

Offer Document

Voluntary offer
to acquire all outstanding shares of



Hydralift ASA

made by:



National Oilwell-Hydralift AS
a subsidiary of
National-Oilwell, Inc.

Offer price:
NOK 55 per share in cash

Offer period:

From and including 8 November to and including 22 November 2002

Managed by:

FIRST securities ASA

8 November 2002

Important information

This Offer Document has been approved by Oslo Børs in accordance with the Norwegian Securities Trading Act Section 4-18. Such approval does not constitute a guarantee by Oslo Børs that the facts stated in this Offer Document are accurate or complete.

Shareholders must rely upon their own examination of this Offer Document and should study this Offer Document carefully. Shareholders should not construe the contents of this Offer Document as legal, accounting or tax advice, or as information necessarily applicable to each Hydralift Shareholder's particular situation. Each Shareholder should consult his own advisers for independent advice so that a balanced judgment can be made of the Tender Offer and all that is discussed and described in this Offer Document. Each Shareholder should also consult with its own advisers as to the legal, tax and other implications of the Tender Offer.

The information contained, and incorporated by reference, in this Offer Document with respect to Hydralift and its subsidiaries is, or consists of, extracts from, or summaries of, publicly available information. Neither National-Oilwell, nor First Securities, or Bugge, Arentz-Hansen & Rasmussen nor any other person accept any responsibility for the contents and distribution of this Offer Document other than as set out in the statements appearing under the heading "Declarations".

No person has been authorized to give any information or make any representation on behalf of National-Oilwell not contained in this Offer Document including the accompanying form of acceptance and if given or made, such information or representation must not be relied upon as having been authorized.

The delivery of this Offer Document shall not, under any circumstances, create any implication that there has been no change in the affairs of Hydralift or National-Oilwell since the date hereof or that the information in this Offer Document or in the documents referred to herein is correct as of any time subsequent to the dates hereof or thereof.

The Offer Document has been produced in the English language. A Norwegian language summary has also been produced. In the event of any discrepancy between the contents of the English and Norwegian text, the English text will take precedence.

Hydralift shareholders not resident in Norway are advised that their ability to accept the Tender Offer may be limited by the laws of their jurisdiction. This Tender Offer is not being made directly or indirectly in any jurisdiction where prohibited by applicable law and this Offer Document and related acceptance forms may not be distributed, forwarded or transmitted into or from any jurisdiction where prohibited by applicable law. The Tender Offer is not being made directly or indirectly in Canada. This Offer Document is being mailed to holders of Hydralift shares in Canada for informational purposes only. Persons wishing to accept the offer must do so from outside Canada. Envelopes containing acceptance forms must not be post marked in Canada, or mailed faxed or otherwise dispatched from Canada, and all accepting Hydralift shareholders must provide addresses outside Canada. Any purported acceptance of the Tender Offer in breach of these requirements will not be valid.

Any dispute arising out of, or in connection with this Offer Document shall be governed by Norwegian law and settled exclusively by the Norwegian courts, se Section "Choice of law - jurisdiction" in Chapter 1 "The Tender Offer".

Special Cautionary Notice Regarding Forward looking Statements

Certain statements made in this Offer Document that are forward-looking in nature, are intended to be "forward-looking statements" within the meaning of Section 21E of the US Securities Exchange Act of 1934 and may involve risks and uncertainties. These statements may differ materially from actual future events or results. Readers are referred to documents filed by National Oilwell with the Securities and Exchange Commission, including the Annual Report on Form 10-K, which identify significant risk factors which could cause actual results to differ from those contained in the forward-looking statements.

No forward-looking statements regarding Hydralift are made in this Offer Document, and no statement herein should be interpreted as to constitute any such statement or to imply that any such statement is being made.

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Definitions

In this Offer Document, the below definitions has the following meaning, unless otherwise expressed. These definitions also apply to the pages preceding this section.

| | |
|----------------------------------|---|
| Acceptance Form | The form of acceptance set out in appendix 6 to this Offer Document to be used by Hydralift Shareholders, who wish to accept the Tender Offer. |
| Public Limited Companies Act | The Norwegian Public Limited Company Act of 13 June 1997 No 45. |
| ANS | Norwegian company with unlimited liability. |
| Business Day | Any day except a Saturday, Sunday or any other day on which commercial banks in Oslo, Norway are not open for general business. |
| Call Options | Agreements granting National-Oilwell the right to purchase all shares in Hydralift owned by Bjarne Skeie, Skeie Group AS (a company controlled by Bjarne Skeie), Tom Froberg, Geir Worum, Peter J. Moe, Tor Henning Lien, Øyvind Reiten and Birger Skeie. |
| Closing Date | The date of which all conditions of the Tender Offer have been fulfilled or, where applicable, waived, and National-Oilwell has accepted for payment all Hydralift Shares validly tendered pursuant to the Tender Offer, as evidenced by a completion announcement. |
| Combination Agreement | The agreement entered into between National-Oilwell and Hydralift dated 10 October 2002 setting out i.e. the terms and conditions to combine the business of the two companies. |
| Conditions | The conditions that National-Oilwell requires satisfied, if not waived, to complete the transaction. |
| EU | The European Union. |
| Expiration Date | 17:00 Oslo time (11:00 am United States Eastern Time) 22 November 2002, unless and until National Oilwell shall have extended the Offer Period, in which event the Expiration Date shall mean the time and date as further specified by National-Oilwell. |
| First Securities | First Securities ASA. |
| Hydralift | Hydralift ASA. |
| Hydralift Group | Hydralift and its subsidiaries. |
| Hydralift Shareholder | Owner of shares in Hydralift. |
| Hydralift Shares | The shares in Hydralift, each with a nominal value of NOK 0.14. |
| KS | Norwegian limited partnership/partnership company. |
| National-Oilwell | National-Oilwell, Inc. |
| National-Oilwell Group | National-Oilwell and its wholly owned subsidiaries. |
| NOK | Norwegian kroner, the lawful currency of Norway. |
| NYSE | New York Stock Exchange. |
| Offer Document | This document describing the Tender Offer. |
| Offeror | National Oilwell-Hydralift AS, a 100% owned subsidiary of National Oilwell, Inc. |
| Offer Period | The period from 8 November 2002 to 17:00 Oslo time (11:00 am United States Eastern Time) 22 November 2002 and any extension thereof as further specified by National-Oilwell. |
| Offer Price | NOK 55 per Hydralift-Share paid through cash settlement. |
| p.a. | pro anno. |
| Register of Business Enterprises | The Norwegian Register of Business Enterprises. |
| Securities Trading Act | Norwegian Securities Trading Act of 19 June 1997 No 79. |
| Settlement | The payment of the cash offer to accepting Hydralift Shareholders. |
| Settlement Date | The date of payment to accepting Hydralift Shareholders, no later than 14 days after Closing Date. |

| | |
|----------------|---|
| Target Company | Hydralift ASA. |
| Tender Offer | The voluntary offer made by National-Oilwell to acquire all of the issued and outstanding Hydralift Shares, on the terms of which are set out in this Offer Document. |
| USA | United States of America. |
| USD | American dollars, the lawful currency of United States of America. |
| VPS | Verdipapirsentralen, the Norwegian Central Securities Depository. |

Declarations

Statement from National-Oilwell, Inc. and National Oilwell-Hydralift AS

This Offer Document has been prepared by National-Oilwell, Inc. and National Oilwell-Hydralift AS according to the Norwegian Securities Trading Act Section 4-18 in order to provide the shareholders of Hydralift ASA with a basis for assessing the Tender Offer set out herein. The information regarding Hydralift ASA has been prepared on the basis of publicly available information and information made available by Hydralift. National-Oilwell, Inc. and National Oilwell-Hydralift AS have not verified independently the information regarding Hydralift ASA, which is included in this Offer Document. National-Oilwell, Inc. and National Oilwell-Hydralift AS cannot assume any responsibility for the correctness or accuracy of the information included in this Offer Document regarding Hydralift ASA.

As of 8 November 2002, National-Oilwell, Inc. controls 7,205,566 shares (22.80 per cent) in Hydralift ASA through call option agreements entered into 10 October 2002.

Houston, 8 November 2002
National-Oilwell, Inc.
Merrill A. Miller
President & Chief Executive Office

Stavanger, 8 November 2002
National Oilwell-Hydralift AS
Merrill A. Miller
Chairman of the Board

Statement from First Securities ASA

First Securities ASA has prepared this Offer Document in collaboration with National-Oilwell, Inc. and National Oilwell-Hydralift AS. The information on Hydralift ASA contained herein is based on publicly available information and information received from Hydralift ASA. The information on National-Oilwell, Inc. contained herein is based on publicly available information and information received from National-Oilwell, Inc.

First Securities ASA cannot guarantee that the contents of the Offer Document are correct or complete, and can therefore not assume any legal or financial responsibility for the Offer Document or the Tender Offer.

As of 8 November 2002 First Securities ASA owns no shares in National-Oilwell, Inc., National Oilwell-Hydralift AS and Hydralift ASA. Employees of First Securities ASA own 187 shares in National-Oilwell, Inc. and no shares in National Oilwell-Hydralift AS and Hydralift ASA as of the same date.

Oslo, 8 November 2002
First Securities ASA

Statement from Bugge, Arentz-Hansen & Rasmussen

We have acted as Norwegian legal adviser to National-Oilwell, Inc., National Oilwell-Hydralift AS and First Securities ASA in connection with the Tender Offer.

We have reviewed this Offer Document dated 8 November 2002. In our view the Offer Document complies with the relevant regulations governing voluntary offers pursuant to Chapter 4 of the Norwegian Securities Trading Act. Furthermore, in our view, the matters contained in Chapters 1 and 7 of this Offer Document regarding tax-related matters are correctly described.

This statement is strictly limited to matters governed by Norwegian law. We express no opinion in relation to the description of commercial, financial or accounting issues described in this Offer Document.

Oslo, 8 November 2002
Bugge, Arentz-Hansen & Rasmussen

Statement issued by the Board of Directors of Hydralift

On 11 October 2002 the Board of Directors of Hydralift and National-Oilwell announced that National-Oilwell and Hydralift had entered into the Combination Agreement under which National-Oilwell, subject to certain terms and conditions, should launch an offer to acquire all shares in Hydralift by making the Tender Offer.

The Board of Directors and the Chief Executive Officer hereby presents their statement concerning the Tender Offer in accordance with § 4-16 of Norwegian Securities Trading Act.

Prior to entering into the Combination Agreement the management and the board of directors of Hydralift have with the assistance of their advisors evaluated various alternatives for changing the ownership structure of Hydralift and have as part of that process conducted discussions with the management and board of directors of National-Oilwell in order to review possible common business opportunities. In this cause National-Oilwell and Hydralift have come to the conclusion that it would be in the best interest of the companies and their shareholders to combine the businesses of National-Oilwell and Hydralift in order to create a strong platform for growth.

As of 10 October 2002, 8 shareholders representing 22.80 per cent of the shares in Hydralift have granted National-Oilwell a call option to acquire the shares at a price equal to the Offer Price. The call option is exercisable until 31 March 2003 (including).

The employees' representatives on the Board of Directors of Hydralift have voted in favor of Hydralift entering into the Combination Agreement based on National-Oilwell's desire to further develop and continue Hydralift's role and position within the offshore drilling equipment, offshore production equipment and floating production markets and to conduct those activities out of Kristiansand. The employees' representatives have granted call options to National-Oilwell for their shares.

National-Oilwell's offer price is NOK 55 in cash for each Hydralift share. This represents a premium of 59.4 per cent to the Hydralift share closing price at NOK 34.50 on the Oslo Stock Exchange on 10 October 2002; the day before the Combination Agreement was announced.

The Board of Directors has for the purpose of the evaluation of the offer received a separate opinion from Pareto Securities ASA, who has expressed the view, based on the current market conditions, that the price offered is a fair price for the Hydralift shares.

Based on an overall evaluation the Board of Directors of Hydralift recommends that the Hydralift shareholders accept the Offer from National-Oilwell.

Such recommendation may, however, subject to the provisions of Section 1.3 of the Combination Agreement, be withdrawn before the end of the Tender Offer Period if there is launched a competing offer, and the Board of Directors, after having obtained advice from its legal counsel, determines in good faith that a failure to so cancel, modify or amend its recommendation would under applicable laws constitute a breach of its fiduciary duties towards the shareholders of Hydralift. If National-Oilwell in such case increases its Offer to or above the competing bid, we will uphold and express our recommendation of the increased Offer from National-Oilwell.

Further, our recommendation is subject to the fact that all relevant governmental bodies approve the transactions without issuing requirements materially affecting the future business of the companies.

The following members of the Board of Directors hold shares in Hydralift:

| | | |
|-------------------------------------|-----------|--------|
| Bjarne Skeie and Skeie Group AS (*) | 7,146,766 | shares |
| Tom Froberg | 5,000 | shares |
| Geir Worum | 5,000 | shares |
| Peter J. Moe | 2,500 | shares |
| Tor Henning Lien | 2,200 | shares |
| Øyvind Reiten | 1,500 | shares |

() Skeie Group AS is a company controlled by Bjarne Skeie*

Furthermore, Birger Skeie, the Chief Executive Officer of Hydralift, holds 42,600 shares.

The members of the Board of Directors and the Chief Executive Officer have granted call options to National-Oilwell as far as all their own shares are concerned.

Hydralift Shareholders should note that in the event that more than 90 per cent of the Hydralift shareholders accept the Offer, the result will in all probability be that the Hydralift share will no longer be listed on the Oslo Stock Exchange and that the minority shareholders will be redeemed.

Birger Skeie, the Chief Executive Officer of Hydralift, supports this statement from the Board of Directors.

Kristiansand, 4 November 2002

Bjarne Skeie,
Chairman of the Board

Tom Froberg

Peter J. Moe

Geir Worum

Øyvind Reiten

Einar Birkeland

Tor Henning Lien

Birger Skeie,
Chief Executive Officer

Norsk Sammendrag/Norwegian Summary

Dette kapittelet er en oversettelse fra engelsk til norsk av de mest sentrale forhold i tilbudsokumentet. Der det er avvik eller uoverensstemmelser mellom den engelske og norske versjonen, vil den engelske versjonen være den gjeldende.

Styret i henholdsvis National-Oilwell og Hydralift har besluttet at det er til det beste for de respektive selskapene og aksjonærene å forene virksomheten til National-Oilwell og Hydralift ved at National-Oilwell kjøper aksjene i Hydralift gjennom et offentlig frivillig tilbud.

10. oktober 2002 inngikk National-Oilwell og Hydralift en avtale om sammenslåing hvor det er fastsatt at National-Oilwell skal fremsette dette frivillige tilbudet til Hydralifts aksjonærer. Avtalen om sammenslåing omfatter bestemmelser med hensyn til vilkårene og betingelsene for National-Oilwells tilbud og hovedbestemmelser for den fremtidige sammenslåingen av selskapene.

10. oktober 2002 undertegnet National-Oilwell avtaler som gir dem ugjenkallelige rettigheter til å kjøpe alle Hydralift-aksjer som eies av Bjarne Skeie, Skeie-Group AS (et selskap som kontrolleres av Bjarne Skeie), Tom Froberg, Geir Worum, Peter J. Moe, Tor Henning Lien, Øyvind Reiten og Birger Skeie. Bjarne Skeie er styreformann og den største aksjonæren i Hydralift. De øvrige selgerne er styremedlemmer i selskapet, med unntak av Birger Skeie som er administrerende direktør. Kjøpsopsjonene kan innløses på et hvilket som helst tidspunkt frem til og med 31. mars 2003. Innløsningskursen er NOK 55 per aksje, og opsjonspremien er NOK 1,68 per aksje.

I henhold til avtalen om sammenslåing fremsetter National-Oilwell herved tilbudet om å overta alle utstedte og utestående Hydralift-aksjer til en pris på NOK 55 per Hydralift-aksje, på de vilkår og med de forbehold og de betingelser som er fastsatt i dette tilbudsokumentet.

Tilbyderen

Tilbudet fremlegges av:

National Oilwell-Hydralift AS
Lagerveien 8
P.O. Box 8181
4069 Stavanger
Norge

National Oilwell-Hydralift AS er et aksjeselskap som er organisert, og driver virksomhet, i henhold til norsk lovgivning. Selskapet er registrert i Foretaksregisteret og har organisasjonsnummer 984 755 406. National Oilwell-Hydralift AS er et heleiet datterselskap av

National-Oilwell, Inc.
10000 Richmond
Houston, Texas
USA

National-Oilwell er et selskap med begrenset ansvar som er omfattet av lovgivningen i Delaware. National-Oilwell-aksjen er notert på New York Stock Exchange og har børs tickeren NOI.

I dette tilbudsokumentet benyttes National-Oilwell som betegnelse på tilbyderen.

Målselskapet – Hydralift ASA

Målselskapet er:

Hydralift ASA
Korsvik/Dvergsnes
4604 Kristiansand S,
Norge

Hydralift er et aksjeselskap som er organisert, og driver virksomhet, i henhold til norsk lovgivning. Selskapet er registrert i Foretaksregisteret og har organisasjonsnummer 958 839 014. Hydralift-aksjene er registrert i Verdipapirsentralen og har internasjonalt verdipapirnummer ISIN: NO0003031908. Hydralift har vært notert på Oslo Børs siden 1996 og har børstickeren HYD.

Hydralifts aksjekapital per 8. november 2002 er NOK 4.424.984,48 fordelt på 31.607.032 aksjer, hver med en pålydende verdi på NOK 0,14.

Tilbudsprisen

Den tilbudte prisen per Hydralift-aksje er:

NOK 55 utbetalt kontant

National-Oilwell kan velge å øke tilbudsprisen. Fordelen ved en økt salgskurs vil også tilfalle de Hydralift-aksjonærene som har akseptert tilbudet til den opprinnelige tilbudsprisen eller med tidligere økninger. Aksept fra, eller på vegne av, en Hydralift-aksjonær som tidligere har akseptert tilbudet, skal anses som en aksept av tilbudet med økt tilbudspris.

Rentegodtgjørelse

Dersom tilbudet ikke er avsluttet innen 31. desember 2002, fordi de påkrevde godkjenningene i henhold til gjeldende konkurranselovgivning ikke er avgitt, vil National-Oilwell betale rente med en rentesats på 7,0 prosent per år, beregnet fra 31. desember 2002 og frem til oppgjør, eller frem til Hydralift-aksjene er tilbakeført til de Hydralift-aksjonærene som aksepterte tilbudet.

Tilbudsperioden

Tilbudsperioden begynner fredag 8. november 2002 og utløper 17:00 norsk tid (11:00 United States Eastern Time) fredag 22. november 2002, med mindre National-Oilwell forlenger perioden for forfallsdagen. National-Oilwell har rett til å velge om en aksept som mottas etter forfallsdagen, skal godtas. National-Oilwell kan ikke forlenge tilbudsperioden ut over 31. mars 2003.

Betingelser for gjennomføring av tilbudet

National-Oilwells forpliktelse til å gjennomføre tilbudet forutsetter at følgende betingelser oppfylles eller frafaller:

- At styret i Hydralift anbefaler og opprettholder sin anbefaling overfor Hydralifts aksjonærer om å akseptere tilbudet i henhold til erklæringen i dette tilbudsdokumentet.
- At et antall Hydralift-aksjer som representerer mer enn 90 prosent av det totale antall aksjer og stemmerett for Hydralift-aksjene, herunder eventuelle Hydralift-aksjer som National-Oilwell har kjøpt i markedet, Hydralift-aksjer som har kommet gjennom aksept av tilbudet, og Hydralift-aksjer

som er kontrollert gjennom kjøpsopsjonen eller andre opsjonsavtaler, skal være overtatt og/eller akseptert på en gyldig måte og ikke trukket tilbake i tilbudsperioden.

- At alle statlige og offentlige godkjenninger i henhold til EU's eller USA's konkurranselovgivning og/eller annen gjeldende konkurranselovgivning eller annen lovgivning som er påkrevd for at transaksjonene som her forutsettes, kan fullføres, er behørig innhentet innen 31. mars 2003.
- At ingen domsbeslutning som forhindrer gjennomføringen av tilbudet blir utstedt av noen kompetent domstol.
- At ingen hindringer blir innført eller ingen betingelser blir pålagt av andre nasjonale eller internasjonale myndigheter eller domstoler i forbindelse med overtakelsen av Hydralift som National-Oilwell etter egen vurdering finner urimelige.
- At Hydralift-konsernet ikke på vesentlig måte bryter noen av sine bekreftelser, garantier, klausuler eller avtaler omtalt i avtalen om sammenslåing.
- At det ikke har forekommet hendelser vedrørende Hydralift-konsernet som enkeltvis eller samlet kan ha alvorlige skadevirkninger, finansielt eller på annen måte, for aktivaene i Hydralift-konsernet eller for Hydralift og selskapets forpliktelser, drift, resultater eller utsikter. For at noe skal kunne defineres som en alvorlig skadevirkning må skadevirkningen gjelde en situasjon hvor verdien av Hydralift reduseres med minst NOK 100 millioner.
- At virksomheten i Hydralift-konsernet i perioden fra begynnelsen av tilbudet og frem til oppgjøret for tilbudet har vært videreført på ordinær måte og i henhold til gjeldende lover, regler og beslutninger av offentlige myndigheter, og at det ikke har vært gjennomført noen endringer i Hydralifts aksjekapital, utstedelse av rettigheter til å tegne nye aksjer eller tilsvarende verdipapirer, betaling av utbytte, forslag til aksjonærene om å fusjonere eller fisjonere, eller noen annen endring i selskapsstrukturen.

National-Oilwell kan velge om de vil frafalle én eller flere av ovennevnte betingelser og fullføre tilbudet.

Hovedelementene i avtalen om sammenslåing er beskrevet i kapittel 2 "*Main elements of the Combination Agreement and background information.*"

Det vil bli bekreftet om betingelsene er oppfylt eller frafalt etter at National-Oilwell har mottatt alle nødvendige opplysninger til å kunne vurdere om betingelsene er oppfylt, eller når det er klart at betingelsene ikke vil bli oppfylt. Bekreftelsen må gis før 1. april 2003 og vil bli offentliggjort på den måten som er beskrevet i avsnittet "*Kunngjøring*".

Aksept av tilbudet

For at Hydralifts aksjonærer skal ha akseptert tilbudet må et akseptskjema (eller en kopi av skjemaet) ferdig utfylt og behørig undertegnet, i tillegg til eventuelle påkrevde dokumenter, være sendt eller levert til First Securities og må være mottatt av First Securities på adressen nedenfor, med post, budtjeneste eller telefaks innen utgangen av tilbudsperioden. Med mindre annet er fastsatt, omfatter aksepten hele Hydralift-aksjonærens beholdning av Hydralift-aksjer.

Akseptskjemaet, ferdig utfylt og behørig undertegnet, skal sendes som brev eller telefaks, eller eventuelt leveres til, og mottas av First Securities:

First Securities ASA
Stranden 3A, Aker Brygge
Postboks 1441 Vika
0115 Oslo
Telefon: +47 23 23 80 00
Telefaks: +47 23 23 80 11

National-Oilwell er ikke forpliktet til å godta aksepter som mottas etter at tilbudsperioden er utløpt.

Hydralift-aksjonærer som eier Hydralift-aksjer på flere VPS-kontoer, vil få et akseptskjema for hver VPS-konto.

Alle Hydralift-aksjer som skal aksepteres i henhold til tilbudet, skal overføres uten heftelser og alle andre former for tredjeparters rettigheter og med alle aksjonærrettigheter tilknyttet dem. Eventuelle tredjeparter med registrerte heftelser eller andre rettigheter for tredjeparter i de relevante Hydralift-aksjene og/eller VPS-kontoen(e) må undertegne akseptskjemaet og på denne måten frasi seg sine rettigheter i Hydralift-aksjene og godkjenne overføringen av Hydralift-aksjene til National-Oilwell uten heftelser og alle andre former for tredjeparters rettigheter.

Hver enkelt Hydralift-aksjonær som har sine Hydralift-aksjer registrert hos et meglerfirma, en bank, et forvaltningsselskap eller en annen forvaltningsinstans, skal kontakte den relevante parten dersom de ønsker å akseptere tilbudet.

Ved å fylle ut og levere akseptskjemaet gir Hydralift-aksjonæren First Securities ugjenkallelig fullmakt til å sperre slike Hydralift-aksjer til fordel for First Securities på vegne av National-Oilwell, men ellers uten heftelser. Slik sperring vil bare iverksettes i forbindelse med Hydralift-aksjene som tilbudet er akseptert for. Dermed vil slik sperring være uten virkning for andre verdipapirer som er registrert på samme VPS-konto.

Ved å fylle ut og levere akseptskjemaet gir Hydralift-aksjonæren First Securities også ugjenkallelig fullmakt til å overføre slike sperrede Hydralift-aksjer fra den aktuelle Hydralift-aksjonærens VPS-konto til National-Oilwell når vilkårene og betingelsene er oppfylt.

