

ODIM ASA

third quarter 2005

Offshore Service Vessels



SEISMIC | SUBSEA | SUPPLY
OCEANOGRAPHIC | SERVICE

Marine



DEFENCE | SERVICE

Mooring & Deep Water Installation



DEEP WATER | SERVICE

ODIM ASA – THIRD QUARTER 2005

This report is in according to IAS 34.

In the third quarter, ODIM has continued its strong growth both in revenues and margins. ODIM has doubled its revenues year-to-date compared to 2004. EBITDA year-to-date is four times higher than in 2004, and all projects are performing according to expectations. The current market situation and outlook remains strong, which is reflected in the increasing order backlog and firm tender activity. The outlooks for 2006 give reasons for expecting continued growth.

Key financial figures

ODIM had consolidated operating revenues of NOK 78.1 million in the third quarter 2005 compared to NOK 34.3 million in the same period last year. For the first three quarters, ODIM had revenues of NOK 219.7 million, which is a growth of 100 per cent compared to 2004.

The operating profit (EBIT) for the third quarter 2005 was NOK 7.8 million, compared to NOK 0.7 million in 2004. Year-to-date EBIT was NOK 23.5 million compared to NOK 4.0 million in 2004.

Profit before tax amounted to NOK 7.2 million for the third quarter, compared with NOK 0.3 million in the same quarter last year.

Profit after taxes in the third quarter 2005 reached NOK 9.1 million, compared to NOK -0.6 in 2004. The profit after taxes in the third quarter 2005 is influenced by a tax income of NOK 3.0 million due to a reversal of deferred tax assets into the balance sheet as at 30.09.2005. Estimated profit in order backlog is the reason for the reversal of deferred tax assets.

ODIM has in the third quarter participated in a capital issue of approximately NOK 10.5 million in OHI AS. After the capital issue, ODIM holds 49,9 per cent of the shares in OHI AS. In addition, ODIM has in the third quarter bought shares in Bourbon Offshore I KS in NOK 0.8 million. The investments in fixed assets in the third quarter was NOK 0.4 million.

Total assets as of 30 September 2005 amount to NOK 151.4 million. This is an increase of NOK 60.8 million compared to the same period last year, and is primarily due to increase in the activity level (accrued income).

Equity as of 30 September 2005 amounts to NOK 51.8 million which makes 34.2 per cent of total assets.

Net interest-bearing debts (interest-bearing debts minus bank deposits) as of 30 September was NOK 30.8 million. This is a decrease of NOK 3 million the last quarter.

Market and order backlog:

The activity in ODIM is divided into three divisions:

- 1) *Offshore service vessels (OSV)*, which includes development and supply of automated cable handling solutions for the market segments *seismic, supply, subsea and scientific and research vessels*.

Operating revenue in the third quarter 2005 was NOK 67.2 million compared to NOK 15.7 million in 2004. EBITDA was NOK 8.2 compared to NOK -1.5 million in 2004. The seismic segment looks very strong for the next two years, and several new seismic vessels are expected to be built.

- 2) **Marine**, which first of all includes development and supply of automated handling solutions to various sonar- detections- and defense systems.
Operating revenue in the third quarter 2005 was NOK 10.9 million, compared to NOK 18.5 million in 2004. EBITDA was NOK 1.9 million, compared to NOK 3.2 million in 2004.
- 3) **Mooring and deepwater installation (MDI)**: Development and supply of automated handling solutions for mooring and drilling rigs and floating installations of seabed modules in deep water, based on ODIM's unique patented CTCU technology.
Operating revenue in the third quarter 2005 was 0.0, compared to NOK 0.0 in 2004. EBITDA in the third quarter was NOK – 1.7 million, compared to NOK -0.3 million in 2004.
This division is still in an early development phase, and ODIM expects significant future growth opportunities within this market.

The backlog has increased from NOK 204 million as of 30 June 2005 to NOK 286 million as of 30 September 2005. The order intake last quarter was NOK 160 million and is almost fully related to new orders within the division Offshore service vessels (OSV).

The bidding activity in all market segments is still high with several promising market prospects, and the group is well positioned for getting new major orders the next months, both within OSV and Marine. Within MDI, the group will continue its focus in marketing and development of the fiber rope solution and the CTCU concept into the deep water market.

