

SOFF: REPORT PER 1ST QUARTER 2003

- A weak North Sea spot market during the 1st quarter of the year
- Operating revenues was NOK 219 mill compared to NOK 235 mill the same quarter previous year
- Operating result after depreciation (EBIT) was NOK 51 mill
- Result pre tax was negative by NOK 7 mill after having booked a currency loss of NOK 65 mill and a currency gain of NOK 27 mill
- The Company expects better utilization and higher day rates for the 2nd quarter

Group account (mill NOK)

Profit and Loss Accounts	01.01.-31.03 2003	01.01.-31.03 2002	Total 2002
Operating revenue	219	235	1.010
Operating expenses	113	102	437
Ordinary depreciation/write down	55	45	283
Operating profit	51	89	290
Result associated companies	1	4	22
Other Financial Items	-59	-9	29
Result before taxes	-7	83	341
Taxes	1	2	14
Result after taxes	-8	81	327
No. of shares (mill)	35,2	35,2	35,2
Earnings per share (NOK)	-0,22	2,30	9,27

Balance Sheet	31.03.2003	31.03.2002	31.12.2002
Fixed Assets (1)	4.342	3.105	3.903
Current Assets	628	683	695
Total Assets	4.970	3.788	4.598
Equity incl. minority interests	1.863	1.510	1.910
Long-term debt	2.904	2.063	2.480
Current Liabilities	203	215	208
Total Equity and Liabilities	4.970	3.788	4.598
(1) Hereof restricted bank deposits	151	159	145

Economy and finance

Operating revenues for the 1st quarter of the year was NOK 219 mill, which is NOK 16 mill less than the same quarter previous year. The Group's fleet capacity has simultaneously increased by approx. 20%. Besides a weak winter marked for spot vessel in the North Sea, the operating revenues from the Company's two cable vessels have furthermore been reduced by NOK 7 mill in connection with the charterers' decision to lay up the vessels. The reduced day rates for the cable vessels are equivalent to the Company's savings as a consequence to the lay up of the vessels. Additionally, the lower USD- and GBP exchange rates (reduced by between 15 and 20%) have resulted in lower NOK amounts for USD and GBP revenues.

The quarter's cash flow from operations (EBITDA) was NOK 79 mill, NOK 49 mill less than the previous year.

As a consequence of the strengthened USD during 1st quarter 2003, an unrealized currency loss of NOK 65 mill has been booked. Simultaneously, NOK 27 mill has been charged to income as a result of increased value of the Company's currency deposits. The hedging effect of the cash flow hedging is included under operating revenues with NOK 22 mill charged to income.

The Company's net interest bearing debt at the expiry of 1st quarter 2003 was NOK 2.152 mill, giving an increase of NOK 472 mill for the period. The increase may primarily be subscribed to having taken delivery of 2 newbuilds and a net currency loss.

Interest bearing long-term vessel debt pr. 31.03.03 was NOK 2.766 mill, and was apportioned by 24% GBP, 52% USD, 19% NOK and 5% EUR. At expiry of the period, 3-5 years interest hedging agreements were entered for approx. 20% of the total long-term debt.

Booked equity at expiry of the quarter was NOK 1.863 mill, giving NOK 53 per share. Valuation of the vessels has not been obtained at the end of the quarter (being done pr. 30.6 and 31.12). At the turn of the year, value adjusted equity pre tax was estimated at NOK 82,- per share (booked equity per share was 54,-).

At expiry of April, the Group's fleet had contract coverage of approx. 59% for the remaining of 2003 based on number of days. Including options, the coverage was approx. 68%. For 2004, the coverage is approx. 19% and approx. 50% correspondingly. It is expected that an average of 5-6 of the Company's offshore service vessels will operate in the spot market during the 2nd quarter. Due to an increase of the fleet, an improved market and a higher utilization, operating revenues and cash flow are expected to improve from the 1st quarter to the 2nd quarter.

The quarterly accounts have been prepared in accordance with the same accounting principles as the previous annual accounts and in accordance with Norwegian accounting standard for interim reporting.

The Market

Prior to 2003, it was expected that demand for the Company's services would be somewhat less than in 2002. This was primarily reasoned by reduced exploring activity in the North Sea as well as a significant supply of newbuilds. The 1st quarter was as expected and the Company assumes it to be the weakest quarter of 2003. This depends however on that demand for vessels in areas such as Brazil, West Africa, Mediterranean, the East and the Gulf of Mexico remains strong. Increasing activity levels in the North Sea this spring/summer is also expected to have a positive market effect.

The market development within offshore service will continue towards exploration and production in deep water areas outside the North Sea, and globally towards increased subsea- and maintenance activity. The majority of the Company's newer vessels are designed and equipped in order to meet the various demands for services this trend generates. Contracts for two of the Company's newest vessels were recently entered in the Gulf of Mexico for performing of various services in association with maintenance of offshore installations. The Company currently has several of the new and advanced Anchor Handling Vessels working with deep water - and subsea installations in Brazil, West Africa, Mediterranean and the Gulf of Mexico.

The Fleet

During 1st quarter, the Company took delivery of the newbuilds Normand Flipper and Normand Master. The first mentioned is a large PSV of 4500 DWT primarily for transportation services; whilst the latter is an advanced Anchor Handling vessel with bollard pull of 280 tons and engine power of approx. 25.000 brake horsepower Normand Flipper is owned 100% via the Group's Norwegian ship owning company, whilst the Normand Master is owned by the subsidiary Solida KS where the Company has a ownership of 51%.

