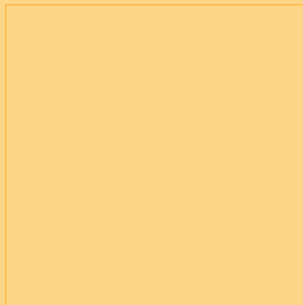
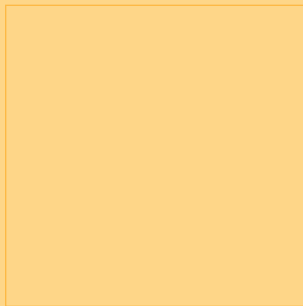
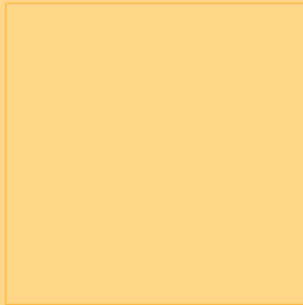


Annual Report 2002

Report from the Intsok Board of Directors





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The challenge for the Norwegian supply and service industry

In 2002 the petroleum industry represented 19.2 percent of the Norwegian GDP. The average daily oil production was 3,0 million barrels. A recent study on the employment in the petroleum industry shows that 54,000 people were directly engaged in the industry while some 150,000 were indirectly employed in the sector.

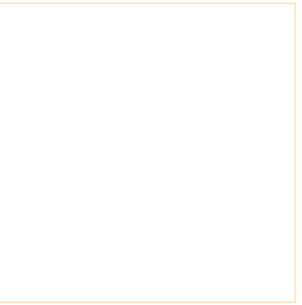
These achievements are the results of former policy decisions where the overall objectives were to establish domestic oil companies and develop a robust supply and service industry. Though a major transformation of the private sector the capability of the offshore supply and service industry has developed in to a world class oil and gas cluster. With the support of international oil companies major investments were made into technology transfer, research & development, education and training.

The globalisation of the industry continues, resulting in mergers and development of large corporate bodies with world-wide presence. During the last year Norway experienced that major companies within the supply chains of transportation and drilling equipment were acquired by foreign companies.

The global offshore market, including investments and recurrent costs was estimated at 100 billion USD in 2001. Including the market share on the Norwegian Continental Shelf (NCS) the Norwegian supply and service industry has approximately 10 percent of world offshore market.

The challenge for the Norwegian supply and service industry in the next few years is to maintain a strong position in the maturing North Sea and at the same time capture significant market share overseas. Innovation of new cost effective technologies and commercialisation of products and services will have to be given highest attention.

Gulbrand Wangen
 Managing Director
 Dr. Ing
 Intsok



The Angolan market emerges, and the Norwegian cluster is present. (Picture Girassol: Ø. Hagen, Statoil)



Market outlook

The best way of describing the market outlook in the short term is uncertainty. The war in Iraq will have short term impacts on the oil price.

The recent problems in Nigeria and Venezuela have added to the uncertainty. The world economy is still weak, also adding to the uncertainty. Russian production, on the other hand, continues to grow.

While uncertainty characterises the short term, longer-term trends indicate continued growth in energy demands. The latest assessment from the International Energy Agency, IEA, in Paris shows an annual average growth in the global demand for energy of 1.7 percent through 2030. Fossil fuels will remain dominant, accounting for more than 90 percent of the increase in energy use to 2030. Natural gas demand will grow fastest, but even in 2030 oil will be the largest individual fuel source.

Energy demand will increase, particularly in developing countries. Their share of world demand will increase from 30 percent today to over 40 percent in 2030. China is leading the growth in demand.

There are sufficient energy resources to meet the world's demand beyond 2030, provided that technology is available to develop these resources. Global oil reserves are adequate, though non-conventional oil will

probably account for a growing portion of supply. Natural gas and coal reserves are abundant. Natural gas will have a growing market share, from 23

percent to 34 percent by 2030. The dependence on gas imports will increase in the EU, US, China and India. LNG-trade will grow significantly. One notable trend is that there will be a significant shift in the geographical source of energy supplies over the next three decades. Almost all of this increase will come from non-OECD countries.

A very high level of investment will be required to expand the infrastructure for energy production, conversion and delivery, especially in developing countries. For example, the capital investments required to meet the requirements for power generation alone will be some 4200 billion USD over the next 30 years, according to IEA.

Global oil demand will rise from 75 million barrels per day in 2000 to 120 million barrels per day in 2030. The transport sector will account for nearly three quarters of this increase in demand. More oil reserves must be identified to keep pace with rising oil demand. Most of the growth in demand will still be met by Opec producers, particularly those in the Middle East. Iraq, when opened, will attract significant international capital. More oil will become available from Russia and the Caspian. Deep-water offshore discoveries will be important, but the companies will also need technology to keep increasing oil recoveries from old fields through efficient use of seismic and smart wells.

In mature provinces the role of smaller niche players will grow in importance to handle tail-end production and smaller field developments. UK continental shelf is already seeing the first indications of the new trend.

Technological advancements will bring more efficient production from non-conventional sources of oil, and converting gas to liquids will become more and more relevant.

The development and deployment of new



technologies will play a critical role in ensuring access to affordable and abundant energy.

The world's total expenditures on offshore oil and gas projects in the period 2003–2007 are estimated at 100–110 billion USD per year.

According to analyst Douglas-Westwood, subsea developments and floating production systems are among the fastest growing areas in offshore oil and gas. Levels of expenditure in these areas over the next 5 years are expected to increase by 40 percent and 390 percent respectively, relative

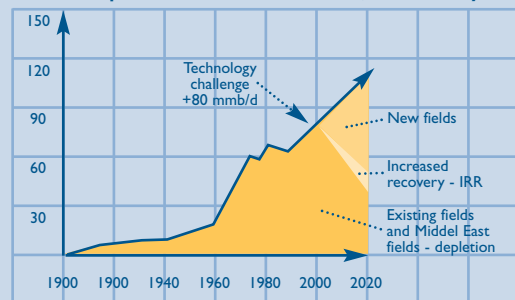
to the previous 5-year period.

