed on the Oslo Stock Exchange for a number of years until it was acquired by the US company Trico Marine in 2008. The Group depend on the Management in entering into the key supply and customer contracts for realisation of its strategy and expansion plan. Reference is made to Section 16.4 "Management" for further information on the Management.

9.10 Expansion plan

9.10.1 General

Reach Subsea AS has since summer 2012 started to implement an expansion plan pursuant to which it shall realise its strategy and vision, and which through the Combination has been fully adopted by the Group. Going forward, the Group shall seek to offer IMR, ROV and survey, construction support and decommissioning services to technological demanding customers in need for engineering and equipment/spreads related to subsea operations. For provision of these services, the Group aims at having a fleet of both owned and chartered modern offshore vessels and an owned and hired resource pool of highly skilled and experienced people and technological advanced equipment.

The plan is to establish a foothold as IMR/light construction services provider in the North Sea market, and then gradually expand to other business lines and/or markets as the Group grows. The primary market will be the North Sea, but international markets where the Group will have advantages due to competence and assets/resource portfolio will be pursued. From its location in Haugesund, the Group will be well positioned to expand into the subsea market. The Haugesund region has long tradition and experience with the subsea market. Three of the six subsea services players currently operating in Norway are located in this area. Being located in this area provides the advantage of access to skilled workforce with relevant experience, which is a major enabling factor for any company aspiring growth in the subsea sector.

With strong home market as a foundation, global business opportunities shall be pursued, a combination of the professional network of the company's key personnel and a systematic sales and marketing effort will be used to work the market.

The short term goal is to have 1-2 vessels ready for offshore work in the first half of 2013. The Group desires to enter into the market with at least one construction vessel mobilized for IMR and light construction work in the second quarter of 2013. The vessel is planned equipped with a 250Te offshore crane, moonpool, two work class ROV's and one observation ROV. All equipment will be brand new and the very best of available technology. The vessel will be manned with the Group's own technical crew and will be supported by the company's onshore organization.

Within the next 5 years, the goal is to create a new strong Norwegian player within the upcoming subsea service market and be recognized by all stakeholders as a flexible, competitive and high quality performer with own world class engineering, human resources and state of the art ROV's, subsea assets and support vessels.

9.10.2 Business segments

The Group plans to operate within the following four business segments:

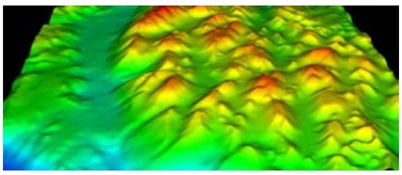
I: Construction and installation (I&C)

- Subcontractor to assist the main EPIC contractors. Assisting them in planning, engineering and providing a total vessel spread.
- These are typically complex projects with higher risk and better margins for all players
- Survey and ROV services are important parts of construction projects
- Growing market with few players, high entry barriers and need for more subcontractors
- Current capacity squeeze for existing players opens possibilities for subcontracting entire vessel spreads and/or engineering packages

II: Inspection, maintenance and repair (IMR)

- Provide Inspection of subsea infrastructure and related services to oil and gas companies
- Recurring activities to support the operability of existing infrastructure
- Maintenance and repair of subsea assets
- Module handling
- Light construction
- Well stimulation (scale squeeze)
- Often long term frame contracts on day-rate basis

III: Survey and pipeline inspection



- Provide 3D seabed mapping and pipeline inspection “In house” developed Surveyor ROV optimal for pipeline inspection
- Potential partnership with survey company
- Key elements: Data processing, quality of data and accuracy

IV: Decommissioning

- Decommissioning & Abandonment services, including removal of infrastructure at end of a well’s life
- Similar assets and competence requirement as construction
- Growing, but still somewhat immature market
- Complementary market segment to IMR and I&C, as demand for decommissioning services is likely to increase with declining activity in IMR and I&C
- Typically project contracts

The strategy of the Group in a five year perspective, could be outlined as follows:

Strategy in the OPEX market

- Target IMR frame agreements

- Export of North Sea technology and standards to selected major deepwater areas in the world
- Provide new services in the segment
- Bid for seasonal contracts in key regions

Strategy in the CAPEX market

- The goal is to be a preferred subcontractor to the major EPIC contractors
- Securing the right assets will be key
- Gradually develop assets and resource base

International expansion

- Develop the international market in parallel with the North sea market when opportunities appear
- Seek international partners in selected areas like Australia, Mexico, Brazil and West Africa
- Develop a foothold in one new deepwater area

Asset base

- Invest in new assets
- Secure the right assets
- Mix of owned and hired equipment

9.10.3 Business plan

The table below sets out the Group's five years business plan in rough figures:

	2012	2013e	2014e	2015e	2016e
Employees	15-20	30-40	100-150	200	250
Vessels	0	1-3	3	4	5
ROV systems..	0	3	7	12	12
Engineering staff	5	20	40	60	80

The "first phase" of the business plan is herein defined as 2013. The business plan is primarily based on organic growth. However, if and when found appropriate, the Group may also pursue acquisitions opportunities to realize the business plan.

The number of ROV systems estimated for each year above indicates the total accumulated number of ROV systems of the Group in such year, and not the additional ROVs leased or acquired. The number of ROV systems estimated for 2013 above includes the two ROVs systems that have been ordered from Kystdesign AS, see Section 9.11.2 "Agreement with Kystdesign AS".

The number of vessels estimated for each year above indicates the total accumulated fleet of the Group in such year, and not additional vessels chartered or acquired. The vessels described in the table able will be high-end offshore vessels for use across all the four business segments described in Section 9.10.2 "Business segments" above. In a short term perspective, the plan is to time-charter the vessels on market terms, while the Group in a long term´s perspective also desires to own vessels. The investments described in Section 14.9.1 "Principal investments in progress and planned principal investments" relate to the equipment for such vessels.

The number of employees estimated for each year above indicates the total accumulated number of employees of the Group in such year, and not the additional employees employed. The timing of employment of the new employees indicated in the table above is expected to coincide with increased revenues.

The number of heads in the engineering staff estimated for each year above indicates the total accumulated number of heads in the engineering staff of the Group in such year, and not the additional engineering staff employed.

The realisation of the Company´s business plan is subject to a number of risks, please see Section 2 "Risk Factors" for further information.

9.10.4 Financing of expansion plan

The financing of the Company's expansion plan and the Company's future capital structure are as of the date of the Prospectus not determined in detail. As of the date hereof, the Group's committed investments are limited to the purchase of the two ROVs under the agreement with Kystdesign AS described under Section 9.11.2 "Agreement with Kystdesign AS" below. However, the Group is currently considering and discussing other potential investments and contracts for realization of its expansion plan (see also Section 14.9.1 "Principal investments in progress and planned principal investments"). The financing structure of such investments will depend on a number of factors, such as for example whether equipment is leased or purchased and whether a vessel is acquired or chartered, the amounts of the committed investments, the timing of the investments and the terms of the various available financing opportunities at the relevant point in time. The Company has a flexible approach to its potential investments and financing structure, and will upon the making of an investment commitment in each case consider what would be the suitable financing. If and when found appropriate or required, in order to finance investments, acquisitions of other businesses or for other reasons, the Company may obtain debt funding through banks or access the capital markets for additional equity and/or debt financing.

9.11 Material contracts

As of the date hereof, the Group has the following contracts which it deems as material:

9.11.1 Frame agreement with Technip Norge AS

Pursuant to a frame agreement for consultancy services dated 26 October 2009 with Technip Norge AS, the Group shall, upon request by Technip Norge AS, provide consulting and engineering services to Technip Norge AS. Technip Norge AS shall, for each of the Group's personnel to be engaged under the agreement, issue an individual call-off order specifying the services, rates and other special conditions. Technip Norge AS shall pay the Group for the services rendered under the agreement on a unit rate basis. Each party may terminate the agreement upon giving 30 days' written notice to the other party.

9.11.2 Agreement with Kystdesign AS

On 14 November 2012, the Group signed an agreement with Kystdesign AS pursuant to which the Group shall purchase two work class ROVs. The contract includes complete equipment for two spreads of the model Supporter with delivery to the Group planned for second quarter 2013. The contract has a cost of NOK 22 million.

9.12 Facilities

The Group leases its sole facility, consisting of 265 square meters of office and 202 square meters of workshop space, located on Killingøy Offshore Base at Skillebekkgata 1 B, N-5523 Haugesund, Norway. The current lease expires at 31 May 2017. However, the Group has an option to extensions of up to a total of 15 years.

From the facilities the Group can perform in-house engineering and project planning together with design and fabrication of subsea equipment. Along its quay it can mobilize and support large subsea support vessels. The workshop facilities can undertake the building and maintenance of ROV systems, as is now planned together with Kystdesign AS.

The Group believes that its current facility will be sufficient for its needs for the foreseeable future.

9.13 Dependency on contracts, patents, licenses etc.

In the opinion of the Company the Group's existing business or profitability is not materially dependent on patents or licenses, industrial, commercial or financial contracts, including the agreements described in Section 9.11 "Material contracts".

9.14 Contracts entered into outside the ordinary course of business

Other than (i) the sale terminal activities in 2011 (as described in Section 20.2.3 "Related party transactions – 2011"), (ii) the sale and leaseback of 6 "Penguin-class" reefer vessels in 2011 (as described in Section 20.2.3 "Related party transactions – 2011"), (iii) the Divestment (as described in Section 9.3 "The Divestment of the former shipping business to Caiano AS and its affiliates") and (iv) the Combination (as described in Section 6 "The Combination"), the Company has not entered into any material contracts outside the ordinary course of business for the two years prior to the date of this Prospectus or any other contract entered into outside the ordinary course of business which contains any provision under which any member of the Group has any obligation or entitlement.

10 UNAUDITED PRO FORMA FINANCIAL INFORMATION

10.1 General

10.1.1 The Combination - a reverse takeover of Reach Subsea ASA (the issuer) by Reach Subsea AS (the accounting acquirer)

As discussed in Sections 6 "The Combination" and 9.4 "Shift towards the subsea sector; the Combination and the Private Placement", Reach Subsea ASA announced on 5 December 2012 that it had, inter alia, completed the acquisition of all the shares in Reach Subsea AS against consideration in the form of issuance of the 13,183,578 Consideration Shares with a nominal value of NOK 1.00 each at a subscription price of NOK 1.60 per Consideration Share to the shareholders in Reach Subsea AS. As a result of the Combination, Reach Subsea AS became a wholly-owned subsidiary of Reach Subsea ASA.

As discussed in Section 10.5 "Description of the pro forma adjustments" below, the pro forma financial information in Section 10.4 "Unaudited pro forma financial information" is included to illustrate how the financial results of Reach Subsea ASA might have been had it acquired Reach Subsea AS as a result of the Combination occurring at an earlier point in time. The results of Reach Subsea AS have therefore been pro forma adjusted in to the financial results of Reach Subsea ASA.

Furthermore, Reach Subsea ASA has performed an evaluation of the Combination and has determined that, with reference to relevant accounting considerations, this transaction will constitute a reverse acquisition under IFRS. As such, in accordance with IFRS 3, Reach Subsea AS will comprise the accounting acquirer and Reach Subsea ASA will comprise the accounting acquiree. Reference is also made to the discussion included in Section 6.11"Accounting for the Combination as a reverse acquisition". Accordingly, the future presentation of the Reach Subsea ASA's financial statements will be adjusted retrospectively to reflect the legal capital of the legal parent the accounting acquiree Reach Subsea ASA. Future annual reports of Reach Subsea ASA will be prepared under IFRS and as if the Reach Subsea AS (the accounting acquirer) had acquired Reach Subsea ASA (the accounting acquiree) upon the date of the Combination. Comparative financial information will also be retrospectively adjusted to reflect the continuation of the accounting acquirer's financial statements.

10.1.2 The Divestment of the former reefer business

In May 2012, Reach Subsea ASA carried out the Divestment through which substantially all of its former reefer business, which comprised its last remaining operating segment, and which within the shipping market operated under the name "Green Reefers ASA", was transferred and sold to its main shareholder Caiano AS and its affiliates, following which the Company had very limited operational activities. The transferred companies in the Divestment contained mainly 32 reefer vessels, of which 20 were owned and 12 were chartered, and the management business related to these vessels. The vessels conducted commercial operations through various pools and joint ventures. See also Section 9.3 "the Divestment of the former "Green Reefers ASA" shipping business to Caiano AS and its affiliates" for a more thorough discussion of the Divestment.

In accordance with IFRS 5, these amounts were in 2012 required to be reclassified as if the reefer business was regarded as discontinued. Therefore, in the third quarter report of Reach Subsea ASA for the nine months ended 30 September 2012, these amounts were shown as discontinued operations. The results of the discontinued operation are presented for the nine month to September 2012 and September 2011; in addition the year ended 31 December 2011 is included as a comparative in that third quarter report. The periods ending 30 September 2011 and 31 December 2011, the comparative amounts, have been restated as required by IFRS 5.

However, note that in the annual report of Reach Subsea ASA for the year ended 31 December 2011 these amounts were shown in the income statement as part of continuing operations, and since the financial statements as of and for the year ended 31 December 2012 has not yet been produced, a column representing the Divestment is therefore included before the basis of proforma in Section 10.4.1 "Unaudited pro forma income statement information for the year ended 31 December 2011" in order that the amounts presented in this Section are prepared in a manner consistent with the accounting policies adopted by Reach Subsea ASA in 2012, and the 2012 figures for those operations included in Section 10.4.2 "Unaudited pro forma income statement information for the nine months ended 30 September 2012". Refer also to Section 10.7 "Source of audited historical financial information and description of footnotes" for a reconciliation of how the amount included in the pro forma financial information reconcile with the previously reported amounts.

Except for the column entitled "Sale of Reefer Business" in Section 10.4.1 "Unaudited pro forma income statement information for the year ended 31 December 2011", which is further discussed in Section 10.7 below in "Explanation to footnote 3: Representation for Discontinued Operation – Reach Subsea ASA's sales reefer business", Reach Subsea ASA has made no other adjustment to the pro forma financial information in respect of the Divestment.

10.1.3 Sale and leaseback of six vessels in 2011

Towards the end of 2011, Reach Subsea ASA sold six vessels to the Company's then largest shareholder Caiano AS and its affiliates. This provided for a 7 year lease back arrangement on bare-boat charters. The transaction was approved at an extraordinary general meeting in the Company held on 20 October 2011. Reference is also made to Section 20.2.3 "2011" for information on this transaction.

Reach Subsea ASA has concluded that the transaction is not, due to the timing and size of the transaction, sufficiently material to warrant inclusion in the pro forma adjustments made and that to include it would reduce the transparency of the pro forma information section. Accordingly, this transaction in 2011 has not been adjusted for in the current pro forma financial information included in Section 10.4 "Unaudited pro forma financial information". Reference is also made to the discussion in the 2011 annual report for Reach Subsea ASA as incorporated by reference in this Prospectus, see Section 20.7 "Incorporation by reference".

10.1.4 Sale of Terminal segment in 2011

In March 2011, Reach Subsea ASA sold its terminal segment for USD 12 million. At the time of the sale the segment comprised 5 terminal facilities based in Norway and the Baltic. The acquirer was Reach Subsea ASA's then largest shareholder, Caiano AS and its affiliates. The transaction was approved at the annual general meeting in the Company held on 29 April 2011.

Reach Subsea ASA has chosen to not include adjustment for this transaction in the pro forma financial information on the grounds of materiality and that to include this transaction would reduce the transparency of the pro forma financial information. Moreover, the sale of the terminal segment was completed in 2011 and was presented as discontinued operations in accordance with IFRS 5 in the 2011 annual report for Reach Subsea ASA. For further information reference is made to the discussion in the 2011 annual report for Reach Subsea ASA as incorporated by reference in this Prospectus, see Section 20.7 "Incorporation by reference".

10.2 General information and purpose of the unaudited pro forma financial information

The unaudited pro forma financial information has been prepared for illustrative purposes only. Because of its nature, the unaudited pro forma financial information addresses a hypothetical situation and, therefore, does not represent Reach Subsea ASA's or Reach Subsea AS' actual financial position or results.

The unaudited pro forma financial information is based on certain management assumptions and adjustments made to illustrate what the financial results of Reach Subsea AS might have been had it acquired Reach Subsea ASA as a result of the proposed Combination occurring at an earlier point in time. The results of Reach Subsea AS have therefore been pro forma adjusted in to the financial results of Reach Subsea ASA.

The Combination was completed pursuant to the Contribution Agreement entered into on 29 October 2012 between Reach Subsea ASA, all the shareholders in Reach Subsea AS, Caiano AS, Caiano Ship AS and Aage Thoen Ltd AS. On 5 December 2012, the Company announced that it had, inter alia, completed the acquisition of all the shares in Reach Subsea AS against consideration in the form of the issuance by the Company of the 13,183,578 Consideration Shares with a nominal value of NOK 1.00 each at a subscription price of NOK 1.60 per Consideration Share to the shareholders in Reach Subsea AS. As a result of the Combination, Reach Subsea AS became a wholly-owned subsidiary of Reach Subsea ASA.

The Combination was based on an exchange ratio of 1:3 between Reach Subsea ASA and Reach Subsea AS, entailing that, following the Combination but prior to completion of the Private Placement, the shareholders in the Company would retain ownership to 25% of the combined group, while the shareholders in Reach Subsea AS would become the owner of 75% of the combined group.

The completion of the Combination was subject to the following conditions: (i) the general meeting in the Company resolving: (a) to consolidate the Company's shares in the ratio 20:1, (b) the share capital increase required to implement the Combination, (c) the share capital increase required to implement the Private Placement, (d) certain changes to the Company's Articles of Association, including to change the company name to "Reach Subsea ASA", and (e) to appoint a new Board of Directors; (ii) the Board of Directors in the Company appointing Kåre Johannes Lie as the CEO of the Company; (iii) the Company remaining listed on the Oslo Stock Exchange; (iv) no material adverse change having occurred with regards to the Company's business or financial position; and (v) a restructuring of the

Company having been duly completed. Upon completion of the Combination, all the conditions were either satisfied or waived.

The unaudited pro forma financial information shows how the Combination as presented in Section 6 "The Combination" might have affected (i) Reach Subsea ASA's income statement for the year end 31 December 2011 as if Reach Subsea ASA had acquired Reach Subsea AS through the Combination at 1 January 2011; (ii) Reach Subsea ASA's income statement for the nine months ended 30 September 2012 as if Reach Subsea ASA had acquired Reach Subsea AS through the Combination at 1 January 2012; and (iii) Reach Subsea ASA's balance sheet as at 30 September 2012, as if Reach Subsea ASA had acquired Reach Subsea AS through the Combination taking place on 30 September 2012.

The unaudited pro forma financial information is based on and derived from, and should be read in conjunction with the audited consolidated financial statements for Reach Subsea ASA for the years ended 31 December 2011, 2010 and 2009, the unaudited consolidated financial statement as of and for the three and nine months ended 30 September 2012 for Reach Subsea ASA, all of which have been incorporated herein by reference, see 20.7 "Incorporated by reference", and the audited financial statements of Reach Subsea AS for the years ended 31 December 2011, 2010 and 2009, incorporated herein by reference, see 20.7 "Incorporated by reference", and the unaudited financial statements as of and for the three and nine months ended 30 September 2012 of Reach Subsea AS, which have been attached hereto as Appendix C.

The unaudited pro forma financial information addresses a hypothetical situation, and therefore, does not represent either Reach Subsea ASA's or Reach Subsea AS' actual financial position or results as they would have been had the Combination in fact occurred at an earlier date, and is not representative of the results of operations for any future periods. It should be noted that greater uncertainty is attached to the unaudited pro forma financial information than ordinary historical accounting information. Investors are cautioned against placing undue confidence on this unaudited pro forma financial information.

It should be noted that the unaudited pro forma financial information was not prepared in connection with an offering registered with the U.S. Securities and Exchange Commission ("**SEC**") under the U.S. Securities Act and consequently is not compliant with the SEC's rules on presentation of pro forma financial information. As such, a U.S. investor should not place reliance on the unaudited pro forma financial information included in this prospectus.

The assumptions underlying the pro forma adjustments and IFRS adjustments applied to the historical audited financial statements of Reach Subsea AS and Reach Subsea ASA included elsewhere in this Prospectus, for purpose of deriving the unaudited pro forma financial information, are described in the notes to the unaudited pro forma financial information. Neither these adjustments nor the resulting unaudited pro forma financial information have been audited in accordance with Norwegian or United States generally accepted auditing standards, and the unaudited pro forma financial information have not been prepared in accordance with the requirements of Regulation S-X of the SEC or generally accepted practice in the United States. In evaluating the unaudited pro forma financial information, each reader should carefully consider the audited historical financial statements and the notes thereto and the notes to the unaudited pro forma financial information.

The pro forma adjustments related to the unaudited pro forma income statement will all have continuing impact if not mentioned otherwise.

10.3 Basis for preparation

The consolidated financial statements of Reach Subsea ASA will be prepared on a basis consistent with IFRS. The accounting principles to be applied for Reach Subsea ASA will be in accordance with those accounting principles outlined in note 1 to the financial statements for the years ended 31 December 2011, 2010 and 2009, incorporated herein by reference, see Section 20.7 "Incorporated by reference".

The unaudited pro forma financial information giving effect to the Combination is prepared in accordance with the recognition and measurement principles that are consistent with IFRS. The unaudited pro forma financial information does not include all information required for financial statements under IFRS.

The unaudited pro forma financial information is based on and derived from the audited consolidated financial statements for the years ended 31 December 2011, 2010 and 2009 for Reach Subsea ASA and the audited financial statements for the years ended 31 December 2011, 2010 and 2009 for Reach Subsea AS.

The financial statements for Reach Subsea AS have been prepared in accordance with NGAAP as discussed in Section 10.7 "Source of audited historical information and description of footnotes" below. The financial statements for Reach Subsea ASA have been prepared in accordance with IFRS.

