

# ANNUAL REPORT 2002



SOLSTAD OFFSHORE ASA



# COMPANY PHILOSOPHY

The Company philosophy is to run a profitable and integrated operation of high specification vessels, based on owned or chartered vessels. The Company's core business areas are offshore-related activity and laying and maintaining fiber optic cable. Primary emphasis will remain on oil-/gas related offshore activity.

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## FINANCIAL CALENDER 2003

<b>12th May 2003</b>	<b>Ordinary annual general meeting</b>
<b>13th May 2003</b>	<b>Report for the 1st quarter</b>
<b>15th August 2003</b>	<b>Report for the 2nd quarter</b>
<b>7th November 2003</b>	<b>Report for the 3rd quarter</b>
<b>Ultimo February 2004</b>	<b>Provisional figures for 2003</b>

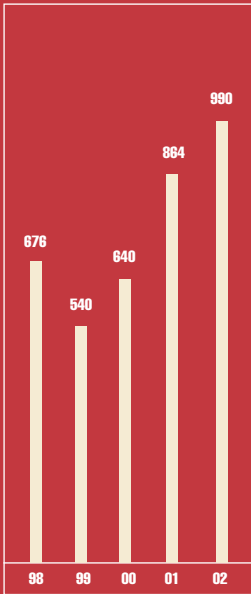
The dates may be subject to change.

The Solstad Offshore ASA Annual Report for 2002 is a translation from the Norwegian version.

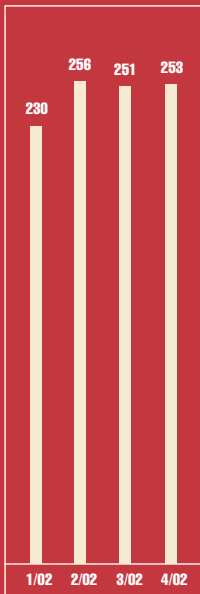
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# FINANCIAL HIGHLIGHTS

FREIGHT REVENUES OVER  
THE PAST FIVE YEARS (NOK mill)



FREIGHT REVENUES IN  
2002 QUARTERLY (NOK mill)



PROFIT AND LOSS ACCOUNTS (NOK mill)	Ref	2002	2001	2000	1999	1998
Freight revenues		990	864	640	540	676
Deferred income/Gain on fixed assets		20	4	0	98	0
Operating result before depreciation/write-downs		573	494	350	364	422
Operating result		290	350	226	273	356
Result associated/jointly owned companies		22	7	0	0	0
Net financial expences		-29	12	68	44	51
Ordinary result before tax		341	345	159	229	305
Result of the year		327	328	153	220	298

## BALANCE SHEETS

Vessels and other assets	3 903	2 859	2 004	1 824	1 072
Current assets	695	647	352	358	347
Total assets	4 598	3 506	2 355	2 182	1 419
Equity	1 910	1 413	1 200	1 046	863
Deferred tax	38	4	5	4	3
Long-term liabilities	2 442	1 886	1 040	1 035	447
Current liabilities	209	203	111	96	106
Long-term interest bearing liabilities	2 337	1 761	1 040	1 035	447
Free and restricted bank deposits	657	599	379	413	226
Net interest-bearing liabilities	1 680	1 162	661	622	221

## PROFITABILITY

Operating margin	1	58%	57%	55%	57%	62%
Earning on equity	2	20%	25%	14%	23%	41%
Earning on capital employed	3	9%	14%	12%	17%	31%

## LIQUIDITY

Liquid assets	512	435	216	262	226
Working capital	487	444	241	262	241
EBITDA	4	490	493	350	422
Current ratio	5	3,3	3,2	3,2	3,3

## ASSETS

Total assets	4 598	3 506	2 355	2 182	1 419
Equity	1 910	1 413	1 200	1 046	863
Equity ratio	6 42%	40%	51%	48%	61%

# KEY FIGURES

PER SHARE

KEY FIGURES PER SHARE	Ref	2002	2001	2000	1999	1998
Result of the year	7,8	9,27	9,25	4,29	6,16	8,32
EBITDA	4,7	13,93	13,88	9,81	7,43	11,79
Booked equity	6,9	54,23	40,12	33,68	29,27	24,11
Price/Earnings (P/E)		3,23	4,32	8,74	4,22	2,58
Price/EBITDA		2,15	2,88	3,82	3,50	1,82
Dividend		1,50	2,00	1,00	1,00	1,00
Share capital (NOK mill)		71,59	71,59	71,59	71,59	71,59
Quoted share price 31.12. (NOK)		30,00	40,00	37,50	26,00	21,50
Market capitalisation (NOK mill)		1 074	1 432	1 342	931	770
RISK amount per share (NOK)	10	-1,50	-1,72	-0,79	-0,66	-1,00

The Company has implemented new accounting principles and the figures from previous years are recalculated accordingly, and therefore comparable.

REFERENCES:

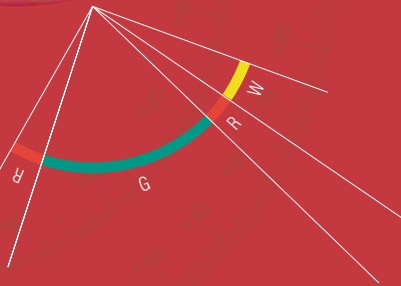
- 1. Operating result before depreciation in percentages of total operating income.
- 2. Net profit in percentage of average equity including minority interests.
- 3. Operating result plus interest income and result from associated company divided by average book shareholders' equity and interest-bearing debt.
- 4. Operating result before depreciation adjusted for gain/(loss) on sale of fixed asset and hedge effects.
- 5. Current assets divided by current liabilities.
- 6. Booked equity including minority interests in percentage of total assets.
- 7. Average number of shares inclusive adjustment for stock of treasury shares.

	2002	2001	2000	1999	1998
1st quarter	35 202 341	35 630 238	35 744 160	35 794 160	35 754 910
2nd quarter	35 202 341	35 628 060	35 744 160	35 794 160	35 754 910
3rd quarter	35 202 341	35 533 758	35 744 160	35 794 160	35 754 910
4th quarter	35 208 064	35 221 174	35 631 860	35 744 160	35 794 160

AVERAGE 35 203 772 35 503 307 35 716 085 35 781 660 35 764 723

- 8. Result of the year for the Group divided by average number of shares.
- 9. Shareholders' equity divided by outstanding number of shares per 31.12.
- 10. The last year is a preliminary estimation.

# DIRECTORS REPORT



**In 2002, Solstad Offshore ASA (Group) achieved operating revenues of NOK 1.010 mill. This is an increase of 16% compared to the previous year. Profit was NOK 327 mill, which is second best in the Company's history. Booked equity at the turn of the year was NOK 1.910 mill (41%) equivalent to NOK 54 per share.**

**The increasing global demand for modern offshore service vessels was maintained during 2002. Brazil, West Africa, Gulf of Mexico, Mediterranean and the Far East/Australia have been significant areas for employment. Furthermore, it contributed to a high general utilization of the North Sea fleet (AHTS and PSV) at over 90%.**

**For Solstad Offshore ASA, the internationalization has continued, and in 2002 more than 50% of the revenues originated in activities outside the North Sea.**

**At the turn of the year, the fleet was composed of 28 vessels, whereof 2 newbuilds due for delivery in the beginning of 2003. In addition, the Company owns 50% of NorSkan Offshore Ltda., Brazil. This company has 2 vessels under construction for the Brazilian market and 1 vessel in operation.**

**Operation of the Company's fleet was good through the year. Focus on Health, Safety and Environment (HSE) has been maintained, which has resulted in a 50% reduction of Lost Time Incidents (LTIs).**

**1. COMPANY PHILOSOPHY, OBJECTIVES AND STRATEGIES**

The Company philosophy is to run a profitable and integrated operation of high specification vessels, based on owned or chartered vessels. The Company's core business areas are offshore-related activity and lying and maintaining fiber optic cable. Primary emphasis will remain on oil-/gas related offshore activity.

Within the offshore segment, the company aims to be a substantial operator and supplier of a wide specter of services, based on vessels and equipment of high quality and personnel with extended maritime expertise. In North West Europe, it is still aimed at being among the leading offshore shipping companies. Furthermore, the Company aims at becoming a more significant operator in international deep-water areas, by way of example West Africa, and to further increase activity in Brazil.

Within the market for lying and maintaining of fiber optic cable, the aim is to offer quality tonnage and maritime experience to the operators. The focus in this area will initially be based on the vessels currently operated by the Company.

The Company focuses on Health, Safety and Environment (HSE), quality, solidity and profitability, and aims to meet the individual goals set for each of the areas. Within the HSE work, it is aimed at avoiding Lost Time Incidents and spills to the environment.

The Company's strategy within both core segments is to deliver customer adjusted solutions and quality services and to actively develop the service concept in close cooperation with existing and potential clients.

Generally, the Company itself is to take care of the total operation of vessels, including chartering, crewing and technical management.

Increased international presence remains a part of the Company's strategies.

**2. THE COMPANY'S ACTIVITIES**

From premises in Skudeneshavn, Norway and Aberdeen, UK, the Company operates a fleet of 28 vessels including 2 newbuilds for delivery during 1st quarter 2003. NorSkan Offshore Ltda., whereof Solstad owns 50%, has furthermore 1 vessel in operation and 2 under construction in Brazil due for delivery in July 2003 and February 2004 respectively.

The majority of the Company's activities are towards offshore oil activity. Of the Company's fleet, 95% are offshore service vessels. Most of these are equipped to perform beyond traditional supply- and anchor handling duties. The latter years, the Company has increasingly focused on subsea services and anchor handling with associated services in deep waters. This has been done by way of an extensive newbuild program as well as conversion of older tonnage. Additionally, the Company has a strategic ownership of shares in DeepOcean (subsea activity) and NorSkan Offshore Ltda. (owners and operators of offshore service vessels in Brazil).

In the market for lying and maintaining of fiber optic cable at sea, the Company operates two specialized vessels. The vessels have been chartered to Tyco until June and October 2004 respectively.

The Company's international presence continued to increase during 2002. The freight revenues were apportioned by 48% from the North Sea, 13% from Brazil, 6% from West Africa, 16% from Central and North America and 17% from other areas.

