

SOLSTAD ASA – FINANCIAL REPORT FOR THE 1ST QUARTER 2004

- Weak spot market in the North Sea in the first quarter
- Operating revenue was NOK 225 million (including 22 million in profit on sales) compared to NOK 219 million for the same period last year
- The operating revenue after depreciation (EBIT) was NOK 44 million
- The result before tax was negative NOK 39 million after a net currency loss of NOK 60 million was posted in the first quarter.

Profit & Loss Account (NOK 1.000)

Profit & Loss Account	01.01-31.03 2004	01.01-31.03 2003	Total 2003
Operating Revenue	202.983	219.404	993.926
Profit on sale of operating assets	22.133	0	0
Operating Expenses	119.198	113.283	475.178
Depreciation/write down	62.167	54.796	240.359
Operating result	43.751	51.325	278.389
Other Group income	-2.026	736	12.208
Net agio/(disagio)	-59.192	-37.156	-11.093
Other financial charges	-21.582	-21.522	-86.711
Result before tax	-39.049	-6.617	192.793
Taxes	899	1.132	9.185
Result	-39.948	-7.749	183.608
No.of Shares (1,000)	37.558	35.221	35.234
Result per share	-1,06	-0,22	5,21

Balance Sheet	31.03.2004	31.03.2003	31.12.2003
Fixed Assets (1)	4.292.309	4.341.567	4.313.808
Current Assets	810.072	628.047	684.354
Total Assets	5.102.381	4.969.614	4.998.162
Share capital including minority interests	2.071.934	1.862.951	1.990.968
Other long term debt	2.823.558	2.969.321	2.797.225
Short term debt	206.889	137.342	209.969
Total Assets	5.102.381	4.969.614	4.998.162

1) Hereof restricted bank deposits 221.813 150.923 208.227

Segment Report

(NOK mill.)	Cable		
	01.01-31.03 2004	01.01-31.03 2003	Total 2003
Total Operating Income	38.515	46.780	177.728
Operating Result	23.547	31.859	118.038
(NOK mill.)	Offshore		
	01.01-31.03 2004	01.01-31.03 2003	Total 2003
Operating Income	186.601	172.624	816.198
Operating Result	20.204	19.466	160.351

Economy and Finance

The operating revenue for the first quarter was NOK 225,1 million, including gain on sale of NOK 22,1 million. The profit on sales was achieved by the sale of the Group's three oldest vessels (standby). Gross total sales were NOK 25 million. After adjusting for profit on sales, the operating revenue is NOK 16,4 million lower than the same period last year. The main contributory factor is a weak spot market in the North Sea.

The operating cash flow for the quarter (EBITA) was NOK 95,9 million which is 17 million higher than last year. Exclusive sale of vessels, the EBIDTA was NOK 73,8 million.

As a result of the strength of the US dollar and GBP in the first quarter of 2004 an unrealized currency gain of NOK 84,6 million was posted. At the same time, NOK 26,7 million is booked as income due to the increased value of the Group's currency deposits. The hedging effect of the cash flow from contracts is included in the operating revenue with NOK 5,8 million booked as income.

The Group's net interest bearing debt at the end of the first quarter of 2004 was NOK 1.940,4 million, a reduction of NOK 103,5 million in the last quarter. Outwith the normal operations and currency market, the changes was due to the share capital increase carried out the 29 January 2004. This placement together with the sale of 500,000 own shares, brought the Group approximately NOK 130 million.

Interest bearing debt at 31 March 2004, was NOK 2.766 million, and was apportioned by 44% GBP, 33% USD, 18% NOK and 5% Euro. At the end of the quarter, 3-5 year interest hedging agreements were entered into for approximately 19% of the total long-term debt.

Booked equity at the end of the quarter was NOK 2.071,9 million, giving NOK 55 per share. Valuation of the vessels has not been obtained at the end of the quarter (being done pr 30.06 and 31.12).

At expiry of April, the Group's fleet had contract coverage of around 50% for the remaining of 2004 based on number of days. Including options, this coverage was approx. 68%. For 2005, the contract coverage is approx. 17% and 35% respectively. Income in the second quarter will be influenced by 3-4 of the company's large AHTS's operating on the spot market, the sale of the standby vessels and the Normand Cutter being off hire for about one and a half months due to conversion work.

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

The Market

Late last year there was the expectation that the demand for the company's services would be relatively low but with the prospect of improvement in the latter half of 2004 and the subsequent two years. The first quarter was as expected mainly due to the low activity level in the North Sea. Despite the number of vessels in the North Sea being at its lowest for many years, the demand and therefore revenue was weak. The weak market has continued so far in to the second quarter.

The oil price and economic growth are two important factors affecting the activity level in the oil and gas and offshore industries. Both have shown positive development lately which forms the basis for optimism in the offshore service industry. The Company anticipates that market development will continue with exploration and production in deep water areas

outside the North Sea and a global increase in subsea and maintenance activity. Most of the Group's newer vessels are designed and equipped to meet the broad base of services initiated by this trend. The Group has several of its new and advanced vessels in deep water activities or subsea installations in Brazil, West Africa, the Mediterranean and the Gulf of Mexico.

The Fleet

After the sale of the Group's three oldest vessels, the fleet consists of a total of 25 vessels. For the time being, one vessel is undergoing conversion (from a cable vessel to an offshore service vessel), 2 are laid up (one of which is laid up on charters account), 3 are operating on the Brazilian Continental Shelf, 2 are in Mexico, 1 is in West Africa, 3 are in the Mediterranean and the remaining 13 vessels are operating in the North Sea.

In addition, the 50% owned Brazilian company NorSkan Offshore Ltda has 2 vessels operating and one new build with delivery at the turn of the year 2004/2005.