10.4 Unaudited pro forma financial information

10.4.1 Unaudited pro forma income statement information for the year ended 31 December 2011

The table below sets out the unaudited pro forma income statement information for the year ended 31 December 2011, as if the Combination had taken place at 1 January 2011.[1]

	Reach Subsea ASA (Issuer) IFRS USD thousands (audited) [1]	Reach Subsea ASA (Issuer) IFRS NOK thousands (unaudited) [1]	Reach Subsea AS (Acquirer) NGAAP NOK thousands (audited) [2]	Reach Subsea ASA (Issuer) Sale of reefer business NOK thousands (unaudited) [3]	Basis for pro forma financial information NOK thousands (unaudited)	Pro forma adjustments for the Combination NOK thousands (unaudited)	Pro forma NOK thousands (unaudited)	Note
Operating income, in total	69,597	390,258	6,213	(387,763)	8,709	0	8,709	
Operating costs, in total	(75,714)	(424,559)	(3,949)	397,453	31,055	0	(31,055)	
Operating result before depreciation (EBITDA)	**(6,118)**	**(34,306)**	**2,265**	**9,690**	**(22,352)**	**0**	**(22,352)**	
Depreciation	(19,217)	(107,757)	(34)	106,843	(948)	0	(948)	
Operating result (EBIT)	**(25,334)**	**(142,058)**	**2,231**	**116,533**	**(23,294)**	**0**	**(23,294)**	
Financial items, in total	(5,389)	(30,218)	87	32,809	2,678	(2,611)	67	1)
Profit (loss) before tax	**(30,723)**	**(172,276)**	**2,318**	**149,342**	**(20,616)**	**(2,611)**	**(23,227)**	**1)**
Taxes	(45)	(252)	(649)	252	(649)	0	(649)	
Profit (loss) from continued operations	(30,768)	(172,528)	1,668	149,600	(21,260)	(2,611)	(23,871)	1)
Profit (loss) from discontinued operations	141	791	0	(149,600)	(148,809)	0	(148,809)	
Profit on sale of discontinued operations	3,675	20,607	0	0	20,607	0	20,607	
Profit (loss) of the year	**(26,952)**	**(151,131)**	**1,668**	**0**	**(149,462)**	**(2,611)**	**(152,073)**	1)

1. The audited USD figures have been converted into NOK for purposes of the pro forma information. Reference is made to Section 10.7 "Source of audited historical information and description of footnotes" below for further details.
2. No differences have been identified between the audited NGAAP numbers and IFRS for purposes of the pro forma information. Reference is made to Section 10.7 "Source of audited historical information and description of footnotes" below for further details.
3. The reefer business is represented as discontinued operations here, to conform to the presentation of financial information in the third quarter financial statements 2012 of Reach Subsea ASA. Reference is made to Section 10.7 "Source of audited historical information and description of footnotes" below for further details.

10.4.2 Unaudited pro forma income statement information for the nine months ended 30 September 2012

The table below sets out the unaudited pro forma income statement information for the nine months ended 30 September 2012, as if the Combination had taken place at 1 January 2012.

	Reach Subsea ASA (Issuer) IFRS USD thousands (audited) [1]	Reach Subsea ASA (Issuer) IFRS NOK thousands (unaudited) [1]	Reach Subsea AS (Acquirer) NGAAP NOK thousands (audited) [2]	Basis for pro forma financial information NOK thousands (unaudited)	Pro forma adjustments for the Combination NOK thousands (unaudited)	Pro forma NOK thousands (unaudited)	Note
Operating income, in total	1,156	6,778	2,567	9,345	0	9,345	
Operating costs, in total	(2,795)	(16,389)	(3,953)	(20,342)	0	(20,342)	
Operating result before depreciation (EBITDA)	**(1,639)**	**(9,610)**	**(1,387)**	**(10,997)**	**0**	**(10,997)**	
Operating result (EBIT)	**(1,850)**	**(10,848)**	**(1,387)**	**(12,234)**	**0**	**(12,234)**	
Financial items in total	(2,868)	(16,817)	84	(16,733)	(2,611)	(19,344)	2)
Profit (loss) before tax	**(4,718)**	**(27,665)**	**(1,303)**	**(28,968)**	**(2,611)**	**(31,579)**	**2)**
Profit (loss) from continued operations	(4,718)	(27,665)	(1,303)	(28,968)	(2,611)	(31,579)	2)
Profit (loss) from discontinued operations	(37,146)	(217,810)	0	(217,810)	0	(217,810)	
Profit on sale of discontinued operations	993	5,823	0	5,823	0	5,823	
Profit (loss) of the period	**(40,871)**	**(239,652)**	**(1,303)**	**(240,955)**	**(2,611)**	**(243,566)**	**2)**

1 The audited USD figures have been converted into NOK for purposes of the pro forma information. Reference is made to Section 10.7 "Source of audited historical information and description of footnotes" below for further details.

2 No differences have been identified between the audited NGAAP numbers and IFRS for purposes of the pro forma information. Reference is made to Section 10.7 "Source of audited historical information and description of footnotes" below for further details.

10.4.3 Unaudited pro forma balance sheet information as at 30 September 2012

The table below sets out the unaudited pro forma balance sheet information as at 30 September 2012, as if the Combination had taken place at 30 September 2012.

	Reach Subsea ASA (Issuer) IFRS USD thousands (audited) [1]	Reach Subsea ASA (Issuer) IFRS NOK thousands (unaudited) [1]	Reach Subsea AS (Acquirer) NGAAP NOK thousands (audited) [2]	Basis for pro forma financial information NOK thousands (unaudited)	Pro forma adjustments for the Combination NOK thousands (unaudited)	Pro forma NOK thousands (unaudited)	Note
Assets							
Non-current assets, in total	19	109	8	117	4,000	4,117	3)
Current assets, in total	1,394	8,022	7,118	15,141	0	15,141	
Assets, in total	**1,413**	**8,132**	**7,126**	**15,258**	**4,000**	**19,258**	**3)**
Equity and liabilities							
Equity	73	420	6,198	6,618	3,500	10,118	3)
Current liabilities	1,340	7,712	928	8,640	500	9,140	3)
Equity and liabilities, in total	**1,413**	**8,132**	**7,126**	**15,258**	**4,000**	**19,258**	**3)**

1 The audited USD figures have been converted into NOK for purposes of the pro forma information. Reference is made to Section 10.7 "Source of audited historical information and description of footnotes" below for further details.

2 No differences have been identified between the audited NGAAP numbers and IFRS for purposes of the pro forma information. Reference is made to Section 10.7 "Source of audited historical information and description of footnotes" below for further details.

10.5 Description of the pro forma adjustments

As discussed above and elsewhere in this prospectus, Reach Subsea ASA had, as of the date of the Combination, limited continuing operations, and the acquisition is to be accounted for as a reverse takeover.

The pro forma adjustments will give effect to the acquisition. Primarily this will involve a purchase price allocation of the acquired entity for inclusion in the balance sheet of the acquiring entity.

10.5.1 Adjustments related to unaudited pro forma income statement information for the year ended 31 December 2011

Adjustment 1 (ref. note 1):

Reach Subsea ASA has performed an evaluation of the Combination and has determined that, with reference to relevant accounting considerations, this transaction will constitute a reverse acquisition under IFRS. As such, in accordance with IFRS 3, Reach Subsea AS will comprise the accounting acquirer and Reach Subsea ASA will comprise the accounting acquiree. The following adjustments are made to record the impact of the acquisition adjustments as if that acquisition had occurred at an earlier date, as explained above in Section 10.2 "General information and purpose of the unaudited pro forma financial information".

The pro forma adjustments relate to the difference in the fair value of the shares deemed to have been issued by the accounting acquirer (the "Consideration") and the fair value of the accounting acquiree's identifiable net assets. This difference of NOK 2,611 thousands represents the fair value of the service received by the accounting acquirer which does not qualify for capitalization, and which has been presented as an increase of finance cost.

This pro forma adjustment is regarded as a non- recurring adjustment.

Please see the following table for a reconciliation of the pro forma adjustment of NOK 2,611 thousands.

Fair value of the Consideration *	NOK 7,031 thousands
Fair value of Reach Subsea ASA's identifiable net assets **	NOK 4,420 thousands
Fair value of residual assets and liabilities not qualifying for capitalisation, expensed as a finance cost	NOK 2,611 thousands

* The fair value of the Consideration corresponds to the issuance by Reach Subsea ASA of 13,183,578 Shares at a subscription price of NOK 1.60 to the shareholders of Reach Subsea AS, based on an exchange ratio of 1:3 between Reach Subsea ASA and Reach Subsea AS, as follows:

Issuance of 13,183,578 shares (ratio 3:3)	NOK 21,094 thousands
Grossed up to a 4:3 ratio	NOK 28,125 thousands
Fair value of the Consideration (ratio 1:3)	NOK 7,031 thousands

** The fair value of Reach Subsea ASA's identifiable net assets corresponds to the net amount of (i) a portion of the unrecognized deferred tax assets of Reach Subsea ASA that management believes can be capitalized following the Combination and (ii) Reach Subsea ASA's booked equity, as follows:

Estimated value of deferred tax assets	NOK 4,000 thousands
Booked equity in Reach Subsea ASA	NOK 420 thousands
Fair value of Reach Subsea ASA's identifiable net assets	NOK 4,420 thousands

10.5.2 Adjustments related to unaudited pro forma income statement information for the nine months ended 30 September 2012

Adjustment 2 (ref. note 2):

The pro forma adjustments of NOK 2,611 thousands correspond to the amount included in pro forma adjustment 1 as presented in Section 10.5.1 "Adjustments related to unaudited pro forma income statement information for the year ended 31 December 2011" above.

The amount of NOK 2,611 thousands relates to the residual balance and relates to assets not qualifying for capitalisation, and has therefore been recognised as an expense under finance cost.

This pro forma adjustment is regarded as a non-recurring adjustment.

10.5.3 Adjustments related to unaudited pro forma balance sheet information as at 30 September 2012

Adjustment 3 (ref. note 3):

This pro forma adjustment relates to:

(i) The estimated value of Reach Subsea ASA' s deferred tax assets of NOK 4,000 thousands as presented in Section 10.5.1 "Adjustments related to unaudited pro forma income statement information for the year ended 31 December 2011" under pro forma adjustment 1.

(ii) An increase in equity with NOK 4,000 thousands reflecting the effect of the reverse take over as discussed in other places in this Prospectus. Reference is also made to Section 10.5.1 "Adjustment related to the unaudited pro forma income statement information for the year ended 31 December 2011" under pro forma adjustment 1. Please see the following table for a reconciliation of this adjustment:

Fair value of the Consideration	(A)	NOK 7,031 thousands
Fair value of residual assets and liabilities not qualifying for capitalisation, expensed as a finance cost	(B)	NOK 2,611 thousands
Booked equity in Reach Subsea ASA	(C)	NOK 420 thousands
Increase in equity	(A)-(B)-(C)	NOK 4,000 thousands

(iii) An increase in other short term liabilities and a corresponding decrease in equity with NOK 500 thousands, corresponding to the transaction costs related to the increase in equity as discussed above.

This pro forma adjustment is regarded as a non-recurring adjustment.

10.6 Auditor's assurance report on the unaudited pro forma financial information

PricewaterhouseCoopers AS has issued an independent assurance report on the unaudited pro forma financial information herein. The report is included in Appendix B to this Prospectus.

10.7 Source of audited historical information and description of footnotes

The audited financial statements as of and for the year ended 31 December 2011, 2010 and 2009 for each of Reach Subsea ASA and Reach Subsea AS are included in this Prospectus, as discussed in Section 13 "Selected financial data and other information for Reach Subsea ASA" and Section 15 "Selected financial data for Reach Subsea AS", respectively.

The amounts included in those financial statements have been adjusted for inclusion in Section 10.4 "Unaudited pro forma financial information", as discussed below:

Explanation to footnote 1:Currency – Reach Subsea ASA

As discussed above and elsewhere in the Prospectus, the Combination will comprise a reverse acquisition under IFRS. As such, Reach Subsea AS will comprise the accounting acquirer and Reach Subsea ASA will comprise the accounting acquiree. Going forward, the functional currency has been determined by the Management to be NOK. Since the audited financial statements of Reach Subsea ASA are presented in USD, those audited financial statements of Reach Subsea ASA have been converted using the below mentioned exchange rate into NOK, in order to be consistent with the functional currency and reporting currency of the Combined entity after the Combination.

The resulting USD amounts are reflected in Section 10.4 "Unaudited pro forma financial information" above have been using the following rates, extracted from Norges Bank internet site http://www.norges-bank.no/:

- Average exchange rate for the period 1 January 2011 to 31 December 2011 of 5.6074 NOK / USD for the income statements of Reach Subsea ASA for the year ended 31 December 2011;
- Average exchange rate for the period 1 January 2012 to 30 September 2012 of 5.8636 NOK / USD for the income statements of Reach Subsea ASA for the nine months ended 30 September 2012; and
- Closing exchange rate as of 30 September 2012 of 5.7549 NOK / USD for the balance sheet of Reach Subsea ASA as of 30 September 2012.

Explanation to footnote 2: IFRS adjustments – Reach Subsea AS

Since the audited financial statements for Reach Subsea AS have been prepared in accordance with NGAAP, the Management has assessed whether any necessary adjustments should be performed in order to reflect the accounts in accordance with IFRS for use in Section 10.4 "Unaudited pro forma financial information" above.

Management has reached the conclusion that no adjustments are necessary in order for the amount included in the audited Reach Subsea AS financial statements to be stated in accordance with IFRS and for use in Section 10.4 "Unaudited pro forma financial information" above.

Explanation to footnote 3: "Sale of reefer business"

In the first half of 2012, Reach Subsea ASA carried out the Divestment through which substantially all of its former reefer business within the reefer market was transferred and sold to its main shareholder Caiano AS and its affiliates, following which the Company had very limited operational activities.

In accordance with IFRS 5, these amounts were in 2012 required to be reclassified as if the reefer business was regarded as discontinued. Therefore, in the third quarter financial statements of Reach Subsea ASA for the nine months ended 30 September 2012, these amounts were shown as discontinued operations. The results of the discontinued operation are presented for the 9 month to September 2012 and September 2011; in addition the year ended 31 December 2011 is included as a comparative in those third quarter financial statements. The periods ending 30 September 2011 and 31 December 2011, the comparative amounts, have been restated as required by IFRS 5.

However, note that in the annual report of Reach Subsea ASA for the year ended 31 December 2011 these amounts were shown in the income statement as part of continuing operations, and since the financial statements as of and for the year ended 31 December 2012 has not yet been produced, a column representing the Divestment is therefore included before the basis of proforma in Section 10.4.1 "Unaudited pro forma income statement information for the year ended 31 December 2011" in order that the amounts presented in this Section are prepared in a manner consistent with the accounting policies adopted by Reach Subsea ASA in 2012, and the 2012 figures for those operations included in Section 10.4.2 "Unaudited pro forma income statement information for the nine months ended 30 September 2012".

Reconciliation amounts included in the pro forma financial information with the previously reported amounts:

Below is included in tabular form a reconciliation of those amounts included in the pro forma financial information with the amounts previously reported by Reach Subsea ASA.

In the unaudited third quarter 2012 financial statements for Reach Subsea ASA discontinued operations includes both the terminal segment and the vessels segment; however, in the audited 2011 annual report only the terminal business is included within discontinued operations. The movement in the amounts reported as discontinued operations is the reefer business which became discontinued during 2012. The figures below in the column "Sale of reefer business" represent the adjustment included before the basis of pro forma in Section 10.4.1 "Unaudited pro forma income statement information for the year ended 31 December 2011".

Income Statement **as of and for the year ended 31 December 2011**	**Extracted from the Third Quarter Financial Statements for Reach Subsea ASA (Issuer)**	**Extracted from the 2011 Annual Report for Reach Subsea ASA (Issuer)**	**Reach Subsea ASA (Issuer) Sale of reefer business**	**Reach Subsea ASA (Issuer) Sale of reefer business**
	USD thousands (unaudited)	**USD thousands (audited)**	**USD thousands (unaudited)**	**USD thousands (unaudited) [1]**
	(A)	**(B)**	**(A)-(B)**	
Operating income, in total......	446	69,597	(69,152)	(387,763)
Operating costs, in total.........	(4,834)	(75,714)	70,880	397,453
Operating result before depreciation (EBITDA)	**(4,388)**	**(6,118)**	**1,728**	**9,690**
Depreciation.........................	(163)	(19,217)	19,054	106,843
Operating result (EBIT)	**(4,551)**	**(25,334)**	**20,782**	**116,533**
Financial items, in total..........	462	(5,389)	5,851	32,809
Profit (loss) before tax	**(4,089)**	**(30,723)**	**26,633**	**149,342**
Taxes	0	(45)	45	252
Profit (loss) from continued operation	(4,089)	(30,768)	26,679	149,600
Profit (loss) from discontinued operation	(26,538)	141	(26,679)	(149,600)
Profit on sale of discontinued operation	3,675	3,675	0	0
Profit (loss) of the year......	**(26,952)**	**(26,952)**	**0**	**0**

1 Please also note that the amounts have been converted to NOK by using the same exchange rate as for the income statement for the year ended 31 December 2011 for convenience. Reference is made to “Explanation footnote 1: Currency – Reach Subsea ASA” in this section

11 DIVIDENDS AND DIVIDEND POLICY

11.1 Dividend policy

In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will take into account legal restrictions, as set out in the Norwegian Public Limited Companies Act (see Section 11.2 “Legal constraints on the distribution of dividends”), Reach Subsea ASA’s capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that any credit agreements or other contractual arrangements in place at the time of the dividend may place on its ability to pay dividends and the maintaining of appropriate financial flexibility. Except in certain specific and limited circumstances set out in the Norwegian Public Limited Companies Act, the amount of dividends paid may not exceed the amount recommended by the Board of Directors.

Reach Subsea ASA is in an investment and expansion phase, and no dividends payments are therefore expected the next few years.

11.2 Legal constraints on the distribution of dividends

Dividends may be paid in cash or in some instances in kind. The Norwegian Public Limited Companies Act provides several constraints on the distribution of dividends:

- Unless the Company follows the procedures stipulated in the Norwegian Public Limited Companies Act in respect of reduction of share capital, dividends are payable only out of the distributable reserves of the Company. Section 8-1 of the Norwegian Public Limited Companies Act provides that distributable reserves consist of the profit for the prior fiscal year (as reflected in the income statement approved by the annual general meeting) and the retained profit from previous years (adjusted for any reclassification of equity), less (i) uncovered losses, (ii) the book value of research and development, goodwill and net deferred tax assets (as recorded in the balance sheet, as of the most recent fiscal year end, as approved by the annual general meeting), (iii) the total nominal value of treasury shares acquired for ownership or as security in previous fiscal years, and credit and security that, pursuant to Sections 8-7 to 8-9 of the Norwegian Public Limited Companies Act, shall be limited to an aggregate amount equal to the distributable equity, and (iv) such part of the profit for the prior fiscal year which, by law or pursuant to the Company’s Articles of Association, must be allocated to the un-distributable reserves or cannot be distributed as a dividend.
- Dividends cannot be distributed if the Company’s equity amounts to less than 10% of its total assets unless the distribution is done in compliance with the procedures stipulated in the Norwegian Public Limited Companies Act for reduction of share capital.
- Dividends can only be distributed to the extent compatible with good and careful business practice, with due regard to any losses that may have been incurred since the balance sheet date (i.e. the prior fiscal year end) or that may be expected to be incurred.
- The amount of distributable dividends is calculated on the basis of the Company’s separate financial statements and not on the basis of the consolidated financial statements of the Company and its subsidiaries.
- Distribution of dividends is resolved by a majority vote at the general meeting, and on the basis of a proposal from the Board of Directors. The general meeting cannot distribute a larger amount than what is proposed or accepted by the Board of Directors.

At the date of this Prospectus, the Company’s does not have any distributable reserves.

The Norwegian Public Limited Companies Act does not provide for any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. There are no dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 19 “Taxation”.

11.3 Dividend per share in Reach Subsea ASA and Reach Subsea AS

11.3.1 Reach Subsea ASA

Reach Subsea ASA has not paid any dividends in 2011, 2010 and 2009.

11.3.2 Reach Subsea AS

Except for a dividend of NOK 1,785,000 paid in March 2012 (corresponding to a dividend of NOK 3,680.42 per share), Reach Subsea AS has not paid any dividends since its incorporation in 2008.

12 CAPITALISATION AND INDEBTEDNESS

12.1 Capitalisation

The tables below should be read in conjunction with the information included elsewhere in this Prospectus, including Section 13 "Selected consolidated financial data and other information for Reach Subsea ASA" and the consolidated financial statements and related notes of Reach Subsea ASA, as incorporated by reference herein, see Section 20.7 "Incorporation by reference". The tables below should also be read in conjunction with Section 10 "Unaudited pro forma financial information", Section 14.5 "Liquidity and capital resources" and Section 14.6 "Cash flows for Reach Subsea ASA".

The following table sets forth information about the Group's consolidated capitalisation as of 30 September 2012 and adjustments for subsequent significant changes.

In NOK thousands	**As of 30 September 2012 (1)** Unaudited	**Effect of the Combination (2)** Unaudited	**Effect of the Private Placement (3)** Unaudited	**Adjusted for the Combination and the Private Placement (4)** Unaudited
Indebtedness				
Total current debt	7,712	1,428	3,450	12,590
- Guaranteed	-	-	-	-
- Secured	-	-	-	-
- Unguaranteed / unsecured	7,712	1,428	3,450	12,590
Total non-current financial debt	0	0	0	0
- Guaranteed	-	-	-	-
- Secured	-	-	-	-
- Unguaranteed / unsecured	-	-	-	-
Total indebtedness	**7,712**	**1,428**	**3,450**	**12,590**
Shareholders' equity				
a. Share capital	4,395	13,184	26,250	43,828
b. Equity reserves	(3,975)	(3,486)	13,266	5,806
c. Non-controlling interests	-	-	-	-
Total equity	**420**	**9,698**	**39,516**	**49,634**
Total capitalisation and indebtedness	**8,132**	**11,126**	**42,966**	**60,798**

The following table sets forth information about the Group's net indebtedness as of 30 September 2012 and adjustments for subsequent significant changes.

In NOK thousand	**As of 30 September 2012 (1)** Unaudited	**Effect of the Combination (2)** Unaudited	**Effect of the Private Placement (3)** Unaudited	**Adjusted for the Combination and the Private Placement (4)** Unaudited
Net indebtedness				
(A) Cash	1,076	6,065	42,000	49,141
(B) Cash equivalents	23	68	-	91
(C) Interest bearing receivables	6,923	986	-	7,909
(**D) Liquidity (A)+(B)+(C)**	**8,022**	**7,118**	**42,000**	**57,141**
(E) Current financial receivables	**-**	**-**	**-**	**-**
(F) Current bank debt	-	-	-	-
(G) Current portion of long-term debt	-	-	-	-
(H) Other current financial liabilities	7,712	1,428	3,450	12,590
(I) Current financial debt (F)+(G)+(H)	**7,712**	**1,428**	**3,450**	**12,590**
(J) Net current financial indebtedness (I)-(E)-(D)	**(311)**	**(5,690)**	**(38,550)**	**(44,551)**

In NOK thousand	**As of 30 September 2012 (1)** Unaudited	**Effect of the Combination (2)** Unaudited	**Effect of the Private Placement (3)** Unaudited	**Adjusted for the Combination and the Private Placement (4)** Unaudited
(K) Long-term interest bearing debt	-	-	-	-
(L) Bonds issued	-	-	-	-
(M) Other non-current financial liabilities	-	-	-	-
(N) Non-current financial indebtedness (K)+(L)+(M)	-	-	-	-
(O) Net financial indebtedness (J)+(N)	**(311)**	**(5,690)**	**(38,550)**	**(44,551)**

1 As discussed in Sections 10 "Unaudited pro forma financial information" and 6.11 "Accounting for the Combination as a reverse acquisition" as well as elsewhere in this Prospectus, the Combination will comprise a reverse acquisition under IFRS. As such, Reach Subsea AS will comprise the accounting acquirer and Reach Subsea ASA will comprise the accounting acquiree. Going forward, the functional currency has been determined by Management to be NOK. As such, and since the previous financial statements of Reach Subsea ASA have been presented in USD, the financial information of Reach Subsea ASA has been converted into NOK using an exchange rate of 5,7549 NOK/USD for the balance sheet of Reach Subsea ASA as of 30 September 2012.

