



SOLSTAD OFFSHORE ASA

- a flexible and reliable partner

Annual Report 2007





Company philosophy

*Our vision is to conduct profitable, integrated shipping operations with high specification vessels
- our own vessels and chartered vessels. The company's core business shall be petroleum-related operations.*

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For electronic annual report:
www.solstad.no

Financial calendar 2007

Preliminary result 2007: 26.02.08
 Annual report 2007: 25.03.08
 Result 1st quarter 2007 / Ordinary general meeting: 06.05.08
 Result 2nd quarter 2008: 14.08.08
 Result 3rd quarter 2008: 28.10.08
 Preliminary result 2008: ultimo februar 2009

Changes may occur.



Briefly about our business

Solstad Rederi AS was established in 1964 by Captain Johannes Solstad. The Company's head office and home port are still located in Skudesneshavn, Norway. During the Company's first ten years of operation it acquired and operated 14 dry cargo vessels (liner type) and also took delivery of three new build semi-container vessels. The size of these vessels varied from 8,000 DW to 14,000 DW.

The Company's offshore activities began in 1973, when it ordered four supply vessels from a Dutch shipyard and by 1976 the Company operated 9 supply vessels of various types. Most of them were jointly owned with other Haugesund-based shipping companies and all were built at the same Dutch shipyard, Pattje.

From 1974 to 1982, the Company owned and operated a combined fleet of both offshore and dry cargo vessels and had several new builds on order. Two AHT's and three AHT's were built in New Foundland and four semi-container vessels were built in Rostock in East Germany. However, the last dry cargo vessel was sold in 1982 and for the next eight years Solstad Rederi AS only operated offshore supply vessels.

In October 1997, the Company was listed on the Oslo Stock Exchange under the name of Solstad Offshore ASA. Solstad Shipping AS is wholly owned by Solstad Offshore ASA and is responsible for management and marketing.

At the end of the year the fleet consisted of 35 wholly owned, jointly owned and leased vessels together with 11 new builds; six new builds are in Norway and 5 are through Nor Offshore Ltd in Singapore. In total the Company operates 29 vessels from offices in Skudesneshavn and Aberdeen. The remaining fleet (6 vessels and 5 new builds) are operated and managed by Nor Offshore Ltd in Singapore.

Our vessels currently operate world-wide and approximately half our fleet are operating out with the North Sea.

Solstad Offshore ASA engage around 1000 people, 730 of which are at sea. In addition to its head office in Skudesneshavn, Solstad has branch offices in Aberdeen and Singapore.



Solstad in Skudeneshavn

Our crews and vessels sail on all seas. Solstad's head office is located in charming Skudeneshavn on the Norwegian west coast. The offices were completed in the autumn of

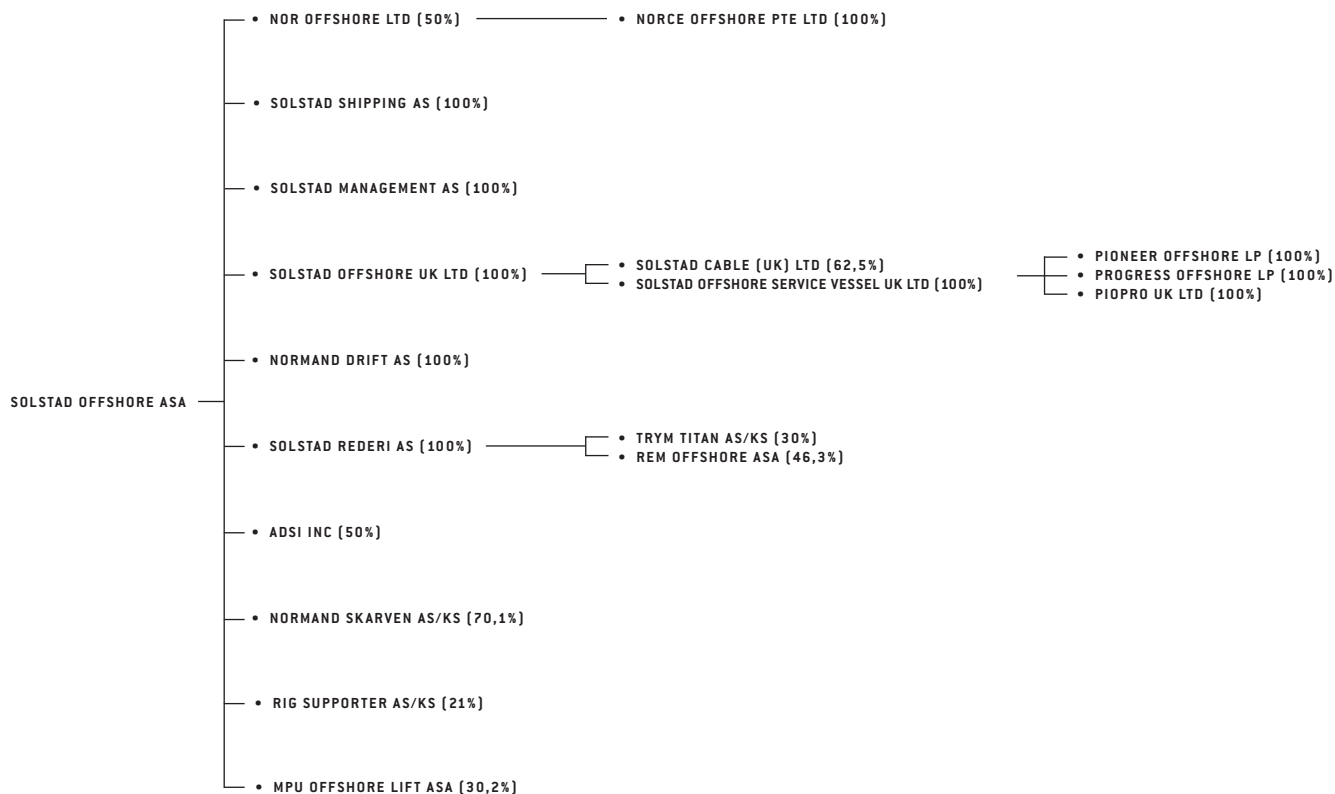
2006. We are fortunate to be so close to the sea and the forces of Nature. It was in Skudeneshavn our shipping business was established - and we are still here.





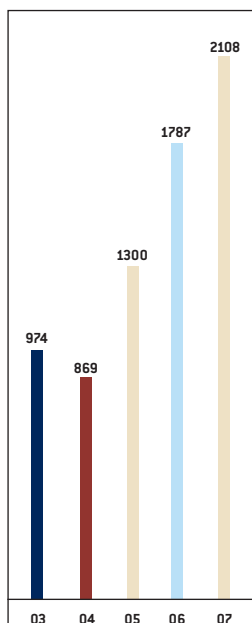
Company structure

PER. 31.12.2007

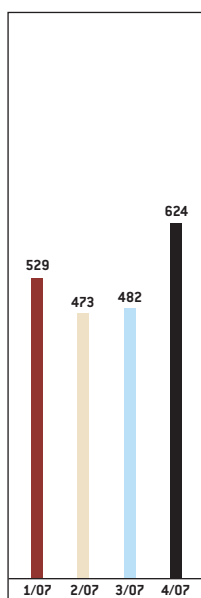


Financial highlights

**FREIGHT REVENUES OVER
THE PAST FIVE YEARS (NOK mill)**



**FREIGHT REVENUES IN
2007 QUARTERLY (NOK mill)**



	IFRS	IFRS	IFRS	IFRS	NGAAP
Ref	2007	2006	2005	2004	2003
PROFIT AND LOSS ACCOUNTS (NOK mill)					
Freight revenues	2 108	1 787	1 300	869	974
Other income / Gain on fixed assets	112	96	122	38	20
Operating result before depreciation/write-downs	1 398	1 040	833	435	519
Operating result	960	704	503	155	278
Net finance	146	211	-201	-40	-98
Ordinary profit before tax	1 106	915	302	116	193
Net profit for the year	704	890	286	92	184
Hereof majority's share	680	866	261	64	163

BALANCE SHEETS

Long term assets	8 464	6 361	5 823	4 849	4 314
Current assets	1 851	1 933	1 214	708	684
Total assets	10 315	8 294	7 036	5 557	4 998
Equity	3 717	3 174	2 694	2 427	1 991
Deferred tax	25	17	24	55	46
Long-term liabilities	4 454	4 203	3 778	2 667	2 751
Current liabilities	1 211	901	540	408	210
Long-term interest bearing liabilities	5 328	4 487	3 858	2 564	2 661
Bank overdraft	410	-	120	84	57
Free and restricted bank deposits	1 618	1 939	1 102	674	674
Net interest-bearing liabilities	4 119	2 548	2 876	1 974	2 044

PROFITABILITY

Operating margin	2	63%	55%	59%	48%	52%
Earning on equity	3,7	32%	31%	12%	5%	13%
Earning on capital employed	4	12%	10%	9%	4%	9%

LIQUIDITY

Liquid assets	1 053	1 291	702	467	466	
Working capital	768	1 032	673	300	474	
EBITDA	5	1 292	1 067	716	413	436
Current ratio	6	0,9	2,1	2,2	1,7	3,3

ASSETS

Total assets	10 315	8 294	7 036	5 557	4 998	
Equity	3 717	3 174	2 694	2 427	1 991	
Equity ratio	7	36%	38%	38%	44%	40%

Key figures

PER SHARE

KEY FIGURES PER SHARE	REF	2007	2006	2005	2004	2003
Result of the year	8	18,02	22,94	6,91	1,69	4,63
EBITDA	5	34,21	28,26	18,97	10,98	12,39
Booked equity	9	98,66	83,98	71,28	64,27	56,46
Price/Earnings (P/E)		8,46	5,95	13,89	40,14	9,99
Price/EBITDA		4,46	4,83	5,06	6,19	3,74
Dividend		4,00	4,00	2,00	1,00	1,00
Share capital (NOK mill)		75,59	75,59	75,59	75,59	71,59
Quoted share price 31.12. (NOK)		152,50	136,50	96,00	68,00	46,30
Market capitalisation (NOK mill)		5 764	5 159	3 628	2 570	1 657
RISK amount per share (NOK)				[2,00]	0,00	[0,62]
Average number of shares inclusive adj. for stock of treasury shares.		37 762 786	37 751 392	37 751 392	37 553 373	35 238 991
N. of shares per 31.12 incl. Adj. For stock of treasury shares		37 677 966	37 791 266	37 791 266	37 778 766	35 261 641

REFERENCES:

1. Includes current portion of long term debt for the years 2004-2007
2. Operating result before depreciation in percentages of total operating income.
3. Result before tax, in percentage of average equity.
Including minority interests
4. Operating result plus interest income and result from associate company divided by average book shareholders' equity and interest-bearing debt.
5. Operating result before depreciation adjusted for gain/(loss) on sale of fixed asset and other material noncash effects.
6. Current assets divided by current liabilities
7. Booked equity including minority interests in percentage of total assets.

8. Result of the year for the Group divided by average number of shares.
9. Shareholders' equity divided by outstanding number of shares per 31.12.

Joint ventures are gross consolidated as from 1.1.2006. Comparable figures for the profit and loss account for 2004 and 2005 and the balance sheet figures for 2005 are recalculated according to this.

Annual report

In 2007, Solstad Offshore ASA (the Group) achieved operating revenue of NOK 2,219 million (including gain on sale of assets of NOK 106 million) compared to operating revenue of NOK 1,883 million the previous year (including gain on sale of assets of NOK 88 million). Profit before tax was NOK 1,106 million which was NOK 191 million more than 2006. The cash flow for the year was NOK 1,292 million (excluding profit on disposal) compared to NOK 1,069 million for 2006.

2007 was another extremely good year for the offshore industry with record high activity globally. There was great demand for offshore service vessels in all segments. High global activity has absorbed the increase in new builds and to an extent has also reduced the fleet of larger vessels in the North Sea during 2007. As a result the market in the North Sea has been tight throughout the year with records high rates for both vessels on the spot market and charter market. On the charter market, where the tendency is for longer-term charters, the rates have significantly improved in later years and again in 2007.

The Group achieved their best ever safety result. The annual safety campaign was directed towards training in methodology and systems to achieve reduction in pollution to the external environment. Significant investment was made earlier in the years to reduce any unwanted spillage. The Company will continue to focus on this in future.

At the end of the year, the fleet consisted of 35 wholly owned/jointly owned or leased vessels, with eleven vessels under construction (six in Norway and five through Nor Offshore Ltd (NOR) in Singapore). This combination of vessels reflects the company's investment in modern construction service vessels (CSV's) and large anchor-handling vessels (AHTS's) in addition to building a larger fleet aimed at the market in the Far East and Australia.

In 2007, Solstad Offshore ASA booked several large transactions that had an impact on the profit and loss and balance sheet. The Company acquired around 46% of the shares in REM Offshore ASA which at the end of the year had a fleet of 17 vessels, 8 of which are in operation and 9 under construction. The renewal of the Solstad fleet has continued by the sale of three of the Company's oldest vessels and at the same time the contracting of the same number of new builds. There has been further investment in MPU Offshore Lift ASA, a company whose main activity is aimed at the market for installation of new and removal of decommissioned offshore installations as well as installation of offshore wind farms. Due to the compulsory exit from the old Norwegian shipping tax regime, Solstad Offshore ASA has posted around NOK 388 million in tax.

Compared to 2006, the Group's share of income from areas out with the North Sea markets increased from 35% to 44% in 2007.

1. COMPANY PHILOSOPHY, OBJECTIVES AND STRATEGIES

The company philosophy is to run a profitable and integrated shipping company with high specification vessels in its market segment, using owned or chartered vessels. The company's core business is to primarily offer services to oil related offshore activities.

It aims to become a significant player and offer a wide spectrum of services based on high quality vessels and equipment and maritime personnel with extensive experience. In the North Sea the aim is still to be one of the heavy weights in the industry and on an international level, a major player in deep water, sub sea and construction activities.

The company continues to focus on health, safety, the environment and profitability and aims to meet the targets set in these areas. The most important target in health, safety and the environment is to avoid injury to personnel and equipment, and any uncontrolled spillage from the vessels.

The company's strategy is to deliver customer-focus based solutions and high quality services as well as actively developing customer services in close co-operation with existing and new customers.

In general, the company will manage the total operation of the vessels including freight, crewing and technical management.

The company will evaluate where it is possible to operate cost effective operations with an optimal return on capital employed, in co-operation with new suppliers, particularly with a view to long-term strategic co-operation. Such co-operation is also evaluated with regard to both risk and capital injection.

2. THE COMPANY'S ACTIVITIES

Solstad Offshore ASA's activity is almost 100% directed towards the offshore petroleum industry. Most of the vessels are equipped to carry out more complex projects than the traditional supply and anchor-handling services. In addition to international expansion, the Company has focused its attention on providing vessels and equipment for use in installations, monitoring and maintenance of equipment on sub sea installations. Continuous renewal of the fleet combined with the investments in Nor Offshore Ltd., REM Offshore ASA and MPU Offshore Lift ASA reflects this commitment.

The Group's net freight income was divided in 2007 between 51% from AHTS', 32% from CSV's and 17% from platform supply vessels (PSV). Geographically, freight income is divided as follows: 56% from the North Sea, 10% from South America, 6% from West Africa, 5% from Mid and North America, 5% from the Mediterranean and 18% from Asia.

At the end of the year the fleet consisted of 35 fully owned/jointly owned and leased vessels, including 11 new builds (6 in Norway and 5

through NOR in Singapore). A total of 29 vessels are operated from offices in Skudeneshavn and Aberdeen. Of these 3 are currently on the Brazilian Continental Shelf, 1 is in the Gulf of Mexico, 2 are in West Africa, 5 are in Asia, 2 are in the Mediterranean, 1 in the Black Sea and the remaining 15 vessels are operating in the North Sea area. In addition, the 6 new builds are overseen by Skudeneshavn. The current remaining fleet (8 vessels and 3 new builds) are operated and administrated by NOR in Singapore. For more details on the fleet, refer to the fleet overview at the back of the annual report.

