

ANNUAL REPORT

2000



Solstad Offshore ASA

COMPANY PHILOSOPHY

The Company philosophy is to run a profitable and integrated operation of vessels of high specification within its segment. The Company's core activities are to offer services within the offshore industry and to operators within laying and maintenance of fibre optical cable at sea. Within both core areas, the Company wishes to actively develop the service concept in close co-operation with existing and new customers.



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FINANCIAL CALENDAR 2001

10. May 2001	Ordinary annual general meeting
10. May 2001	Report for the 1st quarter
22. August 2001	Report for the 2nd quarter
13. November 2001	Report for the 3rd quarter
Medio February 2002	Provisional figures for 2001

The dates may be subject to change.

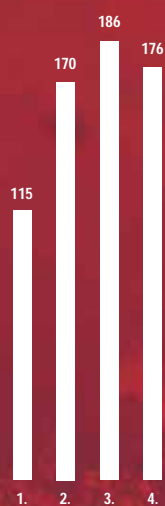
The Solstad Offshore ASA Annual Report for 2000 is a translation from the norwegian version.

FINANCIAL HIGHLIGHTS

FREIGHT REVENUES OVER THE PAST FIVE YEARS



FREIGHT REVENUES IN 2000 QUARTERLY (NOK mill)



PROFIT AND LOSS ACCOUNTS (NOK mill) Ref.	2000	1999	1998	1997
Operating revenues	646	540	676	469
Gain on fixed assets	0	98	0	0
Operating result before depreciation	350	346	422	272
Operating result	226	273	356	199
Result ass./jointly owned companies	0	0	0	0
Net financial expenses	68	44	51	47
Ordinary result before tax	159	228	305	152
Result of the year	153	220	298	191

BALANCE SHEETS

Vessels and other assets	2 004	1 824	1 072	936
Current assets	352	358	347	144
Total assets	2 355	2 182	1 419	1 080
Equity	1 200	1 046	863	601
Deferred tax	5	4	3	2
Long-term liabilities	1 040	1 035	447	424
Current liabilities	111	96	106	53
Long-term interest bearing liabilities	1 040	1 035	447	424
Free and restricted bank deposits	379	413	226	60
Net interest bearing liabilities	661	622	221	364

PROFITABILITY

Operating margin	2	54 %	57 %	62 %	58 %
Earnings on equity	3,7	14 %	23 %	41 %	50 %
Earnings on total assets	4	11 %	16 %	29 %	38 %

LIQUIDITY

Liquid assets	1	216	262	226	59
Working capital		241	262	241	91
Cash flow	5	292	231	393	244

ASSETS

Total assets		2 355	2 182	1 419	1 080
Equity		1 200	1 046	863	601
Equity ratio	6	51 %	48 %	61 %	55 %

KEY FIGURES PER SHARE

	Ref.	2000	1999	1998	1997
Result of the year	7, 8	4,29	6,16	8,32	5,16
Cash flow	7, 9	8,18	6,46	10,99	8,43
Booked equity	7, 10	33,68	29,27	24,11	16,81
Price/Earnings (P/E)		8,74	4,22	2,58	7,85
Price/Cash flow (P/CF)		4,59	4,03	1,96	4,80
Dividend		1,00	1,00	1,00	-
Share capital (NOK mill)	11	71,59	71,59	71,59	71,51
Quoted share price 31.12. (NOK)		37,50	26,00	21,50	40,50
Market capitalisation (NOK mill)		1 342	931	770	1 448
RISK amount per share (NOK)	12	-0,79	-0,66	-1,00	-

The Company implemented some new accounting principles in 1999 and 2000.
Figures from previous years are recalculated accordingly, and therefore comparable.

REFERENCES:

1. Regarding 1997: Exclusive reversal of deferred taxes in connection with transition to shipping taxation.
2. Operating result before depreciation in percentages of total operating revenues.
3. Result before extraordinary items, less payable/ordinary deferred tax, in percentage of average equity, including minority interests
4. Result before extraordinary items, plus financial expenses, in percentage of average total assets.
5. Result before tax, less paid tax, plus depreciation, plus/less unrealised loss/gain on foreign currency, plus provisions for bad debts and less gain on sales.
6. Booked equity including minority interests in percentage of total assets.
7. Average number of shares inclusive adjustment for stock of treasury shares.

	2000	1999	1998	1997
1st quarter	35 744 160	35 794 160	35 754 910	26 715 110
2nd quarter	35 744 160	35 794 160	35 754 910	26 715 110
3rd quarter	35 744 160	35 794 160	35 754 910	26 715 110
4th quarter	35 631 860	35 744 160	35 794 160	35 754 910
Total	142 864 340	143 126 640	143 058 890	115 900 240
Average	35 716 085	35 781 660	35 764 723	28 975 060

8. Result of the year (corrected for reversal of deferred tax in 1997) divided by average number of shares.
9. Cash flow divided by average number of shares.
10. Booked equity divided by number of shares at expiry of the year.
11. Regarding 1997: share capital after expiry of creditor deadline, regarding decisions taken in 1997 under Company law.
12. The last year is a preliminary estimation.



DIRECTORS REPORT

The market for offshore service vessels has developed positively during the year. The North Sea and Brazil were the main geographical markets for the Company's activities in 2000. In the North Sea the general utilisation of the fleet again reached over 90%, after the first two months of the year were weak. Activity was also high in Brazil.

Solstad Offshore ASA (Group) achieved for 2000 total operating revenues of NOK 646 mill, giving a profit of NOK 153 mill. 64% from the North Sea, 21% from Brazil and 15% from other areas apportioned the freight income. Booked equity at the turn of the year was NOK 1 200 mill (51%). Based on brokers' evaluation (vessels without contracts), the value-adjusted equity before taxes was, at the same time, NOK 2 404 mill.

The Company has, for the time being, 19 vessels in operation and 8 under construction. The construction programme includes 2 cable layers for laying and maintenance of fibre optical cable and 6 offshore service vessels. The investment represents a gross value of approx. NOK 1,3 bill. for the Company, which has various shares of ownership in the newbuildings.

Operation and utilisation of the fleet was satisfying throughout the year, with few intermissions beyond planned maintenance. Focus on Health, Safety and Environment is further increased, which has resulted in less numbers of Lost Time Incidents.



1. COMPANY PHILOSOPHY AND OBJECTIVES

The Company philosophy is to run a profitable and integrated operation of vessels of high specification within its segment, based on owned or chartered vessels. The Company's core activities are to offer services within the offshore industry and to operators within laying and maintenance of fibre optical cable at sea. Within both core areas, the Company wishes to actively develop the service concept in close co-operation with existing and new customers. Generally, the Company will take care of the total operation, including chartering, crewing and technical management.

It may become of interest to seek co-operation, including long-term strategic co-operation, with other suppliers, where this is natural in order to achieve cost effective operation and optimal profit on invested capital.

Within the offshore activity, the objective is to be a substantial operator and supplier of a wide range of services based on vessels and equipment of high quality, as well as maritime expertise. In the North Sea, the objective is to continue to be one of the leaders among offshore shipping companies. Furthermore, the Company's objective is to become a larger operator in international deep-water areas, and to increase activity in Brazil.

Within the market for laying and maintenance of fibre optical cable, the objective is to operate as an independent shipping Company based on quality tonnage and maritime experience. The Company is to offer and develop its services in close co-operation with charterers. It is within the objectives to emerge as a substantial player among the independent shipping companies in this market.

Further objective is to consider profitable trades within interesting areas where the Company, based on competence from its core businesses, may have competitive advantages. Short-term, the Company's main focus will be on development of niches and special services within its core businesses more than new trades.

The Company is focused on customer-adjusted solutions, quality, safety, environment, solidity and profitability.

2. THE COMPANY'S ACTIVITIES

After delivery of the latest newbuilding "Normand Borg" in December, the Company is currently managing a fleet of 19 vessels; 11 AHTS (Anchor Handling Tug Supply), 2 MOSVs (Multifunctional Offshore Service Vessels), 2 PSVs (Platform Supply Vessels), 1 ROV/Survey vessel and 3 standby vessels. Currently, 3 vessels operate on the Brazilian continental shelf, while the remaining 16 vessels are in the North Sea area. The Company's international presence was increasing during 2000 with vessels performing services in West Africa, east coast of the USA, Greenland, Gulf of Mexico, Mediterranean and in the Barents Sea.

Solstad Offshore ASA is currently under significant expansion with the fleet increasing by 8 vessels within the next two years. For the Company, which has various shares of ownership in the newbuildings, the investment represents a gross amount of approx. NOK 1,3 billion. Borrowed capital arrangements have not yet been finalised.

Two of the newbuildings, where Solstad owns 62,5%, are cable layers for laying and maintenance of fibre optical cable.



Within the offshore segment, the Company has the following vessels under construction:

- 1 MPSV UT 745 E (25% share), delivery November 01
- 1 AHTS VS 480 (100% share), delivery December 01
- 1 Linehandler for Brazil (100% share), delivery February 02
- 1 MPSV Ulstein P101 (51% share with options to increase up to 100%), delivery May 02
- 1 SSV UT 737 (50% share), delivery August 02
- 1 AHTS Ulstein A101 (25% share with options to increase up to 100%), delivery September 02

Within the offshore segment, the Company has, the recent years, chosen to focus on subsea services, anchor handling and associated services on deep waters. This is done by conversion of older vessels as well as through a comprehensive newbuilding programme, which commenced in 1995. The newbuildings represent the foremost and most advanced vessels within their type. In this manner, the majority of the Company's vessels are equipped to do services beyond traditional supply- and anchor handling services.

The Company is involved by 1/3 in the subsea Company DeepOcean AS, which was established in 1999 together with Johannes Østensjø dy AS and people in leading positions in the Company. The objective is to practice subsea activity in the North Sea as well as other waters by using vessels from Solstad / Østensjø combined with owned or chartered ROVs and other necessary subsea equipment. From 1st April 2000, one of the Company's vessels has been 100% employed by DeepOcean.

