



2nd Quarter 2008

Presentation of Results

August 29, 2008

Tim Miller, CEO; Alex Gunderson, CFO

▶ Q2 Operation Review

Tim Miller

▶ Financial Results

Alex Gundersen

▶ Wrap-up

Tim Miller

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- ▶ Dolphin Express business expands
 - contributes 10% of total revenue
- ▶ Revenue at 5.8M NOK, 74% gross margin
- ▶ Legacy StarFabric & SCI business down seasonally
- ▶ Numascale subsidiary launched
 - key milestones achieved
- ▶ Reduced cost base in remaining Dolphin
- ▶ 5.8 M shares issued raising 12.6M NOK

- ▶ 'Lumpy' legacy revenue
- ▶ Strong Q1, weak Q2
- ▶ H1 modest growth, in line with targets
- ▶ Booking rate indicates firming demand in Q3
- ▶ StarFabric impacted by economy in short term
 - No customer losses, some new design wins, anticipate return to historical run rates through 2009
- ▶ SCI order rate impacted by one major OEM
 - Q3 order rate stronger but long term expect revenue to decline rapidly in 2009



- ▶ Company future growth engine
- ▶ Strategy validated – high potential, big market
- ▶ Focus now on tactical execution
- ▶ Q2 positive trajectory, growth in:
 - new customers
 - total unit shipments
 - product revenue
 - number of sales channel partners
 - leads and pipeline
- ▶ Contributes 10% of total revenue in Q2

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- ▶ 125% more pipeline deals end of Q2 vs. Q1
 - Higher percentage of late stage deals
- ▶ 50% growth in new leads
 - Result of focused demand generation activities
- ▶ New customers in:
 - online gaming, banking, mobile telecom services, large scale visualization, simulation and research
- ▶ 100% growth in product line revenue
- ▶ 3 new US resellers closed
 - 6 more in process
- ▶ OEM engagements
 - EMC, Agilent, Sun, CAE, Teligent, etc.

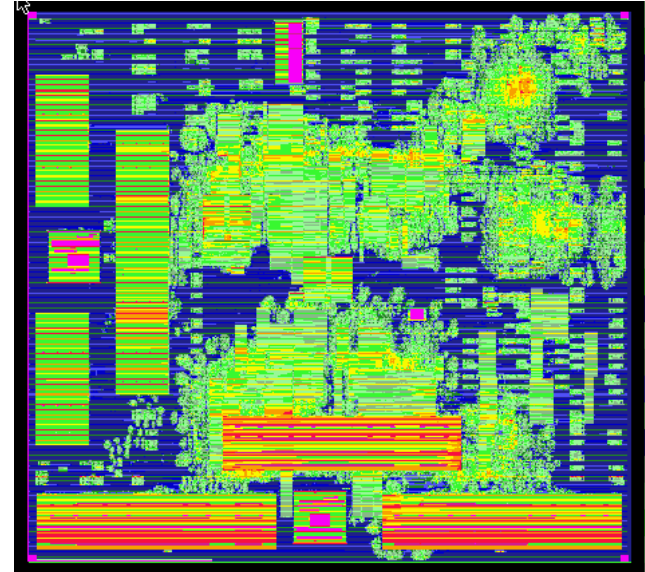
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- ▶ Continued product line enhancements delivered
- ▶ Delivered “single node acceleration”
- ▶ Opens new market opportunities in single server and non-clustered environments
- ▶ Benchmarks achieve 7x latency advantage over Ethernet

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- ▶ Achieve 'critical mass' – revenue growth acceleration
- ▶ Entering 2H behind ramp plan
 - Longer sales and evaluation cycles at major customers
 - Longer reseller training cycles
 - Major OEM deals in early stages
- ▶ Execution focus on:
 - OEM & partner deals
 - Demand generation
- ▶ Right track but will take some more time

- ▶ Subsidiary created in June
- ▶ Focus on NumaChip business
 - Great upside opportunity
 - Mainframe capability for PC cost
 - Targets HPC market initially
 - Leadership proprietary cache coherent technology
- ▶ Facilitates independent funding
 - Initial private placement in process



- ▶ Customer engagements in process
 - evaluations committed
- ▶ Physical prototype demonstration in Q3
- ▶ Hand off to manufacturing in Q4
- ▶ Prototypes delivered in Q1 2009
- ▶ Collaboration with Siemens, AMD and IBM