The Company has 6 vessels under construction in Norway, 4 of which are CSV's and 2 are AHTS's. The total contract price for these new builds, including customized equipment is around NOK 4.1 billion and reflects the Company's continued investment in the construction service market together with exploration and development activities in deep waters and unsheltered areas. The hull for one CSV has experienced some delays. The vessel should have been delivered during the third quarter of 2008. However, the Company does not expect to take delivery of the vessel until late in the 4th quarter in 2008. The remaining new build program is going according to plan.

A long-term contract has been entered with Subsea 7 for one of the CSV new builds for a fixed term of six years (plus 4 x 1 year options). The remaining new builds are currently without contracts. For further details on delivery dates, refer to the fleet overview at the back of this report.

Through its 50% share in NOR, Solstad Offshore ASA is focusing on the Asian and Australian markets. NOR was established in December 2004 and currently operates 8 newer small vessels. NOR will take delivery of a further three vessels between April 2008 and September 2008. Including new builds, the fleet consists of 2 smaller CSV's and 9 AHTS's (with BHP between 5,500 and 10,800). Five of the vessels have bareboat charters with purchase options whilst the remaining 6 will be owned by NOR.

In addition NOR have a derrick lay barge (DLB) under construction. The DLB will be equipped with an 1100 tonne crane, pipe laying equipment and greater cabin capacity. The aim of this investment is to be a player in the construction market in Asia and Australia. Delivery of the DLB from the yard in an operative state is anticipated during the second quarter of 2009.

In September 2007, NOR applied for stock registration on the Singapore Exchange Securities Trading Limited (SGX-ST). Because of the unsettled financial market, it was decided in January 2008, to postpone the stock exchange listing until later.

During 2007 Solstad Offshore ASA purchased around 46% of the shares in REM Offshore ASA (REM). Approximately 51% of the shares in REM are controlled by a group of shareholders led by the Managing Director of the company. The shareholder group was given an offer for the remaining shares in REM at a price of NOK 53.50 per share. After a total evaluation with focus on REM's expected cash flow and the absence of

any share premium, Solstad Offshore ASA realized this offer was too low. REM has a diverse and progressive fleet. The new builds are built at a recognized yard. REM is listed on the Oslo stock exchange.

Solstad Offshore ASA own 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. The company is listed on the OTC list but has plans to apply for registration on the main list at the Oslo Stock Exchange.

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 and installation of offshore wind farms. The vessel, which is under construction at Keppel Verolme in Rotterdam, is expected to be ready for commercial operations during the second quarter of 2009. The vessel does not currently have any contracts but the market is expected to be very attractive. Solstad Offshore ASA will have responsibility for the maritime operation of the vessel. At the end of 2007, the Company received a binding financial agreement from ABN AMRO Bank which was accepted. In March 2008 the company issued a convertible debenture totaling USD 110 million. This, together with earlier emissions and the above mortgage financing will fully finance the projects total cost of EUR 330 million. Solstad Offshore ASA has subscribed to USD 31.4 million of the convertible debenture.

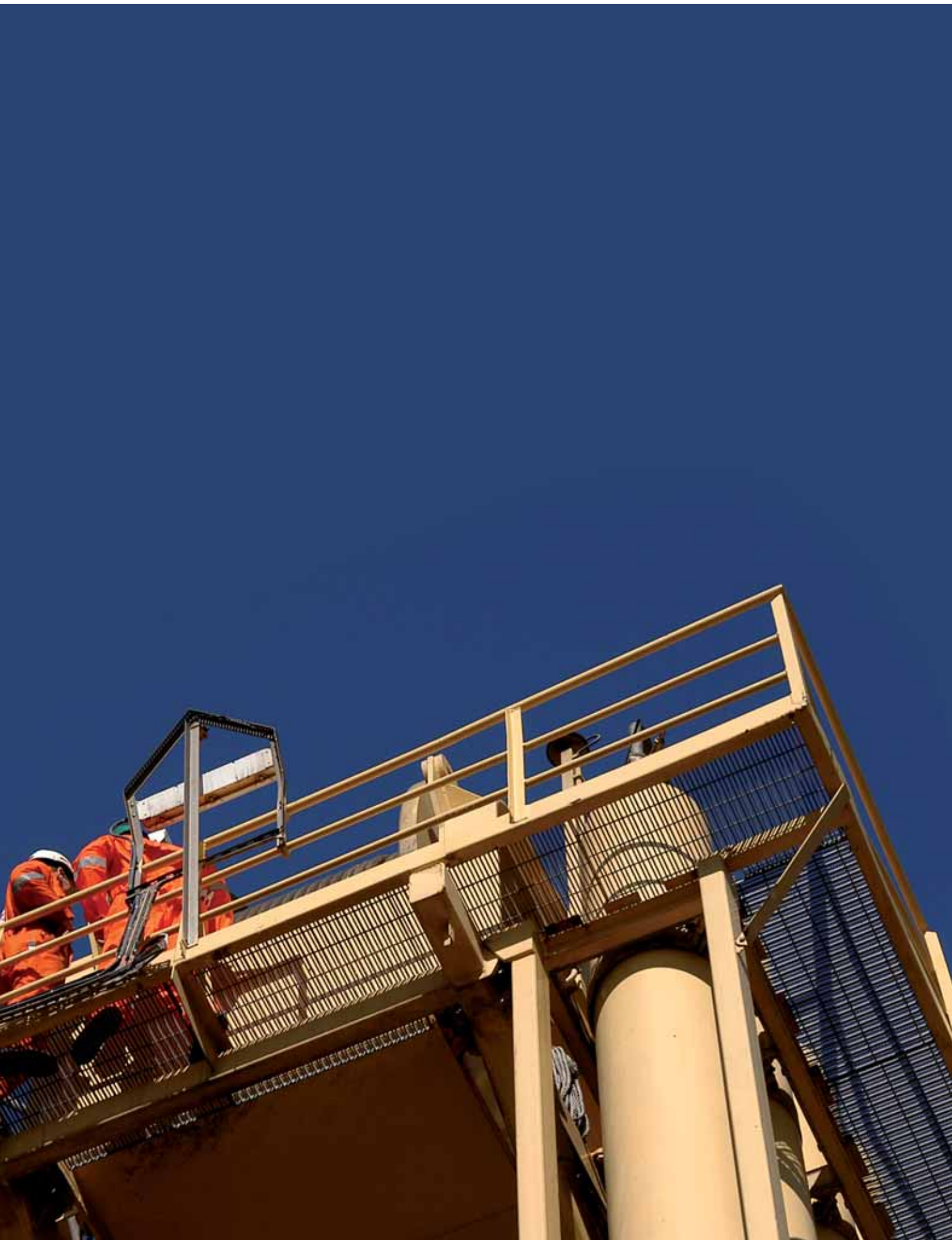
3. THE OFFSHORE MARKET

Today, the share of oil and gas extracted from offshore sources accounts for around a third of the total world production. The current high oil price, increased productivity and technological development have led to it now being possible to discover and develop oil fields in areas where it was previously not technically and commercially viable to do so. This includes deep waters, environmentally exposed areas (for example Shakhlin and the Barents Sea) and increasing numbers of minor fields. The underlying consequences of this, including the wide geographical spread is that the demand for offshore services in these areas is expected to increase in line with production, exploration and development activity. The greatest growth in investment in exploration, development and production is currently in West Africa, Brazil, Asia and Australia (the latter because of China, India and Indonesia's increasing demand for energy).

In the North Sea, the market for services to the offshore industry is increasingly dominated by the operations segment, i.e., supply and maintenance services for producing fields. This applies predominantly to the British Sector. In addition, Norway is considered to have potential for further finds, particularly in the Northern area. Aided by the high oil price and a well developed infrastructure, this has contributed to the significant interest for drilling in these areas. New profitable finds will in turn develop the production and transport plant. High oil prices and new technology has contributed to fields that were previously considered unprofitable will now be considered for development.









The total E & P investment in the branch has experienced a growth of around 20% per year in the last few years. In 2007, investment is anticipated to be around USD 170-180 billion and considerable growth is also expected in the coming year. The growth will primarily be in the number of drilling rigs to be delivered in the coming year and a number of scheduled floating installations and sub sea activities.

Historically, the main stay of offshore service vessels has been the anchor-handling vessels (AHTS's) and the platform supply vessels (PSV's). Technological development has resulted in a demand for services which have led to the development of more and more advanced multi-purpose and specialist vessels such as the construction service vessels. The functional overlap between vessel types has therefore increased. The world's fleet of AHTS's over 15,000 BHK was approximately 140 vessels at the end of the year but there were around 345 PSV's with load capabilities of over 3000 dwt. There were around 27 and 125 respectively, of this type of vessel operating in the North Sea.

The great demand for offshore service vessels has resulted in several new owners/operators entering or about to enter the market; both Norwegian and foreign investors. At the end of the year there were around 305 vessels on order (AHTS's over 15,000 BHP and PSV's over 3,000 DWT). Most of these will be built in Europe (Norway) but the Far East (Singapore, Vietnam, China, India and Indonesia) have just as many vessels on their order books. In the CSV segment at the end of the year there were 66 vessels on order world-wide. This accounts for approximately 30% of the current fleet of around 200 vessels. The order book has 17 vessels in the SURF segment, 22 DSV's (diving vessels) and 27 ROV vessels under construction by the year 2011.

4. THE COMPANY AND ITS SHAREHOLDERS

It is the aim to make the Company attractive in the long-term by reflecting an increase in the value of the Company through the shares and share dividends. The Board's objective is that the dividend will, over several years, average around 20% of the Company's profit after tax, adjusted for any larger currency fluctuation and minority shareholders. Therefore dividend shall always be evaluated in anticipation of future income and cash flow, financing requirements and other conditions that may affect the Company's position.

The total number of shares issued by the Company at the end of the year was 37,794,160. The number of shareholders was 2,211 which are 195 more than the previous year. Foreign shareholders accounted for around 9.4%.

The Board of Directors will propose at the general meeting on 6th May that a share dividend of NOK 4.00 per share will be paid for 2007. This payment will be made at the end of May 2008.

The share value developed positively throughout the year. At the start of the year the share value was NOK 136 and at the end of the year it was NOK 152.50 which is an increase of 12%. The Company paid a dividend of NOK 4 per share in dividend in 2007 (for the 2006 accounting year).

The Board has power of attorney until the next general meeting to acquire up to 10% of treasury shares. The Board of Directors has requested power of attorney in order to be able to continuously assess this as both a strategic and short-term investment option. At 31.12.07, the total number of treasury shares was 116,194.

At the general meeting in May 2007, the Board of Directors had their power of attorney extended to be able to increase the share capital by NOK 4 million. This power of attorney, which extends until the next ordinary general meeting, has not yet been exercised. At the next general meeting in May 2008, the Board of Directors will propose the renewal of the power of attorney relating to increase of share capital and acquisition of treasury shares.

Solstad Offshore ASA has been listed on the Oslo Stock Exchange since 1997. As the holding company of the Group, its main activity is the ownership of shares in its various subsidiaries and other strategic investments. Solstad Offshore ASA owns 100% in Solstad Rederi AS, 100% of Solstad Offshore UK Ltd in Aberdeen, 50% of Nor Offshore Ltd in Singapore, 46% in REM Offshore and 30% in MPU Offshore Lift ASA.

5. CORPORATE GOVERNANCE

Solstad Offshore ASA's Corporate Governance is based on the Company's vision and strategy. The Company is listed on the Oslo Stock Exchange and is subject to the laws governing Norwegian share ownership, accounts, stock exchange reporting and stocks and shares. Solstad Offshore ASA adopts the "Norwegian recommendation for ownership and company management" dated 4 December 2007. For further details in regards to Corporate Governance refer separate chapter in the Annual Report.

6. FINANCIAL – THE GROUP

The annual accounts for 2007 are prepared in accordance with International Financial Reporting Standards (IFRS) which are approved by the European Union with comparable figures for 2006.

Total operating revenue for the Group in 2007 was NOK 2,219 million (including profit on disposal of NOK 106 million) which is 18% higher than the figure of NOK 1,883 million last year (which included profit on disposal of NOK 88 million). The increase in freight income is mainly due to a very good spot market. The fleet capacity when evaluated on the number of days compared to 2006 has decreased by 4% (sale of older tonnage and 50% share in Norskan AS). Contract coverage for 2007 was 94% (95% in 2006). Cash flow from operations for the year (defined as the result before write-off adjusted for gain on disposal) was NOK 1,292 million (1,069 million).

Operating profit before depreciation was NOK 960 million compared to NOK 704 million for the previous year. Included in operating expenses in 2006 was a single posting with a negative net effect of NOK 49 million. Profit before tax was NOK 1,106 million (915 million) of which NOK 146 million (211 million in 2006) is net financial income. Included in net financial income is gain on sale of shares of NOK 71 million, received dividend of NOK 47 million and NOK 59 million in realized currency gain

(NOK 286 million, NOK 0 million and NOK 33 million respectively in 2006). 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 regime. A third of the deferred tax can be withheld on condition that the Group invests a similar amount on qualifying environmental measures over the next 15 years. The amount is due for payment at the end of the 15 year period if adequate and qualifying environmental measures are not undertaken. The remaining two thirds shall be paid to the state in equal annual installments over a ten year period.

The total tax [3/3] is currently valued as a tax debt in the accounts at the time of submission of the state budget (October 2007). The authorities anticipate that the environmental share can be regarded as equity but the way the transition regulations are formed means that the environmental share cannot be posted as equity.

After adjustment for minority interests the annual share earnings is NOK 18.02 (22.94).

Apportioned by segments, the operating income primarily reflects the company's development of a larger and modern fleet of CSV's and AHTS's in later years together with high revenue from the spot market. On average, the operating revenue (excluding gain on disposal of assets) and before depreciation (operating margin) was 58% of the operating revenue.

The greatest impact on the Group balance in 2007 was the investment and loan for one CSV, and one AHTS and payment of installments for contracted new builds, acquisition of shares in REM Offshore ASA and the offset for taxes due to the changes in the Norwegian shipping tax regime.

The book value of the vessels at 31.12.07 was in total NOK 6,491 million (5,353 million) of which NOK 527 million (297 million) relates to payment of installments on the new builds. The Board of Directors has evaluated the book value of the vessels according to the regulations in IAS 36 relating to depreciation of fixed assets and has not found any reason for further write-down.

The Group's long-term interest-bearing debt at 31.12.07 was NOK 5,365 million (4,518 million) of which NOK 1,339 million (623 million) is classified as short-term debt. The increase in short-term debt is due to the leasing contracts for two vessels where the lessor has a sales option that was expected to be exercised and which ends within 12 months. Refinancing of the leased vessels is under negotiation. The debt is apportioned by 52% NOK, 28% USD, 19% GBP and 1% EURO. At the end of the year, hedging agreements were entered into covering some of the long-term debt.

Booked equity was NOK 3,714 million (3,174 million) of which minority

interests accounted for NOK 36 million (NOK 15 million). Booked equity per share was NOK 98 (NOK 84). Based on the average of three broker evaluations at 31.12.07 (vessels without contracts) the market value of the fleet at 31.12.2007 was NOK 9,650 million. At the end of 2007 value adjusted equity before tax was approximately NOK 227 compared with NOK 156 the previous year. The remaining material intangible assets are the shares in MPU Offshore Lift ASA at cost price adjusted for continuous result (approximately NOK 190 million) and the shares in REM Offshore ASA at NOK 53.50 per share (stock exchange rate).

