

# HYDRALIFT ANNUAL REPORT



2001





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## FINANCIAL CALENDAR 2002

<b>21.02</b>	Preliminary results for 2001
<b>03.05</b>	Results first quarter
<b>21.05</b>	Annual general meeting
<b>15.08</b>	Results second quarter
<b>08.11</b>	Results third quarter

2001



# HIGHLIGHTS

CONSIDERABLE PROFIT IMPROVEMENTS, WITH OPERATING REVENUES OF NOK 2.3 BILLION.

GLOBAL SANTA FE AWARDS CONTRACT OF NOK 800 MILLION FOR DRILLING EQUIPMENT.

ORDER OF NOK 450 MILLION DRILLING PACKAGE TO MITSUBISHI HEAVY INDUSTRIES.

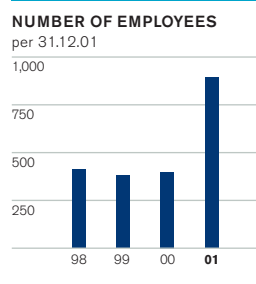
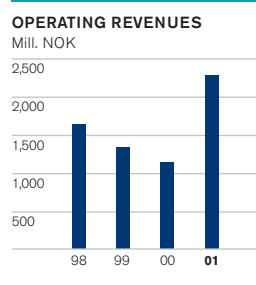
LARGEST EVER ORDER INTAKE AND ORDER BACKLOG.

EXPANSIVE YEAR, INCLUDING ACQUISITIONS OF PROCON ENGINEERING, BLM, STÅLPRODUKTER AND TTS-AKTRO.

DEMERGER OF OWNERSHIP SHARE IN OCEAN RIG ASA.

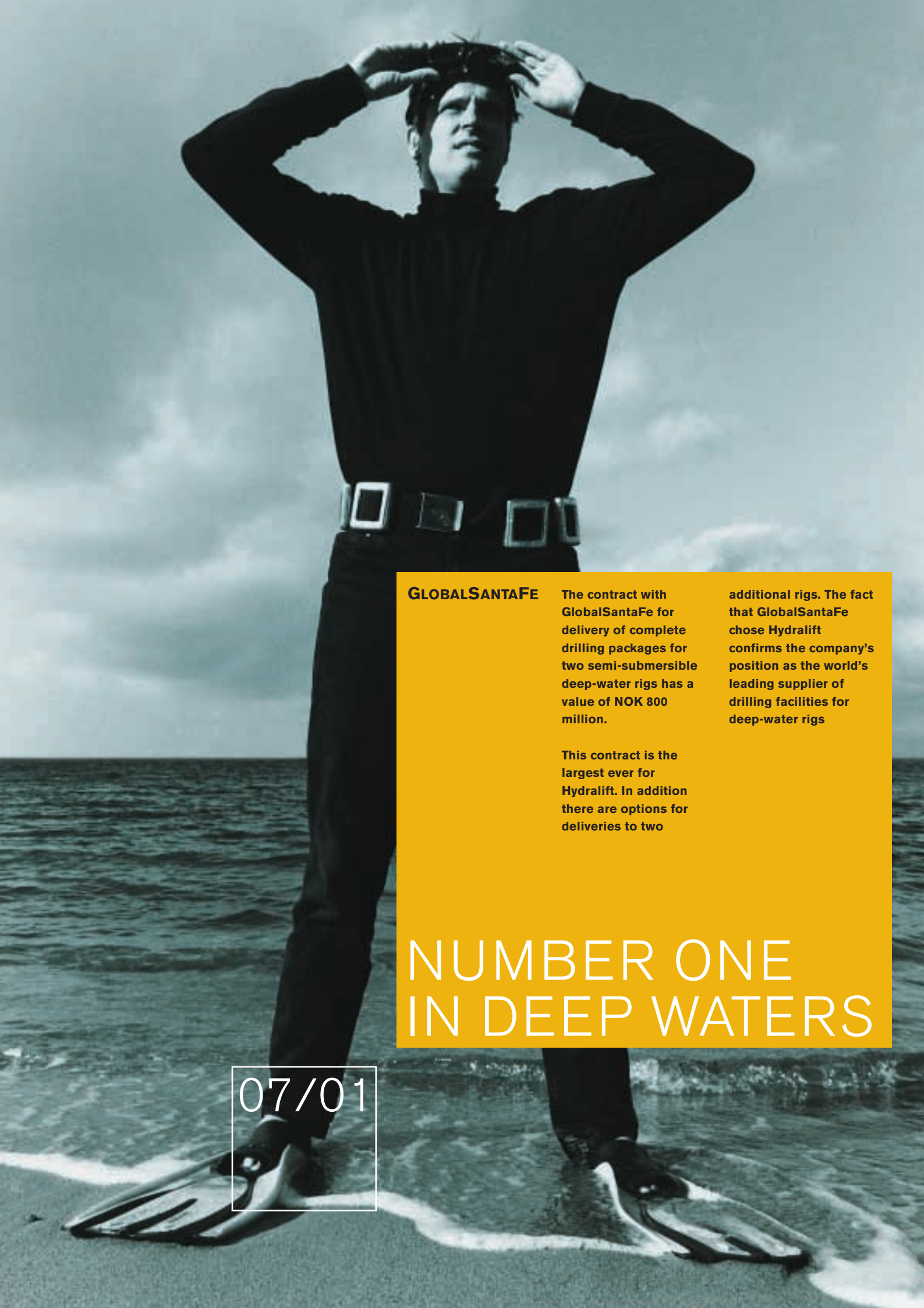
A- AND B-SHARES MERGED.

# KEY FIGURES



- 1) Profit after financial items  
x 100 / Operating revenues
- 2) Operating revenues x 100 /  
Operating revenues
- 3) (Equity + minority interests)  
x 100 / Total capital
- 4) (Profit after financial items  
+ financial expenses) x 100 /  
Average total capital per  
1 January and 31.12.
- 5) Ordinary net profit x 100 /  
Average equity per 1 January  
and 31.12.
- 6) Total debt and equity – interest-  
free debt
- 7) (Profit after financial items  
+ financial expenses) x 100 /  
Average employed capital per  
1 January and 31.12.

NOK 1,000	2001	2000	1999	1998
<b>PROFIT AND LOSS ACCOUNT</b>				
Operating revenues	<b>2 308 856</b>	1 135 981	1 396 182	1 632 883
Operating expenses	<b>1 991 895</b>	1 015 129	1 266 941	1 417 665
Ordinary depreciation	<b>21 173</b>	12 050	11 869	14 834
Appreciation of goodwill	<b>14 534</b>			
Operating profit	<b>281 254</b>	108 802	117 372	200 384
Net financial items	<b>- 840</b>	1 790	26 312	623
Profit before taxes	<b>280 414</b>	110 592	143 684	201 007
Majority's profit for the year	<b>189 556</b>	79 533	102 242	152 689
Profit margin <sup>1)</sup>	<b>12,1 %</b>	9,7 %	10,3 %	12,3 %
Operating margin <sup>2)</sup>	<b>12,2 %</b>	9,6 %	8,4 %	12,3 %
<b>BUSINESS AREAS</b>				
Operating revenues Marine	<b>331 400</b>	137 799	149 006	131 505
Operating revenues Offshore	<b>1 977 455</b>	998 182	1 247 146	1 501 378
Operating profit Marine	<b>19 815</b>	5 061	3 266	6 129
Operating profit Offshore	<b>261 439</b>	103 741	114 106	194 413
<b>BALANCE SHEET</b>				
Interest-bearing current assets	<b>494 635</b>	256 642	58 725	473 763
Other current assets	<b>688 674</b>	821 321	1 099 996	944 930
Fixed assets	<b>684 420</b>	103 264	68 692	41 003
Total assets	<b>1 867 729</b>	1 181 227	1 227 413	1 459 696
Interest-bearing debt	<b>354 096</b>	1 488	82 344	13 560
Interest-free debt	<b>965 912</b>	396 423	446 902	779 010
Minority interests	<b>0</b>	1 432	1 008	2 031
Equity	<b>547 721</b>	781 884	697 159	665 095
Total debt and equity	<b>1 867 729</b>	1 181 227	1 227 413	1 459 696
<b>OTHER KEY FIGURES</b>				
Equity ratio <sup>3)</sup>	<b>29,3 %</b>	66,2 %	56,8 %	45,6 %
Return on total capital <sup>4)</sup>	<b>21,0 %</b>	11,6 %	12,8 %	21,7 %
Return on equity <sup>5)</sup>	<b>28,5 %</b>	14,9 %	15,0 %	37,7 %
Capital employed as per 31.12 <sup>6)</sup>	<b>901 817</b>	784 804	780 511	680 686
Return on employed capital <sup>7)</sup>	<b>38,0 %</b>	17,9 %	23,5 %	49,5 %
Number of employees group	<b>860</b>	380	365	400
Number of employees parent company	<b>340</b>	270	240	260



**GLOBALSANTAFE**

The contract with GlobalSantaFe for delivery of complete drilling packages for two semi-submersible deep-water rigs has a value of NOK 800 million.

additional rigs. The fact that GlobalSantaFe chose Hydralift confirms the company's position as the world's leading supplier of drilling facilities for deep-water rigs

This contract is the largest ever for Hydralift. In addition there are options for deliveries to two

**NUMBER ONE  
IN DEEP WATERS**

07/01



# REPORT FROM THE ADMINISTRATION

2001





**HYDRALIFT WENT THROUGH AN EXPANSIVE PHASE IN 2001, AS FOUR NEW COMPANIES WERE INTEGRATED INTO THE GROUP. THE COMPANY CONFIRMED ITS POSITION AS ONE OF THE WORLD'S LEADING SUPPLIERS OF DRILLING AND COMPENSATION EQUIPMENT FOR DEEP-WATER RIGS.**

In addition Hydralift strengthened its position within handling equipment for the oil and gas industry. This growth could only have been achieved through an outstanding effort by the employees.

The growth has been profitable as well. An operating profit of NOK 281 mill represented a considerable improvement over previous years, and was far above market expectations. This exceptional result is above all proof of the qualities of the Hydralift team. Our growth and our 2001 profit are the achievements of a team effort, and for all of us to take pride in.

Still, we are facing a number of challenges. We recognise that there are simple reasons why our customers prefer our products: We deliver quality products within budget and on time. We need to continuously focus upon the customer's needs, and never forget that our mission is to supply products that meet the customer's expectations. The customers judge of our performance, and our future success depends upon our ability to handle the challenges they present us with. We shall maintain our leading position when it comes to being first with the best solutions.

Hydralift will continue the process of developing an organisation distinguished by quality in all parts, with every employee drawing upon the competence of the other team members. As a technology company, we

need to continue combining innovation with experience in order to reach our customer satisfaction goals. In order for us to continue attracting and keeping skilful employees, it is also important that we succeed in continuous development of our organisation.

A record order backlog and high bidding activity at year-end have paved the way for continued growth. Hydralift operates in an international market, and we must continuously adapt to international requirements. Over the past few years our customers have increasingly demanded delivery of complete systems. The acquisitions of Procon Engineering, Stålprodukter, BLM and TTS-Aktro make Hydralift well prepared to meet the challenge of supplying complete equipment packages for the offshore industry.

Obviously the integration of four new companies has marked the activities of the company through the year. Even though the year as a whole brought very good financial results, we have a clear objective for improvement. Through even better utilisation of the know-how possessed by Hydralift employees, I am convinced that this is achievable. A unique ability to combine innovation with experience makes us an internationally leading technology company.

**BIRGER SKEIE**  
MANAGING DIRECTOR



04/01

**THE OD21  
PROJECT**

Superior technical solutions and ability to deliver were the reasons why Mitsubishi Heavy Industries (MHI) chose Hydralift to supply drilling equipment for the ship OD21, which is being owned by Jamstec.

Hydralift started working on the project in the spring of 2001. The contractual value is NOK 450 million, and delivery will take place in the third quarter 2002.