2 The columns related to "Effect of the Combination" are a result of the Combination as discussed under Section 6 "The Combination". Reference is also made to additional information included in Section 10 "Unaudited pro forma financial information".

3 The columns related to "Effect of the Private Placement" are a result of the Private Placement as discussed under section 7 "The Private Placement".

4 The columns related to "Adjusted for the Combination and the Private Placement" are a result of the Combination as discussed under Section 6 "The Combination" and the Private Placement as discussed under Section 7 "The Private Placement". Reference is also made to additional information included in Section 10 "Unaudited pro forma financial information".

12.2 Capital Resources

Following the Combination, the Group's liquidity needs are principally related to financing of the existing operations of the subsidiary Reach Subsea AS and the expansion plan described in Section 9.10 "Expansion Plan". The Group's principal sources of funding are cash from the operations and proceeds from the Private Placement. See Section 7 "The Private Placement" and Section 5 "Background for the Combination and the Private Placement" for further information. As of the date of Prospectus, the Group has approximately NOK 44 million of liquid resources. The Group has as of the same date no lines of credit or loan agreements, and therefore is not bound by any requirements to meet specific assets coverage covenants, minimum liquidity covenants nor any equity ratio covenants or other financing restrictions.

The Company believes that the Group's available financial resources, including the net proceeds received by the Company from the Private Placement of NOK 38.55 million, should be sufficient to fund its investments in connection with all the key elements of its strategy for the foreseeable future. The principal available liquid funds of the Group as at the date of this Prospectus are liquid funds available at short notice without penalty. These amounts are held in NOK with reputable Norwegian banks.

12.3 Equity ratio

The table below provides unaudited information on the Reach Subsea ASA's equity ratio as at 30 September 2012 and 2011, and as at 31 December 2011, 2010 and 2009, as well as an estimate of the equity ratio subsequent consummation of the Combination and the Private Placement:

		As at 30 September		**As at 31 December**		
	After consummation of the Combination and the Private Placement[1] (Estimated)	**2012**	**2011**	**2011**	**2010**	**2009**
Equity ratio (%)	79.77%	5.17%	23.55%	33.41%	28.69%	34.57%

1 The Company defines "Equity ratio" as the ratio between total shareholders' equity and total assets.

12.4 Working capital statement

Reach Subsea ASA is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, for the period covering at least 12 months from the date of this Prospectus.

12.5 Funding and treasury policies

Reach Subsea ASA's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Reach Subsea ASA's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Risk management is carried out by its treasury function under policies approved by the Board of Directors. Treasury identifies, evaluates and hedges financial risks in close co-operation with the operating units. The Board of Directors approves the principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity. As at the date of this Prospectus, there were no hedging instruments in use.

13 SELECTED CONSOLIDATED FINANCIAL DATA AND OTHER INFORMATION FOR REACH SUBSEA ASA

13.1 Introduction

The following Section should be read in conjunction with the consolidated audited financial statements of Reach Subsea ASA as of, and for the years ended, 31 December 2011, 2010 and 2009, the auditor's reports in respect of 2011, 2010 and 2009, Reach Subsea ASA's unaudited interim consolidated financial statement as of, and for the three and nine months ended, 30 September 2012 (with comparable figures as of, and for the three and nine months ended, 30 September 2011), as incorporated by reference in this Prospectus, see Section 20.7 "Incorporation by reference" below.

13.2 Historical financial information and summary of accounting policies

Reach Subsea ASA's historical financial statements have been prepared in accordance with IFRS.

Reach Subsea ASA's audited consolidated financial statements as of, and for the years ended, 31 December 2011, 2010 and 2009, including an overview of Reach Subsea ASA's accounting policies, explanatory notes and auditor's statements, are incorporated by reference hereto, see Section 20.7 "Incorporation by reference" below.

Deloitte AS audited Reach Subsea ASA's consolidated financial statements as of, and for the years ended, 31 December 2011, 2010 and 2009 without any qualifications or disclaimers.

There is no other information in the Prospectus pertaining to the Group, which has been audited by the Group's current or previous auditor.

Reach Subsea ASA's unaudited consolidated financial statements as of, and for the three and nine months ended, 30 September 2012 (with comparable figures as of, and for the three and nine months ended, 30 September 2011) are incorporated by reference hereto (see Section 20.7 "Incorporation by reference" below).

13.3 No significant change

Except for the Combination and the Private Placement (see Sections 6 "The Combination" and 7 "The Private Placement", respectively), there have been no significant changes in the financial or trading position of the Group since 30 September 2012 to the date of this Prospectus.

13.4 Selected consolidated financial information

The following tables present selected consolidated financial information for Reach Subsea ASA as of, and for the years ended, 31 December 2011, 2010 and 2009, and as of, and for the three and nine months ended, 30 September 2012 and 2011, which has been derived from Reach Subsea ASA's audited consolidated financial statements as of, and for the years ended, 31 December 2011, 2010 and 2009, and from Reach Subsea ASA's unaudited consolidated financial statements as of, and for the three and nine months ended, 30 September 2012 (with comparable figures as of, and for the three and nine months ended, 30 September 2011).

This selected consolidated financial information should be read together with Section 4.2 "Presentation of financial and other information" and with Section 14 "Operating and financial review" as well as, Reach Subsea ASA's consolidated financial statements and the related notes thereto, and other financial information included elsewhere in this Prospectus.

13.4.1 Condensed consolidated income statement

	As of, and for, the three months ended 30 September		**As of, and for, the nine months ended 30 September**		**As of, and for, the year ended 31 December**		
In USD thousands	**2012** Unaudited	**2011** As Re-presented (1) Unaudited	**2012** Unaudited	**2011** As Re-presented (1) Unaudited	**2011** Audited	**2010** As Re-presented (2) Audited	**2009** Audited
Operating income							
Gross income							
Gross freight income			0		0	107,140	173,478
Net Pool income	0	0	0		47,264	22,155	0
TC-Hire	0	0	0		19,743	8,443	0
Other income	420	82	1,156	0	1,406	1,853	1,420

In USD thousands	As of, and for, the three months ended 30 September		As of, and for, the nine months ended 30 September		As of, and for, the year ended 31 December		
	2012 Unaudited	2011 As Re-presented (1) Unaudited	2012 Unaudited	2011 As Re-presented (1) Unaudited	2011 Audited	2010 As Re-presented (2) Audited	2009 Audited
Net profit on sale of fixed assets	0	0	0	0	1,185	1,082	7,055
Total operating income	**420**	**82**	**1,156**	**355**	**67,597**	**140,673**	**193,403**
Operating costs							
Voyage related costs	0	0	0	0	0	(52,806)	(65,270)
Vessel operating costs	0	0	0	0	(54,638)	(67,256)	(75,864)
Tc-hire	0	0	0	0	(5,059)	(9,313)	(14,153)
Bareboat hire	0	0	0	0	(7,962)	(7,709)	(5,614)
Other operating costs	(663)	(858)	(2,795)	(3,377)	(8,055)	(11,423)	(11,522)
Total operating costs	**(663)**	**(858)**	**(2,795)**	**(3,377)**	**(75,714)**	**(148,506)**	**(184,561)**
Operating result before depreciation (EBITDA)	**(243)**	**(776)**	**(1,639)**	**(3,022)**	**(6,118)**	**(7,834)**	**(8,842)**
Depreciation							
Depreciation	(150)	(41)	(211)	(123)	(19,217)	(26,793)	(31,446)
Write-downs/reversed write-downs	0	0	0	0	0	(12,490)	(11,751)
Operating result (EBIT)	**(392)**	**(817)**	**(1,850)**	**(3,146)**	**(25,334)**	**(47,116)**	**(34,355)**
Financial income and costs							
Net profit on sale of financial assets	0	0	0	0	0	0	83
Profit and loss from associated companies	0	0	0	0	(1,426)	(1,232)	(934)
Interest and other financial income	1	20	2	29	387	482	266
Profit (loss) on exchange	53	0	46	1	611	1,706	672
Unrealized gain (loss) on exchange	254	2,332	128	(1,014)	1,378	1,088	1,067
Interest and other financial expenses	(14)	(49)	(3,044)	(110)	(6,339)	(7,471)	(5,879)
Total financial items	**293**	**2,302**	**(2,868)**	**(1,094)**	**(5,389)**	**(5,427)**	**(4,725)**
Profit (loss) before taxes	**(99)**	**1,485**	**(4,718)**	**(4,240)**	**(30,723)**	**(52,543)**	**(39,080)**
Taxes	0	0	0	0	(45)	(59)	(178)
Profit (loss) from continued operation	(99)	1,485	(4,718)	(4,240)	(30,768)	(52,601)	-
Profit (loss) for discontinued operation	(2)	(10,381)	(37,146)	(19,194)	141	(320)	-
Profit on sale of discontinued operation	(120)	0	993	3,675	3,675	0	-
Profit (loss) for the period	**(222)**	**(8,896)**	**(40,871)**	**(19,759)**	**(26,952)**	**(52,921)**	**(39,258)**
Other comprehensive income							
Foreign currency translation	(12)	0	(205)	(1,347)	(1,347)	340	(370)
Comprehensive income	**(234)**	**(8,896)**	**(41,076)**	**(21,106)**	**(28,299)**	**(52,581)**	**(39,628)**
Result attributable to minority interest (discontinued operations)	0	0	0	0	(5)	57	156
Result attributable to majority interest (discontinued operations)	(2)	(10,381)	(37,146)	(19,194)	(28,294)	(52,638)	(39,784)
Profit (loss) per Share	0	(0.10)	(0.01)	(0.22)	(0.02)	(0.04)	(0.15)
Diluted profit (loss) per Share	0	(0.10)	(0.01)	(0.22)	(0.02)	(0.04)	(0.15)

(1) In accordance with IFRS 5, amounts for the three and nine months ended 30 September 2011 are re-presented as if the terminal

activity, the shipping and management companies and Green Chartering were regarded as discontinued also for such periods.

(2) In accordance with IFRS 5, amounts for the year ended 31 December 2010 are re-presented in the 2011 Annual Report for Reach Subsea ASA as if the terminal activity was regarded as discontinued also for such period. As consequence of this, the corresponding amounts in the 2010 Annual Report differ from those presented in the 2011 Annual Report.

13.4.2 Condensed consolidated statement of financial position

	As of 30 September		**As of the year ended 31 December**		
In USD thousands	**2012** Unaudited	**2011** Unaudited	**2011** Audited	**2010** Audited	**2009** Audited
Assets					
Non-current assets					
Vessels		163,179	126,871	181,514	217,131
Terminals			0	4,592	5,938
Other equipment		637	411	925	1,575
Shares in associated and joint venture companies			118	2,078	2,508
Other shares	19	344	6	37	37
Other non-current assets	0	10,908	10,983	12,006	10,022
Total non-current assets	**19**	**175,070**	**138,389**	**201,152**	**237,211**
Current assets					
Trade receivables	1,203	878	1,133	11,857	10,677
Inventories	0	2,247	2,286	2,360	10,804
Other current receivables	4	7,526	7,350	7,252	5,534
Cash and cash equivalents	187	11,142	8,062	13,400	12,292
Total current assets	**1,394**	**21,794**	**18,831**	**34,868**	**39,306**
Total assets	**1,413**	**196,863**	**157,220**	**236,021**	**276,517**
Equity and liabilities					
Equity					
Paid up equity			39,345	67,638	94,649
Own shares			(180)	(180)	(180)
Non-controlling interest			0	252	1,121
Total equity	**73**	**46,357**	**39,165**	**67,710**	**95,590**
Non-current liabilities					
Deferred tax			0	88	134
Mortgage loans			104,975	149,563	146,605
Other non-current liabilities			499	10	43
Total non-current liabilities	**0**	**130,269**	**105,474**	**149,661**	**146,786**
Current liabilities					
First year payment on mortgage loans			0	0	10,341
Suppliers			3,289	1,271	12,018
Public duties a.o.			2,644	3,115	3,947
Shares in associated and joint venture companies			3,148	0	0
Other current liabilities			3,500	14,264	7,839
Total current liabilities	**1,340**	**20,237**	**12,581**	**18,650**	**34,145**
Total equity and liabilities	**1,413**	**196,863**	**157,220**	**236,021**	**276,517**

13.4.3 Condensed consolidated statement of cash flow

	As of, and for, the three months ended 30 September		**As of, and for, the nine months ended 30 September**		**As of, and for, the year ended 31 December**		
In USD thousands	**2012** Unaudited	**2011** Unaudited	**2012** Unaudited	**2011** Unaudited	**2011** Audited	**2010** Audited	**2009** Audited
Operating activities							
Proceeds from operating revenue					83,161	144,448	190,700
Payments for operating costs					(53,003)	(111,680)	(145,266)
Payments to employees and social security					(34,719)	(40,434)	(41,248)
Payments from interest income					387	481	266

In USD thousands	As of, and for, the three months ended 30 September		As of, and for, the nine months ended 30 September		As of, and for, the year ended 31 December		
	2012 Unaudited	**2011** Unaudited	**2012** Unaudited	**2011** Unaudited	**2011** Audited	**2010** Audited	**2009** Audited
Payments of interest and other financial costs					(6,186)	(8,160)	(5,201)
Net cash flows operating activities (1)	**(2,338)**	**(784)**	**(10,370)**	**(2,826)**	**(10,360)**	**(15,345)**	**(749)**
Investing activities							
Sale of vessels and equipment					53,935	5,085	29,666
Investment in vessels and equipment					(6,458)	(7,138)	11,638
Investments in joint ventures					(4)	(1,564)	0
Investments in associated companies					16	(17)	0
Dividend					96	0	0
Loans to associated companies					0	(770)	(1,275)
Changes in other investments					1,099	544	(6,737)
Net cash flows investing activities (2)	**0**	**(3,683)**	**(1,005)**	**13,682**	**48,657**	**(3,860)**	**10,016**
Financing activities							
Loans					6,000	11,000	0
Repayment of loans					(50,174)	(15,986)	(23,909)
Share issues					0	24,654	10,278
Dividend					**0**	**0**	**0**
Net cash flows financing activities (3)	**0**	**6,000**	**3,500**	**(13,620)**	**(44,174)**	**19,668**	**(13,631)**
Net cash flow for the period (1+2+3)	**(2,338)**	**1,533**	**(7,875)**	**(2,764)**	**(5,877)**	**463**	**(4,364)**
Profit (loss) due to exchange rate fluctuations on cash					539	646	(214)
Cash and cash equivalents at 1 January	2,525	9,022	8,062	13,400	13,400	12,292	16,870
Cash and cash equivalents at end of period	**187**	**11,142**	**187**	**11,142**	**8,062**	**13,400**	**12,292**

13.4.4 Condensed consolidated statement of changes in equity

In USD thousands	**Paid-up equity and other reserves**	**Own shares**	**Other equity**	**Minority interests**	**Total equity**
Equity 31 December 2008	**109,347**	**(180)**	**14,807**	**996**	**124,970**
Rights issue	10,279	-	-	-	10,297
Non-controlling interest	-	-	-	(31)	(31)
Profit (loss) to the equity/comprehensive income	(24,977)	-	(14,807)	156	(39,628)
Equity 31 December 2009	**94,649**	**(180)**	**(0)**	**1,121**	**95,590**
Reduction of capital	(49,948)		49,948		-
Rights issue	24,644	-	-	-	24,644
Other items	(46)	-	1,032	(926)	60
Comprehensive income	(1,659)	-	(50,980)	57	(52,582)
Equity 31 December 2010	**67,638**	**(180)**	**(0)**	**252**	**67,710**
Reduction of capital					
Rights issue					
Other items	3	0	0	(247)	(244)
Comprehensive income	(28,294)	0	0	(5)	(28,299)
Equity 31 December 2011	**39,345**	**(180)**	**-**	**-**	**39,165**
Reduction of equity	(23,301)	-	23,301	-	0
Comprehensive income	(15,789)	-	(23,301)	-	(39,090)

In USD thousands	Paid-up equity and other reserves	Own shares	Other equity	Minority interests	Total equity
Equity 30 September 2012	**253**	**(180)**	**0**	**0**	**73**

13.5 Segment information

13.5.1 Business segments

Reach Subsea ASA

Reach Subsea ASA's primary reporting format has been the business segments "Vessel" and "Terminal", and a further geographical segmentation has not been undertaken, as disclosed in the 2010 Annual Report for Reach Subsea ASA. The business segment division has been in conformity with the Group's legal organisation and the internal management reporting, thus the distribution of revenue, expenses, assets and liabilities to the business segments follows the Group's legal structure.

However, the terminal activity which formed the segment "Terminal" was sold in the first quarter of 2011, see Section 20.2.3 "Related party transactions – 2011". Furthermore, the vessels which formed the segment "Vessel" was sold in the second quarter of 2012, see Section 9.3 "The divestment of the former "Green Reefer ASA" shipping business to Caiano AS and its affiliates". As a consequence of the above mentioned, the Group had a single segment business from 2011.

As mentioned above, the Terminal activity was previously reported as own segment. The segment was sold in the first quarter of 2011 and the effect in the 2011 Annual Report for Reach Subsea ASA is shown as discontinued operations. For further details, see the table below:

In USD thousands	**Year ended 2011** Audited
Income statement	
Terminal income	1,752
Terminal costs..	(1,576)
Depreciation	(137)
Profit & loss from associated companies	112
Interest and other financial costs.....................	(10)
Taxes..	0
Profit (loss) from discontinued operations.........	141

Below is an allocation of the main key figures to the business segments for the years 2010 and 2009.

Key financial information – by business segment

In USD thousands	Vessel	Terminal	Elimination	Total
2010				
Total Operating income	140,221	8,625	(424)	148,422
Profit (Loss)	(53,904)	982	0	(52,921)
Total Asset..	239,077	8,205	(11,261)	236,021
Equity	72,484	(1,067)	(3,707)	67,710
Liabilities	166,593	9,272	(7,554)	168,311
2009				
Total Operating income	180,976	13,538	(1,111)	193,403
Profit (Loss)	(37,164)	(2,094)	0	(39,258)
Total Asset..	289,766	13,141	(26,390)	276,517
Equity	111,973	(12,676)	(3,707)	95,590
Liabilities	177,793	25,817	(22,684)	180,927

Reach Subsea AS

Reach Subsea AS has until now only operated within one segment, being the subsea segment which will be continually monitored going forward in accordance with IFRS 8.

13.6 Future financial reporting

The consolidated financial statements of Reach Subsea ASA for the year ended 31 December 2011, 2010 and 2009 have been prepared in accordance with IFRS as adopted by the EU, and are incorporated by reference herein, see section 20.7 "Incorporation by reference".

As discussed in Section 6 "The Combination" Reach Subsea ASA has completed the acquisition of all the shares in Reach Subsea AS. As a result of the Combination, Reach Subsea AS became a wholly-owned subsidiary of Reach Subsea ASA. However, Reach Subsea ASA has performed an evaluation of the transaction and has determined that the Reach Subsea AS will comprise the accounting acquirer.

Reach Subsea AS' financial statements for the years ended 2011, 2010 and 2009 are prepared in accordance with NGAAP, as incorporated by reference in this Prospectus (see Section 20.7 "Incorporation by reference"). Management has assessed that no material adjustments are necessary in order for Reach Subsea AS' result of operations and balance sheet to be in accordance with IFRS. Going forward and after that the Combination has taken place, Reach Subsea AS' financial statements will be prepared in accordance with IFRS as adopted by the EU, and Reach Subsea AS does not expect any material changes to its existing accounting policies.

14 OPERATING AND FINANCIAL REVIEW

14.1 Overview

The Group has, until the Divestment of the "Green Reefers ASA" shipping business in the first half of 2012, operated in the international reefer market with specialized refrigerated vessels. Historically, the Group was a fully integrated shipping group, with in–house departments handling chartering, operations, technical management and terminal activities. However, the Group reorganized in 2009 and became a supplier of tonnage to operators of specialized reefers. In 2011, the Group's terminal activity was sold, and operation and chartering for the majority of the ships were transferred to pools and joint ventures, and handled by companies in which the Group owned direct interests. The technical management was continuously handled through a wholly-owned subsidiary in Poland. However, the major shareholder of the Group, Caiano AS and its affiliates, acquired the ship owning companies as well as the management companies in the first half of 2012 in connection with the Divestment. Following the transfer to Caiano AS and its affiliates of the last company within the Group's former business activities in September 2012 and the remaining assets, rights and liabilities of the Company relating to the former business activities in November 2012, the Company does not own any assets, rights or liabilities pertaining to the former shipping business. Through the Combination and the Private Placement, the Company has made a significant shift towards the subsea sector, and operate its new business solely through the acquired company Reach Subsea AS, as further described in Section 9 "The Business of the Group".

14.2 Presentation of financial information

The financial information contained in this Prospectus relating to Reach Subsea ASA has been derived from the audited consolidated financial statements as of, and for the years ended, 31 December 2011, 2010 and 2009, and from the Reach Subsea ASA's unaudited consolidated financial statement as of, and for the three and nine months ended, 30 September 2012 and 2011, as incorporated by reference in this Prospectus (see Section 20.7 "Incorporation by reference"). The financial statements for Reach Subsea ASA as of, and for the years ended, 31 December 2011, 2010 and 2009, and as of, and for the three and nine months ended, 30 September 2012 and 2011 have been prepared in accordance with IFRS as adopted by the EU. The financial statements as of, and for the years ended, 31 December 2011, 2010 and 2009 have been audited by Deloitte AS. Reach Subsea ASA's consolidated financial statement as of, and for the three and nine months ended, 30 September 2012 and 2011 have not been audited.

The financial information contained in this Prospectus relating to Reach Subsea AS has been derived from the audited financial statements as of, and for the years ended, 31 December 2011, 2010 and 2009, as incorporated by reference in this Prospectus (see Section 20.7 "Incorporation by reference"), and from Reach Subsea AS' unaudited financial statement as of, and for the three and nine months ended, 30 September 2012 and 2011, attached hereto as Appendix C. The financial statements for Reach Subsea AS as of, and for the years ended, 31 December 2011, 2010 and 2009, and as of, and for the three and nine months ended, 30 September 2012 and 2011 have been prepared in accordance with NGAAP. The financial statements as of, and for the years ended, 31 December 2011, 2010 and 2009 have been audited by PricewaterhouseCoopers AS. Reach Subsea AS' financial statement as of, and for the three and nine months ended, 30 September 2012 and 2011 have not been audited.

For a presentation of the financial information, please see Section 13.4 "Selected Consolidated Financial Information" for Reach Subsea ASA and Section 15 "Selected Financial Data for Reach Subsea AS" for Reach Subsea AS.

14.3 Key drivers affecting the Company's business and results

The Group has until the Divestment in the first half of 2012 operated in the international reefer market with specialized refrigerated vessels. The main key drivers affecting the Group's business and results has been related to the refrigerated and frozen goods to be transported by specialized refrigerated vessels.