During the first quarter the Company entered into a contract with Flekkefjord Slipp and Maskinfabrikk for the build of a large PSV of design type VS 4420. The vessel will be delivered in March 2005 for a cost of NOK 235 million. The new build will be owned 100% by the Group's Norwegian shipping company.

The Company and its shareholders

The Annual General Meeting resolved to pay a dividend of NOK 1,00 per share for 2003. Shareholders at 11 May 2004, will receive the dividend by 28 May 2004.

The following three board members were on election: Harald Eikesdal, Per Gunnar Solstad and Tor Edv. Hestvik. Arne Austreid, a new member and General Manager of Prosafe ASA was elected to replace Tor Edv. Hestvik, which had renounce himself to be elected. Harald Eikesdal continues as chairman and Johannes Solstad continues as deputy chairman.

The Annual General Meeting also renewed the Board's power of attorney to increase the share capital by up to NOK 4,280,000 by means of new subscriptions of up to 2,140,000 shares at NOK 2,00 per share, including shares which will be offered to the company's employees.

The Board was also given power of attorney to acquire treasury shares up to a total value of NOK 7,558,832 equivalent to 10% of the share capital.

All powers of attorney apply until the next Annual General Meeting in 2005.

At today's date the company has 1,475 shareholders.

Skudeneshavn 12.05.04.

Solstad Offshore ASA

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SOLSTAD OFFSHORE ASA

Profit and loss accounts

(NOK 1.000)	2004 01.01-31.03	2003 01.01-31.03	2003 Total
Total operating revenues	225.116	219.404	993.926
Crew expenses	-73.223	-76.297	-301.098
Other operating expenses	-45.975	-36.986	-174.080
Operating result before depreciations	105.918	106.121	518.748
Ordinary depreciation	-52.053	-47.038	-203.431
Depreciation balance booked periodic maintenance	-10.114	-7.758	-36.928
Operating result	43.751	51.325	278.389
Result associated companies	-2.026	736	12.208
Other interest income	5.489	3.965	17.598
Realised currency gain/loss	25.426	27.431	9.583
Unrealised currency gain/loss	-84.618	-64.587	-20.676
Other interest charges	-26.751	-25.211	-103.087
Other financial charges	-320	-276	-1.222
Ordinary result before taxes	-39.049	-6.617	192.793
Taxes ordinary result	-899	-1.132	-9.185
Result	-39.948	-7.749	183.608
Hereof minority share	-21.112	-15.509	20.301
Hereof majority share	-18.836	7.760	163.307
Earnings per share/Diluted earnings per share	-1,06	-0,22	5,21

Cashflow statements

(NOK 1.000)	2004 01.01-31.03	2003 01.01-31.03	2003 Total
Cash flow from operational activities	107.569	60.088	289.272
Cash flow from investment activities	-46.764	-485.989	-562.266
Cash flow from financing activities	76.493	376.603	226.919
Net movement in cash and cash equivalents	137.298	-49.298	-46.075
Cash and cash equivalents per start period	466.067	512.142	512.142
Cash and cash equivalents per end period	603.365	462.844	466.067

Report per segment

(NOK 1.000)	Cabel		
	2004 01.01-31.03	2003 01.01-31.03	2003 Total
Total operating revenues	38.515	46.780	177.728
Operating result	23.547	31.859	118.038
(NOK 1.000)	Offshore		
	2004 01.01-31.03	2003 01.01-31.03	2003 Total
Total operating revenues	186.601	172.624	816.198
Operating result	20.204	19.466	160.351

SOLSTAD OFFSHORE ASA

Balance sheets

(NOK 1.000)	2004 31.03	2003 31.03	2003 31.12
ASSETS			
Fixed assets			
Intangible fixed assets	5.916	8.068	6.454
Tangible fixed assets	3.826.871	4.020.743	3.878.096
Financial fixed assets	459.522	312.756	429.258
Total fixed assets	4.292.309	4.341.567	4.313.808
Current assets			
Stocks	17.635	13.140	14.481
Receivables	189.072	152.063	203.806
Deposits, cash etc.	603.365	462.844	466.067
Total current assets	810.072	628.047	684.354
TOTAL ASSETS	5.102.381	4.969.614	4.998.162
EQUITY AND LIABILITIES			
Equity			
Paid-in equity	187.172	82.063	82.124
Retained equity	1.659.367	1.570.090	1.662.334
Minority interests	225.395	210.798	246.510
Total equity	2.071.934	1.862.951	1.990.968
Debt			
Long-term provisions	132.192	138.610	136.010
Other long-term debt	88.829	65.064	85.167
Debt to credit institutions/leasing obligations	2.602.537	2.765.647	2.576.048
Total long-term debt	2.823.558	2.969.321	2.797.225
Kortsiktig gjeld			
Bank overdraft	74.198	9.314	56.912
Other current liabilities	132.691	128.028	153.057
Total current liabilities	206.889	137.342	209.969
Total liabilities	3.030.447	3.106.663	3.007.194
TOTAL EQUITY AND LIABILITIES	5.102.381	4.969.614	4.998.162

Changes in equity

(NOK 1.000)	2004 31.03	2003 31.03	2003 31.12
Equity per 01.01	1.990.968	1.909.561	1.909.561
Change in hedging income	-9.148	-47.196	-74.820
Paid in capita	104.048	0	0
Paid in minority share	0	8.643	8.643
Paid out minority share	0	0	0
Sale of treasury shares	26.014	0	1.234
Other changes	0	-308	536
Result	-39.948	-7.749	145.814
Total equity end period	2.071.934	1.862.951	1.990.968