



SOLSTAD OFFSHORE ASA FINANCIAL REPORT FOR THE 4TH QUARTER 2007

- Operating revenue in 2007 (incl. gain on sale) was NOK 2,219 million which is the highest in the Company's history
- Annual cash flow from operations (EBITDA¹) was NOK 1,292 million
- Profit before tax was NOK 1,107 million which is NOK 192 million higher than the previous year
- NOK 393 million in tax posted in 4th quarter in respect of the compulsory withdrawal from the existing shipping tax regime
- Operating income for the 4th quarter was NOK 625 million compared to NOK 628 million for the previous year (including NOK 88 million in gain on sale)
- The Board will propose a dividend of NOK 4,- per share for 2007
- A contract for the construction of a large construction service vessel (CSV) was entered into in the 4th quarter
- Postponed the listing of NOR Offshore Ltd (SOFF owns 50%) on the Singapore Stock Exchange

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

Profit and Loss Accounts	01.10-31.12 2007	01.10-31.12 2006	Total 2007	Total 2006
Operating revenue	624.778	540.383	2.113.250	1.795.391
Gain on sale of assets	0	87.647	105.801	87.647
Operating expenses	-224.562	-325.037	-832.580	-858.249
Result associated companies	1.412	3.675	11.277	15.663
Ordinary depreciation	-117.087	-46.683	-437.284	-336.441
Operating profit	284.541	259.986	960.464	704.012
Net Financial items	84.146	266.484	145.717	211.155
Result before taxes	368.687	526.470	1.106.181	915.166
Taxes	-392.987	2.609	-405.841	-25.278
Result after taxes	-24.300	529.079	700.340	889.888
No. of shares (1.000)	37.674	37.791	37.762	37.791
Earnings per share/Diluted earnings per share	-0,82	14,36	17,93	22,94
Balance Sheet			31.12.2007	31.12.2006
Fixed Assets (1)			8.463.875	6.360.796
Current Assets			1.835.421	1.932.924
Total Assets			10.299.296	8.293.720
Equity incl. minority interests			3.714.193	3.173.788
Long-term debt			4.481.963	4.218.736
Current Liabilities			2.103.140	901.196
Total Equity and Liabilities			10.299.296	8.293.720
(1) Hereof restricted bank deposits			565.651	647.666

Economy and Finance

Operating revenue in 2007 was NOK 2,219 million (including gain on sale of NOK 106 million) which is 18% higher than last year's figure of NOK 1,883 million (including NOK 88 million in gain on sale). The operating income in the 4th quarter of 2007 was NOK 625 million (no gain on sale)

¹ EBITDA – Result before depreciation, adjusted for gain on sale of assets

compared to NOK 628 million (including NOK 88 in gain on sale) for the same period in 2006. The increase in freight income is mainly due to a good spot market. The Company's fleet capacity, when measured by the number of days compared to 2006, is reduced by around 4% (sale of older vessels and 50% share in Norskan AS). Utilization in 2007 was 94% (95% in 2006).

Cash flow from operations (EBITDA) in the 4th Quarter was NOK 402 million (336 million) excluding gain from sales. Cash flow for the year was NOK 1,292 million (1,069 million).

During 4th quarter, Solstad Offshore ASA (SOFF) sold its shares in Deep Sea Supply Plc (DESSC). Financial gain was approximately NOK 70 million. In addition, NOK 40 million was posted in respect of dividend from DESSC during the quarter.

Two of the Group's vessels are on long-term lease agreements from English investors. In the 4th quarter 2007, the fixed rental period was extended by 6 months and now extends until the beginning of the 3rd Quarter 2008. The lessor has the right to sell their ownership in the vessels to the Solstad Offshore ASA Group at an agreed price. The Group made a provision in 2006 for an increase in cost due to changes in UK tax legislations. Based on the extended lease period, financial income of approximately NOK 15 million was posted in the 4th quarter.

NOK 393 million posted as tax in the 4th quarter is mainly deferred tax due to the transition from the previous shipping tax regulations. Companies taxed under the shipping tax regulations in Norway, have in 2007 been taxed on withheld profits for the last ten years which were earned under the previous shipping tax regulations. A third of the deferred tax can be withheld on condition that the Group invests a similar amount in qualified environmental measures over the next 10 years. It will fall due for payment at the end of the 10 year period if sufficient qualifying environmental investments have not been made. The remaining two thirds shall be paid, in equal yearly installments to the state during the same 10 year period.

The total tax (3/3) is currently valued as a tax debt in the accounts in anticipation of final regulations governing the environmental share. The authorities anticipate that the environmental share can be regarded as equity. If changes to the regulations allow the environmental portion to be regarded as equity, NOK 120 million of the tax debt will be reversed.