The Group is exposed to various financial market risks in its activities. Financial market risks are the risk that any change in currency rates, interest rates and freight charges will impact the value of the Group's assets, liabilities and future cash flow. In order to reduce and control this risk, Company management periodically evaluates the Group's most important financial market risks. When a risk factor is identified, measures are taken to reduce the specific risk. The Group is exposed to both interest and currency risks through long-term financing and freight income. The former risk is partially eliminated by interest hedging agreements. The currency risk is partially eliminated by having the freight contracts in the same currency as the associated loans and obligations.

Under "Financial highlights" and "Key figures per share" are definitions of the different accounting principles used and a summary of the key figures in the Group accounts.

7. HEALTH, SAFETY AND ENVIRONMENT (HSE)

The Company's goals for HSE and Q.A. are:

- All the company's activities are to be performed in a professional and knowledgeable manner
- The company's management shall oversee that all the company's activities are performed in accordance with international laws and regulations together with internal and external requirements.
- All operations are to be planned and preventative action taken to avoid injury, material damage and pollution of the environment.
- The Company shall ensure that operations are completed in such a way as to cause the least possible impact on the environment.
- The Company's employees shall follow the Company's ethical guidelines while performing their work.
- All the company's employees shall undertake the necessary training and instruction in compliance with the current regulations (STCW-95) and internal requirements.
- The Company shall have a database maintenance system where all critical and vital engine and equipment components are reported and monitored.
- The Company shall have an HSE reporting system established on all vessels and offices where experience transfer, personal injury, near misses, equipment damage, pollution and deviations are reported and monitored.



The company's HSE system complies with international regulations and standards, the ISM code (IMO's International Safety Management Code), ISO 14001, ISO 9001 and ISPS (International Ship and Port Facility Security Code). All vessels, together with the administration, are ISM certified by Det Norske Veritas or the relevant flag state. Crew onboard are given training in the ISM code and any re-training in accordance with the regulations for STCW-95 (Seafarers Training, Certification and Watchkeeping Code). Internal audits are completed on all vessels on an annual basis.

The company places focus on preventative action to prevent incidents and accidents. In 2007, Around 4,000 reports were processed in the Company's HSE and QA System. The reports are managed in an integrated reporting system which forms a HSE knowledge base for all employees. Furthermore, this forms the basis for introducing preventative actions to avoid these accidents and incidents in future.

When entering contracts on new vessels the Company strives to ensure a safe work place and reduced emissions into the air and sea.

Throughout 2007, the Company has developed good systems and methodology for risk analysis and there is ongoing training of the Company's employees.

In total the Company had five accidents which are considered lost time incidents. In 2007, the H factor (recording the number of absences due to injury per 1,000,000 working hours) was 1.14. All crew are back in active service. We continue to aim for zero injuries and during the course of last year, two of the Company's vessels passed 3000 days without a lost time incident.

From 01.01.2007 the Company will implement environmental accounting as part of the Company's efforts to improve its environmental performance. Through this accounting, the Company will have a complete overview of the quantity of waste generated and how it is handled and disposed of.

With effect from 01.01.2007 a Norwegian duty of NOK 15 per kilo has been introduced on NOx gas emissions. The Company has, therefore, established a system for measuring and reporting. The authorities have now decided that this duty shall be used to support measures to reduce emission of NOx gasses and other hazardous emissions to the external environment. In 2007, the Company's vessels had 18 minor uncontrolled spillages to sea, a total of 1,166 liters.

At the end of the year the company engaged 1019 people, 954 of which were seafaring, 225 of these were hired personnel. The working environment on land as well as on the vessels is considered good. Sick leave amongst the companies within the Group was approximately 5% in 2007.

The division between the employees in the administration is 65% male and 35% female. Equal opportunity is an important criterion for recruitment of employees. The number of female sailors is limited both in Norway and internationally. The company has, for many years, trained cadets and worked actively to engage young Norwegians in a maritime education. Despite this focus, there has been little success in persuading a greater number of females to commit to a maritime education or profession, either through the school authorities or through shipping organizations.

8. EXPECTATIONS IN 2008

The demand for offshore services continued to increase throughout 2007. Strong global economic growth together with minor OPEC's production regulation has helped to keep the oil price at unprecedented high levels. Revenue for the oil companies and oil service companies has been very good and investment in drilling, development and production has increased considerably throughout 2007. In future it is anticipated that unsettled global credit and share markets and the down turn in the American economy will, to a lower extent, have an impact on this activity in the short-term. The oil price is expected to remain high which historically has been the deciding factor for the level of offshore investment. Even when considering the most conservative estimates for increase in oil demand in the years ahead, the need to replace current oil production with new reserves, and to increase production, plays a pivotal role. The Company anticipate increasing focus in deep water areas and sub sea activity. West Africa, North America (including Mexico), Russia and parts of Asia and Australia are all regions with the greatest growth potential in the offshore sector.

The total order book for new builds is relatively large and it must also be recognized that there are new players in recent years. This, together with new build and conversion projects related to exploration rigs and floating production platforms, has resulted in a significant increase in the cost of new builds in the last year. With the large influx of new builds, it is unlikely that the current high charter rates can be maintained in the long-term. High new build costs coupled with uncertain income potential will most likely impact the number of new builds in future.

Solstad Offshore ASA has a diverse fleet offering services relating to exploration, development and installation as well as operations and maintenance activities. There will be an increasing requirement for specialized tonnage that can operate in far waters and at a variety of depths. In the next 2-3 years there will be around 100 new drilling rigs delivered from various yards. During the same period it is estimated that a comparative number of floating production platforms will be installed. The order books from the major oil companies indicate a large increase in sub sea activity – from inspection and light maintenance to heavy installations. The forthcoming pipe laying projects such as Nordstream will also require tonnage. This, together with an increasing geographic spread of offshore activity will have a positive impact on demand.

At the time of accounts submission, the contract coverage for 2008, based on the number of days is 60% for vessels in the Group (the equivalent figure for last year was 68%). In 2009, the contract coverage is currently 33% (36%). Including contract options, the contract coverage for 2008 and 2009 is 71% and 53% respectively.

9. FINANCIAL – PARENT COMPANY

Solstad Offshore ASA achieved annual profits of NOK 165 million (compared to 181 million in 2006). Net financial income was NOK 162 million (183 million) including dividends from subsidiaries. The annual loss from operations was NOK 2.6 million (5.8 million).

The company's assets are primarily associated with the value of the shares in its subsidiaries, jointly-owned companies and associated companies, plus deposits. Booked equity at the turn of the year was NOK 1,202 million, NOK 1,036 million of which can be paid as dividend in accordance with Norwegian corporation law. Debt for the same period last year was NOK 457 million of which NOK 300 million is debentures and NOK 151 million is allocated to dividend for 2007.

The annual accounts have been prepared, subject to continued operation, in accordance with Norwegian Accounting Law, §3-3. Based on valuations of the subsidiaries vessels, the Board considers the market value of the company's assets to be considerably higher than book value.

The Board of Directors will propose that the general meeting approve directors' fees of a total of NOK 825,000 for 2007. The auditors' fees for 2007 are proposed as approved as NOK 300,000.

The Board of Directors proposes the following appropriations:

Allocated Dividends	NOK 151,176,640,-
Transferred from other equity	NOK 13,841,013,-
Net appropriated/transferred	NOK 165,017,653,-

Board of Solstad Offshore ASA
Skudeneshavn, 25 March 2008

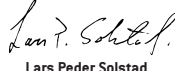

Harald Eikesdal
Chairman


Johannes Solstad
Deputy Chairman


Toril Eidesvik
Board Member


Anette Solstad
Board Member


Arne Austreid
Board Member


Lars Peder Solstad
Managing Director

THE BOARD

Harald Eikesdal, Chairman (born 1946)

Harald Eikesdal is a lawyer with the firm Eikesdal, Meling, Nygård Lande and Sveinall. He previously held a position as Divisional Head with the Norwegian Ministry of Finance and as a deputy judge and notary public at Haugesund Magistrates Court. Harald Eikesdal has been our chairman since 2002 and is up for re-election in 2008. He also holds a number of other directorships. He is independent of the Company's main shareholders. Shares in Solstad Offshore ASA: 0



Johannes Solstad, Deputy Chairman (born 1930)

Johannes Solstad is a former Captain. He is the founder of the Solstad Group and was Managing Director from its conception in 1964 until 2002. He has been Deputy Chairman since the company was listed on the Oslo Stock Exchange in 1997 and is up for re-election in 2008. Johannes Solstad has an interest in Solstad Offshore ASA's shareholding in SOFF Holding AS, Solhavinvest V AS and SOFF Invest 1 AS. Shares in Solstad Offshore ASA: 18,126,268



Anette Solstad (born 1965)

Anette Solstad has been living in the USA since 1989. She is currently completing a BA in International Business and has worked for Wilhelmsen Lines, USA in operations and commercial analysis and as a systems developer for Prudential Securities. She does not hold any other directorships. Anette Solstad has been a board member since 2007. She has an interest in Solstad Offshore ASA's shareholding in SOFF Holding AS, SOFF Invest 1 AS and Solhav Invest X AS. Shares in Solstad Offshore ASA: 0



Arne Austreid (born 1956)

Arne Austreid is a Petroleum Engineer and also holds an MBA. He is CEO at Prosafe SE and previously worked for 16 years for Transocean ASA. Arne Austreid has been a board member since 2004 and is up for re-election in 2008. He is independent of the Company's main shareholders. Shares in Solstad Offshore ASA: 0



Toril Eidesvik (born 1968)

Toril Eidesvik is a lawyer at Caiano AS and previously worked as a lawyer in the firm Simonsen Musæus and for Gjensidigie Nor Sparebank. She is Chairman in Green Reefers ASA, a board member at DeepOcean ASA and in addition, holds several other directorships. Toril Eidesvik has been a board member since 2005 and is independent of the Company's main shareholders. Shares in Solstad Offshore ASA: 0



Corporate Governance

Solstad Offshore ASA's Corporate Governance is based on the Company's vision and strategy. The Company is listed on the Oslo Stock Exchange and is subject to the laws governing Norwegian share ownership, accounts, stock exchange reporting and stocks and shares. Solstad Offshore ASA adopts the "Norwegian recommendation for ownership and company management" dated 4 December 2007.

Accountability for ownership control and company management

The Company wishes to identify the division of duties between the shareholders, the Board and the Managing Director and has therefore elected to account for ownership control and company management in accordance with the "Norwegian Recommendation for ownership and company management". Solstad Offshore ASA has established ethical guidelines with the aim of securing values and an organizational culture in the Company that forms the basis of added value, secure operations, a pleasant work place, a sound reputation and innovation.

Activities

According to its Articles of Association, the Company's activity is to "operate a shipping company and related activities". With this aim, the Company's business plan is to operate an integrated shipping company with high specification vessels in its market segment, using owned or chartered vessels. The Company's core business is to offer services to the oil-related offshore industry. The Company's Articles of Association are available in their entirety on the Company's website www.solstad.no. Solstad Offshore ASA's objectives and strategy are outlined in point 1 in the Board's Annual Report.

Company equity and dividend

Solstad Offshore ASA's posted share capital amounts to 36% at the end of 2007. The Company maintains a solid financial position which supports the Company's declared strategy and dividend policy. The Company wishes to give its shareholders a high and stable yield. Yield on shareholders' capital is understood to include the total of the earnings per share and paid dividend.

The Company's objective is to pay dividend to its shareholders. The dividend is normally 20% of the Company's profit after tax, adjusted for any larger currency fluctuation and minority shareholders. Therefore the dividend shall always be evaluated in anticipation of future income and cash flow, financing requirements and other conditions that may affect the Company's position. In 2007, Solstad Offshore ASA paid a dividend of NOK 4 per share for the 2006 accounting year. The Board will propose at the Company's general meeting that a dividend of NOK 4 per share is paid for the 2007 accounting year.

The general meeting held on the 8 May 2007, gave the Board the power of attorney to:

- Increase share capital in Solstad Offshore ASA by up to NOK

4,000,000 by issue of up to 2,000,000 new shares at NOK 2. This power of attorney also applies to mergers according to the Joint Stock Public Companies Act § 13-5. The power of attorney extends until the next general meeting in 2008.

- Acquire treasury shares for a value up to NOK 7,558,832, up to 10% of share capital. The Board has power of authority to acquire and dispose of treasury shares. The Company shall pay a minimum of NOK 1 and a maximum of NOK 250 per share acquired by exercising this power of attorney. The power of attorney extends until the next general meeting in 2008.

- Propose an increase of share capital of up to NOK 280,000 by subscription of up to 140,000 new shares at NOK 2. The Board shall determine, within these parameters, whether there shall be one or several share emissions and the size of the emissions. Capital injection is limited to the Company's employees and shareholders relinquish their option to subscribe to these shares. The Board determines the subscription rate and conditions. The power of attorney extends until the next general meeting in 2008.

Equality of shareholders and transactions with associates

Solstad Offshore ASA has only one class of share. The Articles of Association do not limit the voting rights. All shares have equal rights.

The Board's right to acquire treasury shares is on the assumption that there are treasury shares on the market.

During 2007 there have not been any transactions between the Company and shareholders, board members, key personnel or any relatives of these, other than those stated in Note 15 of the Annual Accounts.

The Company has the right to ensure that the board members and key personnel inform the Board if they, directly or indirectly, have a significant interest in an agreement entered by the Company.

Freely transferable

Shares in Solstad Offshore ASA are freely transferable. The Articles of Association do not limit the transferability of the shares.

General meeting and elected committee

The Ordinary General Meeting is usually held in May. Shareholders with known addresses are invited by post. An agenda is issued with the invitation to attend. This contains all the necessary information for the shareholders to form an opinion on all matters to be reviewed. The Board of Directors and auditors are usually represented. An invitation to attend, together with the agenda for the general meeting is available on the Company's website (www.solstad.no) no later than 3 weeks before the general meeting is held and sent to shareholders in writing

at least two weeks before the meeting. The Board wishes to give as many shareholders as possible the opportunity to attend. The registration deadline is as close to the meeting date as possible. Any shareholders unable to attend are encouraged to use their vote. The agenda is determined by the Board and the main points are covered under § 6 of the Articles of Association. The Chairman of the Board opens the general meeting and elects a chair person. The general meeting protocol is published as a stock exchange notice and is also available on the Company's website. There is no resolution stating that the Company must have an elected committee. The Chairman and Deputy Chairman of the Board form the committee.

Composition and independence of the Board

The elected committee's primary objective is to propose candidates that ensures the Company has a Board that has the best possible relevant expertise, capacity and diversity. Furthermore, the Board is formed so that it can act independently of special interests and has at least two board members elected by the shareholders who are independent of the Company's main shareholders. When recruiting new board members, the policy of equal opportunity is applied as well as relevant competence and capacity. Board members are elected for a period of two years. Representatives from general management are not members of the Board.

The Board's work

The Board prepares an annual plan. Normally there are 7 to 8 ordinary shareholders. In addition, tele-conferencing is used for meetings where necessary. Instructions for the Board and general management are prepared. The Company's internal controls are practiced according to adopted guidelines and reviewed annually with the auditors. The Board receives monthly financial reports in which the Company's economic and financial status is reviewed. The elected Deputy Chairman leads the Board's work in the absence of the Chairman. To date a steering committee has not been appointed. The Board undergoes an annual evaluation of its work and competence, when required.

Risk Management and Internal Controls

Through its work the Board ensures that the Company has good internal controls and adequate systems for risk management in relation to the scope and type of industry and any regulations that apply. The company has established a system for operations and administration which includes procedures and job descriptions. This system also includes the Company's ethical guidelines. The Company prioritizes quality assurance. The Board collates information on the Company's operational, administrative and financial development through monthly reporting. The Board performs an annual review of the Company's strategy and business plan including an analysis of the Company's risk exposure. The exposure is reviewed monthly in the management reports.

