



## SOLSTAD OFFSHORE ASA FINANCIAL REPORT FOR THE 1ST QUARTER 2008

- Operating revenue for the first half year was NOK 450 million compared to NOK 530 million for the same period last year.
- Cash flow from operations (EBITDA) was NOK 233 million for the quarter compared to NOK 338 million in 2007.
- Income has been negatively impacted by a weaker spot market and a several drydockings
- A resolution was passed in the ordinary general meeting to pay a share dividend of NOK 4 per share for 2007.

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

Profit and Loss Accounts	01.01.31.03 2008	01.01.-31.03 2007	Total 2007
Operating revenue	450.278	530.083	2.113.250
Gain on sale of assets	0	0	105.801
Operating expenses	-236.029	-194.514	-832.580
Result associated companies	19.153	2.304	11.277
Ordinary depreciation	-117.649	-102.535	-437.284
<b>Operating profit</b>	<b>115.751</b>	<b>235.338</b>	<b>960.464</b>
Net Financial items	-33.396	-7.439	145.753
<b>Result before taxes</b>	<b>82.355</b>	<b>227.898</b>	<b>1.106.217</b>
Taxes	-33.675	-4.964	-402.612
<b>Result after taxes</b>	<b>48.680</b>	<b>222.934</b>	<b>703.605</b>
No. of shares (1.000)	37.667	37.791	37.762
Earnings per share/Diluted earnings per share	1,15	5,95	18,02
<b>Balance Sheet</b>	<b>31.03.2008</b>	<b>31.03.2007</b>	<b>31.12.2007</b>
Fixed Assets	(1) 8.717.791	6.357.482	8.463.875
Current Assets	1.730.832	2.075.435	1.850.794
<b>Total Assets</b>	<b>10.448.623</b>	<b>8.432.917</b>	<b>10.314.669</b>
Equity incl. minority interests	3.764.120	3.439.290	3.717.459
Long-term debt	4.456.490	4.125.236	4.479.587
Current Liabilities	2.228.012	868.390	2.117.623
<b>Total Equity and Liabilities</b>	<b>10.448.623</b>	<b>8.432.917</b>	<b>10.314.669</b>
(1) Hereof restricted bank deposits	535.600	633.920	565.651

### Economy and Finance

Operating income for the first quarter was NOK 450 million which is 15% lower than last year's figure of NOK 530 million. The decrease is due to 6 vessels undergoing scheduled docking during this quarter. This has reduced the number of operating days by 133 days. The comparable figure for 2007 was 1 vessel and 16 operating days. Furthermore, some vessels on the spot market have experienced a significant decrease in utilization in the first quarter of 2008 as compared with the 1. Quarter 2007. In comparison with the same period in 2007, two vessels have been sold by the Group but the Group has also taken delivery of two new vessels. The contribution from the new vessels is greater than the loss of income from the vessels disposed of.

Operating costs have increased by around 20% compared with the same period last year. The main reason for this is the higher costs as a result of increased activities in Singapore (Nor Offshore Ltd), significant wage increases in Norway and an increase in the number of employees compared to last year. Furthermore, several larger scheduled repairs and upgrades have been carried out in addition to periodic maintenance during this quarter. In general, this is reflected in the increased market costs reflected in the Group's operating costs due to the short supply of sub-contractors and spare parts.

Cash flow from operations (EBITDA) for the first quarter was NOK 233 million compared with cash flow for the same period last year which was NOK 338 million.

As a result of a weakened USD and GBP during the first quarter of 2008, an unrealized currency gain of NOK 49 million has been posted to income. Furthermore NOK 54 million has been posted to income as realized currency loss which is mainly due to a reduction in value of the Company's currency deposits and realized currency loss on account receivables.

Taxes of NOK 34 mill consists of calculated payable tax related to financial gains of approximately NOK 6 mill. The remaining is appropriation for deferred tax related to unrealized gains on financial instruments.

The Group's net interest-bearing debt at the end of the quarter was NOK 4,274 million, which is an increase of NOK 116 million during the quarter. This increase is mainly due drawdown of new loans in relation to newbuilds and equity issue in MPU Offshore Lift ASA exceeds paid installments, in addition to the impact of the exchange rate on loans in foreign currency during the same period.