Key regions in the subsea area over the next 5 years are Western Europe (including Norway) with 27 percent, West Africa (25 percent) and the US Gulf of Mexico (20 percent). Expenditure in the floating production sector is again dominated by West Africa (35 percent), the US Gulf of Mexico (19 percent) and Latin America (19 percent).

The oil from the Caspian is needed. This requires high investments in the infrastructure. (Picture: Statoil)

The exploration and production industry faces a dramatic growth challenge

Global oil* production medium scenario, Million b/day



* Petroleum Assessment 2000 (Reston, VA, July 2000).

Achievements in the international markets

International sales by Norwegian oil and gas suppliers and service companies have demonstrated a positive trend in recent years. Sales in 2001 were estimated at USD 4.5 billion, an 18 percent increase on the 1999 figure. The Norwegian oil and gas cluster consists of competitive international supply chains within 13 areas. Achievements within selected areas:

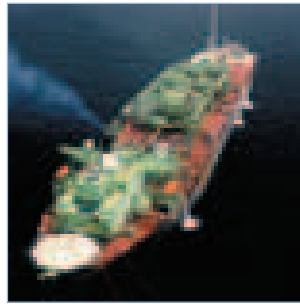
SUBSEA In 2002 the Norwegian subsea cluster won major contracts in Angola, Nigeria and Australia, including Shell's development of the Bonga field, southwest of the Niger delta. Located in more than 1000 m of water Bonga is Nigeria's first deepwater development.

In Angola the companies won contracts at Dalia and Girassol for TotalFinaElf. Both projects are located in Block 17 in 700-1400 m of water. In

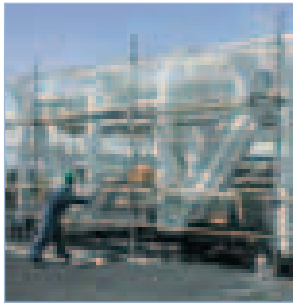
Australia a 5-year framework agreement was signed with Woodside for the delivery of engineering services, subsea facilities and services. The contract primarily covers Australia, but Woodside may also use the services in other regions.

The Norwegian subsea industry has a leading position internationally with a 70-80 percent market share. The skills, experience and technology which have been developed on the Norwegian continental shelf over many years are now being deployed abroad.

FMC Kongsberg Subsea, ABB Offshore Systems and Aker Kvaerner are all competitors in the subsea area while Stolt Offshore and Prosafe in cooperation with selected partners are positioning themselves for subsea installation and intervention.



The oil and gas processing facilities of *Sendje Ceiba* was fabricated by ABB Offshore Systems. (Picture: ABB)



The subsea cluster won major contracts in Angola. (Picture above: ABB)

Brazilian drillfloor. (Picture under: Odfjell Drilling)

Fifth generation rig Eirik Raude was chartered for assignment in Canada. (Picture bottom: Ocean Rig)

"The secret of success is to focus on elements that you are good at."

Kjell Eggen, Aker Verdal

PLATFORMS Maintaining a strong position in the North Sea is still important for companies in this area. Last year, however, Norwegian based companies won contracts in Canada, Brazil and the Middle East.

In Brazil, a joint venture between Aker Kvaerner, Siemens Oil and Gas and the Mauá-Jurong fabrication yard won a contract on 2 utility modules for Albacora (Petrobras). This contract is an example on package suppliers teaming up in order to be competitive in international markets.

Last year Aker Kvaerner won a topside contract for the FPSO for the White Rose (Husky Oil) east of Newfoundland. Aker Verdal won contracts for fabrication of jackets for Clair (BP) and Goldeneye (Shell) fields in the UK sector of the North Sea.

Leirvik Module Technology won a contract for the Clair living quarters (BP). A benchmark study has recently been initiated to monitor the progress of the project in order to compare with "best in class" projects worldwide.

The companies in this area refer to smart engineering, good purchasing procedures and good household as reasons for their success.

MAINTENANCE, MODIFICATIONS AND OPERATIONS (MMO) The contracts in the MMO area tend to be awarded either to large companies with an international network of offices or to local companies that maintain confidence and trust with the clients.

ABB's acquisition of Umoe Haugesund is an example of an international company bringing the MMO capability of a local company abroad. Over the two-three past years the company has positioned itself in most regions of the world through the ABB network. 2002 marked a breakthrough, with maintenance contracts in Brazil, and good positioning by the company in Egypt, Kazakhstan, Iran and several countries in West Africa.

