



SOFF: FINANCIAL REPORT FOR THE 3rd QUARTER 2008

- Total operating income to date was NOK 1,510 million (NOK 0 in profit from disposal) compared to NOK 1,594 million (of which NOK 106 million was profit from disposal) compared to the same period last year.
- Operating income for the 3rd quarter 2008 was NOK 586 million (NOK 0 in profit from disposal) compared to NOK 505 million in 2007 (including profit on disposal of NOK 22 million).
- Cash flow from operations (EBITDA¹) for the quarter was NOK 311 million (NOK 278 million in 2007).
- After booking NOK 81 million in net currency loss (NOK 54 mill in currency gain in 2007) the result before tax for 3rd quarter NOK 90 million compared to NOK 250 million for the same period last year.

Summary of key figures (NOK 1,000) for the Group. (For a more detailed overview, please refer to the attachment).

Profit and Loss Accounts	01.07-30.09 2008	01.07-30.09 2007	01.01-30.09 2008	01.01-30.09 2007	Total 2007
Operating revenue	585.974	482.999	1.510.234	1.488.471	2.113.250
Gain on sale of assets	0	22.304	0	105.801	105.801
Operating expenses	-167.228	-209.436	-666.704	-608.018	-832.580
Result associated companies	785	4.602	39.984	9.866	11.277
Ordinary depreciation	-122.486	-113.653	-360.540	-320.198	-437.284
Operating profit	297.044	186.816	522.974	675.923	960.464
Net Financial items	-206.955	68.112	-600.092	61.571	145.753
Result before taxes	90.089	254.928	-77.118	737.494	1.106.217
Taxes	927	-5.020	9.090	-12.854	-402.612
Result after taxes	91.017	249.908	-68.028	724.640	703.605
No. of shares (1.000)	37.658	37.791	37.661	37.791	37.762
Earnings per share/Diluted earnings per share	2,09	6,16	-2,10	18,73	18,02
Balance Sheet			30.09.2008	30.09.2007	31.12.2007
Fixed Assets (1)			8.696.583	8.198.143	8.463.875
Current Assets			1.595.703	1.645.351	1.850.794
Total Assets			10.292.287	9.843.494	10.314.669
Equity incl. minority interests			3.705.121	3.773.526	3.717.459
Long-term debt			5.149.567	4.099.445	4.479.587
Current Liabilities			1.437.599	1.970.523	2.117.623
Total Equity and Liabilities			10.292.287	9.843.494	10.314.669
(1) Hereof restricted bank deposits			269.723	577.172	565.651

ECONOMY AND FINANCE

Operating income for the three first quarters was NOK 1,150 million, which is NOK 84 million lower than last year. Operating income from last year included profit on disposal of NOK 106 million, compared to NOK 0 for the same period this year. Net freight income is NOK 22 million higher when compared to the same period in 2007. Operating income for the 3rd quarter alone was NOK 586 million (NOK 505 million, including profit on disposal of NOK 22 million in 2007). When compared with the 3rd quarter of 2007, net freight income is NOK 103 million higher in the current period. This increase is

¹ EBITDA – Operating result before depreciation adjusted for gain on sale and net effect from reversal of provision

due to higher freight rates and also because operations in the 3rd quarter of 2007 were negatively impacted by several unscheduled dockings and yard stays.

Cash flow from operations (EBITDA) as per 3rd quarter was NOK 775 million. For the same period last year, cash flow was NOK 890 million. EBITDA for the 3rd quarter alone, adjusted for net effect from reversal of provision (ref section below), was NOK 311 million (NOK 278 million). The reduction as of 3rd quarter 2008 is mainly due to increased operating expenses (25%) mainly related to crewing and technical operations as compared with previous period.

Both the USD and GBP have strengthened considerably in the 3rd quarter. As a result of this, an unrealized currency loss of NOK 123 million has been posted relating to the company's long-term debt. Furthermore NOK 42 million has been posted in realized currency gain relating to the company's currency deposits. The Group result before tax at the 3rd quarter was a loss of NOK 77 million (profit of NOK 737 million) after posting a loss of NOK 335 million (in the 2nd quarter) relating to investments in associated companies and posting NOK 94 million in currency losses (NOK 50 million posted to income) during the three first quarters.