Overview of vessels under construction per 31.12.2002:						
Name	Owner share	Type	Design	Size (DWT)	Engine power (BHP)	Delivery
Normand Flipper	100%	PSV	UT 745E	4.400	9.600	02/2003
Normand Master	51%	AHTS	A 101	3.700	23.500	03/2003
Norskan Flamengo	50%	PSV	UT 755L	3.000	5.500	07/2003
Norskan TBN	50%	PSV	UT 755L	3.000	5.500	02/2004

For two of the newbuilds, financing has not yet been finalised.

3. THE OFFSHORE MARKET

Market forces influencing the demand for offshore service vessels are:

- Oil price development
- Extension of current production
- Development activities including pipe laying
- Exploration
- New markets
- Replacement of older tonnage

On a short-term perspective, the oil price is primarily set by regulation of production levels within OPEC and a few other production countries, and by the international threat-/conflict situation. Price development during the past year has been marked by a relatively efficient production control by OPEC and increased unrest related to the situation in Iraq. This has resulted in an increasing oil price. In a period with slow increase in the world economy, the oil price development has secured that offshore activity has been maintained at a higher level than apprehended.

It is estimated that annual investments in offshore exploration-, development- and operation activities for the coming years will exceed USD 100 billion. The geographical allocation of these funds is primarily determined by the prospects of financial return. During the latter years this, hastened by high operation costs and impaired political conditions in the Norwegian/UK sectors, has entailed that the market for large and advanced offshore service vessels has increased

strongly outside the North Sea area. In addition, there is need for replacement of old and outdated tonnage in the more distant markets.

On a longer-term perspective, the need of finding new oil reserves, as well as putting such reserves into production will be the main driving force for international offshore activity. Even with modest estimates for increased consumption of oil the coming years, the need for replacing produced volumes of oil with new reserves and new production capacities will be essential. West Africa, Brazil, North America (incl. Mexico) and parts of Asia and Australia emerge as regions with the highest potential for growth within the offshore sector.

In the North Sea, the market for services to the offshore industry is increasingly dominated by the operation segments, such as supply services to fields under production. This is primarily the case for the UK sector. Norway is still assumed to have great potential for further findings of natural gas, which may entail development of production and transportation systems in the Norwegian-/Barents Sea.

Historically, the main categories of offshore service vessels have been Anchor Handling Tug Supply vessels (AHTS) and Platform Supply Vessels (PSV). The technological development has resulted in demand for services entailing development towards ever more advanced multipurpose- and specialized vessels. The categorization of vessel types has hence been somewhat more vague.

The world fleet of AHTS of more than 10.000 BHP was at the turn of the year approx. 200 units, whilst there were approx. 220 PSVs over 2.000 dwt. Of these types of vessels, approx. 50 and 100 respective units are currently being operated in the North Sea. This is a slight increase of 10 from the previous year.

Vessels under construction at the turn of the year, was under the above mentioned categories, a total of approx. 85 (incl. US), which is 5 less than one year ago. The newbuilds are apportioned between AHTS and PSV by approx. 40 and 45 respectively.

4. THE CABLE MARKET

In 2002, demand for cable vessels has been very low and practically no new projects/requirements have entered the market. It is likely that a substantial reduction of number of vessels operating in this market will take place by way of scrapping older tonnage and converting newer tonnage for employment in alternative trades.

At the turn of the year, the fleet of vessels dedicated for laying and maintaining of fiber optic cable or power cable was comprised of approx. 115 units, whereof



45 (38%) built after 1990. Of these, an increasing part is utilized for maintenance, whilst very few are installing new cable. Approx. 45% of the fleet was idle.

**5. COMPANY RELATED ISSUES**

Solstad Offshore ASA has been listed at Oslo Stock Exchange since 1997. As the holding company of the Group, the primary activity is ownership of shares in the various subsidiaries and other strategic investments. Of Norwegian subsidiaries, Solstad Shipping AS is the management company, Solstad Rederi AS the ship owning/chartering subject to the Norwegian shipping tax regime and Normand Drift AS comprises activities not included under the shipping tax regime. Furthermore, Solstad Offshore ASA owns the following companies: Solstad Offshore UK Ltd (100%) in Aberdeen and NorSkan Offshore Ltda. (50%) in Rio de Janeiro/Macaë. NorSkan Offshore Ltda. is owned together with DOF ASA.

The Group's activities within lying and maintaining of fiber optic cable at sea are carried out via Solstad Cable (UK) Ltd., where the owner share is 62,5%. The remaining part is owned by companies within the Ulstein Mekansike Verksted Holding ASA group.

The owner share in DeepOcean AS is a strategic investment primarily with regards to securing the fleet profitable engagements within the subsea/survey market. The company is owned together with Østensjø Rederi (33,3%) and the Management of DeepOcean (33,3%).

In addition to owning and operating vessels through Solstad Rederi, the Group's investments in partly owned, vessel owning, limited partnerships is also done through this subsidiary. The largest external owners in the limited partnerships are Ulstein Mekaniske Verksted Holding ASA group and "Borgsteingruppen".

**6. SHAREHOLDERS' ISSUES**

The Company aims to make it attractive for the owners to make long-term investments in the shares of the Company, through increase of the value-adjusted equity and return on the share. The most significant contribution to the share being attractive is that the Company over time achieves solid results.

The Company aims at having an open and equal policy towards all its shareholders. All transactions between directors or employees (or companies they represent/are associated with) on one side and the Company on the other side are done using the arms length principle. Beyond the information under the notes to the accounts regarding remuneration to the Managing Director and the directors (or companies they represent/are associated with), no commitments are made by the Company. Remuneration to the Managing Director and the

directors is considered to be at marked price for the industry. In order to accommodate the shareholders' and the investor market's needs, the Company maintains an open and equal dialogue through stock announcements, press releases, quarterly and annual reports and presentations for brokers/investors.

The price of the Company's share has developed less negatively than the total index of Oslo Børs through the year. At the beginning of the year, the share price was NOK 40,- whilst at the expiry of the year it was NOK 30,-, giving a reduction of 25%. The Company paid NOK 2,- per share as dividends, amounting to approx. 5% of the cash return at the time of payment at the end of May 2002.

As part of the Board's annual consideration of whether to propose payment of dividends to the General Meeting, it is primarily focused on the result from the year and the market prospects. The Board of Directors will propose to the General Meeting on May 12th, that for 2002, a dividend of NOK 1,50 per share is to be paid. Payment will take place mid June 2003.

Total number of issued shares in the Company was at the turn of the year 35.794.160. Number of shareholders was 1.719, a reduction of 83 from the previous year. Foreign shareholders owned 1,8%.

Until the first ordinary General Meeting, the Board of Directors has the power of attorney to acquire up to 10% of treasury shares. The power of attorney was requested in order to continuously being able to consider this as both a strategic- and a short-term investment option. Stock of treasury shares is currently 551.319, equivalent to 1,5% of the share capital.

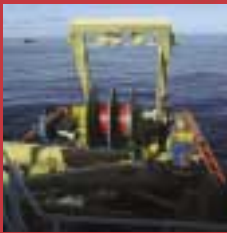
Furthermore, the Board of Directors has power of attorney to resolve to increase the share capital by up to NOK 4 mill by means of new subscriptions limited to 2 mill shares. The power of attorney, valid until the first ordinary General Meeting to be held, has so far not been exercised.

Also in 2002, employees were offered to buy Company shares. Approx. 30% of the employees accepted the offer.

Based on previous arguments, the Board of Directors will propose that the General Meeting approve renewal of the power of attorneys related to increase of the share capital and acquisition of treasury shares.

**7. FINANCIALS – GROUP**

Total operating revenues for 2002 was NOK 1.010 mill (868 mill), an increase of 16% compared to the previous year. The progress was in spite an impaired



market and lower exchange rates for USD and GBP against the NOK, and may mainly be subscribed to increase of capacity. Including under operating revenues was deferred income of NOK 20 mill (7 mill) related to fixed assets. Operating result pre depreciation and write-downs was NOK 573 mill (494 mill).

Operating result after depreciations was NOK 290 mill (350 mill) after having charged NOK 203 mill (144 mill) as depreciations and NOK 80 mill (0 mill) as write-downs of fixed assets.

Result before taxes was NOK 341 mill (344 mill) after having charged to income NOK 51 mill (- 6 mill) in net financial items. Under financial items, unrealized currency gain of NOK 192 mill (17 mill) and realized currency loss of NOK 101 mill (17 mill currency gain in 2001) have been booked.

The year's earnings per share were NOK 9,27 (9,25). Cash flow from operations (EBITDA) was NOK 490 mill (493 mill), giving 13,9 (13,9) per share.

Apportioned by segments, the total operating revenues within offshore was NOK 788 mill, which constituted 80% of the Group's operating revenues. Operating result before ordinary depreciations was NOK 416 mill, equivalent to an operating margin of 53%. Equivalently, the cable segment achieved operating revenues of NOK 221 mill (20%) and an operating result (adjusted for deferred income) of NOK 156 mill, equivalent to an operating margin of 70%.

The most significant changes to the Group's balance sheet during 2002 is associated with taking delivery of 4 newbuilds and ownership of shares in Island Offshore IV AS/KS, together with the associated long-term financing of the same. The last mentioned company, which owns a vessel delivered in September 2002, was consolidated into the Group's balance sheet after increase of the owner share to 52,5% in December 2002.

Book value of vessels per 31.12 amounted to NOK 3.555 mill (2.513 mill), whereof NOK 87 mill (106 mill) is related to payments of installments of newbuilds. The Board has considered the book value of the vessels against preliminary Norwegian Accounting Standards (NRS) regarding write-downs of fixed assets. Based on indications of decreased values, the Group's cable vessels were written down by NOK 80 mill during 4th quarter 2002. The valuation of the recoverable amount is based on present value of the estimated cash flows.

The Company's long-term vessel debt per 31.12.02 was NOK 2.337 mill (1.761 mill), apportioned by 23% GBP, 59% USD and 18% NOK. At expiry of the year, 3-5 years interest hedging agreements had been entered for approx. 22% of the debt.

Book equity was NOK 1.910 mill (1.413 mill), whereof minority interest constituted NOK 218 mill (45 mill). Book equity per share was NOK 54,- (40,-). Based on the average of three brokers' evaluations per 31.12.02, (vessels without contracts), value adjusted equity before tax was at expiry of 2002 approx. NOK 82,- per share compared to approx. NOK 80,- the previous year.

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

At the turn of the year, the working capital was positive by NOK 487 mill (444 mill). Simultaneously, interest bearing net debt was NOK 1.680 mill (1.162 mill).