Chartering of PSV-tonnage for laying and maintenance of fibre optical cable has, the recent years, given Solstad Offshore ASA knowledge and experience within a new and interesting market. In 2000, the Company resolved further focus on this market, and contracted two cable layers for laying and maintenance of fibre optical cable. The vessels, which will be delivered in June and October 2001 respectively, will be of approx. 10 000 dwt and capable of loading 7 000 tons of fibre optical cable. At delivery each vessel will commence a 3-year contract with TyCom. Additionally, charterers have options to extend the contracts by two 3-year periods for each vessel. Gross contract value for the firm period of the contract is NOK 625 mill (USD/NOK=9,00)

and cash flow from operations for the same period is expected to be NOK 400 mill. Tycom is a total supplier within its segment and is currently constructing its own fibre-optical network at sea. The commercial operation of the network will be through sale of cable capacity to its customers and hence they are fully responsible for both operation and maintenance.

The Solstad Group's administration is done from the main office in Skudeneshavn, Norway, Solstad Offshore UK Limited in Aberdeen and Solstad Offshore Ltda in Rio de Janeiro.

3. THE OFFSHORE MARKET

Motive forces controlling demand for offshore service vessels are as follows:

- Price development of crude oil.
- Exploration
- Extent of current production
- Development activities incl. pipe laying

The price of crude oil has since summer 1999 been over USD 20, - per barrel, which has resulted in great improvements in the profits for the oil companies in 1999 and 2000 compared to the previous year. This has resulted in an increase in the oil companies investments in exploration, development and production activities. So far, this has led to a positive development in all major areas of the oil- and gas activity at sea.

The long-term trend is that oil and gas from offshore resources constitutes an increasing share, currently approx. 1/3 of the total world production. Decreasing costs, increasing productivity and new technology have been important factors in this development. This has resulted in improved exploration- and development economy for the oil companies, which again has made it possible to find and develop oil fields in areas where it previously has not been technical or commercial justifiable. Primarily, this is the case in deepwater areas out of Brazil, the Gulf of Mexico, west of the British Isles and Ireland, and offshore West Africa. The consequence of increased cost efficiency and geographical dispersal is that demand for offshore services in these areas is expected to increase in accordance with exploration and production activity. The measure of the rise will always, however, depend on the oil companies' expectations to the economy for the different projects.

Historically, the main categories of offshore service vessels have been AnchorHandling Tug Supply vessels (AHTS) and Platform Supply Vessels (PSV). The technological development

within the offshore industry has resulted in demand for services involving more and more advanced multipurpose vessels. Additionally, the more advanced part of the fleet is partly being employed with other activities.

Based on the historical division, the world fleet of AHTS, with more than 10.000 bhp, is estimated to be approx. 180 vessels. The number of PSVs with over 2.000 dwt is estimated to be the same. Of this types of vessels, approx. 50 and 80 units, respectively, are operated in the North Sea. This is a decline of approx. 10 units from the previous year, and considering the additional newbuilding the past year, it confirms a strong increase of need for such tonnage outside the North Sea.

During 2001, 20-25 newbuildings within the above categories are expected to be delivered. The number of vessels under construction increased substantially during autumn 2000 (partly due to the disappearance of the subsidiaries to the yards as of 31.12.00), and there is currently a total of approx. 65-70 larger vessels due to be delivered during the period 2001-2003 (incl. USA). Apportionment between AHTS and PSV is approx. 25 and 40 accordingly.

Among the Companies on the supply side, there have, the previous years, been a significant concentration of ownership, and it is currently estimated that the 10 largest operators, whereof Solstad is one, are controlling approx. 65% of the larger vessels.

4. MARKET FOR FIBRE OPTICAL CABLE LAYING

In the previous years the market for telecommunication, in large parts of the world, has been deregulated, giving room for international players to operate world-wide. Simultaneously, demand for communication services has been strongly expanding, due to the increase in use of internet and telephony. A number of areas in the world are still in the beginning of using the new technology. It is expected a growing market for laying and maintenance of fibre optical cables at sea, based on the

increase in use of internet and telephony. Approx. 200 000-300 000 km cable per year is estimated laid in the coming years. As cable is laid, demand for maintenance will increase. It is expected that 50% of the fleet will be employed in this part of the market. There are a limited number of companies demanding this type of vessels, the major being Tycom, Alcatel and Global Marine Systems (GMS)

The fleet dedicated to laying and maintenance of fibre optical - and power cable consists currently of 70-80 vessels. Some of the vessels are old and less efficient. There is a total of 20 newbuildings under construction.

5. COMPANY RELATED ISSUES

The Holding Company, Solstad Offshore ASA, is listed on the Oslo Børs' main list. Solstad Shipping AS is the managing Company, Solstad Rederi AS the ship owning and shipping taxed Company and Normand Drift AS comprises activity which does not comply with the shipping tax regime. In addition, Solstad Offshore ASA owns the subsidiaries Solstad Offshore UK Ltd in Aberdeen and Solstad Offshore Ltda. in Rio de Janeiro.

The subsea Company DeepOcean AS is owned together with Johannes Østensjø AS (each 33,3%), and employees in leading positions (33,3%).

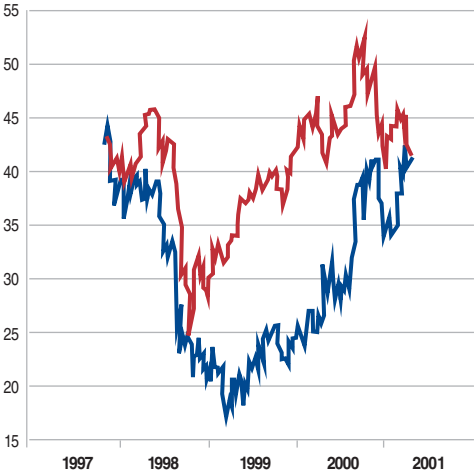
In 2000, Solstad Cable Invest AS was established as a holding Company for the Group's investments in cable layers, i.e. Solstad Cable Ships AS (complementary) and Solstad Cable Ships KS.

Autumn 2000, Solstad Rederi AS invested 25% in Island Offshore 1 KS and Island Offshore 3 KS, accordingly. After the turn of the year, it was resolved to become a joint owner of Island Offshore 4 KS (50%), Explorer 1 KS (51% + options) and Explorer 2 KS (25% + options). Each limited partnership has invested in one offshore service newbuilding.

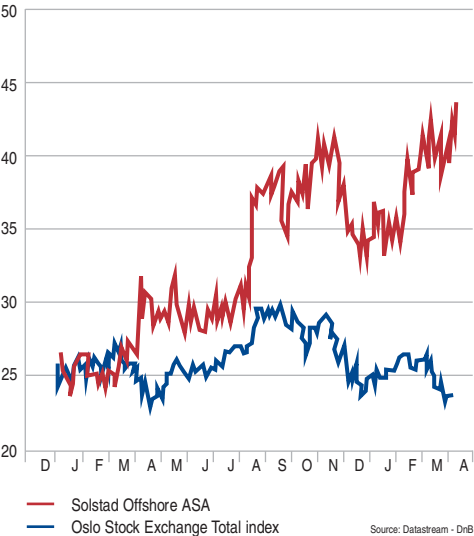
6. SHAREHOLDER ISSUES

The Company aim to make it as attractive as possible to make long-term investments in the Company's shares, through increase of the quoted share price and return on the share. The major contribution to make the share attractive is that the Company achieves solid profit. In addition, it is essential for the shareholder that the share is liquid. It is therefore of importance to keep an open dialogue with the investor market through press releases, quarterly and annual reports and presentations for brokers and investors.

RELATIVE FIGURES - SOLSTAD VS TOTAL INDEX
From 30.10.97 to 22.03.01 recalculated weekly.



From 01.01.00 to 22.03.01 recalculated weekly.



During 2000, the quoted share price increased from NOK 26, - to NOK 37,50 i.e. 44%. In addition, the Company paid dividend equivalent to 3,5% cash return at time of payment in May 2000.

The Board of Directors will propose that the general meeting on 10th May 2001, approve dividend of NOK 1,00 per share for 2000. The proposal is based on the annual result, the Group's solidity and the prospects for 2001. Shareholders at the time of the general meeting will be entitled to receive dividend. Date of payment will be approx. 29th May 2001.

Total number of issued shares of the Company was at the turn of the year 35 794 160. Number of shareholders was 1 938, which are 203 less than the previous year. Foreign shareholders were 1,1%.

Until the next Annual General Meeting, The Board of Directors has the power of attorney to acquire up to 10% of treasury shares. The power of attorney was proposed to continuously be able to evaluate this as a short-term investment option, as well as a strategic investment. So far, this option has not been exercised a lot, and stock of treasury shares is currently 166 100 shares.

Furthermore, The Board of Directors has the power of attorney to resolve to increase the share capital by up to NOK 4 mill. by means of new subscription limited to 2 mill shares. The power of attorney, which is in force until the first ordinary general meeting, has so far not been exercised.

It is considered positively that, as many co-workers as possible are long-term shareholders in the Company. It was therefore in 2000 offered the employees to buy shares in the Company. Approx. 40% of the employees signed up.

With the same arguments as before, the Board of Directors will propose that the Annual General Meeting approve renewal of the power of attorneys in association with increasing of the share capital and acquiring of treasury shares. This grants the Board of Directors the ability to carry out quick resolutions where settlement in shares may be an option.

7. ECONOMY – GROUP

Total operating revenues in 2000 amounted to NOK 646 mill (638 mill). Included in the operating revenues in 1999 was a gain of NOK 98 mill in association with sale of fixed assets, while there were no gains realised during 2000. Operating profit before depreciations was NOK 351 mill (364 mill). The Group achieved a profit before taxes of NOK 159 mill (228 mill) after having charged for NOK 124 mill (91 mill) in depreciations and NOK 68 mill (44 mill) in net financial costs. Included in the financial costs is NOK 15 mill (12 mill) unrealised currency loss in connection with the Company's USD- and GBP debt pr. 31.12.00. The year's profit per share was NOK 4,29 (6,16), and cash flow from operations was NOK 298 mill (231 mill), giving NOK 8,18 (6,46) per share. Excluding the gain from sale of assets, this year's result is significantly improved compared to 1999.