As explained above, the Group started a reorganization process in 2009. Also, the Group made a substantial strategic shift in its business and operations in 2012 as a result of the Divestment and the Combination. See also section 9 "Business of the Group" for further information.

14.4 Financial review

14.4.1 Comparison for the three and nine months periods ended 30 September 2012 and 2011

The following table sets out certain consolidated financial information of Reach Subsea ASA as of, and for the three and nine months ended, 30 September 2012 and 2011.

In USD thousands	As of, and for, the three months ended 30 September		As of, and for, the nine months ended 30 September	
	2012	**2011**	**2012**	**2011**
		As Re-presented(1)		As Re-presented(1)
	Unaudited	Unaudited	Unaudited	Unaudited
Total operating income	420	82	1,156	355
Total operating expenses	(663)	(858)	(2,795)	(3,377)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(243)	(776)	(1,639)	(3,022)
EBIT	(392)	(817)	(1,850)	(3,146)
Net financial items	293	2,302	(2,868)	(1,094)
Profit/(loss) before tax	(99)	1,485	(4,718)	(4,240)
Net profit/(loss) to equity holders of the parent	(222)	(8,896)	(40,871)	(19,759)
Total non-current assets	19	175,070	19	175,070
Total current assets	1,394	21,794	1,394	21,794
Total assets	1,413	196,863	1,413	196,863
Total equity	73	46,357	73	46,357
Total current liabilities	1,340	20,237	1,340	20,237
Net cash flows operating activities	(2,338)	(784)	(10,370)	(2,826)
Net cash flows investing activities	0	(3,683)	(1,005)	13,682
Net cash flows financing activities	0	6,000	3,500	(13,620)
Cash and cash equivalents at end of period	187	11,142	187	11,142

(1) In accordance with IFRS 5, amounts for the three months ended 30 September 2011 and amounts for the nine months ended 30 September 2011 are re-presented as if the terminal activity, the shipping and management companies and Green Chartering were regarded as discontinued also for such periods.

Total operating income

Total operating income as of the nine months ended 30 September 2012 was USD 1,156,000, an increase of USD 801,000 compared to the same period in 2011.

Total operating expenses

Total operating expenses as of the nine months ended 30 September 2012 was USD 2,795,000, a decrease of USD 582,000 compared to the same period in 2011.

Operating margin

Operating result before depreciation or EBITDA as of the nine months ended 30 September 2012 was negative with USD 1,639,000, an increase of USD 1,383,000 compared to the same period in 2011.

Operating result or EBIT as of the nine months ended 30 September 2012 was negative with USD 1,850,000, an increase of USD 1,296,000 compared to the same period in 2011.

Net financial items

Net financial items as of 30 September 2012 were USD 2,868,000, a decrease of USD 1,774,000 compared to the same period in 2011.

Profit before/after tax

Loss before tax as of the nine months ended 30 September 2012 was USD 4,718,000, a decrease of USD 478,000 compared to the same period in 2011

Loss for the period as of 30 September 2012 was USD 40,871,000, a decrease of USD 21,112,000 compared to the same period in 2011. The main reason for the decrease is related to the sale of the ship-owning and management companies as well as the Green Chartering during the course of 2012. For further information, please see the Company's report for the third quarter of 2012 (Transit Invest – Third Quarter Financial Statement 2012), as incorporated by reference in this Prospectus (see Section 20.7 "Incorporation by reference").

Assets

Total assets as of 30 September 2012 were USD 1,413,000, a decrease of USD 195,450,000 compared to the same period in 2011. The main reason for this decrease is the sale of all vessels in 2012.

Equity and liabilities

Equity as of 30 September 2012 was USD 73,000, a decrease of USD 46,284,000 compared to the same period in 2011. The reason for the decrease is related to the comprehensive result for the period being negative with USD 39,090,000 as of 30 September 2012.

Cash flow

Net cash flow used in operations as of the nine months ended 30 September 2012 was USD 10,370,000, an increase of USD 7,544,000 compared to the same period in 2011. The main reason for this change is related to lower income due to historical low levels on the spot market rates during 2012 combined with a non existing high season this year, the restructuring process and change in the Group's strategy during 2012 which led to the sale of the Vessel segment, and following which the Group had very limited cash inflow related to its operational activity in 2012 compared to 2011.

Net cash flow used in investments as of the nine months ended 30 September 2012 was USD 1,005,000, while net cash flow from investments was USD 13,682,000 as of the nine months ended 30 September 2011. Net cash flow used in investments as of and for the nine months ended 30 September 2012 is mainly related to investments in drydocks of the Vessels, while net cash flow from investments as of and for the nine months ended 30 September 2011 is mainly related to the net proceeds received following the sale of Terminals and Vessels.

Net cash flow from financing activities as of the nine months ended 30 September 2012 was USD 3,500,000, while net cash flow used in financing activities was USD 13,620,000 as of and for the nine months period ended 30 September 2011. Net cash flow from financing activities as of and for the nine months period ended 30 September 2012 is mainly related to sale of the business as a part of the restructuring process**.** Net cash flow used in financing activities as of and for the nine months ended 30 September 2011 is mainly related to the repayment of loan during this period due to sale of Terminals and Vessels.

The main reasons for changes in cash flows are related to the reorganisation of the Group as explained above.

14.4.2 Comparison for the financial years ended 31 December 2011, 2010 and 2009

The following table sets out certain financial information of the Group as of, and for the years ended, 31 December 2011, 2010 and 2009.

	As of, and for, the year ended 31 December		
In USD thousands	**2011**	**2010**	**2009**
		As Re-presented (1)	
	Audited	Audited	Audited
Total operating income	69,597	140,673	193,403
Total operating costs	(75,714)	(148,506)	(184,561)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(6,118)	(7,834)	8,842
EBIT	(25,334)	(47,116)	(34,355)
Net financial items	(5,389)	(5,247)	(4,725)
Profit/(loss) before tax	(30,723)	(52,543)	(39,080)
Net profit/(loss) to equity holders of the parent	(26,952)	(52,921)	(39,258)
Total non-current assets	138,389	201,152	237,211
Total current assets	18,831	34,868	39,306
Total assets	157,220	236,021	276,517
Total equity	39,165	67,710	95,590
Total current liabilities	12,581	18,650	34,145
Net cash flows operating activities	(10,360)	(15,345)	(749)
Net cash flows investing activities	48,657	(3,860)	10,016
Net cash flows financing activities	(44,174)	19,668	(13,631)
Cash and cash equivalents at end of period	8,062	13,400	12,292

(1) In accordance with IFRS 5, amounts for the year ended 31 December 2010 are re-presented in the 2011 Annual Report for Reach Subsea ASA as if the terminal activity was regarded as discontinued also for such period. As consequence of this, the corresponding amounts in the 2010 Annual Report differ from those presented in the 2011 Annual Report.

Total operating income

Total operating income in 2010 decreased by USD 52,730,000 from USD 193,403,000 in 2009 to USD 140,673,000 in

2010.

In 2011 the decrease in operating income compared to 2010 was USD 71,076,000 from USD 140,673,000 in 2010 to USD 69,597,000 in 2011.

The decrease was mainly due to a reorganization of the Group during 2009, from being a fully-integrated shipping entity with in house departments handling chartering, operations, technical management and terminal activities to become a supplier of tonnage to other operators.

Furthermore, the Group sold the terminal activity in the beginning of 2011. The terminal activity was previously reported as an own segment, and the related profit on sale of USD 3,675,000 is shown as profit on sale of discontinued operation in the financial statements for 2011.

Total operating costs

Total operating costs in 2010 decreased by USD 36,055,000 from USD 184,561,000 in 2009 to USD 148,506,000 in 2010.

In 2011, the decrease in operating costs was USD 72,792,000, from USD 148,506,000 in 2010 to USD 75,714,000 in 2011.
The decrease is mainly explained by the reorganization of the Group, with corresponding effect on total operating income, as explained above.

Depreciation and write-downs

Depreciation and write-downs in 2010 decreased by USD 3,914,000 from USD 43,197,000 in 2009 to USD 39,283,000 in 2010. The main reason for this decrease is related to the sale and disposition of vessels which resulted in lower depreciation costs of USD 4,653,000 in 2010 compared to 2009.

Depreciation and write-downs in 2011 decreased by USD 20,066,000 from USD 39,283,000 in 2010 to USD 19,217,000 in 2011. The main reason for this decrease is related to the fact that no write-downs were performed in 2011 compared to 2010. The resulting effect was a reduction in write-downs by USD 12,490,000 in 2011 compared to 2010. Furthermore, the sale of vessels in 2011 resulted in lower depreciation costs of USD 7,576,000 in 2011 compared to 2010.

Operating margin

Operating result before depreciation, or EBITDA, decreased by USD 16,676,000 in 2010 compared to 2009. In 2009, EBITDA was positive with USD 8,842,000, while the EBITDA for 2010 was negative with USD 7,834,000. In 2011, the EBITDA was negative with USD 6,118,000 which was an increase of USD 1,716,000 compared to 2010.

The reasons for those changes are explained by the reduction in total operating income and the reduction in total operating costs as explained above.

Operating result, or EBIT, decreased by USD 12,761,000 in 2010 compared to 2009. The EBIT was negative with USD 34,355,000 in 2009 and negative with USD 47,116,000 in 2010. In 2011, the EBIT was negative with USD 25,334,000, which was an increase of USD 21,782,000 compared to 2010.

The reasons for those changes are explained by the reduction in total operating income, the reduction in total operating costs and the changes in depreciation and write-downs as explained above.

Total financial items

Total financial items increased by USD 522 from USD 4,725,000 (loss) in 2009 to USD 5,247,000 (loss) in 2010.

In 2011, total financial items increased by USD 142,000 from USD 5,247,000 (loss) in 2010 to USD 5,389,000 (loss) in 2011.

Tax

Tax decreased in 2010 by USD 119,000 from USD 178,000 in 2009 to USD 59,000 in 2010. In 2011, tax decreased by USD 14,000 from USD 59,000 in 2010 to USD 45,000 in 2011.

Profit (Loss) for the year

The Group is showed a loss for the year of USD 52,921,000 in 2010 compared to a loss for the year of USD 39,258,000 in 2009. In 2011, the loss for the year was USD 26,952,000, a decrease of USD 25,949,000 compared to 2010.

The main reasons for those changes are explained above.

Assets

Total assets in 2010 deceased by USD 40,496,000 from USD 276,517,000 in 2009 to USD 236,021,000 in 2010.

The main reason for this decrease is related to a reduction in the Vessels fleet which gave an effect of USD 35,617,000 in 2010 compared to 2009, mainly due to the reorganization of the Group which started in 2009 as explained above.

In 2011, total assets decreased by USD 78,801,000 from USD 236,021,000 in 2010 to USD 157,220,000 in 2011.

The main reason for this decrease is due to a reduction in the vessels fleet which gave an effect of USD 54,643,000 in 2011 compared to 2010, mainly due to the reorganization of the Group as explained above. Furthermore, trade receivables decreased by USD 10,724,000 in 2011, from USD 11,857,000 in 2010 to USD 1,133,000 in 2011 which is mainly due the reduction in activity in 2011 due to the reorganisation of the Group.

Total equity

Total equity in 2010 decreased by USD 27,880,000 from USD 95,590,000 in 2009 to USD 67,710,000 in 2010.

The main reasons for those changes are related to a right issue which increased paid-up equity by USD 24,644,000, and the allocation of comprehensive income for the year 2010 which gave a negative effect of USD 52,582,000.

In 2011, total equity decreased by USD 28,545,000 from USD 67,710,000 in 2010 to USD 39,165,000 in 2011. The main reason for the decrease is related to comprehensive income for 2011 which gave a negative effect of USD 28,299,000.

Total non-current liabilities

Total non-current liabilities in 2010 increased by USD 2,879,000 from USD 146,782,000 in 2009 to USD 149,661,000 in 2010. The main reason for this increase is related to an increase in mortgage loans with USD 2,958,000 in 2010.

In 2011, total non-current liabilities decreased by USD 44,187,000 from USD 149,661,000 in 2010 to USD 105,474,000 in 2011. The main reason for this decrease is related to a reduction in mortgage loans subsequent to repayment with USD 44,187,000.

Total current liabilities

Total current liabilities in 2010 decreased by USD 15,495,000 from USD 34,145,000 in 2009 to USD 18,650,000 in 2010. The main reason for this decrease is related to a decrease in first year payment on mortgage loans with USD 10,341,000. In 2010, the Group renegotiated its bank facilities and all instalments were postponed to December 2012.

In 2011, total current liabilities decreased by USD 6,069,000 from USD 18,650,000 in 2010 to USD 12,581,000 in 2011. The main reason for the decrease is related to a decrease in other current liabilities in 2011 with USD 10,764,000.

14.5 Liquidity and capital resources

14.5.1 As of the date of the Prospectus

Following the Combination, the Group's liquidity needs are principally related to financing of the existing operations of the subsidiary Reach Subsea AS and the expansion plan described in Section 9.10 "Expansion Plan". The Group's principal sources of funding are cash from the operations and proceeds from the Private Placement. See Section 7 "The Private Placement" and Section 5 "Background for the Combination and the Private Placement" for further information. As of the date of Prospectus, the Group has approximately NOK 44 million of liquid resources. The Group has as of the same date no lines of credit or loan agreements.

The Company believes that the Group's available financial resources, including the net proceeds received by the Company from the Private Placement of NOK 38.55 million, should be sufficient to fund its investments in connection with all the key elements of its strategy for the foreseeable future.

14.5.2 As of 30 September 2012

As of 30 September 2012, the Group had very limited activities after having sold all of its former "Green Reefers ASA" shipping business in connection with the Divestment. Interest-bearing debt totalled USD 0, cash deposits were USD 187,000 and booked equity was USD 73,000. For further information regarding the financial position of the Group as of 30 September 2012, please see Section 13.4 "Selected Consolidated Financial information" and Section 14.4.1 "Comparison for the three and nine months period ended 30 September 2012 and 2011".

For a discussion related to cash inflows and outflows for the Group for the year ended 31 December 2011 and for the nine months period ended 30 September 2012, please see Section 14.6 "Cash flows for Reach Subsea ASA" and Section 14.4.1. "Comparison for the three and nine months periods ended 30 September 2012 and 2011" and Section 14.4 "Financial Review", respectively.

For further details related to the funding pursuant the completion of the Combination as discussed under Section 6 "The Combination", see also Section 10 "Unaudited pro forma financial information" and Section 12 " Capitalisation and indebtedness".

There are no material legal or economic restrictions on the ability of subsidiaries to transfer funds to Reach Subsea ASA in the form of dividend, loans or advances.

Cash and cash equivalents are mainly held in local currency being NOK. As of 30 September 2012, neither the Group nor Reach Subsea AS has substantial interest bearing debt outstanding. The Combination will be performed by contribution in kind and through shareholder contribution, as described in other place in the prospectus.

14.6 Cash flows for Reach Subsea ASA

The table and description below sets out the cash flow for Reach Subsea ASA for the years 2011, 2010 and 2009.

For a description related to the cash flows for the Group for the nine months period ended 30 September 2012, please see Section 14.4.1 "Comparison for the three and nine months periods ended 30 September 2012 and 2011".

For a description related to the cash flows for Reach Subsea AS for the nine months period ended 30 September 2012 and for the year ended 31 December 2011, please see Section 15 "Selected financial information for Reach Subsea AS".

	As of, and for, the year ended 31 December		
In USD thousands	**2011** Audited	**2010** Audited	**2009** Audited
Net cash flow from / (used in) operations	(10,360)	(15,345)	(749)
Net cash flow from / (used in) investments	48,657	(3,860)	10,016
Net cash flow from / (used in) financing activities	(44,174)	19,668	(13,631)
Net cash flow from / (used in) the year	(5,877)	463	(4,364)
Profit (loss) due to exchange rate fluctuations on cash	539	646	(214)
Cash and cash equivalents at the end of the period	8,062	13,400	12,292

Net cash flow used in the year

Net cash flow used in the year was USD 4,364,000 in 2009, compared to a net cash flow used in the year of USD 463,000 in 2010 and a net cash flow used in the year of USD 5,877,000 in 2011. Cash and cash equivalents was USD 12,292,000 in 2009, USD 13,400,000 in 2010 and USD 8,062,000 in 2011. The main reasons of those changes are explained below.

Net cash flow from operations

Net cash flow used in operations was USD 749,000 for 2009 compared to USD 15,345,000 for 2010. The decrease of USD 14,596,000 in 2010 compared to 2009 is related to the lower operation activity in 2010.

In 2011, net cash flow used in operations was USD 10,360,000, which is an increase of USD 4,985,000 compared to 2010. The main reason for the decrease is related to lower payment to employees and social security with USD

5,715,000, mainly due to a reduction in number of employees during 2011.

Net cash flow from investments

Net cash flow from investments was USD 10,016,000 in 2009 compared to a net cash flow used in investments of USD 3,860,000 in 2010. The decrease of USD 13,876,000 in 2010 compared to 2009 is mainly related to sale of vessels and equipment which was lower by USD 24,581,000 in 2010 compared to 2009, with an off-setting effect of USD 4,500,000 related to lower investment in vessels and equipment in 2010 compared to 2009.

In 2011, net cash flow from investments was USD 48,657,000, which is an increase of USD 52,517,000 compared to 2010. The main reason for this increase is related to the net proceeds of USD 47,450,000 received from the sale and investments in vessels and equipment in 2011.

Net cash flow used in financing activities

Net cash flow used in financing activities was USD 13,631,000 in 2009 compared to a net cash flow from financing activities of USD 19,668,000 in 2010. The increase of USD 33,299,000 in 2010 compared to 2009 is mainly due the increase share issues of USD 14,376,000 in 2010 as well as borrowings of USD 11,000,000 incurred in 2010, and a reduction in loan repayment of USD 7,923,000 in 2010. In 2011, net cash flow used in financing activities was USD 44,174,000, which is a decrease of USD 63,842,000 compared to 2010. The main reason for this decrease is related to the increase in payment of loan in 2011 of USD 34,188,000 as well as to the fact that no share issues took place in 2011.

14.7 Funding structure

As a result of the Divestment, Reach Subsea ASA had very limited activity as of 30 September 2012, with no interest–bearing debt, a booked equity of USD 73,000 and cash deposits of USD 187,000. For further information related to the Company's funding structure and restriction on use of capital from the Private Placement, please see Section 5 "Background for the Combination and the Private Placement". Reference is also made to Section 12 "Capitalization and Indebtedness" for information on funding structure.

14.8 Borrowings

Reach Subsea ASA had no outstanding borrowing as a 30 September 2012.

14.9 Investments

14.9.1 Principal investments in progress and planned principal investments

On 14 November 2012, Reach Subsea AS signed an agreement with Kystdesign AS, a Norway based company, pursuant to which the Group shall purchase two work class ROVs. The contract includes complete equipment for two spreads of the model Supporter with delivery to the Group's facilities in Haugesund, Norway planned for second quarter 2013. The contract has a cost of NOK 22 million. The Group considers various financing sources for this investment, including leasing financing. However, as of the date hereof, no final agreement is in place.

In addition to the investments in the above-mentioned ROVs, the Group furthermore plans to invest in one Surveyor ROV, one OBSROV and two Launch and Recovery system (LARS). Investment in LARS system (approximately NOK 20 million) is only required if chartered vessel is delivered without such equipment. Total cost of these planned investments is estimated to about NOK 60 million and is meant for worldwide offshore operations. Furthermore, the Group plans to invest in workshop tools, test equipment and consumables, including spares packages for ROV and other offshore operations. However, no binding commitments have been made for these investments or for any other investments than the commitments under the above-mentioned agreement with Kystdesign AS. The Group will consider various financings sources for such investments, including leasing financing. However, as of the date hereof, no final agreement has been signed.

In addition, reference is made to Section 6 "The Combination" and Section 7 "The Private Placement" for further information regarding the Combination and the Private Placement, respectively.

14.9.2 Historical investments

Reach Subsea ASA

The principal investments that took place from 2009 to 2011 were related to dry-docking of the vessels with corresponding amount of USD 10,275,000 for 2009, USD 6,417,000 for 2010 and USD 6,283,000 for 2011. For the period from 1 January 2012 up to the date of the Private Placement, no significant investments took place.

Reach Subsea AS

Reach Subsea AS does not have any historical investments.

14.10 No off-balance sheet arrangements

The Group has not entered into and is not party to any off-balance sheet arrangements.

14.11 Trend information and other factors that may affect the operations of the Group

The Group exited the shipping business and the reefer market through the Divestment in the first half of 2012. The reefer market had then been at historically low levels since end of 2011. Combined with a non-existing high season this year, the majority of the Group's vessels had as a consequence been trading at levels below operating expenses. The Group was therefore dependent on further working capital financing in order to be able to continue its operation. The Group had negotiated with its banks regarding such financing, however without success. The Group had also explored financing options in the equity market, but with its negative market outlook for the industry, the prospects of succeeding in achieving financing at viable conditions, was regarded as unlikely. Sale of vessels had been considered as well, but with purchase prices at scrap levels and well below outstanding loans, such transactions would not provide the required capital. In order to secure continued operation, the Group entered into negotiations with its largest shareholder, Caiano AS and its affiliates, and succeeded in reaching the agreement for the Divestment. Through the Combination and the Private Placement, the Group has made a substantial shift in its business towards the subsea sector in the offshore industry.

Reach Subsea ASA believes that the outlook for the subsea industry is very promising driven by strong energy fundamentals (see Section 8 "Market Overview" for further details regarding the subsea market). There are, however, many uncertainties inherent in the subsea sector of the offshore industry in various countries that could have material adverse effects on the Group's business. See Section 2 "Risk Factors" for further particulars. Further, the Group is not aware of any governmental, economic, fiscal, monetary or political policies or factors that may material effect the operations of the Group, other than those described in Section 2 "Risk Factors".

15 SELECTED FINANCIAL DATA FOR REACH SUBSEA AS

The following tables present selected financial information for Reach Subsea AS as of, and for the years ended, 31 December 2011, 2010 and 2009, and as of, and for the three and nine months ended, 30 September 2012 and 2011, which has been derived from Reach Subsea AS' audited financial statements as of, and for the years ended, 31 December 2011, 2010 and 2009, as incorporated by reference in this Prospectus (see Section 20.7 "Incorporation by reference"), and from Reach Subsea AS' unaudited financial statements as of, and for the three and nine months ended, 30 September 2012 (with comparable figures as of, and for the three and nine months ended, 30 September 2011), attached hereto as Appendix C.

This Reach Subsea AS selected financial information should be read together with Section 4.2 "Presentation of financial and other information", the financial statements and the related notes thereto, and other financial information included elsewhere in this Prospectus.

