

## SOLSTAD OFFSHORE ASA – FINANCIAL REPORT FOR THE 1<sup>ST</sup> QUARTER 2009

- Operating revenue was NOK 565 million compared to NOK 450 million for the same period last year.
- Cash flow from operations (EBITDA<sup>1</sup>) was NOK 287 million compared to NOK 233 million
- Reached agreement for division of Rem Offshore ASA
- A dividend for 2008 of NOK 2 per share was passed by resolution at the ordinary general meeting

### Group account (NOK 1.000)

Profit and Loss Accounts	01.01-31.03 2009	01.01.31.03 2008	Total 2008
Operating revenue	565 140	450 278	2 145 330
Gain on sale of assets	0	0	63 550
Operating expenses	-280 796	-236 029	-931 579
Result associated companies	2 431	19 153	40 799
Ordinary depreciation	-131 379	-117 649	-520 851
<b>Operating profit</b>	<b>155 395</b>	<b>115 751</b>	<b>797 248</b>
Net Financial items	103 837	-33 396	-941 313
<b>Result before taxes</b>	<b>259 233</b>	<b>82 355</b>	<b>-144 065</b>
Taxes	-7 340	-33 675	170 994
<b>Result after taxes</b>	<b>251 893</b>	<b>48 680</b>	<b>26 929</b>
No. of shares (1.000)	37 682	37 667	37 560
Earnings per share/Diluted earnings per share	6,53	1,15	1,21

Balance Sheet	31.03.2009	31.03.2008	31.12.2008
Fixed Assets	(1) 8 560 415	8 717 791	8 661 925
Current Assets	1 574 333	1 730 832	1 542 635
<b>Total Assets</b>	<b>10 134 748</b>	<b>10 448 623</b>	<b>10 204 560</b>
Equity incl. minority interests	4 071 814	3 764 120	3 697 624
Long-term debt	4 877 519	4 456 490	5 113 793
Current Liabilities	1 185 415	2 228 012	1 393 144
<b>Total Equity and Liabilities</b>	<b>10 134 748</b>	<b>10 448 623</b>	<b>10 204 560</b>

(1) Hereof restricted bank deposits 0 535 600 0

### Economy and Finance

Operating income for the first quarter was NOK 565 million. Operating income for the same period last year was NOK 450 which is an increase of 25%. The low income in 2008 was mainly due to 5 planned dockings during the first quarter. This reduced the number of operating days by 133 days. Comparable figure for the first quarter in 2009 is 1 vessel docked and a reduction of 38 operating days. Furthermore, three vessels have entered into contracts on significantly improved day rates as compared to the same period last year, and the NOR fleet has been expanded by a net 2 vessels compared to the first quarter in 2008.

<sup>1</sup> EBITDA – the operating result before depreciation (NOK 287 million) is adjusted for any profit on disposal (NOK 0 million)

Cash flow from operations (EBITDA) for the first quarter was NOK 287 million, compared to NOK 233 million for the same period last year.

As a result of a weakened USD and GBP during the first quarter of 2009, there is an unrealized currency gain posted of NOK 83 million relating to the Group's currency loans. There is also a realized currency loss of NOK 23 million which is mainly due to the reduced value of the Company's currency deposits.

The Group's net interest-bearing debt at the end of the quarter was NOK 4,712 million which is a decrease of NOK 199 million during the quarter. This decrease is due to the effect of the currency fall on loans in foreign currency during this period and a positive net cash flow.

Interest-bearing long-term debt at 31.03.09 was NOK 5,094 million (5,258) of which NOK 462 million (1,288) is classified as short-term debt and is divided into 54% NOK, 38% USD, 7.5% GBP and 0.5% EURO. At the end of the quarter, 2-5 year hedging agreements were entered for around 12% of the total long-term debt. Furthermore, some of the debt in NOK and GBP is linked to USD through financial instruments, so that the real debt exposure is 44% NOK, 48% USD, 7.5% GBP and 0.5% EURO.

Posted share capital at the end of the quarter was NOK 4,072 million or NOK 108 per share. There is no new broker valuation for the vessels at the end of this quarter (this is done at 30 June and 31 December).

The Group's fleet currently have, at the end of April, a contract coverage of 64% for the remainder of 2009 based on the number of days. Including options, the contract coverage is around 74%. In 2010 the contract coverage is 48% and 62% respectively.

The Group had two vessels under construction at Karmsund Maritime Services AS (KMS). KMS declared bankruptcy in the first quarter. Paid instalments on the new builds were secured by bank guarantees which during the first quarter were called on and paid to Solstad. The impact on the accounts is a reduction of capital assets of NOK 200 million.