Booked value of vessels per 31.12. 01 amounted to NOK 1 753 mill (1 617 mill), whereof NOK 131 mill relates to instalments of newbuilding contracts. Mortgage debt and other long-term commitments in connection with the vessels was NOK 1 040 mill (1 035 mill), whereof NOK 674 mill in GBP and NOK 42 mill in USD. Booked equity was NOK 1.200 mill (1 047 mill), where minority interests constituted NOK 40 mill (0 mill). Booked equity per share was approx. NOK 34,- (29,-). Based on the average of three different brokers' evaluations per 31.12.00 (vessels without contracts), value adjusted equity is NOK 2 400 or approx. NOK 67,- (55,-) per share.

At the expiry of the year, working capital was positive by NOK 241 mill (262 mill). Net debt was, at the same time, NOK 661 mill (622 mill).

The Group has both interest- and currency risk, mainly in terms of mortgages and operating revenues. Interest risk is limited periodically and partly by hedging agreements. Major parts of the risk are eliminated by having operating revenues and deposits in the same currency as the commitments. The Company is most exposed to fluctuations in the GBP.

One change in accounting principles has been implemented in the accounts, as interest related to deposits of advance instalments of newbuildings is now being activated. Comparable figures are amended accordingly. The effect of the alteration of NOK 7 mill has been added to the equity.

Under "Financial Highlights" and "Key figures per share" definitions of the various financial conceptions used, and a review of the main figures from the Group's accounts, are found.

8. HEALTH, SAFETY AND ENVIRONMENT (HSE)

The Company's policy for safety and Quality Administration is as follows:

- To perform all activities in a purposeful, quality conscious, professional and safe way.
- To avoid accidents, injury/damage and loss of human beings, vessels, equipment and property.
- To avoid damage of marine environment.

The Company shall endeavour to implement and carry through systematic measures with regards to safety and Quality Administration on all levels on- and offshore. The activities are described in the HSE system, which is continuously being updated, based on, among others, feed back received from crew and charterers.

The Company's HSE-system is in compliance with international rules, the ISM-code (IMO's International Safety Management Code). Det Norske Veritas performs certification and the annual audits. In 2000, the Company's Quality Administration system was, additionally, certified for ISO 9002. Completed documentation in compliance with the requirements is worked out and implemented in the organisation (on- and offshore). The ISM certification process for the vessels commenced in 1999 and all vessels are currently certificated by "Det Norske Veritas".

The crew have been given training in the ISM-code and upgrading according to the requirements of STCW-95 (Seafarers Training, Certification and Watch keeping Code). Additionally, it has, during the year been held conferences with focus on HSE and internal audits on all vessels.

One essential element in the Company's HSE work, is to have a "living" reporting system of accidents, incidents, near misses, feed-back etc. The number of non-conformity reports from the

vessels increased strongly during 2000, and reached in excess of 600. By this, focus on non-conformity situations is increased, and knowledge about HSE increases accordingly. Further, it leads to actions for improvement to avoid incidents in the future. Reporting will, also in the future, continue to be of high priority. To simplify the administration of the reporting, as well as to further increase motivation among employees, the Company is currently implementing a user-friendly electronic reporting system. The main objective with the investment is to achieve efficient and simple reporting, as well as faster action on each non-conformity, and preparation of surveys and analysis.

The Company had a total of 9 Lost Time Incidents (LTIs) during 2000. H-factor (number of LTIs per 1 000 000 working hours) was 5,4 compared to 6,8 the previous year. The objective to reach 0 persists, and this was the only objective within the HSE work that was not achieved during 2000. The Company will continue its endeavours to reach H-factor 0 through increased resource use and thorough planned actions.

None of the Company's vessels had during 2000 uncontrolled discharge, which polluted the environment. All current environmental requirements are complied with.

At the expiry of the year the Company had a total of 491 employees, whereof 465 offshore personnel. Working environment, onshore as well as offshore is considered to be satisfying. Absence among employees was in 2000, approx. 3,4%.

9. EXPECTATIONS OF 2001

The growth in the world economy in 2001 is expected to be weaker than the latter years, mainly due to the development in the USA. It may result in less demand for oil and hence pressure on the price of crude oil. However, the price is more dependent on OPEC and their actions regarding the production limits. OPEC has after the price collapse in 1998, shown a strong production discipline and contributed significantly to a price of crude oil in excess of USD 20 pr. barrel since summer 1999.

Subject to less growth in the world economy than previous years, but with an oil price of over USD 20 per barrel, it is expected high exploration and development activity offshore. The Company believe in increased focus on deep-water areas and more subsea activity, involving an increasing number of installations and hence requirements to maintenance and inspections. As many of the Company's vessels are equipped for such activities, high utilisation of the fleet is expected.





The Board of Director's of Solstad Offshore ASA. From the left: Johannes Solstad, Jakob Rugland, Idar Ulstein og Per Gunnar Solstad. In front: Tor Edv. Hestvik

This winter season, the market has been better than the previous. Short-term, it is expected that the market will tighten during spring and that activity ahead will be high. Excluding the three standby vessels, contract coverage for the year is 77%, while for 2002 it is 47%. Inclusive options the figures are 80% and 66%, respectively. Solstad Offshore has lately made several important contracts within offshore service. A framework agreement with Statoil regarding anchorhandling services and an agreement with FMC Kongsberg about co-operation within sub sea activities represent great challenges as well as opportunities for the Company.

Within the offshore segment, there are about 65 - 70 large newbuildings under construction. More than 20 of these will be delivered in 2001, the majority during autumn. This may effect the revenues negatively the coming winter season. For the summer season of 2002, it is, again, expected high activity and that the market will demand modern tonnage.

The market for laying and maintenance of fibre optical cable is still at an elementary stage. For the first coming few years, it is planned a number of cable laying projects at sea, which involves high utilisation of the fleet. The Company's two newbuildings within this segment will, after delivery in June and October respectively, commence their 3-year contracts.

Every year there is political uncertainty in connection with the most important terms for shipping operations from Norway. This is current with regards to the subsidiary scheme for Norwegian seamen as well as the tonnage tax regime, which both are significantly reduced compared to the original. In Europe, several countries have adopted more beneficial tonnage tax regimes than the Norwegian. With the lack of long-term

planning the Norwegian authorities have with regards to the nation's shipping politics, it is of interest to consider different forms of operation.

10. ECONOMY – PARENT COMPANY

Solstad Offshore ASA achieved in 2000 a profit after taxes of NOK 7,7 mill compared to NOK 13,5 the previous year. As in 1999, financial income was the major source of income.

The Company's assets are mainly connected to the five subsidiaries and to bank deposits. Booked equity at the turn of the year was NOK 1 006 mill, whereof NOK 902 mill may, be paid as dividend, according to Norwegian corporation law. The debt at the same time was NOK 44 mill, whereof NOK 36 mill is allocated to dividend for 2000.

The annual accounts presented are based on continuous operation in accordance with the Norwegian Accounting Act § 4-5. Based on, among others, evaluations of the subsidiaries' vessels the Board of Directors estimates the real value of the Company's assets to significantly exceed the booked value.

The Board of Directors will propose that the general meeting approves directors' remuneration for the parent company of NOK 630 000 in total for 2000. The auditor's fee is estimated to NOK 125 000.

The Board of Directors proposes that net profit for 2000 to be appropriated as follows:

Allocated to dividend	35 794 160
Transferred from other equity	28 118 028
Net appropriated	7 676 132

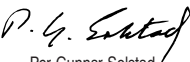
The Board of Directors,
Skudeneshavn, 26. Mars 2001


Tor Edv. Hestvik
Chairman


Johannes Solstad
Deputy Chairman / Man. Dir.


Jakob Rugland
Director


Idar Ulstein
Director


Per Gunnar Solstad
Director / Deputy man. dir.



ACCOUNTS



STATEMENT OF INCOME 1.1.00 - 31.12.00

PARENT COMPANY		(NOK 1000)		GROUP		
1999	2000		NOTES	2000	1999	1998
0	0	Freight revenues	5	646 006	539 927	675 896
0	0	Net gains on fixed assets	2	0	97 942	327
0	0	Total operating revenues		646 006	637 870	676 223
-1 690	-2 500	Crew expenses	6,18,19	-188 774	-176 817	-164 687
0	0	Ordinary depreciation	7	-103 190	-73 120	-59 100
0	0	Depr. balance booked periodic maintenance	7,18	-21 085	-17 763	-7 019
-2 788	-2 199	Other operating expenses	18	-106 679	-97 213	-89 954
-4 478	-4 699	Operating result		226 279	272 957	355 462
0	0	Income from investm. in ass. / jointly owned comp.	9	339	-351	0
5 941	5 669	Interest income from Company in the Group		0	0	0
9 468	10 074	Other interest income		21 960	21 657	5 972
7 090	3 762	Other financial income		889	0	0
665	0	Value change of financial current assets		0	865	-665
-1	-71	Other interest charges		-71 470	-52 332	-29 817
0	-3 973	Other financial charges	7, 17	-18 936	-14 361	-26 421
18 684	10 762	Ordinary result before taxes		159 060	228 435	304 531
-5 176	-3 086	Taxes ordinary result	12	-5 782	-8 151	-7 027
13 509	7 676	Result of the year		153 278	220 284	297 504
		Hereof minority share		19	0	0
		Hereof majority share		153 259	220 284	297 504
		Earnings per share	14	4,29	6,16	8,32
		Transfers:				
35 794	35 794	Dividend				
-22 285	-28 118	Transferred from other equity				
13 509	7 676	Total transfers				