15.1 Selected financial information for Reach Subsea AS

15.1.1 Condensed income statement

	As of, and for, the three months ended 30 September		**As of, and for, the nine months ended 30 September**		**As of, and for, the year ended 31 December**		
In NOK thousands	**2012**	**2011**	**2012**	**2011**	**2011**	**2010**	**2009**
	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited	Audited
Operating income							
Operating income	795	2,160	2,564	5,453	6,013	2,179	264
Other operating income	2	-	2	-	200	550	850
Operating income, in total	**798**	**2,160**	**2,567**	**5,453**	**6,213**	**2,729**	**1,114**
Operating costs							
Wages and social costs	1,655	645	2,973	1,774	2,423	2,064	2,680
Depreciation	-	-	-	-	34	33	33
Other operating costs	536	102	981	379	1,525	526	390
Operating costs, in total	**2,191**	**748**	**3,953**	**2,153**	**3,983**	**2,624**	**3,104**
Operating result (EBIT)	**(1,393)**	**1,412**	**(1,387)**	**3,300**	**2,231**	**105**	**(1,989)**
Financial income	84	65	84	65	87	68	121
Financial costs	-	-	-	-	-	-	-
Profit (loss) before tax	**(1,309)**	**1,477**	**(1,303)**	**3,364**	**2,318**	**173**	**(1,868)**
Tax	-	(414)	-	942	649	48	(523)
Profit (loss) for the period	**(1,309)**	**1,064**	**(1,303)**	**2,422**	**1,668**	**124**	**(1,345)**

15.1.2 Condensed statement of financial position

	As of 30 September		**As of the year ended 31 December**		
In NOK thousands	**2012**	**2011**	**2011**	**2010**	**2009**
	Unaudited	Unaudited	Audited	Audited	Audited
Assets					
Non-current assets					
Deferred tax	8	554	8	554	602
Tangible assets	-	34	-	28	61
Non-current assets, in total	8	588	8	582	663
Current assets					
Debtors	986	2,160	1,718	574	291
Other current assets	68	708	700	-	11
Current assets, in total	1,053	2,868	2,418	574	302
Bank deposits	6,065	2,916	3,279	2,769	2,931
Assets, in total	**7,126**	**6,373**	**5,705**	**3,924**	**3,897**

Equity and liabilities
Paid up equity

In NOK thousands	As of 30 September		As of the year ended 31 December		
	2012 Unaudited	**2011** Unaudited	**2011** Audited	**2010** Audited	**2009** Audited
Paid in equity	820	385	485	485	485
Share premium account	6,673	2,223	2,823	2,823	2,823
Retained earnings					
Other equity	(1,295)	2,547	8	124	-
Equity, in total	**6,198**	**5,155**	**3,316**	**3,433**	**3,308**
Non-current liabilities	**-**	**-**	**-**	**-**	**-**
Current liabilities					
Creditors	208	5	-	5	98
Tax payable	103	942	103	-	-
Public dues	336	89	276	288	243
Dividend	-	-	1,785	-	-
Other short-term liabilities	282	182	224	198	247
Current liabilities, in total	928	1,217	2,389	491	588
Liabilities, in total	928	1,217	2,389	491	588
Equity and liabilities, in total	**7,126**	**6,373**	**5,705**	**3,924**	**3,897**

15.1.3 Condensed statement of cash flow

In NOK thousands	As of, and for, the nine months ended 30 September		As of, and for, the year ended 31 December		
	2012 Unaudited	**2011** Unaudited	**2011** Unaudited	**2010** Unaudited	**2009** Unaudited
Cash flow from operations					
Profit before income taxes	(1,303)	3,364	2,318	173	(1,868)
Taxes paid in the period	0	0	0	0	0
Depreciation	0	0	34	33	33
Change in trade debtors	732	(1,586)	(1,144)	(283)	(216)
Change in trade creditors	208	1	(5)	(93)	74
Change in other provisions	749	(932)	(687)	8	337
Net cash flow from operations	**386**	**847**	**516**	**(162)**	**(1,640)**
Cash flow from investments					
Purchase of fixed assets	0	0	(6)	0	0
Net cash flow from investments	**0**	**0**	**(6)**	**0**	**0**
Cash flow from financing					
Proceeds from issuance of equity	4,185	0	0	0	0
Payment of dividend	(1,785)	(700)	0	0	0
Net cash flow from financing	**2,400**	**(700)**	**0**	**0**	**0**
Exchange gains / (losses) on cash and cash equivalents					
Net change in cash and cash equivalents	2,786	147	510	(162)	(1,640)
Cash and cash equivalents at the beginning of the period	3,279	2,769	2,769	2,931	4,571
Cash and cash equivalents at the end of the period	**6,065**	**2,916**	**3,279**	**2,769**	**2,931**

15.1.4 Segment information

Reach Subsea AS' legal organisation and internal management reporting do not operate with different business segments or geographical split by activity. Reach Subsea AS has only one segment and is expected to remain a single segment business after the date of the Combination.

15.2 Financial Review of Reach Subsea AS

15.2.1 Comparison for the nine months periods ended 30 September 2012 and 2011

Total operating income

Total operating income as of the nine months ended 30 September 2012 decreased by NOK 2,886,000 from NOK 5,453,000 in 2011 to NOK 2,567,000 in 2012. The main reason for this decrease is related to reduced effect of contract with MMT Group from 2011 to 2012.

Total operating expenses

Total operating expenses as of the nine months ended 30 September 2012 increased by NOK 1,800,000 from NOK 2,153,000 in 2011 to NOK 3,953,000 in 2012. The main reason for this increase is related to an increase in wages and social costs with NOK 1,199,000 mostly due to increase in general wages and an increase of 1 employee.

Operating margin

Operating result or EBIT as of the nine months ended 30 September 2012 was negative with NOK 1,387,000, a decrease of NOK 4,686,000 compared to the same period in 2011. The reasons for this decrease are explained by the reduction in operating income and increase in operating expenses as explained above.

Financial income and financial costs

Total financial items as of the nine months period ended 30 September 2012 increased by NOK 19,000 from NOK 65,000 in 2011 to NOK 84,000 in 2012.

Profit (loss) before tax

Loss before tax for the nine months period ended 30 September 2012 was NOK 1,303,000, a decrease of NOK 4,668,000 compared to 2011 which showed a profit before tax of NOK 3,365,000. The main reasons for this decrease are explained by the reduction in EBIT and an increase in total financial items as explained above.

Tax

Tax for the nine months period ended 30 September was nil, which was a decrease of NOK 942,000 compared to 2011.

Profit (loss) for the period

Loss for the nine months period ended 30 September 2012 was NOK 1,303,000 which was a decrease of NOK 3,726,000 compared to 2011, which showed a profit for the period of NOK 2,423,000. The main reason for this decrease is due to a reduction of EBIT for the nine months period ended 30 September 2012 compared to 2011, as explained above.

Non-current assets, in total

Non-current assets as of 30 September 2012 were NOK 8,000, a decrease of NOK 589,000 compared to the same period in 2011. The main reason for this decrease is related to a reduction of deferred tax assets with NOK 546,000 related to the fact that Reach Subsea AS has been able to utilize this tax position against profit for the year 2011.

Current assets, in total

Current assets as of 30 September 2012 decreased by NOK 1,815,000, from NOK 2,869,000 in 2011 to NOK 1,053,000 in 2012. The main reason for this decrease is related to a reduction of debtors in 2012 with NOK 1,175,000 from NOK 2,160,000 in 2011 to NOK 986,000 in 2012 due to a reduction of total operating income in 2012 and to a reduction of other current assets in 2012 with NOK 640,000 from NOK 708,000 in 2011 to NOK 68,000 in 2012, which is mainly due to the partial repayment from a shareholder relating to the purchase of the shares in Framnes holding AS in September 2011.

Bank deposits

Bank deposits as of 30 September 2012 increased by NOK 2,785,000, from NOK 3,279,000 in 2011 to NOK 6,064,000 in 2012. The main reason for this increase is related to an increase in owner's equity following a capital increase as well as the cash flow effect from operations for the period.

Equity, in total

Equity as of 30 September 2012 increased by NOK 2,882,000, from NOK 3,316,000 in 2011 to NOK 6,198,000 in 2012. The main reasons for this increase are related to an increase in owner's equity of approximately NOK 4,884,000 related to a capital increase with an off sett effect of NOK 1,303,000 related to the allocation of loss for the period.

Current liabilities, in total

Current liabilities as of 30 September 2012 decreased by NOK 289,000, from NOK 1,217,000 in 2011 to NOK 928,000 in 2012. The main reasons for this decrease are related to a decrease in tax payable of NOK 839,000 in 2012 compared to 2011, with an offset effect of NOK 550,000 related to an increase in creditors of NOK 203,000, an increase of NOK 247,000 in public dues and an increase in other short-term liabilities in 2012 compared to 2011.

Cash flow

Cash and cash equivalent for the nine months period ended 30 September 2012 increased by NOK 3,149,000, from NOK 2,916,000 in 2011 to NOK 6,065,000 in 2012. The main reasons for this increase are explained below.

Net cash flow from operations as of the nine months ended 30 September 2012 was NOK 386,000, a decrease of NOK 461,000 compared to the same period in 2011. The main reasons for this decrease is related to the decrease in profit before income tax of NOK 4,667,000 in 2012 compared 2011, with an offset effect related to an increase in changes in trade debtors with NOK 2,318,000 in 2012 compared to 2011 and a increase in change in other provisions with NOK 1,681,000 in 2012 compared to 2011.

Net cash flow from financing activities as of the nine months ended 30 September 2012 was NOK 2,400,000, an increase of NOK 3,100,000 compared to the same period in 2011. The main reason for this increase is related to proceeds from issuance of equity in 2012 with NOK 4,185,000.

15.2.2 Comparison for the financial years ended 31 December 2011 and 2010

Total operating income

Total operating income in 2011 increased by NOK 3,484,000, from NOK 2,729,000 in 2010 to NOK 6,213,000 in 2011. The main reason for this increase is related to a general increase in activity.

Total operating expenses

Total operating expenses in 2011 increased by NOK 1,359,000 from NOK 2,624,000 in 2010 to NOK 3,983,000 in 2011. The main reason for this increase is related to an increase in other operating costs with NOK 932,000 due to an increase in research and development costs.

Operating margin

Operating result or EBIT for 2011 was NOK 2,231,000, an increase of NOK 2,126,000 compared to the same period in 2011. The reasons for this increase are mainly due the increase in operating income of NOK 3,484,000 and an increase in operating costs of NOK 1,359,000 as explained above.

Financial income and financial costs

Total financial items for 2011 increased by NOK 19,000 from NOK 68,000 in 2010 to NOK 87,000 in 2011.

Profit (loss) before tax

Profit before tax for the 2011 was NOK 2,318,000, an increase of NOK 2,145,000 compared to 2010 which shown a profit before tax of NOK 173,000. The main reasons for this increase are explained by the increase in EBIT as explained above.

Tax

Tax expenses for the year ended 31 December 2011 were NOK 649,000, an increase of NOK 601,000 compared to 2010 which showed a tax expenses of NOK 48,000. The main reason for this increase is related to the taxable income of Reach Subsea AS being higher in 2011 compared to 2010.

Profit (loss) for the period

Profit for the year ended 31 December 2011 was NOK 1,669,000 which was an increase of NOK 1,545,000 compared to 2010 which showed a profit of NOK 124,000. The main reason for this increase is due to an increase of EBIT as well as an increase in tax expenses in 2011 compared to 2010, as explained above.

Non-current assets, in total

Non-current assets in 2011 were NOK 8,000, a decrease of NOK 574,000 compared to the same period in 2010. The main reason for this decrease is related to a reduction of deferred tax assets with NOK 546,000 related to the fact that Reach Subsea AS has been able to utilize this tax position against profit for the year 2011.

Current assets, in total

Current assets in 2011 increased by NOK 1,844,000, from NOK 574,000 in 2010 to NOK 2,418,000 in 2011. The main reasons for this increase are related to an increase of debtors in 2011 with NOK 1,144,000 from NOK 574,000 in 2010 to NOK 1,718,000 in 2011 due to an increase in total operating income in 2011, and to an increase in other current assets in 2011 with NOK 700,000 from NOK 0 in 2010 to NOK 700,000 in 2011, which is due to a receivable from a shareholder relating to the purchase of the shares in Framnes holding AS in September 2011.

Bank deposits

Bank deposits in 2011 increased by NOK 511,000, from NOK 2,769,000 in 2010 to NOK 3,279,000 in 2011. The main reason for this increase is mainly related to the cash flow effect from operations for the period.

Equity, in total

Equity for 2011 decreased by NOK 117,000, from NOK 3,433,000 in 2010 to NOK 3,316,000 in 2011.

Current liabilities, in total

Current liabilities in 2011 increased by NOK 1,898,000, from NOK 491,000 in 2010 to NOK 2,389,000 in 2011. The main reason for this change is related to an increase in accrual for dividend of NOK 1,785,000 in 2011 compared to 2010.

Cash flow

Cash and cash equivalents in 2011 showed an increase of NOK 510,000, from NOK 2,769,000 in 2010 to NOK 3,279,000 in 2011. The main reasons for this increase are explained below.

Net cash flow from operations for 2011 was NOK 516,000, an increase of NOK 678,000 compared to the same period in 2011. The main reasons for this increase is related to the increase in profit before income tax of NOK 2,145,000 in 2012 compared 2011, with an offset effect related to an decrease in changes in trade debtors with NOK 861,000 in 2012 compared to 2011 and a decrease in change in other provisions with NOK 695,000 in 2012 compared to 2011.

Net cash flow from financing activities as of the nine months ended 30 September 2012 was NOK 2,400,000, an increase of NOK 3,100,000 compared to the same period in 2011. The main reason for this increase is related to proceeds from issuance of equity in 2012 with NOK 4,185,000.

16 BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

16.1 Introduction

The general meeting is the highest authority of the Company. All shareholders in the Company are entitled to attend and vote at general meetings of the Company and to table draft resolutions for items to be included on the agenda for a general meeting.

The overall management of Reach Subsea ASA is vested in the Company's Board of Directors and Management. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of Reach Subsea ASA's business, ensuring proper organisation, preparing plans and budgets for its activities, ensuring that Reach Subsea ASA's activities, accounts and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The Management is responsible for the day-to-day management of Reach Subsea ASA's operations in accordance with Norwegian law and instructions set out by the Board of Directors. Among other responsibilities, Reach Subsea ASA's chief executive officer, or the CEO, is responsible for keeping Reach Subsea ASA's accounts in accordance with existing Norwegian legislation and regulations and for managing Reach Subsea ASA's assets in a responsible manner. In addition, the CEO must according to Norwegian law brief the Board of Directors about Reach Subsea ASA's activities, financial position and operating results at a minimum of once a month.

16.2 Board of Directors

16.2.1 Overview of the Board of Directors

The Company's Articles of Association provide that the Board of Directors shall consist of a minimum of three and a maximum of six members.

The composition of the Board of Directors is in compliance with the independence requirements of the Norwegian Code of Practice for Corporate Governance dated 23 October 2012 (the "**Corporate Governance Code**"), meaning that (i) the majority of the shareholder elected members of the Board of Directors should be independent of the Management and material business contacts, (ii) at least two of the shareholder elected board members should be independent of the Company's main shareholders, and (iii) no members of the Management should serve on the Board of Directors.

The Company's registered business address, Reach Subsea ASA, Skillebekkgata 1 B, N-5523 Haugesund, Norway, serves as c/o address for the members of the Board of Directors in relation to their directorship of the Company.

16.2.2 The Board of Directors

The names and positions of the current members of the Board of Directors are set out in the table below.

Name	Position	Served since	Term expires[1]
Rune Lande	Chairman	28 November 2012	2014
Sverre B. Mikkelsen	Board member	28 November 2012	2014
Martha Kold Bakkevig	Board member	28 November 2012	2014
Anders Onarheim	Board member	28 November 2012	2014
Merete Haugli	Board member	28 November 2012	2014

The current members of the Board of Directors have been nominated to their positions pursuant to an agreed arrangement between the parties in the Contribution Agreement regarding the Combination and the Subscription Agreement regarding the Private Placement, which following completion of the said transactions together owns the majority of the Shares in the Company.

16.2.3 Brief biographies of the members of the Board of Directors

Set out below are brief biographies of the Board members, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside Reach Subsea ASA and names of companies and partnerships of which a Board member is or has been a member of the administrative, management or supervisory bodies or partner in the previous five years (not including directorships and executive management positions in subsidiaries of the Company).

[1] In accordance with Section 6-6 of the Norwegian Public Limited Companies Act and related secondary legislation, the term in office of the Company's shareholder-elected and employee-elected board members expires at the conclusion of the ordinary general meeting in the year of which the period in office expires.

Rune Lande (born 1960), Chairman

Mr. Lande has a law degree from the University of Bergen and is also a State Authorized Auditor from Norges Handelshøyskole in Bergen. He is partner in the law firm Eikesdal, Nygård, Lande and Sveinal in Haugesund and is member of the board of directors in a number of companies. From 2005 to 2007 he was the chairman of the board of directors in Deepocean ASA. Prior to this he worked 7 years in Arthur Andersen. Lande is a Norwegian citizen, and resides in Haugesund, Norway. Mr. Lande holds 85,925 Shares in the Company (equal to 0.2% of the Shares) through his wholly-owned company Consus AS. Mr. Lande has in connection with the Private Placement provided a lock-up undertaking to the benefit of the Company restricting him from selling, pledging or otherwise disposing of his directly or indirectly owned Shares for a period of one year after 31 October 2012.

Current directorships and senior management positions	Advokatfirmaet Rune Lande EPF (owner), Apply AS (member of the board of directors), AS Stordøy (member of the board of directors), Benhaug AS (member of the board of directors), Cns. Holding AS (chairman of the board of directors), Con Invest AS (chairman of the board of directors), Conseptor AS (chairman of the board of directors), Consus AS (chairman of the board of directors), Haraldsgaten 100 AS (member of the board of directors), Haraldsgaten 118 AS (member of the board of directors), Haraldsgaten 121 AS (member of the board of directors), Haraldsgaten Forretningsbygg AS (member of the board of directors), Hauglaw Administrasjon AS (member of the board of directors), Helganes 2020 AS (chairman of the board of directors), Karmsund Invest AS (member of the board of directors), Karmsundsgaten Mediahus AS (member of the board of directors), Karmsundsgaten Næringspark AS (member of the board of directors), Karmsundsgaten Parkering AS (member of the board of directors), Lande Invest AS (member of the board of directors), Math Lande Møbler AS (member of the board of directors), Math. Lande AS (chairman of the board of directors), Noreveien 28 AS (chairman of the board of directors), Parthenon AS (member of the board of directors), Produksjonsbygg AS (member of the board of directors), Raglamyrveien 20 AS (member of the board of directors), Sameiet Rossabø Havn (member of the board of directors), Sentrum Invest AS (member of the board of directors), Sentrum Invest Parkering AS (member of the board of directors), Smedasundet 49 AS (member of the board of directors), Smedasundet 89 AS (member of the board of directors), Smedasundet 91 AS (member of the board of directors), Smedasundet Invest AS (member of the board of directors), Smedesundet Eiendom AS (member of the board of directors), Strandgaten 96 AS (member of the board of directors), Strandlinjen 40 AS (member of the board of directors), Sundgaten Eiendom AS (member of the board of directors), Torasa V AS (chairman of the board of directors), Torggaten 2 AS (member of the board of directors), Vårå Forretningsbygg AS (member of the board of directors), Westcon Group AS (chairman of the board of directors), Westcon Invest AS (chairman of the board of directors), Westcon Yard AS (chairman of the board of directors) and X-Yachts Norge Vest AS (chairman of the board of directors).
Previous directorships and senior management positions last five years	Active Brands AS (member of the board of directors).

Sverre B. Mikkelsen (born 1951), Board member

Mr. Mikkelsen has worked within the offshore oil and gas industry for 25 years, holding various senior management positions and consulting engagements with BP Norge AS, Remoquip AS, Hallstrom Holding Pte Ltd, Singapore, Seaway Offshore Ltd, Subsea Norge AS, IMC Diving AS and Stolt Comex Seaway AS/Acergy/Subsea7. Mikkelsen has extensive experience in advising owners, senior management and boards of companies on running international businesses in respect to risks, risk mitigation, contractual matters, development of strategies, acquisitions and joint venture analysis. Mikkelsen holds a degree in Business and Administration from Molde University College, Norway and an Advanced Commercial College from the Directorate from Oslo, Norway. Sverre B. Mikkelsen is a Norwegian citizen, and resides in Stavanger, Norway. Mikkelsen holds 85,925 Shares in the Company (equal to 0.2% of the Shares). Mr. Mikkelsen has in connection with the Private Placement provided a lock-up undertaking to the benefit of the Company restricting him from selling, pledging or otherwise disposing of his directly or indirectly owned Shares for a period of one year after 31 October 2012.

Current directorships and senior management positions	Tyrihans Management AS (chairman of the board of directors) and Fabrikkveien 29 A (member of the board of directors).
Previous directorships and senior management positions last five years	None.

Martha Kold Bakkevig (born 1963), Board member

Bakkevig has broad experience in management, strategy and R&D within technology and business development from companies such as DeepWell, Kold and Allmedia. Bakkevig is currently the CEO of DeepWell in Haugesund. In addition she also holds the position as Professor II at Stord/Haugesund University College. Her board experience is wide-ranging and she has held board positions in over 15 different offshore and knowledge based firms from 2000 till today. She holds a Master of Science from The University of Trondheim, a PhD (dr.scient.) from The Norwegian School of Science and Technology (1995) and a PhD (dr.oecon.) from The Norwegian Business School BI (2007). Martha Kold Bakkevig is a Norwegian citizen, and resides in Haugesund, Norway. Bakkevig holds 85,925 Shares in the Company (equal to 0.2% of the Shares) through her wholly-owned company Kold Invest AS. Mrs. Bakkevig has in connection with the Private Placement provided a lock-up undertaking to the benefit of the Company restricting her from selling, pledging or otherwise disposing of her directly or indirectly owned Shares for a period of one year after 31 October 2012.

Current directorships and senior management positions	DeepWell (CEO), Innovasjon Norge (member of the board of directors), Scana Industrier ASA (member of the board of directors), Mera AS (member of the board of directors), Sim Tankrenovasjon AS (member of the board of directors), Polytec (member of the board of directors) and Prekubator TTO (member of the board of directors).
Previous directorships and senior management positions last five years	Sim Næring (member of the board of directors) and Innovasjon Forum (member of the board of directors).

Anders Onarheim (born 1959), Board member

Anders Onarheim has extensive knowledge within management, business development and capital markets after holding the position of managing director in companies within the investment bank Carnegie Group for more than 16 years. He has previously worked internationally with Goldman Sachs and Merrill Lynch. He has held numerous board memberships within different investment firms. Anders Onarheim is a Norwegian citizen, and resides in Bærum, Norway. Onarheim owns 75,000 shares (18.75%) in Accello Partners I AS, which owns 35.7% of the Shares in the Company.

Current directorships and senior management positions	AB Investment AS (chairman of the board of directors), Spitsbergen AS (Managing Partner), Accello I Partners AS (member of the board of directors), LY Forsikring AS (member of the board of directors), OE Eiendom AS (chairman of the board of directors) and Spitsbergen AS (member of the board of directors).
Previous directorships and senior management positions last five years	Carnegie ASA (Managing Director) and Carnegie Investment Bank AB (Group Managing Director).