At the beginning of January 2008, Trym Titan KS sold two anchor-handling vessels (of which the Group owned 30%). The net financial profit from the disposal for the Group totals around NOK 45 million which will be posted at the time of delivery of each vessel (one in February and the second in March/April).

The Group has 7 vessels under the English tonnage tax regime (UK-TT), of which 2 are constructions service vessels. British authorities have, together with the EU, revised the regulations for UK-TT and in January 2008, announced that with effect from April 2008, construction service vessels will no longer qualify under the UK-TT regime. The authorities have not yet submitted any final regulations for how the transition from the UK-TT shall be treated, but the implication is that there will be a six month transition period to comply with the regulatory changes. It is also anticipated that companies that have not been under this regime for the minimum period of 10 years, shall be able to withdraw without extra tax implications.

The Company's net interest-bearing debt at the end of 2007 was NOK 4,156 million (2,580 million) which is an increase of NOK 1,576 million during the course of the year and an increase of NOK 138 million compared to the previous quarter. The increase throughout the year is mainly due to the delivery of two new builds, and the acquisition of around 46% in Rem Offshore ASA. A weakened USD and GBP during the year has, together with the cash flow from operations, contributed to reduce net debt. The changes in the last quarter are related to paid installments on new builds and short-term investments in shares.

During the 4th quarter, the GBP and USD has both strengthened and weakened against the NOK. Looking at the quarter as a whole, there was a net weakening of both currencies. As a result of this, an unrealized net currency gain of NOK 14,9 million was posted linked to the Company's long-term debt. Furthermore, NOK 6 million was posted in realized currency loss linked to the Company's reserves

and foreign currency commitments during the quarter. Compared to the currency rates at the beginning of the year, both the USD and GBP have weakened considerably in relation to the NOK. After NOK 144 million has been posted in unrealized currency gain (22 million) and NOK 85 million has been posted in realized currency loss (22 million in gain), the Group's profit before tax for 2007 is NOK 1,106 million (NOK 915 million).

The market value of the Group's fleet at 31.12.2007 was NOK 9,650 million. This valuation is based on charter free vessels (ex vessels under construction) from the average of three brokers. The value adjusted equity before tax at the end of 2007 was on this basis NOK 227,- compared to NOK 156 for the previous year. Other main financial assets are shares in MPU Offshore Lift ASA included at cost price adjusted share of result (approximately NOK 190 mill) and the shares in REM Offshore ASA at NOK 53,50 per share (stock market price estimate). Posted equity at 31.12.07 was NOK 3,714 million or NOK 98 per share.

Interest-bearing long-term debt at 31.12.07 was NOK 5,365 million (4,518 mill) of which NOK 1,339 million (623 mill) is classified as short-term debt. The increase in the short term portion of the long-term debt is due to the lease agreements for two vessels which are due to expire in the next twelve months and where the lessee is expected to exercise its put options. Refinancing of the leased vessels is ongoing. The debt is divided by 52% NOK, 28% USD, 19% GBP and 1% Euro. At the end of the quarter, 2-5 year hedging agreements were entered into for around 5% of the total long-term debt.

The Group's fleet has contract coverage of around 60% for 2008 based on number of days. Including options the contract coverage is around 67%.

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

Market

2007 was a very good year for the offshore industry, with record high activity in most regions globally. The demand for offshore service vessels has been high in all segments. High global activity has absorbed the addition of new builds and to an extent, also reduced the fleet of larger vessels in the North Sea in periods in 2007. The market in the North Sea has therefore been tight throughout the year with, at times, record high rates for vessels both in the spot market and on time charter. In the other markets where there are generally longer contracts, the rates have improved significantly in later years – and also so in 2007.

The total order book of new builds is relatively high. At the end of the year there were orders for around 305 vessels of traditional tonnage: 125 AHTS with engine power above 15,000 BHP and around 180 PSV's over 3,000 DWT. This, together with the large new building and conversion activity in the marked for exploration rigs and floating production installations has resulted in a significantly increase in new build prices over the last year. The market value of the existing fleet has seen similar development.

The future market is anticipated to continue to be affected by high activity. In the coming years there will be a high demand for vessels as a result of the large number of drilling rigs under construction combined with the high development activity. The outlook for all types of vessel is positive for 2008.

The Fleet

At the end of the year the fleet consisted of 35 wholly-owned/jointly owned and leased vessels, together with 11 new builds (6 in Norway and 5 in NOR Offshore Ltd (NOR) in Singapore). In total we now operate 28 vessels from offices in Skudesneshavn and Aberdeen. Of these, 3 are currently on the Brazilian Continental Shelf, 1 in Mexico/US Gulf, 2 in West Africa, 7 in Asia, 1 in the Mediterranean, 1 in the Black Sea and the remaining 13 vessels are operating in the North Sea area. In addition, 6 new builds are managed from Skudesneshavn. The remaining fleet consists of 7 vessels and 4 new builds managed by NOR in Singapore.