Interest bearing long-term debt at 31.03.08 was NOK 5,258 million (4,418), NOK 1,288 million (610) of which is classified as short-term debt. The debt is divided as 53% NOK, 36% GBP, 10% USD and 1% Euro. At the end of the quarter 2-5 year hedging agreements were entered in to for around 8% of the total long-term debt. Part of the debt in NOK and GBP, is through financial instruments, transferred to USD, giving a real debt exposure of 44% NOK, 29% USD, 26% GBP and 1% Euro.

Posted equity at the end of the quarter was NOK 3,764 million or NOK 101 per share. No broker evaluations have been obtained at the end of the quarter. This is done at 30<sup>th</sup> June and 31<sup>st</sup> December.

The Group's fleet has contract coverage of around 63% for the next twelve months, based on the number of days. Including options, contract cover is around 71%. In 2009, contract cover is around 37% and 50% respectively.

In March, Solstad Offshore ASA took up a convertible debenture issued by MPU Offshore Lift ASA. The posted value of the loan is NOK 160 million.

During this quarter, Trym Titan KS (of which the Group owns 30%) agreed the sale of two anchor-handling vessels. One of the vessels was delivered to its new owner during the quarter and the second one was delivered in the second quarter. The net profit from the sale for the Group was around NOK 45 million, which will be posted at the time of handover of the vessels.

The quarterly accounts are prepared using the same accounting principles as last year's annual accounts and in compliance with IAS 34 Interim Financial Reporting.

## **Market**

The demand for vessels in the first four months of 2008 has decreased when compared with to the last quarter last year. This has resulted in lower days rates and decreased utilization. The fleet of available vessels in the North Sea is unchanged and any seasonal increase in activity during the summer is anticipated to form the basis for improvement. On the international markets, demand has continued to be strong and the influx of new vessels does not appear to have negatively impacted the market.

Supported by the continued high oil prices, it is anticipated that there will be continued high activity in the offshore market. A number of new drilling rigs and floating production vessels will be coming into

operation – something which will increase the demand for vessel services further. The development and maintenance of installations, particularly subsea, will also contribute to increase demand. The large increase in the cost of new builds in the last couple of years together with long delivery times, greater pressure on the yards and sub-contractors and the turbulence in the world's credit markets is most likely why, in the first quarter of 2008, the order book has not increased in line with what we have seen over the last few years.

### **The Fleet**

The fleet currently consists of 36 wholly owned/jointly owned and leased vessels plus 9 new builds (6 in Norway and 3 through Nor Offshore Ltd (NOR) in Singapore). In total the Company operates 27 vessels from offices in Skudeneshavn and Aberdeen. Currently these vessels are located as follows: 2 on the Brazilian Continental Shelf, 1 in Mexico/US Gulf, 3 in West Africa, 4 in Asia, 2 in the Mediterranean, whilst the remaining 16 vessels are in the North Sea area. The remaining fleet of 8 vessels and 4 new builds (including a derrick lay barge (DLB)) are operated and managed by NOR in Singapore.

Solstad Offshore ASA currently has 4 construction service vessels (CSV's) and two large anchor-handling vessels (AHTS's) with 28,000 BHP under its new build programme. There are no significant delays to any of the new build projects, with one exception; there are problems with the Bulgarian yard delivering the hull which will result in at least a six month delay.

In February 2008, Trym Titan KS, of which Solstad Offshore ASA own 30%, entered into an agreement for the sale of the Normand Titan and Normand Trym. The Normand Titan was delivered in February 2008 and the Normand Trym was handed over to its new owners on 7 April 2008.

Nor Offshore Ltd in Singapore, of which Solstad Offshore ASA owns 50%, is currently operating 9 new AHTS's, sized ranges between 5,500 BHP to 11,000 BHP. Two of the new builds are construction/diving support vessels and 1 DLB. The latter will be equipped with a 1,100 ton crane, pipe-laying equipment and a large cabin capacity. One of the new builds will be delivered in May, 1 in August/September and the DLB will be operative during 2<sup>nd</sup> quarter of 2009. Three of the newbuilds will be owned by NOR and one will be leased on a bareboat agreement. The company has the option to acquire the leased vessel during the rental period.

### **The Company and its Shareholders**

In addition to the operation of its own fleet and 50% ownership of NOR, Solstad Offshore ASA has a significant investment in REM Offshore ASA (around 46%) and MPU Offshore Lift ASA (around 30%).

The development in REM continues to be positive and the company achieved pre-tax profits of NOK 109 million in the first quarter of 2008. Posted equity at 31.03.2008 was over NOK 1.4 billion. The Board at its general meeting later in May expects to approve a dividend of NOK 1.50 per share.