Merete Haugli (born 1964), Board member

Merete Haugli is currently managing partner of Bertrand AS and associated partner of First House AS and she also holds a number of board positions. Haugli has previously held several leading positions at SEB (Skandinaviska Enskilda Banken), Formuesforvaltning AS, ABG Sundal Collier Norge ASA and First Securities ASA. She has also held the position as Assistant Chief of Police in Oslo Police District for economic and environmental crime. Haugli has her educational background from the Norwegian College of Banking and the Norwegian School of Management (Handelshøyskolen BI). Merete Haugli is a Norwegian citizen, and resides in Oslo, Norway. Haugli does not own any Shares in the Company.

Current directorships and senior management positions	Bertrand AS (managing partner), First House AS (associated partner), RS Platou ASA (member of the board of directors), Agasti Holding ASA (chair of the board of directors), Comrod ASA (member of the board of directors), Folketrygdfondet (deputy

	member of the board of directors) and Marine Harvest ASA (member of the nomination committee).
Previous directorships and senior management positions last five years	SEB (Skandinaviska Enskilda Banken) (Head of Private Banking, Norway), Aktiv Kapital ASA (member of the board of directors), ABG Sundal Collier ASA (member of the board of directors), Crew Minerals ASA, Formuesforvaltning AS (managing director and member of the board of directors), SEB ASA (member of the board of directors), Europa Infrasktruktur AS (chair of the board of directors), Floatel International Ltd, Rosenlund ASA (member of the board of directors), Høyres Kvinneforum (member of the board of directors), Global Infrastruktur I AS (member of the board of directors), Global Infrastruktur I AB, Global Infrastruktur 2007 AS (member of the board of directors), Global Infrastruktur II AS, Global Infrastruktur II AB, Global Infrastruktur 2009 AS, Fornybar Energi I AS (member of the board of directors), Fornyelsesbar Energi I AB, Renewable Energy 2009 AS (member of the board of directors), RS Platou Markets AS (member of the board of directors) and CaM AS (member of the board of directors).

16.2.4 Remuneration and benefits upon termination

The remuneration paid to the Board of Directors in 2011 was a total of NOK 500,000. The table below sets out the total remuneration paid to the members of the Board of Directors in 2011 (in NOK). Members of the Board of Directors who were appointed after 31 December 2011, i.e. all the current members of the Board of Directors, are not included in the table.

Name	Position	Served since	Remuneration for 2011
Kristian Eidesvik	Chairman (resigned)	2008	100,000
Aage Thoen	Deputy chairman (resigned)	2008	100,000
Eivind Eidesvik	Board member (resigned)	2006	100,000
Birthe Cecilie Lepsøe	Board member (resigned)	2008	100,000
Anne-Sofie Utne	Board member (resigned)	2009	100,000

None of the members of the Board of Directors has entered into any agreement with the Group, providing benefits upon termination of their employment.

16.2.5 Board committees

Audit Committee

The Company does not operate with an audit committee as a sub-committee of the Board of Directors. The Company's audit committee consists of the Board of Directors as such, cf. the last paragraph of Section 3 of the Articles of Association. The audit committee meets the Norwegian law requirements regarding independence and competence.

Remuneration Committee

The Company does not operate with a remuneration committee as a sub-committee of the Board of Directors. The Company's remuneration committee consists of the Board of Directors as such.

16.3 Nomination committee

The Company's Articles of Association provide for a nomination committee composed of three members elected by the general meeting for a period of two years. The nomination committee is responsible for nominating the shareholder-elected members of the Board of Directors and make recommendations for remuneration to the members of the Board of Directors. The nomination committee currently consists of the following members: Harald Eikesdal (chair), Mads Ansgar Ellefsen and Helen Leversund.

16.4 Management

16.4.1 Overview

The current Management of the Company is comprised of seven individuals. The following table sets out the name and position for each of the members of the Management as the date of this Prospectus, followed by bibliographical information.

Name	Current position within the Group	Employed with the Group since
Kåre Johannes Lie	Chief Executive Officer	2012
Birgitte Wendelbo Johansen	Chief Financial Officer	2012
Jostein Alendal	Business Development Manager	2012
Sven M. Storesund	Technical Manager	2008
Inge Grutle	Engineering Manager	2012
Åge J. Nilsen jr	Financial Manager	2008
Bjørg Mathisen Døving	HR and Quality Manager	2012

The Company's registered business address, Reach Subsea ASA, Skillebekkgata 1 B, N-5523 Haugesund, Norway, serves as c/o address for the members of the Management in relation to their employment with the Company.

Kåre Johannes Lie was appointed as the CEO of the Company pursuant to the Contribution Agreement regarding the Combination.

16.4.2 Brief biographies of the members of the Management

Set out below are brief biographies of the members of Management, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside Reach Subsea ASA and names of companies and partnerships of which a member of Management is or has been a member of the administrative, management or supervisory bodies or partner the previous five years (not including directorships and executive management positions in subsidiaries of the Company).

Kåre Johannes Lie (born 1946), Chief Executive Officer

Mr. Lie has been with Reach Subsea AS since July 2012 and has been in charge of developing Reach Subsea AS's new business strategy. Mr. Lie was the founder and CEO of DeepOcean AS from 1999 to 2011 when the company was sold to the American company Trico. Prior to this he has been working as Director in different positions for DSND, Seateam, Interrov AS, Stolt Comex Seaway AS and Stolt-Nielsen Seaway AS for 17 years. The last 2 years he has worked for DeepOcean as Senior Advisor for Business Development. Mr. Lie holds a M.Sc. in Naval Architecture & Marine Engineering from the Technical University of Trondheim, and with a specialization in ship project engineering. Mr. Lie is a Norwegian citizen with residence in Haugesund, Norway. Lie owns 5,926,589 Shares in the Company (equal to 13.5% of the Shares) through his wholly-owned company Joso Invest AS. Mr. Lie has in connection with the Private Placement provided a lock-up undertaking to the benefit of the Company restricting him from selling, pledging or otherwise disposing of his directly or indirectly owned Shares for a period of two years after 31 October 2012.

Current directorships and senior management positions	Joso Invest AS (Owner), TechnoDive (member of the board of directors), Polytec (member of the board of directors), Simsea (member of the board of directors), Haugesund Stadion AS (chairman of the board of directors) and FKH AS (member of the board of directors).
Previous directorships and senior management positions last five years	DeepOcean AS (Project Director and Business Development Manager) and DeepOcean ASA (Co-founder, CEO and member of the board of directors).

Birgitte Wendelbo Johansen (born 1976), Chief Financial Officer

Mrs. Johansen has 13 years of experience within banking, marine insurance and investment analysis through positions held at BNP Paribas, Oceanlink Management AS and SpareBank 1 SR-Bank ASA. She holds a Master of Business and Economics with specialisation within Shipping Management from the Norwegian School of Management, Sandvika and is currently pursuing an Executive MBA in Shipping and Logistics (the Blue MBA) from Copenhagen Business School. Mrs. Johansen is a Norwegian citizen with residence in Haugesund, Norway. Johansen owns 85,925 Shares in the Company (equal to 0.2% of the Shares). Mrs. Johansen has in connection with the Private Placement provided a lock-up undertaking to the benefit of the Company restricting her from selling, pledging or otherwise disposing of her directly or indirectly owned Shares for a period of two years after 31 October 2012.

Current directorships and senior management positions	Grefsen Alle 12 A Holding AS (deputy member of the board of directors).
Previous directorships and senior management positions last five years	SpareBank 1 SR-Bank ASA (Vice President Energy and Maritime).

Jostein Alendal (born 1966), Business Development Manager

Mr. Alendal is a co-founder of Reach Subsea AS. Mr. Alendal co-founded, and has worked as Technical Manager in DeepOcean ASA since 1999 with group responsibility of all ROV operations. Prior to this he has worked in Stolt Comex Seaway AS and Seateam AS within remote operated submarine technology and with the responsibility for operation and maintenance of equipment and ROV systems. Mr. Alendal holds a degree within Automation from the Engineering college in Haugesund (Høyskolen i Haugesund). Mr. Alendal is a Norwegian citizen with residence in Haugesund, Norway. Alendal owns 5,301,539 Shares in the Company (equal to 12.1% of the Shares) through his partly owned company JT Invest AS. Mr. Alendal has in connection with the Private Placement provided a lock-up undertaking to the benefit of the Company restricting him from selling, pledging or otherwise disposing of his directly or indirectly owned Shares for a period of two years after 31 October 2012.

Current directorships and senior management positions	JT Invest AS (co-founder, managing director and chairman of the board of directors).
Previous directorships and senior management positions last five years	DeepOcean AS (co-founder and technical manager).

Sven M. Storesund (born 1959), Technical Manager

Mr. Storesund has worked as Technical Inspector in DeepOcean since 2000. Prior to this he worked in Stolt Comex Seaway AS with planning, preparing and mobilization of survey and ROV equipment. From 1991 to 1993, Mr. Storesund worked as Seismic Observer in Geco Prakla AS. In addition, he has experience within electronics, telecom and IT. Mr. Storesund holds a degree from Stavanger Ingeniør Høyskole. Mr. Storesund is a Norwegian citizen with residence in Haugesund, Norway. Storesund owns 1,652,366 Shares (equal to 3.8% of the Shares) through his wholly-owned company SMS Investering AS. Mr. Storesund has in connection with the Private Placement provided a lock-up undertaking to the benefit of the Company restricting him from selling, pledging or otherwise disposing of his directly or indirectly owned Shares for a period of one year after 31 October 2012.

Current directorships and senior management positions	SMS Investering AS (owner, managing director and chairman of the board of directors).
Previous directorships and senior management positions last five years	N/A.

Inge Grutle (born 1981), Engineering Manager

Mr. Grutle has worked within engineering and business development in DeepOcean since 2006 latterly holding the position as IMR Engineering Manager, and has experience in planning and execution of offshore and subsea operations. In addition, he has experience within recruiting, resource management and evaluation of business opportunities. Mr. Grutle holds a Master of Science degree in Offshore Technology – Subsea engineering from the University of Stavanger and a Bachelor in Engineering, Marine technology/Naval Architecture from Bergen University College. Mr. Grutle is a Norwegian citizen with residence in Haugesund, Norway. Grutle owns 909,179 Shares in the Company (equal to 2.1% of the Shares) through his wholly-owned company Invicta Invest AS. Mr. Grutle has in connection with the Private Placement provided a lock-up undertaking to the benefit of the Company restricting him from selling, pledging or otherwise disposing of his directly or indirectly owned Shares for a period of two years after 31 October 2012.

Current directorships and senior management positions	Invicta Invest (owner, managing director and chairman of the board of directors).
Previous directorships and senior management positions last five years	DeepOcean (IMR Engineering Manager).

Åge J. Nilsen Jr (born 1968), Financial Manager

Mr. Nilsen has 13 years of experience as an auditor in KPMG and PricewaterhouseCoopers. From 2006 to 2008 he was employed as Financial Manager in a nationwide textile chain. He holds a degree in Economy and Administration from Stord/Haugesund University College and a degree within Audit from Telemark University College. Mr. Nilsen is a Norwegian citizen with residence in Haugesund, Norway. Nilsen owns 3,281,199 Shares in the Company (equal to 7.5% of the Shares) through his partly owned-company A-Å Invest AS. Mr. Nilsen Jr has in connection with the Private Placement provided a lock-up undertaking to the benefit of the Company restricting him from selling, pledging or otherwise disposing of his directly or indirectly owned Shares for a period of one year after 31 October 2012.

Current directorships and senior management positions	A-Å Invest AS (co-owner and managing director) and Bruvik Time AS (member of the board of directors).
Previous directorships and senior management positions last five	N/A.

years ....

Bjørg Mathisen Døving (born 1978), Human Resources and Quality Manager

Mrs. Døving has 10 years experience from DeepOcean as Project Manager for Business Systems, Offshore Projects and HSE Manager. Prior to this she was employed with BP. Her expertise is widely ranged, and also includes experience with business applications and contractual matters, process management and IT infrastructure. Mrs. Døving has a Preparing Course for College from Stavanger Technical School and is a QHSE Engineer from Stord/Haugesund University College of Engineering. Mrs. Døving is a Norwegian citizen with residence in Haugesund, Norway. Døving owns 521,508 Shares in the Company (equal to 1.2% of the Shares) through her partly owned company Døving Invest AS. Mrs. Døving has in connection with the Private Placement provided a lock-up undertaking to the benefit of the Company restricting her from selling, pledging or otherwise disposing of her directly or indirectly owned Shares for a period of one year after 31 October 2012.

Current directorships and senior management positions	Døving Invest AS (chair of the board of directors).
Previous directorships and senior management positions last five years	DeepOcean Management AS (HSE Manager).

16.4.3 Remuneration and benefits

The remuneration paid to the members of the Management in 2011 was a total of NOK 2,766,870. The table below sets out the total remuneration paid to the members of the Management (to the CEO and the other members of Management, respectively) in 2011 (in NOK). Members of the Management who were appointed after 31 December 2011, i.e. all the members of the current Management, are not included in the table.

Name	Employed since	Salary	Bonus	Other benefits	Pensions benefits	Total remuneration
Toril Eidesvik (CEO) (resigned)	2008	1,236,841	N/A	20,820	70,787	1,328,448
Øystein Disch Olsrød (CFO) (resigned)	2009	1,103,632	N/A	16,626	73,720	1,193,978
Irek Kuligowksi (Technical Manager) (resigned) .	2010	234,445	N/A	9,999	-	244,444

The table below sets out the remuneration to the current members of the Management (in NOK).

Name	Salary	Bonus	Other benefits	Pensions benefits	Total remuneration
Kåre Johannes Lie (CEO)	1,100,000	N/A	6,000	22,000	1,128,000
Birgitte Wendelbo Johansen (CFO)	800,000	N/A	6,000	16,000	822,000
Jostein Alendal (Business Development Manager) ...	1,100,000	N/A	6,000	22,000	1,128,000
Sven M. Storesund (Technical Manager)	800,000	N/A	6,000	16,000	822,000
Inge Grutle (Engineering Manager)	800,000	N/A	6,000	16,000	822,000
Åge J. Nilsen jr (Financial Manager)	800,000	N/A	6,000	16,000	822,000
Bjørg Mathisen Døving (HR and Quality Manager) ...	800,000	N/A	6,000	16,000	822,000

None of the members of the Management has entered into any agreement with the Group, providing benefits upon termination of their employment.

16.5 Shares acquired by members of the Board of Directors and the Management

Except for the subscription of the New Shares, no current member of the Board of Directors and the Management has acquired any Shares during the last year.

16.6 Pensions

Currently, the Group has a contribution based pension plan for all its employees.

For the year ended 31 December 2011, the costs of pensions in Reach Subsea AS amounted to NOK 47,508.

Historically, Reach Subsea ASA has had both a defined benefit pension plan and a defined contribution pension plan for its employees. Conditions of the pension plans have varied from employee to employee. For the year ended 31 December 2011, the cost of pensions for members of Management was NOK 2.3 million. However, as from the Divestment, all pension liabilities related to the former shipping business of the Group were transferred to a subsidiary of Caiano AS.

16.7 Conflicts of interests etc.

During the last five years preceding the date of this Prospectus, none of the members of the Board of Directors or Management has:

- any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions[2] by any statutory or regulatory authorities (including designated professional bodies) or was 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
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his or her capacity as a founder, director or senior manager of a company (except for Merete Haugli (member of the Board of Directors) who was a member of the board of directors in Rosenlund ASA at the time of bankruptcy of such company).

There are currently no other actual or potential conflicts of interest between the Company and the private interests or other duties of any of the members of the Board of Directors and the Management, including any family relationships between such persons.

16.8 Employees

As of the date of this Prospectus, the Group has 15 employees in Norway (all of which became employees of the Group through, or as a result of, the Combination with Reach Subsea AS). Except for the Management, which is employed with Reach Subsea ASA, all employees are employed with Reach Subsea AS.

The table below shows the development in the numbers of full-time employees over the last three years. The significant reduction of the employees was caused by the Divestment. All the former employees of the Group related to the former shipping business were transferred to Caiano AS and its affiliates as a part of the Divestment.

	Year ended 31 December		
	2011	**2010**	**2009**
Total Group	**857**	**998**	**1008**
By geographic region:			
- Norway	*23*	*42*	*57*
- Europe (other than Norway)	*834*	*951*	*924*
- Americas/South America	*0*	*5*	*27*

16.9 Corporate governance

The Company endeavours to be in compliance with the Norwegian corporate governance regime, as detailed in the Corporate Governance Code. As of the date of this Prospectus, the Company is in compliance with the Corporate Governance Code, except for as specified below:

- The Company does currently not operate with an audit committee as a separate sub-committee of the board of directors.
- The Company does currently not operate with a compensation committee as a separate sub-committee of the board of directors.

The Company has, and will continue to, on an annual basis provide statements on its compliance with the Corporate Governance Code.

However, as a consequence of the Combination, the Company will undertake a complete review of its compliance with the respective recommendations under Corporate Governance Code, the results of which will be published at the latest in its annual report for the financial year 2012 or in a document referred to therein.

[2] In April 2012, the NFSA withdrew the licences to offer investment services granted to Acta Asset Mangement AS, a subsidiary of Agasti Holding ASA (previously Acta Holding ASA), a company where Merete Haugli (member of the Board of Directors) is the chair of the board of directors. This decision has been appealed to the Norwegian Ministry of Finance, but the appeal has yet not been considered.

17 CORPORATE INFORMATION AND DESCRIPTION OF SHARE CAPITAL

The following is a summary of certain corporate information and material information relating to the Shares and share capital of the Company and certain other shareholder matters, including summaries of certain provisions of the Articles of Association and applicable Norwegian law in effect as of the date of this Prospectus. The summary does not purport to be complete and is qualified in its entirety by the Articles of Association and applicable law.

17.1 Company corporate information

Reach Subsea ASA is a Norwegian public limited company incorporated and operating under the laws of Norway, including the Norwegian Public Limited Companies Act. Reach Subsea ASA was incorporated on 19 August 1909 and registered with the Norwegian Register of Business Enterprises on 18 October 1988. The Company is registered with the Norwegian Register of Business Enterprises under organisation number 922 493 626. The Company's registered address is at Skillebekkgata 1 B, N-5523 Haugesund, Norway, with telephone number +47 40 00 77 10. The Company's website address is www.reachsubsea.com.

17.2 Stock exchange listing

The Shares have been listed on the Oslo Stock Exchange since 2003, and trades under the ticker code "REACH". The Shares are not listed on any other stock exchange or regulated market, and no application for such listing has been made.

17.3 Share capital

As of the date of this Prospectus, and following the issuance of the New Shares, the Company's registered share capital is NOK 43,828,104, divided into 43,828,104 Shares, each with a nominal value of NOK 1.00. All the Shares are authorised, issued and fully paid in compliance with the Norwegian Public Limited Companies Act. The Shares (except for the New Shares) are registered in the VPS under ISIN NO 000 3117202. The New Shares are registered in the VPS under a separate ISIN NO 001 0664980 pending the publication of this Prospectus. The Company's registrar in the VPS is DNB Bank ASA, Verdipapirservice, Stranden 21, N-0021 Oslo, Norway.

The Company holds 1,305 Shares in treasury as of the date of this Prospectus. As per 31 December 2011, the Company held 26,094 Shares in treasury, with an accumulated cost of NOK 3.7 million, comprised of NOK 1.1 million in share capital and NOK 2.6 million in retained earnings. The cost of the Shares held in treasury by the Company is deducted from equity.

17.4 Share capital history

The table below shows the development in the Company's share capital for the period between 1 January 2009 and the date of this Prospectus:[3]

Date of resolution	Type of change	Change in share capital (NOK)	Nominal value (NOK)	New number of Shares	Total number of Shares following change	New share capital (NOK)
1 January 2009	-	-	1.00	-	253,505,389	253,505,389.00
24 November 2009	Private placement	60,000,000	1.00	60,000,000	313,505,389	313,505,389.00
22 December 2009	Subsequent offering	2,115,348	1.00	2,115,348	315,620,737	315,620,737.00
8 April 2010	Share capital reduction[4]	157,810,368.50	0.50	-	-	157,810,368.50
4 August 2010	Share capital reduction[5]	142,029,331.65	0.05	-	-	15,781,036.85
4 August 2010	Rights issue	160,000,000	0.05	3,200,000,000	3,515,620,737	175,781,036.85
24 March 2011	Private placement	1.15	0.05	23	3,515,620,760	175,781,038.00
29 April 2011	Share consolidation (40:1)	-	2.00	-	87,890,519	-
18 April 2012	Share capital reduction[6]	171,386,512.05	0.05	-	-	4,394,525.95
28 November 2012	Private placement	0.05	0.05	1	87,890,520	4,394,526.00
28 November 2012	Share consolidation (20:1)	-	1.00	-	4,394,526	-
28 November 2012	Issuance of Consideration Shares[7]	13,183,578	1.00	4,394,526	17,578,104	17,578,104.00

[3] Please see Section 13.4.4 "Condensed consolidated statement of changes in equity" for changes in the Company's equity for the period (in USD).
[4] The reason for the reduction of the share capital was to secure the Company with financial liberty to act and the reduction amount was allocated/transferred to a fund to be at the disposal of the general meeting.
[5] The reason for the reduction of the share capital (by reduction of the nominal value of the Shares from NOK 0.50 to NOK 0.05) was that the proposed rights issue in the Company was going to be carried out at a subscription price which was lower than the current nominal value of the Shares of NOK 0.50, and pursuant to the Norwegian Public Limited Companies Act, subscriptions at a lower price than the nominal value of the shares are not allowed.
[6] The reduction of the share capital (by reduction of the nominal value of the Shares from NOK 2.00 to NOK 0.05) was to facilitate and prepare for a possible rights issue in the Company, including to arrange for full flexibility in connection with subscription of new shares. The background was that the possible rights issue was going to be carried out at a subscription price which was lower than the current nominal value of the Shares of NOK 2.00, and pursuant to the Norwegian Public Limited Companies Act, subscriptions at a lower price than the nominal value of the shares are not allowed.
[7] The issuance of the Consideration Shares in connection with the Combination (see Section 6 "The Combination").

Date of resolution	Type of change	Change in share capital (NOK)	Nominal value (NOK)	New number of Shares	Total number of Shares following change	New share capital (NOK)
28 November 2012	Issuance of the Placement Shares[8]	26,250,000	1.00	26,250,000	43,828,104	43,828,104.00

Apart from this, there have not been any changes in the Company's share capital since 1 January 2009 until the date of this Prospectus (i.e. in the period covered by the historical financial information included in this Prospectus).

In the period from 1 January 2009 to the date of this Prospectus, NOK 13,183,578 (being the share capital increase pertaining to the Combination) of the share capital has been paid for with assets other than cash (corresponding to approximately 30% of the current share capital).

17.5 Major shareholders

As of 5 December 2012, the Company had approximately 2,200 shareholders. Approximately 99.8% of the Shares were held by Norwegian citizens and approximately 0.2% were held by foreign citizens. The Company's 10 largest shareholders as of 5 December 2012 are shown in the table below.