Mangelfulle aksepter

National-Oilwell forbeholder seg retten til å forkaste enkelte eller alle aksepter av tilbudet hvor aksepten etter selskapets egen vurdering er gjennomført på feil måte, eller er ulovlig på andre måter. National-Oilwell forbeholder seg også retten til å vurdere om aksepten av tilbudet er helt eller delvis gyldig, selv om den ikke er helt riktig eller mangler de påkrevde dokumenter eller ble mottatt på en annen adresse enn nevnt ovenfor. I slike tilfeller vil oppgjøret i forbindelse med tilbudet først bli fullført når aksepten er helt riktig, eller når alle de påkrevde dokumentene er mottatt og vurderes som tilfredsstillende av National-Oilwell. Verken National-Oilwell, First Securities eller andre skal være forpliktet til å underrette om eventuelle mangler eller uregelmessigheter ved aksepter, eller pådra seg ansvar for å unnlate å gi slik underretning.

De Hydralift-aksjonærene som aksepterer tilbudet, vil fremdeles være juridiske eiere av sine Hydralift-aksjer og beholde stemmeretten og andre aksjonærrettigheter til oppgjøret er avsluttet, i den utstrekning som er tillatt i henhold til norsk lovgivning, og påtar seg og samtykke i å utøve sin stemmerett til støtte for beslutningene som er nødvendige eller ønskelige for å kunne fullføre overføringen av slike Hydralift-aksjer til støtte for tilbudet, og stemme mot beslutninger som kan hindre eller vanskeliggjøre en slik fullføring eller medføre at vilkårene og betingelsene i tilbudet ikke blir oppfylt. Aksepter er ugjenkallelige, og derfor kan Hydralift-aksjonærer som aksepterer tilbudet, ikke selge sine Hydralift-aksjer til en tredjepart, med mindre og til tilbudet er utløpt eller er opphørt på annen måte.

Ugjenkallelig aksept

Aksepten av tilbudet er ugjenkallelig og kan ikke trekkes tilbake, verken helt eller delvis, før eller etter utløpet av tilbudsperioden, etter at First Securities har mottatt akseptskjemaet.

Endringer i tilbudet

Selv om det ikke forutsettes endringer, forbeholder National-Oilwell seg retten til å endre tilbudet og/eller forlenge tilbudsperioden. Slike endringer er bindende fra det øyeblikk en kunngjøring mottas og offentliggjøres av Oslo Børs. Endringer i tilbudet vil bare foretas ved å øke salgskursen, frafalle betingelser eller dersom de samlede endringene er gunstigere enn det opprinnelige tilbudet. Endringer vil være bindende for Hydralifts aksjonærer som har akseptert tilbudet i den opprinnelige form eller med tidligere endringer.

Finansiering av tilbudet

Tilbudet vil finansieres gjennom kontantreserver og tilgjengelige markeds- og bankfasiliteter.

Kunngjøringer

Uten å begrense måten som National-Oilwell kan velge å foreta offentlige kunngjøringer på, og med forbehold for National-Oilwells forpliktelser i henhold til gjeldende lovgivning, anses kunngjøringer i forbindelse med dette tilbudet å være fremlagt når de er mottatt av Oslo Børs og offentliggjort gjennom Oslo Børs' elektroniske informasjonssystem.

Oppgjør

Oppgjøret vil foretas i NOK. Det aktuelle beløpet til hver aksjonær som aksepterer tilbudet, vil bli overført til bankkontoen som aksjonæren oppgir på akseptblanketten. Dersom slik konto ikke er oppgitt, vil utbetalingen foretas ved overføring til bankkontoen som aksjonæren har registrert hos VPS for utbetaling av utbytte, eller sjekk. For aksjonærer med bopel utenfor Norge vil utbetalingen foretas ved valutasjekk. Kontantbetalingen vil bli foretatt innen 14 dager etter at National-Oilwell har annonsert at betingelsene er innfridd eller løftet:

National-Oilwell forventer at betingelsene er innfridd eller løftet omtrent den 10. desember 2002, men kan ikke garantere at betingelsene vil bli oppfylt innen denne datoen.

Dersom tilbudet ikke blir fullført, vil sperringen av Hydralift-aksjene oppheves umiddelbart.

Kostnader

National-Oilwell vil betale kostnader som er direkte relatert til VPS-transaksjonene i forbindelse med tilbudet. Hydralift-aksjonærer som aksepterer tilbudet ved hjelp av vedlagte akseptskjema, blir ikke belastet meglerprovisjon eller andre kostnader i tilknytning til tilbudet. National-Oilwell vil ikke dekke kostnader til rådgivning for aksjonærene.

Skatt

Hver enkelt Hydralift-aksjonær er ansvarlig for skatter som følge av at de aksepterer tilbudet og eventuelle kostnader til rådgivning. En kort beskrivelse av bestemte norske skattemessige konsekvenser av tilbudet er beskrevet i kapittel 7 i dette tilbudsokumentet. Vi anbefaler imidlertid at hver enkelt aksjonær søker råd med hensyn til de skattemessige følgene av å akseptere tilbudet.

Pliktig tilbud

Dersom National-Oilwell, som følge av tilbudet eller på andre måter, blir eier av mer enn 40 prosent av aksjene i Hydralift, vil National-Oilwell etterkomme reglene om tilbudsplikt, som fastsatt i paragraf 4-1 i lov om verdipapirhandel.

Tvangsinnløsning

Alle morselskaper som eier mer enn 90 prosent av aksjene og har en tilsvarende del av stemmene i et norsk datterselskap, kan velge å gjennomføre en tvungen innløsning av de resterende aksjene i datterselskapet. Tilsvarende er de andre aksjonærene i datterselskapet berettiget til å kreve at morselskapet overtar deres aksjer. I mangel av minnelig overenskomst fastsettes utløsningssummen på grunnlag av en vurdering i en domstol i henhold til paragraf 4-25 i lov om allmennaksjeselskaper. National-Oilwell har ikke bestemt om det vil bli gjennomført en slik tvangsinnløsning av aksjer.

Strykning av Hydralift-aksjene fra børsnotering

National-Oilwell har til hensikt å stryke Hydralift-aksjene fra notering på Oslo Børs etter at overtakelsen er gjennomført på en tilfredsstillende måte. Strykingen av Hydralift-aksjene kan godkjennes av Oslo Børs etter at interessene til minoritetsaksjonærene ved en fortsatt notering er vurdert.

Uttalelse og støtte fra styret i Hydralift

Styret i Hydralift har besluttet å støtte tilbudet og anbefaler alle aksjonærer i Hydralift å akseptere tilbudet for sine aksjer. Erklæringen fra styret finnes til slutt i dette avsnittet.

Hydralift-aksjer som eies av National-Oilwell

På datoen for tilbudsdokumentet eier National-Oilwell ingen aksjer i Hydralift. National-Oilwell kontrollerer 22,80 prosent av Hydralift-aksjene gjennom opsjonsavtaler som ble inngått 10. oktober 2002.

National-Oilwell har rett til å kjøpe og selge Hydralift-aksjer, eller rettigheter til slike aksjer, utenom tilbudet, for eksempel i det åpne marked eller gjennom kjøp som formidles privat.

Lovvalg - domsmyndighet

Dette tilbudet og aksept av tilbudet er omfattet av norsk lovgivning. Eventuelle tvister som måtte oppstå på grunn av eller i forbindelse med tilbudet, skal uten unntak være underlagt norske domstolers myndighet med Oslo som vedtatt vernetting.

Diverse

Ytterligere opplysninger om tilbudet kan fås fra:

First Securities ASA
Stranden 3A, Aker Brygge
Postboks. 1441 Vika
0115 Oslo
Telefon: +47 23 23 80 00
Telefaks: +47 23 23 80 11

Erklæring fra styret i Hydralift

11. oktober 2002 offentliggjorde styret i Hydralift og National-Oilwell at National-Oilwell og Hydralift 10. oktober 2002 inngikk en avtale om sammenslåing. I henhold til denne avtalen skal National-Oilwell, på visse vilkår og betingelser, fremsette et tilbud om å overta alle aksjer i Hydralift gjennom et offentlig frivillig tilbud med kontant betaling.

Her presenterer styret og administrerende direktør sin erklæring vedrørende tilbudet i henhold til § 4-16 i lov om verdipapirhandel.

Før avtalen om sammenslåing ble inngått har ledelsen og styret i Hydralift med hjelp fra sine rådgivere vurdert ulike alternativer for å endre eierstrukturen i Hydralift, og i denne prosessen ble det inngått samtaler med ledelsen og styret i National-Oilwell med tanke på å vurdere mulige felles forretningsmuligheter. I den anledning har National-Oilwell og Hydralift konkludert med at det ville være til fordel for begge parter å forene virksomheten til National-Oilwell og Hydralift for å skape et sterkt utgangspunkt for vekst.

Per 10. oktober 2002 har åtte aksjonærer som til sammen eier 22,80 prosent av aksjene i Hydralift, gitt National-Oilwell en kjøpsopsjon på å kjøpe deres aksjer til en kurs lik tilbudsprisen. Kjøpsopsjonen kan innløses til og med 31. mars 2003.

De ansattes representanter i styret i Hydralift har stemt for at Hydralift inngår avtalen om sammenslåing, basert på National-Oilwell's ønske om fortsatt å utvikle og opprettholde Hydralift's rolle og posisjon innen offshore boreutstyr, offshore produksjonsutstyr og markedet for flytende produksjon og å drive disse aktivitetene ut fra Kristiansand. De ansattes representanter i styret har gitt kjøpsopsjoner til National-Oilwell for sine aksjer.

National-Oilwells tilbudte kurs er NOK 55 i kontant betaling for hver Hydralift-aksje. Dette utgjør en premie på 59,4 prosent på Hydralift-aksjens sluttkurs på NOK 34,50 på Oslo Børs 10. oktober 2002, dagen før avtalen om sammenslåing ble offentliggjort.

Styret har i arbeidet med å vurdere tilbudet innhentet en uavhengig uttalelse fra Pareto Securities ASA, som har konkludert med at kursen som tilbys for Hydralift-aksjene, er god, sett ut fra de gjeldende markedsforholdene.

På grunnlag av en samlet vurdering anbefaler styret i Hydralift at Hydralifts aksjonærer aksepterer tilbudet fra National-Oilwell.

En slik anbefaling kan imidlertid, med forbehold for bestemmelsene i avsnitt 1.3 i avtalen om sammenslåing, trekkes tilbake før tilbudsperiodens utløp dersom det fremsettes et konkurrerende tilbud, og styret, etter rådgivning fra selskapets advokater fastslår i god tro at ikke å annullere, endre eller justere anbefalingen i henhold til gjeldende lovgivning ville være et brudd på selskapets forvaltningsmessige forpliktelser overfor aksjonærene i Hydralift. Dersom National-Oilwell i slike

tilfeller hever tilbudet til eller over det konkurrerende tilbudet, vil vi opprettholde og understreke vår anbefaling av det høyeste tilbudet fra National-Oilwell.

Videre forutsetter vår anbefaling at alle relevante offentlige organer godkjenner transaksjonene uten å fremsette krav som har vesentlig innvirkning på selskapenes fremtidige virksomhet.

Følgende medlemmer av styret eier aksjer i Hydralift:

| | | |
|------------------------------------|-----------|--------|
| Bjarne Skeie og Skeie Group AS (*) | 7.146.766 | aksjer |
| Tom Froberg | 5.000 | aksjer |
| Geir Worum | 5.000 | aksjer |
| Peter J. Moe | 2.500 | aksjer |
| Tor Henning Lien | 2.200 | aksjer |
| Øyvind Reiten | 1.500 | aksjer |

() Skeie-Group AS er et selskap som kontrolleres av Bjarne Skeie*

Videre eier Birger Skeie, administrerende direktør i Hydralift, 42.600 aksjer.

Styremedlemmene og administrerende direktør har gitt kjøpsopsjoner til National-Oilwell når det gjelder alle deres egne aksjer.

Hydralifts aksjonærer bør legge merke til at i dersom 90 prosent av Hydralift-aksjonærene aksepterer tilbudet, vil resultatet med stor sannsynlighet bli at Hydralift-aksjen ikke lenger vil være notert på Oslo Børs, og at minoritetsaksjonærene vil bli innløst.

Birger Skeie, administrerende direktør i Hydralift, støtter denne uttalelsen fra styret.

Kristiansand, 4. november 2002

Bjarne Skeie
Styreformann

Tom Froberg

Peter J. Moe

Geir Worum

Øyvind Reiten

Einar Birkeland

Tor Henning Lien

Birger Skeie
administrerende direktør

1. The Tender Offer

According to the Combination Agreement National-Oilwell hereby presents the Tender Offer to acquire all of the issued and outstanding Hydralift Shares at an Offer Price of NOK 55 per Hydralift Share, on the terms and subject to the Conditions set forth in this Offer Document.

The Offeror

The Tender Offer is made by:

National Oilwell-Hydralift AS
Lagerveien 8
P.O. Box 8181
4069 Stavanger
Norway

National Oilwell-Hydralift AS is a limited liability company, organized and existing under the laws of Norway, and is registered with the Register of Business Enterprises with organization number 984 755 406. National Oilwell-Hydralift AS is ultimately a 100% owned subsidiary of

National-Oilwell, Inc.
10000 Richmond
Houston, Texas
USA

National-Oilwell is a limited liability company, incorporated under the laws of Delaware. The National-Oilwell share is listed on NYSE under the trading symbol NOI. Throughout this document, when describing the Tender Offer, National-Oilwell is used as the name of the Offeror.

The Targeted Company – Hydralift ASA

The target company is:
Hydralift ASA
Korsvik/Dvergsnes
4604 Kristiansand S,
Norway

Hydralift is a limited liability company, organized and existing under the laws of Norway, and is registered with the Register of Business Enterprises with organization number 958 839 014. The Hydralift Shares are registered with the VPS, and have international securities identification number ISIN: NO0003031908. The Hydralift Shares have been listed on Oslo Børs since 1996, with the trading symbol HYD.

Hydralift's share capital as of 8 November 2002 is NOK 4,424,984.48 divided into 31,607,032 shares, each with a nominal value of NOK 0.14.

Offer Price

The Offer Price per Hydralift Share is:

NOK 55 payable in cash

National-Oilwell may elect to increase the Offer Price. The benefit of the improved Offer Price will be made available also to those Hydralift Shareholders who have accepted the Tender Offer in its original Offer Price or as previously increased. The acceptance by or on behalf of a previously accepting Hydralift Shareholder shall be deemed an acceptance of the Tender Offer with the increased Offer Price.

Interest compensation

If the Closing Date has not occurred on 31 December 2002, due to the required approvals under applicable competition laws not having been obtained, National-Oilwell will pay interest in the amount of 7.0 per cent p.a. calculated from 31 December 2002 and until Settlement is made or the Hydralift Shares are returned to the accepting Hydralift Shareholders.

The Offer Period

The Offer Period commences on Friday 8 November 2002 and expires on the Expiration Date, which is set to 17:00 Oslo time (11:00 am United States Eastern Time) Friday 22 November 2002, unless, prior to the Expiration Date, extended by National-Oilwell. National-Oilwell has the right to choose whether or not acceptances received after the Expiration Date shall be accepted. National-Oilwell may not extend the expiration of the Offer Period beyond 31 March 2003.

Conditions to the Completion of the Tender Offer

The obligation of National-Oilwell to complete the Tender Offer is subject to the satisfaction or the waiver of the following Conditions:

- That the Hydralift Board of Directors recommends and upholds its recommendation of the Tender Offer for acceptance by Hydralift Shareholders in accordance with the statement included in this Offer Document.
- That a number of Hydralift Shares representing more than 90 per cent of the number of shares and voting power of the Hydralift Shares, including any Hydralift Shares acquired by National-Oilwell in the market, Hydralift Shares tendered in respect of the Tender Offer and Hydralift Shares controlled by the Call Option or other option agreements, shall have been validly acquired and/or tendered and not withdrawn within the Offer Period.
- That any governmental or official approval under EU or USA competition and/or any other applicable competition or other laws, which are necessary for the consummation of the transactions contemplated hereunder, have been duly obtained prior to 31 March 2003.
- That no order preventing the consummation of the Tender Offer shall have been issued by any court of competent jurisdiction.
- That no intervention will be made and no conditions will be imposed by other national or international authorities or courts of law in connection with the acquisition of Hydralift that National-Oilwell at its sole discretion determines are unduly burdensome.
- That Hydralift Group is not in material breach of any representation warranty, covenant or agreement set forth in the Combination Agreement.
- That there have not been events, related to the Hydralift Group, that separately or together may have a material adverse effect, financially or otherwise for the assets of the Hydralift Group or for Hydralift and its obligations, operations, results or prospects. In order to qualify as a material

adverse effect under this Condition, the material adverse effect must represent a situation where the value of Hydralift is reduced by a minimum of NOK 100 million.

- That the business of Hydralift Group, in the period from the commencement of the Tender Offer and prior to settlement of the Tender Offer, has been conducted in the ordinary course of business and in accordance with applicable laws, regulations and decisions of any governmental body, and that there has not been made any changes in the share capital of Hydralift, issuance of rights which entitles holders to demand new shares or similar securities, payment of dividend, proposals to shareholders for merger or de-merger, or any other change of corporate structure.

National-Oilwell may choose to waive one or more of the above Conditions and complete the Tender Offer.

The main elements of the Combination Agreement are described in Chapter 2 “*Main Elements of the Combination Agreement and background information*”.

Confirmation as to whether the Conditions have been satisfied or waived, will be announced after National-Oilwell has received all the necessary information to assess satisfaction of the Conditions or when it is clear that the Conditions will not be satisfied. The confirmation must be made prior to 1 April 2003 and will be distributed in the manner as described in Section “*Announcements*”.

Acceptance of the Tender Offer

In order for Hydralift Shareholders to accept the Tender Offer, an Acceptance Form (or a copy thereof), properly completed and duly executed, must be sent or delivered, together with any other required documents, to First Securities and must be received by First Securities at the address below, by mail, hand delivery or fax, on or before the end of the Offer Period. Unless otherwise stated, acceptance will include the accepting Hydralift Shareholder’s total holdings of Hydralift Shares.

The Acceptance Form, properly completed and duly executed, must be sent by letter or facsimile or otherwise delivered to and received by First Securities:

First Securities ASA
Stranden 3A, Aker Brygge
P.O.Box. 1441 Vika
0115 Oslo
Norway
Telephone: +47 23 23 80 00
Facsimile: +47 23 23 80 11

National-Oilwell is not obliged to accept acceptances that are received after expiry of the Offer Period.

Hydralift Shareholders holding Hydralift Shares in several VPS accounts will receive Acceptance Forms for each individual VPS account.

All Hydralift Shares to be tendered under the Tender Offer are to be transferred free of any encumbrances and any other third party right whatsoever and with all shareholder rights attached to them. Any third party with registered encumbrances or other third-party rights over the relevant Hydralift Shares and/or VPS account(s) must sign the Acceptance Form and thereby waive their rights in the Hydralift Shares and approve the transfer of the Hydralift Shares to National-Oilwell free of any encumbrances and any other third party right whatsoever.

Each Hydralift Shareholder who holds its Hydralift Shares registered with the VPS in the name of a nominee must contact such nominee in the event that they wish to accept the Tender Offer.

By executing and delivering the Acceptance Form, the Hydralift Shareholder irrevocably authorizes First Securities to block such Hydralift Shares in favor of First Securities on behalf of National-Oilwell but otherwise unencumbered. Such blocking will only be in effect in relation to the Hydralift Shares tendered. Hence, such blocking will not have any effect on other securities, which are registered on the same VPS account.

By executing and delivering the Acceptance Form the Hydralift Shareholder also irrevocably authorizes First Securities to transfer such blocked Hydralift Shares from the VPS account of such Hydralift Shareholder to National-Oilwell upon the terms and the Conditions being fulfilled.

Defective Acceptances

National-Oilwell reserves the right to reject any or all acceptances of the Tender Offer where in their sole opinion acceptance has been carried out in an incorrect manner, or is otherwise illegally undertaken. National-Oilwell also reserves the right to consider an acceptance of the Tender Offer as being valid, wholly or partially, even if not entirely in order or even if not accompanied by the necessary document(s) or otherwise received elsewhere than stated above. In which event settlement in relation to the Tender Offer will first be fulfilled when acceptance is brought fully in order or following receipt of all the necessary documents, which are regarded as being satisfactory by National-Oilwell. Neither National-Oilwell, First Securities, or others will be under any duty to give notification of any defects or irregularities in acceptance or incur any liability for failure to give any such notification.

Those Hydralift Shareholders that accept the Tender Offer, will remain the legal owners of their Hydralift Shares and retain voting rights and other shareholder rights up to Settlement, to the extent permitted by Norwegian law, and undertake and agree with National-Oilwell to exercise any such voting rights to support the decisions which are necessary or desirable in order to have accomplished the transfer of such Hydralift Shares in support of the Tender Offer, and to vote against decisions which may impede, hamper or hinder such an execution, or result in the terms and Conditions of the Tender Offer being unfulfilled. Acceptances are irrevocable, therefore accepting Hydralift Shareholders cannot dispose of their Hydralift Shares to a third party, unless and until the Tender Offer has expired or has otherwise been terminated.

Irrevocable Acceptance

Acceptance of the Tender Offer is irrevocable and may not be withdrawn, neither in whole nor in part, before or after the expiration of the Tender Offer Period, after First Securities has received the Acceptance Form.

Amendments of the Tender Offer

Although no amendments are envisaged, National-Oilwell reserves the right to amend the Tender Offer and/or to extend the Offer Period. Such amendments are binding from the moment when an announcement has been received and made public by Oslo Børs. Amendments to the Tender Offer will only be made by increasing the Offer Price, waive Conditions or if the amendments in aggregate are more favorable than the original Tender Offer. Amendments will be binding for Hydralift Shareholders who have accepted the Tender Offer in its original or previously amended form.

Financing of the Tender Offer

The Tender Offer will be financed through cash reserves and available market and bank facilities.

Announcements

Without limiting the manner which National-Oilwell may chose to make any public announcements and subject to National-Oilwell's obligations in applicable law, announcements related to this Tender Offer are regarded as having been given when received by the Oslo Børs and published through Oslo Børs' electronic information system.

Settlement

The Settlement will be made in NOK. The relevant amount due to each accepting shareholder will be transferred to the bank account, which the shareholder has filled in on the Acceptance Form. In the event that no such bank account is filled in, payment will be made to the bank account, which the shareholder has registered with the VPS for dividend payments or by cheque. For shareholders resident outside Norway, payment will be made by foreign currency cheque. The cash payment will be made no later than 14 days after the Closing Date.

National-Oilwell expects the Closing Date to occur on or about 10 December 2002, but cannot guarantee that the Conditions will be satisfied on or before such date.

In the event of the Tender Offer not being completed, the blocking of the Hydralift Shares will be terminated without undue delay.

Expenses

National-Oilwell will pay costs directly related to VPS transactions in connection with the Tender Offer. Hydralift Shareholders accepting the Tender Offer using the enclosed Acceptance Form, will not be charged with broker's commission or other costs related to the Tender Offer. National-Oilwell will not cover costs of any advice sought by shareholders.

Tax

Each Hydralift Shareholder is responsible for any taxes as a consequence of accepting the Tender Offer and any costs incurred in obtaining advice. A brief description of certain Norwegian tax implications of the Tender Offer is contained in Chapter 7 of this Offer Document. However, we advise the individual shareholder to seek advice as to the tax consequences of accepting the Tender Offer.

Mandatory Offer

If National-Oilwell, as a result of the Tender Offer or otherwise, becomes the holder of more than 40 per cent of the Hydralift Shares, National-Oilwell will comply with the mandatory offer rules, as provided for in the Norwegian Securities Act Section 4-1.

Compulsory Acquisition of Shares

Any parent company which holds more than 90 % of the shares and the equivalent share of the votes in a Norwegian subsidiary may resolve to conduct a compulsory acquisition of the remaining shares in that subsidiary. Correspondingly, the other shareholders in the subsidiary are entitled to demand that their shares be acquired by the parent company. In the absence of an amicable agreement, the purchase price is set on the basis of an assessment made by a court pursuant to Section 4-25 of the Norwegian Public Limited Companies Act. National-Oilwell has not yet decided whether a forced compulsory acquisition will be conducted.

De-listing of Hydralift

It is National-Oilwell's intent to de-list the Hydralift Shares from the Oslo Stock Exchange after successful completion of the acquisition. De-listing may be approved by the Oslo Stock Exchange after an assessment of the interest of the minority shareholders in a continued listing.

Statement and support from the Board of Directors of Hydralift

The Board of Directors of Hydralift has decided to support the Tender Offer and recommends to all the shareholders of Hydralift that they accept the Tender Offer and tender their shares. The statement is found after the Declarations in this Offer Document.

Hydralift Shares held by National-Oilwell

At the date of the Offer Document, National-Oilwell owns no shares in Hydralift. National-Oilwell controls 22.8 per cent of the Hydralift Shares through option agreements entered into October 10 2002.

National-Oilwell has the right to acquire and sell Hydralift Shares, or rights to such shares otherwise than under the Tender Offer, such as in the open market or in privately negotiated purchases.