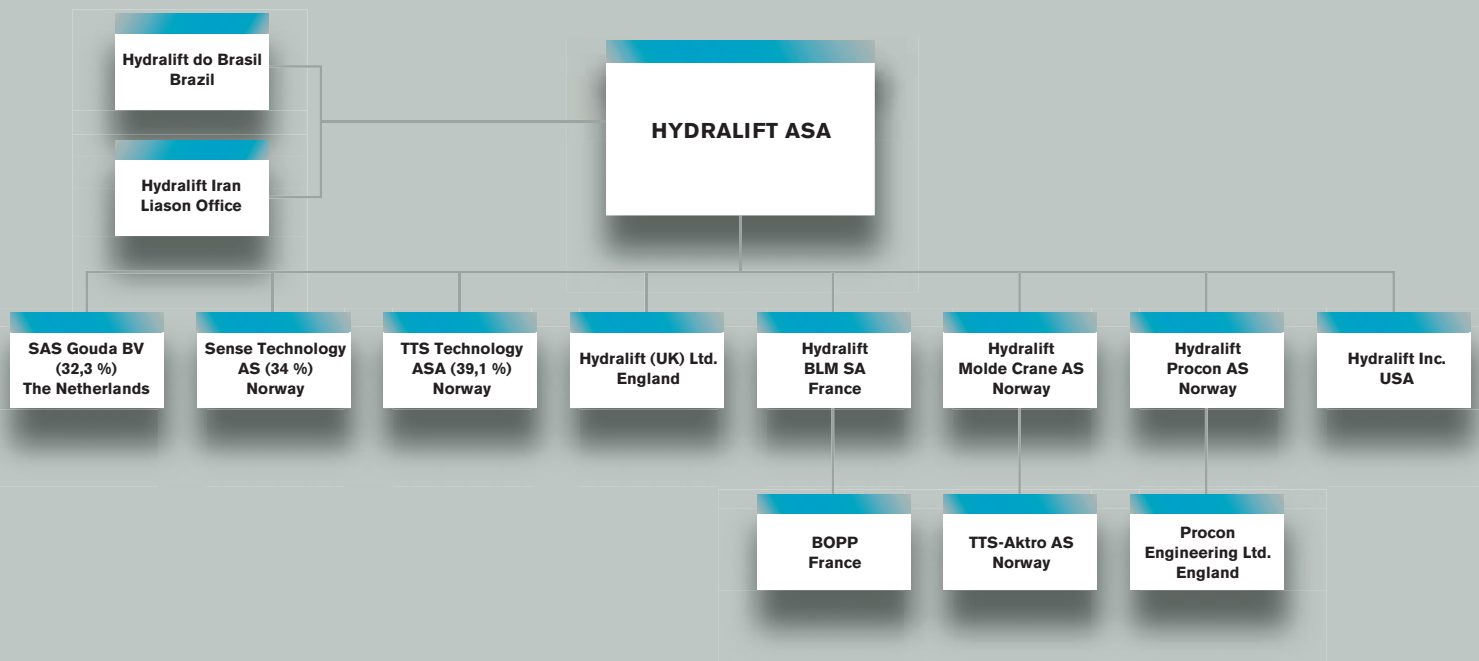
AN EYE  
FOR TOTALITY

# HYDRALIFT'S VISION

HYDRALIFT SHALL BE A TECHNOLOGY COMPANY, WHICH CREATES VALUE THROUGH DEVELOPMENT AND DELIVERY OF ADVANCED HYDRAULIC AND ELECTRICAL PRODUCTS AND SYSTEMS. WE OFFER LONG-TERM, COST-EFFECTIVE SOLUTIONS TO DEMANDING INTERNATIONAL CUSTOMERS – PRIMARILY WITHIN THE OIL AND GAS INDUSTRY.

WE PROMOTE THE CREATION OF VALUE THROUGH ESTABLISHMENT OF A MILIEU IN WHICH THE EXPERIENCE AND NEEDS OF OUR CUSTOMERS MAY INTERACT WITH THE COMPETENCE AND CREATIVITY OF OUR EMPLOYEES.

**ORGANISATION  
- AN OVERVIEW**



A black and white photograph of two men shaking hands on a rocky shore. The man on the left is wearing a dark shirt and pants, while the man on the right is wearing a light-colored shirt and dark pants. They are standing on a rocky outcrop with the ocean in the background. The year '2001' is written in a white box over the image.

2001

**STRATEGIC  
ACQUISITIONS**

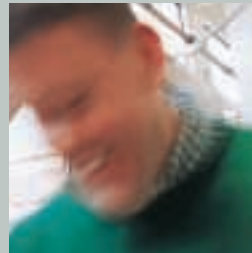
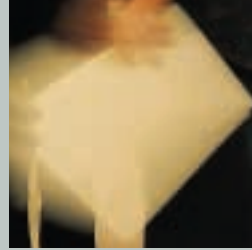
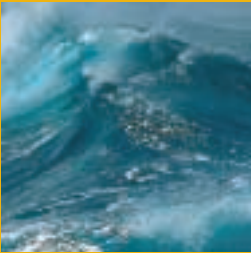
Hydralift grew faster than ever in 2001, and the number of employees increased from 380 to 860. Through an expansive strategy, which included acquisition of

Procon Engineering, Stålprodukter, BLM and TTS-Aktro, Hydralift has strengthened its role as supplier of complete systems for the oil and gas industry.

**HYDRALIFT  
DEMONSTRATES  
STRENGTH**

# DIRECTORS' REPORT

HYDRALIFT IS AN INTERNATIONALLY LEADING TECHNOLOGY COMPANY WITHIN DEVELOPMENT AND SUPPLY OF ADVANCED INDUSTRIAL ROBOTS AND RELATED CONTROL SYSTEMS.





Its activities are concentrated in two main business areas: Drilling and compensation equipment for fixed and floating offshore installations, and lifting and handling equipment for offshore use. Fabrication has been outsourced to quality suppliers world-wide.

The company strategy is to maintain stable and managed growth through continued organic growth, and additional strategic acquisitions. Concurrently strict demands are made to maintaining earnings. In the future development of the company, expansion of its offer to the oil and gas industry will be especially emphasised.

Hydralift attaches particular importance to maintaining its strong standing reputation with respect to on-time delivery within agreed budgets, product quality and follow-up of deliveries.

Group management is located in Kristiansand, Norway, with operational daughter companies in France, Great Britain, Norway and the US.

#### **TURNOVER AND PROFIT**

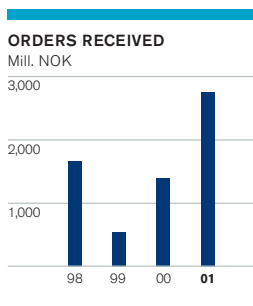
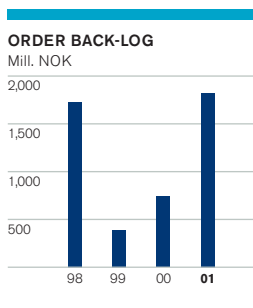
Due to a good order intake and high activity throughout the year, Hydralift recorded strong turnover as well as profit growth in 2001 compared to the previous year.

The 2001 turnover was NOK 2,309 mill, compared to NOK 1,136 mill in 2000 – an increase of as much as 103 per cent. Growth has taken place within drilling equipment, compensation equipment, offshore handling equipment and in the after sales market, while there has been a considerable setback in the market for cable-laying. The marine equipment market has grown as well. The contribution of acquired companies amounts to NOK 744 mill. The operating profit increased by 158 per cent – to NOK 281 (109) mill, which represents an operating margin of 12.2 (9.6) per cent. The development of the operating margin continues to follow the positive trend established over the past few years within offshore as well as marine. Capital gains of NOK 11.6 (0) are included in the operating profit. The annual accounts are presented under the assumption of continued operations.

The profit before taxes was NOK 280 mill, compared to a profit of NOK 111 mill for the previous year. The net profit after taxes and minority interests was NOK 190 (80) mill, which corresponds to earnings per share of NOK 6.58 (2.78).

#### **THE ORDER SITUATION**

The order intake in 2001 amounted to NOK 2,837 mill, mainly within drilling equipment, compensation equipment, and offshore and marine cranes. The contribution of acquired companies is NOK 475 mill. In total, the increase was 100 per cent. The year-end order back-log



was NOK 1,810 mill, whereof NOK 470 mill in acquired companies. In comparison, the previous year-end order backlog was NOK 700 mill.

Hydralift was awarded a number of significant contracts in 2001, whereof four complete packages and one partial package out of five drilling packages that were decided during the year. In June the company was awarded its largest order ever from the American company GlobalSantaFe for delivery of drilling and compensation equipment for two new semi-submersible deep water rigs. The rigs will be built at the PPL Shipyard Pte Ltd in Singapore, and there is an option for delivery of equipment for two additional rigs. Hydralift also entered into a contract with Mitsubishi Heavy Industries for delivery of drilling equipment to the ship OD21, which is being owned by Jamstec.

Further, Diamond Offshore Drilling Inc. has awarded Hydralift an order for drilling equipment in connection with upgrading of the semi-submersible drilling rig Ocean Rover. In addition the company has received orders for delivery of drilling equipment for several land rigs to countries such as Iran, Russia and The United Arab Emirates. Hydralift Molde Crane (previously Stålprodukter) has been awarded the first contract for upgrading of cranes at the Ekofisk field in the North Sea, with an option for ten additional cranes. The company also has received orders for cranes for a floating production ship offshore West-Africa, as well as for a floating production unit in Brazil.

Through the French subsidiary BLM orders have been received for jacking systems from GlobalSantaFe in connection with fabrication of two new jack-up rigs. There has been a strong order intake in Hydralift Procon as well.

#### DELIVERIES

As a consequence of the strong order intake, the activity level has been very high through the year. The number of contracts in work in the second half reached an all-time high, including equipment for the Ringhorne and Kvitbjørn platforms, the OD 21 drilling ship, as well as two semi-submersibles and two new jack-up rigs for GlobalSantaFe, Ocean Baroness and Ocean Rover for Diamond, a new semi-submersible rig for Mærsk, as well as equipment for land rigs. Several of the above contracts were of extraordinary magnitude, a fact which strengthens Hydralift's position as a total supplier. In addition work has been carried out on cranes for delivery to the North Sea, Brazil and West-Africa.

The deliveries for Ocean Baroness were ready for shipment one month ahead of the contractual date, a fact which resulted in a bonus for early delivery.

#### TECHNOLOGY

Hydralift undertakes continuous improvement of existing products, as well as development of new products. In 2001 considerable resources have been invested in development of products related to laying of oil and gas pipes in deep waters. In combination with the products supplied by SAS Gouda B.V., Hydralift may now supply complete packages for pipe-laying. The number of pipe-laying projects is expected to increase in the time ahead, and the number of pipe-laying units is expected to grow. Thus the company is optimistic with respect to future contracts in this field, which represents an additional business area in which Hydralift offers complete systems.

#### INVESTMENTS, FINANCING AND CAPITAL

In line with the adopted strategy for growth through acquisitions and expansion of the offer to the offshore industry, several strategic acquisitions took place in 2001. In a related move, the total credit facility of the company was extended by NOK 500 mill.

The Group's total cash and cash equivalents at year-end amounted to NOK 475 mill. The board considers the financial position of the company to be good. The distributable equity of the parent company at year-end amounted to NOK 528 mill.

#### ACQUISITIONS

During 2001 Hydralift acquired four companies, with a total turnover of NOK 1,051 mill:

*Hydralift Procon* (previously Procon Engineering) (100 %) supplies complete systems for mixing, treatment and reinjection of drilling mud on fixed as well as floating units.

*Hydralift Molde Crane* (previously Stålprodukter) (100 %) has a leading position throughout the world within offshore cranes, hose stations and winches. This acquisition makes Hydralift the world's leading supplier of offshore cranes.

With a market share of 60 per cent, the French company *BLM* (100 %) is a well recognised supplier of equipment such as high capacity jacking systems for jack-up rigs. The company also supplies mooring systems for semi-submersible rigs and ships, as well as offshore and marine cranes.

In December Hydralift agreed with TTS Technology ASA to sell its subsidiary Hydralift Marine AS. In parallel Hydralift acquires *TTS-Aktro AS* (100 %), a company which mainly supplies cranes and other equipment to the offshore market. Following these transactions Hydralift emerges as a supplier focused upon the offshore market, while TTS Technology is concentrated

on the marine market. Following the above transactions and a subscription which took place in February 2002, Hydralift's ownership in TTS Technology has been increased to 39,1 per cent.

The Dutch company *SAS Gouda* (32.3 %) supplies equipment for laying of pipes and cables on the sea-floor. Over the years the company has established a very strong position in this market.

Hydralift has also positioned itself with an ownership interest of 34 per cent in the technology based company *SENSE Technology AS*. This company develops advanced systems for control and monitoring of drilling operations, and supplies complete cabins for drilling operations.

In February 2002 Hydralift entered into an agreement to acquire most assets and all activities in *AmClyde Engineered Products Company, Inc.* from the bankrupt estate of Friede Goldman Halter, Inc., for a cash amount in the order of NOK 300 mill. This acquisition is dependent upon the approval of the US Bankruptcy Court, a hearing period and a possible auction in accordance with US bankruptcy law. The agreement is expected to be closed in mid April 2002.

AmClyde is a leading international supplier of heavy lifting cranes, mooring systems, pipe-laying equipment, deck machinery and special equipment, including its pipe- and cable-laying activities. AmClyde has approx. 150 employees in St. Paul, in addition to 150 employees at the company's fabrication facilities in Louisiana.

#### SHAREHOLDERS AFFAIRS

The demerger of assets related to Ocean Rig ASA (shares and bonds) formally took effect as of 18 April, 2001. The demerged company Sinvest ASA was traded on the Oslo Stock Exchange as of 20 April, 2001. In the extraordinary general meeting on 24 July, it was decided to consolidate the A- and B-shares into one share class.

In the extraordinary general meeting on 16 September, 2001, the board was authorised to purchase 2,877,407 own shares. The authorisation is valid until 15 March, 2003. So far the board has not made use of this authorisation.

In the extraordinary general meeting on 5 March, 2002, it was decided to increase the share capital by NOK 182,000 to NOK 4,203,374, through a private subscription of 1,300,000 shares at a subscription price of NOK 77 per share. In the same general meeting the board was authorised to increase the equity of the company by up to NOK 420,000 through issue of up to 3,000,000 shares. This authorisation is valid until 4 March, 2004, and may be used to strengthen the equity or as compensation related to mergers or acquisitions.

#### PERSONNEL AND ORGANISATION

At year-end the Hydralift Group had 860 employees, whereof 523 in Norway. The growth is mainly related to acquisitions. The board values the overall positive attitude of the employees in the acquired companies towards the ownership changes.

The company intends to upgrade the technical skills and to facilitate career development opportunities for its employees. Among such activities, a management development program for middle management which was initiated in the fall of 2001 has been very well received. In order to maintain job satisfaction among the employees, it is important to provide technical as well as career development programs.

Together with the growth of the Group, an overall high activity level has represented great challenges to all levels of the organisation. The board recognises the fact that the employees and management – through their expertise and personal involvement – have once again proven their ability to handle increasingly large tasks in a way which has yielded very satisfactory financial results. The working environment is considered to be good and characterised by good working relations.