MPU Offshore Lift ASA (MPU) has a single lift vessel for removal of installations such as offshore production platforms, installations and offshore wind mills under construction at Keppel Verolme in Rotterdam. The vessel is expected to be ready for commercial operations during the second quarter of 2009. Solstad has currently invested approximately NOK 200 mill in equity and USD 31,4 mill as participant in the convertible bond loan.

The plan to register NOR on the Singapore Exchange Securites Trading Limited (SGX-ST) will be reviewed at a later date.

The ordinary general meeting held on 6<sup>th</sup> May 2008 passed a resolution to pay a divided of NOK 4,00 per share for 2007. Shareholders in the Company at 6 May 2008 will receive this divided on 23<sup>rd</sup> May 2008.

The following board members were up for re-election: Harald Eikesdal and Arne Austreid. Both were re-elected. Harald Eikesdal continues as Chairman of the Board with Johannes Solstad as deputy Chairman.

Furthermore, a resolution was passed at the general meeting to renew the board's power of attorney to increase share capital by up to NOK 4,280,000 by a share emission of up to 2,140,000 shares of NOK 2,- pr share, including any shares offered to the company's employees.

The board was also given power of attorney to acquire treasury shares up to a value of NOK 7,558,832, that is, up to 10% of the share capital.

All powers of attorney remain in effect until the next ordinary general meeting in 2009.

The company currently has 2,070 shareholders and around 9.4% of its shares are owned by foreign shareholders. The company's current market value is around NOK 5.1 billion.

Skudeneshavn 06.05.2008.

Solstad Offshore ASA

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Appendix: Complete report for 1st Quarter 2008.

# SOLSTAD OFFSHORE ASA

## Resultatregnskap

(NOK 1.000)	2008 01.01.31.03	2007 01.01.-31.03	2007 Totalt
Netto fraktinntekter	450.278	530.083	2.113.250
Salgsgevinster	0	0	105.801
<b>Sum fraktinntekter og salgsgevinster</b>	<b>450.278</b>	<b>530.083</b>	<b>2.219.051</b>
Personalkostnader	-138.848	-115.976	-490.732
Andre driftskostnader	-97.182	-78.538	-341.848
Andel resultat tilknyttede selskap	19.153	2.304	11.277
<b>Driftsresultat før avskrivninger</b>	<b>233.401</b>	<b>337.873</b>	<b>1.397.748</b>
Ordinære avskrivninger	-117.649	-102.535	-437.284
Nedskrivning/Tilbakeføring nedskrivning	0	0	0
<b>Driftsresultat</b>	<b>115.751</b>	<b>235.338</b>	<b>960.464</b>
Annen renteinntekt	22.819	21.090	81.210
Andre finansinntekter	58.013	26.159	297.251
Realisert agio/disagio	-53.780	-13.012	-85.022
Urealisert agio/disagio	49.344	19.152	143.982
Annen rentekostnad	-75.673	-44.879	-221.894
Annen finanskostnad	-34.120	-15.949	-69.774
<b>Resultat før skattekostnad</b>	<b>82.355</b>	<b>227.898</b>	<b>1.106.217,19</b>
Skattekostnad på ordinært resultat	-33.675	-4.964	-402.612
<b>RESULTAT</b>	<b>48.680</b>	<b>222.934</b>	<b>703.605</b>
Herav minoritetsandel	5.296	-1.914	23.276
Herav majoritetsandel	43.384	224.848	680.329
Resultat pr aksje/utvannet resultat pr aksje	1,15	5,95	18,02
Antall aksjer (1.000)	37.667	37.791	37.762

## Kontantstrømoppstilling

(NOK 1.000)	2008 01.01.31.03	2007 01.01.-31.03	2007 Totalt
Kontantstrøm fra operasjonelle aktiviteter	427.109	210.846	1.062.629
Kontantstrøm fra investeringsaktiviteter	-198.853	-169.448	-2.360.765
Kontantstrøm fra finansieringsaktiviteter	-282.300	-103.411	1.059.745
<b>Endring i kontanter og kontantekvivalenter</b>	<b>-54.044</b>	<b>-62.012</b>	<b>-238.391</b>
Beholdning av kontanter og kontantekv. ved periodens begynnelse	1.052.715	1.291.106	1.291.106
<b>Beholdning av kontanter og kontantekv. ved periodens slutt</b>	<b>998.671</b>	<b>1.229.093</b>	<b>1.052.715</b>