BALANCE SHEETS

PARENT COMPANY		(NOK 1000)		GROUP	
31.12.99	31.12.00		NOTES	31.12.00	31.12.99
ASSETS					
Fixed assets					
Intangible fixed assets					
0	0	Deferred fixed assets	12	0	0
0	0	Goodwill	7	12 910	15 062
0	0	Total intangible fixed assets		12 910	15 062
Tangible fixed assets					
0	0	Vessels and construction contracts	7	1 752 684	1 617 220
0	0	Balance booked planned periodic maintenance	7	22 508	24 108
0	0	Other tangible fixed assets	7	8 748	2 389
0	0	Total fixed assets		1 783 940	1 643 718
Financial fixed assets					
809 882	818 476	Investments in subsidiaries	8	0	0
92 191	61 448	Loan to companies in the Group	10	0	0
75	75	Investment in jointly owned Company	9	432	0
1 000	0	Loan to jointly owned Company	10	0	0
3 750	3 750	Investment in associated Company	9	31 438	3 399
1 503	1 503	Investment in shares		1 503	1 503
150 737	163 015	Restricted bank deposits	7, 11	163 015	150 737
0	0	Other long-term receivables		0	500
0	0	Net pension assets	6	10 412	9 035
1 059 139	1 048 266	Total financial fixed assets		206 801	165 175
1 059 139	1 048 266	Total fixed assets		2 003 651	1 823 955
CURRENT ASSETS					
0	0	Stocks		10 207	10 487
Receivables					
0	0	Accounts receivables		103 277	57 676
570	637	Other short-term receivables		22 736	22 954
570	637	Total receivables		126 013	80 630
4 865	0	Shares		0	4 865
15 718	1 252	Deposits, cash, etc.	16	215 516	262 197
21 152	1 889	Total current assets		351 735	358 179
1 080 291	1 050 156	Total assets		2 355 386	2 182 133

BALANCE SHEETS

PARENT COMPANY		(NOK 1000)	GROUP		
31.12.99	31.12.00		NOTES	31.12.00	31.12.99
EQUITY AND LIABILITIES					
Equity					
Paid-in equity					
71 588	71 588	Share capital (35 794 160 á 2,-)		71 588	71 588
-100	-325	Treasury shares		-325	-100
11 601	11 601	Premium fond		11 601	11 601
83 089	82 865	Total paid-in equity		82 865	83 089
Retained equity					
955 837	923 684	Other equity		1 076 877	963 446
955 837	923 684	Total retained equity		1 076 877	963 446
0	0	Minority interests		40 208	0
1 038 926	1 005 549	Total equity	13	1 199 949	1 046 535
Debt					
Long-term provisions					
0	0	Deferred tax	12	5 053	4 384
0	0	Total long-term provisions		5 053	4 384
Other long-term debt					
0	0	Debt to credit institutions / leasing obligations	11	1 039 536	1 035 256
0	0	Total other long-term debt		1 039 536	1 035 256
Current liabilities					
54	3 918	Accounts payable		34 387	23 598
4 712	3 086	Taxes payable	12	5 148	6 010
0	0	Accrued salaries and related taxes		11 212	9 634
35 794	35 794	Dividends	13	35 794	35 794
805	808	Other current liabilities		24 308	20 921
41 365	43 607	Total current liabilities		110 849	95 958
41 365	43 607	Total liabilities		1 155 438	1 135 598
1 080 291	1 050 156	Total equity and liabilities		2 355 386	2 182 133
Mortgages					
			11		
Guarantees etc.					
			4, 7, 9		

Skudeneshavn, 26th March 2001


Tor Edv. Hestvik
Chairman


Johannes Solstad
Deputy Chairman / Man. Dir.


Jakob Rugland
Director


Idar Ulstein
Director


Per Gunnar Solstad
Director / Deputy man. dir.

STATEMENT OF CASH FLOWS

PARENT COMPANY		(NOK 1000)		GROUP	
1999	2000		2000	1999	1998
CASH FLOW FROM OPERATIONS					
18 684	10 762	Result before taxes	159 060	228 435	304 531
0	-4 712	Taxes payable	-5 870	-2 630	-1 670
0	0	Ordinary depreciation / depreciation balance booked periodic maint.	124 275	90 883	66 119
0	0	Loss / Gain on fixed assets	-6	-97 942	-327
-665	0	Value change current assets	0	-665	665
0	0	Effect of change in pension capital	-1 377	-2 359	-2 483
0	0	Unrealised currency loss	14 822	12 071	3 099
47	3 864	Change in short-term receivables / payables	-34 532	54 693	-50 410
-685	-65	Change in other accruals	5 149	-38 024	49 760
17 382	9 850	Net cash flow from operations	(A) 261 521	244 462	369 285
CASH FLOW FROM INVESTMENTS					
0	0	Invested in tangible fixed assets (vessels)	-243 149	-684 377	-6 973
0	0	Payment of balance booked periodic maintenance	-19 485	-27 355	-14 490
0	0	Sale of fixed assets	289	120 330	1 884
-1 185	-4 259	Investment in treasury shares	-4 259	-1 185	0
-5 328	-8 593	Investment in other shares	-28 038	-4 902	-4 865
0	4 865	Realisation other shares	4 865	0	0
-6 513	-7 968	Net cash flow from investments	(B) -289 778	-597 488	-24 444
CASH FLOW FROM FINANCING					
0	0	Share issues	0	0	785
0	0	Payment from minority interests	40 189	0	0
-35 794	-35 794	Payment of dividend	-35 794	-35 794	0
-150 737	-12 277	Repayment of restricted deposits	-12 277	-150 737	0
120 366	36 524	Repayment of long-term receivables	0	0	0
-1 000	-4 780	Payment of long-term receivables	0	-500	0
0	0	Long term debt raised (vessels)	155 000	710 434	100 000
0	0	Repayment of long-term debt	-165 542	-134 372	-279 115
-67 165	-16 328	Net cash flow from financing	(C) -18 425	389 031	-178 330
-56 296	-14 466	Net change in cash and cash equivalents	(A+B+C) -46 682	36 004	166 511
72 013	15 718	Cash and cash equivalents per 01.01.	262 197	226 193	59 683
15 718	1 252	Cash and cash equivalents per 31.12.	(Note 24) 215 516	262 197	226 193



NOTES

NOTE 1 ACCOUNTING PRINCIPLES

(Unless otherwise stated, figures are given in NOK 1 000)

General

The accounts are prepared according to general accepted accounting principles in Norway. The most important accounting principles are described in the following.

Consolidation

The Solstad Group of companies comprises the parent Company Solstad Offshore ASA and companies in which the parent Company has direct or indirect majority of the voting share capital. The Group accounts are prepared to homogeneous principles, by the subsidiaries' use of the same accounting principals as the parent Company.

The cost prise of shares in subsidiaries is eliminated against the equity in the subsidiaries at the time of acquisition. Excess value is attributed to vessels or goodwill. Significant inter-Company accounts and profit elements are eliminated. Foreign subsidiaries are consolidated by converting the profit and loss accounts to the rate of exchange at the day of transaction, vessels to historical exchange rate, and other balance sheet items to the exchange rate at the balance sheet date. The conversion difference is classified as a financial item in the profit and loss accounts.

Reporting by segments

The Group's only business segment in 2000 was offshore service related activity. In the internal reporting and financial management, no further division has been made.

Related parties

Information related to transactions with the Company's related parties have been provided in a separate note. Transactions are carried out at market value.

Use of estimates

In connection with preparation of the consolidated accounts, estimates and assumptions influencing the accounts are used. Actual figures may differ somewhat from the estimates.



Foreign currencies

Monetary items in foreign currency are translated at the official exchange rate on the balance sheet date.

The Group has long-term freight contracts in USD and GBP. Hedging effect has been recognised against long-term debt in the same currency, as long-term freight contracts in the same currency in reality secure the Company against fluctuation in foreign currency against NOK.

The effect of unrealised currency items is included under financial items in the profit and loss accounts.

Cost of borrowing

Cost of borrowing is balance booked at the time of borrowing and charged to income over the maturity of the loan.

Trade debtors and stocks onboard vessels

Consumables are assessed at the lowest acquisition cost and assumed sale value. Accounts receivables are entered at face value less anticipated losses.

Construction contracts

Payments on newbuilding contracts are entered in the balance sheets as fixed assets. Costs in relation to the on-site supervision team and other costs prior to delivery of the vessels are balance booked on each vessel. The Group has in 2000 adopted new principles, hence interest on construction loan is now balance booked together with the vessel- /construction contract and depreciated over the vessel's economic life.

NOTES

Fixed assets and depreciation

Fixed assets are entered in the balance sheets at acquisition cost less accumulated depreciation. Depreciation is linear and stipulated on the basis of an assessment of the remaining economic life of individual fixed assets. Vessels are depreciated on the assumption of an economic life of 25 years.

Gains from the sale of vessels and construction contracts are entered as operating income, as sale of vessels is considered a part of the Company's ordinary business activity. Goodwill is depreciated according to a rate of 10% as the acquisition is expected to represent a value to the Company for, at least, a 10 years period.

Revenue recognition

Income and costs related to voyages of the vessels are entered according to the accrual principle based on the number of days the voyage lasts before and after the end of the accounting period. Commissions are taken to income when they are earned.

Treatment of leases

The Company differentiates between financial leasing and operational leasing. In the event of operational leases, the annual leasing cost is entered as operational costs on a continuous basis. Financial leases are shown as assets and debt, and the annual leasing cost is entered as interest and repayments.

Balance booked periodic maintenance (dry-docking)

The resolution criteria, which the extent of repair when dry-docking is based on, state that it is to be seen as investment resolutions. The cost is balance booked and depreciated over the period until next dry-docking, normally 24 months. By purchase of vessels, acquisition cost of vessel and balanced dry-docking is decayed. Ordinary maintenance costs are charged the operating result when the maintenance finds place.