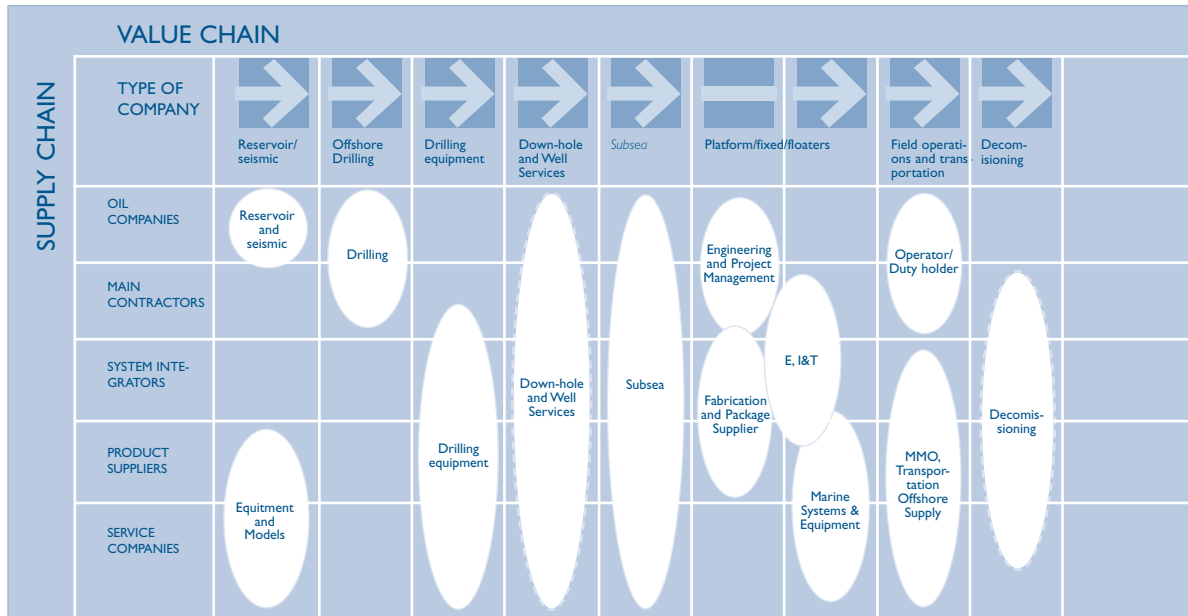
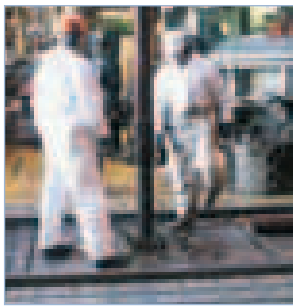
These achievements are the result of a firm business strategy with focus on regions with growing prospects in MMO.

The North Sea MMO market is increasing and several companies are well prepared to compete in this market. Last year Aker Kvaerner was awarded a long-term framework contract on the Tampen field (Statoil) while Aker Reinertsen won a similar contract on the Halten-Nordland field (Statoil)

The companies engaged in these contracts will gain valuable experience and build capabilities which at a later stage can be introduced in markets outside the North Sea.

The Norwegian strength lies in better and more effective implementation models, and willingness to accept long-term contracts with flexibility to adapt services to client needs.

OFFSHORE DRILLING The Norwegian rig companies have targeted certain markets outside Europe. Last year Ocean Rig's new fifth-generation



"The local content of the contracts is growing in importance in the various regions."

Arild Selvig, FMC Kongsberg Subsea



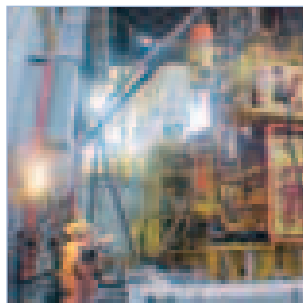
Norsk Hydro did geological fieldwork in Iran last year. (Picture: Hydro)

rigs were chartered for assignments in Canada and Angola. One rig is equipped for winter operations off Canada, and is probably the only rig in the world capable of performing such winter operations today. The other Norwegian based rig companies are exploring business opportunities in international markets as exploration drilling on the Norwegian Continental shelf is decreasing.

Norwegian based companies have a major share of the international drilling equipment market. Maritime Hydraulics, a subsidiary of Aker Kvaerner, won a contract for drilling equipment to Thunder Horse (BP) in the Gulf of Mexico and a contract of supplying drilling equipment to 3 platforms on Azeri, Chirag and Guneshli (AIOC) in the Caspian Sea.

MARINE SYSTEMS AND EQUIPMENT

This segment contains several niche products and services. The Intsok partner Norsafe may be



Installation at Girassol, off Angola. (Picture: FMC)

referred to as example where Norwegian technology and long-standing skills development within safety has paved the way for a breakthrough internationally.

In 2002 the company signed a contract with Global Santa Fe for the delivery of free-fall lifeboats for two semi-submersible rigs in Angola and Nigeria. The eight lifeboats are the biggest of their kind in the world.

Working with ExxonMobil the company developed specifications for Kizomba A and B in Angola. This resulted in deliveries of a total of 13 free-fall systems to Kizomba and Erha in Nigeria.

The company has also been awarded contracts for conventional lifeboats to BP in the Caspian Sea and contracts for free-fall lifeboats on Clair (BP) and Goldeneye (Shell) in UK.

“Clusters of suppliers and oil companies are a valuable combination.”

Per Bjørn Habbestad, ABB Offshore Systems

Kongsberg Simrad is another example of international success. The company is the market leader in dynamic positioning of FPSOs and shuttle tankers, position mooring and underwater positioning systems. In 2002 more than 100 systems were exported to clients around the world.

Another niche product is marine and subsea topside control systems. In 2002 the company was awarded contracts for Thunder Horse (BP) and for Habanero Llano (Shell) in the Gulf of Mexico. In Brazil the company won a contract for Viola (Petrobras) in co-operation with FMC Kongsberg Subsea.

The company is also renowned for its autonomous underwater vehicle (AUV) named Hugin, a free-swimming sensor carried for high-resolution seabed mapping, imaging and pipeline routings in deep water.

The second AUV was sold to a survey company in the Gulf of Mexico in 2002.

OPERATORSHIP Statoil secured two international operatorships last year. Statoil became the development operator for phases six, seven and eight of the South Pars gas and condensate field in the Iranian sector of the Persian Gulf. The agreement falls within the priority areas of the National Iranian Oil Corporation (NIOC). Since the opening of the doors to foreign investment in the late

1990s the country is particularly interested in improved recovery from existing fields, production from new fields and exploration activities.

