



SOFF: REPORT PER 2nd QUARTER 2002

- The revenues from the first six months increased by 28% to 477 million compared to last year.
- Operating profit after depreciations (EBIT) for the first six months was NOK 169 mill compared to NOK 122 mill last year.
- Profit pre tax per 30.06.02 reached NOK 195 mill, an increase of 71% compared to the same period last year.
- The revenues from the quarter were NOK 243 mill and the result pre tax was NOK 112 mill.

Overview of main figures for the Group (for complete figures: see attachment)

Profit and Loss Accounts	01.04-30.06 2002	01.04-30.06 2001	1.1-30.6 2002	1.1-30.6 2001	Total 2001
Freight income	243	221	477	373	881
Operating expenses	112	99	213	186	381
Ordinary depreciation	50	34	94	65	144
Operating profit	81	89	169	122	356
Result associated companies	7	3	10	5	7
Other Financial Items	24	-13	16	-14	-18
Result before taxes	112	79	195	114	344
Taxes	2	3	4	3	16
Result after taxes	110	77	191	111	328
No. of shares (mill)	35,2	35,6	35,2	35,6	35,5
Earnings per share (NOK)	3,12	2,15	5,43	3,13	9,25

Balance Sheet	30.06.2002	30.06.2001	31.12.2001
Fixed Assets (1)	3.451	2.367	2.859
Current Assets	587	498	647
Total Assets	4.038	2.865	3.506
Equity incl. minority interests	1.684	1.286	1.428
Long-term debt	2.184	1.438	1.875
Current Liabilities	170	141	203
Total Equity and Liabilities	4.038	2.865	3.506
(1) Hereof restricted bank deposits	146	159	164

Report per segment

(NOK mill.)	Cable				Total 2001
	01.04-30.06 2002	01.04-30.06 2001	01.01-30.06 2002	01.01-30.06 2001	
Total operating revenues	51	0	105	0	84
Operating result	24	0	52	0	34

(NOK mill.)	Offshore				Total 2001
	01.04-30.06 2002	01.04-30.06 2001	01.01-30.06 2002	01.01-30.06 2001	
Total operating revenues	192	221	372	373	797
Operating result	57	89	117	122	322

Economy and finance

The revenues were increased by NOK 104 mill compared to the same period last year. This may mainly be attributed to the Company's expansion of the fleet. The market has contributed less. After having increased demand for vessels during the 1st quarter of this year compared to the year before, the opposite have been the case during 2nd quarter.

Cash flow from operations (EBITDA) for the first six months was NOK 254 mill, which is an increase of NOK 67 mill compared to the previous year. EBITDA for the 2nd quarter solely, was NOK 126 mill.

Since the turn of the year, the USD has impaired by 17% and the GBP by 13% against the Norwegian krone. NOK 46 mill net has been charged to income as currency gain associated with the Group's currency debt corrected for deposits and contracts in the same currencies.

The Company's net interest bearing debt at the expiry of the 2nd quarter 2002 was NOK 1.570 mill. The increase during the quarter was NOK 244 mill and is primarily associated with the draw down of loans in connection with the delivery of a newbuilding (Normand Mermaid) in May.

Interest bearing long-term vessel debt per 30.06.02 was NOK 2.065 mill. apportioned by 29% GBP, 51% USD and 20% NOK respectively. The Group has to a large extent balanced the currency risk by keeping deposits and income in the same currencies. Long-term hedging agreements have been entered for approx. 36% of the USD debt.

Booked equity per 30.06.02 was NOK 1.684 mill, which is NOK 48,- per share. Based on brokers' valuations of the fleet (without contracts) per 30.06.02 the value adjusted equity pre tax was NOK 2,9 bill., or approx NOK 83,- per share. Corresponding figures at the turn of the year was estimated at NOK 80,-.

At the expiry of July, the contract coverage of the Group fleet was approx. 73% for the remaining part of 2002 based on number of days. Including options, the coverage was approx. 80%. For 2003, the coverage is approx. 43% and 51% respectively. During 3rd quarter, approx. 4 offshore service vessels will on average be operated in the spot market.

The quarterly accounts have been prepared in accordance with the same accounting standards as the previous annual accounts and in accordance with the preliminary Norwegian accounting standards.

The Market

The market development in the North Sea during the 2nd quarter was weaker than expected. The Company is expecting that the revenues for the next quarter will remain on the same levels as for the 2nd quarter.

With a longer term perspective, based on expectations of a stabile oil price of USD 20-25 per barrel together with a positive development of the world economy, the Company presumes that the supply of newbuildings will not disturb the market balance significantly. The most significant increase of activity is expected in areas outside the North Sea, primarily in Brazil, West Africa, Gulf of Mexico and the East.

The market for vessels involved in laying and maintaining of fiber optical cable at sea remains weak. Improvement is primarily dependent on development of world economy.

The Fleet

From offices in Skudeneshavn and Aberdeen, the Company is operating a total of 24 vessels, whereof 3 on the Brazilian continental shelf, 1 in the Gulf of Mexico, 1 in West Africa and 1 in the Caribbean; whilst the remaining 18 are operated in the North Sea area. Furthermore,

NorSkan Offshore Ltda (Brazilian company owned 50/50 together with DOF ASA) operates 1 vessel in Brazil.

In May 2002, the Normand Mermaid was delivered from Ulstein Verft AS. The vessel is owned by a subsidiary, whereof the Company has a share of 51%. The Company has presently 1 wholly owned and 3 partly owned vessels under construction due to be delivered within the next 7 months, whereof 2 to be delivered in August/September. Additionally, NorSkan Offshore Ltda has 2 Platform Supply Vessels (PSVs) under construction in Brazil planned delivered in July 2003 and February 2004 respectively.

Issues relating to the Company and its shareholders

On the 13.05.02, the Annual General Meeting resolved payment of dividend of NOK 2,- per share for 2001, which was paid on the 30.05.02. As per 19.08.02, the Company had approx. 1.700 shareholders.

Skudeneshavn 22.08.02.

Solstad Offshore ASA

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