Tax / Deferred tax

The tonnage tax regime imply that shipping companies on certain conditions are not taxed on their current income, but if and whenever the income is paid as dividend, or if the Company

no longer meets the stipulated terms for being taxed under the legislation. On the other hand, a tonnage tax is levied to the companies. Net financial income is, however, taxed on a current basis.

Deferred tax/deferred tax assets is calculated according to the liability method with 28% on the basis of temporary differences between accounting and tax-related values that exist at the end of the accounting year, and tax-related deficits to be carried forward

Temporary tax-increasing and -decreasing differences are equalised and entered as net figures. Deferred tax of added value in connection with buying up subsidiaries, jointly owned and associated companies, is not equalised.

The present value of deferred tax related to the temporary tax-increasing differences that are transferred to the Company, subject to shipping tax from, and including, 1996 and 1997, and subsequently earned profit, is insignificant as the Company does not expect that these funds will be paid as dividend in the foreseeable future. Deferred tax asset is balance booked when it is evident that the asset can be utilised.

Classification of items in the accounts

Assets determined for permanent ownership and use, and accounts receivables with due date later than one year from the end of the accounting year are entered as fixed assets. Other assets are classified as current assets.

Debt that is due more than one year after the end of the accounting year is entered as long-term debt. Other debt is classified as short-term, with the exception of the first year's instalment of mortgage debt and contractual obligations, as this debt is serviced by the cash flow from the fixed assets.

NOTES

Financial instruments

Signed financial contracts are defined either as a hedging - or trading transactions. Signed hedging transactions are entered according to the accrual principle and classified in the same way as the associated hedging objects or future transactions. For hedging instrument the forward exchange rates are entered linearly over the hedging period according to the accruals principle. Trading transactions are measured according to market value.

Extraordinary items

According to the criteria applied by the Company for classifying income and costs under this category, the items must be exceptional, irregular and of considerable size in order to be classified as extraordinary. The effect from changes of this nature in the accounting principles is considered an extraordinary item.

Contingent outcome

Losses that are probable and quantifiable are charged to the statement of income, while contingent gains/revenues are not.

Share issue costs

Costs in connection with issues of shares are charged against the premium, i.e. against the Company's equity.

Pensions

Pensions and pensions liabilities are included in the profit and loss account and balance sheet as set out in the Provisional Norwegian Standard for Pension Costs. Net pension costs include the pension accrued during the period, inclusive of futures wage growth and estimated interest, less the estimated return on pension fund assets and any impact of changes in estimates and plans. Over financing is balance booked to the extent it can be utilised for future pension obligations.

Shares and holdings in other companies

Short-term investments are valued at lowest cost price and real value.

Shares in subsidiaries are entered the Company's profit and loss accounts at cost price and written down if they permanently fall in value. In the Group accounts, strategic investments in other limited companies where holding is 20-50% (associated companies) the equity method is used. For shares in jointly owned companies, the gross method is used.

Grants

Grants received from the crew subsidies are included in the profit and loss account and offset against crew costs.

Treasury shares

Treasury shares are entered, at nominal value, under "Share capital". Difference between nominal value and acquisition cost is entered as other equity.

Statement of cash flows

The Group utilises the indirect method. Investments in shares and other liquids, with maturity of three months or more, are not included under cash equivalents.

Change of accounting principle

New Accounting Act was implemented in 1999, and comparable figures were recalculated accordingly.

The Group has, in 2000, changed principle so that own construction loan interest is now balance booked together with vessels/ construction contracts and depreciated over the vessels' economic life.

The effect from the change in principle is booked directly against the equity. Ref. note no. 3.

Comparable figures in the statement of income and in the balance sheets are recalculated according to the new principle.



NOTES

NOTE 2 LARGE SINGLE TRANSACTIONS

Large single transactions in 2000:

The Group has the following shares in newbuildings:

- 1 MPSV UT 745 E (25% share), delivery November 2001, cost price approx. NOK 250 mill.
- 1 AHTS VS 480 (100 % share), delivery December 2001, cost price approx. NOK 270 mill.
- 1 Cable vessel (62,5 % share), delivery June 2001, cost price approx. NOK 420 mill.
- 1 Cable vessel (62,5 % share), delivery October 2001, cost price approx. NOK 430 mill.
- 1 Linehandler for Brazil (100 % share), delivery February 2002, cost price approx. NOK 25 mill.

The Company has options to change parts of the equipment on some of the vessels, hence the actual cost price may differ somewhat from the given. Additionally, in December 2000, the M/S "Normand Borg" was delivered to the Group (25% share), cost price NOK 273 mill.

Large single transactions in 1999:

Sale of the two newbuildings M/S "Normand Pioneer" and M/S "Normand Progress", value NOK 754 mill. and lease-back of the same vessels.

The transactions resulted in a gain of NOK 98 mill.

Sale of M/S "Normand Skipper" to the subsidiary Solstad Offshore (UK) Ltd.

NOTE 3 CHANGE IN ACCOUNTING PRINCIPLE

Comparable figures for the statement of income and the balance sheets are recalculated according to the new accounting principle.

Change in accounting principle re. interest construction loan 7 168

Total effect 7 168

NOTE 4 FINANCIAL INSTRUMENTS, GUARANTEE LIABILITIES ETC.

The Group is exposed to interest- and currency risk. Interest risk is, to a certain degree, hedged by financial instruments. Currency risk is seeked hedged by freight contracts and deposits in the same currency as the obligations. Credit risk is seen as low, as the Company has, to a limited extent, invested in listed shares.

The Group has, for the period, utilised forward rate agreements, interest swaps and forward contracts for hedging purposes.

Pr. 31.12.2000 the following Future Rate Agreements (FRA) had been entered (NOK 1 000):

NOK 75 000 5,27 % Six-monthly instalments, latest 03.09.2001.

The parent Company has issued a parent Company guarantee to its main banking connection for matters relating to its subsidiaries. Ref.note 11. Solstad's share of uncalled limited partnership capital amounted per 31.12.00 to approx. NOK 135 mill.

NOTE 5 FREIGHT REVENUES

Offshore service related activity is the Groups's main business segment. Other activity in 2000, is not of such dimensions that account reporting is required.

Freight revenues are apportioned, geographically, as follows:	2000	1999	1998
North Sea	414 493	384 069	545 593
West Africa	10 203	0	0
South America	135 154	80 543	76 316
North America	15 797	35 920	0
Europe	70 359	39 395	53 987
Total	646 006	539 927	675 896

NOTES

NOTE 6 WAGES, EMPLOYEES AND DISTINCTIVE CONTRIBUTIONS

(Group)	2000	1999	1998
Wages	133 237	125 004	109 494
Payroll tax	18 677	17 677	18 928
Pension costs	2 646	2 114	585
Other contributions	7 132	8 925	8 037
Total	161 692	153 719	137 044

REMUNERATION TO DIRECTORS, MANAGING DIRECTOR AND AUDITOR

The following amounts have been charged to income for the Group:	2000	1999	1998
Board of Directors	796	630	590
Managing Director	740	713	832
Auditor, auditing	225	180	401
Auditor, consulting	226	337	66
Total	1 987	1 860	1 889

Average number of employees:	367	346	337
------------------------------	-----	-----	-----

In the parent Company, NOK 690.000 has, in 2000, been charged as remuneration to the board of Director's, and NOK 30.000 and NOK 195.000 as remuneration to the auditor in terms of auditing and consultation. There are no distinctive agreements of remuneration in connection with resignation for the Managing Director or the chairman. Neither are there any distinctive bonus- or option programmes for members of the Board or the administration. Loans have not been given to employees in leading positions. The Managing Director's remuneration for 2000 is apportioned as salary NOK 705.622, pension premium NOK 0 and other contributions NOK 34.470.

PENSIONS (GROUP)

The scheme is insurance-based and had 319 members pr. 31.12.2000. It is based on the following assumptions: discount rate 6%, expected return 7%, wage adjustment 3% and pension adjustment 2% (0).

	2000	1999	1998
Estimated commitments	24 371	20 087	15 653
Value of pension fund assets	30 304	24 340	20 200
Not booked change in assumptions	4 479	4 782	2 129
Net pension assets	10 412	9 035	6 676

Pension cost for 2000 was approx. NOK 3 mill. It breaks down as follows:

Present value of the year's pensions earnings	3 056	2 328	899
Interest payable accrued commitments	1 222	1 020	849
Expected return pension fund assets	-1 935	-1 537	-1 297
Change in assumptions charged to income	303	303	134
Charged payroll tax	382	590	430
Pension cost	3 028	2 703	1 015

The effect of the changes in estimates and deviation between estimated and actual return will be charged to income over the 16 year amortisation period.

Balance booking of the net assets assumes that the funds can be used for future pension premium payments.

NOTES

NOTE 7 TANGIBLE FIXED ASSETS / INTANGIBLE FIXED ASSETS

	Cost price	Addition	Disposal	Acc.dpr./ write-downs	Booked value	Depr.
Group:	01.01.00	this year	this year	31.12.00	31.12.00	this year
Vessels and constr. contracts	2 137 952	242 355	-6 492	-621 131	1 752 684	100 399
Goodwill	21 518	0	0	-8 608	12 910	2 152
Machinery, equipment etc.	4 182	7 160	-164	-2 431	8 748	638
Total Group	2 163 652	249 516	-6 656	-632 170	1 774 342	103 190

Balance booked periodic maintenance:	2000	1999	1998
Balance booked periodic maintenance 01.01	24 108	14 516	7 045
Addition this year	19 485	27 355	14 490
Depreciation periodic maintenance this year	-21 085	-17 763	-7 019
Balance booked periodic maintenance 31.12	22 508	24 108	14 516

Depreciation of vessels is calculated on an expected economic life of 25 years. Goodwill is related to the acquisition of the management Company, and is depreciated over 10 years, as the buying is expected to have a value for the Company for a period of at least 10 years. Machinery, equipment etc., is depreciated at 15-25%.