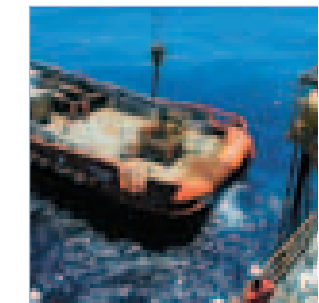
Statoil was also awarded operatorship for block 4 in the Plataforma Deltana area off eastern Venezuela in 2003. Statoil is committed to drilling three exploration wells over the next four years and will continue to work with the Venezuelan Ministry of Energy and Mines and the state oil company Petr6leos de Venezuela (PDVSA) to support the development of the Venezuelan supply and service industry.

In 2000 Norsk Hydro signed an agreement with NIOC for exploration of the Anaran block on the border to Iraq. Geological fieldwork has been ongoing in the whole period. In 2002 corridors and roads were cleared for mines in order to undertake seismic surveys. During this year more than 500 km of seismic data was gathered.

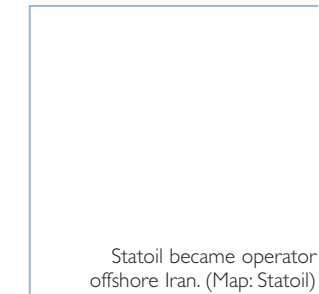
The drilling location for the first well is now established. Drilling is planned to start in 2003. Norsk Hydro is the first foreign company to undertake exploration in Iran in such a heavily mined area. This challenging task has been performed according to international safety standards with great success.

“The key to success has been to work directly toward the end users.”

Kjell Sørensen, Norsafe



Tree lift off South Africa (Picture: FMC)



Statoil became operator offshore Iran. (Map: Statoil)

Socio-cultural understanding and business practices

Intsok's annual conference in Stavanger in December focused on socio-cultural understanding and business practices. On the next pages we highlight some of the guest speakers' valuable contributions. Michael Price, researcher at the Centre for Intercultural Communication concentrates on cultural cost-drivers in international business. Victor Baumann of Aker Kvaerner advises the partners to be well prepared before entering new countries.

small costs for the company.

Research shows that 25-40 percent of US and UK managers failed as a result of cultural shock. This is often due to their short-term assignments and inadequate training before going abroad.

Victor Baumann's experiences relates to Nigeria. His first advice is to do your homework. Your choice of partner is make it or break it. Therefore, spend time to learn to know your partner; check references. Baumann also emphasises that "the partner must be credible influential and willing to share risk."

When it comes to socio-cultural understanding and behaviour, Baumann calls for the same, solid footwork when it comes to choosing your expatriates: "Expatriates must respect and like to work with Nigerians for this to become mutual. Beeing respected locally, improves your safety."

He stresses that they must have high integrity. Going there also calls for learning from others and that you build a network. You can then avoid their mistakes and learn the power game faster. He reminds that one enemy can make more harm than ten friends can do good.

You will only know if your choices were right when you become operational. For your own safety you should also have contingency plans and be sure you are well connected.

Baumann claims it is possible to do decent business most places. "But do not compromise." Gunnar Brustad-Nilsen, Senior vice president of ABB Offshore Systems appreciates local presence and content. This closeness to the customer is needed both front end and during field development and operations.

He prefers evolution – not revolution – for the local industry when doing training programs and bringing local engineers into the project organisations. Further his recommendation is to support the existing infrastructure and adjust technology solutions to local requirements. Brustad-Nilsen also encourages the companies to build own facilities on back of projects.

● Next page: Building competence in West Africa

"The partner must be credible, influential and willing to share risk."

Victor Baumann, Aker Kvaerner

"The single greatest barrier to business success is the one erected by culture."

Edward T. Hall, British anthropologist

Baumann has worked with various businesses in Nigeria for 24 years. Gunnar Brustad-Nilsen of ABB Offshore Systems prefers evolution, not revolution when working with local industry.

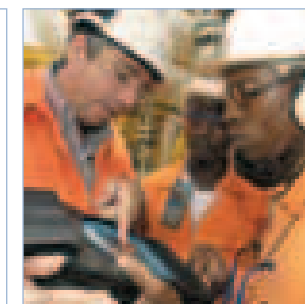
Michael Price strongly recommends companies to take cultural issues into their mainstream business, because it is not a side project: "Intercultural competence means new business opportunities and a competitive advantage."

On the subject of corruption Price encourages the companies to be more specific when talking about it. Are we talking about corruption or extortion, he asks, is it a bribe or a facilitation payment? And who's problem is it?

Price does not consider corruption as an oilwheeler at all. It's a cost-driver, and it can become extremely costly: "In fact, it's sand in the machinery." There are no short cuts, you have to train staff to tackle ethical dilemmas. This represents relatively

"Bring local engineers into the project organisations."

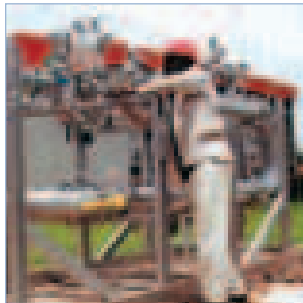
Gunnar Brustad-Nilsen, ABB Offshore Systems



Teamwork at Girasson, off Angola. (Picture: Ø. Hagen, Statoil)



Winning or loosing internationally very much comes down to respect and cooperation with the local people. This scene is from Baku. (Picture: Statoil)



Installation in Nigeria.
(Picture: Shell)



BUILDING COMPETENCE IN NIGERIA

Norway and Nigeria signed a Memorandum of understanding in February 2000 covering bilateral co-operation within the energy sector and associated environment. In addition to the private sector development, it will contain technology transfer and competence building and institutional co-operation between the two countries petroleum directorates.