The company's net interest-bearing debt at 30.09.08 was NOK 4,609 million which is an increase of NOK 49 million during the quarter. This change is due to a combination of drawings under build loans and the payment of installments on new builds together a weakened NOK against the USD and GBP.

Interest-bearing long-term debt at 30.09.08 was NOK 5,105 million (5,208 million) of which NOK 386 million (1,210 million) is classified as short-term debt. Changes in what is classified as short-term debt is due to vessels on financial leases being refinanced during the quarter. The debt is divided as: 54% NOK, 32% USD, 13% GBP and 1% Euro. At the end of the second quarter, 2-5 year hedging agreements were entered for approximately 11% of the total long-term debt. Furthermore, some of the NOK debt is linked to USD through financial instruments making the real exposure 44% NOK, 42% USD, 13% GBP and 1% Euro.

Booked equity at 30.09.08 was NOK 3,705 million or NOK 98 per share.

The Group's fleet has contract coverage of around 92% for the remainder of 2008 based on the number of days. Including options, this coverage is approximately 95%. For 2009 coverage is currently around 52% and 66%.

The Group has had two vessels on long-term leasing contracts where the lessor has had the option to sell. These vessels were acquired by the Group in July 2008. The purchase was financed through long-term loans and use of restricted bank deposits. As a result of changes to the tax regulations in the UK, in 2006 funds were offset to cover anticipated increased costs in case the sales option was exercised. The handover was based on other considerations than the original offset for increased costs, and in accordance with IAS 37 the offset is reversed as it is unlikely that further costs will arise. Other costs were incurred relating to the handover which were not accrued for. The net impact on the accounts is a post to income of NOK 108 million, classified as a reduction in other operating costs.

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

The Market

The market for offshore vessels has improved further during 3rd quarter in all relevant geographic areas, including the spot market in the North Sea. The 3rd quarter has seen an increase in enquiries for all types of vessels and for longer periods, something which has resulted in significantly improved rates for long-term contracts. Solstad Offshore ASA expects the activity level to remain high also during 4th quarter.

The total order book for new vessels is still high but the financial crisis and with that the tighter credit marked, has resulted in an uncertainty if all new buildings will be delivered. Due to same reason, the order of additional new buildings has nearly stopped over the last months.

The Fleet

At the end of the quarter the fleet consisted of 36 wholly owned/leased vessels plus 8 new builds (6 in Norway and 2 in Nor Offshore Ltd (NOR) in Singapore). The company focuses on large and advanced construction service and anchor-handling vessels which provide services to the offshore service and oil companies. In total, 26 vessels are operated from offices in Skudesneshavn and Aberdeen. Of these 2 are currently operating on the Brazilian Continental Shelf, 1 in Mexico/US Gulf, 3 in West Africa, 5 in Asia, 4 in the Mediterranean whilst the remaining 11 vessels are in the North Sea. The remaining fleet, which at the end of the quarter consisted of 9 AHTS's, 1 CSV and 2 new builds (a CSV and a DLB), are managed and operated by NOR in Singapore.

Solstad Offshore ASA's new builds in Norway consist of 4 CSV's of various sizes and 2 larger AHTS's with 28,000 BHP, under construction at Karlsund Maritime Services AS (KMS). KMS has announced operational problems relating to the building of these vessels. The situation at the yard has yet to be clarified and the development is being monitored closely. Solstad Offshore ASA has bank guarantees for the installments paid to the yard.

As part of Solstad Offshore ASA's new build program, long-term financial agreements have been entered with our banks for the vessels to be delivered in 2009. It is not entered long term financial agreements for the vessels that are to be delivered from yard from middle/end of 2010 and at the end of the first quarter in 2011. For In Nor Offshore Ltd their new building program is fully financed.

In 2008, the charterer of Seabulk South Atlantic, owned by Rig Supporter KS where Solstad Offshore ASA had a 21% ownership share, declared its option under the bareboat agreement to purchase the vessel. It was transferred to its new owner on 2nd September 2008.