Choice of law - jurisdiction

This Tender Offer and acceptance of the Tender Offer is subject to the laws of Norway. Any dispute arising out of or in connection with this Tender Offer shall be subject to the exclusive jurisdiction of the Norwegian courts with Oslo as the agreed venue.

Other matters

Further information regarding the Tender Offer is available from:

First Securities ASA
Stranden 3A, Aker Brygge
P.O.Box. 1441 Vika
0115 Oslo
Norway
Telephone: +47 23 23 80 00
Facsimile: +47 23 23 80 11

2. Main elements of the Combination Agreement and background information

The Combination Agreement

On 10 October 2002, National-Oilwell and Hydralift entered into a Combination Agreement, according to which National-Oilwell shall present this Tender Offer to the Hydralift Shareholders. The Combination Agreement includes provisions with respect to the terms and conditions for National-Oilwell's Tender Offer and principal provisions regarding the future combination of the companies.

The agreement between National-Oilwell and Hydralift concerning the terms and conditions for National-Oilwell's Tender Offer to the Hydralift Shareholders is set out in detail in the Combination Agreement. These are the terms and conditions offered to the Hydralift Shareholders under the Tender Offer as described in Chapter 1.

Hydralift has in the Combination Agreement undertaken not to distribute any dividends, group contributions or other contributions as profit distribution to shareholders.

Hydralift has in the Combination Agreement undertaken not, directly or indirectly, to solicit any inquiries or facilitate or solicit any proposal or offer (including, without limitation, any proposal or offer to its shareholders) that constitutes, or may reasonably be expected to lead to, any competing transaction or otherwise adversely affect the completion of the transactions contemplated herein, or have any negotiations with anyone in furtherance of such inquiries or to obtain a competing transaction. Hydralift shall promptly and at the same time that the Oslo Børs is informed, inform National-Oilwell of any competing offer they receive, including all relevant details thereof, and shall not issue any favorable statements regarding the competing offer before National-Oilwell has had at least five Business Days in order to consider and to present a revised and increased Tender Offer.

National-Oilwell and Hydralift have undertaken to use their respective reasonable best efforts to do, or cause to be done, and to assist and co-operate with the other party in doing all things necessary or advisable to complete in the most expeditious manner practicable, the Tender Offer, including the obtaining of all necessary consents, approvals and waivers from governmental entities, stock exchanges and other third parties and to carry out the purpose of the Combination Agreement.

Furthermore, Hydralift has issued standard representations and warranties in favor of National-Oilwell, which representations and warranties shall remain effective until the Closing Date. Breach of the representations and warranties will not create any liability for damages, but a material breach may entitle National-Oilwell to terminate the Combination Agreement.

In the event of termination of the Combination Agreement, the Combination Agreement shall become void and there shall be no liability for either party or any of their officers and directors and all rights and obligations of each party shall cease, provided, however, that nothing shall relieve any party from liability for the willful breach of any of its representations and warranties or the willful breach of any of its covenants or agreements set forth in the Combination Agreement. Furthermore, a termination of the Combination Agreement, will not necessarily require that the Tender Offer to the Hydralift Shareholders be withdrawn.

On the same date as the Combination Agreement was entered into, the Board of Directors of Hydralift issued a statement expressing its views on the agreement and recommendation on the Tender Offer. The Board of Directors of Hydralift emphasized that the combined group will be a leading global supplier of offshore drilling equipment and offshore production equipment in respect of volume and profitability.

The Board of Directors of Hydralift has decided to support the Tender Offer and recommend to all the Hydralift Shareholders that they accept the Tender Offer and tender their Hydralift Shares. Hydralift and National-Oilwell have agreed that the recommendation may at any time prior to the Closing Date be cancelled, modified or amended if and when the Board of Directors of Hydralift, having received a competing offer for the Hydralift Shares and after having obtained advice from its legal counsel, determines in good faith that a failure to so cancel, modify or amend its recommendation would under applicable laws constitute a breach of its fiduciary duties towards the shareholders of Hydralift. If the Board of Directors of Hydralift has modified or withdrawn its support for the Tender Offer, and the Tender Offer is not consummated, Hydralift shall, according to the Combination Agreement, pay a termination fee of NOK 50 million to National-Oilwell, and National-Oilwell will no longer be obliged to complete the Tender Offer. If an offer is made to acquire the stock of National-Oilwell and the Tender Offer on Hydralift consequently is not consummated, National-Oilwell shall pay to Hydralift a termination fee in the amount of NOK 50 million.

Contact between National-Oilwell and Hydralift

Prior to the announcement of the Combination Agreement between National-Oilwell and Hydralift on 11 October 2002, there had been negotiations and meetings between representatives of the two companies and/or their advisors to agree upon the terms of the Combination Agreement and to agree on the Offer Price.

Certain information relating to the financial performance of Hydralift was presented by the management of Hydralift to National-Oilwell prior to the signing of the Combination Agreement. Otherwise, no information except of publicly known information, where exchanged either way, before the signing of the agreement on 10 October 2002. After the signing of the Combination Agreement and prior to the publication of this Offer Document, National-Oilwell has been given the opportunity to verify certain information regarding the Hydralift Group.

On the terms set out in the Combination Agreement, the Boards of Directors of each of National-Oilwell and Hydralift have agreed that it is in the best interests of their respective companies and shareholders to combine the businesses of National-Oilwell and Hydralift through the acquisition by National-Oilwell of the shares of Hydralift.

Agreements with the Directors and management of Hydralift

On 10 October 2002 National-Oilwell entered into agreements granting them irrevocable rights to purchase all Hydralift Shares owned by Bjarne Skeie, Skeie Group AS (a company controlled by Bjarne Skeie), Tom Froberg, Geir Worum, Peter J. Moe, Tor Henning Lien, Øyvind Reiten and Birger Skeie. Bjarne Skeie is the Chairman and largest shareholder of Hydralift. The other sellers are directors of the company, except for Birger Skeie who is the Chief Executive Officer. The purchase options may be exercised at any time until and including 31 March 2003. The strike price is NOK 55 per share and the option premium is NOK 1.68 per share.

Should National-Oilwell exercise its rights to purchase the shares pursuant to the purchase options it will become the owner of 7,205,566 Hydralift Shares corresponding to an ownership share of 22.80 per cent.

If Hydralift Shares under the Hydralift employee share option scheme are issued to any of Bjarne Skeie, Tom Froberg, Geir Worum, Peter J. Moe, Tor Henning Lien, Øyvind Reiten or Birger Skeie, National-Oilwell may also elect to purchase any such Hydralift Shares on the terms of the call option. Options for a total of 38,500 Hydralift Shares have been granted to the said persons.

The Chairman of the Board of Hydralift, Mr. Bjarne Skeie and the Chief Executive Officer of Hydralift, Mr. Birger Skeie, have expressed their support of the combination of National-Oilwell and

Hydralift and confirmed that they will not terminate their employment with Hydralift as a consequence of the acquisition and they have accepted National-Oilwell employment contracts at market terms for their positions with Hydralift for a minimum of three years. Mr. Bjarne Skeie has further confirmed that he will not, directly or indirectly, compete with the business of National-Oilwell or Hydralift, or any of their subsidiaries for a period of 5 years after the Closing Date.

National Oilwell Norway Real Estate Holdings AS have agreed with ANS Dvergsnes Eiendom and KS Randesund Eiendom to acquire the properties in Kristiansand that are used by Hydralift as the head office, assembly facility and warehouse and which are currently leased to Hydralift according to a long-term lease contract. National Oilwell Norway Real Estate Holdings AS is ultimately a 100% owned subsidiary of National-Oilwell, Inc.

KS Randesund Eiendom is owned by Skeie Eiendom AS (53.25 per cent) and Gyldenløvesgate 2 AS (46.75 per cent). ANS Dvergsnes Eiendom is owned by Skeie Eiendom AS (54.5 per cent) and Gyldenløvesgate 2 (45.5 per cent). Skeie Eiendom AS owns Gyldenløvesgate 2 by 100 per cent. Skeie Eiendom is owned by Bjarne Skeie (87.5 per cent), and members of his family; Aud Skeie (11.0 per cent), Trym Skeie (0.5 per cent), Lena Skeie (0.5 per cent) and Stina Skeie (0.5 per cent).

The purchase price for the properties has, subject to conditions, been agreed to be NOK 118 mill. The agreed price of the properties is based on the current lease contract with Hydralift, the market situation for such properties, the technical standard of the properties and assessment of residual value. The price has been verified as a fair market price by an independent expert.

The purchase of the properties is subject to the closing of the Tender Offer, and the properties will be transferred to National Oilwell Norway Real Estate Holdings AS at the Settlement Date of the Tender Offer.

The employees of Hydralift

National-Oilwell has great confidence in the management and staff and is confident that they not only have the skills and experience to continue to drive the success of the Hydralift businesses but will also be able to contribute to the wider success of the combined group.

National-Oilwell will take as its starting point that Hydralift will continue its existing strategy and operational activity. Accomplishment of the Tender Offer in itself will not entail legal, economic or work-related consequences for Hydralift's employees.

Notifications to public authorities

National Oilwell and Hydralift have determined that the tender offer is subject to mandatory filing with the authorities governing competition in the United States and Brazil. The companies made the Brazilian filing 31 October 2002. The companies filed in the United States pursuant to the Hart-Scott-Rodino Act on 6 November 2002. The companies have also determined that, at this time, no optional competition filings will be made.

3. The Rationale behind the Tender Offer

On 11 October 2002, Hydralift and National-Oilwell announced the signing of a definitive Combination Agreement.

The Boards of Directors of each of National-Oilwell and Hydralift have determined that it is in the best interests of their respective companies and shareholders to combine the businesses of National-Oilwell and Hydralift through the acquisition by National-Oilwell of the shares of Hydralift in a public cash offer.

Following the combination, National-Oilwell desires to further develop and continue Hydralift's role and position within the offshore drilling equipment, offshore production equipment and floating production markets and to conduct those activities out of Kristiansand.

National-Oilwell is a worldwide leader in the design, manufacture and sale of comprehensive systems and components used in oil and gas drilling and production, as well as in providing supply chain integration services to the upstream oil and gas industry.

Hydralift manufactures and sells equipment to both the international oil and gas and maritime industries. Hydralift develops and designs specialized solutions based on its standard range of products which includes complete drilling equipment packages, cranes, pipe-handling systems, heave compensation systems, riser tensioning systems, mooring systems, handling equipment for cable-laying vessels and well-intervention systems.

Merrill A. Miller Jr., National-Oilwell's Chairman, President and CEO, said "This combination is an exceptional strategic fit and will create the leading global supplier of offshore drilling equipment, offshore production equipment and floating production systems. We believe Hydralift's product range will open new growing market segments to National-Oilwell and benefit our customers' needs for more technical, fully integrated drilling systems. Additionally, we are extremely excited about the experience, reputation and leadership Bjarne Skeie and Birger Skeie will bring to our international management team."

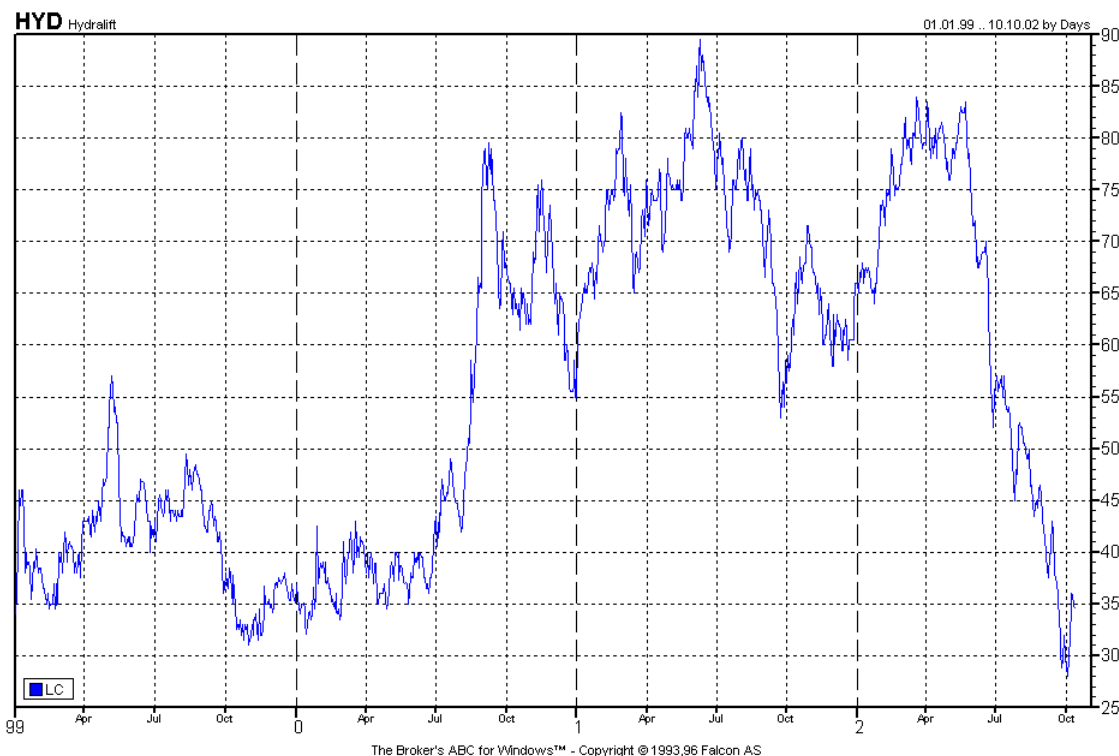
Bjarne Skeie, Chairman of Hydralift, said "The combination of these two companies gives Hydralift the opportunity to participate more rapidly in the consolidation of the offshore equipment industry. National-Oilwell's market leading position and worldwide installed base will provide substantial growth opportunities for our products and strengthen our global market positions. We believe our customers, shareholders and employees will benefit from this combination."

4. The Offer Price

The Offer Price of NOK 55 per share values Hydralift's equity to a total of NOK 1,738 million.

The Offer Price represents a premium of 59.4 per cent to the closing price the day before announcement, and a premium of 55.1 per cent to the average closing share prices on Oslo Børs the last 30 trading days before National-Oilwell's intention to submit the Tender Offer was announced.

The graph below illustrates the Hydralift Share's performance in the period 1 January 1999 up to and including 10 October 2002, the last trading day before the announcement.



The table below sets out the highest, lowest and average Hydralift Share prices for the years from 1999 up to and including 10 October 2002 (in NOK/share).

| Year | Low | High | Average |
|-------------|------------|-------------|----------------|
| 1999 | 28.16 | 51.78 | 37.00 |
| 2000 | 29.16 | 72.13 | 45.20 |
| 2001 | 53.00 | 89.50 | 68.96 |
| 2002 | 28.00 | 84.00 | 62.78 |

Source: Oslo Stock Exchange , OSE.no

5. Presentation of National-Oilwell

Introduction

National-Oilwell is a worldwide leader in the design, manufacture and sale of comprehensive systems and components used in oil and gas drilling and production, as well as in providing supply chain integration services to the upstream oil and gas industry.

National-Oilwell manufactures and assembles drilling machinery, including drawworks, mud pumps and top drives, which are the major mechanical components of drilling rigs, as well as masts, derricks, cranes and substructures. Many of these components are designed specifically for more demanding applications, which include offshore, extended reach and deep land drilling. National-Oilwell also provides electrical power systems, computer control systems and automation systems for drilling rigs. The systems are used in many of the industry's most technologically demanding applications. In addition, National-Oilwell provides engineering and fabrication services to integrate the drilling products and deliver complete land drilling and workover rigs as well as drilling modules for mobile offshore drilling rigs or offshore drilling platforms.

National-Oilwell **Products and Technology** segment also designs and manufactures drilling motors and specialized downhole tools for rent and sale. Drilling motors are essential components of systems for horizontal, directional, extended reach and performance drilling. Downhole tools include fishing tools, drilling jars, shock tools and other specialized products.

National-Oilwell **Distribution Services** segment offers comprehensive supply chain integration services to the drilling and production segments. The network of service centers located in the United States and Canada and near other major drilling and production activity worldwide use state of the art information technology platforms to provide procurement, inventory management and logistics services. These service centers stock and sell a variety of expendable items for oilfield applications and spare parts for equipment manufactured by National-Oilwell.

Business Strategy

National-Oilwell's business strategy is to enhance its market positions and operating performance by leveraging the Installed Base of Drilling Machinery and Equipment.

National-Oilwell believes its market position and comprehensive product offering present substantial opportunities to capture a significant portion of expenditures for the construction of new drilling rigs and equipment as well as the upgrade and refurbishment of existing drilling rigs and equipment. Over the next few years, the advanced age of the existing fleet of drilling rigs, coupled with drilling activity involving greater depths and extended reach, is expected to generate demand for new equipment. National-Oilwell's automation and control systems offer the potential to improve the performance of new and existing drilling rigs. The large installed base of National-Oilwell's equipment also provides recurring demand for spare parts and expendable products necessary for proper and efficient operation.

National-Oilwell believes economic opportunities for directional, horizontal, extended reach and other value-added drilling applications will increase, providing an opportunity for growth in the rental and sale of high-performance drilling motors and downhole tools.

Operations

Products and Technology

National-Oilwell designs, manufactures and sells drilling systems and components for both land and offshore drilling rigs as well as complete land drilling and well servicing rigs. The major mechanical

components include drawworks, mud pumps, top drives, SCR houses, solids control equipment, traveling equipment and rotary tables. These components are essential to the pumping of fluids and hoisting, supporting and rotating of the drill string. Many of these components are designed specifically for applications in offshore, extended reach and deep land drilling. This equipment is installed on new rigs and often replaced during the upgrade and refurbishment of existing rigs.

Masts, derricks and substructures are designed and manufactured for use on land rigs and on fixed and mobile offshore platforms, and are suitable for drilling applications to depths of up to 30,000 feet or more. Other products include pedestal cranes, reciprocating and centrifugal pumps and fluid end expendables for all major manufacturers' pumps. National-Oilwell's business includes the sale of replacement parts for own manufactured machinery and equipment.

National-Oilwell also designs and produces control and data acquisition systems for drilling related operations and automated and remotely controlled machinery for drilling rigs. Products include the Cyberbase™ operator system, which incorporates computer software, keypads and joysticks rather than traditional gauges, lights and switches. The Cyberbase™ system forms the basis for the state-of-the-art driller's cabin. Another product is the automated pipe handling system that provides an efficient and cost effective method of joining lengths of drill pipe or casing.

While offering a complete line of conventional rigs, National-Oilwell has extensive experience in providing rig designs to satisfy requirements for harsh or specialized environments. Such products include drilling and well servicing rigs designed for the Arctic, highly mobile drilling and well servicing rigs for jungle and desert use, modular well servicing rigs for offshore platforms and modular drilling facilities for North Sea platforms. National-Oilwell also designs and produces fully integrated drilling solutions for the topside of offshore rigs.

National-Oilwell designs and manufactures drilling motors, drilling jars and specialized drilling tools for rent and sale. They also design and manufacture a complete line of fishing tools used to remove objects stuck in the wellbore.

Distribution Services

National-Oilwell provides distribution services through its network of approximately 150 distribution service centers. These distribution service centers stock and sell a variety of expendable items for oilfield applications and spare parts for its proprietary equipment. As oil and gas companies and drilling contractors have refocused on their core competencies and emphasized efficiency initiatives to reduce costs and capital requirements, distribution services has expanded to offer outsourcing and alliance arrangements that include comprehensive procurement, inventory management and logistics support. In addition, National-Oilwell believes it has a competitive advantage in the distribution services business by distributing market-leading products manufactured by them itself.

The supplies and equipment stocked by National-Oilwell's distribution service centers vary by location. Each distribution point generally offers a large line of oilfield products including valves, fittings, flanges, spare parts for oilfield equipment and miscellaneous expendable items.

Most drilling contractors and oil and gas companies typically buy supplies and equipment pursuant to non-exclusive contracts, which normally specify a discount from list price for each product or product category. Strategic alliances are also significant to the Distribution Services business and differ from standard agreements for supplies and equipment in that National-Oilwell becomes the customer's primary supplier of those items. In certain cases, National-Oilwell assumes responsibility for procurement, inventory management and product delivery for the customer, occasionally by working directly out of the customer's facilities.

National-Oilwell believes e-commerce brings a significant advantage to larger companies that are technologically proficient. During the last few years, National-Oilwell has invested over \$20 million to improve their information technology systems. National-Oilwell's e-commerce system can interface

directly with customers' systems to maximize efficiencies for National-Oilwell and their customers. National-Oilwell believes they have an advantage in this effort due to their investment in technology, geographic size, knowledge of the industry and customers, existing relationships with vendors and existing means of product delivery.

Employees

As of 31 December 2001, National-Oilwell had a total of 6,200 employees, 3,400 of whom were salaried and 2,800 of whom were paid on an hourly basis. Of this workforce, 1,365 employees are employed in Canada and 574 are employed in other locations outside the United States.

Financial figures

| Consolidated statement of operations (Million USD) | 1999 | 2000 | 2001 | 1 H 2002 | 1 H 2001 |
|--|-------------|-------------|--------------|-----------------|-----------------|
| Revenues | 839,6 | 1149,9 | 1747,5 | 761,4 | 794,9 |
| Cost of products and services sold | 686,5 | 884,8 | 1319,6 | 580,9 | 600,2 |
| Selling, general and administrative costs | 150,0 | 186,9 | 238,6 | 110,5 | 111,6 |
| Other operating costs | 1,8 | 29,8 | 0,0 | 0,0 | 0,0 |
| Operating Income | 1,3 | 48,5 | 189,3 | 70,0 | 83,0 |
| Net financial items | -16,2 | -21,4 | -21,3 | -10,4 | -7,6 |
| Income (loss) before income taxes | -14,9 | 27,0 | 168,0 | 59,6 | 75,4 |
| Provision / (benefit) of income taxes | -5,5 | 13,9 | 64,0 | 21,5 | 28,7 |
| Net income (loss) | -9,4 | 13,1 | 104,1 | 38,1 | 46,8 |
| Income per share - no dilution (USD) | -0,13 | 0,17 | 1,29 | 0,47 | 0,58 |
| Dividend per share | 0,00 | 0,00 | 0,00 | n.a. | n.a. |

| Consolidated balance sheet (Million USD) | 1999 | 2000 | 2001 | 1 H 2002 | 1 H 2001 |
|--|---------------|---------------|---------------|-----------------|-----------------|
| <i>Assets</i> | | | | | |
| Current assets | 642,5 | 743,1 | 908,6 | 867,6 | 956,7 |
| Fixed and intangible assets | 363,2 | 535,8 | 563,1 | 569,3 | 568,1 |
| Total assets | 1005,7 | 1278,9 | 1471,7 | 1436,8 | 1524,9 |
| <i>Liabilities and shareholder funds</i> | | | | | |
| Current liabilities | 190,5 | 262,8 | 277,3 | 200,3 | 329,6 |
| Long term liabilities | 218,8 | 248,9 | 326,8 | 329,0 | 387,6 |
| Shareholders equity | 596,4 | 767,2 | 867,5 | 907,5 | 807,7 |
| Total liabilities and shareholder funds | 1005,7 | 1278,9 | 1471,7 | 1436,8 | 1524,9 |

The Board of Directors of National-Oilwell

Merrill A. Miller, Chairman of the Board

Joel W, Staff

Husang Ansary

Jon Gjedebo

Ben A. Guill

Roger L. Jarvis

William E. Macaulay

Frederick W. Pheasey

Robert E, Beauchamp

6. Presentation of Hydralift

General

Hydralift is internationally recognized 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 Hydralift'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 worldwide 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 1,100 employees, whereof 550 are based in Norway. 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.

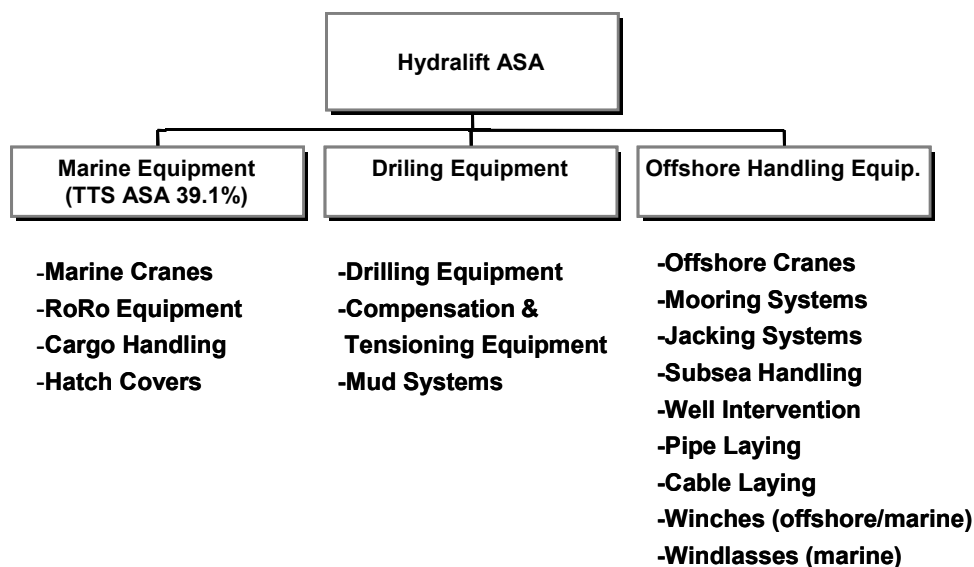
Business concept

Hydralift will use its advanced drive and control systems technology to develop reliable, precision load & motion control equipment and systems that are user and environmentally friendly.