Intsok has formulated a study for private sector development in Nigeria. The objectives of the study are to recommend ways and means of increasing and improving the capabilities of Nigerian supply and service companies, and to assess areas of co-operation with the Norwegian business community.

The work executed by a combined Nigerian and Norwegian team is progressing according to schedule towards a completion on July 1, 2003.

The six month 300,000 US-dollar study has been funded by the Norwegian Development Cooperation (Norad) and the Norwegian Ministry of Petroleum and Energy.

There is an agreement between the Nigerian Department of Petroleum Resources and Intsok that the latter in 2003 shall organize seminars on marginal field development, advanced subsea technology and deepwater technology.

Norad will partly fund the seminars.

TECHNOLOGY TRANSFER TO ANGOLA

Intsok signed a Memorandum of understanding with the Angolan Chamber of Commerce and Industry in 2002 with the purpose to offer assistance in technology transfer between Angolan and Norwegian enterprises, but also to support a private sector development program for the Angolan industry.

A curriculum for education of technicians including a train the trainer program in subsea field development and operation at the National Petroleum Institute in Sumbe is proceeding according to plan. The project is a joint initiative between main contractors in Intsok (ABB Offshore Systems, Aker Kvaerner and FMC Kongsberg Subsea) and is sponsored by Norad, the Norwegian Ministry of Petroleum and Energy and the Angolan Ministry of Petroleum. The Rogaland Education and Training Centre is engaged as a project manager.

Major events

For the third time Intsok and ONS invited international partners and delegates to attend a special program during ONS. There were about 45 delegates from seven different countries involved in the program: Angola, Azerbaijan, Iran, Nigeria, Russia and Venezuela.

Monday, August 26, Det Norske Veritas and Statoil hosted four workshops for Angola, Azerbaijan Iran and Nigeria. 20 partner companies participated in an overall successful event.

Intsok's local advisors from Angola, Nigeria and Iran were also present in Stavanger during these days. Individual follow-up plans for market entry strategies to these markets were prepared for the respective Intsok partners.

ANGOLA Intsok has established an office in Luanda with Mr. Emilio Grion as the local Intsok advisor. The Minister of Petroleum and Energy headed a delegation to Angola late May. The president of Norsk Hydro, top managers and senior representatives from Statoil and seven main contractors took part in the business delegation. Meetings were held with senior executives from Sonangol and TotalFinaElf. The Minister was accompanied by the Angolan Minister of Petroleum during the whole visit. He was also received by the President of Angola.

Intsok promoted partner participation at the Angola oil & gas annual conference and exhibition 2002 in Luanda in December. Several partners presented papers and exhibited at this fourth official conference.

AZERBAIJAN The annual Norwegian technology day in Baku with seminar and reception was held June 3, the day prior to the opening of the Caspian oil & gas conference and exhibition. Mrs. Brit Skjelbred, deputy minister in the Ministry of Petroleum and Energy, opened the seminar. The seminar had about 75 attendees. A delegation of four from The Ministry of Fuel and Energy and Socar, headed by minister Medjid

Kerimov, took part in the delegation program for ONS. The Minister presented a view of the past and future for Azerbaijan under the Exploration promotion forum at ONS.

AUSTRALIA Western Australia came with a delegation to the ONS 2002, where they took part in the Exploration promotion forum, and the exhibition.

BRAZIL Mr. João Carlos Nunes, a former top manager of Petrobras, has been selected as the local Intsok advisor to assist partners in the Brazilian market. In January Intsok visited all of the Brazilian shipyards in order to establish contact and explore business opportunities for Norwegian suppliers. Intsok, in co-operation with our sister organization in Brazil, (ONIP), and the Brazilian embassy in Oslo, organized a visit in May for a Brazilian business delegation to Oslo, Stavanger, Bergen, Ålesund and Trondheim. The delegation met some 20 Intsok partner companies.

The Norwegian Minister of Petroleum and Energy gave a key note speech at the World Petroleum Congress (WPC) in Rio de Janeiro in September. Several Norwegian papers were presented, and several companies had poster booths. Statoil was awarded the "Oil industry's Oscars" in the category technological excellence for their solution in reduction of CO2 emissions.

12 Norwegian companies exhibited at the Norwegian pavilion of Rio oil & gas show, which was organized in parallel with WPC. In addition, some 10 companies of Norwegian origin held booths at the show.

CANADA In connection with the official visit by King Harald and Queen Sonja of Norway in May, Intsok, in co-operation with the Norwegian Ministry of Trade and Industry and the Norwegian Trade Council (NTC), organized an oil and gas seminar in Halifax.

The seminar had about 100 attendees. Petro-Canada, EnCana, Norsk Hydro and Norwegian contractors and suppliers gave presentations. Newfoundland and Labrador exhibited at ONS and also took part in the Exploration promotion forum.

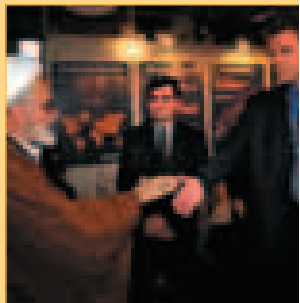
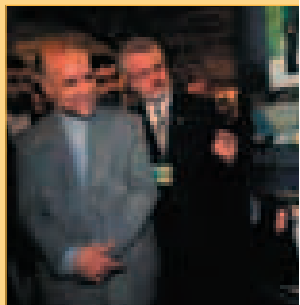
IRAN Intsok has appointed Mr. Mostafa Mansoori as a local advisor to assist Intsok partners in the Iranian market. Intsok organized a two-week local capability study tour to Iran in January. The purpose was to expose Norwegian companies to local contractors, suppliers, service companies and construction yards. The delegation visited Ahwaz, Busher, Arak, Esfahan, Neka and Tehran. The main lessons learned were presented to Intsok partners at the Iran network meeting in March. The chairman of Intsok, Mr. R. Rasmus Sunde, gave a presentation on the development of a competitive supplier industry at the Intsok/ONS topical luncheon in Tehran in April. 120 people attended. A Petrad training program was held, with the support of Intsok partner companies, in Ahwas during April. More than 100 students participated in this program, mostly from the National Iranian Oil Company (NIOC).

