



SOLSTAD OFFSHORE ASA – FINANCIAL REPORT FOR THE 4TH QUARTER 2004

- Operating revenue in 2004 was NOK 868 million compared with NOK 994 million last year.
- The operating result after depreciation was NOK 145 million in 2004
- The annual result before tax was NOK 125 million compared with NOK 193 million last year.
- Operating revenue for the 4th quarter was NOK 222 million compared with NOK 244 million last year
- In December five vessels were purchased from Troms Fylkes Dampskibsselskap ASA.
- Total fleet fully- and partly owned vessels per 31.12.04 was 37 units.
- The Board propose NOK 1,- per share in dividend for 2004.

Summary of main figures (in NOK 1.000) for the Group (for complete overview: see attachment):

Profit & Loss Account	01.10-31.12 2004	01.10-31.12 2003	Total 2004	Total 2003
Operating revenue	221.672	243.809	845.530	993.926
Profit on sale of assets	0	0	22.133	0
Operating expenses	120.529	119.304	455.846	475.178
Operating result before depreciation	101.143	124.505	411.817	518.748
Depreciation	72.518	62.191	266.742	240.359
Operating result	28.625	62.314	145.075	278.389
Share in result from assoc. companies	12.070	-562	25.559	12.208
Other financial postings	38.418	-11.298	-45.642	-97.804
Result before tax	79.113	50.454	124.992	192.793
Taxes	15.987	5.819	17.323	9.185
Result	63.127	44.635	107.670	183.608
Hereof majority share	28.414	28.860	70.715	163.307
Number of shares (1,000)	37.762	35.221	37.762	35.237
Result per share/watered result per share	0,75	0,82	1,87	4,63

Balance		31.12.2004	31.12.2003
Fixed assets	(1)	4.675.703	4.313.808
Current Assets		705.112	684.354
Total assets		5.380.815	4.998.162
Equity incl. minority interest		2.230.894	1.990.968
Long-term liability		2.884.601	2.797.225
Short-term liabilities		265.320	209.969
Total equity and liabilities		5.380.815	4.998.162

(1) Including tied deposits

206.610

208.227

Economy and Finance

The operating revenue in 2004 was NOK 868 million which is 12.7% lower than last years figure of NOK 994 million. The operating revenue for the 4th quarter was NOK 222 million which is NOK 22 million lower than for the same period last year.

The hedging effect of the cash flow is included in the operating revenue for 2004 with NOK 16 million posted to income (7 million in the 4th quarter)

The cash flow in the 4th quarter from operations (EBITDA) was NOK 85 million (106 million). Cash flow for the year was NOK 372 million (436 million).

The Company's net interest-bearing debt at the end of 2004 was NOK 2,154 million which is an increase of NOK 111 million during the year. The debt has increased due to the financing of the conversion of Normand Cutter from a cable to offshore vessel and the acquisition of two fully-owned and three partly-owned vessels from TFDS. In addition to ordinary installment, the debt is reduced due to the strengthening of the Norwegian Kroner against foreign currency.

The fleet is valued at NOK 5,278 million. 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 2004 NOK 80 compared to NOK 81 the previous year. Booked equity at 31.12.2004 was NOK 2,231 million, or approximately NOK 59 per share.

The interest-bearing long-term debt at 31.12.2004 was NOK 2,744 million (2,661), split between 36% USD, 33% GBP, 5% Euro and 26% NOK. At the end of the quarter 2-5 year hedging agreements were entered into for approximately 16% of the total long-term debt.

In financial postings an unrealized currency gain was posted for 2004 of NOK 52 million, compared with a loss of NOK 21 million in 2003. For the same reason, NOK 26 was posted in realized currency loss compared with a gain of NOK 10 million in 2003. In the 4th quarter the Group has an unrealized currency gain of NOK 97 million (28 million) and NOK 41 million (22 million) in realized currency loss.

Contract coverage for the fleet is around 53% for the remainder of 2005, based on number of days. Including options, coverage is approximately 65%. In 2006, contract coverage is currently around 31% and 51% respectively.