They will focus on complex, high value applications that bring premium prices based on guaranteed performance and on time delivery and intend to become the leading supplier in each application area.

Hydralift will build on its successful applications and good relationships in the oil and gas industry and grow by offering state of the art solutions and services to meet current and future needs in that industry and related industries worldwide with similar needs.

Organizational structure and business areas



The Drilling Equipment Division

The drilling division in Hydralift ASA 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 division's main office is located in Kristiansand, Norway, with 120 employees. Further, there is a branch in Horten, with 25 employees.

Hydralift Procon AS has been combined with Hydralift ASA per June 30, 2002, and is renamed to Procon Systems. Procon Systems is integrated into the Drilling Division. Procon Systems is a total supplier of systems for storage, mixing, treatment and re-injection of drilling fluids on fixed and floating platforms. The branch is the market leader in the North Sea, and is continuously increasing its activities in other offshore markets. Procon Systems has approximately 45 employees and is located in Asker, outside Oslo, Norway. A UK subsidiary mainly supplies weighing and dosing equipment to land-based industry. This company is located outside London and has 37 employees and it undertakes considerable development activities.

Hydralift Inc.

Hydralift Inc. in Houston, Texas, maintains the Hydralift'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 tensioner systems and handling systems for drilling equipment. With an increasing number of development projects being realized in the Gulf of Mexico, there is a growing demand for advanced riser handling systems. 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. The company has only temporary employees.

The Offshore Handling Equipment Division

The Handling Division in Hydralift ASA supplies offshore cranes, pipe- and cable laying equipment and other handling equipment for the offshore oil and gas industry. Hydralift Molde Crane AS and TTS Aktro AS was combined with the Handling (Crane) division per June 30 2002. The cable- and

pipe-laying division was combined with the crane department in Kristiansand at the end of third quarter 2002.

The offshore crane business is located both in Molde and Kristiansand and the headquarter is in Molde. The division has approximately 130 employees in Molde and 50 employees in Kristiansand.

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

From Kristiansand, the crane division supplies offshore box boom and knuckle boom cranes for fixed and floating platforms, drilling and production ships, special purpose vessels for sub-sea operations, as well as pipe handling cranes for drilling modules.

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

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 electric cargo cranes and mooring systems for the cruise industry. The French companies Hydralift BLM and BOPP have a total of 265 employees.

Hydralift AmClyde, Inc.

Dating back nearly 120 years, AmClyde is a leading international supplier of heavy lift cranes, mooring systems, pipe lay system, deck machinery and specialty equipment, including the pipe lay and cable lay operation known as AmClyde-Norson Engineering in Glasgow, Scotland. The company encompasses several strong brand names including AmClyde, Unit Mariner, Luckner, Fritz Culver, McElroy Marine, and AmClyde-Norson Engineering. AmClyde has approximately 140 employees in St. Paul and an additional 70 employees at its fabrication facilities in Louisiana.

Marine Handling Equipment Division

In 2001 Hydralift initiated a restructuring of its long-established marine cranes business area. The subsidiary Hydralift Marine was sold to TTS Technology in order to be merged with its crane activities. The consolidation was completed in the first half of 2002, and the marine equipment activities are organized through the 39.1% ownership in TTS Marine ASA.

TTS Marine ASA

TTS Marine (TTS) implemented considerable restructuring activities in the course of 2001. 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 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.

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 head office of the TTS group is located in Bergen, and the company has approximately 300 employees.

Financial information

| Consolidated statement of operations (Million NOK) | 1999 | 2000 | 2001 | 1 H 2002 | 1 H 2001 |
|--|----------------|----------------|----------------|-----------------|-----------------|
| Revenues | 1 396,2 | 1 136,0 | 2 308,9 | 1 613,8 | 874,7 |
| Cost of goods | 978,8 | 718,0 | 1 430,7 | 1 045,2 | 551,0 |
| Depreciation and amortization of goodwill | 11,9 | 12,1 | 35,7 | 24,8 | 14,0 |
| Other operating expenses | 288,2 | 297,1 | 561,2 | 354,7 | 210,7 |
| Operating income | 117,4 | 108,8 | 281,3 | 189,0 | 99,0 |
| Net financial items | 26,3 | 1,8 | -0,8 | -7,7 | -2,7 |
| Income (loss) before income taxes | 143,7 | 110,6 | 280,4 | 181,4 | 96,3 |
| Provision / (benefit) of income taxes | 41,2 | 30,8 | 90,9 | 53,1 | 31,9 |
| Minority share of net income (loss) | 0,2 | 0,2 | 0,7 | 0,0 | -0,7 |
| Net income (loss) after minorities | 102,2 | 79,5 | 188,9 | 128,3 | 63,8 |
| Income per share - no dilution (NOK) | 3,58 | 2,77 | 6,58 | 4,33 | 2,22 |
| Dividend per share (NOK) | 2,50 | 0,00 | 2,00 | n.a. | n.a. |
| Consolidated balance sheet (Million NOK) | 1999 | 2000 | 2001 | 1 H 2002 | 1 H 2001 |
| <i>Assets</i> | | | | | |
| Current assets | 1 158,7 | 1 078,0 | 1 183,3 | 1 378,3 | 848,7 |
| Fixed and intangible assets | 68,7 | 103,3 | 684,4 | 1 038,4 | 733,7 |
| Total assets | 1 227,4 | 1 181,2 | 1 867,7 | 2 416,8 | 1 582,4 |
| <i>Liabilities and shareholder funds</i> | | | | | |
| Current liabilities | 483,0 | 318,8 | 852,4 | 717,3 | 967,3 |
| Provisions and long term liabilities | 46,2 | 79,1 | 467,6 | 848,2 | 134,3 |
| Shareholders equity | 698,2 | 783,3 | 547,7 | 851,2 | 480,7 |
| Total liabilities and shareholder funds | 1 227,4 | 1 181,2 | 1 867,7 | 2 416,8 | 1 582,4 |

Management and Board of Directors

Board of Directors

Bjarne Skeie, Chairman of the Board

Tom Froberg

Peter J. Moe

Geir Worum

Øyvind Reiten

Einar Birkeland

Tor Henning Lien

Group Management

Birger Skeie, Managing Director/CEO
Per Geir Løvstad, Chief Financial Officer
Arnfinn Juvastøl Material Administration
Kjell Hammen Human Resources
Eirik Bergsvik Corporate Relations
Tor Henning Ramfjord, Operations
Olav Sporsheim FPSO Division
Kjell Hollen Crane Division
Trond Ropstad Drilling Division
Kurt Bøhn After Sales Division

Share Capital and shareholder issues

Stock Exchange listing

The Hydralift Shares are listed on the Main List of Oslo Børs with the ticker symbol HYD. The share has been listed on the stock exchange since 1996.

Hydralift's share capital

Total share capital is NOK 4,424,984.48. Total number of shares is 31,607,032 with a nominal value of NOK 0.14 per share.

Power of attorney to acquire own shares

Hydralift has currently power of attorneys to acquire 2,872,407 shares.

Power of attorney to issue new shares

Hydralift has currently power of attorneys to increase the share capital with NOK 210,000, divided into 1,500,000 shares. Hydralift has no convertible loans that may be converted to share capital.

Employee option program

Employees in Hydralift are granted a total of 227,258 options to acquire a total of 227,258 shares in Hydralift. The majority of the options have a strike of NOK 26 + 0.1 per cent per month from and including May 2002. A total of 26,000 options have a strike of NOK 74.40 + 0.1 per cent per month from and including September 2002.

Shareholder structure

Registered in VPS 5 November 2002, the 20 largest shareholders in Hydralift were:

| Shareholder | No. of shares | Ownership share |
|---|----------------------|------------------------|
| Bjarne Skeie | 4,603,266 | 14.56% |
| Skeie Group AS | 2,537,500 | 8.03% |
| Morgan Stanley & Co. S/A Customer Segrega | 2,309,200 | 7.31% |
| Merill Lynch Intl., Non Treaty Account | 1,968,700 | 6.23% |
| Goldman Sachs Intern. Equity Nontreaty Cus | 1,861,768 | 5.89% |
| BNP Paribas Securiti A/C French Residents | 1,300,000 | 4.11% |
| Bear Sterns Securit Customer Safe Custod | 1,045,816 | 3.31% |
| Bear Sterns Securit International Operat | 794,524 | 2.51% |
| Morgan Stanley and C Trading Account | 777,000 | 2.46% |
| Morgan Stanley and C Client Safe Custody | 759,760 | 2.40% |
| Deutsche Bank AG Lon Prime Brokerage Clie | 523,892 | 1.66% |
| Euroclear Bank S.A./25% Clients | 433,780 | 1.37% |
| BNP Arbitrage | 408,750 | 1.29% |
| Skagen Vekst | 400,000 | 1.27% |
| GMO Foreign Small Co Brown Brothers Harri | 383,100 | 1.21% |
| State Street Bank & Clients Omnibus D | 375,373 | 1.19% |
| Bank of New York, BR S/A Equity Repo A/C | 332,200 | 1.05% |
| Centra Invest AS | 310,800 | 0.98% |
| JPMorgan Chase Bank S/A Escrow Account | 305,200 | 0.97% |
| Verdipapirfondet AVA C/O Avanse Forvaltning | 304,800 | 0.96% |
| Sum Top20 shareholders | 21,735,429 | 68.77% |
| Others | 9,871,603 | 31.23% |
| Sum total | 31,607,032 | 100.00% |

On 10 October 2002 National-Oilwell entered in to agreements granting them the right to purchase all shares in Hydralift owned by a group of board members and managing director, as set out in the table below. The purchase options may be exercised at any time until and including 31 March 2003. The strike price is NOK 55 per share and the option premium is NOK 1.68 per share.

| Shareholder | Options granted | Ownership share |
|---------------------------------|------------------------|------------------------|
| Bjarne Skeie and Skeie Group AS | 7,146,766 | 22.61% |
| Tom Froberg | 5,000 | 0.02% |
| Geir Worum | 5,000 | 0.02% |
| Peter J. Moe | 2,500 | 0.01% |
| Tor Henning Lien | 2,200 | 0.01% |
| Øyvind Reiten | 1,500 | 0.00% |
| Birger Skeie | 42,600 | 0.13% |
| Sum total | 7,205,566 | 22.80% |

7. Tax Matters

The following is a summary of certain Norwegian tax consequences for Hydralift Shareholders accepting the Tender Offer who are resident in Norway for tax purposes. This summary is based on applicable rules and regulations as of the date of this Offer Document. The summary is solely intended to provide general guidelines and does not address all aspects that may be relevant to Hydralift Shareholders. The tax treatment of each Hydralift Shareholder may depend on the shareholder's specific situation. Hydralift Shareholders are urged to seek advice from their own tax consultants in order to determine the particular tax consequences to them from their acceptance of the Tender Offer and the relevance or effect of any domestic or foreign tax laws or treaties.

Taxation of Hydralift Shareholders who are resident in Norway

Companies and individuals who are resident in Norway for tax purposes will be liable to capital gains tax arising from the sale of the Hydralift Shares. The Hydralift Shareholder is liable for capital gains tax irrespective of the period Hydralift Shares have been held and the number of Hydralift Shares sold. Capital gains are currently taxed as ordinary income at a flat rate of 28 per cent. Correspondingly, losses on a sale of the Hydralift Shares will be deductible against ordinary income. The capital gain or loss on each Hydralift Share will be equal to the difference between the Offer Price and the adjusted cost base of the Hydralift Share.

Special provisions apply to the computation of gains on shares in a Norwegian resident company owned by another Norwegian resident. In order to avoid double taxation of the company's profits and the shareholder's gains, a method of adjusting the shareholder's cost base exists, the so-called RISK method. This method takes into account the tax paid on retained profits during the shareholder's ownership period. The cost base of the Hydralift Share is to be adjusted according to changes in the company's retained and taxed earnings during the ownership period. The RISK adjustment may be negative if the dividends paid by the company exceed its net taxable income after deductible tax payable.

The RISK adjustment of the cost base is allocated to the owner of the Hydralift Shares on 1 January of the following year (the assessment year).

The RISK amounts per Hydralift Share for the income years 1993-2002 are as follows (from the RISK register):

| | RISK amount/share (NOK) |
|--------------------|--------------------------------|
| 1 January 1993 | 0.00 |
| 1 January 1994 | 0.00 |
| 1 January 1995 | 0.00 |
| 1 January 1996 | -2.00 |
| 1 January 1997 | 0.00 |
| 1 January 1998 | 0.00 |
| 1 January 1999 | -2.71 |
| 1 January 2000 | -2.51 |
| 1 January 2001 | 0.00 |
| 1 January 2002 (*) | 3.00 |

(*) Estimate

Note that to calculate the correct RISK amounts on your Hydralift Shares you also need to make adjustments due to splits and share issues in Hydralift, if applicable in your period of ownership of the Hydralift Shares.

Costs, such as broker's fees paid by the Hydralift Shareholder in connection with the acquisition or disposal of shares can be deducted from the seller's income in the year the sale takes place.

If the Hydralift Shareholder holds Hydralift Shares that were acquired at different times the Hydralift Shares that were acquired first are considered to be the Hydralift Shares first realized (FIFO principle).

A Hydralift Share may have been owned as so-called AMS share (AMS being the Norwegian abbreviation for a share saving scheme with a partial tax deduction). On the sale of AMS shares ordinary capital gains/losses are calculated as mentioned above. Before the income year of 2002, certain tax restrictions applied to the sale of AMS shares. However, these restrictions have been abolished and AMS shares may now be sold under the same terms as ordinary shares for tax purposes.

In the event interest will become due according to the terms of the Tender Offer, the interest element should be added to the Offer Price and be taxed in connection with the realized capital gain or loss.

Taxation of Hydralift Shareholders who are not resident in Norway

Shareholders who are not Norwegian tax residents are not normally subject to capital gains tax in Norway on the sale of shares. Correspondingly, a loss will not normally be deductible. Tax liability in Norway may nevertheless arise in two instances, namely if: (i) the Hydralift Shares are connected to a business carried out in Norway by the Hydralift Shareholder or (ii) the Hydralift Shareholder has previously been resident in Norway for tax purposes and the Hydralift Shares are sold within five years of the expiry of the calendar year when residency in Norway for tax purposes ceased. In both instances, tax treaties between Norway and the country in which the Hydralift Shareholder resides may lead to other results. When a non-resident Hydralift Shareholder is taxable in Norway on the sale of shares the calculation of the capital gain or loss follows the same principles as described above.

Excise duty on the transfer of shares

No duties are currently imposed in Norway on the transfer of shares.

Appendix 1 – Articles of Association

FOR HYDRALIFT ASA (Last updated 14 August 2002)

§ 1

The company is a public company limited by shares, registered in the name of Hydralift ASA.

§ 2

The company's registered office is in Kristiansand.

§ 3

The company's objects are to develop, produce and sell cranes, lifting equipment and hydraulic equipment and to participate in other companies, which develop and sell equipment or services in the marine, industrial and offshore sectors.

§ 4

The company's share capital is NOK 4.424.984,48 divided into 31.607.032 shares each with a par value of NOK 0,14. All shares are fully paid up and registered.

§ 5

The company's board is to comprise between three and seven members as resolved by the annual general meeting.

The signatures for both the chairman and any other member of the board are required to sign on behalf of the company.

§ 6

The annual general meeting is to consider:

1. The adoption of the profit and loss account and balance sheet.
2. The distribution of any profit or covering of any loss in accordance with the adopted balance sheet, and the payment of any dividends.
3. The election of the board.
4. Any other matters, which must by law be considered by the annual general meeting.

§ 7

The company's shares are to be registered with the Norwegian Registry of Securities (VPS).

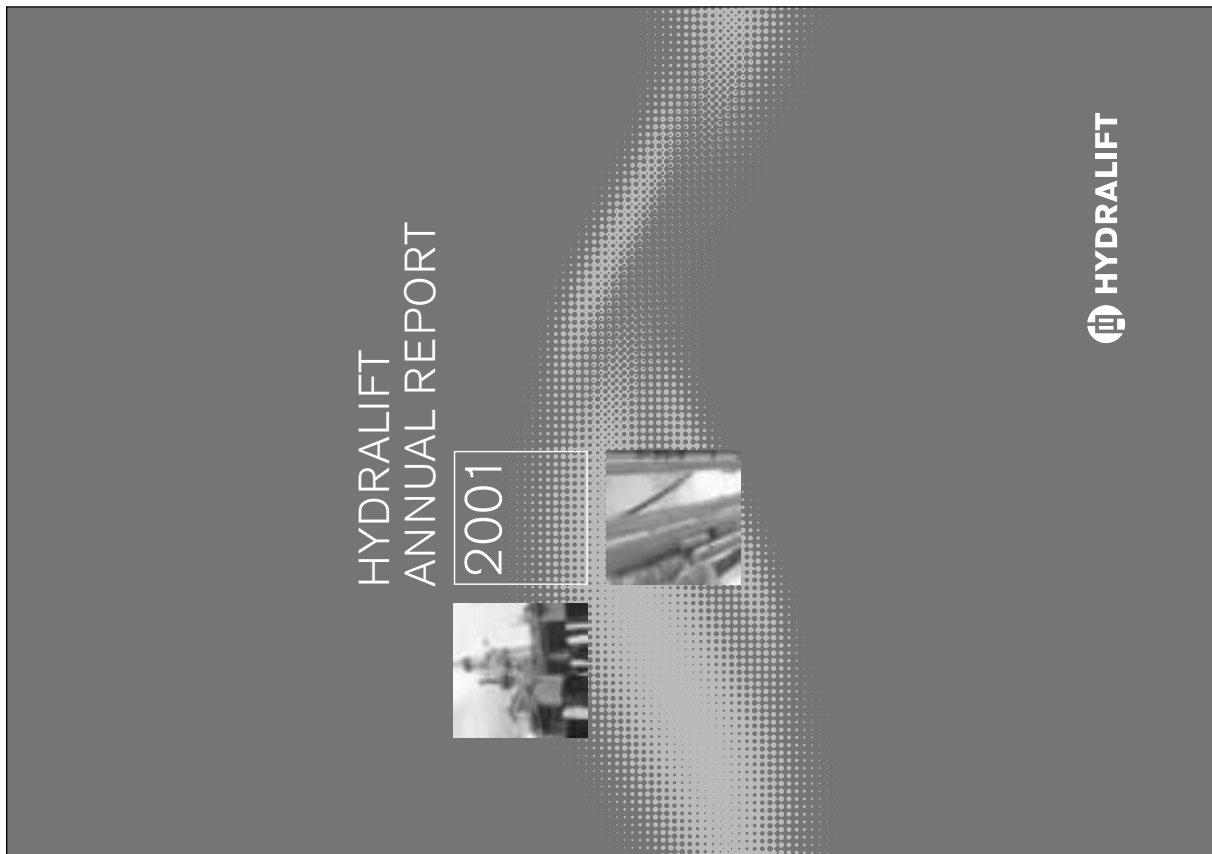
§ 8

In all other respects, reference is to be made to the relevant company legislation.

Appendix 2 – Hydralift: Annual report 2001

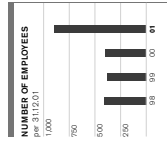
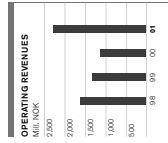
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| FINANCIAL CALENDAR 2002 | |
|-------------------------|------------------------------|
| 21.02 | Preliminary results for 2001 |
| 03.05 | Results first quarter |
| 21.05 | Annual general meeting |
| 15.08 | Results second quarter |
| 08.11 | Results third quarter |

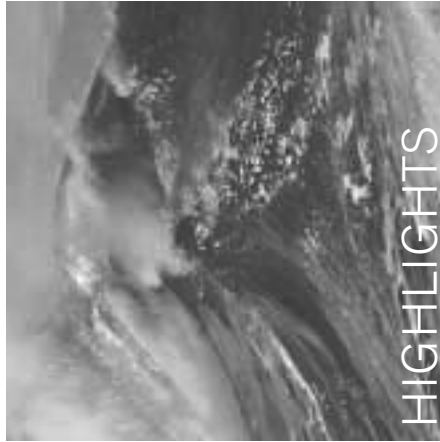


KEY FIGURES

| NOK 1000 | 2001 | 2000 | 1999 | 1998 |
|--|-----------|-----------|-----------|-----------|
| PROFIT AND LOSS ACCOUNT | | | | |
| Operating revenues | 2 308 856 | 1 135 981 | 1 396 182 | 1 632 863 |
| Operating expenses | 1 991 895 | 1 015 129 | 1 256 941 | 1 417 665 |
| Ordinary depreciation | 21 173 | 12 050 | 11 869 | 14 834 |
| Appreciation of goodwill | 14 534 | | | |
| Operating profit | 281 254 | 108 802 | 117 372 | 200 384 |
| Net financial items | -840 | 1 790 | 26 312 | 623 |
| Profit before taxes | 280 414 | 110 592 | 143 684 | 201 007 |
| Majority's profit for the year | 189 556 | 79 533 | 102 242 | 152 689 |
| Profit margin ¹⁾ | 12,1 % | 9,7 % | 10,3 % | 12,3 % |
| Operating margin ²⁾ | 12,2 % | 9,6 % | 8,4 % | 12,3 % |
| BUSINESS AREAS | | | | |
| Operating revenues Marine | 331 400 | 137 799 | 149 016 | 131 505 |
| Operating revenues Offshore | 1 977 455 | 998 182 | 1 247 146 | 1 501 378 |
| Operating profit Marine | 19 915 | 5 061 | 3 266 | 6 129 |
| Operating profit Offshore | 261 439 | 103 741 | 114 106 | 194 413 |
| BALANCE SHEET | | | | |
| Interest-bearing current assets | 494 635 | 256 642 | 58 725 | 473 763 |
| Other current assets | 688 674 | 821 321 | 1 059 586 | 944 930 |
| Fixed assets | 684 420 | 103 264 | 68 692 | 41 003 |
| Total assets | 1 867 729 | 1 181 227 | 1 227 413 | 1 459 696 |
| Interest-bearing debt | 354 096 | 1 488 | 82 344 | 13 560 |
| Interest-free debt | 965 912 | 396 423 | 446 902 | 779 010 |
| Minority interests | 0 | 1 432 | 1 008 | 2 031 |
| Equity | 547 721 | 781 884 | 697 159 | 695 095 |
| Total debt and equity | 1 867 729 | 1 181 227 | 1 227 413 | 1 459 696 |
| OTHER KEY FIGURES | | | | |
| Equity ratio ³⁾ | 29,3 % | 66,2 % | 56,6 % | 45,6 % |
| Return on total capital ⁴⁾ | 21,0 % | 11,6 % | 12,8 % | 21,7 % |
| Return on equity ⁵⁾ | 28,5 % | 14,9 % | 15,0 % | 37,7 % |
| Capital employed as per 31.12. ⁶⁾ | 801 817 | 784 804 | 780 511 | 680 686 |
| Return on employed capital ⁷⁾ | 38,0 % | 17,9 % | 23,5 % | 49,5 % |
| Number of employees group | 860 | 380 | 365 | 400 |
| Number of employees parent company | 340 | 270 | 240 | 260 |



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



2001

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

GLOBAL-SANTAFE 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, STALPRODUKTER AND TTS-AKTRO.

DEMERGER OF OWNERSHIP SHARE IN OCEAN RIG ASA.

A- AND B-SHARES MERGED.