NIGERIA Mr. Moses O. Kragha has been assigned as Intsok's local adviser and will assist Intsok partners in the Nigerian market. Intsok promoted papers and exhibitions from partners at Offshore West Africa in Abuja in March. Intsok together with the Norwegian oil spill control association (NOSCA) hosted a workshop in June in Port Harcourt. Together with Petrad, Intsok organized a capacity building seminar on asset management and pipeline systems in June. Both events were in Port Harcourt and 120 people signed up for each event. These events were sponsored by the Norwegian Ministry of Foreign Affairs.



Minister of Fuel and Energy ,
Medjid Kerimov, on ONS
fishing trip to Kvitsøy.
Under: Minister of Oil,
Bijan Namdar Zanganeh
meets Statoil's Fred Ole Jahr
at Oil and Gas Conference
in Teheran.

Bottom: Speaker of the
Parliament, Mehdi Karoubi,
meets Aker Kvaerner
Engineering's Anders Tellefsen.



Iran pictures: Sven E. Furulund.



Much activity in the Russian- Norwegian network in 2002. Here is Rinat R. Murzin, Head of Ministry of Natural Resources, at a seminar in Oslo in January.

RUSSIA In January Intsok, in co-operation with the Russian trade organisation, organised a conference in Norway on opportunities in the Russian offshore market. The conference was followed by two parallel workshops between Russian delegates and Intsok partners. More than 160 people attended the conference.

Intsok, in cooperation with the Norwegian Trade Council (NTC), hosted the Russian-Norwegian oil and gas meeting in November, on the occasion of President Putin's visit to Norway. 45 people attended the meeting.

In July Intsok hosted a three day seminar on field development and offshore technology in Korolovo outside Moscow. 25 representatives from Caspian Oil Company and Yukos participated.

Russian-Norwegian oil and gas was on the agenda in Moscow in September. Mrs. Brit Skjellbred, deputy minister of Petroleum and Energy gave the opening speech. A total of 90 senior representatives from Norwegian and Russian authorities and companies participated.

A delegation of Norwegian partners visited Moscow in November. Four workshops were held between Gazprom, Gazflot, Rosshelf, Sevmorneftegaz, Caspian Oil Company, Yukos, Lukoil and the Norwegian oil and gas industry. A total of 100 people attended these workshops. The topics were Russian market perspectives and the Norwegian experience in offshore development. A delegation from Surgutneftegas visited Stavanger in December. The representatives from Russia visited several Intsok partners and they met representatives of the Norwegian Petroleum Directorate.

UK A UK network meeting was held in Stavanger in February. Representatives from BP and Shell UK presented their project portfolio with emphasis on the Clair and Goldeneye projects. One-to-one meetings between Shell, BP and Intsok partners were organised. In June Intsok partners met BP (Angola team and

Upstream technology group), British Gas (Egypt, UK and Kazakhstan) and Genesis in London.

A mission to Aberdeen to meet BP, Shell, Wood Group, Amec and Halliburton Brown & Root was organised by Intsok in November. 17 companies attended the mission.

USA As of December 2002 Mrs. Else Hafstad Terry will act as country manager for Intsok in Houston. She is a former employee of Statoil and will be engaged in a full time job for Intsok. In March Intsok hosted the fourth Houston week. The selected themes were floating production, subsea system and technical directions for deepwater developments. The ambassador to USA, Mr. Knut Vollebæk, held the opening address and a dinner speech.

The seminar and workshops were complemented with visits to the major oil companies: BP, ChevronTexaco, ConocoPhillips and Shell. In Intsok's evaluation of Houston week, the conclusion was that it was an improvement compared to previous years. This event should continue to address topics as floating production and subsea systems. Seminar should be supplemented with topical workshop and small booths for poster exhibitions. Intsok is currently working on a vendor list project. The objective is to further improve partners' position to win work with major oil companies and contractors through awareness processes and gathering of intelligence information on projects, who is who, contracting and procurement practices etc.

VENEZUELA Representatives from the Ministry of Energy and Mines (MEM) and PDVSA visited Norway in early February. Meetings were held with the Ministry of Petroleum and Energy, Statoil, Norsk Hydro and Intsok contractors.

A one-week program on building national capacity in offshore development was conducted in Venezuela in June. The program was organized by

Intsok, MEM, PDVSA and Camara Petrolera in co-operation with the Ministry of Petroleum and Energy, Statoil and Norsk Hydro.

A total of 17 companies and organisations took part from Norway and 45 companies participated from the Venezuelan side.

Intsok had the pleasure of hosting the meeting in Oslo with the President of Venezuela, H.E. Hugo Chavez and the Minister of Energy and Mines, H.E. Rafael Ramirez, in October. The meetings were attended by Norwegian contractors and suppliers.

CHINA Intsok and Petrad together hosted a deep water field seminar for China National Offshore Oil Corporation (CNOOC) in Guangzhou in April. The seminar was also arranged for Petronas in Malaysia in May.

In addition, a seminar on gas – exploration, production and utilisation was developed for CNOOC in Chengdu in September.

The seminar advanced technology for offshore gas fields development was developed for CNOOC, PetroChina and Sinopec, in Chengdu in October. A total of 10 Norwegian based companies participated and presented 16 papers during this seminar. Norad and The Ministry of Petroleum and Energy, through Petrad, sponsored all of these events.