The Group is exposed for interest- and currency risk, primarily through long-term financing and freight revenues. The first mentioned risk is to a certain extent limited by interest hedging agreements. A significant part of the currency risk is sought eliminated by having freight contracts in the same currency as the associated loans/obligations.

With exception of the above-mentioned change of accounting principle, the annual accounts have been prepared in accordance with the same principles as the previous annual accounts. The consequences from using the new accounting standard related to write downs due to impairment of fixed assets is not treated as a change of principles, ref. Norwegian Accounting Act §4-3. Comparable figures have been amended accordingly.

Definitions of the various economic terms used, together with an overview of the highlights from the Group's accounts are found under "Financial highlights" and "Key figures per share".

**8. HEALTH, SAFETY AND ENVIRONMENT (HSE)**

The company's objectives related to HSE and Quality Assurance (QA) are:

- All activities of the Company to be carried out professionally and in accordance with the government's and the client's requirements.
- All operations to be prepared and necessary actions to be taken against loss of human lives, material damages and pollution of the environment.
- All employees to go through necessary training in accordance with the Company's HSE&QA system
- The Management of the Company is to ensure that all activities are carried out in accordance with national and international legislations and regulations as well as internal and external obligations and guidelines.
- HSE&QA plans to be prepared annually and objectives to be distributed to all the Company's vessels and departments.

The Company's HSE-system is prepared in accordance with international rules; the ISM-code (IMO's International Safety Management Code). All vessels and the administration have been ISM certified by "Det Norske Veritas". Additionally, the Company's QA-system has been certified in accordance with ISO 9002. The crew onboard the vessels have been trained to the ISM-code and upgraded in accordance with the requirements of the STCW-95 (Seafarers Training, Certification and Watch keeping Code). During the year, internal revisions have been carried out onboard all vessels.

The Company is strongly focusing on preventative actions in order to avoid incidents and accidents. Number of RUH-reports (Reports from unwanted incidents) from the vessels increased during 2002 and reached approx. 900. By this, it is focused on incidents and situations at the time of occurrence, which is a basis for increased knowledge about HSE for all employees. Furthermore, the reports play an important part in order to establish a basis for actions of improvements and in order to avoid incidents and accidents in the future.

The Company had a total of 7 Lost Time Incidents (LTIs) during 2002. H-factor (number of LTIs per 1.000.000 working hours) was 2,4 compared to 4,4 the previous year. The aim of achieving 0 LTIs remains.

The Company's vessels had a total of 7 discharges, all of a minor extent (totally approx. 1000 liters), which polluted the environment during 2002.

At expiry of the year, the Company employed 730 people, whereof 696 at sea. The working environment, both on shore and at sea is considered satisfying. In 2002, absence due to sickness among employees was approx. 2,8%.



The Maritime Operations in Statoil and cooperating shipping company was rewarded the HSE-price in 2002, from the managing director in Statoil.

Furthermore, the Company is to establish and implement the Environment Standard 14001 related to global pollution and IMO's new "International Ship and Port Facility Security Code (ISPS). The work related to mapping of trends based on received RUH-reports will remain the highest priority in order to achieve optimal effect of actions used for preventing accidents and discharges.

**9. EXPECTATIONS FOR 2003**

The prospects of a stabile strong oil price remains, also considering a solution of the Iraq crisis. OPEC has, with support from a few other production countries, shown significant ability to regulate the market and hence maintaining the oil price in excess of USD 20 per barrel. This is expected to result in relatively high exploration activity in areas with low geological risk, as well as increasing investments in development of oil and gas fields in areas with significant levels of proved reserves, primarily in North America, Brazil, West Africa and the Middle East. The need for new supply of natural gas will increase the investment potential in Norway and parts of Asia and Australia. In the Norwegian sector, the will to invest is highly dependent on development of political conditions in addition to ordinary economic evaluations.

The Board expects that demand for the Company's services in 2003 will be somewhat less than in 2002. This is primarily due to the decreased exploration activity in the North Sea plus the considerable supply of newbuilds delivered.

The development of the various geographical areas with its associated service needs will be closely monitored. Geographically, it is expected that the general development in the North Sea will be negative. Highest increase of activity is expected in Brazil, West Africa, Gulf of Mexico, Mediterranean and in the Far East/Australia. More geographical diversification, high activity in deep water areas, need for replacement of older tonnage and increased demand for multi purpose tonnage will impact the demand positively from the upper end of vessels.

On a longer-term perspective, it is believed that the great demand for both oil



**NORMAND MARINER**, delivered August 2002.

and gas, combined with limited known reserves of oil in particular, will secure high activity offshore.

The Company expects continuous increased focus on deep-water areas and subsea activity. This entails increased need for survey and maintenance of subsea installations. As many of the Company's newer vessels and newbuilds are made for such activities, it is expected high utilization of this part of the fleet.

In 2002, the utilization level of the fleet was 93%. By expiry of March 2003, the contract coverage for 2003 based on number of days is 61% (corresponding figure 12 months ago was 76%), whilst it for 2004 is 17% (46%). Including options, the respective figures are 71% and 56%.

Despite a significant reduction in number of newbuilds being contracted lately, there are still approx. 85 large offshore service vessels in order (incl. USA). On a short-term perspective, this is expected to have a negative impact on the market. Number of vessels operating in the North Sea is expected to be somewhat stabile. The demand in the remaining areas such as Brazil, West Africa, Gulf of Mexico and the East is essential for the market balance. The trend towards increased demand for modern multi purpose tonnage in the above-mentioned areas is expected to remain.

The uncertainty related to the most important political conditions for Norwegian shipping activities has continued. Finally, in February 2003, a breakthrough related to net wages for crew on the Norwegian offshore fleet took place, which may secure political conditions equivalent to shipping nations within EU. This is resolved to be enforced from July 1st 2003, and will cover vessels registered in NOR. However, it remains to be seen whether the arrangement will be as per the resolution made by the parliament in February 2003, and if it is given a permanent status.

On a short-term perspective, the Company expects the cable market to remain weak. On a longer-term perspective it is expected that a development towards increased use of modern IT for communication and other electronic data transfers entails increased demand for new networks and hence need for this type of vessels.

The Company's two specialized cable vessels are on contracts until June and October 2004 respectively. Recently the vessels were down manned as the charterer has overcapacity of tonnage in the current weak market. As a consequence of the vessels being laid up, the gross revenues was reduced by approx. USD 8.000 per vessel per day from February 1st. The reduction of the rate is equivalent to

the Company's savings of operation costs. The Company assumes that the market conditions at expiry of the contract period remain difficult. Alternative employment for the vessels is continuously considered.

10. FINANCIALS – PARENT COMPANY

In 2002, Solstad Offshore ASA reached an annual profit of NOK 1,5 mill (6,7 mill). Financial income was NOK 23 mill including dividend from subsidiary. NOK 19 mill has been charged as currency loss associated with the Company's deposits and currency receivables. The year's loss from operations was NOK 5,1 mill. Operating income for the year was NOK 1,3 mill.

The Company's assets are primarily associated with the value of the shares in its subsidiaries, jointly owned companies and associated companies plus deposits. Book equity at the turn of the year was NOK 877 mill, whereof NOK 789 mill may, in accordance with Norwegian corporation law, be paid as dividend. Simultaneously, the debt was NOK 74 mill, whereof NOK 54 mill has been allocated to dividends for 2002.


The annual accounts have been prepared subject to continuous operation in accordance with the Norwegian Accounting Act §3-3. Among others based on valuations of the subsidiaries' vessels, the Board considers the marked value of the Company's assets to be considerably higher than the book value.


The Board of Directors will propose that the General Meeting approve a total of NOK 775.000,- to be paid as Directors' fees for 2002. For 2002, the Auditor's fee for the parent company is proposed approved at NOK 200.000,-

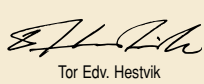
The Board of Directors propose the following appropriations:

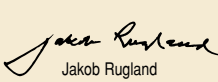
Allocated dividends	53 691 240
Transferred from other equity	52 184 119
Net appropriated	1 507 121


The Board of Directors, Solstad Offshore ASA  
Skudeneshavn, 26th March 2003

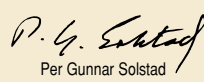
  
Harald Eikesdal  
Chairman

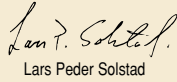
  
Johannes Solstad  
Deputy Chairman

  
Tor Edv. Hestvik  
Director

  
Jakob Rugland  
Director

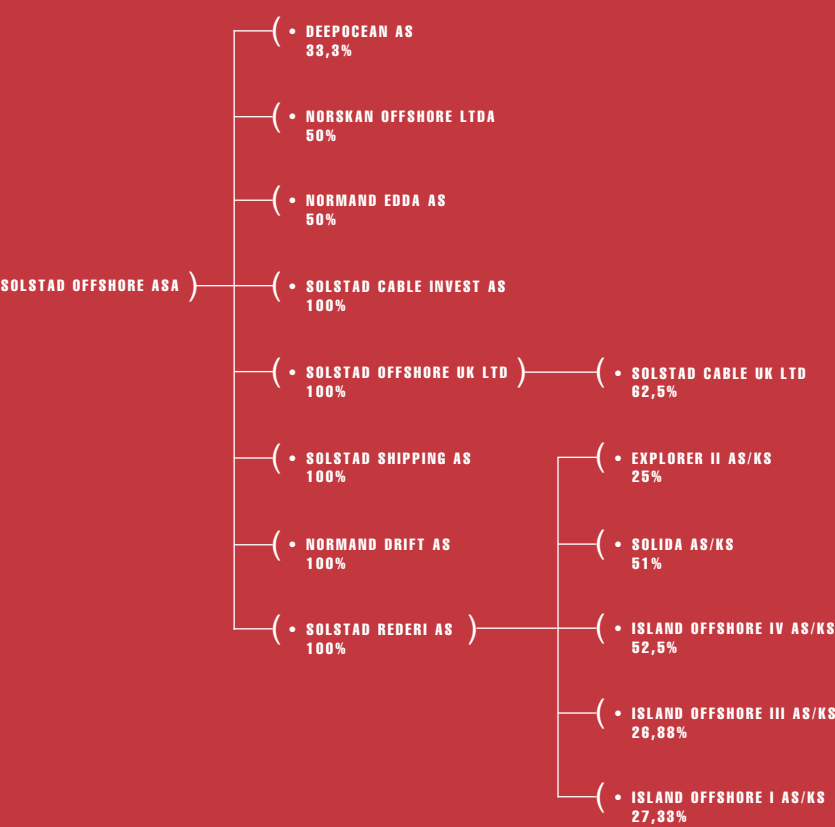
  
Idar Ulstein  
Director

  
Per Gunnar Solstad  
Director

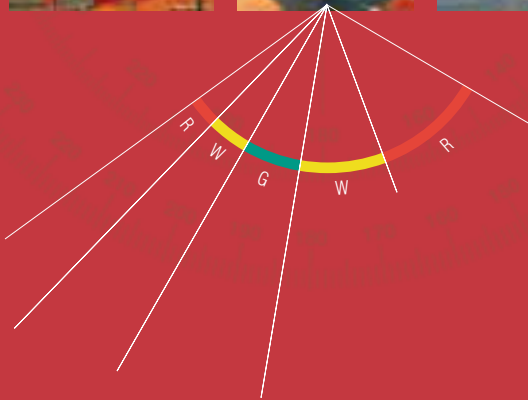
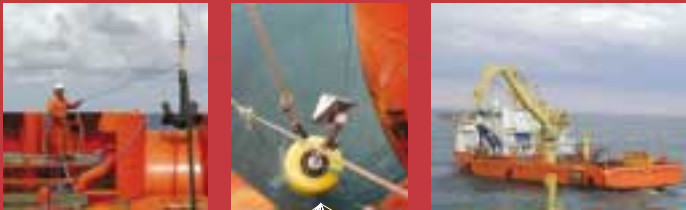
  
