



## SOFF: REPORT 4Q 2003

- Operating revenue for 2003 was NOK 994 mill, compared to NOK 1.010 the previous year
- Operating result after depreciation was for 2003 NOK 278 mill.
- The year's result before tax was NOK 193 mill.
- Operating revenue for 4Q was NOK 244 mill compared to NOK 258 mill the previous year.
- Operating result after depreciation (EBIT) for 4Q was NOK 63 mill.
- The fleet's total utilization level for 4Q and for the year was 94%.
- The Board of Directors proposes payment of NOK 1,- per share as dividend for 2003.

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

Resultatregnskap	4th qtr 2003	4th qtr 2002	Totalt 2003	Totalt 2002
Operating revenue	244	258	994	1.010
Operating expenses	119	120	475	437
Ordinary depreciation/write down	62	135	240	283
Operating profit	63	3	278	290
Result associated companies	-1	4	12	22
Other Financial Items	-11	51	-98	29
Result before taxes	51	58	193	341
Taxes	-6	-6	-9	-14
Result after taxes	45	52	184	327
No. of shares (mill)	35,2	35,2	35,2	35,2
Earnings per share /diluted earnings per share	1,28	1,49	5,22	9,27

Balance Sheet		31.12.2003	31.12.2002
Fixed Assets	(1)	4.316	3.903
Current Assets		682	695
<b>Total Assets</b>		<b>4.998</b>	<b>4.598</b>
Equity incl. minority interests		1.991	1.910
Long-term debt		2.797	2.510
Current Liabilities		170	179
<b>Total Equity and Liabilities</b>		<b>4.998</b>	<b>4.598</b>

(1) Hereof restricted bank deposits 208 145

### Report per segment

(NOK mill.)	4th qtr 2003	Cable 4th qtr 2002	Total 2003	Total 2002
Total operating revenues	44	53	178	221
Operating result	29	-51	118	37
		Offshore		
(NOK mill.)	4th qtr 2003	4th qtr 2002	Total 2003	Total 2002
Total operating revenues	200	204	816	789
Operating result	33	54	160	253

## **Economy and finance**

Operating revenue for 2003 was NOK 994 mill, a reduction of 1,6% from NOK 1.010 mill. the previous year. Revenue from 4Q 2003 was NOK 244 mill, which is NOK 14 mill less than the equivalent period last year.

The hedging effect of the cash flow is included in the operating revenue for 2003, with NOK 62 mill. posted to income (14 mill in 4Q).

Cash flow from operations (EBITDA) during 4Q was NOK 106 mill. Cash flow from 2003 was NOK 436 mill.

The Company's net interest bearing debt was at the expiry of 2003 NOK 2.044 mill, an increase of NOK 334 during the year. The increase is mainly associated with taking delivery of 2 newbuilds.

Simultaneously, the balance booked fleet valued at NOK 4.869 mill. The valuation excludes charter party revenue and is based on an average from three brokers' estimates. Value adjusted equity before tax per share was at the expiry of 2003 NOK 81 compared to NOK 82 the previous year. Booked equity pr. 31.12.03 was NOK 1.991 mill. equivalent to NOK 56 per share.

Interest bearing long-term vessel debt pr. 31.12.03 was NOK 2.661 mill apportioned by 45% GBP, 31% USD, 5% EUR and 19% NOK. At expiry of 4Q, 2-5 years interest hedging agreements were entered for approx. 15% of the total long-term debt.

Posted under financial items for 2003 is an unrealized currency loss of NOK 21 mill. compared to NOK 192 mill as currency gain in 2002. Equivalently, a realized currency gain of NOK 10 mill has been posted compared to a currency loss of NOK 101 mill. in 2002. For 4Q, the Group has a total of NOK 28 mill as unrealized currency gain and NOK 22 mill in realized currency loss.

As of today the Group's fleet had contract coverage of approx. 46% for the remaining of 2004 based on number of days. Including options, the coverage is approx. 67%. For 2005, the coverage is approx. 15% and 37% correspondingly.

On the 29th January 2004, Solstad Offshore ASA carried out a private placement of 2.000.000 shares at a quotation of NOK 53,50 per share. The placement was carried out based on a decision by the Company's board of directors of the same day, and in accordance with a power of attorney granted by the General Meeting on 12<sup>th</sup> May 2003. The placement constituted an extension of the Company's share capital by approx. 5,5% and new share capital is NOK 75.588.320, apportioned by 37.794.160 shares.

The quarterly accounts have been 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**

A significant number of the Company's vessels were during 4Q operating outside the North Sea, the effect of the weak spot market was small. In the remaining geographical areas, the activity levels remained relatively stabile. The utilization level for the fleet was approx. 94% both for 4Q and for all of 2003.

It is not expected that the North Sea market will improve significantly during 1 or 2Q 2004. Based on the approved development projects as well as signals of increased activity both on the Norwegian and the British continental shelf after the previous license distributions, it is expected that the North Sea market will improve from the summer of 2004. It is simultaneously expected strong demand for modern tonnage globally.

## **The Fleet**

From offices in Skudeneshavn and Aberdeen, the Company is operating a total of 28 vessels. For the time being, 4 are operating on the Brazilian/Argentinean continental shelf, 4 in the Gulf of Mexico, 3 in the Mediterranean, 1 in West Africa, whilst the remaining 16 vessels are in the North Sea area. The

Company currently has one vessel in lay up, whilst one of the cable vessels is under conversion to an offshore service vessel.