Remuneration to the Board

The Board's remuneration reflects its responsibility, competence, time spent and the complexity of the industry and is not dependent on the result. Any remuneration to the Board is listed in the annual accounts. No options are allocated to the Board. In cases where board members take on additional projects for the Company, the whole Board shall be informed and the fee must be approved by the Board. Remuneration for

such projects will be highlighted in the annual accounts. All transactions between board members or employees (or the companies they represent or associated with) are carried using the "arms length" principle. There is no requirement for the Company to release any other information than that in the notes to the accounts relating to remuneration or agreements with board members. Remuneration to board members is considered to be at market level for the industry.

Remuneration to key personnel

The remuneration of the Managing Director is fixed by the Board at a meeting. Other benefits to the Managing Director are stated in the Annual Accounts. The guidelines for remuneration of key personnel are presented at the general meeting for information.

There is no requirement for the Company to release any other information than that in the notes to the accounts relating to remuneration or agreements with the Managing Director or Deputy Managing Director. Remuneration to the general manager is considered to be at market level for the industry.

There are no options programs for employees.

Information and communication

To ensure equal treatment of shareholders, the company aims at all times to ensure that the share market has correct, clear and timely information regarding the Company's activities and position. Presentation of the quarterly and annual accounts is done in accordance with the time plan stated in the financial calendar on the Company's website www.solstad.no, and the information sent to the Oslo Stock Exchange. There is continuous dialogue with, and presentations to, analysts and investors. Information is imparted by stock exchange reports, dialogue with analysts and general presentations to investors as well as presentations to brokers and investors.

Company take over

Solstad Offshore ASA has no protective mechanism in its Articles of Association relating to share acquisition and has no other measures in place that limit the possibility to purchase shares in the Company. If a bid is made for Company shares the Board will work to ensure that the shareholders have the information and time to make a decision on the bid and make a statement on the and recommendation as to whether it should be accepted or not.

Auditor

The auditors present an annual plan to the Board for implementing their audit. Furthermore the auditors will prepare a report on their observations relating to adherence to accounting principles, risk areas, internal control routines etc. The auditors will also produce annual written confirmation that they remain independent and objective. The auditors will attend board meetings relating to annual accounts as well as the Company's ordinary general meeting.

If the auditors are to be involved in an advisory capacity, this must first be approved by the Board. The auditors' fees are stated in the notes to the annual accounts. The Board and auditor meet annually without the Managing Director or representative from the administration.



Group accounts

FOR SOLSTAD OFFSHORE ASA





Profit & loss account

1.1 - 31.12

(NOK 1 000)

	Notes	2007	2006	2005
Freight income	4	2 107 544	1 786 957	1 299 662
Other operating income	2,5	111 507	96 081	122 405
Total operating income		2 219 051	1 883 038	1 422 067
Personnel costs	5,6	-490 732	-438 007	-372 878
Ordinary depreciation	8	-339 840	-262 459	-277 813
Depreciation on capitalised periodic maintenance	8	-97 444	-73 982	-52 142
Other operating expenses	5	-341 848	-420 242	-224 733
Income from investment in associated companies	9	11 277	15 663	8 831
Total operating costs		-1 258 587	-1 179 026	-918 736
Operating profit/loss		960 464	704 012	503 331
Other interest income	7	81 210	56 611	32 901
Other financial income	7,11,23	441 232	361 835	-7 040
Other interest charges	7	-221 894	-192 804	-130 945
Other finance costs	7,11	-154 795	-14 487	-96 286
Net financing		145 753	211 155	-201 370
Profit before taxes		1 106 217	915 166	301 961
Tax	12	-402 612	-25 278	-15 962
Net profit for year		703 605	889 888	286 000
Minority shares		23 276	23 930	24 992
Majority shares		680 329	865 958	261 007
Earnings and diluted earnings per share (NOK)	14	18,02	22,94	6,91



Balance sheet

		(NOK 1 000)	
	Notes	31.12.07	31.12.06
ASSETS			
Long-term assets			
Long-term fixed assets			
Vessels and new build contracts	2,8	6 491 230	5 352 619
Capitalized periodic maintenance	8	130 855	120 911
Other tangible fixed assets	8	38 172	43 793
Total long-term fixed assets		6 660 256	5 517 323
Financial assets			
Loan to associated companies	15	12 262	15 327
Investments in associated companies	9	220 567	158 055
Investments in stocks and shares	9	959 708	3 223
Tied bank deposits	11	565 651	647 666
Other long-term receivables	20	45 432	19 202
Total financial assets		1 803 619	843 473
Total long-term assets		8 463 875	6 360 796
Current assets			
Stock	24	25 954	18 978
Receivables			
Account receivables	21	509 840	356 711
Other short-term receivables	21	202 257	139 737
Total receivables		712 097	496 447
Investments			
Shares available for sale	9	60 028	126 393
Bank deposits and cash equivalents	16,18	1 052 715	1 291 106
Total current assets		1 850 794	1 932 924
TOTAL ASSETS		10 314 669	8 293 720

Balance sheet

		(NOK 1 000)	
	Notes	31.12.07	31.12.06
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital [37,794.160 at NOK 2.00]	13	75 588	75 588
Treasury shares	13	-232	-6
Other paid-in capital	13	111 648	111 648
Total restricted equity		187 004	187 231
Earned equity			
Other equity		3 494 850	2 971 839
Total earned equity		3 494 850	2 971 839
Minority interests			
		35 604	14 718
Total equity		3 717 459	3 173 788
Liabilities			
Provisions			
Deferred tax	12	25 417	16 604
Taxes payable	12	356 733	
Deferred income	25	20 100	23 657
Pension liabilities	6	3 573	12 813
Other provisions	10	46 699	269 761
Total provisions		452 522	322 835
Other long-term liabilities			
Other long-term loans		39 117	32 002
Debt to credit institutions/leasing obligations	11	3 987 948	3 863 899
Total long-term liabilities		4 027 065	3 895 901
Current liabilities			
Accounts payable		135 337	94 269
Bank overdraft		409 824	
Taxes payable	12	56 335	26 922
Accrued salaries and related taxes		43 275	34 874
Dividend			10 945
Other current liabilities		133 228	111 434
Current interest bearing liabilities	10,11	1 339 624	622 751
Total current liabilities		2 117 623	901 196
Total liabilities		6 597 210	5 119 931
TOTAL EQUITY AND LIABILITIES		10 314 669	8 293 720
Mortgages			
	11		
Guarantees etc.	3,7,11		

Skudeneshavn, 25. March 2008

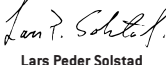

Harald Eikesdal
Chairman


Johannes Solstad
Deputy Chairman


Toril Eidesvik
Board Member


Anette Solstad
Board Member


Arne Austreid
Board Member


Lars Peder Solstad
Managing Director



Changes in equity

(NOK 1.000)

	Share	Treasury	Other	Translation	Value	Other	Total majority	Minority	Total
	capital	shares	paid-in capital	adjustments	changes	equity	shares	shares	equity
Equity 01.01.2006	75 588	-6	111 648	-21 271	139 678	2 152 311	2 457 948	235 843	2 693 791
Annual result						865 958	865 958	23 930	889 888
Paid-out dividend/ surplus						-75 590	-75 590	-13 634	-89 224
Unallocated dividend on treasury shares						6	6		6
Changes in accounting principles for pension						826	826		826
Minority shares, paid out release								-231 421	-231 421
Net gain on available for sale financial assets					-110 948		-110 948		-110 948
Translation adjustments				22 441			22 441		22 441
Other adjustments						-1 572	-1 572		-1 572
Equity 31.12.2006	75 588	-6	111 648	1 170	28 730	2 941 939	3 159 070	14 718	3 173 788
Equity 01.01.2007	75 588	-6	111 648	1 170	28 730	2 941 939	3 159 070	14 718	3 173 788
Annual result						680 329	680 329	23 276	703 605
Purchase treasury shares		-250				-17 911	-18 161		-18 161
Sale treasury shares		23				1 710	1 733		1 733
Paid-out dividend/ surplus						-151 177	-151 177	-2 390	-153 567
Unallocated dividend on treasury shares						12	12		12
Net loss on available for sale financial assets					17 349		17 349		17 349
Translation adjustments				-7 301			-7 301		-7 301
Equity 31.12.2007	75 588	-232	111 648	-6 131	46 080	3 454 902	3 681 855	35 604	3 717 459



Statement of cash flow

1.1 - 31.12

(NOK 1 000)

	2007	2006	2005
CASH FLOW FROM OPERATIONS			
Result before tax	1 106 217	915 166	301 961
Taxes payable	-8 659	-34 626	-20 242
Ordinary depreciation and write downs	437 284	336 441	329 956
Loss/ gain long-term assets	-176 863	-371 498	-117 170
Interest income	-81 210	-56 611	-32 901
Interest expense	221 894	192 804	130 945
Effect of change in pension assets	-9 240	-2 294	-989
Unrealised currency gain/loss	-248 132	-74 785	51 652
Change in short-term receivables/payables	-174 443	-54 103	-101 145
Change in other accruals	-4 218	68 667	42 896
Net cash flow from operations (A)	1 062 629	919 161	584 964
CASH FLOW FROM INVESTMENTS			
Investment in tangible fixed assets (vessels)	-1 571 189	-1 253 618	-1 218 268
Payment of capitalized periodic maintenance	-107 388	-138 001	-46 721
Sale of fixed assets (vessels)	182 033	1 006 341	382 487
Write-down financial assets			7 156
Investments in other shares	-1 080 359	-309 686	-17 318
Realized shares and interests	216 138	488 502	79 653
Net cash flow from investments (B)	-2 360 765	-206 462	-813 011
CASH FLOW FROM FINANCING			
Payment to/from minority interests	-2 390	-245 055	-81 304
Payment of dividends	-151 165	-75 584	-37 779
Paid-in interests	80 661	56 890	29 968
Paid-out interests	-217 286	-185 776	-127 510
Purchase / sale treasury shares	-16 428		1 167
Change in restricted bank deposits	82 016	-378 949	-62 107
Repayment of long-term receivables	-23 164	-2 983	-66 214
Bank overdraft	409 824	-119 925	35 985
Long-term debt	2 042 421	1 998 677	1 723 284
Repayment of long-term debt	-1 144 743	-1 302 302	-862 564
Net cash flow from financing (C)	1 059 745	-255 007	552 927
Net change in cash and cash equivalents (A+B+C)	-238 391	457 692	324 879
Cash and cash equivalents at 01.01	1 291 106	833 414	508 535
Cash and cash equivalents at 31.12 (Note 18)	1 052 715	1 291 106	833 414



Notes

NOTE 1 ACCOUNTING PRINCIPLES

(Unless otherwise stated, figures are given in NOK 1000)

The Group, Solstad Offshore ASA (SOFF), operates a shipping business from its head office in Skudeneshavn, Norway, and its main activities are the operation of offshore service and construction vessels. The Group is listed on Oslo Stock Exchange. The financial statements were approved by the Board of Directors on 25th of March 2008. The shareholders shall review the financial statements in the general meeting on May 6th, 2008, and have the authority to request changes prior to approval.

STATEMENT OF COMPLIANCE AND BASIS FOR PREPARATION The consolidated financial statements of SOFF have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations by the International Accounting Standards Board (IASB) which is approved by the European Union (EU).

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value.

CHANGES IN ACCOUNTING PRINCIPLES During 2007, the Group has used the new and amended IFRS and IFRIC interpretations. These amendments have not had any impact on the profit and loss account but the information given in the notes is now more detailed.

IAS 1 - Presentation of Financial Statements – Capital Management was amended in 2006. This amendment requires additional information to be included in the financial statements to enable the user to evaluate the Group's goals, directives and processes for capital management. This detailed information is given in Note 3.

IFRS 7 - Financial instruments: Information has been applied in the preparation of the notes in the 2007 accounts. This standard demands a higher level of disclosure of financial items to ensure the user of the accounts is better placed to evaluate the use of financial instruments and their significance on the Group's financial position and income. This new standard does not have any impact on the financial position or result. Information in the notes has been increased where required.

IFRIC 9 - Reassessment of Embedded Derivatives. The interpretation requires embedded derivatives to be separated from the host contract and accounted for as a derivative when initially recognized. Subsequent reassessment of the derivative is not allowed unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract. In such cases a reassessment is required. The Group has no derivatives requiring separation based on the interpretation.

IFRIC 10 - Interim Financial Reporting and Impairment. IFRIC 10 prohibits reversal of impairment loss on goodwill, investment in equity instruments or financial assets carried at cost, recognized in a previous interim period. The Group has no such impairment loss subsequently reversed.

IFRS AND IFRIC INTERPRETATIONS NOT YET IMPLEMENTED

IAS 1 (revised) - Presentation of Financial Statements. The revised standard requires changes in the presentation of the Financial Statement, especially the Changes in Equity, where a statement of non-owners transactions shall be included in the Changes in Equity. The Group will implement IAS 1 (R) from January 1st, 2009.

IAS 14 - Segment reporting will be replaced by IFRS 8 – Operating Segments. The information given in the segment reporting shall, according to IFRS 8, be the same as the Group use internally to evaluate results from the different segments. Furthermore, the basis for the preparation of segment information shall be disclosed. The Group will implement IFRS 8 from January 1st, 2009.

IAS 27 (revised) - Consolidated and separate Financial Statements. Compared to IAS 27 as of today the new, revised standard includes more guidance for accounting of changes in interests in subsidiaries and disposal of subsidiaries. Furthermore, the current rules for apportionment of losses between majority and minority are changed, as deficit shall be charged to the minority even if it result in a negative figure. The Group plan to implement IAS 27 (R) from January 1st, 2010.

IFRIC 14 - IAS 19 - the limit on a defined benefit asset, minimum funding requirements and their interaction. This interpretation deal with the limitations for recognition of pension funds, where legal or contractual minimum amounts exceeds the obligation. The Group will implement IFRIC 14 from January 1st, 2008.

CONSOLIDATION The consolidated financial statements comprise of the financial statements of Solstad Offshore ASA and its subsidiaries as at 31 December each year. Adjustments are made to bring into line any deviating accounting principles that may be in use.

The Group accounts include the total profit & loss and financial position of Solstad Offshore ASA and its controlling interests as a whole. The consolidated accounts include companies where Solstad Offshore ASA has direct or indirect ownership of more than 50% of the voting shares, or otherwise has direct control. Share options, convertibles and other equity instruments are evaluated when assessing whether control exists.

Subsidiaries are consolidated 100% line by line in the group accounts. A subsidiary is an entity where the Group has controlling interest, direct or indirect, of more than 50% of the voting shares.

Joint ventures are consolidated line by line in the group accounts, based on the Group's share in the joint venture. A joint venture is an entity in which the Group has significant influence, but where agreements are entered, requires that strategic decisions have to be unanimous

Subsidiaries and joint ventures are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Acquisitions of subsidiaries and joint ventures are accounted for using the purchase method of accounting. The cost of an acquisition is calculated as the fair value of assets acquired, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. Any excess cost of acquisition over the fair value of the net assets of the subsidiary or joint venture acquired calculated at the date of handover, will be posted as goodwill.

All inter company transactions, receivables, liabilities and unrealized profits, as well as intra-group profit distributions, are eliminated. In the consolidation the profit and loss accounts of foreign subsidiaries and joint ventures are translated using the exchange rate on the day of transaction. The balance sheet is translated using the balance sheet date exchange rate. Translation adjustments between local currency and functional currency are classified

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as financial items, while adjustments arising from translation from functional to presentation currency are booked in equity.