For a number of years Hydralift has recorded low injury and accident figures. In 2001 absence due to sickness was 2.91 per cent. Environmental matters have high priority in all areas, but company activities have little direct impact on the external environment.

#### FUTURE OUTLOOK

The oil price is decisive to the operators' willingness to invest, and is thus the main element of uncertainty when assessing Hydralift's future. The analysts expect relatively stable oil prices for the coming twelve months. Still, general uncertainty with respect to the development of the world economy causes the oil companies to hold back on decisions regarding new investments in exploration and development activities.

The company mainly employs European suppliers for equipment which is being sold in a dollar dominated international market. Thus the relative strength of the euro vis-à-vis the US dollar will influence the financial results.

Based on the record high order backlog, and the fact that the company is bidding on projects which have already been approved, Hydralift is still optimistic with respect to further growth. During the following six months a number of contract awards are expected to take place within all of Hydralift's core areas. There is still active bidding in most market segments.

In addition to synergy effects within sales and



**KRISTIANSAND**31. December 2001/  
19. March 2002

marketing, the recent acquisitions and investments will make considerable contributions towards strengthening Hydralift's position in the offshore market – in the short as well as in the long term. Following the acquiring of complementary products, the Group to a larger extent emerges as a total supplier of equipment packages for semi-submersible drilling rigs and ships, jackup rigs, FPSO's, pipelaying vessels and tension leg platforms. Typically, orders in this market are in the NOK 200-600 mill range.

The market for newbuilds and upgrading of a considerable number of FPSO's will be of particular interest in the years ahead. This development is caused by continuously increasing activity in deep and ultra-deep waters, as well as in areas without infrastructure. In other market segments newbuilds as well as upgradings may be expected because a number of vessels are due for modernisation. As environmental, health and safety requirements become increasingly important for upgradings and in other areas, Hydralift's extensive experience from deliveries to newbuilds in the North Sea and the US will be of particular importance.

The acquisition of shares in SAS Gouda enables the two companies to co-operate in offering complete equipment packages for laying of fixed as well as flexible pipes in a broad range of dimensions, and in all relevant water depths. In view of expected developments of deepwater fields and subsea facilities, the board expects a considerable increase in this market segment in the years ahead.

The overall downturn in the telecommunications market has caused a considerable reduction in the activity level for cable-laying equipment. Substantial changes in this market may only be expected towards the end of a period of 2-4 years. Due to its strong position in this market, Hydralift is however well positioned to benefit from an upturn.

**PROFIT FOR THE YEAR AND ALLOCATIONS**

The profit for the year of the parent company Hydralift ASA was NOK 168,993,695, which the board proposes to distribute as follows:

Transfer to other equity	NOK 106,545,501
Proposed dividend	NOK 57,448,194
Total	<u>NOK 163,993,695</u>

The board proposes to the annual general meeting to pay a dividend of NOK 2.00 per share, representing a total of NOK 57,448,194.



**BJARNE SKEIE**  
CHAIRMAN OF THE BOARD



**TOM FROBERG**



**PETER J. MOE**



**GEIR WORUM**



**ØYVIND REITEN**



**EINAR BIRKELAND**



**TOR HENNING LIÉN**



**THE BOARD OF  
DIRECTORS OF  
HYDRALIFT ASA  
2001**

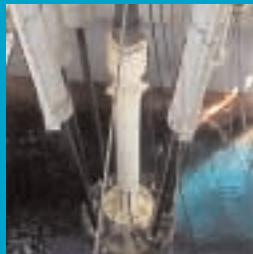
(LEFT TO RIGHT):

**EINAR BIRKELAND  
GEIR WORUM  
BJARNE SKEIE  
ØYVIND REITEN  
TOR HENNING LIEN  
PETER J. MOE  
TOM FROBERG (not present)**



# ACCOUNTS AND NOTES

2001



# PROFIT AND LOSS ACCOUNT

NOK 1,000	Notes	GROUP			PARENT COMPANY		
		2001	2000	1999	2001	2000	1999
<b>Operating revenues</b>							
Sales revenues		<b>2 289 011</b>	1 135 143	1 396 076	<b>1 297 006</b>	868 570	1 095 426
Other revenues		<b>19 845</b>	838	106	<b>20 338</b>	605	399
<b>Total operating revenues</b>		<b>2 308 856</b>	1 135 981	1 396 182	<b>1 317 345</b>	869 175	1 095 824
<b>Operating expenses</b>							
Cost of goods		<b>1 430 700</b>	718 035	978 788	<b>865 946</b>	556 049	757 820
Salaries	16	<b>366 000</b>	203 429	202 678	<b>171 467</b>	135 302	136 602
Depreciation	1,2	<b>21 173</b>	12 050	11 869	<b>7 684</b>	7 489	6 591
Appreciation of goodwill	1	<b>14 534</b>					
Other operating expenses	3, 16, 18	<b>195 195</b>	93 665	85 476	<b>77 573</b>	67 607	60 125
<b>Total operating expenses</b>		<b>2 027 601</b>	1 027 179	1 278 810	<b>1 122 669</b>	766 447	961 138
<b>Operating profit</b>		<b>281 254</b>	108 802	117 372	<b>194 676</b>	102 728	134 686
<b>Financial revenues and expenses</b>							
Financial revenues	19	<b>40 179</b>	31 068	54 322	<b>60 428</b>	33 663	59 554
Financial expenses	19	<b>- 41 019</b>	- 29 278	- 28 010	<b>- 35 523</b>	- 27 834	- 25 830
<b>Total financial items</b>		<b>- 840</b>	1 790	26 312	<b>24 905</b>	5 829	33 724
<b>Profit before taxes</b>		<b>280 414</b>	110 592	143 684	<b>219 581</b>	108 557	168 410
Taxes	14	<b>90 858</b>	30 812	41 223	<b>55 587</b>	30 591	47 670
<b>Profit after taxes</b>		<b>189 556</b>	79 780	102 461	<b>163 994</b>	77 966	120 740
<b>Profit for the year</b>		<b>189 556</b>	79 780	102 461	<b>163 994</b>	77 966	120 740
<b>Allocation of profit:</b>							
Minority share of profit	12	<b>654</b>	247	219	<b>0</b>	0	0
Transfer to/from other equity		<b>131 454</b>	79 532	30 641	<b>106 546</b>	77 966	49 139
Proposed dividend		<b>57 448</b>	0	71 601	<b>57 448</b>	0	71 601
Earnings per share	21	<b>6,58</b>	2,77	3,58			
Diluted profit per share	21	<b>6,50</b>	2,77	3,58			

## BALANCE SHEET AS AT 31.12.

<b>ASSETS</b>		GROUP			PARENT COMPANY		
NOK 1,000	Notes	2001	2000	1999	2001	2000	1999
<b>ASSETS</b>							
<b>Intangible assets</b>							
Licenses, patents, and other intangible assets	1	<b>11 839</b>	1 101	1 639	<b>10 000</b>	0	0
Deferred taxes	14	<b>12 356</b>					
Goodwill	1	<b>393 122</b>					
<b>Total intangible assets</b>		<b>417 317</b>	1 101	1 639	<b>10 000</b>	0	0
<b>Fixed assets</b>							
Land, buildings and other fixed assets	2,6	<b>100 907</b>	38 149	36 271	<b>7 606</b>	7 804	8 115
Machinery and plants	2	<b>50 663</b>	13 347	15 995	<b>16 028</b>	10 535	11 775
Operational equipment, tools, etc.	2	<b>22 171</b>	10 260	9 143	<b>14 802</b>	9 048	8 393
<b>Total fixed assets</b>		<b>173 741</b>	61 756	61 410	<b>38 437</b>	27 387	28 283
<b>Financial assets</b>							
Investments in subsidiaries	4	<b>761</b>	0	0	<b>499 555</b>	105 355	105 355
Inter-group loans	9	<b>0</b>	0	0	<b>163 208</b>	27 300	30 083
Investments in associated companies	4,19	<b>71 303</b>			<b>70 855</b>		
Investments in shares	5	<b>3 828</b>	38 439	3 791	<b>3 511</b>	38 217	3 791
Other receivables	6	<b>7 530</b>	559	571	<b>3 940</b>	400	492
Pension funds	13	<b>9 940</b>	1 408	1 280	<b>256</b>	647	715
<b>Total financial assets</b>		<b>93 362</b>	40 407	5 643	<b>741 324</b>	171 919	140 436
<b>Total assets</b>		<b>684 420</b>	103 264	68 692	<b>789 761</b>	199 306	168 719
<b>CURRENT ASSETS</b>							
Inventory	7	<b>155 266</b>	115 995	131 437	<b>98 779</b>	87 191	94 641
<b>Receivables</b>							
Trade debtors	9	<b>280 605</b>	196 596	317 771	<b>145 913</b>	110 770	238 835
Accrued, not invoiced revenues	8	<b>144 223</b>	186 871	316 470	<b>0</b>	128 010	180 027
Inter-group receivables	9	<b>0</b>	0	0	<b>58 995</b>	36 430	59 899
Other receivables		<b>108 581</b>	38 464	50 924	<b>69 013</b>	30 587	40 818
<b>Total receivables</b>		<b>533 408</b>	421 931	685 164	<b>273 921</b>	305 797	519 579
<b>Investments</b>							
Shares		<b>0</b>	283 395	283 395	<b>0</b>	283 395	283 395
Bonds		<b>0</b>	74 244	20 478	<b>0</b>	74 244	20 478
Other financial instruments		<b>0</b>	6 595	7 582			
<b>Total investments</b>		<b>0</b>	364 234	311 455	<b>0</b>	357 640	303 873
<b>Cash and cash equivalents</b>		<b>494 635</b>	175 803	30 665	<b>294 462</b>	155 277	19 014
<b>Total current assets</b>		<b>1 183 309</b>	1 077 963	1 158 721	<b>667 162</b>	905 906	937 108
<b>TOTAL ASSETS</b>		<b>1 867 729</b>	1 181 227	1 227 413	<b>1 456 922</b>	1 105 212	1 105 827

EQUITY AND LIABILITIES		GROUP			PARENT COMPANY		
		NOK 1,000	2001	2000	1999	2001	2000
	Notes						
<b>EQUITY</b>							
<b>Paid-in capital</b>							
Share capital	10, 11	4 021	5 728	5 728	4 021	5 728	5 728
Share premium reserve	10	243 526	344 927	344 927	243 526	344 927	344 927
<b>Total paid-in capital</b>		<b>247 548</b>	350 655	350 655	<b>247 548</b>	350 655	350 655
<b>Retained earnings</b>							
Minority interests	12	0	1 432	1 008			
Other equity	10	300 173	431 229	346 504	280 220	439 813	361 847
<b>Total retained earnings</b>		<b>300 173</b>	432 661	347 511	<b>280 220</b>	439 813	361 847
<b>Total equity</b>		<b>547 721</b>	783 316	698 167	<b>527 768</b>	790 468	712 503
<b>LIABILITIES</b>							
<b>Provisions</b>							
Pension liabilities	13	8 342	2 357	2 456	2 268	2 357	2 456
Deferred taxes	14	105 168	75 253	42 548	66 841	79 377	48 786
<b>Total provisions for liabilities</b>		<b>113 511</b>	77 610	45 004	<b>69 109</b>	81 734	51 242
<b>Other long-term liabilities</b>							
Liabilities to financial institutions	6	353 531	538	532	338 302		
Other long-term liabilities		564	943	700			
<b>Total other long-term liabilities</b>		<b>354 096</b>	1 481	1 232	<b>338 302</b>	0	0
<b>Short-term liabilities</b>							
Liabilities to financial institutions		0	7	81 112	0	0	50 000
Trade creditors	9	306 023	114 615	122 278	83 827	52 563	55 467
Payable taxes	14	80 933	651	1 843	55 413	0	0
Unpaid government fees		43 647	15 693	15 109	14 727	11 657	10 345
Proposed dividend		57 448	0	71 601	57 448	0	71 601
Short-term inter-group liabilities	9	0	0	0	15 812	851	639
Advances from customers	8	215 861	33 006		215 861	43 386	0
Other short-term liabilities	18	148 490	154 847	191 067	78 656	124 553	154 030
<b>Total short-term liabilities</b>		<b>852 402</b>	318 820	483 010	<b>521 744</b>	233 010	342 083
<b>Total liabilities</b>		<b>1 320 008</b>	397 911	529 246	<b>929 154</b>	314 744	393 324
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 867 729</b>	1 181 227	1 227 413	<b>1 456 922</b>	1 105 212	1 105 827

**KRISTIANSAND**31. December 2001/  
19. March 2002**TOM FROBERG****GEIR WORUM****EINAR BIRKELAND****BJARNE SKEIE**  
CHAIRMAN OF THE BOARD**PETER J. MOE****ØYVIND REITEN****TOR HENNING LIEN**