In February 1999, the Group's two newbuilding contracts (Normand Pioneer and Normand Progress) were disposed. At the same time agreements of back-lease of the vessels were entered. The back-lease agreements are firm until January 2005 with the Company's option to have them extended. At expiry of the firm lease period, the new owners have the right to sell the vessels to the Company at a total price of approximately GBP 45 mill. The vessels will be carried forward in the Group's balance sheets, as the agreements are valued, considered the combination of the entered lease- and option agreements, to be a financial lease agreement according to general accepted accounting principles in Norway. As security for fulfilment of the entered contracts, parent- and subsidiaries guarantees have been placed. Furthermore, the newbuildings, a vessel and a cash deposit of GBP 12,3 mill have been placed as security. Approx. NOK 4 mill of guarantee cost have been charged "other financial cost" in the Parent Company's accounts for 2000.

The Group has a rental agreement on PCs, which again are being leased to the employees. The agreement is valid for three years from August 1999 and expected annual rent is NOK 1,5 mill. The Group has the option to buy the PCs currently and at expiry of the agreement.

Newbuilding contracts

Pr. 31.12.2000 the Group had 4 vessels under construction. Construction contracts are balance booked by the paid amount..

	Contract price	Paid instalments	Remaining 31.12.2000	Due 2001	Due 2002	Chartering contracts
Newbuilding contracts						
Newbuilding 257, Ulstein	390 450	58 568	331 883	331 883	0	3 years+opt.
Newbuilding 258, Ulstein	414 000	41 400	372 600	372 600	0	3 years+opt.
Newbuilding 170, Flekkefjord	266 432	26 816	239 616	239 616	0	.
Newbuilding, Transnave Brasil	21 249	4 250	16 999	15 405	1 594	8 years

External financing of the newbuildings has pr. 26.03.01 not been completely booked.

NOTE 8 SHARES IN SUBSIDIARIES

	Place of business	Interest	Number of shares	Share capital	Nominal value	Total nominal value	Cost price/ booked value
Solstad Shipping AS	Skudeneshavn	100%	10 000	10 000	1 000	10 000	10 000
Solstad Rederi AS	Skudeneshavn	100%	60 150	60 150	1 000	60 150	778 121
Normand Drift AS	Skudeneshavn	100%	150	150	1 000	150	150
Solstad Offshore UK Ltd	Aberdeen	100%	100	GBP 100	GBP 1	GBP 100	21 611
Solstad Offshore Ltda.	Rio de Janeiro	80%	220	BRL 2 200	BRL 10 000	BRL 2 200	8 593
Total							818 476

NOTES

Shares in subsidiaries - owned by Group Company

	Place of business	Interest	Number of shares	Share capital	Nominal value	Total nominal value	Cost price/ booked value
Owned by Solstad Rederi AS:							
Solstad Cable Invest AS	Skudeneshavn	100 %	2 000	2 000	1 000	2 000	10 000
Owned by Solstad Shipping AS:							
Solstad Offshore Ltda.	Rio de Janeiro	20 %	44	BRL 2 200	BRL 10 000	BRL 2 200	2 040
Owned by Solstad Cable Invest AS:							
Solstad Cable Ships AS	Skudeneshavn	62,5 %	1 250	2 000	1 000	2 000	6 250
Total							18 290

Holdings in subsidiaries - owned by Group Company

	Place of business	Interest	Booked value	Equity 31.12.00	Result 2000 (100%)
Owned by Solstad Cable Invest AS:					
Solstad Cable Ships KS	Skudeneshavn	56,25%	60 732		
Owned by Solstad Cable Ships AS:					
Solstad Cable Ships KS	Skudeneshavn	10%	10 797		
Total			71 528	108 065	97

NOTE 9 SHARES IN JOINTLY OWNED- AND ASSOCIATED COMPANIES (Parent Company)

	Place of business	Interest	Number of shares	Costprice	Equity 31.12.00	Result 2000 (100%)
Normand Edda AS	Skudeneshavn	50%	75	75	565	-3
DeepOcean AS	Haugesund	33,33%	15 000	3 750	9 680	2 012
Total				3 825	10 244	2 009

SHARES AND HOLDINGS IN JOINTLY OWNED- AND ASSOCIATED COMPANIES (Group)

	Place of business	Interest	Number of shares	Costprice	Equity 31.12.00	Result 2000 (100%)
Normand Edda AS	Skudeneshavn	50%	75	75	565	-3
DeepOcean AS	Haugesund	33,33%	15 000	3 750	9 680	2 012
Island Offshore I AS	Ulsteinvik	25,0%	1 875 000	1 875	7 410	-90
Island Offshore III AS	Ulsteinvik	25,0%	1 500	1 500	5 988	-12
Island Offshore I KS	Ulsteinvik	22,5%		19 375	73 807	-1 193
Island Offshore III KS	Ulsteinvik	22,5%		4 950	24 858	-13
Total				31 525	122 307	701

Solstad Offshore ASA has placed a guarantee of, up to, NOK 4,5 mill in connection with DeepOcean AS. Balance items regarding Normand Edda AS is insignificant for the Solstad Group per 31.12.00. Significant, non-depreciated added values do not exist for any of the companies.

NOTE 10 LONG-TERM RECEIVABLES WITHIN THE GROUP COMPANY (Parent Company)

Solstad Offshore ASA had the following receivables on Group companies:	31.12.00	31.12.99	Interest rate
Solstad Offshore (UK) Ltd	13 500	15 000	7,46 %
Solstad Shipping AS	6 990	10 400	7,00 %
Solstad Rederi AS	36 178	66 791	7,00 %
Solstad Shipping AS (accounts payable)	-3 918	-54	-
		52 749	92 137

Group receivables due more than one year after expiry of the accounting period is approx. NOK 13 mill.

NOTES

NOTE 11 MORTGAGES AND OTHER LONG-TERM LIABILITIES

The vessels are disposed as security for the mortgages. In addition, parts of account receivables and bank deposits are used as security.

Parent Company			Group	
1999	2000		2000	1999
0	0	Mortgage debt	384 988	378 979
0	0	Leasing commitments	654 548	656 278
0	0	Total long-term debt	1 039 536	1 035 256

Booked value pledged assets:

Parent Company			Group	
1999	2000		2000	1999
150 737	163 015	Bank deposits	163 015	150 737
0	0	Receivables	103 277	57 676
0	0	Vessels	1 598 111	1 467 912
150 737	163 015	Total booked value	1 864 403	1 676 325

The substantial part of the mortgage debt is in NOK. Per 31.12.2000 the Group has, additionally, mortgage debt in USD (4,7 mill) NOK 41,8 mill and GBP (1,5 mill) NOK 19,9 mill. The leasing commitment is in GBP (50 mill) NOK 654,5 mill.

Exchange rate used for USD is 8,8945 and for GBP 13,274.

At the turn of the year, the Group had unused drawing facilities of approx. NOK 75 mill. in DnB.

The loan agreements are subject to, among others, that the Company's working capital is positive at all times and that the vessels must equate to at least 125% of the value of the outstanding loans. For Normand Skipper, Normand Ondur and Scott Protector, the terms are 140% of the outstanding loans. The first year's instalment of the mortgage debt is exempt from the working capital requirement. The Company meets the requirements of the loan agreement per 31.12.00. In addition to pledged assets/negative security clauses, the agreements involve the re-assignment of freight income, insurance claims and factoring agreements.

Instalments on long-term debt the coming five years pr. 31.12.2000 (NOK mill.):

2001	2002	2003	2004	2005
59	70	67	68	251

Instalments beyond five years are NOK 525 mill (706 mill). Interest rate is floating and is normally agreed upon for 3 or 6 month periods.

Ref. note 3. Average interest rate on vessel debt for 2000 was approx. 7,37%.

NOTES

NOTE 12 TAX

Parent Company			Group	
1999	2000		2000	1999
4 712	3 086	Taxes Payable	5 148	6 010
464	0	Ordinary changes in deferred tax / deferred tax assets	635	2 141
5 176	3 086	Tax	5 782	8 151

Parent Company		Apportionment of tax on ordinary result	Group	
1998	2000		2000	1999
5 176	3 086	Norwegian share	5 120	7 128
0	0	Foreign share	663	1 023
5 176	3 086	Total tax	5 782	8 151

Temporary differences:

Parent Company				Group	
1999	2000		Tax effect	2000	1999
Outside the shipping tax regime:					
0	0	Net pension assets	2 915	10 412	9 035
0	0	Fixed assets / provisions	2 137	7 207	7 962
0	0	Uncovered loss carried forward	0	0	-1 754
0	0	Total temporary differences	5 053	17 619	15 242
0	0	Deferred tax, net		5 053	4 384
		Applied tax rate Norway		28%	28%

Within the shipping tax regime:		Negative balance on account for retained earnings	178 042	178 042
		Accumulated untaxed income (*)	1 004 507	791 792
		Uncovered loss carried forward (finance)	19 326	0
		Deferred tax	0	0
		Total deferred tax	5 053	4 384

Parent Company		Explanation on why taxes do not constitute	Group	
1999	2000	28 % of result before taxes:	2000	1999
5 232	3 013	28 % of result before taxes	44 537	63 962
-56	73	Permanent differences / shipping tax regimes	-38 754	-55 811
5 176	3 086	Calculated tax	5 782	8 151

(*) Depreciation have not been considered

Deferred tax relating to the subsidiaries, associated companies or jointly owned activity is not booked. Present value of deferred tax in connection with the tax increasing temporary differences which were transferred to the Company and placed under the shipping tax scheme from 1996 and 1997, and later developed profit, is insignificant, as the Company does not expect that it will be distributed as dividend in the foreseeable future. If the Company breaks the conditions for the shipping tax scheme, or resign from the arrangement, tax will be imposed. Such tax imposition will be based on market values. Further, when the Company, which is taxed under the rules governing shipping tax, pays dividend to its shareholders outside the scheme, such dividends will be taxed.