The minority interest in equity as well as net income is reported separately in the consolidated financial statements.

INVESTMENT IN ASSOCIATES The Group's investment in its associates is accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence but which is not a subsidiary. The reporting dates of the associates and the Group are the same and the same accounting policies are applied.

Investment in an associate is posted in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The income statement reflects the share of the results of operations of the associate as financial income. Where a change is identified in an associate's equity, the Group recognizes its share of any changes and discloses this, when applicable in the statement of changes in equity.

OTHER INVESTMENTS Other investments, such as shares, loans, receivables and others are classified under one of the following categories according to IAS 39:

- Financial assets at fair value through profit and loss

This category consists of financial assets available for sale (trading) which normally are realized within 12 months after the balance day. Such assets are initially booked at fair value on the balance sheet. Changes in fair value are booked through profit and loss.

- Available for sale assets

The category includes non-derivative financial assets which not fit into any of the other categories. If management's intention is to realize the investment within 12 months after the balance day, they are classified as current assets. The investments are initially valued at fair value. Changes in fair value are booked to equity.

- Held to maturity investments

Non-derivative financial assets with a fixed maturity and which management's intention is to hold on to until maturity are classified in this category. Such investments are initially valued at amortized cost. Any reduction in value is booked through profit and loss as impairment.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed payments not quoted in an active market. These financial assets are initially valued at amortized cost. Any reduction in value is booked through profit and loss as impairment.

CLASSIFICATION OF ITEMS IN THE BALANCE SHEET Current assets and current liabilities are items with maturity within one year after the balance sheet date, and items connected to the goods circulation. The short term part of the long term debt is classified as current liability. Investments in shares not considered as strategic placements are classified as current assets. All other assets are classified as long term assets.

FOREIGN CURRENCY TRANSLATION The functional and presentation currency of Solstad Offshore ASA is Norwegian Kroner (NOK). Transactions in foreign currencies are initially recorded in the functional currency ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the balance sheet date. All differences are posted to the

consolidated income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are posted directly to equity until the disposal of the net investment, at which time they are recognized in the consolidated income statement. Non-monetary items, e.g. vessels that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of initial transaction. Non-monetary items measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined.

The following exchange rates have been used in the accounts:

	GBP	USD	Euro	BRL
Pr 31.12.05	11,652	6,7687	7,9850	2,9090
Pr 31.12.06	12,268	6,2551	8,2380	2,9298
Pr 31.12.07	10,810	5,4110	7,9610	3,0370

USE OF ESTIMATES The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Accounting estimates are employed in the financial statements to determine reported amounts. Useful lives and residual value of vessels, depreciation of planned maintenance, pensions, contingent liabilities and taxes are items where use of estimates may have significant influence on reported amounts.

Useful lives of vessels affect the ordinary depreciation. Useful life of the vessel's different components is based on the condition and experience of wear and tear of each group of components.

Residual value of vessels will also affect ordinary depreciation. The residual value of the Group's vessels is mainly estimated based on the vessels weight in steel and the steel price at the balance sheet date. Used steel price for 2007 and 2006 is USD 500 and USD 400 per tonn respectively.

Depreciation of planned maintenance is affected by the estimated interval between each dry docking. This interval is determined based on experience for the Groups' fleet combined with official requirement for classification of the vessels.

Pension is an estimate influenced by several assumptions. The discounting rate and expected regulation of salary has a significantly high impact. The regulation of salaries is based on experience and anticipation related to subsequent salary regulation in the business. The discounting rate is based on Norwegian 10 year state obligation interest rate, adjusted for average remaining time to maturity. Net pension obligation is NOK 3.6 mill and 12.8 mill for 2007 and 2006 respectively.

Provision for contingent liabilities and taxes is based on collecting information on a case by case basis. The probability of a contingent liability occurring which would affect the provision is evaluated. The discounting rate used for liabilities is based on a risk-free interest rate, adjusted to the maturity date.

Although these estimates are based on Management's best knowledge at the time of submitting the accounts, actual figures may differ from the estimates.

SEGMENT INFORMATION The Group's primary reporting format is the business segment and its secondary format is the geographical segment. The Group's three main business activities are anchor-handling vessels

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(AHTS), supply vessels (PSV) and construction service vessels (CSV). Any other activities are included in a separate segment. Overhead costs are apportioned between these segments in the same way as other operating expenses. The Group's geographical segments are determined by the location of the Group's vessels and operations.

PROPERTY, PLANT AND EQUIPMENT Property, plant and equipment acquired by Group companies are stated at historical cost, except the assets of acquired subsidiaries that are stated at the fair values at the date of acquisition. Depreciation is calculated on a straight-line basis and adjusted for residual value and impairment, if any. Residual value is the estimated amount that currently would be obtained from disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition anticipated at the end of its useful lifetime. The book value of the property, plant and equipment on the balance sheet represents the cost less accumulated depreciation and any impairment.

Each part of a fixed asset that is significant to the total cost of the item are separately identified and depreciated over that component's useful lifetime. The ships are divided into the following components (depreciation profile): hull (30 years), anchor handling, loading and unloading equipment (20 years), thrusters, DP and lifting equipment (15 years) and other equipment (15 years).

The residual value and expected useful lifetime assumptions of long-lived assets are reviewed at each balance sheet date, and where they differ significantly from previous estimates, depreciation charges are amended accordingly.

Ordinary repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. The cost of major renovations and periodic maintenance of vessels is capitalised and depreciated over the useful lifetime of the parts replaced. The useful lifetime of the regular vessels docking expenses will normally be the period until next docking.

The booked values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the booked value may not be recoverable. If any such indications exist and where the booked value exceeds the estimated recoverable amount, the asset or cash-generating units are depreciated to their recoverable amount. The recoverable amount of plant and equipment is the greater of the net selling price and utility value. When assessing utility value, the estimated future cash flows are discounted to their current value using a pre-tax discount rate that reflects current market assessments of the monetary value and the specific risk to the asset. For an asset that does not generate cash inflows, the recoverable amount is calculated for the cash-generating unit to which the asset belongs. Previously calculated depreciation is reversed if there is any change in the estimates used to calculate the recoverable amount. Reversal of previously recognised depreciation is limited to the amount the carrying value of the asset would have been had the initial impairment charge not taken place.

The business segments are the Group's strategic control unit. Based on this, vessels in the same business segments are treated as one cash-generating unit when calculating the recoverable amount.

Gains and losses on disposal are determined by comparing the disposal proceeds with the book value and are included in operating profit.

NEW BUILD CONTRACTS Installments on new build contracts are posted in the balance sheet as fixed assets. Costs related to the on-site supervision and other pre-delivery construction costs including construction loan interest are capitalized per vessel. When a new build is delivered the vessel is transferred to depreciable assets. Depreciation begins when the vessel is delivered.

FINANCIAL INVESTMENTS All investments are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

Other long-term investments that are intended to be held to maturity, such as bonds, are subsequently measured at the amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the acquisition over the year to maturity. For investments booked at amortized cost, gains and losses are posted to income when the investments are devalued or depreciated as well as through the amortization process.

For investments that are actively traded in organized financial markets, the fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Financial investments are devalued if the right to receive cash flow from the investment no longer exists, or if the Group has undertaken an obligation to redeem the asset to a third party, without delay, on a pass-through-deal. Furthermore, when financial investments are devalued, the right to receive cash flows from the investment is transferred together with almost all of the risk or profit from the asset, or if almost all of the risk and reward is retained, but control of the investment is transferred.

Financial liabilities are devalued when, according to the agreement, the obligation is fulfilled, cancelled or matured.

LEASES Lease of property, plant and equipment where the Group has all the risks and rewards of ownership, are classified as financial leases. Financial leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term interest-bearing liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful lifetime of the asset or the lease term.

Any leases where a significant amount of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases net of any incentives received from the lessor are charged to profit and loss on a straight-line basis over the period of the lease.

TRADE AND OTHER RECEIVABLES Trade receivables are booked at their anticipated realizable value, which is the original invoice amount less an estimated valuation allowance for depreciation of these receivables. A valuation allowance

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for depreciation of trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

CASH AND CASH EQUIVALENTS Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

Tied bank deposits are funds on separate bank accounts for tax deductions and certain guaranties furnished by the Group.

TREASURY SHARES The nominal value of treasury shares held is deducted from registered share capital. Any differences between the nominal value and the acquisition price of treasury shares, together with any gains or losses on transactions therein, are recorded directly to reserves.

INTEREST-BEARING LOAN AND BORROWINGS All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial registration, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recorded in the profit and loss over the period of the interest-bearing liabilities. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognized in net profit or loss when the liabilities are devalued or depreciated, as well as through the amortization process.

PROVISIONS Provisions are made in the financial statements if the Group considers it likely, based on the legal provisions or business liabilities of past events, that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

TAX The tax expense in the Financial Statement consists of payable tax and changes in deferred tax.

Companies taxed under The Norwegian Shipping Tax Regime will not be taxed on its net operating profit. Taxation under the shipping tax regime requires compliance to stringent requirements, and voluntary or forced exit of the regime will result in taxation of net profits based on ordinary taxation. Net financial income is taxed on current basis (28%).

Deferred tax is calculated using the liability method at 28% of all temporary differences between the taxable value of assets and liabilities and their booked amounts at the end of the accounting year. Any temporary differences that may increase or decrease tax are offset and posted as a net figure.

The booked amount of deferred tax assets is reviewed at each balance sheet date. If it is no longer likely that adequate taxable profit will be generated, then the deferred tax asset will be reduced. Anticipated utilization of tax losses are not discounted when calculating the deferred tax asset.

No provision for deferred taxes has been made for companies in the Group taxed in accordance with the shipping tax regime. The tax rate for profits is zero and therefore deferred taxes are to be calculated on a zero tax rate.

The treatment of the exit-taxation from the former Shipping Tax Regime in Norway is explained in Note 12.

Tonnage tax paid under the tonnage tax regime is classified as operational expenses.

PENSION OBLIGATIONS The Group has a defined benefit plans for seamen and administrative personnel. The liability of the defined benefit pension plans is the present value of the defined benefit liability at the balance sheet date minus the fair value of plan assets, together with adjustments for actuarial gains and losses and administration costs. The defined benefit liability is calculated by independent actuaries using the projected unit credit method and is measured as the present value of the estimated future cash outflows using interest rates of government securities that have terms maturing at the same time as the liability. The cost of providing pensions is charged to profit and loss to spread the regular cost over the working lives of the employees. Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting year exceed 10% of the higher of the defined benefit liability and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans.

POSTING TO INCOME Revenue and expenses relating to vessels charter contracts are apportioned according to the number of days for each contract occurring before and after the end of the accounting period. Income relating to mobilization and demobilization is posted to income in the period the mobilization or demobilization occurs. Freight revenue is posted net after deduction for direct, contract-related freight costs.

DIVIDENDS Dividends are calculated when the shareholder's right to receive the payment is established (general meeting).

GOVERNMENT GRANTS Grants related to the net tax agreement (NOR vessels from 01.07.03) and crew subsidiaries are posted as a reduction in cost.

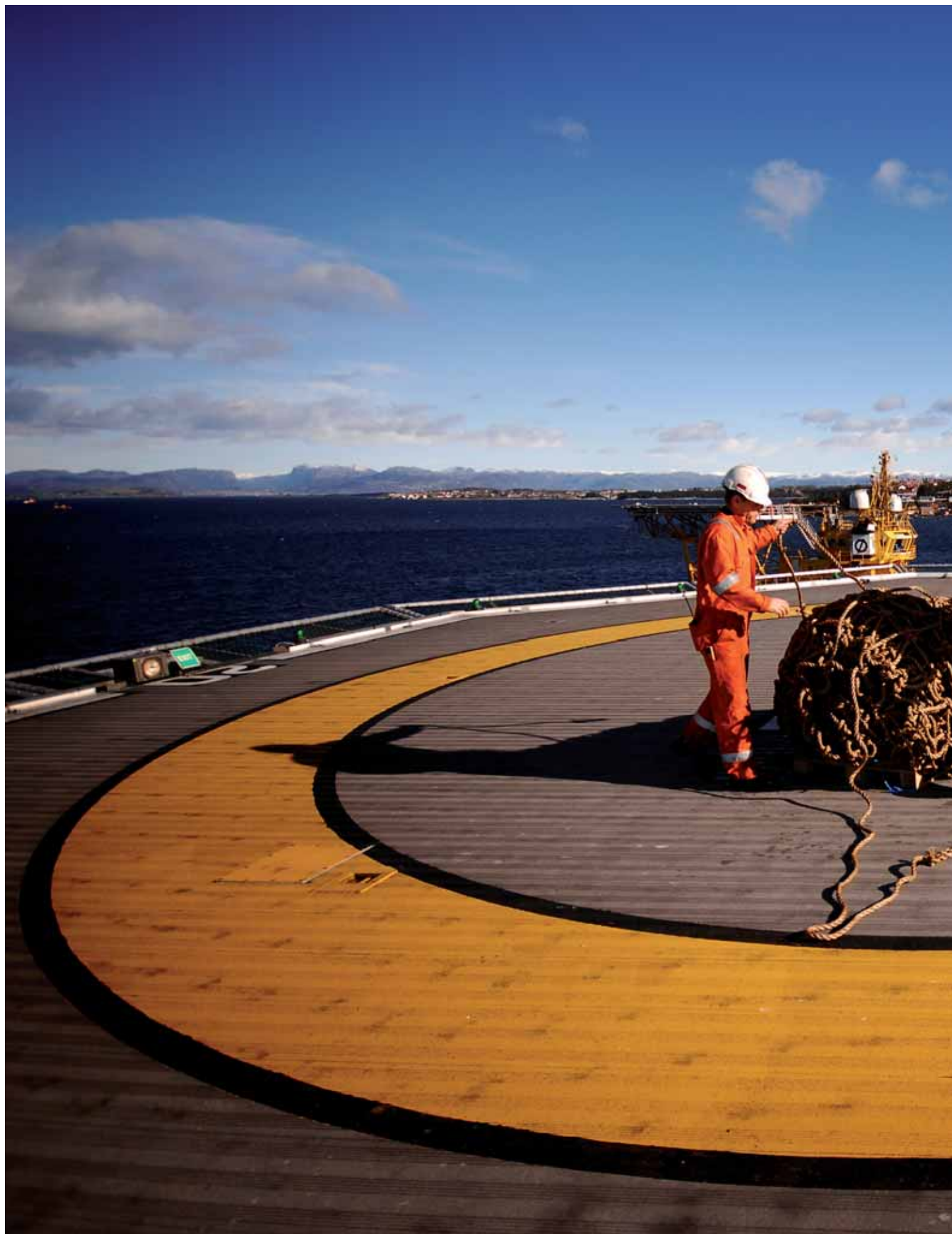
FINANCIAL DERIVATES The Group uses derivative financial instruments such as foreign currency contracts and interest rate swaps to reduce its risk associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are stated at fair value. Gains and losses on derivatives are booked directly to profit and loss.

RELATED PARTY TRANSACTIONS All transactions, agreements and business activities with related parties are on an arm's length basis in the same way as transactions with third parties.

STOCK Stock consists mainly of bunkers onboard the vessels. Stock is valued at cost.

EARNINGS PER SHARE The calculation of basic earnings per share is based on the majority's share of the result using the weighted average number of shares outstanding during the year after deduction of the average number of treasury shares held over the period.

CASH FLOW The Group applies the indirect method. Investment in shares and other liquid assets with maturity over three months are not included under cash equivalents.