- ▶ After separation of Numascale, Dolphin Express business less than half historical cost base
 - reduced cash usage
 - reduced break-even threshold
- ▶ Additional cost reductions in 2H 2008
- ▶ Target cost base of NOK7M per month
 - vs. NOK17M prior to restructuring
- ▶ Solid financial foundation for growth and profitability

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Income Statement



NOK 1000

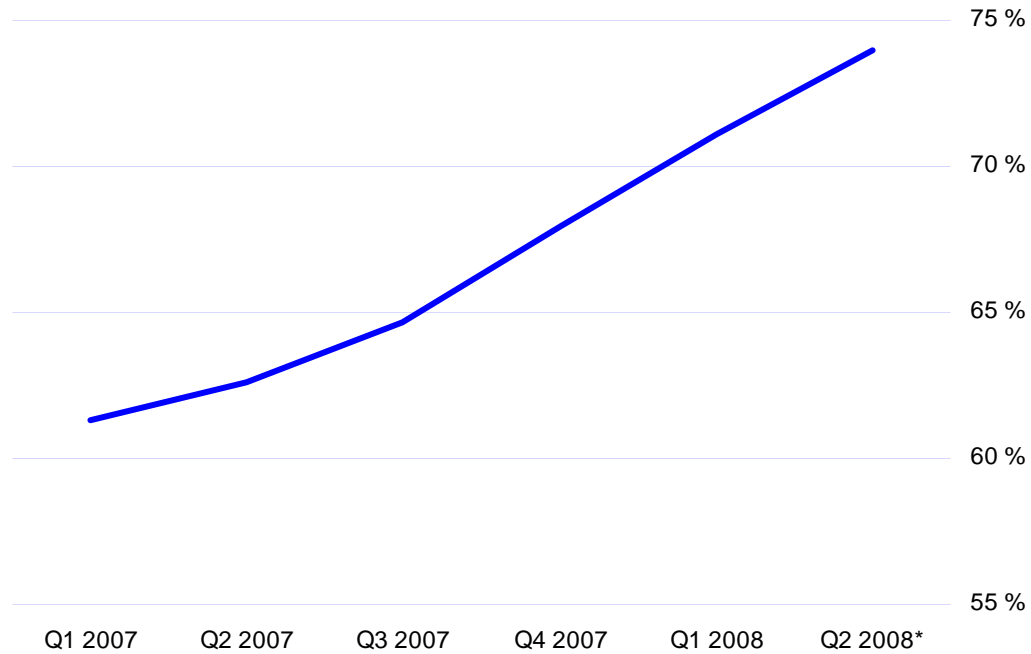
Dolphin ICS ASA	Q2 2008	Q2 2007	YTD 2008	YTD 2007	2007
Total operating revenue	5 782	7 776	14 078	14 075	27 334
COGS	1 698	2 908	4 093	5 345	9 815
Gross margin	71 %	63 %	71 %	62 %	64 %
Payroll expenses	5 827	4 934	13 130	10 593	25 115
Other opex	4 113	4 085	7 926	7 401	16 118
EBITDA	(5 856)	(4 151)	(11 071)	(9 264)	(23 713)
EBITDA margin	-101 %	-53 %	-79 %	-66 %	-87 %
Depreciation	2 398	564	2 940	1 006	2 416
Write off	10 676	0	10 676	0	0
Operating profit	(18 930)	(4 715)	(24 687)	(10 270)	(26 129)
Net financial profit	(283)	303	(607)	516	(89)
Profit before taxes	(19 213)	(4 412)	(25 295)	(9 755)	(26 218)
Income taxes	(342)	(1 240)	(334)	(4 208)	5
Net profit	(18 871)	(3 172)	(24 961)	(5 546)	(26 223)
Net profit per share	(-1.12)	(0.28)	(1.48)	(0.52)	(2.34)
Avg. no. of shares outstanding (1000)	16 871 111	11 483 110	16 871 111	10 644 181	11 200 638
IFRS accounting principles					

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Gross margin on sales Q1 2007-Q2 2008