Lars Peder Solstad  
Managing Director

# COMPANY STRUCTURE

PER 31.12.02



# FINANCIAL STATEMENT





# PROFIT AND LOSS ACCOUNTS

1.1 - 31.12

PARENT COMPANY		(NOK 1 000)		GROUP		
2001	2002		Notes	2002	2001	2000
0	1 343	Net revenues	2,4	1 010 173	868 374	640 347
0	1 343	Total operating revenues		1 010 173	868 374	640 347
-3 222	-2 546	Crew expenses	5,6,7	-290 605	-235 152	-188 774
0	0	Ordinary depreciation	9	-165 849	-117 730	-103 190
0	0	Write-downs	9	-80 000	0	0
0	0	Depreciation capitalized periodic maintenance	9	-36 984	-25 987	-21 085
-2 401	-3 875	Other operating expenses		-146 883	-139 312	-101 020
-5 624	-6 421	Total operating costs		-720 321	-518 181	-414 069
-5 624	-5 079	Operating profit/loss		289 852	350 193	226 279
0	0	Income from investment in associated- / jointly owned co's.	11	21 832	6 573	339
4 682	2 763	Interest income from Company in the Group		0	0	0
5 994	3 287	Other interest income		20 151	23 059	21 960
8 162	16 949	Other financial income	8	192 035	34 248	889
-687	-611	Other interest charges		-80 987	-69 594	-71 470
-4 858	-21 425	Other financial charges	8,13	-101 971	-1	-18 936
13 293	963	Net finance		51 060	-5 715	-67 218
7 670	-4 116	Ordinary profit before taxes		340 912	344 478	159 060
-946	5 623	Tax on ordinary result	14	-14 412	-15 999	-5 782
6 724	1 507	Net profit for the year		326 500	328 479	153 278
		Hereof minority share		42 837	18 855	19
		Hereof majority share		283 663	309 624	153 259
		Earnings per share	16	9,27	9,25	4,29
		Transfers:				
71 588	53 691	Dividends				
-64 864	-52 184	Transferred from other equity				
6 724	1 507	Total transfers				

# BALANCE SHEET

31.12

PARENT COMPANY		(NOK 1 000)		GROUP	
31.12.01	31.12.02		Notes	31.12.02	31.12.01
ASSETS					
Fixed assets					
Intangible fixed assets					
0	5 825	Deferred tax assets	14	0	0
0	0	Goodwill	9	8 606	10 758
0	5 825	Total intangible fixed assets		8 606	10 758
Tangible fixed assets					
0	0	Vessels and construction contracts	9	3 554 630	2 512 577
0	0	Capitalized periodic maintenance	9	32 300	29 604
0	0	Other tangible fixed assets	9	20 796	21 711
0	0	Total fixed assets		3 607 726	2 563 892
Financial fixed assets					
816 346	762 211	Investments in subsidiaries	10	0	0
75 177	62 824	Loan to companies in the Group	12	0	0
19 953	37 453	Investment in jointly owned companies	11	40 151	17 784
6 800	6 750	Investment in associated companies	11	76 900	81 018
7 004	8 570	Investment in shares	11	11 320	9 754
69 972	62 021	Restricted bank deposits	13	145 252	163 900
1 995	2 356	Other long-term receivables	12	8 538	3 018
0	0	Net pension assets	7	4 349	9 039
997 247	942 185	Total financial fixed assets		286 510	284 513
997 247	948 010	Total fixed assets		3 902 842	2 859 162
Current assets					
0	0	Stocks		11 487	7 936
Receivables					
0	0	Account receivables		150 510	153 569
471	782	Other short-term receivables		21 087	50 475
471	782	Total receivables		171 597	204 044
9 790	2 513	Bank deposits and cash equivalents	18	512 142	434 600
10 261	3 295	Total current assets		695 226	646 580
1 007 508	951 305	TOTAL ASSETS		4 598 068	3 505 742

# BALANCE SHEET

31.12

PARENT COMPANY

(NOK 1 000)

GROUP

31.12.01	31.12.02		Notes	31.12.02	31.12.01
EQUITY AND LIABILITIES					
Equity					
Restricted equity					
71 588	71 588	Share capital (35.794.160 a 2,-)		71 588	71 588
-1 184	-1 103	Treasury shares		-1 103	-1 184
11 601	11 601	Share premium reserve		11 601	11 601
82 005	82 086	Total restricted equity		82 086	82 005
Earned equity					
844 586	794 870	Other equity		1 609 909	1 286 098
844 586	794 870	Total earned equity		1 609 909	1 286 098
0	0	Minority interests		217 565	45 123
926 592	876 956	Total equity	15	1 909 561	1 413 226
Liabilities					
Provisions					
0	0	Deferred tax	14	37 715	3 782
0	0	Deferred income	2	105 249	125 094
0	0	Total provisions		142 964	128 876
Other long-term liabilities					
0	14 061	Debt to Group company	12	0	0
0	0	Debt to credit institutions / leasing obligations	13	2 336 971	1 760 744
0	14 061	Total other long-term liabilities		2 336 971	1 760 744
Current liabilities					
7 574	5 788	Accounts payable		36 187	36 227
946	0	Taxes payable	14	7 917	16 886
0	0	Accrued salaries and related taxes		17 292	14 970
71 588	53 691	Dividends	15	53 691	71 588
807	808	Other current liabilities		93 484	63 224
80 916	60 288	Total current liabilities		208 571	202 895
80 916	74 349	Total liabilities		2 688 507	2 092 516
1 007 508	951 305	TOTAL EQUITY AND LIABILITIES		4 598 068	3 505 742

Mortgages

13

Guarantees etc.

3,8,11

  
Harald Eikesdal  
Chairman

Skudeneshavn, 26th March 2003

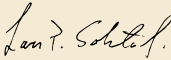
  
Johannes Solstad  
Deputy Chairman

  
Tor Edv. Hestvik  
Director

  
Jakob Rugland  
Director

  
Idar Ulstein  
Director

  
Per Gunnar Solstad  
Director

  
Lars Peder Solstad  
Managing Director

# STATEMENT OF CASH FLOWS

1.1 - 31.12

PARENT COMPANY		(NOK 1 000)		GROUP	
2001	2002		2002	2001	2000
CASH FLOW FROM OPERATIONS					
7 670	-4 116	Result before taxes	340 912	344 478	159 060
-3 086	-1 148	Taxes payable	-12 884	-5 248	-5 870
0	0	Ordinary depreciation / depreciation caitalized periodic maintenance	282 833	143 717	124 275
0	0	Loss / gain fixed assets	0	2 382	-6
0	0	Hedging effects on future contract income in foreign currency	116 839	369	-5 339
0	0	Effect of change in pension assets	4 690	1 373	-1 377
0	8 322	Unrealised currency gain / loss	-192 035	-10 542	14 822
3 656	-1 786	Change in short-term receivables / payables	-533	-46 198	-34 532
166	-309	Change in other accruals	40 047	134 813	5 149
8 405	963	Net cash flow from operations (A)	579 870	565 144	256 182
CASH FLOW FROM INVESTMENTS					
0	0	Invested in tangible fixed assets (vessels)	-1 285 606	-901 711	-243 149
0	0	Payment of capitalized periodic maintenance	-39 681	-33 082	-19 485
0	0	Sale of fixed assets	772	15 846	289
-26 299	35 118	Investment in other shares	-19 816	-75 182	-28 038
0	0	Realisation other shares	0	0	4 865
-26 299	35 118	Net cash flow from investments (B)	-1 344 331	-994 129	-285 519
CASH FLOW FROM FINANCING					
0	0	Payment from minority interests	129 652	-13 940	40 189
-35 794	-70 405	Payment of dividends	-70 405	-35 794	-35 794
-15 093	1 365	Investment of treasury shares	1 365	-15 093	-4 259
93 043	7 951	Change in restricted bank deposits	18 647	-885	-12 277
44 668	4 032	Payment of long-term receivables	0	0	0
-60 392	-361	Repayment of long-term receivables	-5 520	-3 018	0
0	14 061	Long-term debt raised (vessels)	1 069 030	794 673	155 000
0	0	Repayment of long-term debt	-300 769	-77 873	-160 203
26 432	-43 357	NET CASH FLOW FROM FINANCING (C)	842 002	648 070	-17 345
8 538	-7 276	Net change in cash and cash equivalents (A+B+C)	77 541	219 085	-46 682
1 252	9 790	Cash and cash equivalents per. 01.01.	434 600	215 516	262 197
9 790	2 513	Cash and cash equivalents per. 31.12. (Note 24)	512 142	434 600	215 516



# NOTES

**NOTE 1    ACCOUNTING PRINCIPLES**

(Unless otherwise stated, figures are given in NOK 1000)

**GENERAL** The annual accounts have been prepared in accordance with the Accounting Act and general accepted accounting principles in Norway. The most important accounting principles are described below.