At the quarter end, Trym Titan KS, of which Solstad Offshore ASA own 30%, entered an agreement for the sale of the Normand Titan and Normand Trym. The Normand Titan was handed over on 11

February 2008 and the Normand Trym is expected to be delivered to its new owner during March/April 2008.

NOR Offshore Ltd took delivery of Nor Spring (AHTS) on 2 February 2008 (bareboat hire).

At the end of December 2007, Solstad Offshore ASA entered into a contract with Bergen Group for the building of a large diving/construction service vessel (CSV) for delivery in September 2010. The contract value is around NOK 720 million. Solstad Offshore ASA has a further 5 vessels under construction in Norway, three of which are CSV's and 2 are AHTS's. The total contract price for the Company's new build programme, including owners supply is around NOK 4.1 billion and represents a continued focus towards the construction service market and towards exploration and development activities in deep and hostile waters. A long-term contract has been entered into with Subsea 7 for one of the CSV's for a fixed period of 6 years (plus 4 x 1 year options). The remaining new builds are currently without contracts.

The hull of one of the CSV's is somewhat delayed. The vessel should have been delivered during 3rd quarter 2008. The Company anticipates, however, that the vessel will be ready for delivery before late in the 4th quarter of 2008. The remaining new building program progresses according to plan.

NOR Offshore Ltd in Singapore (NOR), of which Solstad Offshore ASA own 50%, is currently operating 7 new smaller AHTS's. NOR will take delivery of a further 4 vessels in the period March to August 2008. Two of these vessels are smaller CSV's and 2 are AHTS's. Two of the new builds will be owned by NOR but the remaining two will be chartered (bareboat). The Company has options to purchase the chartered vessels during the lease period.

In addition, NOR has a derrick lay barge (DLB) under construction. The DLB will be equipped with an 1100 ton crane, pipe-laying equipment and large cabin capacity. The aim of this investment is to take part in the construction market in Asia and Australia. Delivery of the DLB from yard is anticipated to be operational during 2nd quarter 2009.

The Company and its Shareholders

Solstad Offshore currently owns around 46% of the shares in REM Offshore ASA (REM). Approximately 51% of the shares in REM are controlled by the Managing Director of the company. In November 2007, the shareholder group posted a binding offer for the purchase of all remaining shares in REM, at a price of NOK 53.50 per share. After a total evaluation, with emphasize on REM's expected cash flow and the absence of any share premium, Solstad Offshore ASA found this offer was too low. REM has a diverse and progressive fleet. The new builds are built at recognized yards and Solstad Offshore ASA is very satisfied with the operation of the company.

On 5th September 2007, NOR Offshore Ltd. (NOR) applied for a listing on the Singapore Exchange Securities Trading Limited (SGX-ST). Due to the unstable financial market conditions, it was decided in January 2008, to postpone the initial public offering of NOR, until the market conditions are more conducive.

Solstad Offshore ASA owns approximately 30% of MPU Offshore Lift ASA after having maintained its shareholding after a share emission in October 2007 and the acquisition of further shares in February 2008. MPU Offshore Lift ASA's vision is to be a leader in the market for single lift vessels for removal of installations from offshore production platforms. The vessel, which is under construction at Keppel Verolme in Rotterdam, is expected to be ready for commercial operations during 2nd quarter 2009. The vessel does not currently have any contracts but the market is viewed as very attractive. At the end of 2007, the Company received a firm finance agreement from ABN AMRO Bank which has been accepted. The plan is to raise USD 110 million in a convertible obligation loan. Solstad Offshore ASA will subscribe for a minimum of 25% of this loan.

The Board will propose at the general meeting that a dividend of NOK 4,- per share is paid for 2007.

At the end of the year the Company had 2,211 shareholders, 9.4% of which were owned by foreign investors.

The market value of the company is currently around NOK 5.3 billion. (NOK 141,- per share). At the end of the year the share price was NOK 152,50.

Skudeneshavn 26.2.2008.

Solstad Offshore ASA

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Appendix: Complete report for 4th quarter 2007.