SINGAPORE AND SOUTH KOREA A delegation of eight companies participated in six different workshops in South Korea and Singapore in early April. The delegation met from 10 to 35 key representatives from each of the shipyards Hyundai, Samsung and Daewoo in South Korea. In Singapore the delegates met representatives of Keppel Fels, Jurong and SembCorp Engineering International. A workshop was also arranged with Prosafe Production. The shipyards agreed to arrange new workshops in 2004.

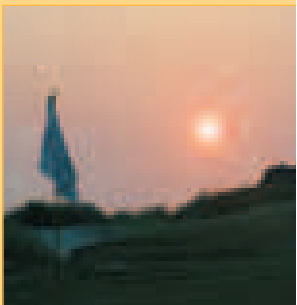
NORWAY In January Intsok organised five meetings with partners and industry representatives in Kristiansand, Stavanger, Bergen, Oslo and Trondheim.

This program was a co-operation with the local branches of The Norwegian Petroleum Society (NPF). The first part of the meeting was an internal partner meeting with focus upon strategies and market priorities. The second part was an open invitation to the oil and gas society in the respective cities, where Intsok presented a market outlook, an industry analysis and the Intsok planned activities for 2002.

Intsok held a number of network meetings for the partners discussing business challenges and business opportunities in the different markets. Intsok employees met regularly with the partners throughout the year advising them on general business strategies and entry strategies for the different markets.

Throughout the year Intsok has provided the partners with market information and regularly updates on international offshore priority projects. In addition, the Intsok local advisors from Angola, Brazil, Nigeria and Iran have visited selected partners in Norway and provided support to companies' entry plans for the same markets.

The sixth annual conference on internationalisation (see separate story on pages 10-11) with focus on innovation and R&D in the petroleum sector was hosted as a joint initiative between Intsok, OG21, Demo 2000 and the Oil and Gas Program of the Norwegian Research Council in Stavanger in December. 150 people participated at the conference.



Sunrise at ONS in Stavanger.

Key clients

OPERATORS Shell has consolidated all upstream projects under a central management. Their top management met Intsok in Oslo in September. A meeting was held with Shell UK in Aberdeen in November and with Shell E&P projects in the Hague, also in November. Intsok has agreed to organize regular meetings between Shell E&P projects and partner companies and also to discuss future technology needs and developments. Intsok is working with Shell's key operating companies in Nigeria, as well as the key specifying environment in Shell deepwater services in the Hague, London and Houston, to assist in qualifying Intsok partners.

Meetings with *ExxonMobil* were held during the visit of the Norwegian Minister of Petroleum and Energy to the Offshore Technology Conference (OTC) in Houston. A main issue for Intsok was to develop relations between ExxonMobil and Norwegian industry. Intsok had a meeting in August with the ExxonMobil Norway management where several proposals for co-operation with Intsok partners were discussed. Follow-up meetings took place in Houston in September. In December a senior representative from ExxonMobil's Upstream research company advised Intsok's Annual conference participants about the research and development process in the company.

A meeting with 22 Intsok partners and BP on their deepwater activities in the Gulf of Mexico was arranged during the Intsok Houston Week 2002. Another meeting was held with BP in London in June to discuss new concepts and enabling technologies with applications for Angola deepwater projects. The annual meeting with the managing director of BP Norge was held in October. A meeting with BP UK was held in Aberdeen in November. 15 Intsok partners attended. During the visit by the delegation from the Norwegian Ministry of Petroleum and Energy and

Intsok to Angola in May, a meeting with *TotalFinaElf* (TFE) was arranged where activities and possibilities for Norwegian industry were discussed. The business and development manager of TFE in Norway presented a keynote paper on the subject research and development process in TFE at Intsok's annual conference in December.

A half-day meeting with *ChevronTexaco* was arranged during the Houston Week 2002 with participation from 30 Intsok partners. The world-wide deepwater activities, plans and strategies, organisations and contacts for business were presented and discussed in an informative way.

MAIN CONTRACTORS AND SHIPYARDS

Intsok creates meeting places for partners to meet and present their products and services to the international main contractors and ship yards. A total of six shipyards in South Korea and Singapore were visited by a delegation of Intsok partners in April. During the mission to London in June, a meeting was organised with Genesis, being the front-end arm of Technip-Coflexip. 12 partner companies participated. During the mission to Aberdeen in November, half-day meetings were organised with Amec, Halliburton, Wood Group and Aker Kvaerner. A total of 17 companies participated in the delegation.

Financial result

The financing of Intsok is based on co-financing by the industry and the government. The revenues for 2002 totalled approximately NOK 19 million.

The financial result for 2002 shows a surplus of NOK 1246,064. The Board considers the Intsok foundation as financially stable and viable.

Appointment of board members

The Ministry of Petroleum and Energy appointed the following new board members as of March 1 and May 1, 2002 respectively: Mr. Jan Farberg, Ministry of Trade and Industry and Mr. Torkild Reinertsen, Reinertsen Group

As of September 1, 2002, The Ministry of Petroleum and Energy appointed the following new board members: Mr. Per Ludvig Magnus, Ministry of Foreign Affairs and Mr. Odd Mosbergvik, Statoil

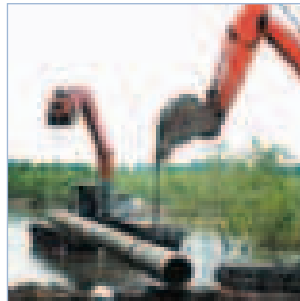
Organisation

The Intsok secretariat had seven full-time employees in 2002. The organisation is based in Oslo with an office in Stavanger. Intsok has also appointed local advisors in Angola, Brazil, Iran and Nigeria to support partners entering these markets. As from 1 December Intsok has also employed a full time country manager in Houston and a country manager for Russia is being recruited. Absences due to illness among Intsok employees amounted to a total of 14 days. This represents an

absence rate of 0.09 percent. The activities of the Intsok secretariat do not directly affect the external environment and no Health, Safety and Environment report will therefore be made. Intsok's administration was represented at the Top Management Forum of Kon-kraft, the joint Norwegian government and industry driven initiative to increase the competitiveness of the Norwegian oil and gas sector.