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

IFRS

In order to comply with reporting under IFRS with effect from the 1st quarter of 2005, the Group will calculate a new opening balance at 01.01.2004. Adjustment of the book value for financial assets, vessels, deferred income and dividend liabilities will have an effect on the book value of the equity. The net effect of this will result in a positive adjustment to the booked equity in below of NOK 100 million. In addition, the opening balance will reclassify the first year's installment of long-term debt and posted loan costs. During the course of April, the Company will issue a complete overview of the effects of compliance with IFRS in a "transition document".

Market

After a cautious improvement in the third quarter, the spot market in the North Sea improved considerably from the end of October. This improvement was due to a combination of increased exploration activity and a relatively stable number of available vessels in the area. This positive spot market has continued so far into 2005 and the Company expects that this year will generally be a good one. The number of new builds for offshore vessels on order is relatively large and this will increase the number of available vessels in the North Sea in the coming months. On the other side there are

plans to increase offshore activity even more in the future and this is expected to generate enough demands to absorb this influx of new builds.

Generally, the oil price and improvement in world economy in later years has produced conditions for increased activity in the offshore industry. The prospect of a continued high and stable oil price has increased the interest for investments in exploration and development of new oil fields. The long-term prospects for the Group are good based on an increase in global enquiries for their services. Expectations are especially high regarding deepwater activity and subsea/maintenance services.

The Fleet

From offices in Skudeneshavn and Aberdeen the company operates a fleet of 30 vessels. At present 3 are operating on the Brazilian Continental Shelf, 2 in the Gulf of Mexico, 6 in the Mediterranean, 2 in West Africa, 5 in the Middle East and the 12 remaining vessels are in the North Sea. The Company currently has three new builds in progress and in addition, the cable vessel, Normand Cutter, is being converted to an offshore service vessel.

In addition the Company owns 50% of the Brazilian company NorSkan Offshore Ltda, which have 4 vessels of which 2 PSV's are operating and 2 AHTS are under construction (with delivery 4/05 and 6/06).

In December 2004, Solstad Offshore ASA took over 5 offshore vessels, 2 wholly owned and 3 partly owned, from Troms Fylkes Dampskibsselskap ASA (TFDS). The total purchase price was NOK 218 million.

At the end of January 2005, The Company decided to establish Nor Offshore Pte in Singapore, in co-operation with DOF ASA and Nortrans Pte. Ltd. In February, the newly established company entered a bareboat agreement (rental) for 2 AHTS's with delivery in April and November 2005. The Company has an option to purchase the first vessel and an obligation to purchase the second, during the charter periods.

The Company and its shareholders

The Company proposes that the General Meeting accept payment of NOK 1,- per share as dividend for 2004. . At the end of the year the company had 2,075 shareholders with approximately 8.7% of the shares owned by foreign shareholders.

The market value for the Company is around NOK 3.0 billion, At the beginning for the year the share value was NOK 68,-.

Skudeneshavn 28.02.05.

Solstad Offshore ASA

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SOLSTAD OFFSHORE ASA

Profit and loss accounts

(NOK 1.000)	2004 01.10-31.12	2003 01.10-31.12	2004 Total	2003 Total
Net freight income	221.672	243.809	845.530	993.926
Gain on sale of assets	0	0	22.133	0
Total operating revenues	221.672	243.809	867.663	993.926
Crew expenses	-69.968	-74.339	-276.525	-301.098
Other operating expenses	-50.560	-44.965	-179.320	-174.080
Operating result before depreciations	101.143	124.505	411.817	518.748
Ordinary depreciation	-61.292	-52.676	-220.950	-203.431
Depreciation balance booked periodic maintenance	-11.226	-9.515	-45.792	-36.928
Operating result	28.625	62.314	145.075	278.389
Result associated and jointly owned companies	12.070	-562	25.559	12.208
Other interest income	7.217	5.284	24.460	17.598
Realised currency gain/loss	-40.823	-22.282	-26.394	9.583
Unrealised currency gain/loss	97.443	28.396	51.950	-20.676
Other interest charges	-25.063	-22.364	-94.283	-103.087
Other financial charges	-356	-332	-1.375	-1.222
Ordinary result before taxes	79.113	50.454	124.992	192.793
Taxes ordinary result	-15.987	-5.819	-17.323	-9.185
Result	63.127	44.635	107.670	183.608
Hereof minority share	34.712	15.775	36.954	20.301
Hereof majority share	28.415	28.860	70.716	163.307
Earnings per share/Diluted earnings per share	0,75	0,82	1,88	4,63

