

SOFF: REPORT PR. 4TH QUARTER 2002 / PRELIMINARY ACCOUNTS 2002

- Operating revenues for the year reached NOK 1.010 mill
- Operating profit after depreciation and write-downs was for 2002 NOK 290 mill
- The year's profit pre tax was NOK 341 mill.
- During 4th quarter, operating revenues reached NOK 258 mill and the operating result after depreciations and write-downs was NOK 3 mill
- The Board of Directors proposes payment of dividends of NOK 1,50 per share for 2002.

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

Profit and Loss Accounts	01.10-31.12 2002	01.10-31.12 2001	Total 2002	Total 2001
Operating revenue	258	247	1.010	875
Operating expenses	119	107	437	381
Ordinary depreciation/write down	135	41	283	144
Operating profit	3	99	290	350
Result associated companies	4	-4	22	7
Other Financial Items	51	12	29	-12
Result before taxes	58	107	341	344
Taxes	9	9	18	16
Result after taxes	49	98	323	328
No. of shares (mill)	35,2	35,2	35,2	35,5
Earnings per share (NOK)	1,38	2,78	9,18	9,25

Balance Sheets	31.12.2002	31.12.2001
Fixed Assets (1)	3.906	2.859
Current Assets	695	647
Total Assets	4.601	3.506
Equity incl. minority interests	1.906	1.413
Long-term debt	2.486	1.890
Current Liabilities	209	203
Total Equity and Liabilities	4.601	3.506

(1) Hereof restricted bank deposits 145 164

Report per segments

(NOK mill.)	Cable			
	01.10-31.12 2002	01.10-31.12 2001	Total 2002	Total 2001
Total operating revenues	54	48	221	84
Operating result	-51	17	37	34

(NOK mill.)	Offshore			
	01.10-31.12 2002	01.10-31.12 2001	Total 2002	Total 2001
Total operating revenues	204	199	789	791
Operating result	54	82	253	316

Financials

Operating revenues for 2002 was NOK 1.010 mill, an increase of NOK 135 mill compared to the previous year. This may mainly be ascribed to the Company's fleet expansion. The turnover of NOK 258 mill during 4th quarter was approximate to the previous quarter where the respective figure was NOK 257 mill. The operating result has, however, been reduced from NOK 99 mill to NOK 3 for the same period. This is mainly due to the write-down amounting to NOK 80 mill of the cable vessels and increased operating costs in relation to taking delivery of 2 vessels in August/September. Except for the beginning of the quarter, the market has been somewhat weaker during 4th quarter compared to the previous quarters of 2002.

The quarter's cash flow from operations (EBITDA) was NOK 110 mill. The cash flow from the year was NOK 491 mill compared to NOK 501 mill for 2001.

As a consequence of changes in the general accepted Norwegian accounting principles, the Company has changed the presentation of the effects of the cash flow hedging agreements in accordance with the new discussion paper from NRS. The main changes consist of the currency debt now being booked using the current exchange rate whilst the effect of the hedging agreements is now been transferred temporary to equity. This entails that the equity has been temporarily increased by NOK 91 mill (accordingly 15 mill lower pr. 31.12.01), which will be transferred to the profit and loss account as the contract income is realized. The effect of this change of principles is that NOK 62 mill in 2002 has been reclassified from unrealized currency gain to operating revenues.

The Board of Director has considered the book value of vessels against the preliminary Norwegian Accounting Standard regarding write-downs on fixed assets. The Group has written down NOK 80 mill in 4th quarter on its cable vessels based on indications on impairment. The evaluation is based on net present value on estimated cash-flows on the use of the vessels in the future.

The Group had in 2002 an unrealized currency gain of NOK 192 mill, compared to NOK 17 mill in 2001 and correspondingly a realized currency loss of NOK 101 mill and NOK 0 mill respectively. During 4th quarter, the Group has NOK 97 mill as unrealized currency gain, and a realized currency loss of NOK 26 mill.