# CASH FLOW STATEMENT

NOK 1,000	GROUP			PARENT COMPANY		
	2001	2000	1999	2001	2000	1999
<b>Cash flow from operating activities</b>						
Profit before taxes	280 414	110 592	143 684	219 581	108 557	168 410
Taxes payable for the year	- 651	701	- 48 280	0	0	- 47 784
Profit/loss on sale of fixed assets	0	- 10	- 106	- 19 723	- 10	- 106
Ordinary depreciation	35 707	12 050	11 869	7 684	7 489	6 591
Earnings from subsidiaries and affiliated companies	- 448			- 20 704		
Write-down shares/reversal of write-down	50	- 32	- 11 437	50	280	- 12 824
Changes in completed, not yet invoiced work	42 648	129 599	143 910	28 696	52 017	141 817
Changes in inventory	- 39 271	15 442	7 066	- 11 588	7 450	- 3 444
Changes in trade debtors	98 846	154 181	- 126 649	137 332	171 451	- 104 576
Changes in trade creditors	191 408	- 7 662	- 62 038	31 264	- 107	- 60 616
Differences in pension costs charged against income and payments in pension funds	- 2 546	- 227	327	302	- 31	733
Exchange rate effects	0	0	0	0	0	- 1 621
Changes in other accrued items	- 48 538	- 26 777	- 53 466	20 306	- 1 171	- 154 640
<b>Net cash from operating activities</b>	<b>557 618</b>	<b>387 855</b>	<b>4 881</b>	<b>393 200</b>	<b>345 924</b>	<b>- 68 059</b>
<b>Cash flow from investment activities</b>						
Proceeds from sale of fixed assets	13 260	1 752	2 056	0	39	109
Payments for purchase of fixed assets	- 560 100	- 9 275	- 49 113	- 28 733	- 6 621	- 15 964
Payments shares and ownership interest in other companies	- 36 834	- 118 501	- 267 253	- 471 005	- 118 278	- 264 510
Proceeds from sale of shares and ownership interest in other companies	6 817	35 225	132 212	54 608	33 926	135 861
Proceeds from sale of other investments	0	12	124	0	2 875	138
Payments for purchase of other investments	- 6 971	0	0	- 139 447	0	- 83
<b>Net cash flow from investment activities</b>	<b>- 583 828</b>	<b>- 90 786</b>	<b>- 181 974</b>	<b>- 584 577</b>	<b>- 88 060</b>	<b>- 144 449</b>
<b>Cash flow from financing activities</b>						
Paid-in from minority upon establishment of subsidiary	0	151	0	0	0	0
Repayment of long-term debt	0	250	- 587	0	0	0
Receipts on new long-term loans	352 614			338 302		
Net changes in drawing facilities/debt to financing institutions	- 7	- 81 105	67 552	0	- 50 000	50 000
Paid-in capital	2 089	0	0	2 089	0	0
Payment of dividend	0	- 71 601	- 171 843	0	- 71 601	- 171 843
<b>Net cash flow from financing activities</b>	<b>354 696</b>	<b>- 152 306</b>	<b>- 104 879</b>	<b>340 391</b>	<b>- 121 601</b>	<b>- 121 843</b>
<b>Exchange rate effects on cash and cash equivalents</b>						
Net change of cash and cash equivalents	328 487	144 763	- 281 972	149 013	136 263	- 334 352
Exchange rate effects on cash holdings	174	375	639			
Transfer of current assets upon demerger	- 9 829			- 9 829		
Cash and cash equivalents at the beginning of the period	175 803	30 665	311 997	155 277	19 014	353 366
<b>Cash and cash equivalents at the end of the period</b>	<b>494 635</b>	<b>175 803</b>	<b>30 665</b>	<b>294 461</b>	<b>155 277</b>	<b>19 014</b>

# NOTES TO THE ACCOUNTS

## Statement of accounting principles

### General

The financial statements of Hydralift are presented in conformity with Norwegian legislation and Norwegian generally accepted accounting standards.

### Consolidation principles

The consolidated accounts comprise the parent company Hydralift ASA and subsidiaries in which the parent company directly or indirectly has more than 50 per cent ownership. Reference is made to Note 4 for details about included subsidiaries and the Group's ownership.

The consolidated financial statements are prepared on the basis that the Group is a single financial entity. All transactions, profits and balances between companies in the Group are eliminated.

The consolidated financial statements are prepared in accordance with uniform principles, in that the subsidiary follows the same accounting principles as the parent company.

Acquired subsidiaries are reported in the consolidated financial statements based on the parent company's acquisition cost.

Acquisition cost is related to identifiable assets and liabilities in the subsidiary, and reported in the consolidated financial statements at real value at the time of acquisition. Identifiable assets include tangible as well as intangible items, excluding goodwill. Any value added or reduced value beyond what may be attributed to identifiable assets and liabilities, is reported in the balance sheet as goodwill or negative goodwill. Goodwill is treated as a residual and reported in the balance sheet with the share that was observed in the acquisition transaction.

### Translation of foreign activities

In consolidation of the accounts of foreign subsidiaries, harmonisation with the Group's accounting principles is aimed at as far as practically possible. In translating the financial statements from foreign currencies to Norwegian kroner (NOK), balance sheet items are translated at the exchange rates at the balance sheet date. Income statement items are translated using the average exchange rate for the financial year. Translation differences are charged or credited directly to shareholders' equity.

### Subsidiaries and affiliated companies

Subsidiaries are valued in accordance with the cost method in the company's accounts. The investment is valued at acquisition cost of the shares unless write-down has been deemed necessary. Write-down to real value has been undertaken when the value reduction is assumed to be permanent, and write-down is regarded as necessary to be in accordance with generally accepted accounting principles. Write-down has been reversed when the basis for write-down no longer exists.

Dividend and other payments are taken to income for the same year as provision is made in the subsidiary. If the dividend exceeds the share of the retained profit after the acquisition, the surplus amount represents repayment of invested capital. Thus the payments are deducted from the investment value in the balance sheet. Affiliated companies are valued in accordance with the equity method in the group accounts.

### Revenue recognition

For contracts extending over a long period of time, revenue is recognised using the percentage of completion method. Under this method, revenue and profit are recognised as work under the contract progresses. The percentage of work completed is normally calculated based on project costs incurred as a percentage of total expected project cost.

Project costs include direct material, subcontractor costs, labour costs, as well as indirect distributable costs. General administrative costs are not recognised as project costs. Expected project costs include allowances for completion risk and guarantees that normally cannot be determined until the late stages of a project. Revisions of profit estimates during the period of a project are recognised in the accounting period in which the revised estimate is made. If expected total project costs exceed expected income, the full amount of the loss is recognised.

For goods and services that are not delivered under long-term contracts, income is recognised at the time the product is delivered or the service is performed.

### Valuation and classification principles

Assets intended for permanent ownership or use are classified as fixed assets. Other assets are classified as current assets.

Receivables to be repaid within one year are always classified as current assets. Analogous criteria are used for classification of debts.

Current assets are evaluated at the lower of purchase cost or net realisable value. Short-term debt is recognised at the nominal amount at the time of establishment.

Fixed assets are valued at purchase cost. Tangible fixed assets are depreciated in accordance with reasonable depreciation plans.

Fixed assets are written down to real value in the event of a value reduction which cannot be expected to be temporary. Long-term debts, with the exception of provisions, are recognised at their nominal amount at the time of establishment.

### Receivables

Trade debtors and other receivables are recognised at face value after provision for expected losses. Provision for losses is made based on individual valuations of the debts in question. In addition, a non-specific provision is made to cover expected losses on other trade debtors.

**Guarantee liabilities**

Expected expenses for future guarantee work related to sale / completed projects have been carried to expenses, and are classified as provisions in the balance sheet. The provision is based on past experience with guarantee expenses.

**Stocks**

Stocks of purchased goods are valued at purchase cost in accordance with the FIFO method, and net realisable value, whichever is lower. Own production costs for finished goods and work in progress are valued at full production cost. Write-down is undertaken for expected redundancy.

**Foreign currency**

Assets and liabilities denominated in foreign currencies are valued at year-end exchange rates, possibly at hedging cost if such a contract exists. Purchases and sales denominated in foreign currencies are entered at the exchange rate on the day of transaction.

**Short-term placements**

Short-term placements (shares and other ownership interests classified as current assets) are valued at the lowest of the average purchase cost and net realisation value on the date of the balance sheet. Dividend received and other payouts are taken to income as other financial income.

**Tangible fixed assets**

Tangible fixed assets are reported in the balance sheet and depreciated over their lifetime, provided their useful life exceeds 3 years and their purchase price exceeds NOK 15 000. Direct maintenance costs for operating equipment are charged as operating costs as incurred. Upgradings or improvements are capitalised and depreciated along with the asset.

**Research and Development**

Research and development expenses are charged as expenses. Expenses for other intangible assets, such as licences and product rights are reported in the balance sheet to the extent the criteria for such entry are fulfilled. This means that expenses for other intangible assets are reported in the balance sheet provided it is considered probable that the future economic advantages of the assets will fall to the company, and a reliable way of determining the purchase cost of the asset has been established.

**Pensions**

Pension costs are reported in accordance with the provisional Norwegian Accounting Standard for pension costs. The company has a group (guaranteed) pension insurance policy for its employees. The scheme is a benefits plan, in which the company is financially responsible for the pension payments. Straight-line accrual and expected final salary form the basis for accrual. Plan changes are amortised over the expected remaining accrual period. The same applies to estimate deviations exceeding 10 per cent of the pension commitments or pension funds (corridor), whichever is higher. The company also has non-guaranteed pension schemes. Managerial personnel in subsidiaries have an additional supplementary pension scheme, which is financed through the company's operation. In valuation of pension funds and pension commitments, the estimated value at the closing of accounts is used. The estimated value is adjusted annually in accordance with actuarial calculations. The employer's social security contributions are charged as expenses based on paid-up pension premiums.

**Tax**

Tax payable in the profit and loss account include current taxes and changes in deferred taxes. Deferred tax is calculated at 28 per cent, based on temporary differences between the financial statements and the tax related values, and tax related losses to be carried forward. Temporary differences in tax increasing and tax reducing items that reverse or may reverse in the same period are counterbalanced, and the tax effect is calculated on a net basis.

**Demerger**

As of 1 January 2001 Hydralift ASA demerged its shares in Ocean Rig ASA and convertible loans to the said company. This demerger took place with accounting continuity, as shareholders in Hydralift ASA received shares in Sinvest ASA in the same ratio as they own shares in Hydralift ASA. Pls. refer to note 22.

**Cash flow statement**

The cash flow statement has been prepared in accordance with the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term, current placements which may be converted to known cash amounts and with due dates not later than three months from the date of purchase.

## NOTE 1 – INTANGIBLE ASSETS

NOK 1,000	Goodwill	Other intangible assets	Total
<b>PARENT COMPANY</b>			
Historical cost as at 1 January 2001	11 770	3 119	<b>14 889</b>
Acquired intangible assets	–	10 000	<b>10 000</b>
Historical cost as at 31 December 2001	11 770	13 119	<b>24 889</b>
Accumulated depreciation 31 December 2001	11 770	3 119	<b>14 889</b>
<b>Book value 31 December 2001</b>	–	10 000	<b>10 000</b>
This year's depreciation	–	–	–
Useful lives	5 years	5 years	
<b>GROUP</b>			
Historical cost 1 January	26 942	6 692	<b>33 633</b>
Exchange rate adjustments	- 24	- 215	<b>- 239</b>
Acquired intangible assets	407 234	13 068	<b>420 302</b>
Disposals acquired intangible assets	–	- 1 020	<b>- 1 020</b>
Historical cost 31 December	434 152	18 524	<b>452 677</b>
Accumulated depreciation 31 December	41 031	6 685	<b>47 716</b>
<b>Book value 31 December</b>	393 121	11 839	<b>404 961</b>
This year's depreciation	14 534	1 476	<b>16 010</b>
Useful lives	10 – 20 years	5 years	

Both parent company and the group employ straight-line depreciation for all intangible assets. Goodwill related to acquired companies is depreciated on a straight-line basis over a maximum of 20 years, based on the estimated lifetime of the company in question. The estimate takes into consideration the long-term earnings created by the employees know-how, market relations and general understanding of the company. During 2001 the group has carried to expenses development costs of NOK 7,786,000, whereof NOK 6,460,000 has been carried to expenses in the company. The development work mainly takes place in current projects, as well as in smaller, separate development projects. The company has no substantial projects that run over several years.

## NOTE 2 – FIXED ASSETS

NOK 1,000	Property, buildings, etc.	Equipment	Machinery	Total fixed assets
<b>PARENT COMPANY</b>				
Historical cost as at 1 January	8 294	23 131	23 085	<b>54 511</b>
Acquired fixed assets	13	10 494	8 227	<b>18 733</b>
Sold fixed assets	–	–	–	–
Historical cost 31 December	8 307	33 625	31 312	<b>73 244</b>
Accumulated depreciation 31 December	700	18 823	15 284	<b>34 807</b>
<b>Book value as at 31. December</b>	7 606	14 802	16 028	<b>38 437</b>
This year's depreciation	210	4 740	2 734	<b>7 684</b>
<b>GROUP</b>				
Historical cost as at 1 January	40 273	26 901	33 070	<b>100 245</b>
Exchange rate adjustments	512	258	69	<b>839</b>
Acquired fixed assets	64 498	21 291	54 008	<b>139 798</b>
Sold fixed assets	–	3 806	9 454	<b>13 260</b>
Historical cost as at 31 December	105 284	44 644	77 694	<b>227 621</b>
Accumulated depreciation and write-offs as at 31 December	4 377	22 473	27 031	<b>53 881</b>
<b>Book value as at 31 December</b>	100 907	22 171	50 663	<b>173 740</b>
This year's depreciation	2 239	9 360	8 098	<b>19 697</b>

Both parent company and the group employ straight-line depreciation for all fixed assets. The useful life of the fixed assets has been calculated at: Buildings and other properties - 20 years. Machinery, fixture and fittings - 4-5 years.