Solstad Offshore ASA, through its wholly owed subsidiary Solstad Rederi AS, owned 48.7% of the shares in Rem Offshore ASA (REM). At the end of the quarter Solstad Rederi AS, REM and Åge Remøy which through various companies, represent around 39.9% of the shares in REM, agreed to a capital reduction where 48.7% of the company's value is proposed to be transferred wholly or partly to Solstad Rederi AS. The handover will occur from 1 January 2009 but the result during the period through to 13 April 2009 (the date the agreement was entered) will be included in the profit on realization of shares in the company. The agreement is that 7 vessels and a new build, with delivery in March 2010, will be transferred to the Solstad Group. Long-term finance agreement have been entered into for the newbuild. Additional assets and liabilities will be included, including the vessels long-term debt of NOK 1.3 billion, REM's bond loan of NOK 250 million, cash of around NOK 240 million and a claim of NOK 19.5 million (all figures as of 01.01.2009). Cash flow from operations for the transferred assets from 1 January 2009 until the legal transfer will be assigned to Solstad.

The vessels to be transferred are modern vessels which will fit in well with Solstad's existing fleet. Their contract coverage is around 60% for the remainder of 2009, based on number of days. Including options, the contract coverage is 73%. In 2010 contract coverage is approximately 26% and 64% respectively.

This division of REM requires a resolution to be passed at REM's general meeting. The Board of REM has called a general meeting on 2 June 2009 to propose such a resolution. If the resolution to proceed with these transactions is passed the legal position will be ratified as soon as the remaining details, approvals from any parties/third parties are received and documentation is prepared, which is anticipated to be in August 2009.

For further information on this transaction, refer to the information memorandum which was publicised on 12 May 2009 in a separate notice to the Stock Exchange and on [www.solstad.no](http://www.solstad.no).

The accounts for the quarter have been prepared using the same accounting principles as last year's accounts and in compliance with IAS 34 Interim Financial Reporting.

### **Market**

Market conditions in the first quarter have developed negatively. The global economic downturn and the consequent fall in the oil price have resulted in a reduction in activity and project delays by the oil companies. This, combined with the effect of several new builds being delivered to the market, has resulted in lower day rates and utilisation of vessels both in the North Sea and the international markets. Solstad Offshore ASA currently has 3 to 4 vessels in the North Sea spot market.

The total order book for new vessels is still high, but the financial crisis has led to increased uncertainty and cancellation of new builds. For this reason the orders for further new builds have stopped completely.

Activity and market development in our segments will be impacted by the uncertain market conditions. It is however difficult to say how drastic and long-term the consequences will be. Utilisation and the day rates in 2009 and 2010 are expected to be affected by the falling levels of activity. In the longer-term, it is anticipated that the market, particularly in deeper waters, will still have a high activity level due to the large number of drilling rigs that are currently under construction and coming into operation. Exploration and development activity is dependent upon the development of the oil price.

### **The Fleet**

At the end of the first quarter the fleet consisted of 35 wholly owned/partly owned or leased vessels together with 6 new builds (4 in Norway and 2 through NOR Offshore Ltd (NOR) in Singapore). In total the Group operates 26 vessels from Skudeneshavn and Aberdeen. Of these 4 are currently operation on the Brazilian Continental Shelf, 1 is in the Mexican Gulf, 1 in West Africa, 3 in Asia, 1 in the Mediterranean while the remaining 16 vessels are operating in the North Sea. In addition 4 new builds are managed from Skudesneshavn. The remaining fleet which is currently 9 vessels and 2 new builds are operated and managed through NOR in Singapore.

Solstad Offshore ASA's new build program in Norway is going according to plan and consists of 4 CSV's of various sizes. Long-term finance has been agreed for the vessel to be delivered in 2009. Discussions are ongoing for the finance on the remaining three new builds to be delivered from yard during middle/end 2010 and end of 1<sup>st</sup> quarter 2011. The new build program in NOR Offshore Ltd is financed by share capital and by through company's fleet loan.

NOR Offshore Ltd in Singapore (NOR) of which Solstad Offshore ASA owns 50%, currently operates 1 owned CSV and 8 newer AHTS's from (5,500 BHP to 11,000 BHP) of which 5 are owned and 3 are on bareboat charter. The company has options to purchase the leased vessels

during the lease period. NOR has a further CSV, TBN Nor Australis, under construction for delivery in May 2009. From delivery from yard, the vessel will go on a long-term charter for Woodside Energy Ltd. In addition NOR has 1 derrick lay barge (DLB) under construction. The hull for the DLB has been delayed and delivery is now anticipated to be the end of the year.