## Segmentrapportering

(NOK 1.000)	2008 01.01.31.03	2007 01.01.-31.03	2007 Totalt
<b>Driftsinntekter pr skipstype</b>			
Ankerhåndteringsskip (AHTS)	229.850	258.089	1.083.676
Forsyningsskip (PSV)	66.506	82.637	345.834
Konstruksjonsservice skip (CSV)	153.921	189.357	683.740
Annet	0	0	0
<b>Sum driftsinntekter ex salgsgevinst</b>	<b>450.278</b>	<b>530.083</b>	<b>2.113.250</b>
(NOK 1.000)	2008 01.01.31.03	2007 01.01.-31.03	2007 Totalt
<b>Driftsresultat pr skipstype</b>			
Ankerhåndteringsskip (AHTS)	90.887	122.384	530.330
Forsyningsskip (PSV)	20.766	39.859	169.788
Konstruksjonsservice skip (CSV)	8.011	75.457	168.700
Annet	-3.913	-2.363	-14.156
<b>Sum driftsresultat ex salgsgevinst</b>	<b>115.751</b>	<b>235.338</b>	<b>854.663</b>

# SOLSTAD OFFSHORE ASA

## Balanse

(NOK 1.000)	2008 31.03	2007 31.03	2007 31.12
<b>EIENDELER</b>			
<b>Anleggsmidler</b>			
Varige driftsmidler	6.749.747	5.509.704	6.660.256
Finansielle anleggsmidler (1)	1.968.044	847.778	1.803.619
<b>Sum anleggsmidler</b>	<b>8.717.791</b>	<b>6.357.482</b>	<b>8.463.875</b>
<b>Omløpsmidler</b>			
Beholdninger	31.269	17.543	25.954
Fordringer	647.143	592.766	712.097
Markedsbaserte investeringer	53.749	202.110	60.028
Bankinnskudd, kontanter og lignende	998.671	1.229.093	1.052.715
<b>Sum omløpsmidler</b>	<b>1.730.832</b>	<b>2.041.513</b>	<b>1.850.794</b>
<b>SUM EIENDELER</b>	<b>10.448.623</b>	<b>8.432.917</b>	<b>10.314.669</b>
<b>EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
Innskutt egenkapital	186.964	187.231	187.004
Opptjent egenkapital	3.536.465	3.239.255	3.494.850
Minoritetsinteresser	40.691	12.804	35.604
<b>Sum egenkapital</b>	<b>3.764.120</b>	<b>3.439.290</b>	<b>3.717.459</b>
<b>Gjeld</b>			
Avsetning for forpliktelser	486.824	317.460	452.522
Annen langsiktig gjeld	39.872	32.545	39.117
Gjeld til kredittinstitusjoner/leasingforpliktelser	3.929.794	3.775.232	3.987.948
<b>Sum langsiktig gjeld</b>	<b>4.456.490</b>	<b>4.125.236</b>	<b>4.479.587</b>
<b>Kortsiktig gjeld</b>			
Kassakreditt	550.278	0	409.824
Kortsiktig del av langsiktig gjeld	1.288.482	610.124	1.339.265
Annen kortsiktig gjeld	389.252	258.266	368.534
<b>Sum kortsiktig gjeld</b>	<b>2.228.012</b>	<b>868.390</b>	<b>2.117.623</b>
<b>Sum gjeld</b>	<b>6.684.502</b>	<b>4.993.626</b>	<b>6.597.210</b>
<b>SUM EGENKAPITAL OG GJELD</b>	<b>10.448.623</b>	<b>8.432.917</b>	<b>10.314.669</b>
(1) Herav bundne bankinnskudd	535.600	633.920	565.651

## Egenkapital avstemming

(NOK 1.000)	2008 31.03	2007 31.03	2007 31.12
Egenkapital pr. 01.01	3.717.459	3.173.788	3.173.788
Endring minoritetsandeler	-1.000	0	-2.390
Andre justeringer FKV/aksjer	-5.810	-969	-7.301
Verdijustering aksjer	7.336	43.537	17.349
Kjøp/Salg egne aksjer	-2.545	0	-16.428
Andre endringer	0	0	0
Utbetalt utbytte	0	0	-151.165
Resultat	48.680	222.934	703.605
<b>Egenkapital ved utgangen av perioden</b>	<b>3.764.120</b>	<b>3.439.290</b>	<b>3.717.459</b>