## NOTE 3 – LEASING

The company has leasing agreements for cars, inventory/machinery and computer equipment. The leasing agreements are taken to be related to operations. The rental period is not considered to differ from the useful life of the assets. The total leasing expenses in 2001 were NOK 12,720,000 for the parent company and NOK 19,991,300 for the group. Next year the following expenses are expected related to existing leasing contracts:

NOK 1,000	2002	2003	2004
Parent company	21 903	14 275	11 292
Group	25 669	18 041	15 058

## NOTE 4 – SUBSIDIARIES / AFFILIATED COMPANIES

Pls. also refer to note 23 for information about changes in group structure.

Subsidiary:	Acquired date	Reg. office	Own interest	Voting share
Hydralift (UK) Ltd	01.01.96	Leeds, UK	100 %	100 %
Hydralift Inc	01.01.97	Houston, USA	100 %	100 %
Hydralift SA	01.04.97	Nantes, France	100 %	100 %
Hydralift Singapore Pte Ltd	01.01.97	Singapore	100 %	100 %
Skeie Technology (HK) Ltd*	01.07.92	Hong Kong	100 %	100 %
Hydralift Procon AS	01.02.01	Asker, Norway	100 %	100 %
Hydralift Molde Crane AS	01.04.01	Molde, Norway	100 %	100 %
TTS-Aktro AS	31.12.01	Molde, Norway	100 %	100 %
Hydralift do Brasil**	15.12.01	Brazil	100 %	100 %

Subsidiary:	Share capital	Number of shares	Our number of shares	Shares of equity in subsidiary	Profit in subsidiary	Book value
Hydralift Inc	USD 8 723 000	8 723 000	8 723 000	52 250 295	7 565 872	65 803 976
Hydralift (UK) Ltd	GBP 1 000	1 000	1 000	263 851	1 217 603	10 000
Hydralift SA	EUR 22 900 000	1 431 250	1 431 250	210 989 128	22 061 719	185 763 919
Hydralift Singapore Pte Ltd	SGD 2	2	2	–	–	–
Skeie Tech. (HK) Ltd*	HKD 2 219 402	2 219 402	2 219 402	–	–	–
Hydralift Procon AS	NOK 1 225 680	245 136	245 136	43 121 000	20 733 000	119 563 481
Hydralift Molde Crane AS	NOK 2 000 000	2 000	2 000	25 381 119	6 649 648	80 797 551
TTS-Aktro AS	NOK 10 500 000	10 500	10 500	15 616 884	- 1 380 901	47 170 944
Hydralift do Brasil**						444 740
<b>Book value in company accounts</b>						<b>499 554 611</b>

\* The company directly owns 50 % of the shares in Jurong Marine Equipment Ltd (Hong Kong), in addition to nominated share capital. Based on essentiality evaluations, the company has not been consolidated into the group accounts. There is no activity in this company, which will be liquidated.

\*\* Based on essentiality evaluations, this company has not been consolidated into the group accounts. Book value in the group accounts is NOK 760,867.

### GROUP

Investments in affiliated companies are treated in accordance with the equity method.

Company:	Acquisition date	Reg. office	Ownership share	Voting share
Sense Technology AS	15.03.01	Kristiansand, Norway	34 %	34 %
SAS Gouda BV	31.08.01	Gouda, The Netherlands	32 %	32 %
TTS Technology ASA	31.12.01*	Bergen, Norway	28 %	28 %

\* Influence achieved on this date.

	TTS Tech*	Sense Tech.	SAS Gouda	Total
<b>Added value analysis:</b>				
Booked equity at date of acquisition		640 047	2 942 527	
Goodwill		859 953	15 913 060	
<b>Historical cost</b> (balance value in company)	50 498 491	1 500 000	18 855 587	<b>70 854 528</b>
<b>Calculation of this year's profit share:</b>				
Share of profit for the year	–	57 155	730 892	<b>788 048</b>
Conversion differences	–	–	- 38 568	<b>- 38 568</b>
Depreciation of goodwill	–	- 35 831	- 265 217	<b>- 301 048</b>
<b>Share of profit for the year</b>	–	21 324	427 107	<b>448 431</b>
<b>Calculation of book value 31 December 2001:</b>				
Book value 31 December 2001	–	–	–	–
Additions / disposals during the year	50 498 941	1 500 000	18 855 587	<b>70 854 528</b>
Share of profit for the year	–	21 324	427 107	<b>448 431</b>
<b>Book value 31 December 2001</b>	50 498 941	1 521 324	19 282 694	<b>71 302 959</b>
Relevant not depreciated added value 31 December 2001	–	–	–	–
Goodwill not depreciated 31 December 2001	–	824 121	15 647 842	<b>16 471 963</b>
Depreciation rate goodwill				<b>5 %</b>

\* The acquisition of TTS Technology ASA and subsequent influence in this company took place very late in the accounting year (as of 31 December 2001). Thus goodwill and added value have not been calculated.

## NOTE 5 – SHARES

	Ownership share	Balance value
<b>PARENT COMPANY – Long-term share holdings:</b>		
Eiken Mekaniske Verksted AS	34,9 %	3 500 000
Developmemt Invest AS	25,0 %	–
Ecuonor ASA	1,0 %	11 250
<b>Total</b>		<b>3 511 250</b>
<b>GROUP –Long-term share holdings:</b>		
Eiken Mekaniske Verksted AS	34,9 %	3 500 000
Developmemt Invest AS	25,0 %	–
Ecuonor ASA	1,0 %	11 250
Other		316 440
<b>Total</b>		<b>3 827 690</b>
<b>PARENT COMPANY AND GROUP – Short-term shareholdings:</b>		
Start Toppfotball ASA		–
<b>Total</b>		<b>–</b>

## NOTE 6 – RECEIVABLES AND LIABILITIES

NOK 1,000	PARENT COMPANY		GROUP	
	2001	2000	2001	2000
<b>Receivables with due dates exceeding one year:</b>				
Other long-term receivables	167 147	27 700	3 939	559
<b>Total</b>	<b>167 147</b>	<b>27 700</b>	<b>3 939</b>	<b>559</b>
<b>Long-term liabilities with due dates exceeding 5 years:</b>				
Debt to finance institutions	–	–	7 750	–
Other long-term debt	–	–	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>7 750</b>	<b>–</b>
Liabilities secured through mortgage*	338 728	–	353 805	410
<b>Security stood:</b>				
Unused drawing facility*	211 272	–	256 330	–
Unused overdraft facilities	10 000	10 000	10 000	10 000
Guarantee for withdrawal of employee taxes	9 000	7 500	12 500	9 500
Completion guarantees	181 627	110 817	215 981	110 817
<b>Book value of assets as security:</b>				
Buildings	–	–	54 122	–
Trade debtors/receivables	–	110 770	47 748	110 770
Completed goods not invoiced	–	28 696	–	128 010
Stock	–	87 191	–	87 181
<b>Total</b>	<b>–</b>	<b>226 657</b>	<b>101 870</b>	<b>325 962</b>

\* The parent company has signed a negative pledge letter related to a loan with a multi-currency drawing right of up to NOK 550,000,000. Material subsidiaries are joint guarantors for this drawing right together with the parent company. This loan shall be paid back within five years after borrowing; NOK 100,000,000 after 36 months, thereafter annually. Drawings exceeding this amount shall be paid at the expiry of the interest-bearing period (maximum 6 months). Loans as per 31 December 2001 are NOK 40 mill, USD 17.9 and EURO 17.2. Interest is calculated based on NIBOR, LIBOR and EURIBOR, with addition of 0.75-1.25 %, depending upon fulfilment of terms. According to the terms of this loan the group equity shall be minimum 25 %, with a minimum of NOK 375 mill, and minimum 50 % of the profit is to be added to equity. There are additional terms as well.

## NOTE 7 – STOCKS

NOK 1,000	PARENT COMPANY		GROUP	
	2001	2000	2001	2000
Stock of raw materials	83 659	71 579	121 352	100 383
Work in progress	–	–	16 238	–
Stock of own produced completed goods	15 120	15 612	17 676	15 612
<b>Total</b>	<b>98 779</b>	<b>87 191</b>	<b>155 266</b>	<b>115 995</b>

**NOTE 8 – LONG-TERM PROJECTS**

NOK 1,000	PARENT COMPANY		GROUP	
	2001	2000	2001	2000
Total completed production on current projects as at 31 December*	<b>1 122 067</b>	1 282 888	<b>1 370 076</b>	1 485 492
Expenses**	<b>868 431</b>	882 108	<b>1 012 853</b>	1 022 916
<b>Estimated contribution margin</b>	<b>253 636</b>	400 780	<b>357 223</b>	462 576
* Of this not invoiced	<b>256 676</b>	128 010	<b>436 487</b>	189 274
** Of this accrued	<b>275 993</b>	95 033	<b>292 264</b>	114 714
Advance invoiced production	<b>215 851</b>	43 386	<b>215 851</b>	–

**NOTE 9 – INTER-GROUP BALANCES**

NOK 1,000	2001	2000
<b>PARENT COMPANY – Receivables</b>		
Trade debtors	<b>24 680</b>	32 140
Other receivables	<b>197 522</b>	31 591
Total	<b>222 203</b>	63 731
<b>PARENT COMPANY – Debt</b>		
Inter-group loans	<b>15 515</b>	183
Trade creditors	<b>297</b>	668
Total	<b>15 812</b>	851

**NOTE 10 – EQUITY**

NOK 1,000	Share capital	Share premium account	Other equity	Total equity
<b>PARENT COMPANY</b>				
<b>This year's change in equity</b>				
Equity 31 December 2000	5 728	344 927	439 813	<b>790 468</b>
Demerger of Sinvest ASA	- 1 718	- 103 478	- 266 138	<b>- 371 335</b>
Paid-in capital	12	2 077	–	<b>2 089</b>
Profit for the year	–	–	163 994	<b>163 994</b>
Provision for dividend	–	–	- 57 448	<b>- 57 448</b>
<b>Equity 31 December 2001</b>	<b>4 021</b>	<b>243 526</b>	<b>280 220</b>	<b>527 768</b>
<b>GROUP</b>				
<b>This year's change in equity</b>				
Equity on 31 December 2000	5 728	344 927	432 661	<b>783 316</b>
Demerger of Sinvest ASA	- 1 718	- 103 478	- 266 138	<b>- 371 335</b>
Paid-in capital parent company	12	2 077	–	<b>2 089</b>
Profit for the year	–	–	189 556	<b>189 556</b>
Foreign exchange differences	–	–	1 543	<b>1 543</b>
Provision for dividend	–	–	- 57 448	<b>- 57 448</b>
<b>Equity 31 December 2001</b>	<b>4 021</b>	<b>243 526</b>	<b>300 173</b>	<b>547 721</b>

**NOTE 11 – SHARE CAPITAL AND SHAREHOLDER INFORMATION**

The share capital consists of:

PARENT COMPANY	Number of shares	Face value	Balance value
Shares	28 724 097	0,14	4 021 374
Total	28 724 097		<b>4 021 374</b>

The company has 2,417 shareholders as at 31 December 2001. All shares have the same voting rights in the company. At the extraordinary general meeting on 5 March, 2002, the company decided to increase the share capital by NOK 182,000.

**Overview of the largest shareholders as at 31 December 2001:**

	Number of shares	Ownership share
Skeie Group AS	4 862 000	16,9 %
Bjarne Skeie	4 600 766	16,0 %
Storebrand Livsfors. Aksjefond	1 610 356	5,6 %
Odin Norge	1 429 877	5,0 %
KLP Forsikring	653 773	2,3 %
Odin Norden	612 100	2,1 %
Rasmussengruppen AS	455 000	1,6 %
Delphi Norge Verdipapirfondet	400 000	1,4 %
Verdipapirfondet Skagen	362 600	1,3 %
Vital Forsikring ASA	351 700	1,2 %
Aksjefondet Gambak	350 000	1,2 %
Verdipapirfondet AVANSE	346 000	1,2 %
Gjensidige NOR Sparebank	326 650	1,1 %
Skandinaviske Enskilda	316 700	1,1 %
JPMorgan Chase Bank Clients Treaty Account	306 000	1,1 %
Nordea Vekst Aksjefondet	305 600	1,1 %
Firstnordic Norge vekst	300 000	1,0 %
<b>Total</b>	<b>17 589 122</b>	<b>61,2 %</b>
Others (ownership interest < 1 %)	11 134 975	38,8 %
Total number of shares	28 724 097	100,0 %

**Shares owned by members of the board of directors and the managing director:**

	Number of shares	Ownership share
<b>The board of directors:</b>		
Bjarne Skeie*	4 600 766	16,0 %
Tom Froberg	2 500	
Geir Worum	2 500	
Tor Henning Lien	5 900	
Øyvind Reiten	2 750	
<b>The managing director:</b>		
Birger Skeie	34 600	0,1 %

\* Bjarne Skeie and family controls Skeie Group AS, which at year-end owned 4,862,000 shares (16.9 %).

**NOTE 12 – MINORITY INTERESTS**

GROUP	2001	2000
Minority interests 1 January	<b>1 431 975</b>	1 007 745
Minority's share of profit	<b>653 741</b>	247 197
Changes in minority interest by contribution/acquisition	<b>- 2 085 716</b>	153 673
Foreign exchange differences	-	23 360
<b>Minority interests 31 December</b>	<b>-</b>	<b>1 431 975</b>

**NOTE 13 – PENSIONS**

The company has pension schemes that include a total of 247 persons in the parent company and 431 persons in the group. These schemes include rights to defined future benefits. The benefits are mainly dependent upon the number of service years, salary level at retirement and the yields from the National Insurance benefits. The liabilities are covered through an insurance company. The parent company has pension liabilities for four persons that are not covered through a life insurance company. These liabilities are financed from the company's operations. Subsidiaries have non-guaranteed liabilities for 263 persons.