**CONSOLIDATING** The Solstad Group includes the parent company Solstad Offshore ASA and companies where the parent company has direct or indirect majority of the voting share capital.

The Group accounts have been prepared using homogenous principles. The cost price of shares in subsidiaries is eliminated against the equity in the subsidiary at the time of acquisition.

Inter company profit from sales within the Group is fully eliminated in the Group accounts. Foreign subsidiaries are consolidated by converting the profit and loss accounts at transaction rate, vessels and ordinary depreciations at historic rates and other balance sheet items at the exchange rate at the balance sheet date. The conversion variance is classified as a financial item in the profit and loss accounts, as the subsidiaries are considered integrated.

**REPORTING BY SEGMENTS** Until June 2001, the Group had only one business segment, offshore. From June 2001 and onwards, the Group extended its range of services to include maintenance and lying of fiber optic cable at sea. Such services are performed by the Normand Cutter and Normand Clipper, which the Group took delivery of in 2001. The revenues and costs associated to these vessels are in their totality reported under the cable segment, whilst the remaining vessels belong to the offshore segment. Overhead costs are apportioned between the segments accordingly.

**USE OF ESTIMATES** In connection with the preparation of the accounts, estimates and assumptions influencing the accounts are being used. Actual figures may differ somewhat from the estimates.

**FOREIGN CURRENCIES** Monetary items in foreign currencies are converted at the exchange rate of the balance sheet date. The following exchange rates have been used in the books:

	GBP	USD	BRL
Per 31.12.00	13,274	8,8945	4,840
Per 31.12.01	13,091	9,0226	3,954
Per 31.12.02	11,162	6,9559	1,990

The Company secures future currency freight revenues by having the corresponding loans in the same currencies. This is booked as a cash flow hedging in accordance

with a discussion paper regarding financial instruments from "Norsk Regnskaps Stiftelse". This entails that exchange rates effects on loans complying with accounting hedging is temporarily booked against the equity until the freight revenues are realized. The foreign currency debt is converted at the date of the balance sheet. The freight revenues are booked at hedging rate.

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

**COST OF BORROWING** Cost of borrowing is capitalized at the time of borrowing and charged over the maturity of the loan.

**RECOGNITION OF CURRENT ASSETS** Stocks are valued at the lowest of acquisition and estimated sales value. Receivables are entered at face value with deductions of anticipated losses.

**CONSTRUCTION CONTRACTS** Installments of construction contracts are entered in the balance sheets as fixed assets. Costs related to the on-site supervision team and other construction related costs pre delivery, including construction loan interests are capitalized per vessel.

**FIXED ASSETS, DEPRECIATIONS AND WRITE-DOWNS** Fixed assets are entered in the balance sheets at acquisition costs with the accumulated depreciation deducted. The depreciations are linear and stipulated on the basis of assessment of the remaining economic life of each of the fixed assets. Depreciation of the vessels is based on 25-year economic life. Gain from sale of vessels and construction contracts are entered as operating income, as sale is considered a part of the Company's ordinary business activities. Goodwill is depreciated at 10% of cost price, as the acquisition is expected to be of value to the Group for a minimum of 10 years.

If indications of decreased values associated to any fixed assets become available, estimates of value in use are carried out, by way of discounting the estimated future cash flows and an impairment charge is booked if material.

**REVENUE RECOGNITION** Income and costs related to the vessel contracts are apportioned according to number of days each contract lasts before and after the end of the accounting period.

# NOTES

**RECOGNITION OF LEASED ASSETS** The Company differentiates between financial- and operational leases. In terms 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 costs are entered as interest and installments.

**BALANCE BOOKED PERIODIC PLANNED MAINTENANCE (DRYDOCKING)** The resolution criteria, which the extent of repairs during dry-docking is based on, state it is to be regarded as investment resolutions. The cost is capitalized and depreciated over the period until the next dry-docking take place, normally 24 months. When purchasing vessels, acquisition cost of vessel and capitalized dry-docking is decomposed. Ordinary maintenance costs are being charged the operating result at the time of maintenance.

**TAX/DEFERRED TAX** The Norwegian shipping tax regulations imply that the shipping companies on certain conditions are not being taxed on their current income, but if and whenever the income is paid as dividend or if the company no longer complies with the stipulated terms for being taxed under the legislation. Net financial income, will however be taxed on a current basis.

Deferred tax/deferred tax assets are calculated in accordance with the liability method at 28%, based on temporary differences between accounting and tax related values existing at expiry of the financial year, and tax related deficits to be carried forward.

Temporary tax increasing and – decreasing differences are recorded in the balance sheet and entered as net figures. Deferred tax on added values related to acquisition of subsidiaries, jointly owned- and associated companies are not recognized.

The present value of deferred tax associated with temporary tax increasing differences carried forward to the shipping tax company from and including 1996 and 1997, and subsequent profits, are considered insignificant as the Company does not expect that material parts of these funds will be paid as dividends in the foreseeable future. Potential dividends are paid of taxed equity of the current year's profit. Deferred tax assets are recognized when it is probable that the asset can be utilized.

**CLASSIFICATION OF ITEMS IN THE ACCOUNTS** Assets determined for permanent ownership or use, and account receivables due more than one year from the expiry of the financial year are entered as fixed assets. Remaining assets are classified as current assets.

Debt due more than one year after expiry of the financial year is entered as long-term debt. With the exception of the first year's installment on mortgages and leasing obligations, remaining debt is classified as short-term debt.

**FINANCIAL INSTRUMENTS** Entered financial contracts are defined as either hedging- or trading transactions. Entered hedging transactions are apportioned

and classified in the same way as the associated hedging objects or future transactions. For hedging instruments, the forward exchange rates are entered linearly during the hedging period in accordance with the accruals standard. Trading transactions are measured at market value.

**CONTINGENCIES** Contingent losses that are probable and quantifiable are charged to the accounts, whilst contingent gains/income is not.

**PENSIONS** Pensions and pension obligations are included in the profit and loss accounts and in the balance sheet in accordance with Norwegian Accounting Act. Net pension cost comprises the pension accrued during the period including future increase of wages and estimated interest, less estimated return on the pension funds and any impact of changes in estimates and plans. Net pension asset is capitalized to the extent it may be utilized for future pension obligations.

**SHARES AND HOLDING IN OTHER COMPANIES** Short-term investments related to shares are valued at the lowest of cost price and market value. Shares in subsidiaries, associated- and jointly owned companies are entered in the parent company accounts at cost price and written down to the extent there is a significant reduction in value which is not considered temporary. In the Group accounts, the equity method (net) is used in terms of strategic investments in other companies where the holding is 20-50% (associated- and jointly owned companies). Foreign jointly owned companies are treated as integrated units.

**GRANTS** Grants related to the crew subsidies are entered in the books as a cost reduction.

**TREASURY SHARES** Treasury shares are entered at nominal value under the item "Share capital". The difference between nominal- and acquisition cost is entered as "Other equity".

**STATEMENT OF CASH FLOWS** The Group applies the indirect method. Investments in shares and other liquid resources with maturity over 3 months are not included under cash equivalents.

## CHANGE OF ACCOUNTING STANDARDS

**HEDGING** The Company has during 2002 changed accounting principles regarding cash flow hedging.

**WRITE-DOWN OF FIXED ASSETS** The Company has implemented the new accounting standard regarding write-down of fixed assets, without being able to book the effect against the Group's equity.

Comparable figures in the profit and loss accounts and in the balance sheet have been restated in accordance to the new accounting principle applied.



**LAYING** of fiberoptic cable.



# NOTES

NOTE 2 MAJOR TRANSACTIONS

Major transactions in 2002:  
The Solstad Offshore ASA Group has during 2002 taken delivery of 5 vessels. In March, NorSkan Offshore Ltda (50% owned) took delivery of its first vessel, the NorSkan Ipanema, at a cost price of NOK 22 mill. During the same month, the Normand Ivan (Solstad Rederi AS) was delivered at a cost price of NOK 275 mill. In May and August, the Normand Mermaid and Normand Mariner (Solida KS) were delivered at a cost price of NOK 325 mill and NOK 320 mill respectively. In addition, the Normand Flower (Island Offshore IV) was delivered in September at a cost price of NOK 330 mill. In December, the Group increased its share in Island Offshore IV to 52,5%, hence consolidating the company as a subsidiary.

Major transactions in 2001:  
Sale and back leasing of the newbuilds Normand Cutter (cable vessel - delivered in June 2001) and Normand Clipper (cable vessel - delivered in October 2001), at a total value of NOK 892 mill. The transaction entailed a gain of NOK 132 mill, which is amortised over the firm leasing period of 6 years. Additionally, an associated company of the Group (Island Offshore III) took delivery of the newbuild Normand Rover in November at a cost price of NOK 275 mill.

Major transactions in 2000:  
In December 2000, an associated company (Island Offshore I) took delivery of the Normand Borg at a cost price of NOK 273 mill.

NOTE 3 FINANCIAL MARKET RISK AND FINANCIAL INSTRUMENTS

The Group is exposed to interest and currency risks. The interest risk is to a certain degree hedged by using financial instruments. The Group has, among others, entered 3-5 year interest hedging agreements for approx. 22% of the debt. The currency risk associated to freight contracts in foreign currencies has partly been secured by having loans in the same currency. Except for treasury shares, the Group has not invested in listed shares.

NOTE 4 REPORTING BY SEGMENTS AND GEOGRAPHICAL AREAS

Offshore service related activity is the Groups main business segment. From June 2001, the Group extended its range of services to include lying and maintaining of fibre optic cable at sea.

	OFFSHORE		CABLE		TOTAL	
	2002	2001	2002	2001	2002	2001
Net operating revenues	788 834	786 502	201 494	77 050	990 329	863 552
Deferred income from assets	0	0	19 845	4 822	19 845	4 822
Total operating revenues	788 834	786 502	221 339	81 872	1 010 173	868 374
Operating costs	372 585	341 490	64 904	32 974	437 488	374 464
Operating result pre depreciation	416 250	445 012	156 436	48 898	572 685	493 910
Depreciation/Write-downs (1)	163 485	129 083	119 348	14 634	282 833	143 717
Operating result	252 764	315 929	37 088	34 264	289 852	350 193
Total assets (2)	3 295 274	2 146 361	790 652	915 742	4 598 068	3 062 103
Interest free debt/accounts payable	124 258	92 969	30 622	38 338	154 880	131 307
Current year's investments	1 325 286	140 396	0	794 397	1 325 286	934 793

(1) Includes both ordinary depreciation and depreciation of planned periodic maintenance. For apportionment of income and costs between the various segments, it is referred to note 1.  
(2) Deposits and interest bearing debt is not apportioned, as each segment does not take care of its own financing.