A specific calculation of deferred tax in UK (30% tax rate) is made.

Tonnage tax is classified as operating costs.

The RISK-amount per 1.1.1998 is fixed at NOK 0,00 for the parent Company

The RISK-amount per 1.1.1999 is fixed at NOK -1,00 for the parent Company

The RISK-amount per 1.1.2000 is fixed at NOK -0,66 for the parent Company.

NOTES

NOTE 13 EQUITY, NUMBER OF SHARES, SHAREHOLDERS AND TREASURY SHARES

	Share	Premium	Other	Total
Parent Company	capital	fund	Equity	Equity
Equity 01.01.2000	71 488	11 601	955 837	1 038 926
Purchase treasury shares (141 100)	-282		-4 658	-4 940
Sale treasury shares (28 800)	58		623	681
Result of the year			7 676	7 676
Allocated dividend			-35 794	-35 794
Equity 31.12.2000	71 264	11 601	923 684	1 006 549

	Share	Premium	Other	Minority	Total
Group	capital	fund	Equity	interests	Equity
Equity 01.01.2000	71 488	11 601	963 446		1 046 535
Purchase treasury shares (141 100)	-282		-4 658		-4 940
Sale treasury shares (28 800)	58		623		681
Result of the year			153 259		153 259
Allocated dividend			-35 794		-35 794
Minority interests				40 208	40 208
Equity 31.12.2000	71 264	11 601	1 076 877	40 208	1 199 949

Parent Company's share capital per 31.12.00 represents 35.794.160 shares a NOK 2. Number of share holders per 31.12.00 were 1.938. The Board of Directors has the power of attorney to increase the share capital by 2 mill shares à NOK 2,-, as well as power to implement a capital appreciation of, up to, 140.000 shares NOK 2,- towards employees of the Group.

The 20 largest shareholders per 31.12.00:

Solstad Invest AS	7 103 813	19,84 %
Solstad Trading AS	6 802 693	19,00 %
Solhav Invest AS	2 959 677	8,26 %
Solstad, Johannes	1 622 976	4,53 %
Verdipapirfondet SKAGEN	1 118 400	3,12 %
Marlin Verdi AS	1 000 000	2,79 %
Ulsmo Invest AS	964 478	2,69 %
Borgstein Verdi AS	964 337	2,69 %
Bakkely Invest AS	801 837	2,24 %
Folketrygdfondet	745 930	2,08 %
Storebrand Livsforsikring	542 050	1,51 %
Sandnes Investering	325 000	0,90 %
VPF Avanse Norge akt.	311 000	0,86 %
Solstadco AS	310 063	0,86 %
AMO AS	305 000	0,85 %
Villamar AS	285 866	0,79 %
Aasheim Optimal AS	280 854	0,78 %
Solstad, Per Gunnar	264 399	0,73 %
Bergenbanken ASA	250 000	0,69 %
Vår Aksjefond	224 000	0,62 %
	27 182 373	75,94 %

NOTES

Share interest in the Company of elected representatives and managing director

According to the definition under Company legislation, the board members had the following holdings per 31.12.2000:

Tor Edv. Hestvik	2 400 shares
Johannes Solstad	18 489 159 shares
Jakob Rugland	21 200 shares
Per Gunnar Solstad	264 399 shares
Idar Ulstein	964 478 shares

Shareholding of managing director Johannes Solstad: Owner of 51,65% (directly + indirectly) of outstanding shares pr. 31.12.00.

Shareholding of employees in leading positions in the Group:

Lars Peder Solstad	77 203 shares
Sven Stakkestad	4 850 shares

The Company's auditor is not a Company shareholder

The Company had per 31.12.00 acquired 162.300 treasury shares at a total cost price of NOK 5,4 mill. Treasury shares are procured as a short-term placement. It is considered to offer the employees to acquire these during 2001.

NOTE 14 RESULT PER SHARE

Result per share in 2000 was NOK 4,29.

Result per share is calculated by dividing the Group's result by the average number of shares, adjusted by stock of treasury shares.

NOTE 15 TRANSACTIONS WITH RELATED PARTIES

Related parties are the Solstad family (and related companies), Idar Ulstein (and related companies), members of the Board and the administration.

There does not exist any management agreements with companies outside the Group, indicating that the Group will be charged a management fee from the main shareholder/related companies.

The Group is leasing office premises at market rent from companies, in which the main shareholders own 40%, and storage-/workshop facilities from a Company in which the main shareholders own 100%, for a total of NOK 1,0 mill.

The Group has also used a shipyard for repairs of its vessels (NOK 35,4mill.), in which the main shareholder has a 75% interest.

For several years, the Group has used Ulstein Yard as supplier of their vessels. Member of the Board, Idar Ulstein, is the Chairman of "Ulstein Verft AS", and owns shares in the shipyard's holding Company.

InterCompany receivables are interest-bearing.

NOTE 16 BANK DEPOSITS

Bank deposits Group Company constitutes NOK 6,7 mill. of restricted funds (tax withheld)

Constituted in bank deposits is NOK 13 mill of "DnB Liquidity". Restricted period is less than three months.

Furthermore, parts of the bank deposit are pledged. Reference is made to note 11.

NOTE 17 OTHER FINANCE COST

In 1999, an amount of NOK 9,4 mill was booked in connection with settlement in a case against Bergensbanken. (1998 21,5 mill).

The case is settled and the 2000 accounts have, in this respect, not been charged.

NOTES

NOTE 18 SPECIFICATIONS OF OPERATING COSTS

Parent Company				Group		
1998	1999	2000		2000	1999	1998
0	0	0	Crew cost	173 339	164 288	154 168
800	1 690	2 500	Personnel cost, administration	15 434	12 529	10 519
800	1 690	2 500	Total personnel cost	188 774	176 817	164 687
0	0	0	Operating cost vessels	93 650	81 884	78 615
0	0	0	Operating cost ROV	5 658	7 493	5 864
2 680	2 788	2 199	Other administration cost	7 370	7 836	5 475
2 680	2 788	2 199	Total other operating cost	106 679	97 213	89 954

NOTE 19 GRANTS

NOK 12 mill. in grants from the national refund scheme for seamen have been taken to income by the Group. (1999 12 mill, 1998 13 mill)

NOTE 20 CONTINGENT OUTCOME

The Group has estimated a repayment of funds from "Krigsforsikringen for skib" of approx. NOK 4 mill. As the authorities approval is not given, this has not been entered in the statement of income.

NOTE 21 EVENTS AFTER THE BALANCE SHEET DATE

The Group has after 01.01.2001 contracted the following vessels:

1 MPSV Ulstein P101 (51% share with options to increase), delivery May 2002, cost price approx. NOK 290 mill.

1 SSV UT 737 (50% share), delivery August 2002, cost price approx. NOK 300 mill.

1 AHTS Ulstein A101 (25% share with options to increase), delivery September 2002, cost price approx. NOK 320 mill.

The Company has options to change parts of the equipment on some of the vessels, hence actual prices may differ somewhat from the given.

In connection with the contracting of the above vessels, the Group has acquired owner share in the following companies:

Island Offshore IV AS and KS (50%), Explorer 1 AS and KS (51%) and Explorer 2 AS and KS (25%).

NOTE 22 CHANGES IN GROUP COMPOSITION

In addition to the subsidiaries Solstad Rederi AS, Solstad Shipping AS, Normand Drift AS and Solstad Offshore (UK) Ltd, the jointly owned Company, Normand Edda AS (50%), and the associated Company, DeepOcean AS (33,33%), the following companies have been added to the Group during 2000: The subsidiaries Solstad Offshore LTDA, Brazil (100%), Solstad Cable Invest AS (100%), Solstad Cable Ships AS (62,5%), Solstad Cable Ships KS (62,5%), and the associated companies Island Offshore I AS (25%), Island Offshore I KS (25%), Island Offshore III AS (25%) and Island Offshore III KS (25%).

NOTE 23 ENVIRONMENTAL CONDITIONS

All of the Company's vessels comply with the current environmental requirements. None of the Company's vessels have during 2000 been fined or punished for breach of environmental regulations. None of the Company's vessels have pt. impositions on upgrading or improvement of technical equipment or any measures to comply with current environmental requirements.

NOTE 24 ADDITIONAL INFORMATION TO THE STATEMENT OF CASH FLOWS

The Group utilise the indirect method. Investments in shares and other bonds with maturity for 3 months are not included in cash equivalents.

Inclusive in net cash and cash equivalents per 31.12.00, are restricted bank deposits amounting to NOK 6,7 mill. of tax withheld and NOK 5,1 mill as deposits in a limited subsidiary.

AUDITOR'S REPORT

TRANSLATION FROM NORWEGIAN
AUDITOR'S REPORT FOR 2000

To the Annual Shareholders' Meeting of
Solstad Offshore ASA

Arthur Andersen & Co
Statsautoriserte revisorer

Drammensveien 165
Postboks 228 - Skøyen
0213 Oslo

Telefon 22 92 80 00
Telefaks 22 92 89 00
Org. nr. NO - 910 167 707

Medlemmer av
Den Norske Revisorforening

We have audited the annual financial statements of Solstad Offshore ASA as of 31 December 2000, showing a profit of NOK 7.676.132 for the parent company and a profit of NOK 153.277.993 for the group. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the profit. The financial statements comprise the balance sheets, the statements of income and statements of cash flows, the accompanying notes and the consolidated accounts. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and auditing standards and practices generally accepted in Norway. Those standards and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements have been prepared in accordance with law and regulations and present the financial position of the Company and of the Group as of 31 December 2000, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the Company's management has fulfilled its obligation in respect of registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway
- the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the profit is consistent with the financial statements and comply with law and regulations.

ARTHUR ANDERSEN & CO.

