



## SOFF: FINANCIAL REPORT FOR THE 3RD QUARTER 2003

- Operating revenue for the 3rd quarter was NOK 257 mill, which is the same as last year.
- Operating result after depreciation (EBIT) for the 3<sup>rd</sup> quarter was NOK 77 mill compared to NOK 98 mill for the equivalent period last year.
- Operating revenue for the first 3 quarters of the year was NOK 750 mill compared to NOK 753 mill the previous year.
- Result before tax pr. 30.09.03 was NOK 142 mill.
- The total fleet utilization was 96% for the 3<sup>rd</sup> quarter, and 94% year to date.

### Financial summary for the Group (for a full report, please refer to the attachment):

Profit and Loss Accounts	3rd qtr 2003	3rd qtr 2002	01.01-30.09 2003	01.01-30.09 2002	Total 2002
Operating revenue	257	257	750	753	1 010
Operating expenses	118	105	356	318	437
Ordinary depreciation/write down	62	54	178	148	283
Operating profit	77	98	216	287	290
Result associated companies	4	8	13	18	22
Other Financial Items	12	-19	-87	-22	29
Result before taxes	93	87	142	283	341
Taxes	1	4	3	9	14
Result after taxes	92	83	139	274	327
No. of shares (mill)	35,2	35,2	35,2	35,2	35,2
Earnings per share /diluted earnings per share (NOK)	2,61	2,36	3,94	7,79	9,27

Balance Sheet	30.09.2003	30.09.2002	31.12.2002
Fixed Assets (1)	4.289	3.718	3 903
Current Assets	600	622	695
<b>Total Assets</b>	<b>4.889</b>	<b>4.340</b>	<b>4 598</b>
Equity incl. minority interests	1.986	1.900	1 910
Long-term debt	2.720	2.314	2 480
Current Liabilities	183	126	208
<b>Total Equity and Liabilities</b>	<b>4.889</b>	<b>4.340</b>	<b>4 598</b>

(1) Hereof restricted bank deposits	157	151	145
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### Report per segment

(NOK mill.)	Kabel				Totalt 2002
	3rd qtr 2003	3rd qtr 2002	01.01-30.09 2003	01.01-30.09 2002	
Total operating revenues	44	57	134	168	221
Operating result	29	30	89	88	37

  

(NOK mill.)	Offshore				Totalt 2002
	3rd qtr 2003	3rd qtr 2002	01.01-30.09 2003	01.01-30.09 2002	
Total operating revenues	213	200	617	585	789
Operating result	48	69	127	199	253

## **Economy and finance**

The operating revenue for the 3rd quarter 2003 was NOK 257 mill., which is the same as for the equivalent period last year. For the first 3 quarters of the year, the revenue reached NOK 750 mill (NOK 753 mill). The fact that the revenues have been maintained at the same level as last year can mainly be subscribed to having increased the fleet by approx. 19%. Compared to last year, average earnings per vessel have decreased by approx 16% during the first 3 quarters of the year, whilst for the 3<sup>rd</sup> quarter alone, it decreased by approx. 10%.

The hedging effect of the cash flow is included in the operating revenue with NOK 48 million posted to income.

Per 30.09.03, the Group's cash flow from operations (EBITDA) reached NOK 331 mill, which is NOK 50 mill less than the previous year. EBITDA for 3<sup>rd</sup> quarter alone was NOK 130 mill (NOK 128 mill).

The Company's interest bearing net debt at expiry of the 3<sup>rd</sup> quarter 2003 was NOK 2.114 mill, giving a reduction of NOK 15 mill during the 3<sup>rd</sup> quarter. The Company has paid an installment of NOK 105 mill on their loan facility, which may be drawn up again.

Interest bearing long-term vessel debt pr. 30.09.03 was NOK 2.590 mill and was apportioned by 37% GBP, 39% USD, 5% Euro and 19% NOK. By expiry of the quarter, 2-5 year interesting hedging agreements were entered for approx. 16% of the total long-term debt.

Booked equity pr. 30.09.03 was NOK 1.986 mill, giving NOK 56 per share.

At expiry of October, the contract coverage of the Group's fleet was approx. 86% for the remaining days of 2003. Including options, the coverage reaches approx. 90%. For 2004, the contract coverage is approx. 39% and 63% respectively.

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**

The North Sea spot market has been slow during the 3rd quarter. Internationally, the activity has been relatively stabile. The increased international activity contributed to the Company being less exposed to the weak spot market in the North Sea, and led to a utilization level of approx. 96% for the fleet during the 3<sup>rd</sup> quarter.

It is not expected that the North Sea market will improve any for the coming 6 months. The Company will be somewhat more exposed to the spot market during the 4<sup>th</sup> quarter compared to the 3<sup>rd</sup>. One of the Company's older vessels is likely to be laid up during November. The significant interest for licenses on the UK sector of the North Sea at the previous allotment together with several larger projects on the Norwegian sector, are factors that are expected to contribute to increased activity from spring 2004. Internationally, demand for modern offshore tonnage is expected to be maintained at a satisfying level for the foreseeable future.

## **The Fleet**

The Company's offices in Skudeneshavn and Aberdeen operate a total of 28 vessels, whereof 4 are operating on the Brazilian/Argentinean continental shelf, 4 in the Gulf of Mexico, 3 in the USA, 5 in the Mediterranean, 1 in West Africa, and the remaining 11 vessels are in the North Sea area.

Since 1996, the Company has taken delivery of 14 advanced offshore service vessels, whereof 12 are currently operating outside the North Sea.

Additionally, the Brazilian company NorSkan Offshore Ltda, where the Company holds 50%, owns 3 vessels, whereof one Platform Supply Vessel (PSV) is in operation and two are under construction (one Anchorhandling vessel due for delivery 12/04 and one PSV due for delivery 02/04).