The Company operates a fleet of 28 vessels in total. The latter years, an increasing number of the fleet has performed outside the North Sea. Currently, 3 vessels are operating on the Brazilian Continental shelf, 2 in the Gulf of Mexico, 2 in the USA, 1 in West Africa and 3 in the Mediterranean, whilst the remaining 17 vessels work in the North Sea area.

Furthermore, the 50% owned Brazilian company; NorSkan Offshore Ltda has 1 vessel in operation plus another 2 vessels under construction due for delivery in July 2003 and February 2004 respectively.

Subsequent to a resolution by the Norwegian parliament this winter, a measure of net wages for crew onboard vessels registered in NOR (Norsk Ordinært Skipsregister), equivalent to other seafarer nations within the EU is being introduced from 01.07.03. Awaiting the treatment of the revised National Budget, the Company has postponed the final decision regarding future crewing and flag state for each vessel.

Issues related to the Company and its shareholders

Yesterday The Annual General Meeting resolved to pay dividend of NOK 1,50 per share for 2002. Shareholders pr.12.05.03 will receive dividend to be paid the 17.06.03.

The following 3 directors have offered themselves for re-election: Johannes Solstad, Jakob Rugland and Idar Ulstein. All three were re-elected for a 2-year period. Harald Eikesdal continues as chairman of the Board whilst Johannes Solstad continues as the deputy chairman of the Board.

The Annual General Meeting furthermore resolved to renew the Board's power of attorney associated with increase of the share capital by up to NOK 4.280.000 by means of new subscriptions of up to 2.140.000 shares, each at face value of NOK 2,-. This includes shares reserved for employees of the Company.

Furthermore, the Board was given power of attorney to acquire treasury shares at a total face value of up to NOK 7.158.832,- equivalent to 10% of the share capital.

All power of attorneys is in force until the Annual General Meeting in 2004.

The Company currently has approx. 1.720 shareholders.

Skudeneshavn 13.05.03.

Solstad Offshore ASA

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SOLSTAD OFFSHORE ASA

Profit and loss accounts

(NOK mill.)	2003 01.01-31.03	2002 01.01-31.03	2002 Total
Total operating revenues	219	235	1.010
Crew expenses	-76	-70	-291
Other operating expenses	-37	-32	-147
Operating result before depreciations	106	133	573
Ordinary depreciation	-47	-36	-166
Depreciation balance booked periodic maintenance	-8	-8	-37
Write-downs	0	0	-80
Operating result	51	89	290
Income from investment in associated	1	4	22
Other interest income	4	6	20
Other financial income	27	0	0
Unrealised currency gain/loss	-65	23	192
Other interest charges	-25	-20	-81
Other financial charges	0	-18	-102
Ordinary result before taxes	-7	83	341
Taxes ordinary result	-1	-2	-14
Result	-8	81	327
Hereof minority share	-16	6	43
Hereof majority share	8	75	284
Earnings per share	-0,22	2,30	9,27

Cashflow statements

(NOK mill.)	2003 01.01-31.03	2002 01.01-31.03	2002 Total
Cash flow from operational activities	60	86	580
Cash flow from investment activities	-486	-295	-1.344
Cash flow from financing activities	377	224	842
Net movement in cash and cash equivalents	-49	15	78
Cash and cash equivalents per 01.01	512	435	435
Cash and cash equivalents per end period	463	450	512

Report per segment

(NOK mill.)	Cable		
	2003 01.01-31.03	2002 01.01-31.03	2002 Total
Total operating revenues	47	54	221
Operating result	32	27	37
(NOK mill.)	Offshore		
	2003 01.01-31.03	2002 01.01-31.03	2002 Total
Total operating revenues	172	179	789
Operating result	19	60	253

SOLSTAD OFFSHORE ASA

Balance sheets

(NOK mill.)	2003 31.03	2002 31.03	2002 31.12
ASSETS			
Fixed assets			
Intangible fixed assets	8	10	9
Tangible fixed assets	4.021	2.801	3.608
Financial fixed assets	313	294	287
Total fixed assets	4.342	3.105	3.903
Current assets			
Stocks	13	12	11
Receivables	152	221	172
Deposits, cash etc.	463	450	512
Total current assets	628	683	695
TOTAL ASSETS	4.970	3.788	4.598
EQUITY AND LIABILITIES			
Equity			
Paid-in equity	82	82	82
Retained equity	1.570	1.370	1.610
Minority interests	211	57	218
Total equity	1.863	1.510	1.910
Debt			
Long-term provisions	139	122	143
Debt to credit institutions/leasing obligations	2.766	1.940	2.337
Total long-term debt	2.904	2.063	2.480
Current liabilities	203	215	209
Total liabilities	3.107	2.278	2.689
TOTAL EQUITY AND LIABILITIES	4.970	3.788	4.598

Changes in equity

(NOK mill.)	2003 31.03	2002 31.03	2002 Total
Equity per 01.01	1.910	1.413	1.413
Change in hedging income	-47	9	91
Paid in minority share	9	6	142
Paid out minority share	0	0	-12
Buy-back and sale treasury shares/Not paid out dividend	0	0	3
Result	-8	81	273
Total equity end period	1.863	1.510	1.910