	PARENT COMPANY 2001		GROUP 2001	
	Guaranteed	Not guaranteed	Guaranteed	Not guaranteed
Present value of pension accrual for the year	3 560 622	-	5 389 971	773 878
Interest expenses on pension accrual	1 680 447	156 373	3 670 115	174 186
Yield on pension fund	- 1 710 744	-	- 4 692 651	-
Employer's share of National Insurance	512 312	23 168	624 533	45 047
Amortisation	103 098	7 936	132 069	15 840
<b>Net pension expenses</b>	<b>4 145 735</b>	<b>187 477</b>	<b>5 124 037</b>	<b>1 008 951</b>

	PARENT COMPANY 2001		PARENT COMPANY 2000	
	Guaranteed	Not guaranteed	Guaranteed	Not guaranteed
Accrued pension liabilities as at 31 December	29 141 300	2 269 059	23 321 888	2 263 187
Calculated effect of future wage settlements	-	-	-	-
Calculated pension liabilities as at 31 December	29 141 300	2 269 059	23 321 888	2 263 187
Pension funds (at market value) as at 31 December	25 063 598	-	22 102 207	-
Effect of estimate deviations not carried	- 4 302 067	- 281 702	- 1 786 493	- 197 711
Employer's share of National Insurance	- 31 635	280 217	- 79 920	291 232
<b>Net pension liabilities/pension funds</b>	<b>- 256 000</b>	<b>2 267 574</b>	<b>- 646 732</b>	<b>2 356 708</b>

	GROUP 2001		GROUP 2000	
	Guaranteed	Not guaranteed	Guaranteed	Not guaranteed
Accrued pension liabilities as at 31 December	50 285 866	8 305 830	32 132 308	2 263 187
Calculated effect of future wage settlements	-	83 857	-	-
Calculated pension liabilities as at 31 December	50 285 866	8 389 687	32 132 308	2 263 187
Pension funds (at market value) as at 31 December	51 768 759	-	30 592 257	-
Effect of deviations in estimates not carried	- 5 495 469	- 370 814	- 2 765 473	- 197 711
Employer's share of National Insurance	- 2 961 541	323 390	- 182 730	291 232
<b>Net pension liabilities</b>	<b>- 9 939 903</b>	<b>8 342 263</b>	<b>- 1 408 152</b>	<b>2 356 708</b>

**Financial assumptions:**

	2001	2000
Discount rate	<b>7,0 %</b>	7,0 %
Expected wage settlement	<b>3,3 %</b>	3,3 %
Expected pension increases/adjustment of basis amount in National Insurance	<b>2,5 %</b>	2,5 %
Expected yield of pension funds	<b>8,0 %</b>	8,0 %

The actuarial assumptions are based on normal insurance assumptions with respect to demographic factors and retirement.

**NOTE 14 – TAXES**

NOK 1,000	PARENT COMPANY		GROUP	
	2001	2000	2001	2000
<b>Overview of temporary differences:</b>				
Receivables	- 9 606	- 6 112	- 11 549	- 7 467
Stock	- 4 267	- 500	- 4 946	- 2 868
Project reserves	<b>253 636</b>	400 782	<b>300 711</b>	408 127
Shares*	- 2 517	- 2 467	- 8 213	- 2 467
Fixed assets	- 4 165	- 3 878	- 9 781	- 8 276
Provision in accordance with accepted accounting standards	- 10 000	- 7 400	- 16 161	- 8 300
Pensions	- 2 012	- 1 710	<b>7 005</b>	- 444
Profit and loss account	-	-	- 30	839
Other differences	-	-	<b>32 915</b>	-
Conversion account	<b>17 651</b>	-	<b>17 651</b>	-
<b>Total</b>	<b>238 719</b>	378 714	<b>307 602</b>	379 144
Remuneration carried forward	-	- 238	- 6	- 238
Correction income	-	-	-	-
Loss to carry forward	-	- 94 987	-	- 105 511
<b>Total</b>	<b>238 719</b>	283 489	<b>307 596</b>	273 395
<b>Total tax increasing/decreasing differences</b>	<b>238 719</b>	283 489	<b>307 596</b>	273 395
28 % deferred tax	<b>66 841</b>	79 377	<b>105 168</b>	75 253
Deferred tax advantages	-	-	<b>12 356</b>	-

\* In addition there is a negative temporary difference of NOK 6,164 on shares in subsidiaries. In accordance with generally accepted accounting standards, this difference has not been included when calculating deferred taxes.

Deferred tax group: Calculations are based on the current tax rate in each country.

NOK 1,000	PARENT COMPANY		GROUP	
	2001	2000	2001	2000
<b>Calculation of taxes for the year:</b>				
Profit before taxes	219 581	108 557		
Permanent differences	649	793		
Depreciation/reversed depreciation	50	280		
Accounting profit on sale of shares	- 19 723	-		
Tax related profit on sale of shares	18 723	-		
Paid group contributions	- 45 393	-		
Changes in temporary differences	119 241	- 72 127		
Appropriation of losses to be carried forward	- 94 987	- 37 503		
<b>Taxes for the year</b>	<b>198 141</b>	<b>-</b>		
<b>Taxes for the year consists of:</b>				
Taxes payable	55 413	-	89 840	128
Reduced taxes payable due to group contributions	12 710	-	-	-
Changes in deferred taxes	- 12 536	30 593	1 018	30 685
<b>Total taxes</b>	<b>55 587</b>	<b>30 593</b>	<b>90 858</b>	<b>30 812</b>
<b>Explanation of taxes for the year:</b>				
28 % tax on profit before taxes	61 483	30 396		
Permanent differences (28 %)	- 5 896	195		
<b>Calculated taxes</b>	<b>55 587</b>	<b>30 591</b>		

#### NOTE 15 – AREAS OF ACTIVITY

NOK 1,000	2001			2000		
	Offshore	Marine	Group	Offshore	Marine	Group
Operating revenue	1 977 455	331 400	2 308 855	998 182	137 799	1 135 981
Operating expenses	1 684 137	307 757	1 991 894	882 972	132 157	1 015 129
Depreciation	31 879	3 828	35 707	11 469	581	12 050
<b>Operating profit</b>	<b>261 439</b>	<b>19 815</b>	<b>281 254</b>	<b>103 742</b>	<b>5 061</b>	<b>108 803</b>
Minority share of operating profit	-	-	-	247	-	247
Assets	1 456 922	-	1 456 922	1 097 547	83 681	1 181 227
Liabilities	929 154	-	929 154	353 035	44 331	397 366
Investments during the period	425 967	-	425 967	8 724	550	9 275

#### NOTE 16 – LABOUR COSTS, NUMBER OF EMPLOYEES, REMUNERATION, LOANS TO EMPLOYEES

NOK 1,000	PARENT COMPANY		GROUP	
	2001	2000	2001	2000
<b>Labour costs:</b>				
Wages	140 815	111 603	294 595	170 808
Employer's National Insurance contribution	21 344	16 788	50 699	22 586
Pension expenses	4 158	3 178	6 031	4 052
Other personnel related expenses	5 150	3 733	14 676	5 983
<b>Total</b>	<b>171 467</b>	<b>135 302</b>	<b>366 000</b>	<b>203 429</b>

The average number of employees in the accounting year has been 309 in the parent company and 782 in the group.

#### Remuneration to management:

	Managing director	The board of directors
Salaries	2 010 025	390 000

The managing director is entitled to salary for one year after vacating his position upon notice given by the company, and salary for 2.5 years if leave is brought about by ownership changes.

The managing director has an option to buy 24,000 shares in the company at a price of NOK 24.14 per share with a monthly addition of 0.1 % from 12 May 2000 until the time of exercise. The options expire after the 2005 annual general meeting. The options may be exercised with 1/3 each year after the annual general meeting. In addition to the regular directors' fee, the chairman of the board has received NOK 1,973,966 for work undertaken for the company. In 2001 the chairman of the board signed an employment contract with an annual index regulated remuneration of NOK 3,2 mill. The remuneration is independent of the position as chairman of the board. Upon dismissal by the company, he will receive a lump sum payment corresponding to the discounted value of salary payments until the age of 67.

The chairman has an option to buy 7,500 shares in the company at NOK 24.15 per share with a monthly addition of 0.1 % from 12 May 2000 until the time of exercise. The options expire after the annual general meeting in 2005. These options may be exercised with 1/3 each year after the annual general meeting. The chairman of the board is entitled to a minimum of 10 % of future private placements for the employees.

Options have been issued to external board member for a total of 40,000 shares at NOK 24.15 per share with an addition of 0.1 % per month from 12 May 2000 until the time of exercise. The board members have exercised 1/4 of the shares in 2001. Options have been issued to management for a total of 360,000 shares at NOK 24.15 per share with a monthly addition of 0.1 % from 12 May 2000 until the time of exercise. The employees have exercised 73,557 shares in 2001 (this figure includes 8,000 shares exercised by the managing director). These options must be declared no later than following the annual general meeting in 2005.

Loans to employees in the company total NOK 183,297. These loans are paid back over a maximum of 1 year. The loans are not secured and may not exceed one month's salary per employee. No loans / securities have been issued to the managing director, the chairman of the board or other related parties. There are no single loans / securities exceeding 5 % of the company equity.

#### Auditor

	The company	The group
Auditors' fee	265 000	840 710
Accounting related advisory services	183 700	183 700
Other services	647 718	684 757

#### NOTE 17 – CONDITIONAL OUTCOME

In this industry a number of court actions may be considered normal. The probability of any resulting conditional loss is viewed to be too low to result in any provision.

#### NOTE 18 – TRANSACTIONS BETWEEN RELATED PARTIES

Hydralift ASA has a long-term rental agreement for offices, warehouse/assembly hall, as well as a leasehold agreement for a property in Barstølveien, with ANS Dvergsnes Eiendom, KS Randesund Eiendom and Skeie Eiendom AS. These companies are all being controlled by the chairman of the board and the largest shareholder, Bjarne Skeie and family. Annual rent amounted to NOK 9.7 mill both for the parent company and the group.

#### NOTE 19 – FINANCIAL ITEMS

NOK 1,000	PARENT COMPANY		GROUP	
	2001	2000	2001	2000
<b>Financial revenue</b>				
Interest received from inter-group companies	6 101	2 195	–	–
Group contribution	–	4 167	–	–
Other interest revenues	8 794	8 839	10 860	9 914
Reversal of write-down of shares	–	–	–	–
Other financial income	82	3 916	1 627	4 322
Gain on foreign exchange	24 747	14 451	27 243	16 831
Dividend	20 704	95	–	–
Share of profit affiliated companies	–	–	448	–
<b>Total financial revenues</b>	<b>60 428</b>	<b>33 663</b>	<b>40 179</b>	<b>31 067</b>
<b>Financial expenses</b>				
Other interest expenses	18 928	4 205	19 758	4 650
Write-down of shares	50	280	50	280
Other financial expenses	2 399	1 770	4 216	2 524
Loss on foreign exchange	14 146	21 579	16 996	21 825
<b>Total financial expenses</b>	<b>35 523</b>	<b>27 834</b>	<b>41 020</b>	<b>29 279</b>

#### NOTE 20 – FINANCIAL INSTRUMENTS

Hydralift ASA utilises financial derivatives to secure receivables in foreign currency. The company only utilises forward contracts for this purpose. Hydralift does not trade in financial derivatives for speculative purposes.

## NOTE 21 – KEY FIGURES

The earnings per share is the profit for the year with deduction of the minority share of the profit divided by the average number of shares for the year.

The diluted earnings per share is the profit for the year with deduction of the minority share of the profit and average shares including options not exercised.

## NOTE 22 – DEMERGER

Hydralift ASA's demerger of its activities related to Ocean Rig ASA to Sinvest ASA took accounting effect as of 1 January 2001. The demerger took place 18 April 2001. Capital reduction took place in the transferring company, Hydralift ASA (ref. note 10). The demerger was proportional; i.e. the existing shareholders in Hydralift ASA received shares in Sinvest ASA in the same proportion as their ownership share in Hydralift ASA before the demerger. The demerger is entered as continuity as it does not affect the shareholders' values. Only the legal corporate structure in which the values are held has changed. Pro forma comparable figures have not been prepared, as this is not assumed to be of particular importance to the users of the accounts.

## NOTE 23 – EFFECT OF CHANGED GROUP STRUCTURE

The following essential changes in the group structure have taken place: Acquisition of Hydralift Procon AS, Hydralift Molde Crane AS and TTS-Aktro AS, and sale of Hydralift Marine AS. The subsidiary Hydralift SA has acquired the French company Hydralift BLM SA. Acquisition of Hydralift Procon AS took effect as of 1 February 2001, Hydralift Molde Crane AS of 1 April 2001, Hydralift BLM SA took effect as of 1 May 2001, and TTS-Aktro AS of 31 December 2001.

Hydralift Marine AS was sold on 31 December 2001.

Pro forma figures taking into account the above events have been prepared for 2000 and 2001 as a basis for comparison.