Intsok is working with Shell's key operating companies in Nigeria (Pictures: Shell)





Mr. R. Rasmus Sunde

Mr. Morten Ruud

Mr. Per Ludvig Magnus

Mr. Ole-Kristian Bærvahr

Mr. Odd Mosbergvik

Mr. Frode Alfheim

Mr. Steinar Gregersen

Mr. Torkild Reinertsen

Mr. Jon Erik Reinhardsen

Mr. Jan Farberg

Mr. Odd Sverre Haraldsen

Mr. Tollak Melberg

Outlook

Total revenues for the Norwegian supply and service industry were estimated at USD 12.5 billion (NOK 94 billion) in 2001, which is approximately 10 percent of the total global offshore market. The board is pleased to observe that the revenues of the Norwegian supply and service industry in international markets has increased from USD 3.8 billion (NOK 28 billion) in 1999 to USD 4.5 billion (NOK 34 billion) in 2001. The goal of generating USD 6.7 billion (NOK 50 billion) in international revenues is achievable with long-term commitment by the industry and continued and increasing support from the government. The main challenge for the industry in the years to come is to maintain the position in the maturing home markets on Norwegian and UK continental shelves and at the same time expand into overseas markets. The Norwegian industry has a competitive advantage in the world's deep-water markets. In addition, the industry is well positioned to supply niche products and services to onshore operators and contractors as well as systems, modules and equipment to the fabrication yards in Asia and elsewhere. To further support the strategy for internationalisation the board of Intsok has decided to launch a study on the Norwegian supply and service industry internationally towards 2010. The result of this study will form the basis for updating the market strategy of Intsok in 2004-2005.

Oslo, 26 March, 2003

R. Rasmus Sunde
R. Rasmus Sunde
Chairman

Jon Erik Reinhardsen
Jon Erik Reinhardsen

Jan Farberg
Jan Farberg

Morten Ruud
Morten Ruud
Deputy Chairman

Odd Sverre Haraldsen
Odd Sverre Haraldsen

Ole-Kristian Bærvahr
Ole-Kristian Bærvahr

Odd Mosbergvik
Odd Mosbergvik

Per Ludvig Magnus
Per Ludvig Magnus

Tollak Melberg
Tollak Melberg

Frode Alfheim
Frode Alfheim

Steinar Gregersen
Steinar Gregersen

Torkild Reinertsen
Torkild Reinertsen

The Intsok secretariat



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Ms. Mariann Marthinussen

Mr. Håkon Skretting

Mr. Per Hagen

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Intsok partners at December 2002

- ABB, Oil, Gas and Petrochemicals
- Acona
- Advanced Production and Loading AS (APL)
- Air Products AS
- Aker Kværner ASA
- Atlantis Deepwater Technology Holding AS
- Autronica Fire and Security, Division Oil & Gas
- Blom Maritime
- Bredero Price Norway AS, Dep. Thermotite
- ClampOn
- CorrOcean ASA
- Crystal Production ASA
- Det Norske Veritas
- Eide Marine Tech AS
- Eksportfinans ASA
- FMC Kongsberg Subsea
- Framo Engineering AS
- Frank Mohn AS
- GANN Mekaniske AS
- Glamox International AS
- Global Geo Services
- ASA
- Grenland Offshore AS
- GS – Hydro Norge AS
- Hartmark Consulting AS
- Hitec Vision AS
- Holta & Haaland AS
- Hydralift, Drilling Division
- Hydralift, Crane Division
- Institutt for Energiteknikk (IFE)
- IKM Testing A.S.
- Inenco A/S
- ITC AS
- JM Consult AS
- Kongsberg Simrad AS
- Leirvik Module Technology AS
- LMG Marin
- Marintek
- MPU Enterprise AS
- Multiconsult AS
- Navion ASA
- Nexans Norway AS
- Norwegian Geotechnical Institute.
- Norconsult AS
- NORFASS AS
- Norsafe AS
- Norsk Hydro ASA, E&P
- Nortech, Inc.
- Norwegian Environmental Technology AS
- Novenco AS
- NUI DaWinci Services AS
- NUTEC a.s
- Ocean Rig ASA
- OCEANOR
- Offshore & Marine ASA
- ONS (Offshore Northern Seas)
- Petec Software & Services AS
- Plugging Specialists International AS
- ProSafe ASA
- Pro-Vison
- Rapp Bomek AS
- Read Group AS
- Reinertsen Engineering ANS
- Scandpower AS
- Scan-Sense AS
- ScanRope Subsea
- Cables AS
- SeaFlex A/S
- Siemens A/S, Division Oil and Gas
- Simex A/S
- Sintef Petroleumsforskning AS
- SM Steinsvik Maskinindustri AS
- Software Innovation ASA
- Statoil ASA
- Steel Products Offshore AS
- Stolf Offshore AS
- Storvik & Co AS
- Structural Engineering
- Sørco AS
- Team Møkster AS
- Technor ASA
- Telenor
- Terra Energy Services
- The Bridge Group AS
- Tranberg AS
- Trelleborg Viking AS
- Triangle Equipment
- Valiant Industrier AS

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