Asbjørn Rødal (sig)
State Authorised Public Accountant (Norway)

Oslo,
26. March 2001

Klutegata 1
4013 Stavanger
Telefon 51 84 12 00
Telefaks 51 53 69 95

Bredtveit 1
Postboks 4092 - Drøkken
5835 Bergen
Telefon 55 30 39 30
Telefaks 55 30 39 31

Kjellermyrvegata 52
Postboks 759
7408 Trondheim
Telefon 73 99 35 00
Telefaks 73 99 35 01

Andersen Revisorsbyrå AS, Hamar
Bakke & Holmås Larsen, Sjøngstad
Terje Bakken A.S. Stryn
Guliksen & Holmås AS, Drammen
Jensen & Co. ans, Trondheim

Møller & Co as, Tønsberg
Dybwad Revisjon DA, Oslo
Revisjonsfirmaet Aaga P. Drevviken
Kristiansund

THE FLEET



6. Normand Atlantic / Type: AHTS



1. Normand Pioneer / Type: MOSV



7. Normand Neptun / Type: AHTS



2. Normand Progress / Type: MOSV



8. Normand Mjolne / Type: AHTS



12. Normand Trym / Type: AHTS



3. Normand tbn 5 / Type: AHTS



9. Normand Draupne / Type: AHTS



13. Normand Prosper / Type: AHTS



4. Normand tbn 2 / Type: AHTS



10. Normand Jarl / Type: AHTS



14. Normand Hunter / Type: AHTS



5. Normand Borg / Type: AHTS



11. Normand Drott / Type: AHTS

THE FLEET



19. Normand tbn 3 / Type: SCV



15. Normand Ranger / Type: AHTS



20. Normand tbn 1 / Type: SCV



16. Normand Vester / Type: PSV



21. Normand Tonjer / Type: SCV



25. Scott Protector / Type: Stand-by rescue



17. Normand Carrier / Type: PSV



22. Normand Ipanema / Type: Stand-by Rescue



26. NormandClipper / Type: CLV



18. Normand tbn 4 / Type: SCV



23. Normand Ondur / Type: Stand-by Rescue



27. NormandCutter / Type: CLV

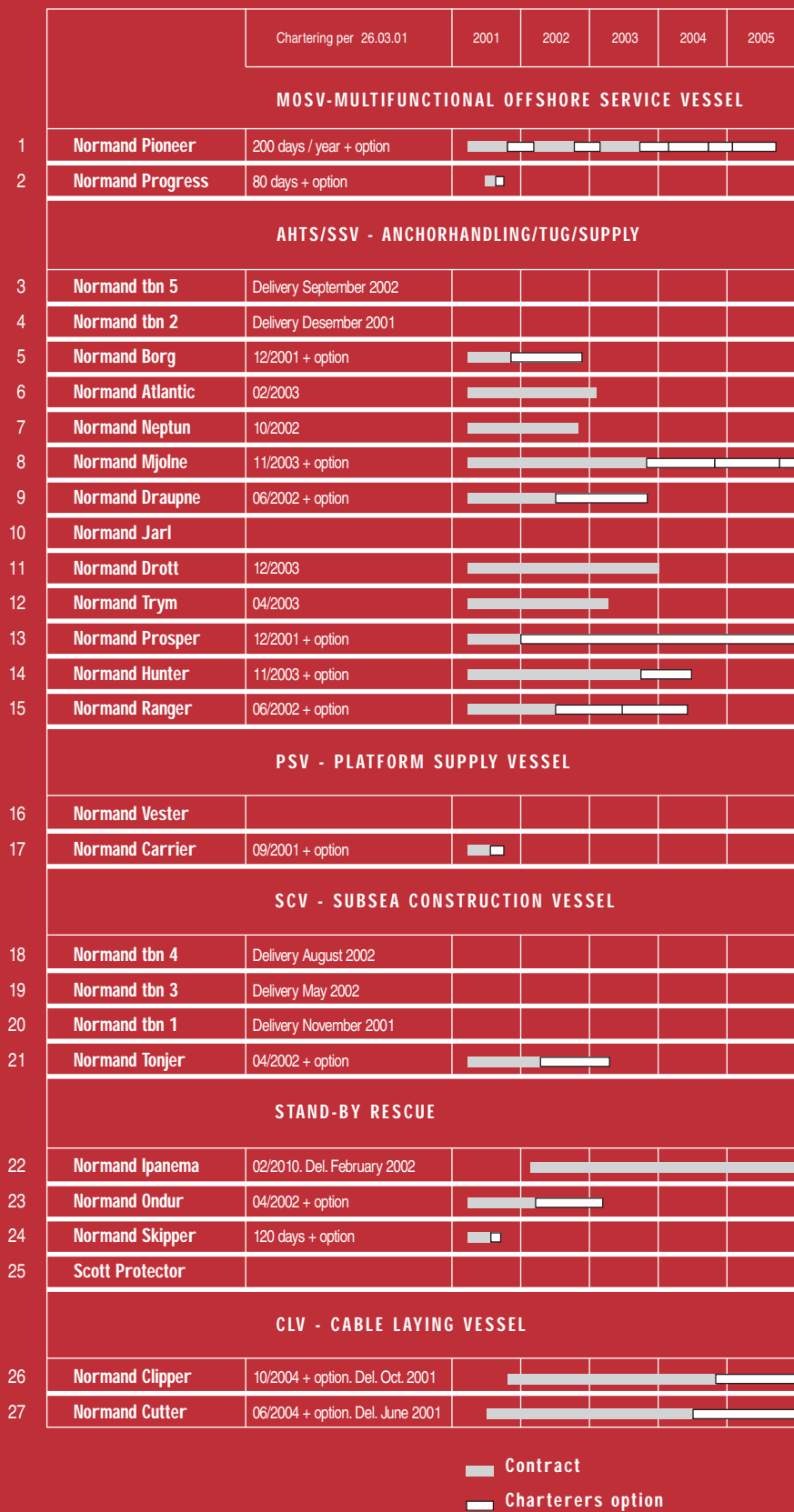


24. Normand Skipper / Type: Stand-by Rescue

THE FLEET

		Built year	Design	Reg.	HP	DWT	Deck area m²	Winch power	Bollard pull	Dry bulk	Standby rescue	Oil skimming equip.	Fi-Fi	DP class
MOSV-MULTIFUNCTIONAL OFFSHORE SERVICE VESSEL														
1	Normand Pioneer	1999	UT 742	IOM	27 800	5 000	1000	500	286	x				2
2	Normand Progress	1999	UT 742	IOM	27 800	5 000	1000	500	304	x				2
AHTS/SSV - ANCHORHANDLING/TUG/SUPPLY														
3	Normand tbn 5	2002	A 101	NOR	25 000	3 700	600	500	250					2
4	Normand tbn 2	2001	VS 480	NOR	20 000	4 500	650	500	230	x				2
5	Normand Borg	2000	UT 722 L	NOR	16 800	2 750	550	500	202	x				1
6	Normand Atlantic	1997	UT 740	NIS	19 400	4 200	560	500	220	x	x	x	x	2
7	Normand Neptun	1996	UT 740	NIS	19 400	4 200	560	500	222	x	x	x	x	1
8	Normand Mjohne	1985	UT 718	NOR	18 000	2 500	590	300	170	x	x	x	x	2
9	Normand Draupne	1985	UT 718	NOR	18 000	2 500	590	300	170	x	x	x	x	2
10	Normand Jarl	1985	UT 712	NOR	12 000	2 000	536	300	150	x	x	x	x	1
11	Normand Drott	1984	UT 712	NOR	12 000	2 000	536	300	148	x	x	x	x	-
12	Normand Trym	1984	ME 303	NOR	12 728	2 200	473	250	146	x	x	x	x	1
13	Normand Prosper	1983	UT 704	NOR	9 200	1 875	495	250	90	x	x		x	-
14	Normand Hunter	1982	Hommelvik	NIS	9 800	1 370	418	150	115	x				-
15	Normand Ranger	1982	UT 704	NOR	9 200	1 820	418	250	90	x	x	x	x	-
PSV - PLATFORM SUPPLY VESSEL														
16	Normand Vester	1998	UT 745	NOR	10 300	4 560	956			x	x	x		2
17	Normand Carrier	1996	UT 745	NOR	10 300	4 560	956			x	x	x		2
SCV - SUBSEA CONSTRUCTION VESSEL														
18	Normand tbn 4	2002	UT 737	NOR	15 000	4 000	800							3
19	Normand tbn 3	2002	P 101	NOR	13 000	4 300	800							3
20	Normand tbn 1	2001	UT 745 E	NOR	7 500	4 000	900							2
21	Normand Tonjer	1983	UT 705	NOR	6 000	3 191	600							2
STAND-BY RESCUE														
22	Normand Ipanema	2002	LH 1800	REB	2 400	290								-
23	Normand Ondur	1978	Trawler	UK	2 400	400					x			-
24	Normand Skipper	1975	PATTJE	IOM	7 120	790		285		x	x		x	-
25	Scott Protector	1974	PATTJE	UK	3 000	580		168		x	x			-
CLV - CABLE LAYING VESSEL														
26	Normand Clipper	2001	VS 4125	NIS	10 600	10 000			140					2
27	Normand Cutter	2001	VS 4125	NIS	10 600	10 000			140					2

CONTRACT COVERAGE PER 26.03.01



Some of the charterparties include clauses which under certain conditions gives the charterer the right to cancel.



Solstad Offshore ASA

Branch Office: Solstad Offshore Ltda

RIO de JANEIRO, BRASIL

Telephone +55 21 244 5488 • Telefax +55 21 542 3246

E-mail: hans.ellingsen@solstad.no

Head Office:

N-4297 SKUDENESHAVN

Telephone +47 52 85 65 00 • Telefax +47 52 85 65 01

E-mail: firmapost@solstad.no

Branch Office: Solstad Offshore (UK) Ltd

ABERDEEN, SCOTLAND

Telephone +44 1224 584459 • Telefax +44 1224 584522

E-mail: solstad@btconnect.com