The Company's net interest bearing debt was NOK 1.679 mill, giving an increase of NOK 517 mill for the year. Simultaneously, the Group's fleet (excluding vessels under construction) was valued at NOK 5.222 mill. The valuation is based on vessels without contracts and is an average of three brokers' valuations. The value adjusted equity pre tax per share at expiry of 2002 was NOK 85 compared to NOK 80 the previous year.

The Company's long-term vessel debt pr. 31.12.02 was NOK 2.337 mill., apportioned by 23% GBP, 59% USD and 18% NOK. The long-term debt has increased by NOK 576 mill through the year. Draw down of loans during 4th quarter constituted NOK 242 mill and is associated with Island Offshore IV KS (owners of Normand Flower) being consolidated as a subsidiary, in relation to Solstad having increased its owner share to 52,5% during the quarter. By expiry of the year, 3-5 year interest hedging agreements for approx. 34% of the USD debt had been entered.

The utilization of the Group's fleet in 2002 was 93%. At expiry of February, the Group's fleet has contract coverage of 55% for 2003 based on number of days. Including options, the coverage is 70%. For 2004, the coverage is 13% and 53% respectively. Of the fleet, an average of approx. 4 vessels will operate in the spot market during 1st quarter. From 1st February, the gross revenues from the Company's cable vessels will be reduced by approx. USD 8.000 per vessel per day as a consequence of the vessels being laid up. The reduction of the rate is in correspondence with the Company's savings of operating costs.

The quarterly accounts have been prepared in accordance with the same principles as the previous annual accounts, except for accounting treatment of hedging agreements, and are in accordance of the preliminary Norwegian accounting standard for interim reporting. The consequents of using the new accounting standard regarding the write-downs on fixed assets, should not be treated as a change in accounting principle after the Norwegian accounting law §4-3, second article.

The Market

The supply of newbuilds during last year was relatively high, approx. 90 in total. Simultaneously, the demand for vessels in areas like Brazil, West Africa, Mediterranean, Far East and Gulf of Mexico was strong enough to result in the North Sea fleet being reduced by 10 units from the previous year. Due to significant reduction of activities, particularly associated with exploration in the Norwegian sector, the rates were however at times

pressured downwards in the North Sea spot market, and the average fleet utilization was approx. 92%, which is 2 percent lower than the previous year. Additionally, the low GBP/USD exchange rates compared to NOK resulted in a lower gross income than expected for the year.

The Company expects that demand after the Company's services on a short-term basis will be somewhat lower than in 2002. This is mainly due to the general perspectives of the world economy together with the unsettled political conditions currently prevailing. The expectations of a stabile high oil price remains and this is the most important factor for the activity level within the offshore industry. Geographically, the general development in the North Sea is expected to be negative. Highest increase of activity levels is expected in Brazil, West Africa, US Gulf, Mediterranean and the East/Australia. Increased geographical diversification, high activity in deep waters, need for replacement of older tonnage and increased demand for multipurpose tonnage will influence general demand positively for the high-end class of vessels. The sub-sea market was weaker than expected in 2002, but the Company expects increasing activity for the years ahead.

In a longer-term perspective, the significant demand for oil as well as gas combined with the limited known reserves, of oil in particular, will secure high offshore activity.

At the turn of the year, a significant number of vessels were still under construction on a worldwide basis. Approx. 75 (38 AHTS over 10.000 bhp incl. US/Can and 36 PSV over 2200 dwt excl. US/Can). In spite of the positive signs on the demand side, this may result in temporary downturns of the market. In case of longer downturns of the market, older tonnage may easily be superfluous.

The Company's two specialized cable vessels are on contracts until June and October 2004 respectively. Recently the vessels were down manned as the charterer had overcapacity of tonnage in this poor market. The Company believes the market conditions will be more difficult in 2004 compared to when the vessels were chartered in 2000. .

The Fleet

From offices in Skudeneshavn and Aberdeen the Company operates a total of 27 vessels. At the time being, 3 are operated on the Brazilian continental shelf, 2 in Mexico/US Gulf, 2 in USA, 1 in West Africa, 2 in the Mediterranean, whilst the 17 remaining vessels are in the North Sea area. Additionally, the 50% owned Brazilian company; NorSkan Offshore Ltda. is operating 1 vessel in Brazil.