This information is subject of the disclosure requirements acc. to §5-12 vphl (Norwegian Securities Trading Act)

SOLSTAD OFFSHORE ASA

Profit and loss accounts

(NOK 1.000)		2007 01.10-31-12	2006 01.10-31.12	2007 Total	2006 Total
Net freight income		624.778	540.383	2.113.250	1.795.391
Gain on sale of assets		0	87.647	105.801	87.647
Total freight income and gain on sale of assets		624.778	628.030	2.219.051	1.883.038
Crew expenses		-130.711	-122.546	-490.732	-438.007
Other operating expenses		-93.851	-202.491	-341.848	-420.242
Result associated companies		1.412	3.675	11.277	15.663
Operating result before depreciations		401.628	306.668	1.397.748	1.040.452
Ordinary depreciation		-117.087	-111.642	-437.284	-401.400
Write-downs/Reversed write-downs		0	64.959	0	64.959
Operating result		284.541	259.986	960.464	704.012
Other interest income		26.684	21.839	81.210	56.611
Other financial income		116.354	324.611	297.251	329.103
Realised currency gain/loss		-6.059	1.424	-85.022	10.785
Unrealised currency gain/loss		14.930	-25.266	143.982	21.946
Other interest charges		-62.475	-49.174	-221.930	-192.804
Other financial charges		-5.288	-6.949	-69.774	-14.487
Ordinary result before taxes		368.687	526.470	1.106.181	915.166
Taxes ordinary result		-392.987	2.609	-405.841	-25.278
Result		-24.300	529.079	700.340	889.888
Hereof minority share		6.499	-12.427	23.276	23.930
Hereof majority share		-30.799	541.507	677.063	865.958
Earnings per share/Diluted earnings per share		-0,82	14,36	17,93	22,94
No. of shares (1.000)		37.674	37.791	37.762	37.791

Cashflow statements

(NOK 1.000)		2007 01.10-31-12	2006 01.10-31.12	2007 Total	2006 Total
Cash flow from operational activities		140.064	410.942	1.172.409	919.161
Cash flow from investment activities		-239.957	226.742	-2.409.799	-206.462
Cash flow from financing activities		296.672	-195.946	998.999	-255.007
Net movement in cash and cash equivalents		196.778	441.738	-238.391	457.692
Cash and cash equivalents per start period		855.937	849.368	1.291.106	833.414
Cash and cash equivalents per end period		1.052.715	1.291.106	1.052.715	1.291.106

Reporting per segment

(NOK 1.000)		2007 01.10-31-12	2006 01.10-31.12	2007 Total	2006 Total
Net freight income per type of vessel					
Anchorhandling/Tug/Supply vessel (AHTS)		347.271	269.126	1.083.676	892.721
Platform supply vessel (PSV)		89.406	83.230	345.834	301.484
Construction service vessel (CSV)		188.101	188.027	683.740	601.185
Other		0	0	0	0
Total net freight income ex. gain on sale of assets		624.778	540.383	2.113.250	1.795.391

(NOK 1.000)		2007 01.10-31-12	2006 01.10-31.12	2007 Total	2006 Total
Operating result per type of vessel					
Anchorhandling/Tug/Supply vessel (AHTS)		186.464	147.118	515.637	391.642
Platform supply vessel (PSV)		42.381	35.548	173.529	128.940
Construction service vessel (CSV)		58.095	-8.436	177.622	98.382
Other		-2.399	-1.892	-12.126	-2.600
Total operating result ex. gain on sale of assets		284.541	172.338	854.663	616.364

SOLSTAD OFFSHORE ASA

Balance sheets

(NOK 1.000)	2007 31.12	2006 31.12
ASSETS		
Fixed assets		
Tangible fixed assets	6.660.256	5.517.323
Financial fixed assets (1)	1.803.619	843.473
Total fixed assets	8.463.875	6.360.796
Current assets		
Stocks	25.954	18.978
Receivables	696.723	496.447
Shares	60.028	126.393
Deposits, cash etc.	1.052.715	1.291.106
Total current assets	1.835.421	1.932.924
TOTAL ASSETS	10.299.296	8.293.720
EQUITY AND LIABILITIES		
Equity		
Paid-in equity	187.004	187.231
Retained equity	-32.077.105	2.971.840
Minority interests	35.604.294	14.718
Total equity	3.714.193	3.173.788
Liabilities		
Long-term provisions	454.897	322.835
Other long-term debt	39.117	32.002
Debt to credit institutions/leasing obligations	3.987.948	3.863.899
Total long-term liabilities	4.481.963	4.218.736
Kortsiktig gjeld		
Bank overdraft	409.824	0
Current portion of long-term debt	1.339.265	622.751
Other current liabilities	354.051	278.445
Total current liabilities	2.103.140	901.196
Total liabilities	6.585.103	5.119.931
TOTAL EQUITY AND LIABILITIES	10.299.296	8.293.720
(1) Hereof restricted bank deposits	565.651	647.666

Changes in equity

(NOK 1.000)	2007 31.12	2006 31.12
Equity per 01.01	3.173.788	2.693.791
Paid in minority share	-2.390	-234.339
Other adjustments Joint Venture:	-7.301	21.111
Adjustment shares hold for sale	17.349	-110.948
Purchase/Sale of treasury shares	-16.428	0
Other changes	0	818
Paid out dividends	-151.165	-86.534
Result	700.340	889.888
Total equity end period	3.714.193	3.173.788