REPORT FROM THE ADMINISTRATION

2001



GLOBAL SANTAFE

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

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

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

NUMBER ONE IN DEEP WATERS

07/01



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 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

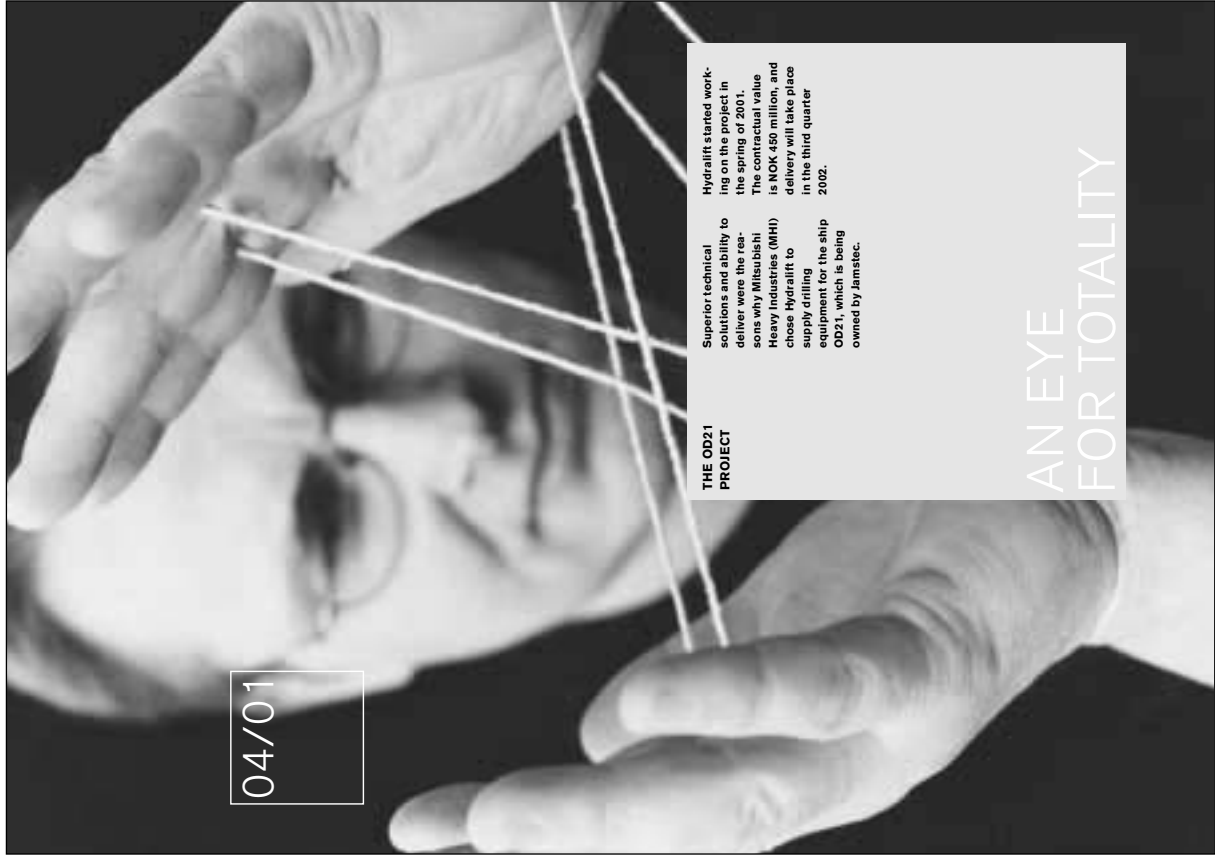
need to continue combining innovation with experience in order to reach our customer satisfaction goals. In order for us to continue attracting and keeping skilful employees, it is also important that we succeed in continuous development of our organisation.

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, Stålproukter, BLM and TIS-Akro 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 SYVLE
MANAGING DIRECTOR



04/01

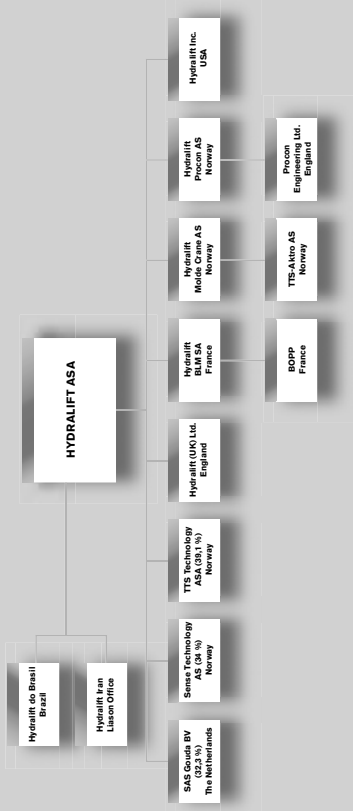
THE OD21 PROJECT

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

ORGANISATION
- AN OVERVIEW



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.

DIRECTORS' REPORT

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



2001

STRATEGIC ACQUISITIONS

Hydralift grew faster than ever in 2001, and the number of employees increased from 380 to 660. Through an expansive strategy, which included acquisition of

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

HYDRALIFT DEMONSTRATES STRENGTH

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 BV, 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 Mobil Crane (previously Stålproduktier) (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-Akro 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

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

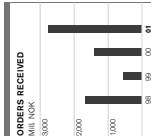
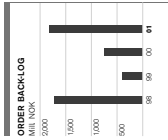
Hydralift was awarded a number of significant contracts in 2001, whereof four complete packages and one partial package out of the drilling packages that were decided during the year. In June the company was awarded its largest order ever from the American company GlobalSantaFe for delivery of drilling 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 Mobil Crane (previously Stålproduktier) 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 Fringhorne and Kvitbjerg platforms, the OD 21 drilling ship, as well as two semi-submersibles and two new jack-up rigs for GlobalSantaFe, Ocean Baronesse and Ocean Rover for Diamond, a new semi-submersible rig for Maersk, 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 Baronesse were ready for shipment one month ahead of the contractual date, a fact which resulted in a bonus for early delivery.



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 (60) mill, which corresponds to earnings per share of NOK 658 (278).

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 backlog



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

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 Gouldt (92.3 %) 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 Sinevest 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 2877,407 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.

KRISTIAN SAND
31. December 2001 /
19. March 2002

BARNE SKJEIE
CHAIRMAN OF THE BOARD

TOM FROBERG

PETER J. MOE

GEIR WURUM

ØVIND REITEN

EINAR BIRKELAND

TOR HENNING LIEN

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, FPSOs, pipe-laying vessels and tension leg platforms. Typically, orders in this market are in the NOK 200-500 mill range.

The market for newbuilds and upgrading of a considerable number of FPSOs 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 upgrades may be expected because a number of vessels are due for modernisation. As environmental, health and safety requirements become increasingly important for upgrades and in other areas, Hydralift's extensive experiences from deliveries to newbuilds in the North Sea and the US will be of particular importance.

The acquisition of shares in SAS Gouldt 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.

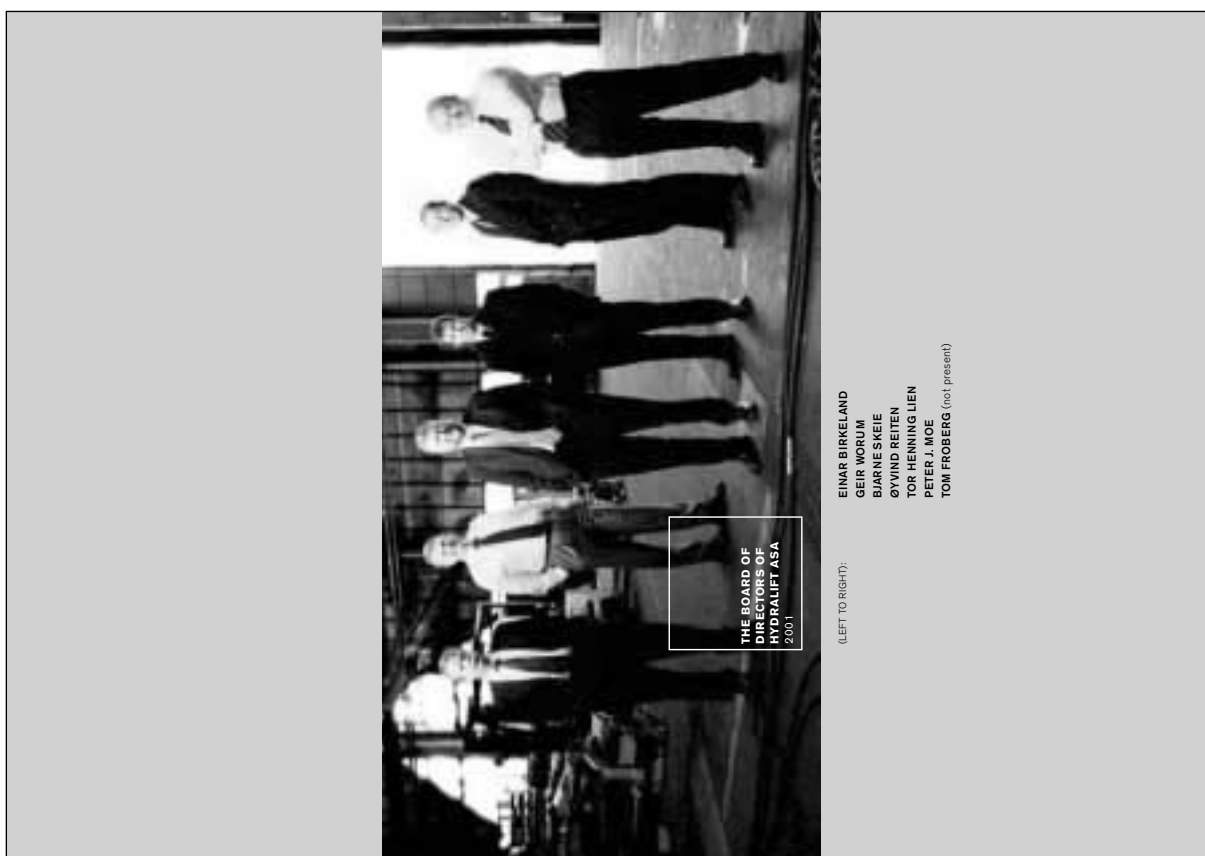
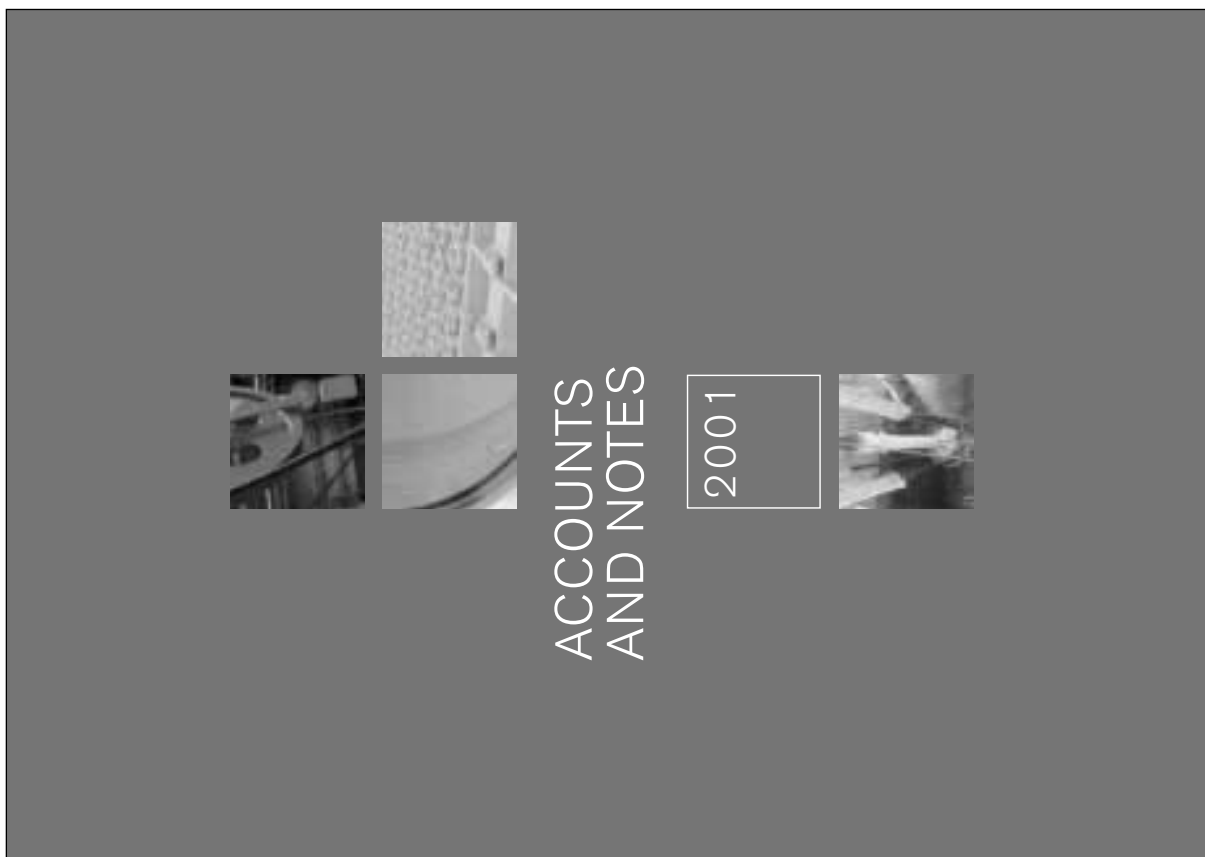
The overall downturn in the telecommunications market has caused a considerable reduction in the activity level for cable-laying equipment. Substantial changes in this market may only be expected towards the end of a period of 2-4 years. Due to its strong position in this market, Hydralift is however 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 | NOK 163,993,695 |

The board proposes to the annual general meeting to pay a dividend of NOK 2,000 per share, representing a total of NOK 57,448,194.



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

THE BOARD OF
DIRECTORS OF
HYDRALIFT ASA
2001

(LEFT TO RIGHT):

BALANCE SHEET AS AT 31.12.






















| ASSETS | NOK 1999 | Notes | GROUP | | | PARENT COMPANY | | |
|--|----------|-------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | | 2001 | 2000 | 1999 | 2001 | 2000 | 1999 |
| ASSETS | | | | | | | | |
| Intangible assets | | | | | | | | |
| Licenses, patents, and other | | 1 | 11 839 | 1 101 | 1 639 | 10 000 | 0 | 0 |
| Intangible assets | | 14 | 12 386 | | | | | |
| Deferred taxes | | 1 | 393 122 | | | | | |
| Total intangible assets | | | 417 317 | 1 101 | 1 639 | 10 000 | 0 | 0 |
| Fixed assets | | | | | | | | |
| Land, buildings and other fixed assets | | 2,6 | 100 907 | 38 149 | 36 271 | 7 606 | 7 504 | 8 115 |
| Machinery and plants | | 2 | 50 663 | 13 947 | 15 995 | 16 028 | 10 535 | 11 775 |
| Operational equipment, tools, etc. | | 2 | 22 171 | 10 260 | 9 143 | 14 802 | 9 048 | 8 393 |
| Total fixed assets | | | 173 741 | 61 756 | 61 410 | 38 437 | 27 387 | 28 283 |
| Financial assets | | | | | | | | |
| Investments in subsidiaries | | 4 | 761 | 0 | 0 | 499 555 | 105 365 | 105 365 |
| Inter-group loans | | 9 | 0 | 0 | 0 | 163 208 | 27 300 | 30 083 |
| Investments in associated companies | | 4,19 | 71 303 | | | 70 655 | | |
| Investments in shares | | 5 | 3 828 | 38 439 | 3 791 | 3 511 | 38 217 | 3 791 |
| Other receivables | | 6 | 7 530 | 559 | 571 | 3 940 | 400 | 492 |
| Pension funds | | 13 | 9 940 | 1 408 | 1 260 | 256 | 647 | 715 |
| Total financial assets | | | 93 362 | 40 407 | 5 643 | 741 324 | 171 919 | 140 436 |
| Total assets | | | 684 420 | 103 264 | 68 692 | 789 761 | 199 306 | 188 719 |
| CURRENT ASSETS | | | | | | | | |
| Inventory | | 7 | 155 266 | 115 995 | 131 437 | 98 779 | 87 191 | 94 641 |
| Receivables | | | | | | | | |
| Trade debtors | | 9 | 280 605 | 196 696 | 317 771 | 145 913 | 110 770 | 236 835 |
| Accrued, not invoiced revenues | | 8 | 144 223 | 186 871 | 316 470 | 0 | 128 010 | 180 027 |
| Inter-group receivables | | 9 | 0 | 0 | 0 | 58 995 | 36 439 | 58 869 |
| Other receivables | | 1 | 108 581 | 38 464 | 50 924 | 69 013 | 30 587 | 40 818 |
| Total receivables | | | 533 408 | 421 931 | 685 164 | 273 921 | 305 797 | 519 579 |
| Investments | | | | | | | | |
| Shares | | | 0 | 283 395 | 283 395 | 0 | 283 395 | 283 395 |
| Bonds | | | 0 | 74 244 | 20 478 | 0 | 74 244 | 20 478 |
| Other financial instruments | | | 0 | 6 585 | 7 582 | 0 | 0 | 0 |
| Total investments | | | 0 | 364 234 | 311 455 | 0 | 357 640 | 303 873 |
| Cash and cash equivalents | | | 494 635 | 175 603 | 30 665 | 294 462 | 155 277 | 19 014 |
| Total current assets | | | 1 183 309 | 1 077 963 | 1 158 721 | 667 162 | 905 906 | 937 108 |
| TOTAL ASSETS | | | 1 867 729 | 1 181 227 | 1 227 413 | 1 456 922 | 1 105 212 | 1 106 827 |

PROFIT AND LOSS ACCOUNT

| ASSETS | NOK 1999 | Notes | GROUP | | | PARENT COMPANY | | |
|--|----------|---------|------------------|------------------|------------------|------------------|----------------|------------------|
| | | | 2001 | 2000 | 1999 | 2001 | 2000 | 1999 |
| Operating revenues | | | | | | | | |
| Sales revenues | | | 2 289 011 | 1 135 143 | 1 396 076 | 1 297 006 | 868 570 | 1 005 426 |
| Other revenues | | | 19 845 | 838 | 106 | 20 338 | 605 | 359 |
| Total operating revenues | | | 2 308 856 | 1 135 981 | 1 396 182 | 1 317 345 | 869 175 | 1 005 785 |
| Operating expenses | | | | | | | | |
| Cost of goods | | | 1 430 700 | 718 035 | 978 788 | 865 946 | 565 049 | 757 820 |
| Salaries | | 16 | 366 000 | 203 429 | 202 678 | 171 467 | 135 302 | 136 602 |
| Depreciation | | 1,2 | 21 173 | 12 050 | 11 889 | 7 684 | 7 489 | 6 591 |
| Appreciation of goodwill | | 1 | 14 534 | | | | | |
| Other operating expenses | | 3,18,18 | 195 195 | 93 665 | 85 476 | 77 573 | 67 607 | 60 125 |
| Total operating expenses | | | 2 027 601 | 1 027 179 | 1 278 810 | 1 122 669 | 766 447 | 961 138 |
| Operating profit | | | 281 254 | 108 802 | 117 372 | 194 676 | 102 728 | 134 646 |
| Financial revenues and expenses | | | | | | | | |
| Financial revenues | | 19 | 40 179 | 31 068 | 54 322 | 60 428 | 33 663 | 59 554 |
| Financial expenses | | 19 | - 41 019 | - 29 278 | - 28 010 | - 35 523 | - 27 834 | - 25 830 |
| Total financial items | | | - 840 | 1 790 | 26 312 | 24 905 | 5 829 | 33 724 |
| Profit before taxes | | | 280 414 | 110 592 | 143 684 | 219 581 | 108 557 | 168 410 |
| Taxes | | 14 | 90 858 | 30 812 | 41 223 | 55 587 | 30 591 | 47 670 |
| Profit after taxes | | | 189 556 | 79 780 | 102 461 | 163 994 | 77 966 | 120 740 |
| Profit for the year | | | 189 556 | 79 780 | 102 461 | 163 994 | 77 966 | 120 740 |
| Allocation of profit: | | | | | | | | |
| Minority share of profit | | 12 | 654 | 247 | 219 | 0 | 0 | 0 |
| Transfer to/from other equity | | | 131 454 | 79 532 | 30 641 | 105 546 | 77 966 | 49 139 |
| Proposed dividend | | | 57 448 | 0 | 71 601 | 57 448 | 0 | 71 601 |
| Earnings per share | | 21 | 6,58 | 2,77 | 3,58 | 6,58 | 3,58 | 3,58 |
| Diluted profit per share | | 21 | 6,50 | 2,77 | 3,58 | 6,50 | 3,58 | 3,58 |

CASH FLOW STATEMENT

| NOK 1.000 | GROUP | | | PARENT COMPANY | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2001 | 2000 | 1999 | 2001 | 2000 | 1999 |
| Cash flow from operating activities | 260 414 | 110 692 | 143 684 | 219 581 | 108 557 | 168 410 |
| Profit before taxes | | 701 | -48 280 | 0 | 0 | -47 784 |
| Taxes payable for the year | - 651 | - 106 | - 10 | - 19 723 | - 10 | - 106 |
| Profit/loss on sale of fixed assets | 0 | 12 050 | 11 869 | 7 684 | 7 489 | 6 591 |
| Ordinary depreciation | 35 707 | - 448 | | - 20 704 | | |
| Earnings from subsidiaries and affiliated companies | - 448 | | | | | |
| Write-down shares/reversal of write-down | 50 | - 32 | - 11 437 | 50 | 290 | - 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 |
| Net cash from operating activities | 557 618 | 387 855 | 4 881 | 383 200 | 345 924 | - 68 059 |
| Cash flow from investment activities | 13 260 | 1 752 | 2 056 | 0 | 39 | 109 |
| Proceeds from sale of fixed assets | - 560 100 | - 9 275 | - 49 113 | - 28 733 | - 6 621 | - 15 964 |
| Payments for purchase of fixed assets | - 36 834 | - 118 501 | - 267 253 | - 471 005 | - 118 278 | - 264 510 |
| Payments shares and ownership interest in other companies | 6 817 | 35 225 | 132 212 | 54 608 | 33 926 | 135 861 |
| Proceeds from sale of shares and ownership interest in other companies | 0 | 12 | 124 | 0 | 2 875 | 138 |
| Proceeds for purchase of other investments | - 6 971 | 0 | 0 | - 139 447 | 0 | - 83 |
| Payment of dividend | - 563 928 | - 90 786 | - 181 974 | - 564 577 | - 88 060 | - 144 449 |
| Net cash flow from investment activities | - 563 928 | - 90 786 | - 181 974 | - 564 577 | - 88 060 | - 144 449 |
| Cash flow from financing activities | 0 | 151 | 0 | 0 | 0 | 0 |
| Paid-in from minority upon establishment of subsidiary | 0 | 250 | - 587 | 0 | 0 | 0 |
| Repayment of long-term debt | 352 614 | | | 338 302 | | |
| Receipts on new long-term loans | - 7 | - 81 105 | 67 552 | 0 | - 50 000 | 50 000 |
| Net changes in drawing facilities/debt to financing institutions | 2 089 | 0 | 0 | 2 089 | 0 | 0 |
| Paid-in capital | 0 | - 71 601 | - 171 843 | 0 | - 71 601 | - 171 843 |
| Payment of dividend | 354 696 | - 152 306 | - 104 879 | 340 391 | - 121 601 | - 121 843 |
| Net cash flow from financing activities | 354 696 | - 152 306 | - 104 879 | 340 391 | - 121 601 | - 121 843 |
| Exchange rate effects on cash and cash equivalents | 328 487 | 144 763 | - 281 972 | 149 013 | 136 263 | - 334 352 |
| Net change of cash and cash equivalents | 174 | 375 | 639 | - 9 829 | | |
| Exchange rate effects on cash holdings | - 9 829 | | | | | |
| Transfer of current assets upon demerger | 175 803 | 30 665 | 311 937 | 155 277 | 19 014 | 353 366 |
| Cash and cash equivalents at the beginning of the period | 484 635 | 175 803 | 30 665 | 284 461 | 155 277 | 19 014 |
| Cash and cash equivalents at the end of the period | 660 468 | 350 668 | 331 602 | 269 644 | 170 291 | 152 378 |

| NOK 1.000 | Notes | GROUP | | | PARENT COMPANY | | | | | | | | | | | | | | |
|---|---|--|------------------|------------------|------------------|------------------|------------------|--|---|--|--|--|--|--|---|---|--|--|--|
| | | 2001 | 2000 | 1999 | 2001 | 2000 | 1999 | | | | | | | | | | | | |
| EQUITY AND LIABILITIES | | | | | | | | | | | | | | | | | | | |
| EQUITY | | | | | | | | | | | | | | | | | | | |
| Paid-in capital | | | | | | | | | | | | | | | | | | | |
| 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 | | | | | | | | | | | | |
| Total paid-in capital | | 247 548 | 350 655 | 350 655 | 247 548 | 350 655 | 350 655 | | | | | | | | | | | | |
| Retained earnings | | | | | | | | | | | | | | | | | | | |
| Minority interests | 12 | 0 | 1 432 | 1 008 | 0 | 0 | 0 | | | | | | | | | | | | |
| Other equity | 10 | 300 173 | 431 229 | 346 504 | 280 220 | 439 813 | 361 847 | | | | | | | | | | | | |
| Total retained earnings | | 300 173 | 432 661 | 347 511 | 280 220 | 439 813 | 361 847 | | | | | | | | | | | | |
| Total equity | | 547 721 | 783 316 | 698 167 | 527 768 | 790 468 | 712 503 | | | | | | | | | | | | |
| LIABILITIES | | | | | | | | | | | | | | | | | | | |
| Provisions | | | | | | | | | | | | | | | | | | | |
| 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 | | | | | | | | | | | | |
| Total provisions for liabilities | | 113 511 | 77 610 | 45 004 | 69 109 | 81 734 | 51 242 | | | | | | | | | | | | |
| Other long-term liabilities | | | | | | | | | | | | | | | | | | | |
| Liabilities to financial institutions | 6 | 353 531 | 538 | 532 | 338 302 | 0 | 0 | | | | | | | | | | | | |
| Other long-term liabilities | | 564 | 943 | 700 | | | | | | | | | | | | | | | |
| Total other long-term liabilities | | 354 096 | 1 481 | 1 232 | 338 302 | 0 | 0 | | | | | | | | | | | | |
| Short-term liabilities | | | | | | | | | | | | | | | | | | | |
| Liabilities to financial institutions | 9 | 0 | 7 | 81 112 | 0 | 0 | 50 000 | | | | | | | | | | | | |
| Trade creditors | 14 | 306 023 | 114 615 | 122 278 | 83 827 | 52 563 | 55 467 | | | | | | | | | | | | |
| Payable taxes | | 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 | 154 847 | 215 861 | 124 553 | 154 030 | | | | | | | | | | | | |
| Other short-term liabilities | 18 | 148 490 | 154 847 | 191 067 | 78 656 | 154 030 | 154 030 | | | | | | | | | | | | |
| Total short-term liabilities | | 852 402 | 318 820 | 483 010 | 521 744 | 233 010 | 342 083 | | | | | | | | | | | | |
| Total liabilities | | 1 320 008 | 397 911 | 529 246 | 929 154 | 314 744 | 393 324 | | | | | | | | | | | | |
| TOTAL EQUITY AND LIABILITIES | | 1 867 729 | 1 181 227 | 1 227 413 | 1 456 922 | 1 105 212 | 1 105 827 | | | | | | | | | | | | |
| <table border="0" style="width: 100%;"> <tr> <td style="width: 33%;"></td> <td style="width: 33%; text-align: center;">  TOM FRØBERG </td> <td style="width: 33%; text-align: center;">  GEIR WORUM </td> </tr> <tr> <td style="width: 33%;"></td> <td style="width: 33%; text-align: center;">  ENAR BIRKELAND </td> <td style="width: 33%; text-align: center;">  TOR HENNING LIEN </td> </tr> <tr> <td style="width: 33%;"></td> <td style="width: 33%; text-align: center;">  BJARNE SKEIE CHAIRMAN OF THE BOARD </td> <td style="width: 33%; text-align: center;">  ØYVIND RETTEN </td> </tr> <tr> <td style="width: 33%;"></td> <td style="width: 33%; text-align: center;">  PETER J. MOE </td> <td style="width: 33%;"></td> </tr> </table> | | | | | | | | |  TOM FRØBERG |  GEIR WORUM | |  ENAR BIRKELAND |  TOR HENNING LIEN | |  BJARNE SKEIE CHAIRMAN OF THE BOARD |  ØYVIND RETTEN | |  PETER J. MOE | |
| |  TOM FRØBERG |  GEIR WORUM | | | | | | | | | | | | | | | | | |
| |  ENAR BIRKELAND |  TOR HENNING LIEN | | | | | | | | | | | | | | | | | |
| |  BJARNE SKEIE CHAIRMAN OF THE BOARD |  ØYVIND RETTEN | | | | | | | | | | | | | | | | | |
| |  PETER J. MOE | | | | | | | | | | | | | | | | | | |

NOTES TO THE ACCOUNTS

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 losses are reported on a consolidated basis. 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 obtained 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 contingencies. The percentage of project costs incurred is multiplied by the expected total project costs to arrive at the 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. Assets 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-downs 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 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. Depreciation is calculated on the basis of the NOK US 2000 price level. The depreciation method is charged as operating costs as incurred. Upgrading 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 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. Tax losses are recognised to the extent that they are expected to be recovered in the same period or counterbalanced, and the tax effect is calculated on a net basis.