### PROFIT AND LOSS ACCOUNT

NOK 1,000	2001	2000
Operating revenues	2 450 163	1 494 799
<b>Total operating revenues</b>	<b>2 450 163</b>	1 494 799
Materials	1 490 209	948 963
Operating expenses	617 919	411 194
Depreciation	25 315	26 608
Depreciation goodwill	20 405	20 405
<b>Total operating expenses</b>	<b>2 133 443</b>	1 386 765
<b>Operating profit</b>	<b>296 316</b>	87 629
Financial revenues	40 179	42 356
Financial expenses	41 019	40 142
<b>Total financial items</b>	<b>- 840</b>	2 214
<b>Ordinary profit before taxes</b>	<b>291 367</b>	89 844
Taxes on ordinary profit	100 732	36 153
<b>Ordinary profit</b>	<b>190 635</b>	53 690
<b>Profit for the year</b>	<b>190 635</b>	53 690
<b>Information about:</b>		
Minority share of profit	654	2 059
Dividend	57 448	-
Transferred to balance sheet	132 534	51 632

## NOTE 24 – DISPOSAL OF COMPANY

The group has disposed of Hydralift Marine AS with accounting effect as of 31 December 2001. This sale resulted in realised profits of NOK 11.6 mill for the group and NOK 19.7 for the parent company. This company is reported in the marine segment, in which the group still has activities through its French subsidiary. The company is included in the group accounts with revenues of NOK 166 mill, expenses NOK 161.2 mill, tax NOK 1.4 mill and profit NOK 3.4 mill. The disposal is taken into account in the pro forma figures in note 23.

# AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Hydralift ASA

## Auditor's report for 2001

We have audited the annual financial statements of Hydralift ASA as of 31 December 2001, showing a profit of NOK 163.993.695 for the parent company and a profit of NOK 189.555.545 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 the profit. The financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the group 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 the law and regulations and present the financial position of the Company and of the Group as of December 31, 2001, 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 produce a proper and clearly set out registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway
- the information given in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Kristiansand, March 19, 2002

**PricewaterhouseCoopers DA**



Svenn O. Pedersen  
State Authorised Public Accountant (Norway)

*Note: This translation from Norwegian has been prepared for information purposes only.*



**Hydralift's strength lies in the company's ability to deliver within budget and on schedule.**

**The company by far outperforms the competitors with respect to delivery within agreed frames. Thus Hydralift becomes the preferred co-operation partner/**

**supplier to most customers. From the view of the capital markets/ investors this ability implies lower exposure to budget overruns and day penalties caused by delays.**

**ABILITY  
TO DELIVER**

# SHAREHOLDER INFORMATION

## SHAREHOLDERS' POLICY

Hydralift's objective is to manage the shareholders' values so that yield is maximised, measured as the combination of the increase in share price and dividends paid.

It is company policy that share prices at all times reflect the underlying values in the company. Shareholders shall be ensured a competitive financial yield on their investment. This will establish a foundation for the company's access to additional capital needed for further profitable development and growth.

## DIVIDEND POLICY

Hydralift's objective is to pay dividend in line with the company's earnings and development of equity at all times. Future decisions regarding payouts will be based on ability to pay dividend, as well as strategy for further profitable growth. The board of directors proposes to pay dividends of NOK 2.00 per share for 2001.

## INVESTOR RELATIONS

Hydralift regards open dialogue with the company's shareholders and the investment market in general to be an important tool in order to obtain precise evaluations of the company. The company is committed to communicating relevant and timely information to the market. Thus the objective is to provide open and

frequent information about issues relevant to the valuation of the company. Regular reporting consists of annual and quarterly reports. Additional communication with the shareholders and the market in general will occur through presentations and meetings with investors in Norway and internationally.

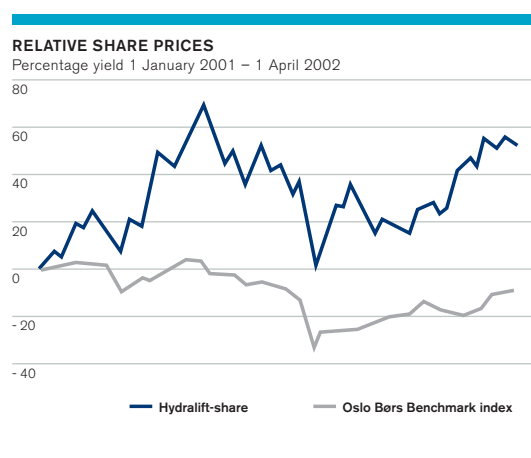
Leading Norwegian and international stockbrokers regularly prepare research papers of the company. Hydralift considers such research papers to be useful information with respect to valuation of the company, future prospects, etc.

## OWNERSHIP STRUCTURE

At the end of 2001 there were 2,417 shareholders. The share of foreign ownership at year-end was 4.01 %. The chairman of the board, Bjarne Skeie, controls 27.13 % of the shares. The total number of shares is 30,024,097.

## SALE OF HYDRALIFT SHARES

A total of 22,529,075 shares were traded in 2001.



## The largest shareholders as at 3 April 2002:

	Number of shares
Bjarne Skeie/Skeie Group AS	8.138.266
Odin Fondene	2.372.777
J.P. Morgan Chase (Nominee)	1.708.125
Storebrand Livsforsikring	1.671.356
Aksjefondet Gambak	500.000
Nordea Avkastning	470.000
Skandinaviska Enskilda	415.700
Vital Forsikring	351.700
Delphi Norge Verdipapir	325.000
Gjensidige NOR Spareforsikring	312.050

# ANALYST INFORMATION

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**ABG SUNDAL COLLIER**

PO Box 1444 Vika, N-0115 Oslo  
Tel. +47 22 01 60 00

**Lars Tjeldflaat**

*lars.tjeldflaat@abgsc.no*

**ALFRED BERG NORGE ASA**

PO Box 1294 Vika  
N-0111 Oslo  
Tel. +47 22 00 50 00

**Kjell Erik Eilertsen**

*kjell.erik.eilertsen@alfredberg.no*

**CARNEGIE ASA**

PO Box 684 Sentrum  
N-0106 Oslo  
Tel. +47 22 00 93 00

**Richard Jansen**

*rj@carnegie.no*

**DNB MARKETS**

Stranden 21  
N-0250 Oslo  
Tel. +47 22 48 10 50

**Terje Mauer**

*terje.mauer@dnb.no*

**FEARNLEY FONDS ASA**

PO Box 1158 Sentrum  
N-0107 Oslo  
Tel. +47 22 93 60 00

**Jan Magne Galåen**

*j.galaen@fearnleys.no*

**GJENSIDIGE NOR EQUITIES ASA**

PO Box 484 Sentrum  
N-0107 Oslo  
Tel. +47 23 10 56 00

**Tom Arbøll**

*tom.arboll@gne.no*

**HANDELSBANKEN SECURITIES**

PO Box 332 Sentrum  
N-0101 Oslo  
Tel. +47 22 94 09 00

**Espen Marcussen**

*esma01@handelsbanken.se*

**NORDEA SECURITIES**

PO Box 1166 Sentrum  
N-0107 Oslo  
Tel. +47 22 48 50 00

**Gudmund Isfeldt**

*gudmund.isfeldt@nordeasecurities.com*

**ORKLA ENSKILDA SECURITIES ASA**

Tordenskioldsgate 8-10  
N-0160 Oslo  
Tel. +47 21 00 85 00

**Sten Einar Lunder**

*sten.lunder@enskilda.no*

**PARETO SECURITIES ASA**

PO Box 1411 Vika  
N-9115 Oslo  
Tel. +47 22 87 87 00

---

**Frank Harestad**

*frank.harestad@pareto.no*

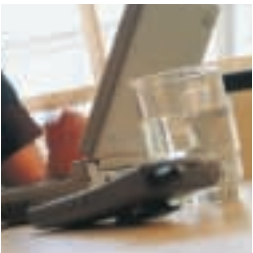
# THIS IS HYDRALIFT



Hydralift is internationally recognised as a leading supplier of hydraulic and electric systems and equipment for selected niches in the offshore and marine markets.

The activities are concentrated in three main areas:

- Drilling and compensation equipment for fixed and floating offshore installations
- Surface and subsea handling equipment for offshore activities
- Handling equipment for marine activities



Increasingly the Group's activities are based on delivery of extensive equipment packages, but single components are still in high demand. The after market activity is considerable in all business areas.

Hydralift's leading market position is mainly due to the company's ability to develop cost-effective solutions, with high quality and excellent operational properties in close co-operation with key customers. Other important elements include emphasis on compliance with delivery schedules and agreed budgets. An extensive network of sub-contractors and license partners world-wide contributes to low costs and great flexibility with respect to fabrication.

The parent company, Hydralift ASA, is located in

Kristiansand, Norway. In addition there are operational subsidiaries in France, Great Britain, and the US. Thus closeness is ensured to the key markets for oil and gas exploration and production.

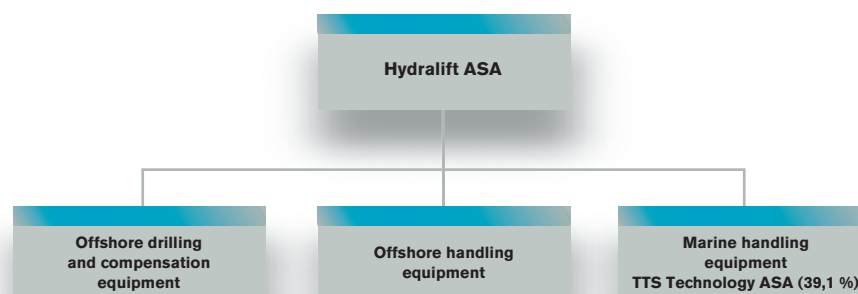
The Group has 860 employees, whereof 523 are based in Norway. In addition the partly owned group TTS Technology has 330 employees. The majority of the employees are highly qualified and experienced engineers.

Hydralift ASA was established in 1965, and has been listed on the Oslo Stock Exchange since 1996.

## COMMON TECHNOLOGY BASE

The development in all business areas is mainly based on a common technology base; i.e. high pressure hydraulics. In recent years advanced control systems have become increasingly important in the product portfolio.

Development work mainly takes place internally. Together with its co-operation partners the Group has developed one of the world's leading centres of expertise within advanced hydraulic systems. Following a period of mainly organic growth, the company last year expanded its technology base as well as its product line through strategic acquisitions.





# THE DIAMOND PROJECT

**Hydralift is one of the few companies in its field that supplies complete systems. Focus on delivery of complete solutions is a customer driven process. The consolidation of the global oil and gas industry in recent years has created fewer and larger entities. These companies prefer to relate to fewer suppliers that deliver**

**complete systems. Hydralift has managed to adapt to these new requirements. Hydralift's products have high operational stability. Within the oil and gas industry Hydralift's products are renown for their minimum down time.**

**Operational stability and reliability create high credibility. Operational stability is created through the**

**know-how and long experience of the employees – by integrating the process of innovation and product development with familiar and field-proven technology. Hydralift is a knowledge-based company that develops new and advanced products, but still applies familiar technology when it is for the better.**





## OFFSHORE DRILLING AND COMPENSATION EQUIPMENT



Within this segment Hydralift is the most complete supplier of equipment and systems to the offshore oil and gas industry. Throughout 2001 the company has strengthened its position as the leading supplier of large equipment packages to semi-submersible drilling platforms. Through the acquisition of Hydralift Procon AS (Procon Engineering AS) in February 2001, the product portfolio was extended to include complete systems for treatment of drilling mud.

The business area includes:

- The drilling division of Hydralift ASA
- Hydralift Inc.
- Hydralift (UK) Ltd.
- Hydralift Procon AS

### THE DRILLING DIVISION IN HYDRALIFT ASA

The drilling division is a total supplier of drilling packages for fixed and floating platforms, and supplier of single components for on- and offshore drilling for



oil and gas. The division co-ordinates sales involving deliveries from two or more companies/divisions within the Group.

The activity in the first half was mainly related to the Ringhorne and Kvitbjørn projects, as well as deliveries to Diamond Offshore Drilling for conversion of the Ocean Baroness drilling rig. The equipment package for Ocean Baroness was delivered

one month ahead of schedule and within budget, an achievement that resulted in an extra bonus for Hydralift. The activity level in the second half was very high, mainly related to the Kvitbjørn, GlobalSantaFe, OD21 and Ocean Rover projects.

The division had its best year ever with regard to new orders for equipment packages. Contracts were signed for deliveries to the following projects: Two new-built semi-submersible drilling rigs for GlobalSantaFe, a new drilling ship for Mitsubishi Heavy Industries/Jamtec, conversion of a semi-submersible drilling rig for Diamond Offshore Drilling, and a newbuilt semi-submersible drilling rig for Mærsk offshore. The NOK 800 mill order from GlobalSantaFe is the largest order ever placed with Hydralift. The order backlog at the beginning of 2002 is good. Bidding activity is high, and the division expects the positive development in recent years to continue in 2002. The division's main office is located in Kristiansand, Norway, with 120 employees.

#### HYDRALIFT INC.

Hydralift Inc. in Houston, Texas, maintains the Group's day-to-day relations with the players in the major deep-sea markets in the Gulf of Mexico and offshore Brazil. The company has special know-how in the areas of riser systems and handling systems for drilling equipment.

Hydralift Inc. co-operated with the parent company on several deliveries to development projects in the Gulf of Mexico in 2001. These projects included eight compensation systems for Shell's Brutus tension leg

platform, drilling equipment and handling systems as well as cranes for the semi-submersible drilling platform Ocean Baroness for Diamond Offshore, and for the Cal Dive's semi-submersible construction support and well intervention platform.

The company has a considerable order backlog, including deliveries to drilling as well as production units for major drilling contractors and operators. These contracts include drilling equipment, riser and pipe-handling systems, as well as cranes. With an increasing number of development projects being realised in the Gulf of Mexico, there is a growing demand for advanced riser handling systems. In this niche Hydralift Inc. has developed a new solution, with the first delivery to take place in the second quarter of 2002. The new system will be proposed for several upcoming projects in the Gulf of Mexico as well. Hydralift Inc. has 35 employees and is centrally located in the Houston area. Assembly, testing and servicing is carried out in the company's well-equipped workshop.