Cashflow statements

(NOK 1.000)	2004 01.10-31.12	2003 01.10-31.12	2004 Total	2003 Total
Cash flow from operational activities	56.617	50.312	272.703	289.272
Cash flow from investment activities	-214.191	-37.809	-562.419	-562.266
Cash flow from financing activities	123.981	92.860	290.806	226.919
Net movement in cash and cash equivalents	-33.593	105.363	1.090	-46.075
Cash and cash equivalents per start period	500.750	360.704	466.067	512.142
Cash and cash equivalents per end period	467.157	466.067	467.157	466.067

Reporting per segment

(NOK 1.000)	2004 01.10-31.12	2003 01.10-31.12	2004 Total	2003 Total
Net freight income per type of vessel				
Anchorhandling/Tug/Supply vessel (AHTS)	99.749	100.481	340.264	416.844
Platform supply vessel (PSV)	28.389	25.799	89.206	94.695
Construction service vessel (CSV)	86.862	62.924	344.280	263.408
Other	6.672	54.606	71.779	218.978
Total net freight income	221.672	243.809	845.530	993.926

(NOK 1.000)	2004 01.10-31.12	2003 01.10-31.12	2004 Total	2003 Total
Operating result per type of vessel				
Anchorhandling/Tug/Supply vessel (AHTS)	15.431	11.329	-4.922	69.196
Platform supply vessel (PSV)	9.465	7.965	15.712	21.938
Construction service vessel (CSV)	5.966	12.202	81.485	59.685
Other	-2.237	30.818	30.666	127.570
Total operating result ex. gain on sale of assets	28.625	62.314	122.942	278.389

SOLSTAD OFFSHORE ASA

Balance sheets

(NOK 1.000)	2004 31.12	2003 31.12
ASSETS		
Fixed assets		
Intangible fixed assets	0	6.454
Tangible fixed assets	4.174.246	3.878.096
Financial fixed assets	501.457	429.258
Total fixed assets	4.675.703	4.313.808
Current assets		
Stocks	14.799	14.481
Receivables	223.156	203.806
Deposits, cash etc.	467.157	466.067
Total current assets	705.112	684.354
TOTAL ASSETS	5.380.816	4.998.162
EQUITY AND LIABILITIES		
Equity		
Paid-in equity	187.206	82.124
Retained equity	1.753.853	1.662.334
Minority interests	289.835	246.510
Total equity	2.230.894	1.990.968
Debt		
Long-term provisions	140.375	136.010
Other long-term debt	92.016	85.167
Debt to credit institutions/leasing obligations	2.652.210	2.576.048
Total long-term debt	2.884.601	2.797.225
Kortsiktig gjeld		
Bank overdraft	83.940	56.912
Other current liabilities	181.381	153.057
Total current liabilities	265.320	209.969
Total liabilities	3.149.922	3.007.194
TOTAL EQUITY AND LIABILITIES	5.380.816	4.998.162

Changes in equity

(NOK 1.000)	2004 31.12	2003 31.12
Equity per 01.01	1.990.968	1.909.561
Change in hedging income	30.689	-74.820
Paid in capital	104.048	0
Paid in minority share	6.375	8.643
Sale of treasury shares	27.152	1.234
Other changes	1.787	536
Dividends	-37.794	-37.794
Result	107.670	183.608
Total equity end period	2.230.894	1.990.968