NOR Offshore Ltd in Singapore (NOR), of which Solstad Offshore ASA owns 50%, is currently operating 9 newer AHTS's (from 5.500 BHP to 11.000 BHP) 5 of which are owned and 4 are leased (bare-boat) and 1 CSV. The company has options to purchase the leased vessels during the rental period. In July 2008, NOR took delivery of its first of two construction/diving vessels. Both the construction/diving vessels are and will be owned by NOR. In addition NOR has a derrick lay barge (DLB) under construction. This will be equipped with a 1,100 ton crane, pipe-laying equipment, and large cabin capacity and is expected to be in operation by the end of the second quarter in 2009.

In May 2008, NOR entered an agreement for the sale of the AHTS NOR Sea (5,500 BHP) for USD 30 million. The vessel was handed over to its new owner on 5th October 2008 and will give NOR a profit on disposal of approximately USD 17.5 million in the 4th quarter of 2008.

The Company and its shareholders

In addition to operating its own fleet and 50% ownership in NOR, Solstad Offshore ASA has a significant investment (approx. 48.5%) in REM Offshore ASA (REM). The published results for REM for the 3rd quarter of 2008 are due to be announced on 12th November 2008.

The Company has currently around 2,005 shareholders. The number of foreign investors is around 8%. The share price at the time of reporting is NOK 61 which gives a market value of around NOK 2.3 billion.

Declaration from the Board and Managing Director

We advise that the consolidated interim accounts for the period 1 July to 30 September 2008 are, to the best of our knowledge, prepared in compliance with IAS 34 Interim Financial Reporting and that the information in the interim accounts gives a fair picture of the company's and group's assets, debt, financial position and turnover and is a true representation of the information under § 5-6 fourth section under the law governing trade in securities.

Skudeneshavn 31.10.2008.

Harald Eikesdal
Styrets leder (sign)

Johannes Solstad
Styrets nestleder (sign)

Anette Solstad
Styremedlem (sign)

Toril Eidesvik
Styremedlem (sign)

Arne Austreid
Styremedlem (sign)

Lars Peder Solstad
Adm. dir (sign)

Solstad Offshore ASA

Contacts: Lars Peder Solstad (Tel 00 47 913 18 585) and Sven Stakkestad (Tel 00 47 905 15 802).

A full report for the 3rd Quarter 2008 follows as an attachment.

SOLSTAD OFFSHORE ASA

Profit and loss accounts

(NOK 1.000)		2008	2007	2008	2007	2007
		01.07-30.09	01.07-30.09	01.01-30.09	01.01-30.09	Total
Net freight income		585.974	482.999	1.510.234	1.488.471	2.113.250
Gain on sale of assets		0	22.304	0	105.801	105.801
Total freight income and gain on sale of assets		585.974	505.303	1.510.234	1.594.273	2.219.051
Crew expenses		-159.450	-122.268	-445.708	-360.022	-490.732
Other operating expenses		-7.778	-87.168	-220.996	-247.996	-341.848
Result associated companies		785	4.602	39.984	9.866	11.277
Operating result before depreciations		419.531	300.469	883.514	996.120	1.397.748
Ordinary depreciation		-122.486	-113.653	-360.540	-320.198	-437.284
Operating result		297.044	186.816	522.974	675.923	960.464
Other interest income		10.487	18.588	47.456	54.526	81.210
Other financial income		14.556	86.974	25.205	180.897	297.251
Realised currency gain/loss		41.919	-34.826	-21.278	-78.963	-85.022
Unrealised currency gain/loss		-123.131	88.589	-73.130	129.052	143.982
Other interest charges		-72.497	-53.673	-204.449	-146.676	-221.894
Other financial charges		-78.289	-37.541	-373.896	-77.265	-69.774
Ordinary result before taxes		90.089	254.928	-77.118	737.494	1.106.217
Taxes ordinary result		927	-5.020	9.090	-12.854	-402.612
Result		91.017	249.908	-68.028	724.640	703.605
Hereof minority share		12.482	17.196	11.241	16.777	23.276
Hereof majority share		78.535	232.712	-79.269	707.862	680.329
Earnings per share/Diluted earnings per share		2,09	6,16	-2,10	18,73	18,02
No. of shares (1.000)		37.658	37.791	37.661	37.791	37.762