Freight revenues are geographically apportioned as follows:

		2002	2001	2000
North Sea	48%	476 306	579 660	408 835
West Africa	6%	62 007	12 689	10 203
South America	13%	133 233	133 339	135 154
North- and central America	16%	154 592	0	15 797
Remaining Europe	17%	164 192	137 864	70 359
Total	100%	990 329	863 552	640 347

# NOTES

NOTE 5     WAGES, EMPLOYEES AND DISTINCTIVE CONTRIBUTIONS

PARENT COMPANY			GROUP		
2001	2002		2002	2001	2000
0	0	Employees vessels	265 133	212 458	173 339
3 222	2 546	Employees administration	25 472	22 694	15 434
3 222	2 546	Total costs employees	290 605	235 152	188 774
GROUP:			2002	2001	2000
Wages			215 666	172 269	133 237
Employers' tax			28 829	22 852	18 677
Pension costs			4 110	3 016	2 646
Other contributions			12 281	9 324	7 132
Total wages and social costs			260 886	207 460	161 692
REMUNERATION TO DIRECTORS, MANAGING DIRECTOR AND AUDITOR					
The following amounts have been charged to income on Group level			2002	2001	2000
Board of Directors			752	1 339	796
Managing Director			1 049	902	740
Auditor, auditing			907	700	225
Auditor, consulting			401	345	226
Total			3 108	3 286	1 987
Average number of employees			515	428	367

NOK 472.500 has in 2002 been charged to income as Directors' fees for the parent Company, and NOK 200.000 and NOK 195.000 as fees to the auditor related to auditing and consulting services respectively. There are no distinctive agreements regarding remuneration associated with resignation for the Chairman of the Board. Neither are there any distinctive bonus- or option programmes for any members of the Board or the Group management. No loans have been given to members of the Company's management. An agreement securing the Managing Director 12 months salary is in place.

NOTE 6     GRANTS

The Groups has received grants in terms of crew subsidies, which have been booked as a reduction of crew costs, at a total of NOK 13 mill (2001 NOK 13 mill., 2000 NOK 12 mill.)

NOTE 7     PENSIONS (GROUP)

The scheme is insurance based, and had 488 members per 31.12.2002. It is based on the following assumptions: discount rate 6%, expected return 7%, adjustment of salary 3% and adjustment of pension 2%.

	2002	2001	2000
Estimated commitments	34 222	28 567	24 371
Value of pension fund assets	34 697	33 430	30 304
Not booked changes of assumptions	3 873	4 176	4 479
Net pension assets	4 349	9 039	10 412
Pension costs break down as follows:			
Present value of the year's pension earnings	4 403	3 402	3 056
Interest payable accrued commitments	1 714	1 449	1 222
Expected return on pension fund assets	-2 309	-2 138	-1 935
Change of assumptions charged to income	303	303	303
Charged payroll tax	173	582	382
Pension cost	4 282	3 598	3 028

The effect of the changes of estimates and deviations between estimated and actual return is being charged over the 16-years amortisation period. Balance booking of the net assets is based on that the funds may be used for future pension premium payments.

# NOTES

## NOTE 8 FINANCIAL ITEMS

**Parent Company:** Other financial income amounting to NOK 16,9 mill (NOK 8,2 mill) is in its totality comprised of dividends received from subsidiaries. Other financial charges include NOK 19,1 mill (NOK 2,5 mill) in realized currency loss, whilst the remaining NOK 2,3 mill (NOK 2,3 mill) relates to bank- and guarantee costs.

**Group:** Other financial income of NOK 192,0 mill (NOK 16,7 mill) is in its totality comprised of unrealised currency gain, and equivalently, other financial charges comprise a realized currency loss of NOK 101,5 mill (NOK 17,5 mill in gain).

## NOTE 9 TANGIBLE FIXED ASSETS / INTANGIBLE FIXED ASSETS

	Cost price 01.01.2002	Additions this year	Disposals this year	Acc. depr./ write-downs 31.12.2002	Book value 31.12.2002	Depr./write- downs this year
<b>GROUP:</b>						
Vessels and construction contracts	3 244 648	1 284 461	-481	-973 998	3 554 630	241 927
Goodwill	21 518	0	0	-12 912	8 606	2 152
Machinery, equipment etc.	25 381	1 145	-291	-5 439	20 796	1 769
<b>Total Group</b>	<b>3 291 547</b>	<b>1 285 606</b>	<b>-772</b>	<b>-992 349</b>	<b>3 584 031</b>	<b>245 849</b>
<b>Capitalized periodic maintenance:</b>				<b>2002</b>	<b>2001</b>	<b>2000</b>
Capitalized periodic maintenance 01.01				29 604	22 508	24 108
Addition this year				39 681	33 082	19 485
Depreciation periodic planned maintenance this year				-36 984	-25 987	-21 085
<b>Capitalised periodic maintenance 31.12</b>				<b>32 300</b>	<b>29 604</b>	<b>22 508</b>

Depreciation of vessels is based on an estimated economic lifetime of 25 years. Goodwill is associated with the acquisition of the management company and is depreciated over 10 years, as the acquisition is expected to have a value for the Company for a minimum of 10 years. Machinery, equipment etc. are depreciated at 15-25%.

For 4 of the Group's vessels (Normand Pioneer, Normand Progress, Normand Cutter and Normand Clipper) long-term leasing agreements with British owners have been entered. The two first mentioned vessels have a leasing agreement until the beginning of 2005, whilst the other two have equivalent agreements until the beginning of 2008. At expiry of the firm leasing period (ref note 13), the agreements are either to be extended or the Group will take over by transferring the British owning company at agreed prices. For Normand Pioneer and Normand Progress the price is GBP 45 mill, whilst the respective price for Normand Cutter and Normand Clipper is approx. USD 73 mill.

The vessels have been carried forward in the Group's balance sheets, as the combination of the entered lease and option agreements is considered to be financial leases according to generally accepted Norwegian accounting standards.

## CONSTRUCTION CONTRACTS

Per 31.12.2002, the following 4 vessels are under construction (overview at 100%):

Constructions contracts	Delivery	Owners	Owner- ship	Contract price	Paid instalments	Remaining 31.12.2002	Due 2003	Chartering- contracts
Newbuild 296, Kleven Verft	Feb 2003	S. Rederi AS	100 %	NOK 210 000	NOK 40 900	NOK 169 100	NOK 169 100	1 year
Newbuild 265, Ulstein Verft	March 2003	Solida KS	51 %	NOK 325 000	NOK 46 500	NOK 278 500	NOK 278 500	
Promar 06	July 2003	N.Offshore Ltda	50 %	USD 16 400	USD 5 740	USD 10 660	USD 10 660	
Promar 08	Feb 2004	N.Offshore Ltda	50 %	USD 16 800	USD 3 360	USD 13 440	USD 6 720	

The Company has options to change parts of the equipment of the vessels and the prices may therefore vary somewhat from the above.  
For newbuild 296 and 265 paid instalments of the construction contracts have been capitalized.  
Financing of newbuilds 296 and 265 is finalised. For the remaining 2 newbuilds, financing is under compilation.

NOTES

NOTE 10      SHARES IN SUBSIDIARIES

	Place of business	Owner-ship	Number of shares	Nominal value	Share-capital	Costprice/book value
Solstad Shipping AS	Skudeneshavn	100%	10 000	1 000	10 000	10 000
Solstad Rederi AS	Skudeneshavn	100%	60 150	100	6 015	723 986
Normand Drift AS	Skudeneshavn	100%	150	1 000	150	150
Solstad Offshore UK Ltd	Aberdeen	100%	100	GBP 1	GBP 100	18 075
Solstad Cable Invest AS	Skudeneshavn	100%	2 000	1 000	2 000	10 000
Total						762 211

Shares in jointly owned- and associated companies, owned by Group company

Owned by Solstad Rederi AS:	Place of business	Owner-ship	Number of shares	Nominal value	Share capital
Solida AS	Skudeneshavn	51%	6 120	1 000	12 000
Solida KS	Skudeneshavn	51% (*)			
Island Offshore IV AS	Ulsteinvik	52,5%	36 750	100	7 000
Island Offshore IV KS	Ulsteinvik	52,5% (*)			

Owned by Solstad Offshore UK LTD:

Solstad Cable UK LTD	Aberdeen	62,5%	312 500	GBP 1	GBP 312.500
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(\*) Total share by general partner and direct ownership in the limited company

NOTE 11      SHARES IN JOINTLY OWNED - AND ASSOCIATED COMPANIES ETC.

Shares in jointly owned - and associated companies, owned by Parent Company

	Place of business	Owner-ship	Number of shares	Cost price	Equity 31.12.2002	Result 2002 (100%)
NorSkan Offshore LTDA (FKV)	Rio de Janeiro	50%	15 681 578	37 378	83 926	-733
Normand Edda AS (FKV)	Skudeneshavn	50%	75	75	218	18
DeepOcean AS (TS)	Haugesund	33,3%	27 000	6 750	31 492	5 525
Total				44 203	115 636	4 810

Shares in jointly owned - and associated companies, owned by Group company

	Place of business	Owner-ship	Number of shares	Cost price	Equity 31.12.2002	Result 2002 (100%)
NorSkan Offshore LTDA (FKV)	Rio de Janeiro	50%	15 681 578	37 378	83 926	-733
Normand Edda AS (FKV)	Skudeneshavn	50%	75	75	218	18
DeepOcean AS (TS)	Haugesund	33,33%	27 200	6 750	31 492	5 525
Island Offshore I AS (TS)	Ulsteinvik	27,33%	2 050 025	2 131	10 633	1 767
Island Offshore III AS (TS)	Ulsteinvik	26,88%	1 613	1 745	14 135	5 782
Explorer II AS (TS)	Skudeneshavn	25,0%	400	409	1 530	-44
Island Offshore I KS (TS)	Ulsteinvik	24,6%		21 681	109 351	18 944
Island Offshore III KS (TS)	Ulsteinvik	24,19%		14 613	143 321	62 792
Explorer II KS (TS)	Skudeneshavn	22,5%		123	288	16
Total				84 904	394 894	94 067

Solstad's share of uncalled limited partnership capital per 31.12.02 was NOK 30 mill.