#### HYDRALIFT (UK) LTD.

Hydralift (UK) Ltd. is located in Leeds, and is the Group's UK sales office. In addition the company supplies engineering services to the parent company. At year-end the company had 5 employees.

#### HYDRALIFT PROCON AS

Hydralift Procon is a total supplier of systems for storage, mixing, treatment and re-injection of drilling fluids on fixed and floating platforms. The company is the market leader in the North Sea, and is continuously increasing its activities in other offshore markets. The 2001 activity level has been very high, with major deliveries to production and water injection projects in the North Sea, as well as semi-submersible drilling platforms. In addition several upgradings of existing installations have been carried out. After sales activities have increased considerably through the year.

In 2001 the company was awarded a number of new contracts for deliveries to companies such as Mærsk, Jamtec and GlobalSantaFe. Thus the order backlog is considerable. The market is characterised by heavy bidding activities, and the company's positive development last year is expected to continue. After market activities are expected to increase as well.

Hydralift Procon has approx. 45 employees and is located in Asker, outside Oslo, Norway. A UK subsidiary mainly supplies weighing and dosing equipment to land-based industry. The company is located outside London and has 37 employees. The company undertakes considerable development activities.

# OFFSHORE HANDLING EQUIPMENT



Through several decades Hydralift has carried out development work on marine lifting equipment and cranes. This work constitutes the basis for the company's present portfolio of offshore surface and subsea handling equipment for fixed and floating installations, and for special purpose vessels. The product range as well as the activity level was considerably expanded through the following strategic purchases in 2001:

**April:** Hydralift Molde Crane (AS Stålprodukter) – offshore cranes

**May:** Hydralift BLM (France) – mooring, jacking systems and cranes

**December:** TTS-Aktro – offshore cranes

In addition co-operation was established with the Dutch company SAS Gouda for pipe-laying equipment, along with acquisition of a 34 per cent minority share in the company.

In February 2002 it was agreed to purchase AmClyde Engineered Products (USA) from the bankruptcy estate of Friede Goldman Halter. This acquisition is subject to legal approval, which is expected in mid April. AmClyde is a recognised

supplier of products within mooring and cranes, as well as cable- and pipe laying. In addition Hydralift will strengthen its US presence considerably through AmClyde.

**The business area includes:**

- The crane division of Hydralift ASA
- Hydralift Molde Crane AS
- TTS-Aktro AS
- Hydralift BLM SA
- The cable- and pipelaying division of Hydralift ASA

## THE CRANE DIVISION OF HYDRALIFT ASA

The crane division supplies offshore box boom and knuckle boom cranes for fixed and floating platforms, drilling and production ships, special purpose vessels for subsea operations, as well as pipe handling cranes for drilling modules. The activity level in 2001 was very high, with delivery to the drill ship OD-21 for Mitsubishi Heavy Industries/Jamstec in Japan and Petrobras in Brazil as the largest ongoing projects. Further, a number of large heavy compensated cranes for special purpose vessels and subsea operations have been delivered. In addition pipe handling cranes have been delivered to most of the equipment packages handled

by the drilling division. Heave compensated cranes for Solstad and Geo Shipping, along with knuckle boom cranes for SBM made up the largest orders in 2001.

The order backlog at the beginning of 2002 is good. The bidding activity is high, and the division expects further growth next year.

The division is located in Kristiansand and has 40 employees.

#### **HYDRALIFT MOLDE CRANE AS**

Hydralift Molde Crane is among the leading crane suppliers for the offshore market, with a particularly high standing within development and delivery of lattice boom cranes.

In 2001 nine deliveries took place to major operating companies, including BP/Amoco, Exxon, Norsk Hydro, and Phillips Petroleum. Additional deliveries include seven offshore loading stations, with six more to be delivered in 2002.

The outlook for 2002 is very good, partly as a consequence of the award of strategically important contracts for development projects offshore West Africa. Included in these contracts are three cranes for Shell's Bonga development and two cranes for Exxon Mobil's Kozomba development. These deliveries contribute to the company's record high order backlog at the beginning of 2002.

Hydralift Molde Crane has 70 employees. Its offices and test facilities are located in Molde, Norway. Following the planned consolidation with TTS-Aktro in 2002, the company will become Hydralift's technology centre for offshore cranes.

#### **TTS-AKTRO AS**

TTS-Aktro supplies cranes, winching systems and other equipment to the offshore oil and gas industry.

The activity level in TTS-Aktro increased through 2001, and reached its peak in the fourth quarter. The most important projects were three cranes ordered by Amec (UK) for ExxonMobil, whereof one for the Skene platform and two replacements on the Beryl Alpha platform. In addition two offshore cranes were delivered to ABB for installation on Statoil's Kvitebjørn platform.

The order intake in 2001 was very good. The most important orders were for two offshore pedestal cranes to ABB, and winching systems for risers to Kellogg Brown & Root for the FPSO's to be used by Petrobras on the Barracuda and Caratinga fields in Brazil. The order backlog at the beginning of 2002 is good, and the company expects an increase in activities as compared to 2001.

The main office of TTS-Aktro is located in Molde, Norway, with approx. 40 employees. A subsidiary in Gdansk, Poland, has 10 employees. The company will be consolidated with Hydralift Molde Crane in the course of 2002.

#### **HYDRALIFT BLM SA**

In addition to representing Hydralift in the French market, Africa and the Middle East, Hydralift BLM has special know-how within crane and mooring systems, as well as jacking systems for jack-up platforms. The company also supplies other special products for the offshore industry, as well as marine equipment including cranes and mooring systems for the cruise industry.

The activity level in Hydralift BLM has been very high throughout 2001. Deliveries include two jacking systems for jack-up rigs for Mærsk. These platforms have been designed for an ultra harsh environment, and will be the largest jack-up rigs ever built. In co-operation with AmClyde the company has developed and fabricated an advanced mooring system for ultra-deep waters. In addition, a number of deliveries of mooring systems and cranes for the international marine market have taken place.

The order backlog includes two jacking systems for jack-up platforms to GlobalSantaFe, as well as a mooring system for a semi-submersible platform for Mærsk.

In the marine sector, the order backlog includes deck machinery for 22 ships, whereof 17 cruise vessels. In spite of a high order backlog at the beginning of 2002, the company expects the activity to be somewhat reduced as compared to the 2001 record level.

The French companies Hydralift BLM and BOPP have a total of 265 employees.

#### **THE CABLE- AND PIPE-LAYING DIVISION OF HYDRALIFT ASA**

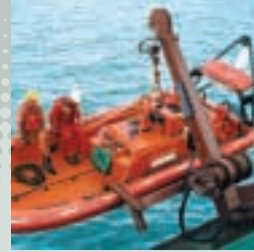
During the last year the cable- and pipe-laying division has positioned itself as a total supplier of equipment packages for vessels for laying optical fibre cables, as well as flexible and fixed pipes. In co-operation with partly owned SAS Gouda the division may supply complete equipment packages for this market.

Due to the downturn in the telecommunications market, the activity has mainly been related to completion of contracts for cable-laying equipment, as well as start-up of 15-20 completed installations. Customers include A.P. Møller, Global Marine, Tycom, International Telecom Group and NSW. All vessels are presently in operation, and Hydralift has received very positive feedback regarding the performance of the equipment.

Within pipe-laying the second half of 2001 was characterised by very high bidding activity in co-operation with SAS Gouda, and the division expects a very positive development in this market segment in the time to come.

The division is located in Kristiansand, Norway, and has approx. 30 employees.

# MARINE HANDLING EQUIPMENT



**In 2001 Hydralift initiated a restructuring of its long-established marine cranes business area. The first step was the acquisition of BLM, which strengthened the Group's position in the market for marine cranes and mooring systems. Thereafter the subsidiary Hydralift Marine was sold to TTS Technology in order to be merged with its crane activities. The consolidation will be completed in the first half of 2002.**

**Following these transactions, the business area will consist of :**

- **The marine activities of Hydralift BLM SA (pls. refer to offshore handling equipment)**
- **39.1 per cent ownership in TTS Technology ASA**

#### **TTS TECHNOLOGY ASA**

TTS Technology (TTS) has implemented considerable restructuring activities in the course of 2001. This includes acquisition of Hamworthy's division for dry cargo handling in December, as well as the agreement

with Hydralift for acquisition of Hydralift Marine, and for the sale of the TTS offshore activities, respectively. Following the restructuring, TTS is positioned as an international group, which develops and delivers marine systems and equipment through three divisions.

The Marine Cranes Division develops and delivers marine cranes. TTS is the world's largest supplier of hose handling cranes, and a major supplier of provision cranes, as well as cranes for loading and unloading. The Norwegian operation is organised under the parent company TTS ASA, with offices in Bergen and Kristiansand. The joint venture company TTS-Plimsoll Co. Ltd. handles sales activities and follow-up of deliveries in China.

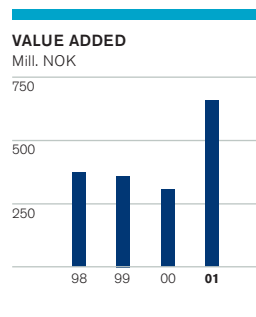
The Dry Cargo Division develops and delivers complete systems for handling of shiploads; side ramps, Ro-Ro equipment, hatch covers, and special equipment for cruise ships. TTS is among the world's three largest suppliers within these product areas. The division has operations in China, Germany and Sweden.

The Materials Handling Division develops and delivers equipment for handling of materials in shipyards and other industrial sites, as well as technology for container terminals. The division is located in Drøbak, Norway.

TTS has a good order backlog at the beginning of 2002, and expects an activity level in line with 2001.

The head office of the TTS group is located in Bergen, and the company has 330 employees.

# VALUE ADDED STATEMENT



NOK 1,000	2001	2000	1999
Total operating revenue	<b>2 308 856</b>	1 135 981	1 396 182
Consumption of purchased goods and services	<b>1 624 173</b>	811 076	1 065 690
Gross value added	<b>684 683</b>	324 905	330 492
Depreciation/amortisation	<b>35 707</b>	12 050	11 869
Net value added	<b>648 976</b>	312 855	318 623
Financial revenues	<b>23 882</b>	7 093	36 905
Profit from extraordinary income and expenses	-	-	-
<b>Total value added</b>	<b>672 858</b>	319 948	355 528
<b>Distribution of value added</b>			
Employees:			
Salaries and social benefits (ex. taxes and employer's contribution)	<b>237 172</b>	136 100	132 043
State and communities:			
Withdrawal of employee taxes	<b>78 129</b>	42 871	47 712
Employer's contribution National Insurance	<b>50 699</b>	24 459	21 108
Investment tax	<b>1 722</b>	624	388
Company tax	<b>90 858</b>	30 812	41 223
Contributors of capital:			
Lenders – interest	<b>24 722</b>	5 303	10 593
Shareholders – dividend	<b>57 448</b>	-	71 601
The companies:			
Retained for security and new value added	<b>132 108</b>	79 779	30 860
<b>Total distributed</b>	<b>672 858</b>	319 948	355 528

## ADDRESSES

**NORWAY:**

HEAD OFFICE:  
**Hydralift ASA**  
 Servicebox 401  
 N-4604 Kristiansand  
 Norway  
 Tel. +47 38 19 20 00  
 Fax +47 38 19 23 11

**Hydralift Molde Crane AS**

Grandfjæra 24  
 N-6415 Molde  
 Norway  
 Tel. +47 71 20 20 20  
 Fax +47 71 20 20 22

**Hydralift Procon AS**

PO Box 168  
 N-1371 Asker  
 Norway  
 Tel. +47 66 76 07 50  
 Fax +47 66 90 23 53

**TTS-Aktro AS**

Hjelset  
 6450 Hjelset  
 Norway  
 Tel. +47 71 24 58 00  
 Fax +47 71 24 58 10

**FRANCE:**

**Hydralift BLM SA**  
 15, rue de la Métallurgie  
 44477 NANTES-Carquefou  
 CEDEX  
 France  
 Tel. +33 240 68 36 26  
 Fax +33 240 68 36 38

**BOPP-Treuil JEB**

La Maison Blanche  
 29160 Lanveoc  
 France  
 Tel. +33 298 27 52 68  
 Fax +33 298 27 55 85

**UK:**

**Hydralift (UK) Ltd.**  
 Leeds Container Base  
 Valley Farm Way  
 Stourton, Leeds LS10 1SE  
 England  
 Tel. +44 113 270 8642  
 Fax +44 113 270 9078

**Procon Engineering Ltd.**

Vestry Estate, Sevenoaks  
 Kent TN14 5EL  
 England  
 Tel. +44 1732 7813 00  
 Fax +44 1732 7813 11

**USA:**

**Hydralift Inc.**  
 14450 J.F.K. Boulevard  
 Houston, Texas 77032, USA  
 Tel. +1 281 925 2800  
 Fax +1 281 925 2801

**Hydralift AmClyde Inc.**

240 E. Plato Blvd.  
 St. Paul, MN 55107-1631  
 USA  
 Tel. +1 651 293 4646  
 Fax +1 651 293 0276

**BRAZIL:**

**Hydralift do Brasil Ltda.**  
 Rua Academico Paulo SC  
 Vasconelos, 207  
 Novo Cavaleiros  
 27930-260 Macaé, RJ, Brazil  
 Tel. +55 22 2773 5465  
 Fax +55 22 2773 5462

**IRAN:**

**Hydralift-Iran**  
 No. 3 West Apt. 17 Anahid  
 Building  
 East Nahid St. Afrigha Ave.  
 1497 Tehran, Iran  
 Tel. +9821 201 83 29  
 Fax +9821 204 79 77