Notes

NOTE 2 MAJOR TRANSACTIONS/EVENTS

Major transactions/ events in 2007:

During 2007, the Group contracted 3 new ships on a 100%-basis, and one vessel (Derrick Lay Barge) on a 50%-basis through Nor Offshore Ltd (NOR). The ships are one smaller construction service vessel (CSV) at NOK 441 mill, one CSV at NOK 1.215 mill and one combined diving-support/ construction service vessel at NOK 720 mill. The delivery dates are respectively July 2010, March 2011 and September 2010. The vessel contracted through NOR has a cost price at USD 130 mill, and is expected to be in operation in second quarter of 2009.

The Group took delivery of one anchor-handling ship (AHTS) in May 2007. The vessel's cost price was NOK 497 mill. One CSV at a cost price of NOK 719 mill was delivered in July 2007.

Three older AHTS's were sold from the Group during 2007. Two were delivered to their respective buyers in May, while the last ship was delivered in June. The gain was approx NOK 105 mill.

In the second quarter the Group purchased a significant share in the listed company Rem Offshore ASA. This acquisition led to a mandatory offer to buy the remaining shares in the company. At the end of the year the Group controls approx 46% of the company. The cost price for the shares was NOK 911 mill.

The Group took part in a private emission in MPU Offshore Lift ASA in October 2007. The Group's ownership is maintained, and the total investment in the company is NOK 200 mill at the end of the year. The Group's share has increased to 30,2% in the first quarter of 2008.

In December, the Group sold its shares in Deep Sea Supply PLC. The gain was NOK 71 mill.

The Norwegian Government proposed a bill to amend the tonnage tax system in autumn of 2007. The changes were adopted in October, and resulted in taxation of profit earned during the last 10 years. The Group has calculated the tax effect to be NOK 388 mill. For further details, refer to note 12.

Major transactions/ events in 2006:

During 2006, the Group contracted 3 new ships on a 100%-basis and 2 ships on a 50%-basis through Nor Offshore Pte Ltd (NOR). Two of these are anchor-handling ships (AHTS) at NOK 509 mill, with delivery in December 2008 and June 2009. The third is a construction service vessel (CSV) at NOK 600 mill with scheduled delivery in December 2008.

The two ships contracted through NOR are a AHTS and one CSV. Estimated cost price was USD 27 mill and USD 28 mill. Delivery is scheduled in May 2008 and December 2007. In addition to these contracted ships, NOR have entered into bare-boat agreements for 5 ships (4 AHTS and 1 CSV) with delivery

in April 2007, October 2007, January 2008 (2) and June 2008 (CSV).

In March, the Group took delivery of one CSV, through a 50% owned Joint Venture (JV). The vessel's cost price was USD 104 mill (100%).

At the end of June the Group bought out the minority in subsidiaries Solida AS and Solida KS. The cost price of the transaction was approx NOK 328 mill, and gave the Group 100% control of two AHTS and one CSV.

The acquisition of a 7 year old CSV was finalised in June. The ship was resold in December, with a gain of approx NOK 88 mill.

In the third quarter a Letter of Intent was signed with a joint venture partner to terminate the company's collaboration in Brazil and Singapore. In the transaction, which was finalised in November, the Group sold its share in the Brazilian operation, whilst its share in the Singapore operation was increased from 33% to 50%. The gain on the disposal in Brazil was approx NOK 53 mill and the cost price of the increased share in Singapore was approx NOK 26 mill.

In November, the Group sold its share in DeepOcean ASA. The gain was approx NOK 233 mill.

In December, the Group purchased, through a private emission, 28% of the shares in MPU Offshore Lift ASA for approx NOK 130 mill.

In December, the Group also purchased approx 5% of the shares in the listed company Deep Sea Supply PLC for around NOK 94 mill.

Major transactions/ events in 2005:

During 2005, the Group contracted 2 new ships. One anchor-handling ship (AHTS) and one construction service vessel (CSV) with scheduled delivery in February and July 2007. Estimated cost price is NOK 440 mill and NOK 663 mill respectively.

From June 2005 Normand Clipper operated as a CSV after a conversion, totalling NOK 200 mill.

Two new platform supply ships (PSV) were delivered in April and September 2005. The cost of the ships was NOK 260 mill and Euro 24,5 mill respectively.

During 2005 the Group sold two PSV's and two AHTS's at total price of NOK 380 mill.

Notes

NOTE 3 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

GENERAL. The Group is exposed to different financial market risks. Financial market risk is the impact of fluctuations on currency rates, interest rates and freight rates on the value of the Group's assets, liabilities and future cash flows.

To reduce and control these risks, management periodically evaluate the Group's most important financial market risks. Once a risk factor is identified, action is taken to reduce this risk. The main strategy to reduce financial market risk is the use of financial derivatives, both for the specific exposure and for the net exposure of the Group. If financial derivatives are appropriate, only conventional derivatives are used. The Group only uses recognized financial institutions.

Derivates are only used to manage the risk to fluctuations in interests and currency rates. The Group does not use financial derivates to achieve financial income if no underlying exposure exists.

Management performs a continuous evaluation of the effect of financial instruments on the accounts with a view to hedge accounting. Based on this evaluation, hedge accounting is not used.

The use of financial instruments is not significant when compared to the Group's level of activity, revenues and equity.

CREDIT RISK. The Group is exposed to possible losses on trade accounts receivables. However, no material losses are anticipated. As at December 31, 2007, accounts receivables were NOK 696,7 mill.

The Group is also exposed to losses if a counter party in a financial derivate contract fails to fulfil their payment obligations on the settlement date. Non-fulfilment of such contracts is not anticipated as the Group only uses well known conventional derivatives with recognized financial institutions.

The following table shows the ageing trade accounts receivables:

		0 - 1 month	1- 3 months	Older than
per 31.12.2007	Not yet due	over due	over due	3 months
Trade accounts				
receivable	451 563	32 902	7 034	18 341

There are no accruals for bad debt at 31.12.2007 or at 31.12.2006.

INTEREST RISK. The Group's exposure to fluctuations in interest rates is mostly due to its long-term liabilities with floating interest rates. With regard to interest rate fluctuations, the strategy is to limit the impact on cashflow due to fluctuations in the interest rate level. Depending on the development in the interest market, the Group enters into different types of interest rate contracts. As at December 31, 2007 the Group has entered 3 fixed interest rate contracts, with 1-3 years maturity, for approximately 8% of total debt. The remaining 92% of the debt has floating interest. As at December 31, 2007 the interest swaps have a net positive value of NOK 9,0 mill. The Group has entered interest and currency swap agreements with approximately 1 months maturity. At December 31, 2007 these agreements have a net positive value of NOK 33,3 mill.

The following table shows the sensitivity of the Group's result before taxes at a reasonable change in the interest rate, while all other variable are unchanged

Increase/ decrease		Effect on result
of basis points		before tax
+ / - 100	2007	+ / - 44 150
+ / - 100	2006	+ / - 40 047

FOREIGN CURRENCY RISK. The Group's reporting currency is NOK. Revenues are divided into NOK, USD, GBP and EUR. The Group's future freight revenues are partly hedged using foreign currency loans. Furthermore, some revenue is sold forwards. This hedging reduces the effect of any fluctuation in currency rates on the profit and loss account. The Group's long-term debt has the following allocation as at December 31, 2007; NOK 52%, USD 28%, GBP 19% and Euro 1%. Accordingly, the currency exposure related to the new-build program, for ships already contracted to a charterer, is partly hedged using currency swaps. At year end, the Group has 6 new ships on contract from Norwegian shipyards, with a total contract price of approx NOK 4,1 billion. As at 31.12.2007, one of these ships has a charter party in GBP. On delivery of the ship, the mortgage will be arranged in GBP. Around 60% of the ship's contract price was hedged through sale of GBP on forward contract as per 31.12.2007. There are no similar contracts for the remaining ships as per year end.

The following table shows the sensitivity of the Group's profit and loss before tax due to changes in USD, GBP and EUR versus NOK. All other variables remain unchanged. These variations are mainly due to changes in the Group's freight income.

Increase/decrease		Effect on result
in all currencies		before tax
+ / - 10%	2007	+ / - 108 135
+ / - 10%	2006	+ / - 84 315

Increase/decrease		Effect on result
in USD		before tax
+ / - 10%	2007	+ / - 45 416
+ / - 10%	2006	+ / - 29 505

Increase/decrease		Effect on result
in GBP		before tax
+ / - 10%	2007	+ / - 58 742
+ / - 10%	2006	+ / - 47 970



Notes

LIQUIDITY RISK. The Group's objective is to maintain balance between external and equity financing. Use of loans, bank overdraft and financial leasing are instruments used to maintain this balance. Furthermore, the Group's objective is that unrestricted equity shall, at all times, exceed 12 months liability of interest and instalments. This objective was met both at the end of 2006 and 2007. The Group monitors the risk of lack of available capital by thorough evaluation of the maturity of its financial investments, financial assets and projected cash flows from operations. Risk management includes maintenance of sufficient liquid assets and the possibility of financing through credit facilities.

The following table shows the maturity for the Group's financial obligations based on contractual, un-discounted cash flows.

per 31.12.2007	Less than 3 months	3 to 12 months	1 to 5 years	over 5 years	Total
Interest bearing loans	74 002	1 303 814	1 936 490	1 775 564	5 089 870
Other debt		28 229	10 888		39 117
Trade accounts payable	697				
Financial derivatives	394				
	75 093	1 332 043	1 947 378	1 775 564	5 128 987

CAPITAL MANAGEMENT. One of the Group's main goals is to maintain its strong creditworthiness and solidity to support the Group's business and to maximize the share value. The Group manages and adjusts its capital structure based on changes in economical structures and assumptions. Its policy is to maintain or adjust the Group's capital structure by changes in dividend to the shareholders, issuing of new shares or sale of assets to reduce debt.

The Group monitors the capital based on equity versus total assets. The ratio is calculated as booked equity divided by total assets. The aim is to have a ratio above 30%.

	December 31st		
	2007	2006	2005
Total equity	3 714	3 174	2 694
Total assets	10 299	8 294	7 036
	36%	38%	38%

FAIR VALUE. Estimated market values on financial instruments are determined using suitable market information and evaluation methods. Nominal value of cash and loan obligations is a likely estimate of the items market value. The estimated fair value of the Group's long-term loan obligations is based on the interest level at year end. These estimates are based on judgement and do not necessarily reflect the items present value. Fair value of shares of unlisted companies is estimated based on the companies latest financial reporting.

INTEREST RATE RISK

The following table shows the book value and maturity of the Group's financial instruments exposed to changes in interest rates.

Fixed rate	Nominal value	Yearly regulation	Currency	Interest rate	Maturity	Value as at 31-12-07	Value as at 31-12-06
Contract 1	210 000	30 000	NOK	4,29%	05-11-11	6 436	2 520
Contract 2	51 000	8 000	NOK	3,70%	03-09-09	1 632	1 180
Contract 3	17 500	850	USD	4,75%	14-01-08	123	81
Contract 4	18 950	900	USD	4,60%	11-01-08	173	118

Interest- and currency swaps	Nominal value	Yearly regulation	Currency	Maturity	Value as at 31-12-07	Value as at 31-12-06
Interest- and currency swaps GBP/USD	25 543	1 801	USD	04-01-08	15 781	2 350
Interest- and currency swaps GBP/USD	27 172	2 314	USD	04-01-08	17 514	2 601
Interest- and currency swaps NOK/USD	540 000	45 000	NOK	05-07-19	27 035	

Net value is classified as current assets/ liabilities.



Notes

FINANCING RISK

The following table shows the total mortgage loan based on existing financing and their maturity dates.

	Mortgage loan	Maturity	Duration	Interest
Loan 1 Floating interest - NOK	83 333	03-09-12	56	5,29
Loan 2 Floating interest - NOK	270 833	05-03-10	26	5,75
Loan 3 Floating interest - NOK	93 750	14-02-13	61	5,79
Loan 4 Floating interest - NOK	362 500	13-05-13	64	5,56
Loan 5 Floating interest - NOK	1 667	30-05-08	5	4,95
Loan 6 Floating interest - NOK	366 367	16-09-13	68	5,24
Loan 7 Floating interest - NOK	4 800	26-10-11	47	6,22
Loan 8 Floating interest - NOK	156 141	30-06-09	18	5,58
Loan 9 Floating interest - NOK	783 000	30-05-15	89	6,26
Loan 10 Floating interest - NOK	362 500	31-05-15	89	6,23
Loan 11 Floating interest - NOK	540 000	05-07-19	138	4,13
Loan 12 Floating interest - NOK	20 000	05-07-15	90	5,61
Loan 13 Floating interest - GBP	12 578	14-01-14	72	6,39
Loan 14 Floating interest - USD	23 602	14-01-14	72	6,16
Loan 15 Floating interest - USD	29 120	14-01-11	36	3,55
Loan 16 Floating interest - USD	7 800	14-01-11	36	6,12
Loan 17 Floating interest - USD	9 230	14-01-11	36	6,00
Loan 18 Floating interest - USD	24 040	26-06-15	90	5,54
Loan 19 Floating interest - USD	17 228	26-06-15	90	5,57
Total mortgage loan in NOK	3 761 583			
Obligations	300 000	19-05-11	29	5,31
Leasing obligations	1 040 189	14-07-09	6	

FOREIGN CURRENCY RISK

The following table shows the booked value of forward contracts. All forward contracts are entered after January 1, 2006.

	Value based on forward contract	Value as at 31.12.07	Value as at 31.12.06	Value based on forward contract
Currency contract GBP/USD	85 643	1 179	11 446	322 549
Currency contract NOK/GBP	348 501	21 520	-12 762	312 811
Currency contract NOK/GBP			505	24 965
Currency contract USD/GBP	1 848	-360	-3 414	20 228
Total currency contracts	435 993	22 339	-4 224	680 553

Net value is classified as current asset/ liability.

FAIR VALUE

The following table shows the booked value of financial assets and obligations. Booked value corresponds to fair value.

Financial assets	Note	2007 Book value	2006 Book value
Cash at bank	11,18	1 618 366	1 938 772
Investments in shares (long-term)	9	1 180 275	161 278
Other long term financial investments	15,20	57 694	34 529
		2 856 334	2 134 579
Financial obligations	Note	2007 Book value	2006 Book value
Short-term part of long-term debt	11	1 339 624	622 751
Mortgage loan with floating interest	11	2 335 197	2 265 547
Mortgage loan with fixed interest	11	540 000	299 000
Leasing obligation with floating interest	11	1 112 752	1 261 252
Leasing obligation with fixed interest	11		38 100
		5 327 573	4 486 650



Notes

NOTE 4 REPORTING BY SEGMENTS AND GEOGRAPHICAL MARKETS

The Group's main activity is to offer ships and maritime personnel in all geographical regions. The business is divided into 3 parts based on the different types of vessels; Anchor-Handling Vessels (AHTS) delivering services related to rig moves and anchoring of rigs and other devices at sea. Platform Supply Vessels (PSV) delivering services relating to transportation of material to offshore installations and Construction Service Vessels (CSV) delivering services relating to development of installations both on and under water.

Results from associated companies (TS) and joint ventures (JV) are allocated to the segments based on number of ships per segment. Allocation of investments are based on book value of each ship in current segment.