# NOTES

**Investments in shares owned by the Parent Company**  
**Owned by Solstad Offshore ASA:**

	<b>Owner-ship</b>	<b>Booked value</b>
Seabed Geophysical AS	11,46%	8 570

Solstad Offshore ASA has given a convertible subordinated loan to Seabed Geophysical AS of NOK 2,3 mill at 11% interest.

**Investments in shares owned by a Group Company**  
**Owned by Solstad Shipping AS:**

	<b>Owner-ship</b>	<b>Booked value</b>
ResQ AS (not an AC)	22,35%	2 750

**NOTE 12 INTERCOMPANY BALANCES (PARENT COMPANY)**

Solstad Offshore ASA had the following receivables/debt from Group companies:

	<b>31.12.2002</b>	<b>31.12.2001</b>	<b>Interest rate</b>
Solstad Offshore (UK) Ltd	10 500	12 000	7,98%
Solstad Cable UK	48 311	58 062	5,18%
Normand Drift AS	4 012	5 115	7,00%
Solstad Cable Invest AS	-14 061	0	6,70%
Solstad Shipping AS (leverandørgjeld)	-5 788	-7 574	-
<b>Total</b>	<b>42 975</b>	<b>67 603</b>	

Group receivables due more than one year after expiry of the financial year is approx. NOK 51 mill

# NOTES

## NOTE 13 MORTGAGE DEBT AND OTHER LONG-TERM LIABILITIES

PARENT COMPANY			GROUP	
2001	2002		2002	2001
0	0	Mortgage debt	1 231 299	348 754
0	0	Leasing obligations	1 105 672	1 411 990
0	0	Total long-term debt	2 336 971	1 760 744

Booked value pledged assets: PARENT COMPANY			GROUP	
2001	2002		2002	2001
69 972	62 021	Bank deposits	145 252	163 900
0	0	Accounts receivables	150 510	153 569
0	0	Vessels	2 857 683	2 251 442
69 972	62 021	Total book value	3 153 445	2 568 910

Some of the vessels have been placed as security for the mortgages. In addition, parts of the accounts receivables and the bank deposits have been pledged. As security for fulfilment of the entered lease agreements, parent- and subsidiary guarantees have been placed. The newbuilds, a vessel and a cash deposit of GBP 13 mill have furthermore been placed as security. Solstad Offshore ASA has granted guarantees associated with Normand Drift and DeepOcean AS of NOK 12 mill and and NOK 5 mill respectively, and a guarantee of USD 1 mill associated with NorSkan Offshore Ltda. Solstad Rederi AS has granted a guarantee related to Solida KS of NOK 51 mill. Of guarantee costs, approx. NOK 2 mill has been charged "Other Financial Items" in the Parent Company's accounts for 2002.

The Group's long-term debt was apportioned by 59% USD, 23% GBP and 18% NOK.

At the turn of the year, the Group had unused drawing facilities amounting to approx. NOK 31 mill.

The loan agreements are subject to, among others, that the Company's working capital is positive at all times and that the vessels' market value amounts to a minimum of 125-135% of the outstanding loans. Regarding the working capital requirements, the first year's instalments of the mortgage debt is exempted. The Company meets all requirements of the loan agreements per 31.12.02. In addition to the pledged assets/negative security clauses, the agreements include re-assignment of freight income, requirements to insurance and factoring agreements.

Instalments of mortgage debt and leasing obligations per 31.12.2002 (NOK mill):

2003	2004	2005	2006	2007	After 2007
160	183	689	208	209	888

The Group's average interest on vessels debt during 2002 was approx. 4,3%.

At expiry of the firm leasing period of the leased vessels (ref. note 9), the lease agreements are either being extended or the Group is taking over by transferring the British owning company at agreed rates. In terms of Normand Pioneer and Normand Progress, the price is approx. GBP 45 mill, whilst for the Normand Cutter and Normand Clipper, the respective price is approx. USD 73 mill.

# NOTES

NOTE 14 TAX

PARENT COMPANY			GROUP	
2001	2002		2002	2001
946	202	Tax payable	5 917	16 755
0	-5 825	Ordinary changes in deferred tax / deferred tax assets	8 495	-756
946	-5 623	Tax	14 412	15 999
PARENT COMPANY			GROUP	
2001	2002	Apportionment of tax on ordinary result	2002	2001
946	-5 623	Norwegian	12 159	15 381
0	0	Foreign	2 253	618
946	-5 623	Total	14 412	15 999
Temporary differences:				
PARENT COMPANY			GROUP	
2001	2002	Tax effect	2002	2001
Outside shipping tax regime				
0	0	Net pension assets	4 349	9 039
0	0	Fixed assets / provisions	153 607	5 779
0	-20 803	Uncovered loss carried forward	-23 164	-1 463
0	-20 803	Total temporary differences	134 792	13 356
0	0	Deferred tax, net	37 715	3 782
		Applied tax rate Norway	28%	28%
Within the shipping tax regime				
		Negative balance for taxed income	177 037	177 165
		Accumulated, untaxed income (*)	1 521 399	1 300 260
		Uncovered loss carried forward (financial items)	0	0
		Deferred tax	0	0
		Total deferred tax (Group)	37 715	3 782
PARENT COMPANY			GROUP	
2001	2002	Explanation on why taxes do not constitute 28% tax of result pre tax	2002	2001
2 148	-1 152	28% of result pre tax:	95 455	96 454
-1 223	-4 596	Dividends UK / remuneration	0	0
21	126	Permanent differences / shipping tax regime	-81 043	-80 455
946	-5 623	Estimated tax	14 412	15 999

(\*) Depreciations have not been accounted for.

Deferred tax related to shares in subsidiaries, associated- or jointly owned companies has not been booked. Present value of deferred tax associated with the tax increasing temporary differences transferred to the company which is subject to shipping tax from and including 1996 and 1997, and subsequent profits, is considered insignificant as the Company does not plan to pay these funds as dividend in the foreseeable future. Deferred tax on deviating values at group level of associated with foreign partnership has been calculated in the Group accounts.

If the company subject to shipping tax should fail to meet the stipulated terms or resign from the regime, tax will be imposed. Such tax imposition will be based on market values. Furthermore, tax is payable on dividends from the company to any shareholders outside the regime.

A specific calculation of deferred tax in the UK has been undertaken (30% tax rate).

Tonnage tax is classified as operating costs.

# NOTES

NOTE 15 EQUITY, NUMBER OF SHARES, SHAREHOLDERS AND TREASURY SHARES

PARENT COMPANY		Share Capital	Premium Fund	Other Equity	Total Equity	
Equity 31.12.2001		70 405	11 601	844 586	926 592	
Sale of treasury shares (40.500)		81		1 284	1 365	
Not paid dividends treasury shares				1 184	1 184	
Result of the year				1 507	1 507	
Allocated dividends				-53 691	-53 691	
Equity 31.12.2002		70 486	11 601	794 870	876 956	
GROUP		Share Capital	Premium Fund	Other Equity	Minority Interests	Total Equity
Equity 31.12.2001		70 405	11 601	1 286 098	45 123	1 413 226
Sale treasury shares (40.500)		81		1 284		1 365
Not paid dividends treasury shares				1 184		1 184
Change in accounting standard				91 372		91 372
Result of the year				283 663	42 837	326 500
Allocated dividends				-53 691		-53 691
Minority interests					129 605	129 605
Equity 31.12.2002		70 486	11 601	1 609 909	217 565	1 909 561

The Parent Company's share capital per 31.12.02 represents 35.794.160 shares at NOK 2,-. Number of share holders per 31.12.02 was 1.719.The Board of Directors has power of attorney to increase the share capital by 2 mill shares at NOK 2,- and to implement a capital appreciation of up to 140.000 shares at NOK 2,- towards employees of the Group. Furthermore, the Board has power of attorney to acquire treasury shares in line with the legislation (10%).

SHAREHOLDERS WITH MORE THAN 1% INTEREST PER 31.12.02:

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	1 201 200	3,35%
Ulsmo AS	964 478	2,69%
Borgstein Verdi AS	950 000	2,65%
Storebrand Livsforsikring	949 950	2,65%
Bakkely Invest AS	779 037	2,17%
Solstad Offshore ASA	551 319	1,54%
Pareto Fondsforvaltning	550 000	1,53%
Tine Pensjonskasse	487 613	1,36%
Island Offshore Invest AS	455 100	1,27%
Firstnordic Norge	400 000	1,11%
	25 777 856	72,01%

ELECTED REPRESENTATIVES AND MANAGING DIRECTORS SHARE INTEREST IN THE COMPANY.

In accordance with the definition under the Company legislation, the Directors had the following holdings per 31.12.02:	
Harald Eikesdal	0 shares
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

Managing Director Lars Peder Solstad, owns 77.203 shares and Deputy Managing Director Sven Stakkestad owns 5.325 shares per 31.12.2002. The Company's auditor is not a share holder.

During 2002, the Company sold 40.500 shares to employees, and had a stock of 551.319 treasury shares per 31.12.2002 at a cost price of NOK 19,2 mill in total. The acquisition of treasury shares is based on valuation of the Company. In addition, it is considered offering employees to acquire shares during 2003.



# NOTES

**NOTE 16     EARNING PER SHARE**

Earnings per share in 2002 was NOK 9,27. Equivalent result per share in 2001 was NOK 9,25. Earnings per share i is calculated by dividing the Group result by the average number of shares adjusted by stock of treasury shares.

**NOTE 17     TRANSACTIONS WITH RELATED PARTIES**

Related parties are considered to be members of the Board (including represented companies) and the management of the Company. In addition to Director's fee, the Chairman of the Board has received NOK 41.680 as remuneration for legal assistance to the Company.

There are no management agreements with related parties outside the Group charging the Company management fees. The Group leases office- and workshop premises at market value from a company where the main share holder controls 100% at a total of NOK 1 mill. Furthermore, the Group has used a shipyard where the main share holder controls 100% for repairs and conversions of the Group's vessels amounting to NOK 3,3 mill.

For several year, the Group has used Ulstein Verft AS as supplier of vessels. Director Idar Ulstein is chairman and shareholder of the yard.

Intercompany debt/receivables is interest bearing.

**NOTE 18     DEPOSITS**

NOK 10,9 mill of the Group's deposits constitutes restricted deposits (tax withheld). Furthermore, parts of the deposits are pledged. Reference is made to note 13.