In May the long term freight agreement between NOR and Petroleum Marine Services, Egypt for a CSV, Nor Valiant, was terminated due to technical problems on the vessel after handover from the yard in July 2008. This has now been improved and the vessel is circulated to several potential projects.

In accordance with the agreement for division of REM, the Solstad group will take over the following vessels: AHTS Rem Balder, CSV Rem Commander, CSV Rem Fortress, CSV Rem Clough, PSV Rem Fortune, PSV Rem Supplier, PSV Rem Spirit and a large AHTS new build of the type AH12 CD with delivery in March 2010. The average age of the vessels in operation is around 2 years.

### **The company and its shareholders**

The ordinary general meeting of Solstad Offshore ASA passed a resolution on 18<sup>th</sup> May 2009 to pay dividend of NOK 2.00 per share for 2008. Shareholders in the company at 18<sup>th</sup> May 2009 will receive dividend which will be paid by 5 June 2009.

The following board members were up for re-election: Johannes Solstad, Toril Eidesvik and Anette Solstad together with Per Gunnar Solstad as a meeting substitute member. They were all re-elected. Harald Eikesdal continues as Chairman of the Board and 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 each, 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, i.e., up to 10% of the share capital.

All powers of attorney remain in effect until the next ordinary general meeting in 2010.

The company currently has 2,310 shareholders and around 8.2% of its shares are owned by foreign shareholders. The company's current market value is around NOK 2.9 billion.

**Declaration from the Board and Managing Director**

We verify that the consolidated quarterly accounts for the period 1 January to 31 March 2009 are, to the best of our knowledge, prepared in compliance with IAS 34. Reporting periods throughout the year and information in the quarterly accounts gives a fair picture of the enterprise's and Group's assets, debt and financial position and the overall result and gives a true overview of information in accordance with § 5-6 fourth paragraph.

Skudesneshavn 18 May 2009

Harald Eikesdal  
Chairman of the Board (sign)

Johannes Solstad  
Deputy Chairman (sign)

Anette Solstad  
Board Member (sign)

Toril Eidesvik  
Board Member (sign)

Arne Austreid  
Board Member (sign)

Lars Peder Solstad  
Managing Director (sign)

Solstad Offshore ASA

Contacts: Lars Peder Solstad and Sven Stakkestad.

A complete report for the 1st Quarter 2009 is attached.

This information is required under §5-12 of the law governing securities trading.

# SOLSTAD OFFSHORE ASA

## Profit and loss accounts

(NOK 1.000)	2009 01.01-31.03	2008 01.01.31.03	2008 Total
Net freight income	565 140	450 278	2 145 330
Gain on sale of assets	0	0	63 550
<b>Total freight income and gain on sale of assets</b>	<b>565 140</b>	<b>450 278</b>	<b>2 208 880</b>
	0	0	0
Crew expenses	-171 411	-138 848	-608 292
Other operating expenses	-109 385	-97 182	-323 288
Result associated companies	2 431	19 153	40 799
<b>Operating result before depreciations</b>	<b>286 775</b>	<b>233 401</b>	<b>1 318 099</b>
Ordinary depreciation	-131 379	-117 649	-490 718
Write-downs	0	0	-30 133
<b>Operating result</b>	<b>155 395</b>	<b>115 751</b>	<b>797 248</b>
Other interest income	3 612	22 819	56 312
Other financial income	122 996	58 013	45 434
Realised currency gain/loss	-23 493	-53 780	109 237
Unrealised currency gain/loss	83 481	49 344	-347 293
Other interest charges	-72 087	-75 673	-315 493
Other financial charges	-10 672	-34 120	-489 511
<b>Ordinary result before taxes</b>	<b>259 233</b>	<b>82 355</b>	<b>-144 065</b>
Taxes ordinary result	-7 340	-33 675	170 994
<b>Result</b>	<b>251 893</b>	<b>48 680</b>	<b>26 929</b>
<b>Other comprehensive income</b>			
Exchange differences on translating foreign operations	-9 845	-5 810	56 340
Available-for-sale financial assets	132 142	7 336	50 472
<b>Total comprehensive income for the period</b>	<b>374 191</b>	<b>50 206</b>	<b>133 741</b>
<b>Result attributable to:</b>			
Minority share	5 888	5 296	-18 632
Majority share	246 005	43 384	45 561
Earnings per share/Diluted earnings per share	6,53	1,15	1,21
<b>Total comprehensive income attributable to:</b>			
Minority share	5 888	5 296	-18 632
Majority share	368 303	44 910	152 373
Earnings per share/Diluted earnings per share	9,77	1,19	4,06
No. of shares (1.000)	37 682	37 667	37 560