For the full year 2005, ODIM foresees a growth in revenues to more than NOK 300 million. Based upon existing backlog and bidding activity, ODIM expects an even higher activity within all three divisions for the next year compared to 2005.

Operations:

As of 1 July 2005, ODIM ASA transferred its operating business (most of the assets and short term liabilities) to ODIM AS (established 13 May 2005). The transaction also included most of the employees, while the intellectual property rights were kept by ODIM ASA.

ODIM AS will for the future have access to all the intellectual property rights. The main reason for this restructuring was to establish ODIM ASA as a parent company in new group structure and with a structure of operating companies as subsidiaries.

The organization has in the third quarter been further strengthened by several new highly qualified employees and ODIM has also improved its network with sub suppliers through further outsourcing of non-core activities. These steps will enable ODIM to increase its activity in a market with favourable outlook driven by increased E&P spending.

Substantial events after September 30, 2005:

On November 18, ODIM ASA was listed at the Oslo Stock Exchange. Simultaneously, there took place a public share issue of 1.800.000 shares, each of a price of NOK 30 per share. The share issue will first of all be used for funding the acquisition of Hydrakraft.

On October 21, ODIM signed a final agreement to acquire the assets in Hydrakraft AS. But the acquisition is still pending the Norwegian Competition Authorities.

Hjørungavåg, 23 November 2005

The board of Directors

ODIM ASA, third quarter 2005

PROFIT AND LOSS ACCOUNT - IFRS

figures in NOK 1 000

	Q3-05	Q3-04	YTD-05	YTD-04	2004
Total revenue	78 103	34 257	219 703	110 063	162 110
Material and services	39 220	16 966	109 021	51 404	67 273
Change WIP	84	-4 803	-	-10 914	-4 201
Salaries and social security costs	20 554	13 967	60 912	45 662	64 512
Other operating expenses	9 857	6 911	24 642	17 911	24 012
Bad debts and provision for bad debts	-	-169	-	-169	-132
Total operating expenses	69 714	32 873	194 575	103 894	151 463
EBITDA	8 389	1 384	25 129	6 169	10 648
Ordinary depreciation	550	729	1 636	2 176	2 744
Amortization goodwill	-	-	-	-	-
Amortization and depreciation	550	729	1 636	2 176	2 744
EBIT	7 839	655	23 493	3 993	7 904
Interest received	-42	-103	-87	-279	-364
Interest paid	547	439	1 487	1 435	1 930
Currency exchange gain/loss	154	9	10	-179	-61
Result from financial transactions	660	345	1 410	978	1 505
Profit before taxes	7 180	310	22 083	3 015	6 398
Taxes	-1 929	924	-3 216	1 989	2 934
Profit for the period	9 109	-614	25 298	1 026	3 465

Earnings per share (NOK 1)	1,02	-0,07	2,88	0,12	0,40
Diluted earnings pr share (NOK 1)	1,02	-0,07	2,87	0,12	0,40

Number of shares *1)	8 921 771	8 723 180	8 789 620	8 723 180	8 723 180
Diluted number of shares *2)	8 971 876	8 723 180	8 814 394	8 723 180	8 723 180
Share options *3)	579 589	573 710	579 589	573 710	573 710

*1) Weighted average number of shares in the period

*2) Using treasury stock method. If striking price on outstanding share options are lower than market price no diluting effect is shown.

*3) Outstanding share options at end of period, including new option plan approved by board but not yet allocated

ORDER BACKLOG / ORDER INTAKE

figures in NOK 1 000

	Q3-05	Q2-05	Q1-05	Q4-04
Offshore service vessels	267 000	178 000	129 000	60 000
Marine	19 000	26 000	44 000	46 000
Mooring & DWI	-	-	-	-
Sum order backlog end of period	286 000	204 000	173 000	106 000
Offshore service vessels	157 000	103 000	123 000	25 000
Marine	3 000	-	13 000	3 000
Mooring & DWI	-	1 000	-	-
Sum order intake in period	160 000	104 000	136 000	28 000