Demerger

As of 1 January 2001 Hydralift ASA demerged its shares in Ocean Rg ASA and convertible loans to the said company. This demerger took place with accounting continuity, as shareholders in Hydralift ASA received shares in Smeist 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 4 – SUBSIDIARIES / AFFILIATED COMPANIES

Please also refer to note 25 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 % |
| Shee Technology (HK) Ltd* | 01.07.92 | Hong Kong | 100 % | 100 % |
| Hydralift Procon AS | 01.02.01 | Asher, Norway | 100 % | 100 % |
| Hydralift Procon AS | 01.02.01 | Oslo, Norway | 100 % | 100 % |
| TTS-Akro AS | 31.12.01 | Molde, Norway | 100 % | 100 % |
| Hydralift de Brasil** | 15.12.01 | Brazil | 100 % | 100 % |

| Subsidiary | Share capital | Number of shares | Our number of shares in subsidiary | Profit in subsidiary | Book value |
|-----------------------------|----------------|------------------|------------------------------------|----------------------|-------------|
| Hydralift Inc | USD 8 723 000 | 8 723 000 | 8 723 000 | 52 250 295 | 7 666 872 |
| Hydralift (UK) Ltd | GBP 1 000 | 1 000 | 1 000 | 263 851 | 1 217 603 |
| Hydralift SA | EUR 22 900 000 | 1 431 250 | 210 889 128 | 22 061 719 | 185 763 919 |
| Hydralift Singapore Pte Ltd | SGD 2 | 2 | 2 | - | - |
| Shee Tech. (HK) Ltd* | HKD 2 219 402 | 2 219 402 | 2 219 402 | - | - |
| Hydralift Procon AS | NOK 1 225 580 | 245 136 | 245 136 | 43 121 000 | 19 563 481 |
| Hydralift Procon AS | NOK 1 225 580 | 245 136 | 245 136 | 43 121 000 | 19 563 481 |
| TTS-Akro AS | NOK 10 500 000 | 10 500 | 10 500 | 15 616 884 | 47 170 944 |
| Hydralift de Brasil** | | | | -1 389 991 | 444 740 |

Book value in company accounts 499 554 611

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

** Based on essentially evaluations, the company has not been consolidated into the group accounts. Book value in the group accounts is NOK 60,867.

GROUP

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

| Company | Acquisition date | Reg. office | Ownership share | Voting share |
|--------------------|------------------|------------------------|-----------------|--------------|
| Seas Technology AS | 15.03.01 | Kristiansund, Norway | 34 % | 34 % |
| SAS Gaule BV | 31.03.01 | Gaule, The Netherlands | 32 % | 32 % |
| TTS Technology ASA | 31.12.01* | Bergen, Norway | 28 % | 28 % |

* Influence achieved on this date.

| Added value analysis: | TTS Tech* | SAS Gaule | Total |
|---|-------------------|------------------|-------------------|
| Booked equity at date of acquisition | 640 047 | 2 942 597 | |
| Goodwill | 859 953 | 15 913 060 | |
| Historical cost (balance value in company) | 50 498 481 | 1 500 000 | 18 865 587 |
| Calculation of this year's profit share: | | | |
| Share of profit for the year | - | 57 155 | 730 892 |
| Conversion differences | - | - | -38 568 |
| Depreciation of goodwill | - | -38 831 | -301 048 |
| Share of profit for the year | - | 21 324 | 427 107 |

| Calculation of book value 31 December 2001: | TTS Tech | SAS Gaule | Total |
|---|-------------------|------------------|-------------------|
| Book value 31 December 2001 | 50 498 941 | 1 500 000 | 18 856 587 |
| Additions / disposals during the year | - | 21 324 | 427 107 |
| Share of profit for the year | - | - | - |
| Book value 31 December 2001 | 50 498 941 | 1 521 324 | 19 282 694 |

Relevant not depreciated added value 31 December 2001
 Goodwill not depreciated 31 December 2001
 Depreciation rate goodwill
 5 %

* The acquisition of TTS Technology ASA and subsequent influences 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 1 – INTANGIBLE ASSETS

| NOK 1,000 | Goodwill | Other intangible assets | Total |
|---|----------------|-------------------------|----------------|
| PARENT COMPANY | | | |
| Historical cost as at 1 January 2001 | 11 770 | 3 119 | 14 889 |
| Acquired intangible assets | - | 10 000 | 10 000 |
| Historical cost as at 31 December 2001 | 11 770 | 13 119 | 24 889 |
| Accumulated depreciation 31 December 2001 | 11 770 | 3 119 | 14 889 |
| Book value 31 December 2001 | - | 10 000 | 10 000 |
| This year's depreciation | 5 years | 5 years | - |
| Useful lives | 5 years | 5 years | - |
| GROUP | | | |
| Historical cost 1 January | 26 942 | 6 692 | 33 633 |
| Exchange rate adjustments | 24 | 215 | 239 |
| Disposals of intangible assets | 407 254 | 12 035 | 420 289 |
| Disposals acquired intangible assets | - | -1 020 | -1 020 |
| Historical cost 31 December | 434 132 | 18 924 | 452 877 |
| Accumulated depreciation 31 December | 41 031 | 6 685 | 47 716 |
| Book value 31 December | 393 121 | 11 839 | 404 961 |
| This year's depreciation | 14 534 | 1 476 | 16 010 |
| Useful lives | 10 – 20 years | 5 years | |

Both parent company and the group employ straight-line depreciation for all intangible assets. Goodwill is related to acquired intangible assets with a useful life of 20 years.

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 7,785,000, whereas 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 |
|---|--------------------------|---------------|---------------|--------------------|
| PARENT COMPANY | | | | |
| Historical cost as at 1 January | 8 294 | 23 131 | 23 685 | 54 511 |
| Acquired fixed assets | 13 | 10 464 | 8 227 | 18 703 |
| Sold fixed assets | - | - | - | - |
| Historical cost 31 December | 8 307 | 33 605 | 31 912 | 73 824 |
| Accumulated depreciation 31 December | 700 | 18 823 | 15 264 | 34 687 |
| Book value as at 31 December | 7 607 | 14 802 | 16 628 | 38 437 |
| This year's depreciation | 210 | 4 740 | 2 734 | 7 684 |
| GROUP | | | | |
| Historical cost as at 1 January | 40 273 | 28 901 | 33 070 | 102 245 |
| Exchange rate adjustments | 512 | 269 | 69 | 850 |
| Acquired fixed assets | 64 488 | 21 291 | 54 008 | 139 788 |
| Sold fixed assets | - | 3 806 | 9 454 | 13 260 |
| Historical cost as at 31 December | 105 264 | 44 644 | 77 664 | 227 621 |
| Accumulated depreciation and write-offs as at 31 December | 4 377 | 29 473 | 27 031 | 53 881 |
| Book value as at 31 December | 100 907 | 22 171 | 50 663 | 173 740 |
| This year's depreciation | 2 239 | 9 360 | 8 098 | 19 697 |

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 expenses in the period in which the assets are used. The useful life of the assets, the total leasing expenses in 2001 is NOK 192,000 for the parent company and NOK 19,951,320 for the group. Now, 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 | 26 689 | 18 041 | 15 058 |

NOTE 5 – SHARES

| | PARENT COMPANY | | GROUP | |
|---|----------------|------------------|-------|------|
| | 2001 | 2000 | 2001 | 2000 |
| PARENT COMPANY – Long-term share holdings: | | | | |
| Etem Mekansiske Verktøid AS | 34,9 % | 3 500 000 | | |
| Development Invest AS | 25,0 % | – | | |
| Equanor ASA | 1,0 % | 11 250 | | |
| Total | | 3 511 250 | | |
| GROUP – Long-term share holdings: | | | | |
| Etem Mekansiske Verktøid AS | 34,9 % | 3 500 000 | | |
| Equanor Invest AS | 23,0 % | – | | |
| Equanor ASA | 1,0 % | 11 250 | | |
| Total | | 3 511 250 | | |

PARENT COMPANY AND GROUP – Short-term shareholdings:

| | PARENT COMPANY | | GROUP | |
|-----------------------|----------------|------|-------|------|
| | 2001 | 2000 | 2001 | 2000 |
| Start Topptidball ASA | – | – | – | – |
| Total | | | | |

NOTE 6 – RECEIVABLES AND LIABILITIES

| | PARENT COMPANY | | GROUP | |
|--|----------------|----------------|----------------|----------------|
| | 2001 | 2000 | 2001 | 2000 |
| Receivables with due dates exceeding one year: | | | | |
| Other long-term receivables | 167 147 | 27 700 | 3 939 | 559 |
| Total | 167 147 | 27 700 | 3 939 | 559 |
| Long-term liabilities with due dates exceeding 5 years: | | | | |
| Debt to finance institutions | – | – | 7750 | – |
| Other long-term debt | – | – | 7750 | – |
| Total | | | 15 500 | |
| Liabilities secured through mortgage* | | | | |
| Buildings | – | – | 353 805 | 410 |
| Unused drawing facility | – | – | 286 336 | – |
| Guarantees for withdrawal of employees | – | 10 000 | – | 10 000 |
| Guarantees for withdrawal of employees taxes | – | 7 500 | 12 500 | 9 500 |
| Completion guarantees | 181 627 | 110 817 | 215 881 | 110 817 |
| Total | | | 762 641 | 130 717 |
| Book value of assets as security: | | | | |
| Buildings | – | 110 770 | – | 110 770 |
| Trade debtors/receivables | – | 110 770 | – | 110 770 |
| Completed goods not invoiced | – | 110 770 | – | 110 770 |
| Stock | – | 87 181 | – | 87 181 |
| Total | | 328 691 | | 328 691 |

* The parent company has signed a negative pledge letter related to a loan with a multicurrency 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 37,5 mill, and minimum 30 % of the profit is to be added to equity, there are additional terms as well.

NOTE 7 – STOCKS

| | PARENT COMPANY | | GROUP | |
|--|----------------|---------------|----------------|----------------|
| | 2001 | 2000 | 2001 | 2000 |
| Stock of raw materials | 83 659 | 71 579 | 121 823 | 100 385 |
| Work in progress | 15 120 | 15 612 | 16 538 | 15 612 |
| Stock of own produced completed goods | 98 779 | 87 191 | 155 266 | 115 995 |
| Total | | | 235 650 | 231 992 |

NOTE 8 – LONG-TERM PROJECTS

| | PARENT COMPANY | | GROUP | |
|--|------------------|------------------|------------------|------------------|
| | 2001 | 2000 | 2001 | 2000 |
| Total completed production on current projects as at 31 December* | 1 123 087 | 1 282 688 | 1 370 076 | 1 485 002 |
| Expenses* | 868 631 | 682 108 | 1 012 863 | 1 022 316 |
| Estimated contribution margin | 253 636 | 400 780 | 357 223 | 462 676 |
| * Of this not invoiced | 256 676 | 128 010 | 436 487 | 189 274 |
| ** Of this accrued | 27 5 983 | 95 033 | 292 264 | 114 714 |
| Advance invoiced production | 215 851 | 43 386 | 215 851 | – |

NOTE 9 – INTER-GROUP BALANCES

| | PARENT COMPANY | | GROUP | |
|-------------------------------------|----------------|------|----------------|---------------|
| | 2001 | 2000 | 2001 | 2000 |
| PARENT COMPANY – Receivables | | | | |
| Trade debtors | – | – | 24 680 | 32 140 |
| Other receivables | – | – | 197 522 | 31 591 |
| Total | | | 222 203 | 63 731 |
| PARENT COMPANY – Debt | | | | |
| Inter-group loans | – | – | 15 515 | 183 |
| Trade creditors | – | – | 287 | 668 |
| Total | | | 15 812 | 851 |

NOTE 10 – EQUITY

| | PARENT COMPANY | | GROUP | |
|--------------------------------|----------------|----------------|----------------|----------------|
| | 2001 | 2000 | 2001 | 2000 |
| Share capital | | | | |
| Equity 31 December 2000 | 5 728 | 344 927 | 439 813 | 790 468 |
| Demerger of Sinstest ASA | - 1 178 | - 103 478 | - 266 138 | - 371 335 |
| Paid-in capital | 12 | 2 077 | – | 2 089 |
| Profit for the year | – | – | 163 994 | 163 994 |
| Provision for dividend | – | – | - 37 448 | - 37 448 |
| Equity 31 December 2001 | 4 021 | 243 526 | 280 220 | 527 768 |
| Share premium account | | | | |
| Equity on 31 December 2000 | 5 728 | 344 927 | 432 661 | 783 316 |
| Demerger of Sinstest ASA | - 1 178 | - 103 478 | - 266 138 | - 371 335 |
| Paid-in capital parent company | 12 | 2 077 | – | 2 089 |
| Profit for the year | – | – | 189 546 | 189 546 |
| Foreign exchange differences | – | – | 1 543 | 1 543 |
| Provision for dividend | – | – | - 57 448 | - 57 448 |
| Equity 31 December 2001 | 4 021 | 243 526 | 300 173 | 547 721 |

NOTE 11 – SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital consists of:

| | Number of shares | Face value | Balance value |
|-----------------------|-------------------|------------|------------------|
| PARENT COMPANY | | | |
| Shares | 28 724 097 | 0,14 | 4 021 374 |
| Total | 28 724 097 | | 4 021 374 |

The company has 24 117 shareholders as at 31 December 2001. All shares have the same voting rights in the company. At the extraordinary general meeting on 3 March, 2002, the company decided to increase the share capital by NOK 102,000.

| | 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 | -1 788 483 | -187 711 |
| Employer's share of National Insurance | -31 638 | 280 217 | -79 920 | 291 232 |
| Net pension liabilities/pension funds | -256 000 | 2 267 574 | -646 732 | 2 365 708 |
| | GROUP 2001 | | GROUP 2000 | |
| | Guaranteed | Not guaranteed | Guaranteed | Not guaranteed |
| Accrued pension liabilities as at 31 December | 90 285 866 | 8 305 830 | 32 132 308 | 2 263 187 |
| Calculated effect of future wage settlements | — | — | — | — |
| Calculated pension liabilities as at 31 December | 90 285 866 | 8 305 830 | 32 132 308 | 2 263 187 |
| Pension funds (at market value) as at 31 December | 91 769 759 | — | 30 592 267 | — |
| Effect of deviations in estimates not carried | -5 495 489 | -370 814 | -2 766 473 | -187 711 |
| Employer's share of National Insurance | -2 861 841 | 323 390 | -182 730 | 291 232 |
| Net pension liabilities | -9 939 933 | 8 942 263 | -1 408 152 | 2 365 708 |

Financial assumptions:

| | 2001 | 2000 |
|---|-------|-------|
| Discount rate | 7.0 % | 7.0 % |
| Expected wage settlement | 3.3 % | 3.3 % |
| Expected pension increases/adjustment of basis amount in National Insurance | 2.5 % | 2.5 % |
| Expected yield of pension funds | 6.0 % | 6.0 % |

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

NOTE 14 – TAXES

| | PARENT COMPANY | | GROUP | |
|---|----------------|----------------|----------------|----------------|
| | 2001 | 2000 | 2001 | 2000 |
| NOK 1,000 | | | | |
| Overview of temporary differences: | | | | |
| Receivables | - 9 606 | - 6 112 | - 11 549 | - 7 487 |
| Stock | - 4 287 | - 500 | - 4 946 | - 2 868 |
| Project reserves | 253 636 | 400 782 | 300 711 | 408 127 |
| Shareholdings | - 2 517 | - 2 467 | - 8 213 | - 2 467 |
| Provisions | 10 000 | 7 400 | 16 161 | 8 300 |
| Pensions in accordance with accepted accounting standards | - 2 012 | - 1 710 | 7 005 | - 444 |
| Profit and loss account | — | — | 32 915 | 839 |
| Other differences | — | — | — | — |
| Conversion account | 17 651 | 378 714 | 307 602 | 379 144 |
| Total | 238 719 | 738 714 | 307 602 | 379 144 |
| Remuneration carried forward | — | - 238 | - 6 | - 238 |
| Corrections income | — | - 94 987 | — | - 105 311 |
| Loss to carry forward | — | — | — | — |
| Total | 238 719 | 283 489 | 307 596 | 273 595 |
| Total tax increasing/decreasing differences | 238 719 | 283 489 | 307 596 | 273 595 |
| 28 % deferred tax | 66 841 | 79 377 | 105 168 | 75 253 |
| Deferred tax advantages | — | — | 12 358 | — |

* In addition there is a negative temporary difference of NOK 61 664 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.

Overview of the largest shareholders as at 31 December 2001:

| | Number of shares | Ownership share |
|--|-------------------|-----------------|
| Steele Group AS | 4 862 000 | 16.9 % |
| Bljame Stele | 4 600 766 | 16.0 % |
| Storebrand Livsfors. Asejefond | 1 610 356 | 5.6 % |
| Odin Norge | 1 429 877 | 5.0 % |
| KLP Forsikring | 683 773 | 2.3 % |
| Odin Norden | 612 100 | 2.1 % |
| Rasmussen Gruppen AS | 485 000 | 1.5 % |
| Verdipapirfondet | 470 000 | 1.4 % |
| Verdipapirfondet Selskap | 382 600 | 1.3 % |
| Vital Forsikring ASA | 351 700 | 1.2 % |
| Asjejeffondet Gambak | 350 000 | 1.2 % |
| Verdipapirfondet AVANSE | 346 000 | 1.2 % |
| Gjensidige NOR Sparebank | 326 850 | 1.1 % |
| Skandinaviska Enskilda | 316 700 | 1.1 % |
| JPMorgan Chase Banc. Clients' Treaty Account | 306 000 | 1.1 % |
| Verdipapirfondet | 300 000 | 1.0 % |
| Finlandske Norge vdrkt | 300 000 | 1.0 % |
| Total | 17 598 122 | 61.2 % |
| 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 |
|--------------------------------|------------------|-----------------|
| The board of directors: | | |
| Bljame Stele* | 4 600 766 | 16.0 % |
| Tom Foberg | 2 500 | — |
| Geir Worum | 2 500 | — |
| Tor-Henning Lien | 5 800 | — |
| Øyvind Reiten | 2 750 | — |
| The managing director: | | |
| Bljame Stele | 34 600 | 0.1 % |

* Bljame Stele and family control Steele Group AS which at year-end owned 4,862,000 shares (16.9 %).

NOTE 12 – MINORITY INTERESTS

| | 2001 | 2000 |
|--|-------------|------------------|
| GROUP | | |
| Minority interests 1 January | 1 431 975 | 1 007 745 |
| Minority's share of profit | 653 741 | 247 197 |
| Changes in minority interest by contribution/acquisition | - 2 085 716 | 158 673 |
| Foreign exchange differences | — | - 23 360 |
| Minority interests 31 December | — | 1 431 975 |

NOTE 13 – PENSIONS

The company has pension schemes that include a total of 207 persons in the parent company and 451 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 203 persons.

| | PARENT COMPANY 2001 | | GROUP 2001 | |
|---|---------------------|----------------|------------------|------------------|
| | Guaranteed | Not guaranteed | Guaranteed | Not guaranteed |
| Present value of pension accrual for the year | 3 650 622 | — | 5 389 971 | 773 878 |
| Interest expenses on pension accrual | 1 690 447 | 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 | 108 098 | 132 069 | 7 936 | 18 640 |
| Net pension expenses | 4 146 735 | 187 477 | 5 124 037 | 1 008 951 |

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 189,237. 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 | 640,710 |
| Accounting related advisory services | 183,700 | 183,700 |
| Other services | 647,718 | 684,137 |

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 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 Barstveien, with ANS Dvergnes Elerend, KS Randsund Elerend and Steie Elerend AS. These companies are all partly controlled by the chairman of the board and the largest shareholder, Bjørn Steie and family. Annual rent amounted to NOK 87,744 both for the parent company and the group.