The internationalization will continue, and 50% of the Company's fleet is expected to be engaged outside the North Sea in 2003. As a result of the uncertainty in the Norwegian regulatory environment for shipping and the increased international competition the crewing and flag on the vessels will continuously be evaluated.

Solstad Offshore ASA has currently 1 partly owned Anchor Handling Tug Supply vessel (AHTS) under construction due for delivery in March 2003. Additionally, NorSkan Offshore Ltda. has 2 Platform Supply Vessels (PSVs) under construction in Brazil due to be delivered in July 2003 and February 2004 respectively.

Issues related to the Company and its shareholders.

The Board of Directors is proposing to the General Meeting that payment of NOK 1,50 per share is paid as dividends.

At the turn of the year, the Company had a total of 1.719 shareholders. The number of treasury shares was 551.319 equivalents to approx. 1,5%.

25.02.03

The Board of Directors of Solstad Offshore ASA

Contacts in Solstad Offshore ASA:

Man. Dir Lars Peder Solstad or Deputy Man. Dir Sven Stakkestad (+47 52 85 65 00).

SOLSTAD OFFSHORE ASA

Profit and loss accounts

(NOK mill.)	2002 01.10-31.12	2001 01.10-31.12	2002 Total	2001 Total
Total operating revenues	258	247	1.010	875
Crew expenses	-79	-70	-290	-235
Other operating expenses	-41	-38	-147	-146
Operating result before depreciations	138	139	573	494
Ordinary depreciation	-46	-34	-166	-118
Depreciation balance booked periodic maintenance	-9	-7	-37	-26
Operating result	3	99	290	350
Income from investment in associated	4	-4	22	7
Other interest income	6	8	20	23
Other financial income	0	17	0	17
Unrealised currency gain/loss	97	2	192	17
Other interest charges	-25	-21	-82	-70
Other financial charges	-26	6	-101	0
Ordinary result before taxes	58	107	341	344
Taxes ordinary result	-9	-9	-18	-16
Result	49	98	323	328
Hereof minority share	-17	15	0	19
Hereof majority share	66	83	323	309
Earnings per share	1,38	2,78	9,18	9,25

Cashflow statements

(NOK mill.)	2002 01.10-31.12	2001 01.10-31.12	2002 Total	2001 Total
Cash flow from operational activities	318	307	581	565
Cash flow from investment activities	-333	-481	-1.344	-994
Cash flow from financing activities	128	296	841	648
Net movement in cash and cash equivalents	114	122	78	219
Cash and cash equivalents per 01.01	398	313	435	216
Cash and cash equivalents per end period	512	435	512	435

Report per segment

Kabel				
(NOK mill.)	2002 01.10-31.12	2001 01.10-31.12	2002 Total	2001 Total
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Offshore				
(NOK mill.)	2002 01.10-31.12	2001 01.10-31.12	2002 Total	2001 Total
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SOLSTAD OFFSHORE ASA

Balance sheets

(NOK mill.)			2002 31.12	2001 31.12
ASSETS				
Fixed assets				
Intangible fixed assets			11	11
Tangible fixed assets			3.608	2.564
Financial fixed assets			287	284
Total fixed assets			3.906	2.859
Current assets				
Stocks			11	8
Receivables			172	204
Deposits, cash etc.			512	435
Total current assets			695	647
TOTAL ASSETS			4.601	3.506
EQUITY AND LIABILITIES				
Equity				
Paid-in equity			82	82
Retained equity			1.649	1.286
Minority interests			175	45
Total equity			1.906	1.413
Debt				
Long-term provisions			149	129
Debt to credit institutions/leasing obligations			2.337	1.761
Total long-term debt			2.486	1.890
Current liabilities			209	203
Total liabilities			2.695	2.093
TOTAL EQUITY AND LIABILITIES			4.601	3.506

Changes in equity

(NOK mill.)			2002 Total	2001 Total
Equity per 01.01			1.413	1.200
Paid in minority share			142	39
Paid out minority share			-12	-53
Buy-back and sale treasury shares/Not paid out dividen			3	-15
Result			269	257
Total equity end period			1.906	1.413