ODIM ASA, third quarter 2005

BALANCE SHEET - IFRS

figures in NOK 1 000

ASSETS:	30.09.05	30.09.04	2004
Deferred tax asset	8 636	1 584	2 617
Goodwill	5 118	4 844	4 588
Total intangible assets	13 755	6 428	7 206
Land and premises	6 240	6 074	5 715
Furniture and fixtures	1 152	3 330	861
Vehicles, machinery and equipment	3 072	1 396	3 548
Total fixed assets	10 464	10 800	10 123
Shares in other companies	2 375	-	-
Pension funds	1 394	1 528	1 547
Total financial assets	3 769	1 528	1 547
Total capital assets	27 988	18 756	18 876
Inventories	18 116	17 708	19 298
Accounts receivable	23 128	22 878	7 048
Accrued income	47 235	15 792	42 943
Prepayment to suppliers	1 085	840	2 174
Other receivables	9 527	640	1 246
Total receivables	80 975	40 150	53 410
Shares in associates held for sale	14 098	-	-
Bank deposits	10 195	14 000	9 634
Total current assets	123 384	71 859	82 342
Total assets	151 372	90 614	101 218

EQUITY AND LIABILITIES:	30.09.05	30.09.04	2004
Share capital	18 307	17 446	17 446
Share premium reserve	9 285	8 045	8 045
Paid-in capital	27 592	25 491	25 491
Retained earnings	24 247	-5 077	-3 699
Total equity	51 839	20 414	21 792
Pension liabilities	2 161	1 561	1 901
Provision for liabilities	2 161	1 561	1 901
Total long term loans	37 337	34 117	8 875
Total long term liabilities	39 498	35 678	10 776
Short term loans	2 349	5 317	29 054
Bank overdraft	1 349	-	1 782
Accounts payable	24 952	11 066	18 751
Taxes payable	985	-	750
Public duties payable	2 982	2 183	3 924
Warranty provision	38	-	-
Preinvoiced production	8 941	4 984	2 141
Other payables	18 438	10 972	12 248
Total short term liabilities	60 034	34 522	68 650
Total liabilities	99 533	70 200	79 426
Total equity and liabilities	151 372	90 614	101 218

ODIM ASA, third quarter 2005

MOVEMENT IN EQUITY - IFRS

figures in NOK 1 000

	YTD-05	YTD-04	2004
Equity at start of period	21 792	18 903	18 903
Share issue	2 100	-	-
Profit for the period	25 298	1 026	3 465
Translation differenses	2 649	485	-576
Equity at end of period	51 839	20 414	21 792

CASHFLOW STATEMENT - IFRS

figures in NOK 1 000

	YTD-05	YTD-04	2004
<u>Operational activities:</u>			
Result before tax	22 083	3 015	6 398
Taxes paid	-596	-75	-386
Depreciation and amortization	1 636	2 176	2 744
Changes in inventories, recievables and payables	-20 183	-22 137	-29 302
Changes in pension	413	-	321
Changes in other current balance sheet items	11 360	-5 880	-7 119
Net cashflow from operational activities	14 713	-22 902	-27 343
<u>Investing activities:</u>			
Investments in tangible assets	-1 223	-432	-723
Cashflow from sales of assets	118	-	90
Shares in associates held for sale and other investments	-16 473	-	-
Net cashflow from investing activities	-17 578	-432	-633
<u>Financing activities:</u>			
Equity paid in (share issue)	2 100	-	-
Change in long term loans	-592	-3 904	-92
Change in short term loans/bank overdraft	1 917	3 773	238
Net cashflow from financing activities	3 425	-131	146
Net change in cash	560	-23 465	-27 830
Cash at start of period	9 635	37 465	37 465
Cash at end of period	10 195	14 000	9 635

ODIM ASA, third quarter 2005

SEGMENT INFORMATION - IFRS

figures in NOK 1 000

Offshore service vessels:	Q3-05	Q3-04	YTD-05	YTD-04	2004
Revenues	67 167	15 696	175 928	68 862	104 021
EBITDA	8 200	-1 553	16 760	506	606
EBIT	7 787	-2 096	15 547	-1 037	-1 643
EBITDA margin	12,2 %	-9,9 %	9,5 %	0,7 %	0,6 %
EBIT margin	11,6 %	-13,4 %	8,8 %	-1,5 %	-1,6 %