NOTE 19 – FINANCIAL ITEMS

| NOK 1,000 | PARENT COMPANY | | GROUP | |
|--|----------------|---------------|---------------|---------------|
| | 2001 | 2000 | 2001 | 2000 |
| Financial revenue | 6 101 | 2 195 | - | - |
| Interest received from inter-group companies | | 4 167 | | |
| Group contribution | | 8 839 | | 9 914 |
| Other interest revenues | 8 784 | - | 10 860 | - |
| Reversal of write-down of shares | | | | 4 322 |
| Other financial income | 82 | 3 916 | 1 627 | 4 322 |
| Gain on foreign exchange | 24 747 | 14 481 | 27 243 | 16 831 |
| Share of profit affiliated companies | 20 704 | 96 | 448 | - |
| Total financial revenues | 60 428 | 33 669 | 40 179 | 31 067 |
| Financial expenses | 18 928 | 4 205 | 19 758 | 4 650 |
| Other interest expenses | | 50 | | 280 |
| Write-down of shares | 50 | 280 | 50 | 280 |
| Other financial expenses | 2 389 | 1 770 | 4 216 | 2 524 |
| Loss on foreign exchange | 14 146 | 21 579 | 16 996 | 21 825 |
| Total financial expenses | 35 523 | 27 834 | 41 020 | 29 279 |

NOTE 20 – FINANCIAL INSTRUMENTS

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

| NOK 1,000 | PARENT COMPANY | | GROUP | |
|--|----------------|----------------|---------------|---------------|
| | 2001 | 2000 | 2001 | 2000 |
| Calculation of taxes for the year: | 219 581 | 108 587 | - | - |
| Withholding taxes | | 780 | | |
| Research expenses | 640 | 280 | | |
| Depreciation/reversed depreciation | 50 | - | | |
| 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 | -37 593 | | |
| Taxes for the year | 198 141 | - | - | - |
| Taxes for the year consists of: | 55 413 | - | 89 640 | 128 |
| Taxes payable | 12 710 | - | - | - |
| Reduced taxes payable due to group contributions | -12 536 | 30 589 | 1 018 | 30 685 |
| Changes in deferred taxes | | | | |
| Total taxes | 55 587 | 30 589 | 90 658 | 30 812 |

Explanation of taxes for the year:

28 % tax on profit before taxes
Permanent differences (28 %)

Calculated taxes

| | | |
|--|--------|--------|
| | 61 483 | 30 396 |
| | -5 696 | 195 |
| | 55 587 | 30 591 |

NOTE 15 – AREAS OF ACTIVITY

| NOK 1,000 | 2001 | | 2000 | |
|------------------------------------|------------------|----------------|------------------|------------------|
| | Offshore | Group | Offshore | Group |
| Operating revenue | 1 877 455 | 331 400 | 998 150 | 1 377 709 |
| Operating expenses | 1 684 137 | 307 757 | 1 891 894 | 1 015 129 |
| Depreciation | 31 879 | 3 828 | 35 707 | 881 |
| Operating profit | 261 439 | 19 815 | 103 742 | 5 061 |
| Minority share of operating profit | | | | 247 |
| Assets | 1 456 922 | - | 1 097 547 | 83 681 |
| Liabilities | 929 154 | - | 353 035 | 44 331 |
| Investments during the period | 425 967 | - | 8 724 | 9 275 |

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

| NOK 1,000 | PARENT COMPANY | | GROUP | |
|--|----------------|----------------|----------------|----------------|
| | 2001 | 2000 | 2001 | 2000 |
| Labour costs: | 140 815 | 111 603 | 294 595 | 170 808 |
| Wages | 21 344 | 18 788 | 50 699 | 22 586 |
| Employer's National Insurance contribution | 4 158 | 3 178 | 6 031 | 4 092 |
| Pension expenses | 5 150 | 3 753 | 14 676 | 5 983 |
| Other personnel related expenses | 171 467 | 138 302 | 366 000 | 203 429 |
| Total | 171 467 | 138 302 | 366 000 | 203 429 |

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 | 2 010 026 | 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 managing director is entitled to a special remuneration of NOK 300,000 per year. This remuneration is independent of any employment contract with an annual salary regulated remuneration of NOK 302,000. 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.

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

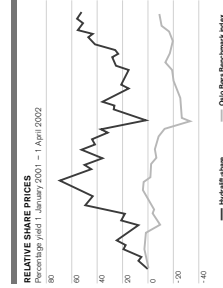
At the end of 2001 there were 2,417 shareholders. The share of foreign ownership at year-end was 4.01%. The chairman of the board, Bjørne Skeie, controls 27.13% of the shares. The total number of shares is 30,024,097.

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 |
|--------------------------------|------------------|
| Bjørne Skeie/Skeie Group AS | 6,138,266 |
| Odin Fondene | 2,372,777 |
| J.P. Morgan Chase (Nominee) | 1,708,125 |
| Storebrand Livsforsikring | 1,671,356 |
| Alsejefondet Gambak | 500,000 |
| Nordea Avkastning | 470,000 |
| Skandinaviska Enskilda | 415,700 |
| Vital Forsikring | 351,700 |
| Delphi Norge Verdepapir | 325,000 |
| Gjensidige NOR Spareforsikring | 312,050 |



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

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 worldwide 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.

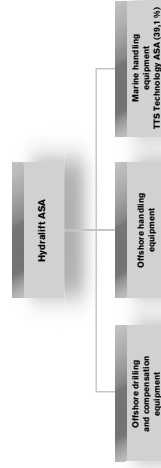
The Group has 860 employees, whereof 523 are based in Norway. In addition the partly owned group TTS Technology has 330 employees. The majority of the employees are highly qualified and experienced engineers.

Hydralift ASA was established in 1985, 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.



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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 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 renowned 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 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:

- The crane division of Hydralift ASA
- Hydralift Molde Crane AS
- TTS-Akro 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 Petrosbras in Brazil as the largest ongoing projects. Further, a number of large heave 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

April: Hydralift Molde Crane (AS Stålproukter) – offshore cranes
May: Hydralift BLM (France) – mooring, latching systems and cranes
December: TTS-Akro – 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

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.



platform, drilling equipment and handling systems as well as cranes for the semi-submersible drilling platform Ocean Baroness for Diamond Offshore, and for the Cat 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 upgrades 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, Jamstec 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 Askar, 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.

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/Jamstec, conversion of a semi-submersible drilling rig for Diamond Offshore Drilling, and a new built 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

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 GlobalSatraf, 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 1520 completed installations.

Customers include AP-Møller, Global Marine, Lycorn, 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.

by the drilling division. Heave compensated cranes for Sostad 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. Further growth 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-Akro in 2002, the company will become Hydralift's technology centre for offshore cranes.

TTS-AKTRO AS

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

The activity level in TTS-Akro 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 Beoyl Alpha platform. In addition two offshore cranes were delivered to ABB for installation on Statoil's Kitebjørn platform.

The order intake in 2001 was very good. The most important orders were for two offshore pedestal cranes to ABB, and winding 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-Akro 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.

MARINE HANDLING EQUIPMENT



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 patent company TTS ASA, with offices in Bergen and Kristiansand. The joint venture company TTS-Pilnsoil Co. Ltd. handles sales activities and follow-up of deliveries in China.

The Dry Cargo Division develops and delivers complete systems for handling of shiplads, 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 operators 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.

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

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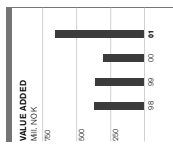
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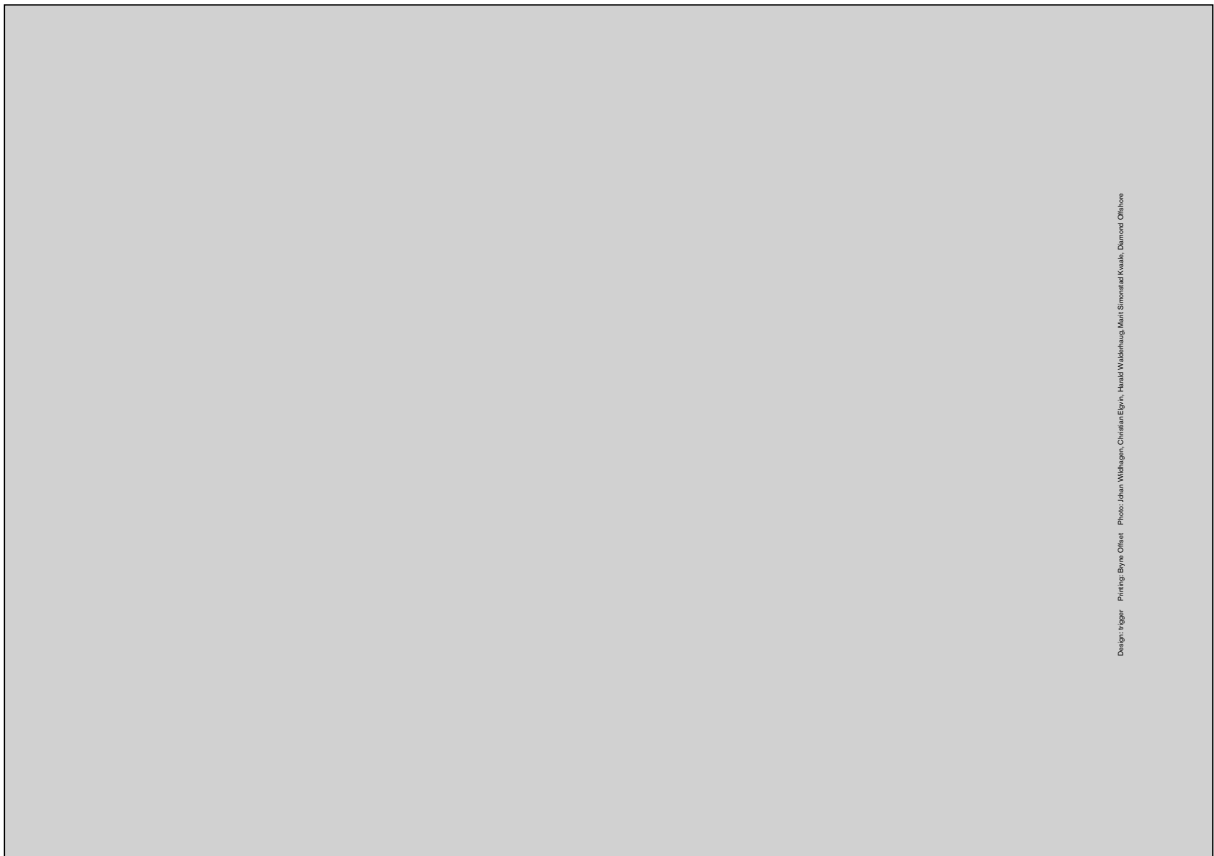
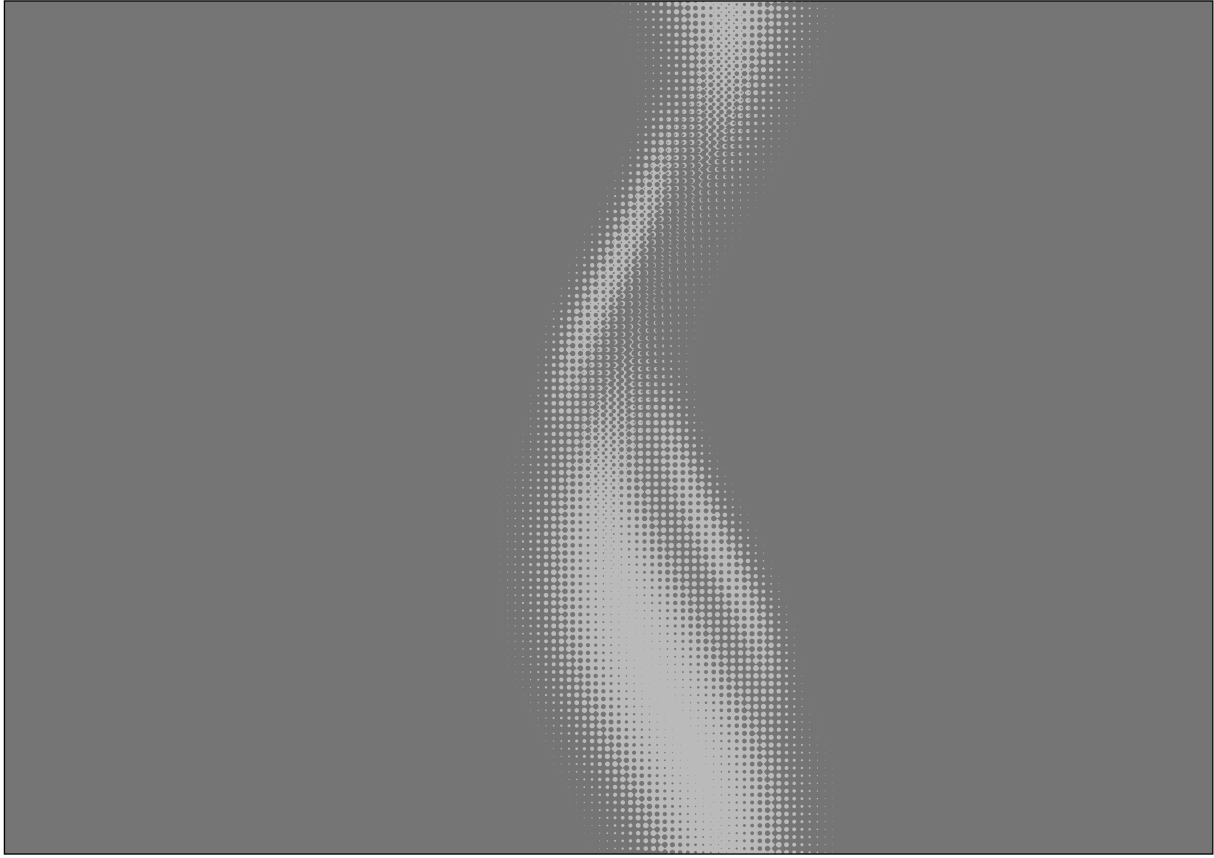
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VALUE ADDED STATEMENT

| | 2001 | 2000 | 1999 |
|--|----------------|----------------|----------------|
| NOK, 1,000 | | | |
| Total operating revenue | 2 308 856 | 1 135 991 | 1 396 182 |
| Consumption of purchased goods and services | 1 624 173 | 811 076 | 1 065 630 |
| Gross value added | 684 683 | 324 905 | 330 482 |
| Depreciation/amortisation | 35 707 | 12 050 | 11 669 |
| Net value added | 648 976 | 312 855 | 318 623 |
| Financial revenues | 23 882 | 7 093 | 36 905 |
| Profit from extraordinary income and expenses | - | - | - |
| Total value added | 672 858 | 319 948 | 355 528 |
| Distribution of value added | | | |
| Employees: | | | |
| Salaries and social benefits (ex. taxes and employer's contribution) | 237 172 | 136 100 | 132 043 |
| State and communities: | | | |
| Withdrawal of employee taxes | 76 129 | 42 871 | 47 712 |
| Employer's contribution National Insurance | 50 699 | 24 459 | 21 108 |
| Investment tax | 1 722 | 624 | 388 |
| Company tax | 90 858 | 30 812 | 41 223 |
| Contributors of capital: | | | |
| Lenders – interest | 24 722 | 5 303 | 10 589 |
| Shareholders – dividend | 57 448 | - | 71 601 |
| The companies: | | | |
| Retained for security and new value added | 132 108 | 79 779 | 30 660 |
| Total distributed | 672 858 | 319 948 | 355 528 |





Design: Triger - Printing: Blythe Offset - Photo: John Widdagen, Christian Elgim, Hans Widschug, Mari Simonsen, Kvalvik, Dønning Olsen

Appendix 3 - Hydralift: Report 2nd quarter 2002

FORTSATT GODE RESULTATER FOR HYDRALIFT

Hydralift hadde i første halvår 2002 driftsinnlekker på 1,614 millioner kroner (875) som er en økning på 84% fra samme periode i forrige år. Driftsresultatet for første halvår var 189 millioner kroner (99) som er en bedring på 91% i forhold til samme periode i 2001. Driftsmarginen var 11,7%. Til sammenligning var driftsmarginen 1,3% i samme periode i forrige år. For skatt fremkommer et halvårsresultat på 181,4 millioner kroner (96,3) og etter skatt 126,3 millioner kroner (63,8) som gir en forjensete pr. aksje på kroner 4,33 (2,22).

Ordreserven ved utgangen av juni var på 1,502 millioner kroner for hele konsernet. Det er inngått nye kontrakter for 535 millioner kroner i andre kvartal og 1,200 millioner kroner i 1. halvår 2002.

I andre kvartal 2002 økte driftsinnlekkene med 59 prosent til 817 millioner kroner fra 512 millioner kroner i andre kvartal 2001. Den høye veksten i omsætning skyldes i stor grad vekst i forretningsområdet offshore håndteringsutstyr, dels gjennom strategiske oppkjøp. Driftsinnlekkene er på linje med nivået i første kvartal i år (797).

Driftsresultatet ble 876 millioner kroner i andre kvartal 2002 sammenliknet med 579 millioner kroner i andre kvartal 2001. AmClyde er konsolidert i regnskapsåret fra 25. april 2002 og har bidratt positivt i andre kvartal.

For skatt fremkommer et resultat på 816 millioner kroner i andre kvartal som er en økning på 54 prosent fra andre kvartal 2001. Resultat etter skatt på 583 millioner kroner gir en forjensete per aksje på 1,91 (1,17) kroner.

Forretningsområdet boreutstyr hadde 425,5 millioner kroner i driftsinnlekker i andre kvartal 2002 som er en vekst på 28 prosent fra 338,4 millioner kroner i andre kvartal 2001. Driftsresultatet var på 577 millioner kroner som gir en driftsmargin på 13,6 prosent. Til sammenligning var driftsresultatet i andre kvartal 2001 på 48,5 millioner kroner og med en driftsmargin på 14,6 prosent. Ordreserven for boreutstyr var på 725 millioner kroner ved utgangen av andre

kvartal 2002. Verden av nye ordre i kvartalet for forretningsområdet var 263 millioner kroner. Offshore håndteringsutstyr har hatt en økning i driftsinnlekkene på 119 prosent til 391,5 millioner kroner i andre kvartal 2002 fra 179 millioner kroner i andre kvartal 2001.

Økningen skyldes høyere aktivitet i Hydralift ASA samt strategiske oppkjøp. Driftsresultatet for forretningsområdet var på 370 millioner kroner i andre kvartal 2002 eller 9,4 prosent av inntektene. I andre kvartal 2001, var driftsresultatet 131 millioner kroner og driftsmargin på 7,3 prosent. Ordreserven var på 776 millioner per utgangen av juni. Ordreinnngangen i kvartalet var på 282 millioner.

Også i andre kvartal var aktiviteten svært høy for hele konsernet med unntak av produksjonsområdet rør- og kablegging. Hovedparten av bore- og kompenseringsutstyret til den første av de to høyt nedsenkbare riggene til GobaSantara ble levert som kontraktbrevet i andre kvartal 2002. Leveransen av boreutstyr til Diamond Offshore's Ocean Rover er også gjennomført i andre kvartal, og som er i henhold til plan. Hydralift AmClyde leverte forankringsstyret til Ocean Rover i juni.

Ferdigstillelsen av bore- og kompenseringsutstyr til rigg nummer to til GlobalSantara som skal leveres i 2003 er i rute og utstyret vil bli levert i tide. Sakhalin og Shah Deniz prosjektene for leveransen av boreutstyr og kraner er startet opp. Leveransen skal skje i 2003.

Det er høy aktivitet innenfor offshore håndtering og deler flere prosjekter under gjennomføring enn noensinne tidligere. Ved utgangen av andre kvartal hadde Hydralift netto rentebærende gjeld på 462 millioner kroner. Økningen fra første kvartal skyldes i første rekke oppkjøp av AmClyde samt finansiering av pågående prosjekter. Egenkapitalandelen er 851 millioner kroner per 30.06.02 som tilsvarer 35 prosent.

Aktiviteten på tilbudsiden er fortsatt stor. Det forventes å bli flere store boreutstyrs-pakker i løpet av høsten. Innenfor offshore håndtering er det også en betydelig aktivitet. Med den sterke posisjonen Hydralift har opparbeidet seg i markedet og det faktum at

omfanget av utstyrs-pakker som tilbys er større enn noensinne, er selskapet optimistisk med hensyn til tilblivelse av nye kontrakter i andre halvår for utførelse i 2003.

Kristiansand, 14. august 2002
Sjefen i Hydralift ASA

RAPPORT 2. KVARTAL

Report for 2nd quarter

2002



STILL GOOD RESULTS FOR HYDRALIFT

Hydralift's operating revenues in the first half of 2002 were NOK 1,614 mill (87%), which represents an increase of 84 per cent over the same period last year. The operating profit for the first half was NOK 189 mill (9%), representing an improvement of 91 per cent compared to the same period in 2001. The operating margin was 11.7 per cent, compared to 11.3 per cent in the same period last year. Profit before tax for the first half amounted to NOK 181.4 mill (96.3). Profit after tax was NOK 128.3 mill (65.9), corresponding to earnings per share of NOK 4.33 (22.2).

The Group order backlog at the end of June was NOK 1,502 mill. New contracts in the second quarter represent a total value of NOK 535 mill, and NOK 1,200 mill for the first half of 2002.

Operating revenues increased by 59 per cent for the second quarter, totaling NOK 817 mill, compared to NOK 512 mill in the second quarter of 2001. This considerable increase is largely due to growth in the offshore handling equipment business area, and partly the result of strategic acquisitions. The operating revenues are on the same level as in the first quarter this year (75%).

The operating profit was NOK 673 mill in the second quarter of 2002, compared to NOK 579 mill in the second quarter of 2001. AmClyde has been consolidated into the accounts as of April 25 2002, and contributed positively in the second quarter.

Profit before tax amounts to NOK 816 mill for the second quarter, which represents an increase of 54 per cent over the second quarter of 2001. Profit after tax of NOK 583 mill corresponds to earnings per share of NOK 1.91 (1.17).

The operating revenues for the drilling equipment business area in the second quarter of 2002 were NOK 426.5 mill, representing a 28 per cent growth from NOK 333.4 mill in the second quarter of 2001. The operating profit was NOK 877 mill, corresponding to an operating margin of 13.9 per cent. In comparison, the operating profit in the second quarter of 2001 was

is NOK 851 mill, corresponding to an equity ratio of 35 per cent. Bidding activity is still high. It is expected that several large drilling equipment packages will be awarded during the fall. There is considerable activity within offshore handling as well. Taking into account Hydralift's strong market position, and the fact that the Group's equipment packages are more extensive than ever, the company remains optimistic with respect to award of new contracts in the second half of the year for execution in 2003.

Kristiansund, 14 August 2002
The Board of Directors of Hydralift ASA

NOK 485 mill, with an operating margin of 14.6 per cent. The order backlog for drilling equipment was NOK 725 mill at the end of the second quarter of 2002. The value of new orders for drilling equipment in the second quarter was NOK 253 mill.

The operating revenues within offshore handling equipment have increased by 119 per cent to NOK 391.5 mill in the second quarter, from NOK 179 mill in the second quarter of 2001. This increase is due to higher activity in Hydralift ASA, as well as strategic acquisitions. The operating profit for the business area was NOK 370 mill in the second quarter of 2002, corresponding to a 9.4 per cent operating margin. In the second quarter of 2001 the operating profit was NOK 131 mill, with an operating margin of 7.3 per cent. The order backlog was NOK 776 mill at the end of June. The second quarter order intake amounted to NOK 282 mill.

The activity level throughout the Group has maintained a very high level in the second quarter, with the exception of the pipe- and cable-laying equipment product area. Most of the drilling and compensation equipment for the first of two semi-submersible rigs for GlobalSantaFe was delivered in accordance with contractual agreements in the second quarter. Delivery of drilling equipment for Diamond Offshore's Ocean Rover also took place as planned in the second quarter. Hydralift AmClyde delivered the mooring system for Ocean Rover in June.

Completion of drilling and compensating equipment for the second GlobalSantaFe rig - due for delivery in 2003 - is on schedule and the equipment will be delivered on time. Work has started on the Sabhalin and the Shah Deniz projects for delivery of drilling equipment and cranes. Deliveries are to take place in 2003.

The activity level within offshore handling is high, and the number of ongoing projects is larger than ever.

