



SOLSTAD OFFSHORE ASA FINANCIAL REPORT FOR THE 1ST QUARTER 2007

- Historically good first quarter for Solstad Offshore ASA.
- Operating revenue was NOK 530 million compared with NOK 306 million for the same period last year.
- EBITDA (cash flow from operations) was NOK 338 million compared with NOK 141 million the previous year.
- Acquired approximately 42% of REM Offshore ASA (April)
- The ordinary general meeting resolved dividend of NOK 4,00 per share for 2006

Summary of the main figures (NOK 1.000) for the Group (for a more detailed overview, please refer to the attachment):

Profit and Loss Accounts	01.01-31.03 2007	01.01-31.03 2006	Total 2006
Operating revenue	530.083	306.381	1.795.391
Gain on sale of assets	0	0	87.647
Operating expenses	-194.514	-169.587	-858.249
Result associated/jointly owned companies	2.304	4.254	15.663
Ordinary depreciation/Write downs	-102.535	-88.792	-401.400
Operating profit	235.338	52.256	639.052
Net Financial items	-7.439	12.390	211.155
Result before taxes	227.898	64.646	850.207
Taxes	-4.964	-5.357	-25.278
Result after taxes	222.934	59.289	824.929
No. of shares (1.000)	37.791	37.791	37.791
Earnings per share/Diluted earnings per share	5,95	1,17	22,94
Balance Sheet	31.03.2007	31.03.2006	31.12.2005
Fixed Assets	(1) 6.357.482	6.673.889	6.360.796
Current Assets	2.075.435	1.027.902	1.932.924
Total Assets	8.432.917	7.701.790	8.293.720
Equity incl. minority interests	3.439.290	2.775.794	3.173.788
Long-term debt	4.125.236	4.368.625	4.218.736
Current Liabilities	868.390	557.371	901.196
Total Equity and Liabilities	8.432.917	7.701.790	8.293.720
(1) Hereof restricted bank deposits	633.920	608.994	647.666

Economy and Finance

Operating revenue for the first quarter was NOK 530 million which is 73% higher than the previous year's figure of NOK 306 million. This increase is mainly due to a tight market with good rates and also because several of our vessels with high income potential were in dock due to damages and Class rating during the first quarter of last year.

Cash flow from operations (EBITDA) for the first quarter was NOK 338 million compared with NOK 141 million for the same period last year.

As a result of a weakened USD and GBP in the first quarter of 2007, an unrealized currency gain of NOK 19 million has been posted to income. As the same time, a currency loss of NOK 13 million has been posted which is mainly due to a reduction in value of the Company's currency deposits.

The Company's net interest bearing debt at the end of the quarter was NOK 2,555 million which is an increase of NOK 7 million during the course of the quarter.

Interest bearing long term debt at 31.03.07 was NOK 4,418 million (4,395) of which NOK 610 million (254) is classified as short term debt and divided as follows: 44% NOK, 28% USD, 26% GBP and 2% Euro. At the end of the quarter, 2-5 year hedging agreements were entered into for approximately 11% of the total long term debt.

Booked equity at the end of the quarter was NOK 3,439 million, which equates to NOK 91 per share. No broker valuations have been acquired at the end of the quarter (this is done at 30th June and 31st December).

The Group's fleet has contract coverage of around 68% for the remainder of 2007, based on the number of days. Including options, contract coverage is approximately 77%. In 2008, contract coverage is around 36% and 56% respectively.

In April, the Company acquired 41.6% in REM Offshore ASA. The total investment is approximately NOK 805 million. The investment is financed by a NOK 500 million loan and the remainder from own liquidity.

After the end of the quarter, agreements have been entered into for the sale of the Company's three oldest vessels. The profit on disposal will be approximately NOK 135 million and will be posted in the second quarter (possibly divided between the second and third quarter depending on the handover dates).

The accounts for the quarter are prepared using the same accounting principles as the previous annual accounts and in compliance with IAS 34 Interim Financial Reporting.

Market

Last year was a historically good year for the offshore industry and the high global activity has continued into 2007. Exploration, development and maintenance and upgrading of existing installations are being carried out to capacity. This has resulted in a very tight market for most types of offshore service vessel in all geographical areas, including the spot market in the North Sea. The winter season this year was the best ever for SOFF and freight revenue/utilization in the first quarter was particularly high. The Company does not anticipate the same high freight revenues in the second quarter due to the contracts entered into and planned docking.

The future market is anticipated to continue with a high level of activity. In 2007-2008, the demand for vessels is expected to increase as a result of the higher number of drilling rigs in operation, combined with extensive development activity. Despite strong price pressure and long delivery time, the number of vessels on order is still relatively high. This is anticipated to have a negative impact on today's high profit margins. The Company also believe that there will be more consolidation in the branch in future.