Gross Margin



*Q2 2008: Adjusted for 0,2 m write down of inventory

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Balance sheet – Key figures



NOK 1000

Dolphin ICS Group	06.2008	06.2007	31.12.2007
Capitalized development cost	62 662	52 296	62 947
Deferred income tax assets	9 710	13 924	9 710
Cash & equivalents*	5 466	25 758	32 664
Equity	85 863	105 829	109 893
Equity ratio	83 %	93 %	91 %

IFRS accounting principles

*Prior to receipt of proceeds of stock issue executed in June 2008

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Cash Flow – Key Figures



NOK 1000

Dolphin ICS Group	Q2 2008	Q2 2007	2007
Net cashflow from operations	(4 629)	(5 050)	(16 522)
Net cashflow from investments	(6 885)	(5 239)	(22 285)
Net cashflow from financing	(4)	(151)	23 347
Net change in cash	(11 518)	(10 439)	(15 460)
Foreign currency effects	(4)	(57)	(429)
Cash at end of period	5 466	25 758	32 664

IFRS accounting principles

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Numascale transfer and subsequent restructuring:
50% reduction in running expenses vs 1H 2008

Target cost base of NOK 7 million/Quarter in 2H 2008

Streamlining the Dolphin Express business

Focus on sales, OEM's, partnerships

Reduction in operating expenses

Before consolidating Numascale

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Transfer from Dolphin complete August 13 2008

The asset sale:

Technology:	NOK 17 million
Cash	NOK 3 million
Computers, and expenses:	NOK 0.8 million

Total value transferred: NOK 20.8 million

Share issue to Dolphin: NOK/10 share

Outstanding shares in Numascale: 2,179,699 Shares

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Subscription period ends September 1 2008

Shares in Numascale offered:	1.450.000
Price	NOK 6.90/share
Pre money valuation:	NOK 15 million

20 largest shareholders



<u>Shareholder</u>	<u>No of shares</u>	<u>% Ownership</u>
1 SELVAAG INVEST	2 175 450	9,6 %
2 ZONCOLAN ASA	1 900 000	8,4 %
3 HEKTOR AS	1 300 000	5,7 %
4 CITIGROUP GLOBAL MARKETS INC.	1 100 586	4,9 %
5 MP PENSJON	1 053 702	4,6 %
6 PUNTE HOLDING AS	970 000	4,3 %
7 MORGAN STANLEY & CO INC	964 966	4,3 %
8 FRANS ENGER A/S	900 000	4,0 %
9 SJØINVEST AS	750 000	3,3 %
10 DEN NORSKE KRIGSFORSIKRING FOR	749 881	3,3 %
11 ORION ABSOLUTT AS	670 670	3,0 %
12 ELLENES	373 500	1,6 %
13 L GILL-JOHANNESSEN AS	308 127	1,4 %
14 SOLVANGEN MARINA AS	300 000	1,3 %
15 ALTEA PROPERTY DEVELOPMENT A/S	279 598	1,2 %
16 SIGURD OLSVOLD AS	223 225	1,0 %
17 DRAGE INDUSTRIES AS V/ARNE STEEN	200 000	0,9 %
18 JASTO A/S	184 055	0,8 %
19 RASMUSSEN	182 102	0,8 %
20 FALKUM INVEST A/S	165 000	0,7 %
Total 20 largest	14 750 862	65,1 %
Other shareholders	7 920 249	34,9 %
Total outstanding no of shares	22 671 111	100,0 %

Shareholders as per May 19th, 2008

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- ▶ Legacy business down
 - Seasonally
 - Impacts top line revenue
- ▶ Dolphin Express Business expands
 - Meets H1 targets
 - Positive trajectory on all fronts – revenue, units, customers, pipeline, leads, partners
 - Strategy validated – high growth, large market opportunity
 - Focus now on tactical execution
 - Achieving 'critical mass' will take some more time, but are on the right track
- ▶ Restructuring establishes solid business foundation
 - Numascale high return potential with independent funding
 - Dolphin Express significantly reduced cost structure lowers break-even threshold

▶ Tim Miller, CEO

- e-mail: miller@dolphinics.com
- Mobile: +1 50 87 40 59 49

▶ Alex Gundersen, CFO

- e-mail: alex.gundersen@dolphinics.no
- Mobile: +47 41 47 41 07

▶ For further information:

<http://www.dolphinics.com>



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