**NOTE 19     EVENTS AFTER THE BALANCE SHEET DATE**

The Group has taken/will take delivery of 2 vessels in February/March 2003, Normand Flipper (PSV) and Normand Master (AHTS). The vessels' costprice are NOK 210 mill and 325 mill respectively.

**NOTE 20     ENVIRONMENTAL CONDITIONS**

All vessels are in compliance with current environmental requirements. None of the vessels have during 2002 been fined or punished for breach of environmental regulations. None of the vessels holds impositions of upgrading or improvement related to technical outfitting or any other measures in order to comply with current environmental requirements.

The Company's HSE-system complies with international standards, the ISM code (IMO's International Safety Management Code). All vessels plus the administration have been ISM certified by Det Norske Veritas. The Company's Quality Assurance system has furthermore been certified in accordance with ISO 9002.

**NOTE 21     ADDITIONAL INFORMATION TO THE STATEMENT OF CASH FLOWS**

The Group utilizes the indirect method. Investments in shares and other bonds with maturity over 3 months are not included under cash equivalents. Included under cash and cash equivalents per 31.12.02, are restricted deposits of NOK 10,9 mill in form of tax withheld funds.

# AUDITOR'S REPORT



To the Annual Shareholders' Meeting of  
Solstad Offshore ASA

## Auditor's report for 2002

We have audited the annual financial statements of Solstad Offshore ASA as of 31 December 2002, showing a profit of NOK 1.5 million for the parent company and a profit of NOK 326.5 million 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 allocation of profit. The financial statements comprise the balance sheet, the statements of income and 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 2002, 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 duty to properly register and document the 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.

Oslo, 26 March 2003

ERNST & YOUNG AS

Asbjørn Rødal (sign.)

















State Authorised Public Accountant (Norway)

Note: The translation to English has been prepared for information purposes only.

■ Arendal, Bergen, Bæ, Drammen, Farnes, Fredrikstad, Holmestrand, Horten, Høyanger, Kongsberg, Kragerø, Kristiansund, Larvik, Levanger, Lillehammer, Ålesund, Molde, Norddalen, Oslo, Øst, Porsgrunn/Skien, Sandefjord, Sørland, Stavanger, Steinkjer, Trondheim, Tvedestrand, Vikarstad, Ålesund
















# THE FLEET

FOR SHIPDETAILS, [WWW.SOLSTAD.COM](http://WWW.SOLSTAD.COM)

	 <p><b>6. Normand Borg</b> / Type: AHTS</p>	
 <p><b>1. Normand Pioneer</b> / Type: MOSV</p>	 <p><b>7. Normand Atlantic</b> / Type: AHTS</p>	 <p><b>12. Normand Drott</b> / Type: AHTS</p>
 <p><b>2. Normand Progress</b> / Type: MOSV</p>	 <p><b>8. Normand Neptun</b> / Type: AHTS</p>	 <p><b>13. Normand Trym</b> / Type: AHTS</p>
 <p><b>3. Normand Master</b> / Type: AHTS</p>	 <p><b>9. Normand Mjolne</b> / Type: AHTS</p>	 <p><b>14. Normand Prosper</b> / Type: AHTS</p>
 <p><b>4. Normand Mariner</b> / Type: AHTS</p>	 <p><b>10. Normand Draupne</b> / Type: AHTS</p>	 <p><b>15. Normand Hunter</b> / Type: AHTS</p>
 <p><b>5. Normand Ivan</b> / Type: AHTS</p>	 <p><b>11. Normand Jarl</b> / Type: AHTS</p>	 <p><b>16. Normand Ranger</b> / Type: AHTS</p>

# THE FLEET

FOR SHIPDETAILS, [WWW.SOLSTAD.COM](http://WWW.SOLSTAD.COM)

	 <p><b>22. Normand Flower</b> / Type: SCV</p>	
 <p><b>17. NorSkan tbn</b> / Type: PSV</p>	 <p><b>23. Normand Mermaid</b> / Type: SCV</p>	 <p><b>28. Normand Skipper</b> / Type: Stand-by Resque</p>
 <p><b>18. NorSkan Flamengo</b> / Type: PSV</p>	 <p><b>24. Normand Rover</b> / Type: SCV</p>	 <p><b>29. Scott Protector</b> / Type: Stand-by rescue</p>
 <p><b>19. Normand Flipper</b> / Type: PSV</p>	 <p><b>25. Normand Tonjer</b> / Type: SCV</p>	 <p><b>30. Normand Clipper</b> / Type: CLV</p>
 <p><b>20. Normand Vester</b> / Type: PSV</p>	 <p><b>26. NorSkan Ipanema</b> / Type: Stand-by Rescue</p>	 <p><b>31. Normand Cutter</b> / Type: CLV</p>
 <p><b>21. Normand Carrier</b> / Type: PSV</p>	 <p><b>27. Normand Ondur</b> / Type: Stand-by Rescue</p>	

# THE FLEET

		Built year	Design	Reg.	HP	DWT	Deck areal 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	5 292	1000	500	286					2
2	Normand Progress	1999	UT 742	IOM	27 800	5 292	1000	500	304					2
AHTS/SSV - ANCHORHANDLING/TUG/SUPPLY														
3	Normand Master	2003	A 101	NOR	23 500	3 700	600	500	282			x		2
4	Normand Mariner	2002	A 101	NOR	23 500	3 700	600	500	282			x		2
5	Normand Ivan	2002	VS 480	NOR	20 000	4 138	600	500	240	x		x		2
6	Normand Borg	2000	UT 722 L	NIS	16 800	2 873	570	500	202	x		x		1
7	Normand Atlantic	1997	UT 740	NOR	19 400	4 200	560	500	220	x	x	x	x	2
8	Normand Neptun	1996	UT 740	NIS	19 400	4 200	560	500	222	x	x	x	x	1
9	Normand Mjolne	1985	UT 718	NOR	18 000	2 500	590	300	170	x	x	x	x	2
10	Normand Draupne	1985	UT 718	NOR	18 000	2 500	590	300	170	x	x	x	x	2
11	Normand Jarl	1985	UT 712	NOR	12 000	2 000	536	300	150	x	x	x	x	1
12	Normand Drott	1984	UT 712	NOR	12 000	2 000	536	300	148	x	x	x	x	-
13	Normand Trym	1984	ME 303	NOR	12 728	2 200	473	250	146	x	x	x	x	1
14	Normand Prosper	1983	UT 704	NOR	9 200	1 875	495	250	90	x	x		x	-
15	Normand Hunter	1982	Hommelvik	NIS	9 800	1 370	418	150	115	x				-
16	Normand Ranger	1982	UT 704	NOR	9 200	1 820	418	250	90	x	x	x	x	-
PSV - PLATFORM SUPPLY VESSEL														
17	Norskan tbn	2004	UT 755 L	REB	5 500	3 000	621			x				1
18	NorSkan Flamengo	2003	UT 755 L	REB	5 500	3 000	621			x				1
19	Normand Flipper	2002	UT 745 E	NOR	9 600	4 400	960			x				2
20	Normand Vester	1998	UT 745	NOR	10 300	4 587	956			x	x	x		2
21	Normand Carrier	1996	UT 745	NOR	10 300	4 560	956			x		x		2
SCV - SUBSEA CONSTRUCTION VESSEL														
22	Normand Flower	2002	UT 737	IOM	9 860	4 000	960					x		3
23	Normand Mermaid	2002	P 103	IOM	13 000	4 100	800					x		3
24	Normand Rover	2001	UT 745 E	NIS	7 500	4 000	960					x		2
25	Normand Tonjer	1983	UT 705	NOR	6 000	3 191	600							2
STAND-BY RESCUE														
26	NorSkan Ipanema	2002	LH 1800	REB	2 400	290								-
27	Normand Ondur	1978	Tråler	UK	2 400	400					x			-
28	Normand Skipper	1975	PATTJE	IOM	7 120	790		285		x	x		x	-
29	Scott Protector	1974	PATTJE	UK	3 000	580		168		x	x			-
CLV - CABLE LAYING VESSEL														
30	Normand Clipper	2001	VS 4125	NIS	10 600	10 000			140					2
31	Normand Cutter	2001	VS 4125	NIS	10 600	10 000			140					2

# CONTRACT COVERAGE

PER. 26. MARCH 2003

			2003	2004	2005	2006	2007
1			MOSV-MULTIFUNCTIONAL OFFSHORE SERVICE VESSEL				
	Normand Pioneer	180 days / year + option	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>				
2	Normand Progress	100 days / year + option	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>				
	AHTS/SSV - ANCHORHANDLING/TUG/SUPPLY						
3	Normand Master						
4	Normand Mariner	05/2003	<div><div></div></div>				
5	Normand Ivan	10/2003 + option	<div><div></div></div>				
6	Normand Borg (1)	07/2005 + option	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>				
7	Normand Atlantic	08/2003	<div><div></div></div>				
8	Normand Neptun	10/2003	<div><div></div></div>				
9	Normand Mjolne	11/2005	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>				
10	Normand Draupne	06/2004 + option	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>				
11	Normand Jarl	05/2003	<div><div></div></div>				
12	Normand Drott	05/2003	<div><div></div></div>				
13	Normand Trym	06/2003 + option	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>				
14	Normand Prosper	12/2003 + option	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>				
15	Normand Hunter	06/2003	<div><div></div></div>				
16	Normand Ranger	07/2003 + option	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>				
	PSV - PLATFORM SUPPLY VESSEL						
	NorSkandén	Delivery February 2004					
18	NorSkand Flamingo	Delivery July 2003					
19	Normand Flipper	12/2003 + option	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>				
20	Normand Vester	08/2003 + option	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>				
21	Normand Carrier	12/2003 + option	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>				
	SCV - SUBSEA CONSTRUCTION VESSEL						
	Normand Flower						
23	Normand Mermaid						
24	Normand Rover	12/2003 + option	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>				
25	Normand Tonjer	300 days / year + option	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>				
	STAND-BY RESCUE						
	NorSkand Ipanema	02/2010	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>				
27	Normand Ondur	04/2004 + option	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>				
28	Normand Skipper	09/2003 + option	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>				
29	Scott Protector	09/2003 + option	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>				
	CLV - CABLE LAYING VESSEL						
	Normand Clipper	10/2004 + option	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>				
31	Normand Cutter	06/2004 + option	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>				

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

(1) Subject charters board approval.

Contract  
 Charterers option



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