The Fleet

At the end of the quarter, the fleet consisted of 34 wholly owned/jointly owned and leased vessels in and 12 new builds (5 in Norway and 7 through Nor Offshore Pte (NOR)) in Singapore. In total 30 vessels are operated from offices in Skudesneshavn and Aberdeen. Of these 2 are currently on the Brazilian Continental Shelf, 2 in Mexico and the US Gulf, 1 in West Africa, 7 in Asia and the remaining 18 vessels are in the North Sea area. In addition, Skudesneshavn supervise 5 new builds. The remaining fleet (currently 5 vessels and 6 new builds) are operated and supervised by NOR in Singapore.

Solstad Offshore ASA has entered into agreements for the sale of the three oldest vessels in the fleet (built in 1982-83). Two of the vessels are planned to be delivered to the new owner in the middle of May and the last will be delivered in June/July. The total sale price for the vessels is above their average broker values as per 31.12.2006. The accounting profit will be approximately NOK 135 million and will be posted in the second quarter (possible divided between the second and third quarters depending on the handover dates).

In the near future Solstad Offshore ASA will take delivery of two new builds, the Normand Ferking a large anchor handling vessel which will be delivered in June. The vessel is recognized for its fuel economy, low emissions of greenhouse gases to the environment and is equipped to perform more secure anchor handling through a number of automatic functions. Upon delivery, the Normand Ferking will enter into a 5 year contract with Statoil. In July, the Company will take delivery of a construction service vessel, the Normand Seven. This vessel will then start a 8 year contract with Subsea 7.

NOR, of which Solstad Offshore ASA own 50%, took delivery of its 5th new build in April 2007. The vessel has secured a 5 contract from around 1 June 2007. NOR will take delivery of a further 6 vessels during the period October 2007 to July 2008. This fleet is first and foremost built with a view to focusing on the markets in Asia and Australia. In addition, NOR has ordered a derrick lay barge (DLB) with lifting and pipe laying capacity which will be delivered end 2008. The DLB will be equipped with an 1100 ton crane, pipe laying equipment and large cabin capacity. The goal for the investment, which is estimated at around USD 80-100 million, is to become a player in the construction market in Asia and Australia.

The Company and its shareholders

During April 2007, SOFF acquired 41.6% of the shares in REM Offshore (REM). REM has 6 vessels in operation and 10 new builds. In May, the company ordered a further two vessels (combined anchor handling and construction service vessels) and also sold its oldest and only seismic vessel.

After the acquisition, SOFF has made a mandatory offer to the remaining shareholders in REM to acquire their shares. The offer is effective from 25 April to 23 May 2007. The investment in REM is strategic and was entered by SOFF because of its belief in the market and the company together with the opportunities afforded by a joint development of the two companies. SOFF will take the initiative to discuss the development of the company with the Board and management in REM. Our aim will be to look after our investment in REM.

SOFF also has a strategic share of around 28% in MPU Offshore Lift ASA. The Company, which is listed on the OTC list, has the vision of becoming a leading supplier of single lift vessels for removal and installation of offshore production platforms.

In addition Solstad Offshore ASA own 6.5% of the shares in Deep Sea Supply Plc. The investment is considered a market based investment.

At the ordinary general meeting on 8th May, a dividend of NOK 4,00 per share for 2006 was resolved. Shareholders in the Company at 8th May 2007 will receive dividend which will be paid on 22 May 2007.

The following board members were up for election: Johannes Solstad and Toril Eidesvik. Both were re-elected and in addition where Anette Solstad elected as a new board member. Per Gunnar Solstad stepped down as an ordinary board member and was elected as deputy director. Harald Eikesdal continues as Chairman and Johannes Solstad continues as Deputy Chairman.

The general meeting gave the Board the power of attorney to increase the share capital by up to NOK 4,280,000 by issue of 2,140,000 shares at NOK 2, including options for the Company's employees.

The Board was also given power of attorney to acquire treasury shares for a total current value of up to NOK 7,558,832 which is 10% of share capital.

The power of attorney is in place until the next ordinary general meeting in 2008.

The Company currently has 2,072 Shareholders and approximately 9.8% of the shares are owned by foreign investors. The Company's market value is currently NOK 6,5 billion.

Skudeneshavn 8.5.2007.

Solstad Offshore ASA

Contacts: Lars Peder Solstad (Tlf 913 18 585) and Sven Stakkestad (Tlf 905 15 802).

A complete report for the 1st quarter of 2007 is included as an attachment.