	AHTS			PSV		
Revenues	2007	2006	2005	2007	2006	2005
Net revenue	1 083 676	892 721	566 553	345 834	301 484	315 717
Deferred income from assets	105 801		59 233			40 702
Total operating income	1 189 477	892 721	625 786	345 834	301 484	356 420
Results						
Operating result	618 417	373 379	186 728	169 788	128 940	189 820
Result from associated companies	17 714	18 263	-346			
Assets and liabilities						
Fixed assets	2 095 295	1 663 920	1 802 945	761 795	800 411	1 120 783
Investments in associated companies	29 533	37 884	20 829			
Total assets	2 124 828	1 701 804	1 823 774	761 795	800 411	1 120 783
Segment liabilities	1 758 336	1 212 559	1 214 147	517 957	595 333	889 538
Total liabilities	1 758 336	1 212 559	1 214 147	517 957	595 333	889 538
Other segment information						
Annual investment	609 839	242 303	463 083	1 812	388	437 460
Depreciations and write-downs (1)	166 768	156 433	141 137	52 167	50 990	49 974
	CSV			Other		
Revenues	2007	2006	2005	2007	2006	2005
Net revenue	683 740	601 185	422 628			
Deferred income from assets		87 647	17 234			
Total operating income	683 740	688 832	439 862			
Results						
Operating result	168 700	186 029	112 435	-7 719		5 517
Result from associated companies				-6 437	-2 600	
Assets and liabilities						
Fixed assets	3 087 760	2 584 836	2 283 707	567 392	334 217	200 694
Investments in associated companies				191 034	141 772	-5 201
Total assets	3 087 760	2 584 836	2 283 707	758 426	475 989	195 492
Segment liabilities	2 464 824	2 201 027	1 608 269	26 040	32 781	97 013
Unallocated liabilities						
Total liabilities	2 464 824	2 201 027	1 608 269	26 040	32 781	97 013
Other segment information						
Annual investment	724 767	787 646	233 405	234 771	223 281	137 736
Depreciations and write-downs (1)	210 630	129 018	137 878	7 719		966



Notes

	Discontinued operations			Total		
	2007	2006	2005	2007	2006	2005
Revenues						
Net revenues				2 113 250	1 795 391	1 304 897
Deferred income from assets				105 801	87 647	117 170
Total operating income				2 219 051	1 883 038	1 422 067
Results						
Operating result				949 187	688 348	494 501
Result from associated companies			4 420	11 277	15 663	4 074
Assets and liabilities						
Fixed assets				6 512 241	5 383 383	5 408 130
Investments in associated companies				220 567	179 656	15 628
Unallocated assets				3 566 488	2 730 680	1 612 363
Total assets				10 299 296	8 293 720	7 036 121
Segment liabilities				4 767 157	4 041 701	3 808 967
Unallocated liabilities				560 415	444 949	49 437
Total liabilities				5 327 573	4 486 650	3 858 404
Other segment information						
Annual investment				1 571 189	1 253 618	1 271 685
Depreciations and write-downs (1)				437 284	336 441	329 956

(1) Depreciation includes both ordinary depreciation and depreciation of periodic maintenance. For allocation of revenues and cost on different segments see note 1.

The Group's vessels will operate in several geographical areas during a year. Allocation between the different areas is based on freight revenue. In 2007, PSV revenue is mainly from activity in the North Sea, while revenues for AHTS and CSV activity are divided over all areas.

Net revenues are allocated to the following areas:	2007		2006		2005	
North Sea	56%	1 185 924	65%	1 165 515	56%	726 507
North- and Central America	5%	107 481	3%	52 107	5%	67 855
Mediterranean/remainder of Europe	5%	109 928	4%	66 156	14%	180 921
West Africa	6%	132 588	8%	147 551	6%	81 823
South America	10%	210 519	8%	145 696	7%	86 361
Asia	18%	366 809	12%	218 366	12%	161 430
Totalt	100%	2 113 250	100%	1 795 391	100%	1 304 897

The Group's vessels generally operate in more than one geographic region during the year. Therefore assets cannot be allocated per segment in accordance with IAS 14 69.



Notes

NOTE 5 OTHER INCOME, OTHER EXPENSES, WAGES, EMPLOYEES AND DISTINCTIVE CONTRIBUTIONS

Other operating income	2007	2006	2005
Gain on sale of vessels	105 801	87 647	117 170
Other income	5 705	8 434	5 236
Total other operating income	111 507	96 081	122 405
Other operating expenses	2007	2006	2005
Technical cost	227 616	202 250	146 093
Bunkers and lube oil	16 404	12 986	4 311
Administration expenses - vessels	4 817	1 987	2 295
Insurance	35 562	32 993	21 799
Accrued liabilities		114 000	9 600
IT, communications and other costs	57 449	56 025	40 635
Total other operating expense	341 848	420 242	224 733
Wages and personnel costs	2007	2006	2005
Employees, vessels	443 995	397 123	342 579
Employees, administration	46 738	40 884	30 299
Total employee cost	490 732	438 007	372 878
Wages and employee cost	2007	2006	2005
Wages	366 584	302 020	261 915
Social security	37 270	24 175	18 495
Pension costs	6 813	11 410	6 779
Other benefits	12 624	23 834	22 951
Travelling costs, courses and other personnel costs	67 441	76 568	62 738
Total employee cost	490 732	438 007	372 878
Average number of employees	813	870	782

The Group has received grants in respect of crew subsidiaries and net wage agreements totalling NOK 86 mill (2006 NOK 82 mill, 2005 NOK 75 mill) which have been booked as a reduction of personnel costs.

REMUNERATION TO DIRECTORS, MANAGING DIRECTOR AND AUDITORS

Charged cost during the year	Director's fee	Wages	Other benefits	Pension cost
Key personnel:				
2007	10	2 883	214	107
2006	10	2 243	197	151

There are no distinctive agreements regarding remuneration for the Chairman of the Board and neither are there any distinctive bonus or option programmes for any Board Member or Group management. No loans have been given to the company management. The Managing Director has an agreement securing 12 months salary.

	2007	2006	2005
Auditor, audit fees	1 325	1 850	1 201
Auditor, tax counselling	733	369	590
Auditor, other consultancy	171	245	334
Total	2 229	2 464	2 125



Notes

NOTE 6 PENSION

The Group has one defined benefit pension plan both for administrative and seafaring personnel. The pension plan is insurance based. As at December 31, 2007 there are 684 members of the pension plan. The scheme is based on the following assumptions: discounted interest 4,7% [4,2% og 4,25%], expected return 5,75% [5,3% og 5,25%], regulation of salaries 4,5% [4,75% og 3%] and regulation of pensions 4,25% [4,5% og 2,5%]. For administrative personnel the Group also has a contribution plan. Personnel employed prior to 1.1.2007 could choose membership of either scheme. Employees joining the firm after 1.1.2007 are automatically members of the contribution plan. At the end of the year there were 35 members.

Changes in pension obligation:	2007	2006	2005
Estimated liability at beginning of the year	90 396	73 201	55 029
Interest expense	3 761	3 042	2 312
Annual pension earnings	10 367	9 936	6 535
Changes in pension plan - contribution plan	-1 703		
Benefits paid	-11 339	-1 526	-1 257
Actuarial (gain)/ loss on the obligation	3 967	5 743	-3 391
Estimated liability at year end	95 449	90 396	59 227

Changes in plan assets:	2007	2006	2005
Opening value of plan assets	59 853	47 071	41 690
Expected return	3 513	2 730	2 312
Contributions by employer	14 911	10 700	6 209
Benefits paid	-1 703	-1 526	-1 257
Administration expense	-359	-295	-245
Changes in pension plan - contribution plan	-3 894		
Actuarial gain/ (loss)	890	1 174	-485
Estimated plan assets at year end	73 210	59 853	48 224

Expected contribution by employer in 2008 is NOK 9 mill.

Net plan assets/liabilities	2007	2006	2005
Pension liabilities	-95 449	-90 396	-59 227
Plan assets	73 210	59 853	48 224
Unrecognized changes in assumptions	19 107	19 313	483
Social security	442	1 583	
Net plan assets/ (liabilities)	-3 573	-12 813	-10 520

Pension cost	2007	2006	2005
Present value of pension obligation	10 367	9 936	6 535
Interest expense on obligation	3 761	3 042	2 312
Expected return on plan assets	-3 513	-2 730	-2 312
Administration expense	359	295	245
Changes in assumptions charged	966	867	
Changes in pension plan - contribution plan	-5 127		
Social security	961	1 531	832
Pension cost	7 774	12 941	7 611

Payments on contribution plan	896	-	-
Actual return on plan assets	4 402	3 904	1 827

Plan assets are invested in a wide spread portfolio by an external insurance company. The insurance company has total administration of the pension plan. Expected returns on plan assets are based on market prices at year end and expected development during the remaining period of the pension plan. The rate of return has been adjusted from 5,3% to 5,75% in 2007. The discounting rate has been adjusted accordingly. The effect of changes of estimates between actual and return is charged over a 12 year amortisation period, when the changes exceed 10% of the higher of the pension obligation or fair value of the plan assets.

Notes

NOTE 7 FINANCIAL ITEMS

Financial items	2007	2006	2005
Interest expense	-221 894	-192 804	-130 945
Interest income	81 210	56 611	32 901
Currency loss	-334 004	-418 048	-353 233
Currency gain	392 964	450 779	248 927
Gain financial derivatives (ref note 3)	179 203	29 619	15 246
Loss financial derivatives	-58 424		-2 601
Gain sale shares (ref note 2)	71 086	285 778	
Loss sale shares	-24	-1 905	
Dividends	46 962		1 676
Other financial income		15 612	4 949
Other financial expense	-11 326	-14 487	-18 291
Net financial items	145 753	211 155	-201 370

NOTE 8 TANGIBLE FIXED ASSETS/INTANGIBLE FIXED ASSETS

	Vessels	Construction	Machine/ equip	Total
Cost price 01.01.2005	5 396 648	87 092	28 187	5 511 927
Cost price 01.01.2005 JV	292 834		2 334	295 168
Acc depreciations/ write downs 01.01.2005	-1 205 142		-9 442	-1 214 584
Acc depreciations/ write downs 01.01.2005 JV	-1 045		-121	-1 166
Book value 01.01.2005	4 483 294	87 092	20 959	4 591 345
Additions	932 010	123 981	1 475	1 057 467
Additions JV	158 945	6 194	2 359	167 497
Transfer	109 258	-109 258		
Disposals	-263 236		-443	-263 679
Translation adjustment	1 118		358	1 476
Cost price 31.12.2005	6 174 680	101 816	29 220	6 305 715
Cost price 31.12.2005 JV	452 897	6 194	5 051	464 141
Acc depreciations/ write downs 31.12.2005	-1 469 777		-11 430	-1 481 207
Acc depreciations/ write downs 31.12.2005 JV	-14 131		-869	-15 000
Book value 31.12.2005	5 143 670	108 010	21 970	5 273 650
Cost price 01.01.2006	6 627 577	108 010	34 270	6 769 856
Acc depreciations/ write downs 01.01.2006	-1 483 907		-12 300	-1 496 207
Book value 01.01.2006	5 143 670	108 010	21 970	5 273 650
Additions	539 615	679 549	34 454	1 253 618
Reversal of write down	64 959			64 959
Transfer	490 722	-490 722		
Disposals	-855 454		-10 579	-866 033
Translation adjustment	-2 626		-1 477	-4 103
Cost price 31.12.2006	6 799 834	296 836	56 668	7 153 339
Acc depreciations/ write downs 31.12.2006	-1 744 052		-12 875	-1 756 927
Book value 31.12.2006	5 055 783	296 836	43 793	5 396 412
Cost price 01.01.2007	6 799 834	296 836	56 668	7 153 339
Acc depreciations/ write downs 01.01.2007	-1 744 052		-12 875	-1 756 927
Book value 01.01.2007	5 055 783	296 836	43 793	5 396 412
Additions	1 051 521	517 429	2 240	1 571 189
Transfer	284 897	-284 897		

Notes

	Vessels	Construction	Machine/ equip	Total
Disposals	-48 006		-80	-48 086
Translation adjustment	-47 747	-2 526		-50 274
Cost price 31.12.2007	8 040 499	526 841	58 828	8 626 168
Acc depreciations/ write downs 31.12.2007	-2 076 110		-20 657	-2 096 767
Book value 31.12.2007	5 964 389	526 841	38 172	6 529 401
Depreciation/ write down current period	-332 059		-7 781	-339 840

Capitalized periodic maintenance:	2007	2006	2005
Capitalized periodic maintenance at 01.01	120 911	56 892	62 313
Additions this year	107 388	138 001	46 721
Depreciation of planned periodic maintenance this year	-97 444	-73 982	-52 142
Capitalized periodic maintenance at 31.12	130 855	120 911	56 892

The vessels are divided into the following categories with different depreciation profiles:	Useful life
Hull	30 year
Anchor-handling-, loading- and unloading equipment	20 year
Main/auxiliary engine	20 year
Thruster, DP and cranes	15 year
Other equipment	15 year

Periodic maintenance is depreciated over the period until the next planned docking takes place. The normal interval for docking is 24-36 months.

The vessels' residual value at the end of their useful lives is calculated based on the weight of the ship and estimated steel price on the reporting date. Any cost related to the disposal is deducted from the residual value.

The depreciation rate for other equipment is 15-25%.

Long-term leasing agreements have been entered in to with the British owners for 3 of the Group's vessels (Normand Cutter, Normand Clipper and Normand Installer). The two first vessels have a lease agreement until July 2008, and 2012 for Normand Installer. At the expiry of the firm leasing period, the agreements are either to be extended or the Group will take over by transferring the British owning company at agreed prices (GBP 100 mill). The vessels have been carried forward in the Group's balance sheets as the combination of the lease and option agreements is evaluated a financial lease according to IFRS. Book value of the vessels is NOK 1.297 mill (2006: NOK 1.385 mill).

Vessels with a book value of NOK 4.878 mill are placed as guarantee for the Group's loans, see Note 11. Included in these additions is capitalized interest of NOK 18,3 mill. Interest rate is 6,03%.

New build contracts

As at 31.12.2007 the following ships are under construction (100%):

Solstad				Contract	Paid	Remaining	Due Date
New build contracts	Delivery	Owner	Share	Price	Instalments	31.12.2007	2008
Normand TBN1 "IMR"	December 2008	Solstad Rederi AS (*)	100%	576 000	156 141	419 859	419 859
Normand TBN2 "030"	December 2008	Solstad Rederi AS (*)	100%	509 000	73 350	435 650	435 650
Normand TBN3 "031"	June 2009	Solstad Rederi AS (*)	100%	509 000	48 900	460 100	48 900
Normand TBN4 "069"	July 2010	Solstad Rederi AS (*)	100%	416 000	20 819	395 181	41 638
Normand TBN5 "730"	March 2011	Solstad Rederi AS (*)	100%	985 000	48 900	936 100	
Normand TBN6 "167"	September 2010	Solstad Rederi AS (*)	50%	712 500	35 608	676 893	35 608
NOR Spring	February 2008	B/B	50%	B/B with call option			
NOR Sky	March 2008	B/B	50%	B/B with call option			
NOR Valiant	April 2008	NOR Offshore Ltd	50%	\$23 750	\$8 380	\$15 370	\$15 370
NOR Chief	April 2008	NOR Offshore Ltd	50%	\$26 950	\$8 085	\$18 865	\$18 865
NOR Vision	September 2008	B/B	50%	B/B with call option			
NorCE Endeavour	March 2009	NorCE Offshore Pte.Ltd	50%	\$98 800	\$11 685	\$87 115	\$44 651

The company has the option to change some of the equipment on the vessels and therefore there may be some variation in the prices above. The financing of new builds to be delivered in 2006 is completed. The others are under negotiation.

(*) All new build contracts are entered in to by Solstad Rederi AS. On delivery ownership can be transferred to other companies in the Group.