Cashflow statements

(NOK 1.000)		2008	2007	2008	2007	2007
		01.07-30.09	01.07-30.09	01.01-30.09	01.01-30.09	Total
Cash flow from operational activities		431.835	343.726	798.509	1.032.345	1.062.629
Cash flow from investment activities		-450.404	-787.534	-956.792	-2.169.842	-2.360.765
Cash flow from financing activities		121.007	465.926	-124.841	702.327	1.059.745
Net movement in cash and cash equivalents		102.437	22.118	-283.124	-435.169	-238.391
Cash and cash equivalents per start period		667.153	833.819	1.052.715	1.291.106	1.291.106
Cash and cash equivalents per end period		769.591	855.937	769.591	855.937	1.052.715

Reporting per segment

(NOK 1.000)		2008	2007	2008	2007	2007
		01.07-30.09	01.07-30.09	01.01-30.09	01.01-30.09	Total
Net freight income per type of vessel						
Anchorhandling/Tug/Supply vessel (AHTS)		334.038	237.569	811.100	736.405	1.083.676
Platform supply vessel (PSV)		76.380	85.416	220.948	256.428	345.834
Construction service vessel (CSV)		175.555	160.014	478.186	495.638	683.740
Other		0	0	0	0	0
Total net freight income ex. gain on sale of assets		585.974	482.999	1.510.234	1.488.471	2.113.250

(NOK 1.000)		2008	2007	2008	2007	2007
		01.07-30.09	01.07-30.09	01.01-30.09	01.01-30.09	Total
Operating result per type of vessel						
Anchorhandling/Tug/Supply vessel (AHTS)		153.107	104.860	333.447	329.173	530.330
Platform supply vessel (PSV)		25.206	43.155	75.583	131.148	169.788
Construction service vessel (CSV)		120.153	20.040	120.702	119.527	168.700
Other		-1.422	-3.544	-6.757	-9.726	-14.156
Total operating result ex. gain on sale of assets		297.044	164.512	522.974	570.122	854.663

SOLSTAD OFFSHORE ASA

Balance sheets

(NOK 1.000)	2008 30.09	2007 30.09	2007 31.12
ASSETS			
Fixed assets			
Tangible fixed assets	7.168.819	6.587.021	6.660.256
Financial fixed assets (1)	1.527.765	1.611.122	1.803.619
Total fixed assets	8.696.583	8.198.143	8.463.875
Current assets			
Stocks	18.962	20.704	25.954
Receivables	694.108	568.625	712.097
Shares	29.222	200.085	60.028
Deposits, cash etc.	769.591	855.937	1.052.715
Total current assets	1.511.883	1.645.351	1.850.794
Assets classified as held for sale	83.820	0	0
TOTAL ASSETS	10.292.287	9.843.494	10.314.669
EQUITY AND LIABILITIES			
Equity			
Paid-in equity	186.964	187.231	187.004
Retained equity	3.472.350	3.557.189	3.494.850
Minority interests	45.807	29.106	35.604
Total equity	3.705.121	3.773.526	3.717.459
Liabilities			
Long-term provisions	430.495	101.630	452.522
Other long-term debt	38.700	33.006	39.117
Debt to credit institutions/leasing obligations	4.680.372	3.964.808	3.987.948
Total long-term liabilities	5.149.567	4.099.445	4.479.587
Current liabilities			
Bank overdraft	543.706	241.010	409.824
Current portion of long-term debt	385.998	1.210.355	1.339.265
Other current liabilities	459.605	519.158	368.534
Total current liabilities	1.389.309	1.970.523	2.117.623
Liabilities related to assets classified as held for sale	48.290	0	0
Total liabilities	6.587.166	6.069.968	6.597.210
TOTAL EQUITY AND LIABILITIES	10.292.287	9.843.494	10.314.669
(1) Hereof restricted bank deposits	269.723	577.172	565.651

Changes in equity

(NOK 1.000)	2008 30.09	2007 30.09	2007 31.12
Equity per 01.01	3.717.459	3.173.788	3.173.788
Paid in minority share	-1.829	-2.390	-2.390
Other adjustments Joint Venture:	14.389	-6.471	-7.301
Adjustment shares hold for sale	196.307	35.124	17.349
Purchase/Sale of treasury shares	-2.545	0	-16.428
Other changes	0	0	0
Paid out dividends	-150.632	-151.165	-151.165
Result	-68.028	724.640	703.605
Total equity end period	3.705.121	3.773.526	3.717.459