Marine:	Q3-05	Q3-04	YTD-05	YTD-04	2004
Revenues	10 939	18 570	42 922	41 120	57 719
EBITDA	1 933	3 276	9 981	6 325	10 276
EBIT	1 817	3 273	9 579	5 875	9 781
EBITDA margin	17,7 %	17,6 %	23,3 %	15,4 %	17,8 %
EBIT margin	16,6 %	17,6 %	22,3 %	14,3 %	16,9 %

Mooring & DWI:	Q3-05	Q3-04	YTD-05	YTD-04	2004
Revenues	0	0	856	90	370
EBITDA	-1 714	-336	-1 582	-660	-234
EBIT	-1 738	-520	-1 606	-844	-234
EBITDA margin	-	-	-	-	-
EBIT margin	-	-	-	-	-

INTERNATIONAL FINANCIAL REPORTING STANDARDS

(Change in accounting principles)

ODIM is preparing its financial statements in accordance with the international accounting standard IFRS with effect from 2005. The figures for third quarter 2005 have been prepared accordingly. The published financial statements for 2004 was prepared in accordance with the Norwegian Accountin Act and N-GAAP. For comparison with previous year, ODIM has recalculated the figures for 2004 in accordance with IFRS.

For details about the transision to IFRS and the summary of significant accounting policies, se spesification in the report for second quarter 2005

figures in NOK 1 000

PROFIT - IFRS vs N-GAAP	Q3-05	Q3-04	YTD-05	YTD-04	2004
Profit for the period N-GAAP	4 386	-291	12 680	828	2 275
Changes in result from transition to IFRS	4 723	-323	12 618	198	1 190
Profit and loss according to IFRS	9 109	-614	25 298	1 026	3 465

EQUITY - IFRS vs N-GAAP	YTD-05 N-GAAP	YTD-05 IFRS	YTD-04 NGAAP	YTD-04 IFRS
Equity at start of period	39 634	21 792	39 634	18 903
Profit and loss, N-GAAP	12 680	12 680	828	828
Share issue	2 100	2 100	-	-
Translation differences	2 649	2 649	485	485
<i>Changes in result from transition to IFRS:</i>				
Changes in pension funds/liabilities		137		-
Changes in deferred tax assets		10 365		-751
Changes in accrued warranties		973		-
Reversed depreciation goodwill		1 143		949
Equity according to IFRS	57 063	51 839	40 947	20 414

Disclaimer for forward-Looking Statements:

This quarterly Report includes and is based, inter alia, on forward-looking information and statements that are subject to risks and uncertainties that could cause actual results to differ. Such forward-looking information and statements are based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for ODIM ASA and its subsidiaries. These expectations, estimates and projections are generally identifiable by statements containing words such as "expects", "believes", "estimates" or similar expressions. Important factors that could cause actual results to differ materially from those expectations include, among others, economic and market conditions in the geographic areas and industries that are or will be major markets for the ODIM's businesses, oil prices, market acceptance of new products and services, changes in governmental regulations, interest rates, fluctuations in currency exchange rates and such other factors as may be discussed from time to time. Although ODIM ASA believes that its expectations and the information in this Report were based upon reasonable assumptions at the time when they were made, it can give no assurance that those expectations will be achieved or that the actual results will be as set out in this Report. ODIM ASA nor any other company within the ODIM Group is making any representation or warranty, expressed or implied, as to the accuracy, reliability or completeness of the information in the Report, and neither ODIM ASA, any other company within the ODIM Group nor any of their directors, officers or employees will have any liability to you or any other persons resulting from your use of the information in the Report. ODIM ASA undertakes no obligation to publicly update or revise any forward-looking information or statements in the Report.

Facts about ODIM ASA:

ODIM ASA is a fast-expanding Norwegian technology company which develops and sells advanced automation solutions, primarily cable-handling systems and winches for offshore and naval vessels.

The company currently occupies a leading position in selected market niches, such as seismic surveying and offshore supply. Through the ODIM Spectrum subsidiary in Canada, it also has a solid position in the defence market.

In addition to its established market niches, ODIM will be making a heavy future commitment to the very promising deepwater market. The company rests on a strong professional and technological base. Its head office is at Hareid in western Norway, with subsidiaries at Peterborough in Canada and Houston, Texas.

ODIM has a total of 180 employees.

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