## **The Company and its shareholders**

The Company currently has approx. 1.630 shareholders. The current share price is approx. NOK 38,- which gives a total market value of approx. NOK 1.400 mill. At the turn of the year the share price was NOK 30,-.

Skudeneshavn 06.11.03.

Solstad Offshore ASA

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## SOLSTAD OFFSHORE ASA

### Profit and loss accounts

(NOK mill.)	2003	2002	2003	2002	2002
	01.07-30.09	01.07-30.09	01.01-30.09	01.01-30.09	Total
<b>Total operating revenues</b>	<b>257</b>	<b>257</b>	<b>750</b>	<b>753</b>	<b>1.010</b>
Crew expenses	-71	-71	-227	-212	-291
Other operating expenses	-47	-33	-129	-106	-147
<b>Operating result before depreciations</b>	<b>139</b>	<b>152</b>	<b>394</b>	<b>435</b>	<b>573</b>
Ordinary depreciation	-52	-43	-151	-120	-166
Depreciation balance booked periodic maintenance	-10	-10	-27	-28	-37
Write-downs	0	0	0	0	-80
<b>Operating result</b>	<b>77</b>	<b>98</b>	<b>216</b>	<b>287</b>	<b>290</b>
Income from investment in associated	4	8	13	18	22
Other interest income	5	3	12	14	20
Realised currency gain/loss	-5	7	32	-75	-101
Unrealised currency gain/loss	41	-13	-49	95	192
Other interest charges	-28	-15	-82	-56	-82
<b>Ordinary result before taxes</b>	<b>93</b>	<b>87</b>	<b>142</b>	<b>283</b>	<b>341</b>
Taxes ordinary result	-1	-4	-3	-9	-14
<b>Result</b>	<b>92</b>	<b>83</b>	<b>139</b>	<b>274</b>	<b>327</b>
Hereof minority share	33	247	24	17	43
Hereof majority share	59	-181	115	257	284
Earnings per share/Diluted earnings per share	2,61	2,36	3,94	7,79	9,27

### Cashflow statements

(NOK mill.)	2003	2002	2003	2002	2002
	01.07-30.09	01.07-30.09	01.01-30.09	01.01-30.09	Total
Cash flow from operational activities	38	103	239	262	580
Cash flow from investment activities	-12	-321	-524	-1.012	-1.344
Cash flow from financing activities	-154	266	134	713	842
<b>Net movement in cash and cash equivalents</b>	<b>-128</b>	<b>49</b>	<b>-151</b>	<b>-37</b>	<b>78</b>
Cash and cash equivalents per start period	488	349	512	435	435
<b>Cash and cash equivalents per end period</b>	<b>361</b>	<b>398</b>	<b>361</b>	<b>398</b>	<b>512</b>

### Report per segment

(NOK mill.)	Cabel				
	2003	2002	2003	2002	2002
	01.07-30.09	01.07-30.09	01.01-30.09	01.01-30.09	Total
<b>Total operating revenues</b>	<b>44</b>	<b>57</b>	<b>134</b>	<b>168</b>	<b>221</b>
<b>Operating result</b>	<b>29</b>	<b>30</b>	<b>89</b>	<b>88</b>	<b>37</b>
(NOK mill.)	Offshore				
	2003	2002	2003	2002	2002
	01.07-30.09	01.07-30.09	01.01-30.09	01.01-30.09	Total
<b>Total operating revenues</b>	<b>213</b>	<b>200</b>	<b>617</b>	<b>585</b>	<b>789</b>
<b>Operating result</b>	<b>48</b>	<b>69</b>	<b>127</b>	<b>199</b>	<b>253</b>

## SOLSTAD OFFSHORE ASA

### Balance sheets

(NOK mill.)	2003 30.09	2002 30.09	2002 31.12
<b>ASSETS</b>			
Fixed assets			
Intangible fixed assets	7	9	9
Tangible fixed assets	3.921	3.397	3.608
Financial fixed assets	361	312	287
<b>Total fixed assets</b>	<b>4.289</b>	<b>3.718</b>	<b>3.903</b>
<b>Current assets</b>			
Stocks	10	12	11
Receivables	229	212	172
Deposits, cash etc.	361	398	512
<b>Total current assets</b>	<b>600</b>	<b>622</b>	<b>695</b>
<b>TOTAL ASSETS</b>	<b>4.889</b>	<b>4.340</b>	<b>4.598</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Paid-in equity	82	82	82
Retained equity	1.654	1.666	1.610
Minority interests	250	152	218
<b>Total equity</b>	<b>1.986</b>	<b>1.900</b>	<b>1.910</b>
<b>Debt</b>			
Long-term provisions	130	111	143
Debt to credit institutions/leasing obligations	2.590	2.203	2.337
<b>Total long-term debt</b>	<b>2.720</b>	<b>2.314</b>	<b>2.480</b>
<b>Kortsiktig gjeld</b>			
Bank overdraft	42	0	0
Other current liabilities	141	126	208
<b>Total current liabilities</b>	<b>183</b>	<b>126</b>	<b>208</b>
<b>Total liabilities</b>	<b>2.902</b>	<b>2.440</b>	<b>2.688</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4.889</b>	<b>4.340</b>	<b>4.598</b>

### Changes in equity

(NOK mill.)	2003 30.09	2002 30.09	2002 31.12
Equity per 01.01	1.910	1.413	1.413
Change in hedging income	-71	121	91
Paid in minority share	9	97	142
Paid out minority share	0	-7	-12
Other changes	1	1	3
Result	139	274	273
<b>Total equity end period</b>	<b>1.986</b>	<b>1.900</b>	<b>1.910</b>