Shareholder	No of Shares	% of Total
Accello Partners I AS[1]	15,625,000	35.7%
Joso Invest AS[2]	5,926,589	13.5%
JT Invest AS[3]	5,301,539	12.1%
A-Å Invest AS[4]	3,281,199	7.5%
Caiano AS[5]	2,281,891	5.2%
SMS Investering AS	1,652,366	3.8%
AS Spectra	1,250,000	2.9%
TEM Invest AS	1,250,000	2.9%
Thermotech Invest AS	1,250,000	2.9%
Invicta Invest AS	909,179	2.1%
Other	5,100,341	11.7%
Total	**43,828,104**	**100%**

1 Owned by a large number of investors.
2 Owned by Kåre Johannes Lie, Chairman of the Board of Directors.
3 Owned by Jostein Alendal, Business Development Manager in the Company.
4 Owned by Åge J. Nilsen Jr, Financial Manager in the Company.
5 Ultimately owned by the Eidesvik family.

There are no differences in voting rights between the Shareholders.

Shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. See Section 18.7 "Disclosure Obligations" below for a description of the disclosure obligations under the Norwegian Securities Trading Act. As of 5 December 2012 (i.e. following the issuance of the New Shares), Accello Partners I AS, Joso Invest AS, JT Invest AS, A-Å Invest AS and Caiano AS owned 35.7%, 13.5%, 12.1%, 7.5% and 5.2%, respectively, of the Shares. The Company is not aware of any other persons or entities who, directly or indirectly, have an interest in 5% or more of the Shares.

Accello Partners I AS could, as the owner of 35.7% of the Shares, exercise negative control over the Company by virtue of controlling more than one third of the votes casted in a general meeting. The Company has not initiated any measures to prevent the abuse of such control other than observing the Corporate Governance Code.

The Company's Articles of Association do not contain any provisions that would have the effect of delaying, deferring or preventing a change of control of the Company.

The Shares have not been subject to any public takeover bids during 2011 or 2012, except for the unconditional mandatory offer made by Accello Partners I AS pursuant to Section 6-1 of the Norwegian Securities Trading Act announced on 7 December 2012. In the mandatory offer, Accello Partners I AS offers NOK 1.60 per Share for all the issued and outstanding Shares not already owned by it. The acceptance period in the mandatory offer commenced from and including 10 December and ends at 16:30 hours (CET) on 7 January 2013. The latest date of settlement

[8] The issuance of the Placement Shares in connection with the Private Placement (see Section 7 "The Private Placement").

under the mandatory offer is 22 January 2013. As a result of the lock-up undertakings described in Section 17.6 “Limitations on the right to own and transfer Shares” below, in practice only 2.9% of the Shares are available for tendering into the mandatory offer.

17.6 Limitations on the right to own and transfer Shares

The Shares are freely transferable. The Company’s Articles of Association do not contain any provisions imposing limitations on the ownership of the Shares and there are no limitations under Norwegian law on the rights of non-residents or foreign owners to hold or vote for the Shares.

However, in connection with the Combination and the Private Placement, Shareholders who own approximately 97.1% of the Shares provided lock-up undertakings to the sole benefit of the Company (which may be waived by the Company) restricting them from selling, pledging or otherwise disposing of such Shares. Approximately 34% of the Shares in the Company are subject to a lock-up period of one year, while approximately 63% of the Shares in the Company are subject to a lock-up period of two years. Notwithstanding the foregoing, the Shares subject to such lock-up undertakings may be tendered into a voluntary offer, mandatory offer and/or compulsory acquisition (except for the mandatory offer by Accello Partners I AS).

Furthermore, in connection with the Combination and the Private Placement, Shareholders owning approximately 61.4% of the Shares in the Company have undertaken not to tender their shares into the mandatory offer by Accello Partners I AS.

17.7 Outstanding authorisations

17.7.1 Authorisation to increase the share capital and to issue Shares

As of the date of this Prospectus, the Board of Directors holds no authorisation to increase the share capital.

17.7.2 Authorisation to acquire treasury Shares

As of the date of this Prospectus, the Board of Directors holds no authorisation to acquire treasury Shares.

17.8 Other financial instruments

Neither the Company nor its subsidiary has issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company or its subsidiaries. Furthermore, neither the Company nor any of its subsidiaries has issued subordinated debt or transferable securities other than the Shares and the shares in its subsidiaries which will be held, directly or indirectly, by the Company.

17.9 Shareholder rights

The Company has one class of Shares in issue, and in accordance with the Norwegian Public Limited Companies Act, all Shares in that class provide equal rights in the Company. Each of the Company’s Shares carries one vote. The rights attaching to the Shares are described in Section 17.10 “The Articles of Association and certain aspects of Norwegian law”.

17.10 The Articles of Association and certain aspects of Norwegian law

17.10.1 The Articles of Association

The Company’s Articles of Association are set out in Appendix A to this Prospectus. Below is a summary of provisions of the Articles of Association.

Objective of the Company

The objective of the Company is to engage in engineering, construction and service activities for the offshore energy industry, shipping and other transportation activities through ownership and/or management, participation in other companies involved in the above activities, and any business relating thereto. The Company’s objective can be found in Section 1, second paragraph of the Articles of Association.

Registered office

The Company’s registered office is in the municipality of Haugesund, Norway.

Share capital and nominal value

The Company’s share capital is NOK 43,828,104, divided into 43,828,104 Shares, each Share with a nominal value of NOK 1.00. The Shares are registered with the Norwegian Central Securities Depository (VPS).

Board of Directors

The Company's Board of Directors shall consist of a minimum of three and a maximum of six members.

Restrictions on transfer of Shares

The Articles of Association do not provide for any restrictions on the transfer of Shares, or a right of first refusal for the Company. Share transfers are not subject to approval by the Board of Directors.

General meetings

Documents relating to matters to be dealt with by the Company's general meeting, including documents which by law shall be included in or enclosed to the notice of the general meeting, do not need to be sent to the shareholders provided that such documents have been made available on the Company's internet site.

Shareholders wishing to attend the general meeting must give notice to the Company within three days prior to the general meeting. The Shareholders, who do not comply with the above-mentioned time limit, may be refused to attend the general meeting.

Nomination committee

The Company shall have a nomination committee consisting of three members elected by the general meeting for a period of two years. See Section 16.3 "Nomination committee" for further information.

Audit committee

The Company's audit committee consists of the Board of Directors as such. See Section 16.2.5 "Board committees" for further information.

17.10.2 Certain aspects of Norwegian corporate law

General meetings

Through the general meeting, shareholders exercise supreme authority in a Norwegian company. In accordance with Norwegian law, the annual general meeting of shareholders is required to be held each year on or prior to 30 June. Norwegian law requires that written notice of annual general meetings setting forth the time of, the venue for and the agenda of the meeting be sent to all shareholders with a known address no later than 21 days before the annual general meeting of Norwegian private limited liability company listed on stock exchange or regulated market shall be held, unless the articles of association stipulate a longer deadline, which is not currently the case for the Company.

A shareholder may vote at the general meeting either in person or by proxy appointed at their own discretion. Although Norwegian law does not require the Company to send proxy forms to its shareholders for general meetings, the Company plans to include a proxy form with notices of general meetings. All of the Company's shareholders who are registered in the register of shareholders maintained with the VPS as of the date of the general meeting, or who have otherwise reported and documented ownership to Shares, are entitled to participate at general meetings, without any requirement of pre-registration. The Company's Articles of Association do however include a provision requiring shareholders to pre-register in order to participate at general meetings.

Apart from the annual general meeting, extraordinary general meetings of shareholders may be held if the Board of Directors considers it necessary. An extraordinary general meeting of shareholders must also be convened if, in order to discuss a specified matter, the auditor who audits the company's annual accounts or shareholders representing at least 5% of the share capital demands this in writing. The requirements for notice and admission to the annual general meeting also apply to extraordinary general meetings.

Voting rights–amendments to the Articles of Association

Each of the Company's Shares carries one vote. In general, decisions that shareholders are entitled to make under Norwegian law or The Company's Articles of Association may be made by a simple majority of the votes cast. In the case of elections or appointments, the person(s) who receive(s) the greatest number of votes cast are elected. However, as required under Norwegian law, certain decisions, including resolutions to waive preferential rights to subscribe in connection with any share issue in the Company, to approve a merger or demerger of the Company, to amend Articles of Association, to authorise an increase or reduction in the share capital, to authorise an issuance of convertible loans or warrants by the Company or to authorise the Board of Directors to purchase the Shares and hold them as treasury 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 general meeting. Norwegian law further 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 by the holders of such shares or class of shares as well as the majority required for amending the Articles of Association.

Decisions that (i) would reduce the rights of some or all of the Company's shareholders in respect of dividend payments or other rights to assets or (ii) restrict the transferability of the Shares, require that at least 90% of the share capital represented at the general meeting in question vote in favour of the resolution, as well as the majority required for amending the 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 amending the Articles of Association.

In general, only a shareholder registered in the VPS is entitled to vote for such Shares. Beneficial owners of the Shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor is any person who is designated in the VPS register as the holder of such Shares as nominees. Investors should note that there are varying opinions as to the interpretation of the right to vote on nominee registered shares. In the Company's view, a nominee may not meet or vote for Shares registered on a nominee account (NOM-account). A shareholder must, in order to be eligible to register, meet and vote for such Shares at the general meeting, transfer the Shares from such NOM-account to an account in the shareholder's name. Such registration must appear from a transcript from the VPS at the latest at the date of the general meeting.

There are no quorum requirements that apply to the general meetings.

Additional issuances and preferential rights

If the Company issues any new Shares, including bonus share issues, the Company's Articles of Association must be amended, which requires the same vote as other amendments to its Articles of Association. In addition, under Norwegian law, the Company's shareholders have a preferential right to subscribe for new Shares issued by the Company. Preferential rights may be derogated from by resolution in a general meeting passed by the same vote required to approve amending the Articles of Association. A derogation of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares.

The general meeting may, by the same vote as is required for amending the Articles of Association, authorise the Board of Directors to issue new Shares, and to derogate from the preferential rights of shareholders in connection with such issuances. Such authorisation may be effective for a maximum of two years, and the nominal value of the Shares to be issued may not exceed 50% of the registered nominal share capital when the authorisation is registered with the Norwegian Register of Business Enterprises.

Under Norwegian law, the Company may increase its share capital by a bonus share issue, subject to approval by the Company's shareholders, by transfer from the Company's distributable equity or from the Company's share premium reserve and thus the share capital increase does not require any payment of a subscription price by the shareholders. Any bonus issues may be effected either by issuing new shares to the Company's existing shareholders or by increasing the nominal value of the Company's outstanding Shares.

Issuance of new Shares to shareholders who are citizens or residents of the United States upon the exercise of preferential rights may require the Company to file a registration statement in the United States under United States securities laws. Should the Company in such a situation decide not to file a registration statement, the Company's U.S. shareholders may not be able to exercise their preferential rights. If a U.S. shareholder is ineligible to participate in a rights offering, such shareholder would not receive the rights at all and the rights would be sold on the shareholder's behalf by the Company.

Minority rights

Norwegian law sets forth a number of protections for minority shareholders of the Company, including but not limited to those described in this paragraph and the description of general meetings as set out above. Any of the Company's shareholders may petition Norwegian courts to have a decision of the Board of Directors or the Company's shareholders made at the general meeting declared invalid on the grounds that it unreasonably favours certain shareholders or third parties to the detriment of other shareholders or the Company itself. The Company's shareholders may also petition the courts to dissolve the Company as a result of such decisions to the extent particularly strong reasons are considered by the court to make necessary dissolution of the Company.

Minority shareholders holding 5% or more of the Company's share capital have a right to demand in writing that the Company's Board of Directors convene an extraordinary general meeting to discuss or resolve specific matters. In addition, any of the Company's shareholders may in writing demand that the Company place an item on the agenda for any general meeting as long as the Company is notified in time for such item to be included in the notice of the meeting. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if the deadline for issuing notice of the general meeting has not expired.

Rights of redemption and repurchase of Shares

The share capital of the Company may be reduced by reducing the nominal value of the Shares or by cancelling Shares. Such a decision requires the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at a general meeting. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

The Company may purchase its own Shares provided that the Board of Directors has been granted an authorisation to do so by a general meeting with the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at the meeting. The aggregate nominal value of treasury shares so acquired, and held by the Company must not 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 authorisation by the General Meeting of the Company's shareholders cannot be granted for a period exceeding 18 months.

Shareholder vote on certain reorganisations

A decision of the Company's shareholders to merge with another company or to demerge requires a resolution by the general meeting of the shareholders passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the general meeting. A merger plan, or demerger plan signed by the Board of Directors along with certain other required documentation, would have to be sent to all the Company's shareholders, or if the Articles of Association stipulate that, made available to the shareholders on the company's website, at least one month prior to the general meeting to pass upon the matter.

Liability of Directors

Members of the Board of Directors owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the Board Members act in the best interests of the Company when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Members of the Board of Directors may each be held liable for any damage they negligently or wilfully cause the Company. Norwegian law permits the general meeting to discharge any such person from liability, but such discharge is not binding on the Company if substantially correct and complete information was not provided at the general meeting of the Company's shareholders passing upon the matter. If a resolution to discharge the Company's directors from liability or not to pursue claims against such a person has been passed by a general meeting with a smaller majority than that required to amend the Company's Articles of Association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility but can be recovered from any proceeds the Company receives as a result of the action. If the decision to discharge any of the Company's directors from liability or not to pursue claims against the Company's directors is made by such a majority as is necessary to amend the Articles of Association, the minority shareholders of the Company cannot pursue such claim in the Company's name.

Indemnification of Directors

Neither Norwegian law nor the Articles of Association contains any provision concerning indemnification by the Company of the Board of Directors. The Company is permitted to purchase insurance for the Company's directors against certain liabilities that they may incur in their capacity as such.

Distribution of assets on liquidation

Under Norwegian law, the Company may be wound-up by a resolution of the Company's shareholders at the general meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the meeting. In the event of liquidation, the Shares rank equally in the event of a return on capital.

17.10.3 Shareholder agreements

There are no shareholders' agreements related to the Shares.

18 SECURITIES TRADING IN NORWAY

18.1 Introduction

The Oslo Stock Exchange was established in 1819 and is the principal market in which shares, bonds and other financial instruments are traded in Norway. As of 30 July 2012, the total capitalisation of companies listed on the Oslo Stock Exchange amounted to approximately NOK 1,598 billion. Shareholdings of non-Norwegian investors as a percentage of total market capitalisation on 30 July 2012 amounted to approximately 36.5%.

The Oslo Stock Exchange has entered into a strategic cooperation with the London Stock Exchange group with regards to, *inter alia*, trading systems for equities, fixed income and derivatives.

18.2 Trading and settlement

Trading of equities on the Oslo Stock Exchange is carried out in the electronic trading system Millennium Exchange. This trading system was developed by the London Stock Exchange and is in use by all markets operated by the London Stock Exchange as well as by the Borsa Italiana and the Johannesburg Stock Exchange.

Official trading on the Oslo Stock Exchange takes place between 09:00 hours (CET) and 16:20 hours (CET) each trading day, with pre-trade period between 08:15 hours (CET) and 09:00 hours (CET), closing auction from 16:20 hours (CET) to 16:30 hours (CET). Reporting of after exchange trades can be done until 17:30 hours (CET).

The settlement period for trading on the Oslo Stock Exchange is three trading days (T+3).

Oslo Clearing ASA, a wholly-owned subsidiary of Oslo Børs VPS Holding ASA, has a license from the NFSA to act as a central clearing service, and has from 18 June 2010 offered clearing and counterparty services for equity trading on the Oslo Stock Exchange.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from an EEA member state or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this effect under the Norwegian Securities Trading Act, or in the case of investment firms in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, such market-making activities do not as such require notification to the NFSA or the Oslo Stock Exchange except for the general obligation of investment firms that are members of the Oslo Stock Exchange to report all trades in stock exchange listed securities.

18.3 Information, control and surveillance

Under Norwegian law, the Oslo Stock Exchange is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of the Oslo Stock Exchange monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The NFSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance.

Under Norwegian law, a company that is listed on a Norwegian regulated market, or has applied for listing on such market, must promptly release any inside information directly concerning the company (i.e. precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. The Oslo Stock Exchange may levy fines on companies violating these requirements.

18.4 The VPS and transfer of shares

The Company's principal share register is operated through the VPS. The VPS is the Norwegian paperless centralised securities register. It is a computerised book-keeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The VPS and the Oslo Stock Exchange are both wholly-owned by Oslo Børs VPS Holding ASA.

All transactions relating to securities registered with the VPS are made through computerised book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (being, Norway's central bank), authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

As a matter of Norwegian law, the entry of a transaction in the VPS is *prima facie* evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the relevant company's Bye-laws or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the NFSA on an ongoing basis, as well as any information that the NFSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

18.5 Shareholder register – Norwegian law

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. As a general rule, there are no arrangements for nominee registration and Norwegian shareholders are not allowed to register their shares in VPS through a nominee. However, foreign shareholders may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the NFSA. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions, but cannot vote in general meetings on behalf of the beneficial owners.

18.6 Foreign investment in shares listed in Norway

Foreign investors may trade shares listed on the Oslo Stock Exchange through any broker that is a member of the Oslo Stock Exchange, whether Norwegian or foreign.

18.7 Disclosure obligations

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in a company listed on a regulated market in Norway (with Norway as its home state, which is the case for the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that company, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify the Oslo Stock Exchange and the issuer immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital.

18.8 Insider trading

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in Section 3-2 of the Norwegian Securities Trading Act. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

18.9 Mandatory offer requirement

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third of the voting rights of a Norwegian company listed on a Norwegian regulated market to, within four weeks, make an unconditional general offer for the purchase of the remaining shares in that company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the company and the Oslo Stock Exchange decides that this is regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify the Oslo Stock Exchange and the company in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by the Oslo Stock Exchange before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed by the offeror for the shares in the six-months period prior to the date the threshold was exceeded. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, the Oslo Stock Exchange may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a general meeting, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise his/her/its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duty to make a mandatory offer, the Oslo Stock Exchange may impose a cumulative daily fine that runs until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a Norwegian company listed on a Norwegian regulated market is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) if the person, entity or consolidated group through acquisition becomes the owner of shares representing 40%, or more of the votes in the company. The same applies correspondingly if the person, entity or consolidated group through acquisition becomes the owner of shares representing 50% or more of the votes in the company. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Any person, entity or consolidated group that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

18.10 Compulsory acquisition

Pursuant to the Norwegian Public Limited Companies Act and the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing 90% or more of the total number of issued shares in a Norwegian public limited liability company, as well as 90% or more of the total voting rights, has a right, and each remaining minority shareholder of the company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing more than 90% of the total number of issued shares, as well as more than 90% of the total voting rights, through a voluntary offer in accordance with the Securities Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorised to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder. However, where the offeror, after making a mandatory or voluntary offer, has acquired more than 90% of the voting shares of a company and a corresponding proportion of the votes that can be cast at the general meeting, and the offeror pursuant to Section 4-25 of the Public Limited Companies Act completes a compulsory acquisition of the remaining shares within three months after the expiry of the offer period, it follows from the Norwegian Securities Trading Act that the redemption price shall be determined on the basis of the offer price for the mandatory/voluntary offer unless specific reasons indicate another price.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition.

Absent a request for a Norwegian court to set the price or any other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline.

18.11 Foreign exchange controls

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a company that has its shares registered with the VPS who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the NFSA have electronic access to the data in this register.

19 TAXATION

Set out below is a summary of certain Norwegian tax matters related to the purchase, holding and disposal of the Shares. The statement below is based on the laws in force in Norway as of the date of this Prospectus, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis. The summary does not address foreign tax laws.

The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Shares in the Company. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisors. Shareholders resident in jurisdictions other than Norway and shareholders who cease to be resident in Norway for tax purposes (due to domestic tax law or tax treaty) should specifically consult with and rely upon their own tax advisors with respect to the tax position in their 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 below, a reference to a Norwegian or non-Norwegian shareholder refers to the tax residency rather than the nationality of the shareholder.

19.1 Norwegian taxation

19.1.1 Norwegian shareholders

19.1.1.1 Taxation of dividends

Norwegian Personal Shareholders

Dividends received by shareholders who are individuals resident in Norway for tax purposes ("**Norwegian Personal Shareholders**") are taxable as ordinary income for such shareholders at a flat rate of 28% to the extent the dividend exceeds a tax-free allowance.

The allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a determined risk-free interest rate based on the effective rate after tax of interest on treasury bills (*Nw.: "statskasseveksler*") with three months maturity. 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 ("*excess allowance*") may be carried forward and set off against future dividends received on the same share. Any excess allowance will also be included in the basis for calculating the allowance on the same share the following years.

Norwegian Corporate Shareholders

Dividends distributed from the Company to shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("**Norwegian Corporate Shareholders**"), are effectively taxed at a rate of 0.84% (3% of dividend income from such shares is included in the calculation of ordinary income for Norwegian Corporate Shareholders and ordinary income is subject to tax at a flat rate of 28%).

19.1.1.2 Taxation of capital gains on realisation of shares

Norwegian Personal Shareholders

Sale, redemption or other disposal of shares is considered a realisation 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 ordinary income in the year of disposal. Ordinary 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 taxable gain/deductible loss is calculated per share, as the difference between the consideration for the share and the Norwegian Personal Shareholder's cost price of the share, including any costs incurred in relation to the acquisition or realisation of the share. From this capital gain, Norwegian Personal Shareholders are entitled to deduct a calculated allowance, provided that such allowance has not already been used to reduce taxable dividend income. See Section 19.1.1.1 "Norwegian Personal Shareholders" above for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realisation of a share will be annulled.

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 Corporate Shareholders

Norwegian Corporate Shareholders are exempt from tax on capital gains derived from the realisation of shares qualifying for participation exemption. Losses upon the realisation and costs incurred in connection with the purchase and realisation of such shares are not deductible for tax purposes.

19.1.1.3 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% of the value assessed. The value for assessment purposes for shares listed on the Oslo Stock Exchange is equal to the listed value as of 1 January in the year of assessment (i.e. the year following the relevant fiscal year).

Norwegian Corporate Shareholders are not subject to wealth tax.

19.1.2 Non-Norwegian shareholders

19.1.2.1 Taxation of dividends

Non-Norwegian Personal Shareholders

Dividends distributed to shareholders who are individuals not resident in Norway for tax purposes ("**Non-Norwegian Personal Shareholders**"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. The withholding obligation lies with the company distributing the dividends and the Company assumes this obligation.

Non-Norwegian Personal Shareholders resident within the EEA for tax purposes may apply individually to Norwegian tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual share (see above).

If a Non-Norwegian Personal Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Personal Shareholder, as described above.

Non-Norwegian Personal Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

Non-Norwegian Corporate Shareholders

Dividends distributed to shareholders who are limited liability companies (and certain other entities) not resident in Norway for tax purposes ("**Non-Norwegian Corporate Shareholders**"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident.