SOLSTAD OFFSHORE ASA

Profit and loss accounts

(NOK 1.000)		2007	2006	2006
		01.01-31.03	01.01-31.03	Total
Net freight income		530.083	306.381	1.795.391
Gain on sale of assets		0	0	87.647
Total freight income and gain on sale of assets		530.083	306.381	1.883.038
Crew expenses		-115.976	-103.250	-438.007
Other operating expenses		-78.538	-66.337	-420.242
Result associated companies		2.304	4.254	15.663
Operating result before depreciations		337.873	141.048	1.040.452
Ordinary depreciation		-102.535	-88.792	-401.400
Write-downs/Reversed write-downs		0	0	64.959
Operating result		235.338	52.256	704.012
Other interest income		21.090	8.920	56.611
Other financial income		26.159	0	329.103
Realised currency gain/loss		-13.012	-1.138	10.785
Unrealised currency gain/loss		19.152	44.182	21.946
Other interest charges		-44.879	-39.154	-192.804
Other financial charges		-15.949	-419	-14.487
Ordinary result before taxes		227.898	64.646	915.166
Taxes ordinary result		-4.964	-5.357	-25.278
Result		222.934	59.289	889.888
Hereof minority share		-1.914	14.997	23.930
Hereof majority share		224.848	44.292	865.958
Earnings per share/Diluted earnings per share		5,95	1,17	22,94
No. of shares (1.000)		37.791	37.791	37.791

Cashflow statements

(NOK 1.000)		2007	2006	2006
		01.01-31.03	01.01-31.03	Total
Cash flow from operational activities		210.846	48.671	919.161
Cash flow from investment activities		-169.448	-74.112	-206.462
Cash flow from financing activities		-103.411	-180.436	-255.007
Net movement in cash and cash equivalents		-62.012	-205.877	457.692
Cash and cash equivalents per start period		1.291.106	833.414	833.414
Cash and cash equivalents per end period		1.229.093	627.537	1.291.106

Reporting per segment

(NOK 1.000)		2007	2006	2006
		01.01-31.03	01.01-31.03	Total
Net freight income per type of vessel				
Anchorhandling/Tug/Supply vessel (AHTS)		258.089	155.417	892.721
Platform supply vessel (PSV)		82.637	62.718	301.484
Construction service vessel (CSV)		189.357	88.246	601.185
Other		0	0	0
Total net freight income		530.083	306.381	1.795.391

(NOK 1.000)		2007	2006	2006
		01.01-31.03	01.01-31.03	Total
Operating result per type of vessel				
Anchorhandling/Tug/Supply vessel (AHTS)		122.384	30.011	391.642
Platform supply vessel (PSV)		39.859	23.802	128.940
Construction service vessel (CSV)		75.457	-1.321	98.382
Other		-2.363	-236	-2.600
Total operating result ex. gain on sale of assets		235.338	52.256	616.364

SOLSTAD OFFSHORE ASA

Balance sheets

(NOK 1.000)	2007 31.03	2006 31.03	2006 31.12
ASSETS			
Fixed assets			
Tangible fixed assets	5.509.704	5.763.827	5.517.323
Financial fixed assets (1)	847.778	910.061	843.473
Total fixed assets	6.357.482	6.673.889	6.360.796
Current assets			
Stocks	17.543	22.203	18.978
Receivables	592.766	378.162	496.447
Deposits, cash etc.	1.229.093	627.537	1.291.106
Total current assets	2.041.513	1.027.902	1.932.924
Non-current assets held for sale	33.922	0	0
TOTAL ASSETS	8.432.917	7.701.790	8.293.720
EQUITY AND LIABILITIES			
Equity			
Paid-in equity	187.231	187.231	187.231
Retained equity	3.239.255	2.337.730	2.971.840
Minority interests	12.804	250.834	14.718
Total equity	3.439.290	2.775.794	3.173.788
Liabilities			
Long-term provisions	317.460	227.421	322.835
Other long-term debt	32.545	88.017	32.002
Debt to credit institutions/leasing obligations	3.775.232	4.053.187	3.863.899
Total long-term liabilities	4.125.236	4.368.625	4.218.736
Kortsiktig gjeld			
Bank overdraft	0	94.154	0
Current portion of long-term debt	610.124	254.520	622.751
Other current liabilities	258.266	208.697	278.445
Total current liabilities	868.390	557.371	901.196
Total liabilities	4.993.626	4.925.996	5.119.931
TOTAL EQUITY AND LIABILITIES	8.432.917	7.701.790	8.293.720
(1) Hereof restricted bank deposits	633.920	608.994	647.666

Changes in equity

(NOK 1.000)	2007 31.03	2006 31.03	2006 31.12
Equity per 01.01	3.173.788	2.693.791	2.693.791
Paid in minority share	0	0	-234.339
Other adjustments Joint Venture:	-969	22.714	21.111
Adjustment shares hold for sale	43.537	0	-110.948
Other changes	0	0	818
Paid out dividends:	0	0	-86.534
Result	222.934	59.289	889.888
Total equity end period	3.439.290	2.775.794	3.173.788