At the end of the second quarter Hydralift had a net interest bearing debt of NOK 333.4 mill in the second quarter of 2001. The increase over the first quarter is primarily due to the acquisition of AmClyde, as well as financing of on-going projects. As per June 30 2002 the total equity

REGNSKAP / ACCOUNTS

| RESULTATREGSKAP / PROFIT AND LOSS ACCOUNT | | 1. halvår/1st six months | | 2001 | | 2002 | |
|--|--|--------------------------|------------------|------------------|------------------|------------------|------------------|
| | | NOK 1000 | | | | | |
| | | 2001 | | 2002 | | 2001 | |
| 2. kvartal/2nd quarter | | 6 746 | 5 499 | 12 965 | 9 629 | 12 965 | 9 629 |
| 1. halvår/1st six months | | 171 333 | 133 893 | 354 739 | 210 669 | 354 739 | 210 669 |
| Driftsinntekter / Operating revenues | | 1 613 807 | 874 696 | 3 287 614 | 1 749 392 | 3 287 614 | 1 749 392 |
| Varekostnader / Cost of materials etc. | | 1 045 232 | 550 986 | 2 062 567 | 1 196 700 | 2 062 567 | 1 196 700 |
| Avskrivninger / Depreciation | | 12 965 | 9 629 | 25 930 | 19 258 | 25 930 | 19 258 |
| Andre driftskostnader / Other operating expenses | | 354 739 | 210 669 | 709 472 | 403 195 | 709 472 | 403 195 |
| Driftsresultat før goodwill / Operating profit before g.w. | | 200 871 | 103 412 | 465 878 | 230 734 | 465 878 | 230 734 |
| Driftsresultat / Operating profit | | 189 047 | 99 013 | 399 941 | 145 534 | 399 941 | 145 534 |
| Finansinntekter / Financial income | | 13 428 | 11 366 | 27 856 | 24 179 | 27 856 | 24 179 |
| Finanskostnader / Financial expenses | | 21 083 | 14 035 | 42 166 | 32 119 | 42 166 | 32 119 |
| Ordinært resultat før skatt / Pre tax profit | | 181 392 | 96 344 | 375 631 | 187 604 | 375 631 | 187 604 |
| Skatter / Taxes | | 53 116 | 31 931 | 106 232 | 65 685 | 106 232 | 65 685 |
| Minoritetsinteresse / Minority interests | | 0 | -654 | 0 | 0 | 0 | 0 |
| Netto resultat / Net result | | 128 276 | 63 759 | 269 399 | 121 919 | 269 399 | 121 919 |
| Resultat pr aksje / Earnings pr share | | 4.33 | 2.22 | 6.58 | 3.31 | 6.58 | 3.31 |
| FORRETNINGSOMRÅDENE / BUSINESS AREAS | | | | | | | |
| Driftsinntekter / Operating revenues | | 687 300 | 503 455 | 1 390 600 | 1 006 910 | 1 390 600 | 1 006 910 |
| Boretstyt / Drilling Equipment | | 716 507 | 371 241 | 1 432 514 | 702 486 | 1 432 514 | 702 486 |
| Offshore Håndteringsutstyr / Offshore Handling Equipment | | 391 500 | 178 962 | 783 000 | 361 424 | 783 000 | 361 424 |
| Total | | 1 078 807 | 682 417 | 2 213 600 | 1 368 334 | 2 213 600 | 1 368 334 |
| Driftsresultat / Operating profit | | 134 539 | 78 425 | 269 078 | 159 709 | 269 078 | 159 709 |
| Boretstyt / Drilling Equipment | | 48 571 | 20 827 | 97 142 | 41 656 | 97 142 | 41 656 |
| Offshore Håndteringsutstyr / Offshore Handling Equipment | | 86 332 | 24 987 | 171 936 | 88 053 | 171 936 | 88 053 |
| Total | | 200 871 | 103 412 | 399 078 | 229 709 | 399 078 | 229 709 |
| KONSERNETS BALANSE / CONSOLIDATED BALANCE SHEET | | | | | | | |
| Anleggsmidler / Fixed assets | | 1 038 024 | 733 666 | 2 076 048 | 1 467 332 | 2 076 048 | 1 467 332 |
| Omløpsmidler / Current assets | | 1 378 350 | 848 710 | 2 756 700 | 1 831 309 | 2 756 700 | 1 831 309 |
| Sum eiendeler / Total assets | | 2 416 374 | 1 582 376 | 4 832 748 | 3 298 641 | 4 832 748 | 3 298 641 |
| Egenkapital / Shareholders funds | | 851 208 | 478 685 | 1 702 416 | 547 721 | 1 702 416 | 547 721 |
| Minoritetsinteresse / Minority interests | | 0 | 2 033 | 0 | 0 | 0 | 0 |
| Langsiktig gjeld / Long term liabilities | | 648 249 | 134 313 | 1 296 498 | 467 606 | 1 296 498 | 467 606 |
| Kortsiktig gjeld / Current liabilities | | 717 297 | 967 345 | 1 433 834 | 852 402 | 1 433 834 | 852 402 |
| Sum gjeld og egenkapital / Total liabilities and shareholders funds | | 2 416 754 | 1 582 376 | 4 830 342 | 3 298 641 | 4 830 342 | 3 298 641 |
| KONTANTSTRØMOPPFØLJING / CASH FLOW | | | | | | | |
| Kontantstrøm fra operasjonelle aktiviteter / Cash flow from operating activities | | -172 755 | 439 860 | -345 510 | 879 720 | -345 510 | 879 720 |
| Kontantstrøm fra investeringsaktiviteter / Cash flow from investing activities | | -345 760 | -566 619 | -691 520 | -701 938 | -691 520 | -701 938 |
| Kontantstrøm fra finansieringsaktiviteter / Cash flow financing activities | | 454 533 | 462 788 | 909 063 | 575 038 | 909 063 | 575 038 |
| Netto endring i kontanter og kontantekvivalenter / Net change of cash and cash equivalents | | -33 982 | 336 029 | -127 967 | 672 810 | -127 967 | 672 810 |
| Beholdning av kontanter og kontantekvivalenter ved periodens begynnelse / Cash and cash equivalents at the beginning of the period | | 323 264 | 1 20 009 | 651 231 | 30 665 | 651 231 | 30 665 |
| Beholdning av kontanter og kontantekvivalenter per periodens slutt / Cash and cash equivalents at the end of the period | | 289 282 | 416 038 | 523 264 | 306 475 | 523 264 | 306 475 |

PROFORMA REGNSKAP* / PROFORMA ACCOUNTS*

| | 1. halvår / 1st six months | |
|---|----------------------------|------------------|
| NOK 1000 | 2002 | 2001 |
| PROFORMA RESULTATREGNSKAP / PROFORMA PROFIT AND LOSS ACCOUNT | | |
| Sum Driftsinntekter / Sum Operating revenues | 1 805 445 | 2 886 109 |
| Varekostnader / Cost of materials etc. | 1 223 726 | 1 912 035 |
| Avskrivninger / Depreciation | 15 921 | 29 810 |
| Andre driftskostnader / Other operating expenses | 359 299 | 664 667 |
| Sum driftskostnader/ Operating expenses | 1 598 946 | 2 606 512 |
| Driftsresultat før goodwill / Operating profit before g.w. | 206 499 | 349 597 |
| Avskrivninger goodwill / Depreciation of goodwill | 15 124 | 11 287 |
| Driftsresultat / Operating profit | 191 375 | 324 074 |
| Finansinntekter / Financial income | 13 428 | 68 113 |
| Finanskostnader / Financial expenses | 22 733 | 80 163 |
| Sum finansposter / Net Financial items | -9 305 | -12 050 |
| Ordinært resultat før skatt / Pre tax profit | 182 070 | 312 024 |
| Skatter / Taxes | 54 382 | 112 112 |
| Netto resultat / Net result | 127 688 | 199 912 |
| Overført Balansen / transferred shareholders funds | 127 688 | 199 912 |

*) Proforma resultatregnskap inkluderer oppkjøpte selskaper i hele perioden: Procon Engineering AS, Stålprodukter AS, BLM (Frankrike), TTS-Akro AS og AmCyclo, mens Hydralift Marine AS er solgt pr 31/12-01, og tatt ut av proformatalene.

*) The proforma profit and loss account includes the acquired companies: Procon Engineering AS, Stålprodukter AS, BLM (France), TTS-Akro AS and AmCyclo, for the whole period. Hydralift Marine AS is sold per 31/12-01, and omitted in the proforma account.

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Appendix 4 – Press release from Hydralift 11 October 2002

HYDRALIFT AND NATIONAL-OILWELL ANNOUNCE COMBINATION AGREEMENT

Hydralift ASA (OSE/HYD) announced today the signing of a definitive combination agreement with National-Oilwell, Inc. (NOI/NYSE) to create the leading global supplier of comprehensive systems and components used in offshore oil and gas drilling and production, as well as offshore cranes and floating production equipment.

Under the terms of the agreement, which has been approved by both companies' boards of directors, National-Oilwell will make a cash Tender Offer in approximately thirty days to acquire all of the outstanding shares of Hydralift. National-Oilwell will offer NOK 55.00 for each share of Hydralift, which had an October 10 2002 closing price on the Oslo Stock Exchange of NOK 34.50.

The transaction is subject to various conditions, including certain regulatory approvals, and the acceptance of the Tender Offer by shareholders owning more than 90 per cent of the outstanding shares.

The board of directors of Hydralift has recommended the tender offer. A group of Hydralift's key shareholders, including Bjarne Skeie and the Board of Directors, who collectively own approximately 22.8 per cent of Hydralift's shares, have granted six-month options to National-Oilwell to purchase their shares of Hydralift at a price equal to the Tender Offer price.

The combination of Hydralift and National-Oilwell ("the Combined Group") will result in a group with substantial growth opportunities, strengthened global market positions, and a proven and highly experienced international management team. The Combined Group will be a leading global supplier of offshore drilling equipment and offshore production equipment in respect of volume and profitability. In the financial year ending on December 31, 2001, Hydralift had revenues of NOK 2,309 million and Net profit of NOK 190 million. National-Oilwell for the same period had revenues of USD 1,747 million and Net profit of USD 104 million. The consolidated financial resources will strengthen the Combined Group's position to continue being a major player in the future consolidation of the global offshore equipment business.

Hydralift is a major manufacturer of equipment to both the international oil and gas and maritime industries. The company develops and designs specialized solutions based on its standard range which includes complete drilling equipment packages, offshore cranes, pipe-handling systems, heave compensation systems, riser tensioning systems, mooring systems, offshore production equipment, handling equipment for cable-laying vessels and well-intervention systems. Hydralift is established with its own operations through subsidiary companies in Norway, USA, France, United Kingdom and the Netherlands.

Bjarne Skeie will continue as the Chairman of the Board of Directors of Hydralift and Birger Skeie will continue as CEO. The Hydralift business within the offshore drilling equipment, offshore production equipment and floating production markets is planned to continue to be managed from Kristiansand, Norway. Hydralift employs approximately 1,100 people. Hydralift is listed on the main list of Oslo Stock Exchange. The market capitalisation of Hydralift was approximately NOK 1,100 million based on the latest closing price. The Tender Offer values Hydralift at approximately NOK 1,735 million in total.

National-Oilwell is a worldwide leader in the design, manufacture and sale of comprehensive systems and components used in oil and gas drilling and production, as well as in providing supply chain integration services to the upstream oil and gas industry. The major mechanical components include drawworks, mud pumps, power swivels, SCR systems, travelling equipment and rotary tables. The company also designs and manufactures a broad offering of downhole products, including drilling motors and specialized drilling tools for rent and sale. National-Oilwell also provides distribution services through its network of distribution service centres located in the United States, Canada and near major drilling and production activity worldwide. National-Oilwell employs approximately 5,500 people. National-Oilwell is listed on the New York Stock Exchange. The market capitalisation of National-Oilwell was USD 1,510 million based on latest closing price.

National-Oilwell has great confidence in the management and staff and is confident that they not only have the skills and experience to continue to drive the success of the Hydralift businesses but will also be able to contribute to the wider success of the Combined Group.

Pareto Securities ASA acted as sole financial advisor to Hydralift, and First Securities ASA acted as sole financial advisor to National-Oilwell.

PARTICULARS AROUND THE AGREEMENT

According to the agreement, and following a confirmatory due diligence of Hydralift, National-Oilwell will within approximately one month, launch a cash tender offer to acquire all shares in Hydralift for a consideration of NOK 55 per share. Such tender offer may be extended from time but not beyond 31 March 2003.

National-Oilwell already controls some 22.8 per cent of the shares through call options, and retains the right to acquire further shares through the market.

The obligation of National-Oilwell to complete the Tender offer may be made subject to the following conditions:

- That the Hydralift Board recommends and upholds its recommendation of the Tender Offer.
- That a number of Hydralift Shares representing more than 90 per cent of the number of the shares outstanding, including shares acquired by National-Oilwell in the market, shares tendered in respect of the Tender Offer and Shares controlled by the Call Option or other option agreements, shall have been validly acquired, tendered and not withdrawn within the Tender Offer period.
- That any governmental or official approval under EU or US competition and/or any other applicable competition or other laws, which are necessary for the consummation of the transactions contemplated hereunder, have been duly obtained prior to 31 March 2003, and that no order preventing the consummation of the Tender Offer shall have been issued by any court of competent jurisdiction.
- That no intervention will be made and no conditions will be imposed by other national or international authorities or court of law in connection with the acquisition that National-Oilwell at its sole discretion determines are unduly burdensome.
- That Hydralift is not in material breach of any representation, warranty, covenant or agreement set forth in the Agreement.
- That there have not been events, related to the Hydralift group of companies, that separately or together may have a Material Adverse Effect, financially or otherwise for the assets of the Hydralift group or for Hydralift and their obligations, operations, results or prospects.
- That the business of Hydralift, in the period from the commencement of the Tender Offer and prior to settlement of the Tender Offer, has been conducted in the ordinary course of business and in accordance with applicable laws, regulations and decisions of any governmental body, and that there has not been made any changes in the share capital of Hydralift, issuance of rights which entitles holders to demand new shares or similar securities, payment of dividend, proposals to shareholders for merger or de-merger, or any other change of corporate structure.

National-Oilwell may elect whether or not to complete the Tender Offer, if one or more of the above conditions above are not fulfilled.

Under certain circumstances, a break up fee of NOK 50 million will be payable by either National-Oilwell or Hydralift if the transaction does not proceed as agreed in the agreement.

For more information, please contact:

Birger Skeie +47 3819 2319

Appendix 5—Press release from National-Oilwell 11 October 2002

NATIONAL-OILWELL AND HYDRALIFT ANNOUNCE COMBINATION AGREEMENT

HOUSTON--(BUSINESS WIRE)--Oct. 11 2002--National-Oilwell, Inc. (NYSE:NOI) announced today the signing of a definitive combination agreement with Hydralift ASA (OSE:HYD) that will solidify National-Oilwell's position as the leading global supplier of comprehensive systems and components used in offshore oil and gas drilling and production.

Under the terms of the agreement, which has been approved by both companies' boards of directors, National-Oilwell will make a cash Tender Offer in approximately thirty days to acquire all of the outstanding shares of Hydralift. National-Oilwell will offer NOK 55, approximately U.S. \$7.33, for each share of Hydralift, which had an Oct. 10 2002 closing price on the Oslo Børs of NOK 34.50. The total value of the transaction, including the assumption of debt, is approximately \$300 million. The transaction is expected to be accretive immediately to earnings per share of National-Oilwell.

For the three months ended June 30 2002, National-Oilwell reported revenues and operating profit of approximately \$372 million and \$30 million. Hydralift reported revenues and operating profit of approximately \$109 million and \$12 million for the same period.

Bjarne Skeie, chairman of the board of Hydralift, and Birger Skeie, chief executive officer, have each agreed to continue in their current positions after the combination.

Pete Miller, National-Oilwell's chairman, president and CEO, said "This combination is an exceptional strategic fit and will create the leading global supplier of offshore drilling equipment, offshore production equipment and floating production systems. We believe Hydralift's product range will open new growing market segments to National-Oilwell and benefit our customers' needs for more technical, fully integrated drilling systems. Additionally, we are extremely excited about the experience, reputation and leadership Bjarne and Birger will bring to our international management team."

Bjarne Skeie, chairman of Hydralift, said "The combination of these two companies gives Hydralift the opportunity to participate more rapidly in the consolidation of the offshore equipment industry. National-Oilwell's market leading position and worldwide installed base will provide substantial growth opportunities for our products and strengthen our global market positions. We believe our customers, shareholders and employees will benefit from this combination."

The transaction is subject to various conditions, including certain regulatory approvals, and the acceptance of the Tender Offer by shareholders owning more than 90 per cent of the outstanding shares. A group of Hydralift's key shareholders, including Bjarne Skeie and the board of directors, who collectively own approximately 22.8 per cent of Hydralift's shares, have granted six-month options to National-Oilwell to purchase their shares of Hydralift at a price equal to the Tender Offer price. First Securities ASA acted as financial advisor to National-Oilwell and Pareto Securities ASA acted as financial advisor to Hydralift.

National-Oilwell is a worldwide leader in the design, manufacture and sale of comprehensive systems and components used in oil and gas drilling and production, as well as in providing supply chain integration services to the upstream oil and gas industry.

Hydralift manufactures and sells equipment to both the international oil and gas and maritime industries. The company develops and designs specialized solutions based on its standard range of products which includes complete drilling equipment packages, cranes, pipe-handling systems, heave compensation systems, riser tensioning systems, mooring systems, handling equipment for cable-laying vessels and well-intervention systems.

Statements made in this press release that are forward-looking in nature are intended to be "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934 and may involve risks and uncertainties. These statements may differ materially from actual future events or results. Readers are referred to documents filed by National-Oilwell with the Securities and Exchange Commission, including the Annual Report on Form 10-K, which identify significant risk factors which could cause actual results to differ from those contained in the forward-looking statements. A single exchange rate of U.S. \$1.00 = NOK 7.5 has been used in this announcement for translation purposes.

Appendix 6a – Acceptance Form Voluntary Tender Offer

To be used for acceptance of the voluntary offer (the “Tender Offer”) by National-Oilwell, Inc. (“National-Oilwell”) to purchase of all outstanding shares in Hydralift ASA (“Hydralift”) on the terms and conditions set forth in the offer document dated 8 November 2002 (the “Offer Document”)

Shareholder:

Return to:

First Securities ASA
P.O.Box 1441 Vika
0115 Oslo, Norway
Tel: +47 23 23 80 00
Fax: +47 23 23 80 11

The shareholder register in Hydralift 5 November 2002 shows:

| Bank account number for cash payment: | VPS-account: | No. of shares: | Rights holders registered: |
|--|---------------------|-----------------------|-----------------------------------|
| | | | |

ACCEPTANCE DEADLINE:

This Acceptance Form must be received by First Securities ASA (“First Securities”) by 17:00 Oslo time (11:00 am United States Eastern Time) Friday 22 November 2002, subject to possible extension by National-Oilwell. Shareholders with shares in Hydralift distributed among several VPS-accounts will receive one Acceptance Form for each individual VPS account. Accepting shareholders must complete and return all Acceptance Forms received by the acceptance deadline.

To National-Oilwell and First Securities:

1. I/We confirm that I/we have received and reviewed the Offer Document and accept the Tender Offer for all, unless otherwise stated by me/us, of my/our shares in Hydralift in accordance with the terms and conditions set forth in the Offer Document. My/our acceptance also comprises any Hydralift shares which I/we, in addition to the number of shares stated above, have acquired or will be acquired and which will be registered in the VPS.
2. I/we accept that I/we may not sell, otherwise dispose, encumber or transfer to another VPS account, the shares tendered. Furthermore, First Securities is given irrevocable authorization to block the shares tendered in favor of First Securities until the Tender Offer is annulled or is no longer applicable.
3. First Securities is given irrevocable authorization to upon completion of the Tender Offer to transfer the shares from my/our VPS-account to National-Oilwell.
4. I/We accept that settlement in the form of cash will be made through transfer to the above bank account. If bank account no. is not filled in, the settlement will be made to the bank account registered on the VPS account for dividend payment.
5. My/Our shares in Hydralift are transferred free of any encumbrances and any other third party right whatsoever and with all shareholder rights attached to them. Any third party with registered encumbrances or other third-party rights over the relevant Hydralift Shares and/or VPS account(s) must sign the Acceptance Form and thereby waive their rights in the Hydralift Shares and approve the transfer of the Hydralift Shares to National-Oilwell free of any encumbrances and any other third party right whatsoever. I/We acknowledge that this acceptance may only be regarded to be valid if any registered holders of rights have given written consent on this Acceptance Form that the shares are tendered and may be transferred to National-Oilwell free of any such rights (this done by inserting YES in the box ‘Rights holders registered’ above on right hand of this form and by signing below).
6. National-Oilwell will pay my/our costs directly related to VPS transactions in connection with my/our acceptance.
7. This Acceptance Form is subject to Norwegian law. Any dispute arising out of or in connection with the Tender Offer shall be [subject to the exclusive jurisdiction of the Norwegian courts with Oslo as the agreed venue.
8. I/we understand and agree that the Tender Offer is not being made to, nor will tenders be accepted from or on behalf of Hydralift shareholders in any jurisdiction in which the making of the Tender Offer or acceptance thereof would not be in compliance with the laws of such jurisdiction. I/we confirm that my/our acceptance of the Tender Offer is not restricted according to the laws of the jurisdiction applicable to me/us.

| | | |
|-------|------|--|
| | Date | |
| Place | | Signature *) |
| | | *) If signed pursuant to proxy, a proxy form or company certificate confirming the authorized signature must be enclosed |

Rights holder(s):

In the event that there is registered holder(s) of rights on the VPS-account this is marked with a YES above on right-hand box of this Acceptance Form. As holder(s) rights the undersigned consents that the transaction is undertaken on the above-mentioned terms.

| | | |
|-------|------|--|
| | Date | |
| Place | | Rights holder’s signature *) |
| | | *) If signed pursuant to proxy, a proxy form or company certificate confirming the authorized signature must be enclosed |

Appendix 6b – Akseptformular Frivillig Tilbud

Til bruk ved aksept av det frivillige tilbudet (Tilbudet) fra National-Oilwell Inc. ("National-Oilwell") om kjøp av alle utestående aksjer i Hydralift ASA ("Hydralift") på de vilkår som er inntatt i tilbudsdokumentet, datert 8. november 2002 ("Tilbudsdokumentet"). Dette er en oversettelse av det offisielle engelskspråklige akseptformularet (Acceptance Form). Ved uoverensstemmelse mellom den engelske og den norske språkversjonen, skal førstnevnte gjelde.

| | | | |
|---|--|-----------------------|----------------------------------|
| Aksjeeier: | Returneres til : First Securities ASA Postboks 1441 Vika 0115 Oslo Telefon: (+47) 23 23 80 00 Faks: (+47) 23 23 80 11 | | |
| | Aksjeeierboken til Hydralift fra 5. november 2002 viser: | | |
| Bankkonto for innbetaling av penger: | VPS-konto: | Antall aksjer: | Rettighetshaver innmeldt: |
| | | | |

AKSEPTFRIST:

Dette akseptformularet må være mottatt av First Securities ASA ("First Securities") innen kl 17.00 lokal tid i Oslo (kl 11.00 lokal tid på østkysten av USA) fredag 22. november 2002. National-Oilwell har rett til å forlenge akseptfristen. Aksjeeiere som har aksjer i Hydralift fordelt på flere VPS-konti, vil motta ett akseptformular for hver av disse VPS-konti. Aksjonærer som aksepterer tilbudet, må fylle ut og returnere alle mottatte akseptformular innen akseptfristens utløp.

Til National-Oilwell og First Securities:

- Jeg/vi har mottatt og gjennomgått Tilbudsdokumentet og aksepterer Tilbudet på de vilkår som er inntatt i Tilbudsdokumentet. Min/vår aksept gjelder alle mine/våre Hydraliftaksjer, med mindre annet er uttalt av meg/oss. Min/vår aksept omfatter også alle Hydraliftaksjer som jeg/vi - i tillegg til aksjene nevnt ovenfor - har ervervet eller vil erverve og som blir registrert i VPS.
- Jeg/vi aksepterer at jeg/vi ikke kan selge eller på annen måte avhende, pantsette eller overføre til en annen VPS-konto de aksjer som omfattes av aksepten. Videre gir jeg/vi First Securities en ugjenkallelig fullmakt til å sperre aksjene som omfattes av aksepten til gunst for First Securities inntil Tilbudet er annullert eller ikke gjelder lenger.
- First Securities gis en ugjenkallelig fullmakt til etter gjennomføringen av Tilbudet å overføre aksjene fra min/vår VPS-konto til National-Oilwell.
- Jeg/vi aksepterer at oppgjør i penger gjennomføres ved overføring til kontoen nevnt ovenfor. Dersom konto ikke angis, vil overføring skje til utbyttekonto registrert på VPS-kontoen.
- Mine/våre aksjer i Hydralift blir overført fri for heftelser eller noen annen rett for tredjemann og med alle tilhørende aksjonærrettigheter. Alle tredjemenn med registrert pant eller andre rettigheter til Hydraliftaksjene og/eller VPS-konto (eller VPS-konti), må undertegne akseptformularet og derved gi avkall på sine rettigheter i Hydraliftaksjene og godkjenne at Hydraliftaksjene overføres til National-Oilwell fri for tilhørende pant eller rettigheter for tredjemann. Jeg/vi erkjenner at denne aksepten bare kan anses som gyldig hvis alle eventuelle registrerte innehavere av rettigheter skriftlig på dette akseptformularet samtykker til at aksjene som omfattes av denne aksepten, overføres til National-Oilwell fri for slike rettigheter. (Dette gjøres ved å skrive et "JA" under boksen "Rettighetshaver innmeldt" ovenfor på høyre side på dette formularet og ved å undertegne nedenfor).
- National-Oilwell betaler mine/våre utgifter som er direkte relatert til VPS-transaksjoner i forbindelse med min/vår aksept.
- Akseptformularet er underlagt norsk rett. Enhver tvist som springer ut av eller som står i forbindelse med Tilbudet, skal avgjøres av Oslo tingrett.
- Jeg/vi forstår og er enig i at Tilbudet ikke vil bli fremmet til og at akseptert ikke vil bli akseptert fra eller på vegne av aksjeeiere i Hydralift i jurisdiksjoner hvor det vil være i strid med lovgivningen å fremme Tilbudet eller å akseptere akseptert av det. Jeg/vi bekrefter at min/vår aksept av Tilbudet ikke strider mot lovgivningen i den jurisdiksjon jeg/vi er underlagt.

| | | |
|-------|-------|---|
| _____ | _____ | _____ |
| Sted | Dato | Underskrift *) |
| | | *) Hvis undertegning skjer ved fullmektig, må fullmakt eller firmaattest som bekrefter fullmektigens underskrift, legges ved. |

Rettighetshaver(e):

Hvis det finnes én eller flere registrerte innehavere av rettigheter på VPS-kontoen, så er dette markert gjennom et "JA" under boksen "Registrert rettighetshaver" ovenfor på høyre side av dette formularet. Som innehaver av rettigheter, samtykker undertegnede til at transaksjonen gjennomføres på de ovennevnte vilkår.

| | | |
|-------|-------|--|
| _____ | _____ | _____ |
| Sted | Dato | Rettighetshavers underskrift *) |
| | | *) Dersom undertegning skjer ved fullmektig, må fullmakt eller firmaattest som bekrefter fullmektigens underskrift legges ved. |

National Oilwell-Hydralift AS

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