Dividends distributed to Non-Norwegian Corporate Shareholders resident within the EEA for tax purposes are exempt from Norwegian withholding tax provided that the shareholder is the beneficial owner of the shares and that the shareholder is genuinely established and performs genuine economic business activities within the relevant EEA jurisdiction.

If a Non-Norwegian Corporate Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Corporate Shareholder, as described above.

Non-Norwegian Corporate Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

Nominee registered shares will be subject to withholding tax at a rate of 25% unless the nominee has obtained approval from the Norwegian Tax Directorate for the dividend to be subject to a lower withholding tax rate. To obtain such approval the nominee is required to file a summary to the tax authorities including all beneficial owners that are subject to withholding tax at a reduced rate.

The withholding obligation in respect of dividends distributed to Non-Norwegian Corporate Shareholders and on nominee registered shares lies with the company distributing the dividends and the Company assumes this obligation.

19.1.2.2 Capital gains tax

Non-Norwegian Personal Shareholders

Gains from the sale or other disposal of shares by a Non-Norwegian Personal Shareholder will not be subject to taxation in Norway unless the Non-Norwegian Personal Shareholder holds the shares in connection with business activities carried out or managed from Norway.

Non-Norwegian Corporate Shareholders

Capital gains derived by the sale or other realisation of shares by Non-Norwegian Corporate Shareholders are not subject to taxation in Norway.

19.1.2.3 Net wealth tax

Shareholders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax. Non-Norwegian Personal Shareholders can, however, be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

19.1.3 Inheritance Tax

When shares are transferred by way of inheritance or gift, such transfer may give rise to inheritance or gift 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 tax, 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. Irrespectively of residence or citizenship, Norwegian inheritance tax may be levied if the shares are held in connection with the conduct of a trade or business in Norway.

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.

The basis for the computation of inheritance tax is the market value at the time the transfer takes place. The rate is progressive from 0 to 15%. For inheritance and gifts from parents to children, the maximum rate is 10%.

19.1.4 Duties on transfer of shares

No VAT, stamp or similar duties are currently imposed in Norway on the transfer of shares in Norwegian companies.

20 ADDITIONAL INFORMATION

20.1 Name, incorporation and registered office

The Company's legal and commercial name is Reach Subsea ASA. Reach Subsea ASA is a Norwegian public limited company organised under the laws of Norway in accordance with the Norwegian Public Limited Companies Act with registration number 922 493 626. The Company was incorporated as a Norwegian limited liability company on 19 August 1909 and converted into a public limited liability company on 24 April 1996.

The Company has its registered address at Skillebekkgata 1 B, N-5523 Haugesund, Norway, with telephone number +47 40 00 77 10.

20.2 Related party transactions

The following is an overview of the related party transactions entered into by the Group in the period from 1 January 2009 to the date of this Prospectus.

20.2.1 2009

The Group did not carry out any related party transactions in 2009.

20.2.2 2010

The Group did not carry out any related party transactions in 2010.

20.2.3 2011

The Group carried out the following related party transactions in 2011:

- In March 2011, the Group entered into an agreement with its major shareholder Caiano AS and its affiliates for the sale of its terminal activities for a total consideration of USD 12.5 million. The agreement consisted of a sale of the 100% of the shares in Green Terminals AS, which was the parent company for all the terminal activities. The terminal activities consisted of 2 wholly-owned terminals, 3 partly owned terminals and 2 forwarding companies. The purpose of the transaction was to repay debt.
- In September 2011, the Group entered into an agreement with its major shareholder Caiano AS and its affiliates for the sale and leaseback of 6 of its “Penguin-class” reefer vessels for a total consideration of USD 36 million. The vessels were chartered back on bare-boat agreements with duration of 7 years. Hence, the transaction entailed no change in the operations of the vessels. The purpose of the transaction was to strengthen the Company's financial position in a weak reefer market, including repaying debt.

20.2.4 2012

Other than the Divestment described in Section 9.3 “The Divestment of the former “Green Reefers ASA” shipping business to Caiano AS and its affiliates”, the Group has not carried out any related party transactions in 2012.

20.3 Material contracts

Other than (i) the material contracts described in Section 9.11 “Material contracts” above, (ii) the related party transactions described in Section 20.2 “Related party transactions” above and (iii) the agreements entered into in the ordinary course of business, no material contract has been entered into by any member of the Group during the two years immediately preceding the date of this Prospectus, and no contract containing obligations or entitlements that are, or may be, material to the Group as of the date of this Prospectus has been entered into by any member of the Group.

20.4 Litigation and disputes

From time to time, the Company is involved in litigation, disputes and other legal proceedings arising in the normal course of its business. Neither the Company nor any other company in the Group are, nor have been during the course of the preceding twelve months involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened.

20.5 Auditor and advisors

Reach Subsea ASA's current statutory auditor is Deloitte AS with registration number 980 211 282, and business address Karenslyst Allé 20, N-0278 Oslo, Norway. Deloitte AS is a member of Den Norske Revisorforening (The

Norwegian Institute of Public Accountants). Deloitte AS was elected as Reach Subsea ASA's auditor in the annual general meeting held on 19 May 2009, and has audited the historical financial for Reach Subsea ASA included in this Prospectus.

PricewaterhouseCoopers AS with registration number 987 009 713, and business address Dronning Eufemias gate 8, N-0191 Oslo, Norway. PricewaterhouseCoopers AS is a member of Den Norske Revisorforening (The Norwegian Institute of Public Accountants) has been proposed elected as Reach Subsea ASA's new auditor in the extraordinary general meeting in the Company to be held on 18 December 2012. PricewaterhouseCoopers has not audited the historical financial information for Reach Subsea ASA.

Reach Subsea AS' current statutory auditor is PricewaterhouseCoopers AS. PricewaterhouseCoopers AS' registration number is 987 009 713. PricewaterhouseCoopers AS is a member of Den Norske Revisorforening (The Norwegian Institute of Public Accountants). PricewaterhouseCoopers AS has been auditor for Reach Subsea AS for all periods presented in the Prospectus.

Pareto Securities is acting as manager for the Combination, the Private Placement and the Listing.

Advokatfirmaet Thommessen AS (Haakon VIIs gate 10, N-0116 Oslo, Norway) is acting as legal advisor to the Company.

20.6 Documents on display

Copies of the following documents will be available for inspection on the Company's website www.reachsubsea.com and at the Company's registered office at Skillebekkgata 1 B, N-5523 Haugesund, Norway, during normal business hours from Monday to Friday each week (except public holidays) for a period of 12 months from the date of this Prospectus:

(i) the Company's Articles of Association;

(ii) the Company's Certificate of Registration;

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

(iv) the consolidated audited financial statements of the Company as of, and for the years ended, 31 December 2011, 2010 and 2009 and the Company's unaudited consolidated financial statements as of, and for the three and nine months ended, 30 September 2012 and 2011;

(v) the audited financial statements of Reach Subsea AS as of, and for the years ended, 31 December 2011, 2010 and 2009, and Reach Subsea AS' unaudited financial statements as of, and for the three and nine months ended, 30 September 2012 (with comparable figures as of, and for the nine months ended, 30 September 2011);

(vi) historical financial information for the Company's significant subsidiaries; and

(vii) this Prospectus.

20.7 Incorporation by reference

The information incorporated by reference in this Prospectus shall be read in connection with the cross-reference list set out in the table below. Except as provided in this Section, no information is incorporated by reference in this Prospectus.

The Company incorporates by reference the Company's audited consolidated financial statements as of, and for the years ended, 31 December 2011, 2010 and 2009, and the Company's unaudited consolidated financial statements as of, and for the three and nine months ended, 30 September 2012 and 2011 as well as certain other documents specified below.

Section in the Prospectus	**Disclosure requirements of the Prospectus**	**Reference document and link**	**Page (P) in reference document**[9]
Sections 13, 14	Audited historical financial information (Annex I, Section 20.1)	**Reach Subsea ASA (previously Transit Invest ASA) – Financial Statements 2011**: http://www.newsweb.no/newsweb/search.do?messageId=301640	P16-P65
		Reach Subsea ASA (previously Transit Invest ASA) – Financial Statements 2010: http://www.newsweb.no/newsweb/search.do?messageId=277872	P16-P63
		Reach Subsea ASA (previously Transit Invest ASA) – Financial Statements 2009: http://www.newsweb.no/newsweb/search.do?messageId=256360	P16-P61
Sections 13, 14	Audit report (Annex I, Section 20.4.1)	**Reach Subsea ASA (previously Transit Invest ASA) – Auditor's Report 2011**: http://www.newsweb.no/newsweb/search.do?messageId=301640	P66-69
		Reach Subsea ASA (previously Transit Invest ASA) – Auditor's Report 2010: http://www.newsweb.no/newsweb/search.do?messageId=277872	P64-67
		Reach Subsea ASA (previously Transit Invest ASA) – Auditor's Report 2009: http://www.newsweb.no/newsweb/search.do?messageId=256360	P62-63
Section 13.2	Accounting policies (Annex I, Section 20.1)	**Reach Subsea ASA (previously Transit Invest ASA) – Accounting Principles**: http://www.newsweb.no/newsweb/search.do?messageId=301640	P19-P28
Sections 13, 14	Interim financial information (Annex I, Section 20.6.1)	**Reach Subsea ASA (previously Transit Invest ASA) – Third Quarter Financial Statement 2012**: http://www.newsweb.no/newsweb/search.do?messageId=315527	P1-P4
		Reach Subsea ASA (previously Transit Invest ASA) – Third Quarter Financial Statement 2011: http://www.newsweb.no/newsweb/search.do?messageId=293637	P1-P4
Section 6		**The Contribution Agreement entered into on 29 October 2012 in connection with the Combination**: http://www.newsweb.no/newsweb/search.do?messageId=315305	P12-P21
Section 6		**The report of the Company's auditor (with appendices) with respect to the contribution in kind (i.e. 100% of the shares in Reach Subsea AS) in connection with the Combination**: http://www.newsweb.no/newsweb/search.do?messageId=315305	P22-P52
Section 15		**Reach Subsea AS – Annual Report 2011**: http://www.newsweb.no/newsweb/search.do?messageId=315305	P43-P52
Section 15		**Reach Subsea AS – Annual Report 2010**: http://www.newsweb.no/newsweb/search.do?messageId=315305	P33-P42
Section 15		**Reach Subsea AS – Annual Report 2009**: http://www.newsweb.no/newsweb/search.do?messageId=315305	P24-P32

[9] The original page number as stated in the reference document.

20.8 Expert opinions

In Section 6.1 "Overview and terms of the Private Placement", the report issued by the Company's auditor in relation to the contribution in kind in the Combination is incorporated by reference (see Section 20.7 "Incorporation by reference" above). The report is issued by Reach Subsea ASA's current statutory auditor, Deloitte AS with registration number 980 211 282, and business address Karenslyst Allé 20, N-0278 Oslo, Norway. Deloitte AS is a member of Den Norske Revisorforening (The Norwegian Institute of Public Accountants).

21 DEFINITIONS AND GLOSSARY

In the Prospectus, the following defined terms have the following meanings:

2010 PD Amending Directive	Directive 2010/73/EU amending the EU Prospectus Directive.
Articles of Association...................	The Company's articles of association attached as Appendix A of this Prospectus.
Board of Directors........................	The Board of Directors of the Company.
CET..	Central European Time.
Combination	The acquisition of all the shares in Reach Subsea AS by the Company against issuance of the Consideration Shares completed on 5 December 2012 pursuant to the Contribution Agreement.
Company	Reach Subsea ASA.
Consideration Shares	The 26,250,000 new shares in the Company issued in connection with the Combination.
Contribution Agreement................	The contribution agreement dated 29 October 2012 between the Company, all the shareholders in Reach Subsea AS, Caiano AS, Caiano Ship AS and Aage Thoen Ltd AS regarding the Combination.
Corporate Governance Code..........	The Norwegian Code of Practice for Corporate Governance dated 23 October 2012.
Divestment	The Groups divestment of substantially all of its former shipping business to Caiano AS and its affiliates in the first half of 2012, and the remaining assets, rights and liabilities of this business in November 2012.
DSV	Diving support vessel.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
EEA..	The European Economic Area.
EIA	US Energy Information Administration.
EPIC...	Engineering, procurement, installation and construction.
E&P..	Exploration and development.
EU	The European Union.
EUR	The lawful currency of the participating member states in the European Union.
EU Prospectus Directive................	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Relevant Member State.
Group...	The Company taken together with its consolidated subsidiaries (at the relevant point in time).
IAS	International Accounting Standard.
IFRS	International Financial Reporting Standards as adopted by the EU.
IMR..	Inspection, maintenance and repair.
Listing	The listing on the Oslo Stock Exchange by the Company of the New Shares.
Management	The senior management team of the Company.
Manager	Pareto Securities.
Member States	The participating member states of the European Union.
New Shares	The Consideration Shares and the Placement Shares, jointly.
NGAAP	Accounting Standards Generally Accepted in Norway.
NFSA..	The Financial Supervisory Authority of Norway (*Nw.: Finanstilsynet*).
NOK	Norwegian Kroner, the lawful currency of Norway.
Non-Norwegian Corporate Shareholders...............................	Shareholders who are limited liability companies and certain similar corporate entities not resident in Norway for tax purposes.
Non-Norwegian Personal Shareholders...............................	Shareholders who are individuals not resident in Norway for tax purposes.
Norwegian Corporate Shareholders .	Shareholders who are limited liability companies and certain similar corporate entities resident in Norway for tax purposes.
Norwegian Personal Shareholder.....	Shareholders who are individuals resident in Norway for tax purposes.
Norwegian Private Limited Companies Act	Norwegian Private Limited Companies Act of 13 June 1997 No 44 (Nw.: *aksjeloven*).
Norwegian Public Limited Companies Act	Norwegian Public Limited Companies Act of 13 June 1997 No 45 (*Nw.: allmennaksjeloven*).
Norwegian Securities Trading Act....	The Norwegian Securities Trading Act of 28 June 2007 No 75 (*Nw.: verdipapirhandelloven*).
OPEC	Organization of Petroleum Exporting Countries.
Oslo Stock Exchange	Oslo Børs ASA, or, as the context may require, Oslo Børs, a Norwegian regulated stock exchange

	operated by Oslo Børs ASA.
Pareto Securities	Pareto Securities AS.
Placement Shares	The 13,183,578 new shares in the Company issued in connection with the Private Placement.
Private Placement	The private placement of the Placement Shares completed on 5 December 2012 pursuant to the Subscription Agreement.
Prospectus	This Prospectus dated 17 December 2012.
PRS..	Pipeline Repair System.
Reach Subsea AS.........................	Reach Subsea AS.
Reach Subsea ASA.......................	Reach Subsea ASA.
Relevant Member State	Each Member State of the European Economic Area which has implemented the EU Prospectus Directive.
ROV	Remotely operated vehicle.
SEC	U.S. Securities and Exchange Commission.
Share(s)	Means the shares of the Company, each with a nominal value of NOK 1.00, or any one of them, including the New Shares.
Subscription Agreement	The subscription agreement dated 31 October 2012 entered into by the Company and a syndicate consisting of members of management in Reach Subsea AS and a few external investors in connection with the Private Placement.
U.S. or United States	The United States of America.
U.S. Securities Act	The U.S. Securities Act of 1933, as amended.
USD	United States Dollars, the lawful currency of the United States of America.
VPS..	The Norwegian Central Securities Depository (*Nw.: Verdipapirsentralen*).

APPENDIX A:

ARTICLES OF ASSOCIATION

ARTICLES OF ASSOCIATION

OF

REACH SUBSEA ASA

As of 28 November 2012

§ 1

The company's name is Reach Subsea ASA. The company is public limited liability company.

The Company's objective is to engage in engineering, construction and service activities for the offshore energy industry, shipping and other transportation activities through ownership and/or management, participation in other companies involved in the above activities, and any business relating thereto.

The company's registered office is in Haugesund municipality. General meetings may also be held in Oslo municipality.

§ 2

The company's share capital is NOK 43,828,104 divided into 43,828,104 shares, each with a nominal value of NOK 1.00. The company's shares shall be registered in the Norwegian Central Securities Depository.

§ 3

The Board of Directors shall have 3 to 6 members. Two Board members may jointly sign on behalf of the Company.

The Company shall have a nomination committee composed of 3 members elected by the General Meeting for a period of two years. The Nomination Committee's leader is elected by the General Meeting. The Nomination Committee is responsible for nominating the shareholder-elected members of the Board of Directors and make recommendations for remuneration to the members of the Board of Directors.

The Company's Audit Committee consists of the Board of Directors as such. The Audit Committee meets the Norwegian Law requirements regarding independence and competence.

§ 4

Shareholders that wish to attend the Ordinary or Extraordinary General Meeting must inform the Company of their attendance 3 days prior to the Meeting.

§ 5

The ordinary General Meeting shall transact and decide on the following issues:

1. Specification of the profit and loss account and the balance sheet, and the use of profit or covering of loss in accordance with the specified balance sheet

2. Specification of group profit and concern balance

3. Any other matters which are pursuant to the law or the articles of association are the responsibility of the general meeting

Documents concerning matters that must be addressed in the general meeting, including documents which, pursuant to law, must be included or enclosed with the summons to the general meeting, do not need to be sent to the shareholders if the documents are available on the company's website.

APPENDIX B:

INDEPENDENT REPORT REGARDING THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors and Shareholders of Reach Subsea ASA

Independent assurance report on pro forma financial information

We have examined the Pro Forma Financial Information in section 10 of the Prospectus, comprising the pro forma balance sheet of Reach Subsea ASA (the "Company") as of 30 September 2012, the related pro forma income statement for the 9 months then ended and the pro forma statement of income for the year ended 31 December 2011. This Pro Forma Financial Information has been prepared for illustrative purposes solely to show what the significant effects on the accounts of Reach Subsea ASA might have been had the transactions described in Section 10 of the Prospectus occurred on the earlier dates, as set out in section 10.2 of the Prospectus. This Pro Forma Financial Information is the responsibility of the Board of Directors. It is our responsibility to provide the opinion required by item 7 of Annex II to the EU Regulation No 809/2004 as included in the Norwegian Securities Trading Act section 7-13. We are not responsible for expressing any other opinion on the pro forma financial information or on any of its constituent elements.

We conducted our examination in accordance with the Norwegian Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". Our work consisted primarily of comparing the unadjusted financial information with the source documents, obtaining evidence supporting the adjustments and discussing the pro forma financial information with the directors of the Company.

Based on our examination, in our opinion:

a) the pro forma financial information has been properly compiled on the basis stated;

b) such basis is consistent with the accounting policies of the issuer.

This report is issued for the sole purpose of the Prospectus required by item 7 of Annex II to the EU Regulation No 809/2004 as included in the Norwegian Securities Trading Act section 7-13 as set out in the Prospectus. This report is not appropriate for other jurisdictions than Norway and should not be used or relied upon for any purpose other than to comply with item 7 of Annex II to the EU Regulation No 809/2004.

Stavanger, 17 December 2012
PricewaterhouseCoopers AS

Henrik Z. Nessler

Henrik Zetlitz Nessler
State Authorised Public Accountant (Norway)

PricewaterhouseCoopers AS, Kanalsletta 8, Postboks 8017, NO-4068 Stavanger
T: 02316, www.pwc.no
Org.no.: 987 009 713 MVA, Medlem av Den norske Revisorforening

APPENDIX C:

UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER 2012 FOR REACH SUBSEA AS

Reach Subsea AS – Q3 2012 – Resultatregnskap

(Alle tall er oppgitt i NOK)

	3Q2011	3Q2012	Acc 3Q 11	Acc 3Q 12	2011
Salgsinntekt	2 160 022	795 397	5 452 504	2 564 379	6 013 363
Annen driftsinntekt		2 238	-	2 238	200 000
Sum driftsinntekt	**2 160 022**	**797 635**	**5 452 504**	**2 566 617**	**6 213 363**
Lønnskostnader m.m.	645 483	1 654 939	1 773 782	2 972 642	2 423 386
Avskrivning	-	-	-	-	33 860
Annen driftskostnad	102 115	535 667	379 158	980 629	1 525 396
Sum driftskostnad	**747 598**	**2 190 606**	**2 152 940**	**3 953 271**	**3 948 782**
Driftsresultat	**1 412 424**	**-1 392 971**	**3 299 564**	**-1 386 654**	**2 264 581**
Annen renteinntekt	65 000	83 693	65 000	83 693	87 306
Annen rentekostnad			239	-	239
Ordinært resultat før skattekostnad	**1 477 424**	**-1 309 278**	**3 364 325**	**-1 302 961**	**2 351 648**
Skattekostnad på ordinært resultat	413 679		942 011	-	649 325
Årsresultat	**1 063 745**	**-1 309 278**	**2 422 314**	**-1 302 961**	**1 702 323**

Reach Subsea AS – Q3 2012 – Balanse

(Alle tall er oppgitt i NOK)

EIENDELER	**Q3 2011**	**Q3 2012**	**2011**
Anleggsmidler			
Utsatt skattefordel	553 966	7 887	7 887
Sum immatrielle eiendeler	**553 966**	**7 887**	**7 887**
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner	33 860		
Sum varige driftsmidler	**33 860**	**-**	**-**
Sum anleggsmidler	**587 826**	**7 887**	**7 887**
Omløpsmidler			
Fordringer			
Kundefordringer	2 160 396	985 795	1 718 171
Andre fordringer	707 982	67 686	700 000
Sum fordringer	**2 868 378**	**1 053 481**	**2 418 171**
Bankinnskudd, kontanter og lignende	**2 916 346**	**6 064 740**	**3 279 113**
Sum omløpsmidler	5 784 724	7 118 221	5 697 284
SUM EIENDELER	**6 372 550**	**7 126 108**	**5 705 171**
EGENKAPITAL OG GJELD			
EGENKAPITAL			
Innskutt egenkapital			
Aksjekapital	385 000	820 000	485 000
Overkursfond	2 223 332	6 672 722	2 823 332
Sum innskudd egenkapital	**2 608 332**	**7 492 722**	**3 308 332**
Opptjent egenkapital			
Annen egenkapital	2 546 806	-1 295 005	7 956
Sum opptjent egenkapital	**2 546 806**	**-1 295 005**	**7 956**
Sum egenkapital	**5 155 138**	**6 197 717**	**3 316 288**
GJELD			
Kortsiktig gjeld			
Leverandørgjeld	4 623	207 823	423
Betalbar skatt	942 011	103 246	103 246
Skyldige offentlige avgifter	88 978	335 738	276 180
Utbytte	-	-	1 785 000
Annen kortsiktig gjeld	181 800	281 584	224 034
Sum kortsiktig gjeld	**1 217 412**	**928 391**	**2 388 883**
Sum gjeld	**1 217 412**	**928 391**	**2 388 883**
SUM EGENKAPITAL OG GJELD	**6 372 550**	**7 126 108**	**5 705 171**

Registered office and advisors

Reach Subsea ASA
Skillebekkgata 1 B
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Norway

Manager

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Legal Adviser to the Company

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