Additionally, the Brazilian company Norskan Offshore Ltda., where the Company holds a 50% share, owns 3 vessels, whereof 1 (PSV) in operation and 2 under construction (1 PSV and 1 AHTS due for delivery 12/04 and 02/04 respectively).

**Issues related to the Company and its shareholders.**

The Company proposes that the General Meeting accept payment of NOK 1,- per share as dividend for 2003. At the turn of the year, the Company had 1.624 shareholders.

The share price is currently approx. NOK 62,- giving a total market value of approx. NOK 2.350 mill. At the turn of the year, the share price was NOK 48,-.

Skudeneshavn 24.02.04.

Solstad Offshore ASA

Contacts: Lars Peder Solstad or Sven Stakkestad (Ph + 47 52 85 65 00).

## SOLSTAD OFFSHORE ASA

### Profit and loss accounts

(NOK mill.)	2003 01.10-31.12	2002 01.10-31.12	2003 Totalt	2002 Totalt
<b>Total operating revenues</b>	<b>244</b>	<b>258</b>	<b>994</b>	<b>1.010</b>
Crew expenses	-74	-79	-301	-291
Other operating expenses	-45	-41	-174	-147
<b>Operating result before depreciations</b>	<b>125</b>	<b>138</b>	<b>519</b>	<b>573</b>
Ordinary depreciation	-53	-46	-203	-166
Depreciation balance booked periodic maintenance	-9	-9	-37	-37
Write-downs	0	-80	0	-80
<b>Operating result</b>	<b>63</b>	<b>3</b>	<b>278</b>	<b>290</b>
Result associated companies	-1	4	12	22
Other interest income	5	6	18	20
Realised currency gain/loss	-22	-27	10	-101
Unrealised currency gain/loss	28	97	-21	192
Other interest charges	-22	-25	-104	-82
<b>Ordinary result before taxes</b>	<b>51</b>	<b>58</b>	<b>193</b>	<b>341</b>
Taxes ordinary result	-6	-6	-9	-14
<b>Result</b>	<b>45</b>	<b>52</b>	<b>184</b>	<b>327</b>
Hereof minority share	16	26	20	43
Hereof majority share	29	26	164	284
Earnings per share/Diluted earnings per share	1,29	1,49	5,22	9,27

### Cashflow statements

(NOK mill.)	2003 01.10-31.12	2002 01.10-31.12	2003 Totalt	2002 Totalt
Cash flow from operational activities	85	318	324	580
Cash flow from investment activities	-38	-332	-562	-1.344
Cash flow from financing activities	58	129	192	842
<b>Net movement in cash and cash equivalents</b>	<b>105</b>	<b>114</b>	<b>-46</b>	<b>78</b>
Cash and cash equivalents per start period	361	398	512	435
<b>Cash and cash equivalents per end period</b>	<b>466</b>	<b>512</b>	<b>466</b>	<b>512</b>

### Report per segment

(NOK mill.)	Cabel			
	2003 01.10-31.12	2002 01.10-31.12	2003 Totalt	2002 Totalt
<b>Total operating revenues</b>	<b>44</b>	<b>53</b>	<b>178</b>	<b>221</b>
<b>Operating result</b>	<b>29</b>	<b>-51</b>	<b>118</b>	<b>37</b>
(NOK mill.)	Offshore			
	2003 01.10-31.12	2002 01.10-31.12	2003 Totalt	2002 Totalt
<b>Total operating revenues</b>	<b>200</b>	<b>204</b>	<b>816</b>	<b>789</b>
<b>Operating result</b>	<b>33</b>	<b>54</b>	<b>160</b>	<b>253</b>

## SOLSTAD OFFSHORE ASA

### Balance sheets

(NOK mill.)	2003 31.12	2002 31.12
<b>ASSETS</b>		
Fixed assets		
Intangible fixed assets	6	9
Tangible fixed assets	3.878	3.608
Financial fixed assets	432	287
<b>Total fixed assets</b>	<b>4.316</b>	<b>3.903</b>
<b>Current assets</b>		
Stocks	14	11
Receivables	202	172
Deposits, cash etc.	466	512
<b>Total current assets</b>	<b>682</b>	<b>695</b>
<b>TOTAL ASSETS</b>	<b>4.998</b>	<b>4.598</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Paid-in equity	82	82
Retained equity	1.663	1.610
Minority interests	247	218
<b>Total equity</b>	<b>1.991</b>	<b>1.910</b>
<b>Debt</b>		
Long-term provisions	136	143
Other long-term debt	85	44
Debt to credit institutions/leasing obligations	2.576	2.323
<b>Total long-term debt</b>	<b>2.797</b>	<b>2.510</b>
<b>Kortsiktig gjeld</b>		
Bank overdraft	57	0
Other current liabilities	153	126
<b>Total current liabilities</b>	<b>210</b>	<b>126</b>
<b>Total liabilities</b>	<b>3.007</b>	<b>2.635</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4.998</b>	<b>4.545</b>

### Changes in equity

(NOK mill.)	2003 31.12	2002 31.12
Equity per 01.01	1.910	1.413
Change in hedging income	-75	91
Paid in minority share	9	142
Paid out minority share	0	-12
Other changes	2	3
Result	146	273
<b>Total equity end period</b>	<b>1.991</b>	<b>1.910</b>