## Cashflow statements

(NOK 1.000)	2009 01.01-31.03	2008 01.01.31.03	2008 Total
Cash flow from operational activities	285 004	215 348	1 109 326
Cash flow from investment activities	34 011	-198 853	-1 216 501
Cash flow from financing activities	-442 085	-70 539	-115 603
<b>Net movement in cash and cash equivalents</b>	<b>-123 071</b>	<b>-54 044</b>	<b>-222 779</b>
Cash and cash equivalents per start period	829 936	1 052 715	1 052 715
<b>Cash and cash equivalents per end period</b>	<b>706 866</b>	<b>998 671</b>	<b>829 936</b>

# SOLSTAD OFFSHORE ASA

## Reporting per segment

(NOK 1.000)	2009	2008	2008
	01.01-31.03	01.01.31.03	Total
<b>Net freight income per type of vessel</b>			
Anchorhandling/Tug/Supply vessel (AHTS)	326 789	229 850	1 183 362
Plattform supply vessel (PSV)	60 007	66 506	292 202
Construction service vessel (CSV)	178 344	153 921	669 766
Other	0	0	0
<b>Total net freight income ex. gain on sale of assets</b>	<b>565 140</b>	<b>450 278</b>	<b>2 145 330</b>

(NOK 1.000)	2009	2008	2008
	01.01-31.03	01.01.31.03	Total
<b>Operating result per type of vessel</b>			
Anchorhandling/Tug/Supply vessel (AHTS)	138 331	90 887	490 891
Plattform supply vessel (PSV)	8 532	20 766	96 987
Construction service vessel (CSV)	9 954	8 011	154 000
Other	-1 422	-3 913	-8 180
<b>Total operating result ex. gain on sale of assets</b>	<b>155 395</b>	<b>115 751</b>	<b>733 699</b>

## Balance sheets

(NOK 1.000)	2009	2008	2008
	31.03	31.03	31.12
<b>ASSETS</b>			
<b>Fixed assets</b>			
Deferred tax assets	22 358	0	24 244
Tangible fixed assets	7 298 105	6 749 747	7 525 125
Financial fixed assets (1)	1 239 952	1 968 044	1 112 557
<b>Total fixed assets</b>	<b>8 560 415</b>	<b>8 717 791</b>	<b>8 661 925</b>
<b>Current assets</b>			
Stocks	26 569	31 269	19 358
Receivables	819 778	647 143	676 369
Shares	21 120	53 749	16 972
Deposits, cash etc.	706 866	998 671	829 936
<b>Total current assets</b>	<b>1 574 333</b>	<b>1 730 832</b>	<b>1 542 635</b>
<b>TOTAL ASSETS</b>	<b>10 134 748</b>	<b>10 448 623</b>	<b>10 204 560</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Paid-in equity	187 013	186 964	187 013
Retained equity	3 862 989	3 536 465	3 494 676
Minority interests	21 812	40 691	15 934
<b>Total equity</b>	<b>4 071 814</b>	<b>3 764 120</b>	<b>3 697 624</b>
<b>Liabilities</b>			
Long-term provisions	245 557	486 824	282 585
Other long-term debt	22 911	39 872	37 338
Debt to credit institutions/leasing obligations	4 609 051	3 929 794	4 793 870
<b>Total long-term liabilities</b>	<b>4 877 519</b>	<b>4 456 490</b>	<b>5 113 793</b>
<b>Current liabilities</b>			
Bank overdraft	325 225	550 278	438 694
Current portion of long-term debt	461 842	1 288 482	473 023
Other current liabilities	398 347	389 252	481 427
<b>Total current liabilities</b>	<b>1 185 415</b>	<b>2 228 012</b>	<b>1 393 144</b>
Liabilities related to assets classified as held for sale	0	0	0
<b>Total liabilities</b>	<b>6 062 934</b>	<b>6 684 502</b>	<b>6 506 936</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10 134 748</b>	<b>10 448 623</b>	<b>10 204 560</b>
(1) Hereof restricted bank deposits	0	535 600	0

## SOLSTAD OFFSHORE ASA

### *Changes in equity*

(NOK 1.000)	2009 31.03	2008 31.03	2008 31.12
Equity per 01.01	3 697 624	3 717 459	3 717 459
Paid in minority share	0	-1 000	-1 829
Purchase/Sale of treasury shares	0	-2 545	-1 116
Paid out dividends	0	0	-150 632
Total comprehensive income	374 191	50 206	133 741
<b>Total equity end period</b>	<b>4 071 814</b>	<b>3 764 120</b>	<b>3 697 624</b>