Notes

NOTE 9 SHARES IN ASSOCIATED COMPANIES

The Group has the following shares in associated companies (TS):

	Place of Business	Owner- ship	Date of Financial statement
MPU Offshore Lift ASA	Oslo	28%	31-12-07
Rig Supporter KS	Skudeneshavn	21%	31-12-07
Trym-Titan KS	Oslo	30%	31-12-07

Associated companies	Rig Supporter KS	Trym-Titan KS	MPUO ASA	Total
Cost price	5 210	12 420	130 000	147 630
Acc result and adjustments	-729	13 753	-2 600	10 425
Book value 01.01.2007	4 481	26 173	127 400	158 055
Share of result 2007	-619	18 333	-6 437	11 277
Other adjustments 2007		-18 835	70 070	51 235
Book value 31.12.2007	3 862	25 671	191 034	220 567

Share of balance sheet:

Current assets	1 090	16 781	31 079	49 470
Long-term assets	21 653	40 416	379 841	448 185
Short-term liabilities	-321	-2 939	-3 188	-7 106
Long-term liabilities	-16 050	-23 100	-206 736	-252 187
Net assets	6 372	31 159	200 996	238 363

Share of revenues and profit:

Revenues	2 890	41 644		44 533
Operating expense	-4 811	-22 198	-7 273	-34 281
Financial expense	1 302	-1 113	836	1 025
Result before tax	-619	18 333	-6 437	11 277
Taxes				
Result	-619	18 333	-6 437	11 277

Other adjustments include capital injection, dividend, change in calculation basis, translation adjustments, sales and liquidations.

At 31.12.2007, Solstad's share of uncalled joint venture capital in associated companies was NOK 19,2 mill.

Investments available for sale - long term

Unlisted shares	Share	Book value
ResQ AS	22,35%	2 750
Skudenes Næringsutvikling AS	33,34%	302
Karm-Med AS	23,40%	171

Listed shares

Rem Offshore ASA	46,29%	956 485
		959 708

Based on, amongst others, lack of board representatives, the Group does not have significant influence on the above mentioned companies.

Investments available for sale - current

Listed shares	Cost price	Share	Book value
DeepOcean ASA	23 246	0,9 %	22 800
Farstad Shipping ASA	35 266	0,6 %	37 212
Seabird Exploration LTD (*)	1 509		17
			60 028



Notes

Investments available for sale are shares which have no fixed maturity or return. Shares in listed companies are valued at fair value at year end. Fair value of shares in unlisted companies is based on the companies latest financial report.

(*) Purchase option of 167.690 shares at NOK 20 per share.

Net change in value on available for sale financial assets:	2007	2006
Opening balance	28 730	139 677
Sale/ change in value Deep Sea Supply shares	-28 730	28 730
Change in value Rem Offshore shares	44 580	
Change in value Farstad Shipping shares	1 945	
Change in value/ sale DeepOcean shares	-446	-139 677
Ending balance	46 079	28 730

NOTE 10 PROVISIONS

Long-term leasing agreements have been entered in to with the British owners of 3 of the Group's vessels (Normand Cutter, Normand Clipper and Normand Installer). The two first vessels have a lease agreement until July 2008, and the Normand Installer has a lease agreement until April 2012. At the end of the fixed leasing period, the agreements are either to be extended or the Group will take over by transferring the British owning company at agreed prices (GBP 100 mill - prior to adjustment of provision, see the following paragraph).

In 2005, a proposal was put forward to amend UK tax legislation relating to long-term leasing agreements. These changes have a negative impact for British investors. Based on the terms of the lease agreements, the remaining period and the risk that changes in legislation that may affect the agreed price, a provision has been made in the financial statements. This provision is continuously evaluated. During 2007 there has been no changes directly affecting the provision. However, the fixed leasing period, for two of the vessels, has been extended by 6 months. Total accrued provision at year end was NOK 232 mill. Comparative figure for 2006 was 269 mill.

NOTE 11 MORTGAGE DEBT AND OTHER LONG-TERM LIABILITIES

	2007	2006
Mortgages	2 875 197	2 564 547
Leasing obligations	1 112 752	1 299 352
Total long-term debt	3 987 948	3 863 899
Short-term portion of long-term debt (1st year installment)	1 339 624	622 751

Change in short-term portion of long-term debt is mainly due to termination of lease for two of the Group's ships in 2008. Refinancing is currently under preparation.

Book value of assets:	2007	2006
Bank deposits	565 651	647 666
Account receivables	509 840	356 711
Vessels	4 878 050	4 636 280
Total booked value	5 953 540	5 640 657

Some of the vessels are placed as security for the mortgages. In addition, accounts receivables and bank deposits are tied. As security for completion of the lease agreements, guarantees from the Parent Company and subsidiary are secured. In addition the leased vessels and cash deposits of GBP 25,5 mill and GBP 27 mill have been placed as security. The Group's long-term debt was apportioned 52% NOK, 28% USD, 19% GBP and 1% Euro.

The loan agreements are subject to the owner's working capital being positive at all times and that the market value of the vessel amounts to at least 125-135% of the outstanding loans. The first year's loan installments are exempt from calculation of working capital. The company satisfies all the conditions of the loan agreements at 31.12.07. In addition to the tied assets/negative security clauses the agreements include re-assignment of factoring agreements and insurance terms.

Borrowing cost	2007	2006
Capitalized borrowing cost	8 510	6 330

Borrowing cost is presented net with the loans and is amortised until maturity of the loan.

Notes

Operational lease

Some of the Group's ships are rented out on long-term charterparties. Revenues from these ships are accounted for as operational leases.

	2007		2006	
	Minimum	Present value	Minimum	Present value
	payment	minimum payment	payment	minimum payment
Next year	826 102	805 953	1 307 535	1 275 644
Next 2-5 years	2 188 205	2 069 446	2 887 634	2 733 654
Over 5 years	436 903	367 626	794 179	660 169
Finance cost		208 184		319 881
Total minimum lease payment	3 451 210	3 451 210	4 989 348	4 989 348

Financial lease

Long-term leasing agreements have been entered into with the British owners for 3 of the Group's vessels (Normand Cutter, Normand Clipper and Normand Installer). The two first vessels have a leasing agreement until July 2008, and Normand Installer until 2012. At the expiry of the fixed leasing period, the agreements are either to be extended or the Group will take over by transferring the British owning company at agreed prices (GBP 100 mill). For additional information see notes 8 and 10.

	2007		2006	
	Minimum	Present value	Minimum	Present value
	payment	minimum payment	payment	minimum payment
Next year	878 957	857 519	80 530	78 566
Next 2-5 years	195 164	168 612	1 171 159	1 010 630
Over 5 years	38 631	33 311	47 664	40 599
Finance cost		53 310		169 558
Total minimum lease payment	1 112 752	1 112 752	1 299 352	1 299 352

Other lease agreements:

The Group has entered the following lease agreements:	Yearly payment	Maturity	Extention	Adjustment of rent
Offices Skudeneshavn	2 415	2026	4 x 5 yrs	Cons. price and 5 yrs swap-rent
Workshop/ offices Husøy, Karmøy	500	2016		Consumer price
Offices Aberdeen	286	2009		

Future minimum payments of lease agreements:

During next year	3 201
In next 2-5 years	11 660
Beyond 5 years	34 103
Total minimum lease payments	48 964

Solstad Offshore ASA has furnished the following guarantees (NOK mill):

Solstad Offshore UK Ltd	362 - for purchase of vessels
Solstad Offshore Service Vessel UK Ltd	308 - for purchase of vessels
Solstad Cable UK Ltd	537 - for put-option of vessels
Nor Offshore Ltd	25 - for bare-boat rental and purchase of vessels
Normand Drift AS	34 - for financial lease of fixed assets and loans
ADSI Inc	304 - for financial lease of vessels
Solstad Rederi AS	94 - for new-build contracts
Deep Well AS	8 - for financing of fixed assets

Solstad Rederi AS has furnished the following guarantees (NOK mill):

Trym-Titan KS	3 - for ownership of General Partner
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Solstad shipping AS has furnished the following guarantees (NOK mill):

Skoleskipet M/S Gann	2 - for purchase of vessels
ResQ AS	2 - for bank loans



Notes

NOTE 12 TAXES	2007	2006	2005
Taxes payable (incl. correction tax)	17 688	27 245	34 915
Under/over accrual of tax payable	-11 393		14 628
Exit tax - old shipping tax regime	387 504		
Change in deferred taxes	8 813	-1 968	-33 581
Tax on ordinary result	402 612	25 278	15 962
Appropriation of tax on ordinary result			
Norwegian exit tax - old shipping regime	387 504		
Norwegian tax - ordinary	13 165	9 650	1 432
Foreign	1 943	15 627	14 529
Total tax	402 612	25 278	15 962
Outside Shipping Tax Regime			
Temporary differences:			
Shares/ownership (current assets)	13 957	11 397	37 352
Over funding of pension	14 591	11 230	10 520
Fixed assets/provisions	82 502	36 673	49 653
Unrecovered loss carried forward	-20 277	-1	-12 628
Total temporary differences	90 773	59 299	84 897
Tax effect of temporary differences:			
Shares/ownership (current assets)	3 908	3 191	10 459
Over funding of pension	4 085	3 144	2 945
Fixed assets/provisions	23 101	10 268	13 903
Unrecovered loss carried forward	-5 677	-	-3 536
Deferred tax, net	25 417	16 604	23 771
Changes in deferred tax in the balance sheet			
Opening balance deferred tax	16 604	23 771	57 353
Booked to equity (change of accounting principle pension)		-826	
Booked to profit and loss	8 813	-1 968	-33 581
Disposal of joint venture		-4 374	
Ending balance deferred tax	25 417	16 604	23 771
Payable tax in the balance sheet consist of			
Payable exit tax - old shipping tax regime - long term	356 733		
Payable exit tax - old shipping tax regime - current	34 656		
Other payable corporation tax	21 679	26 922	
Total payable tax in the balance sheet	413 068	26 922	
Analysis of effective tax rate			
28% of pre-tax result	309 741	256 247	84 549
Payable exit tax - old shipping tax regime	387 504		
Different tax rate foreign entities	-8 598	1 448	1 089
Permanent differences/ Shipping Tax Regime	-286 035	-232 417	-69 677
Estimated tax	402 612	25 278	15 962

The Norwegian Shipping Tax Regime was changed from 1.1.2007. Companies subject to the old regime exit this regime, before they enter into the new regime. On exit, any gain or surplus earned under the old regime is to be taxed at 28%. 2/3 of the calculated tax is payable and at least 10% per year is payable over ten years (first payment will be in 2008). The remainder may be exempt from payment if the company invest a equivalent amount in qualifying environmental measures during the coming 15-years period. 28% of the exit gain is booked as a tax expense in 2007. 2/3 of this tax is discounted, using a 6% discounting rate, based on equal payments over the next ten years. The remaining third is discounted, using the same discounting rate, based on expected timing on investment in qualifying environmental measures. The Group expects sufficient investments to occur during the next 5 years, and that tax related to the remaining third therefore not will become payable. The booked tax expense includes a reduction of NOK 45 mill relating to qualifying environmental measures executed after 1.1.2007, but prior to the announcement of the changes. Deferred taxes are not recognized for Group companies inside the shipping tax regime. The tax rate for profit is zero and deferred taxes are therefore based on a zero-tax rate. Deferred tax on deviating values in associated companies with foreign partnerships has been calculated in the Group accounts.

Notes

NOTE 13 SHARE CAPITAL, SHAREHOLDERS AND TREASURY SHARES

	Share capital	Treasury shares
31-12-06	75 588	-6
Purchase treasury shares {125.000}		-250
Sale treasury shares {11.700}		23
31-12-07	75 588	-232

At 31.12.07, the Company's share capital represents 37,794,160 shares at NOK 2. The number of shareholders at 31.12.07 was 2,211. The Board have the power of attorney to implement a capital appreciation of up to 140,000 shares at NOK 2 for employees of the Group. Furthermore, the Board has power of attorney to increase the share capital by NOK 4 mill by issuing 2 mill shares. The Board also have the power of attorney to acquire treasury shares in line with current legislation {10%}. These powers of attorney are valid until the next General Meeting.

As at 31.12.2007 the Group had 116.194 treasury shares with cost price of NOK 16,9 mill.

NOTE 14 EARNINGS PER SHARE

Earnings per share is calculated by dividing the Group result by the average number of shares, adjusted for the stock of treasury shares. There are no instruments that allow the possibility of dilution.

	2007	2006	2005
Majority result from ordinary operations	680 329	865 958	249 698
Majority result for discontinued operations			11 310
Majority net result	680 329	865 958	261 007
Average number of shares	37 879	37 754	37 754
Treasury shares	116	3	3
Average number of shares to calculate earnings per share	37 763	37 751	37 751
Earnings per share	18,02	22,94	6,91

NOTE 15 TRANSACTIONS WITH RELATED PARTIES

The Group accounts consists of the financial statements of Solstad Offshore ASA and the following subsidiaries:

Name	Country:	Solstad Offshore ASA share	
		2007	2006
Solstad Offshore (UK) LTD	UK	100%	100%
Solstad Cable (UK) LTD	UK	63%	63%
Solstad Offshore Service Vessel (UK) LTD	UK	100%	100%
Pioneer Offshore LP	UK	100%	100%
Progress Offshore LP	UK	100%	100%
PIOPRO (UK) Ltd	UK	100%	100%
Solstad Management AS	Norway	100%	100%
Normand Drift AS	Norway	100%	100%
Solstad Rederi AS	Norway	100%	100%
Solida AS/KS	Norway	100%	100%
Trym Titan AS	Norway	100%	100%
Trym Titan KS	Norway	30%	30%
Solstad Shipping AS	Norway	100%	100%
Normand Skarven AS/KS	Norway	70%	70%
Rig Supporter AS	Norway	100%	100%
Rig Supporter KS	Norway	21%	21%
ADSI INC (gross consolidation JV)	Switzerland	50%	50%
Nor Offshore LTD (gross consolidation JV)	Singapore	50%	50%
Normand Edda AS (gross consolidation JV)	Norway	50%	50%
MPU Offshore Lift ASA	Norway	28%	28%

Solstad Offshore UK LTD is the parent company of Solstad Cable UK LTD and Solstad Offshore Service Vessel UK LTD. Solstad Rederi AS is parent company for Solida AS og Trym Titan AS. Solstad Offshore ASA ultimately controls all companies.

Notes

The Group has performed the following transactions with related parties:

	Sale (-) / purchase (+)			Receivables		Payables	
Associated company:	2007	2006	2005	2007	2006	2007	2006
Trym Titan KS	-61 843	-44 763	-25 234	19 792	25 588		
MPU Offshore Lift ASA	-1 720			1 720			
Island Offshore 1 AS/KS [Discontinued]			-13 180				
Island Offshore 3 AS/KS [Discontinued]			-39 721				

Management and Board of Directors

Managing Director			
Chairman of the Board	52	34	

Other related parties

Owner of office premises	3 554	1 353	531		
Owner of shipyard for repairs	613	653	585	-167	-101

The Group's affiliation with related parties:

Trym-Titan KS is an associated company in which the Group has a 30% interest. The company's operations are managed by the Group.

MPU Offshore Lift ASA is an associated company in which the Group has a 28% interest. [30,2% per March 2008]. The Group performs management services for the company related to building supervision.

The Chairman of the Board is a legal adviser for the Group.

The Group rents offices and warehouse at market price from a company controlled 100% by the main shareholder.

The Group also uses a shipyard for repairs and conversions of the Group's vessels where the main shareholder controls 100%.

The Managing Director is Chairman of the Board of Normand Skarven KS, Trym Titan KS and MPU Offshore Lift ASA.

The Deputy Managing Director is a board member in Rig Supporter and Normand Skarven KS.

Related parties are considered to be Board Members (including associated companies) and the company management.

There are no management agreements with related parties outside the Group that charge management fees.

Transactions with related parties are completed at normal market prices. Interest is not calculated on outstanding balances at year end that are normal accounts receivable or accounts payable. Current assets are included in the ordinary evaluation of bad debt.

NOTE 16 BANK DEPOSITS

The Group's tied deposits total NOK 26,9 million (NOK 24,3 million) on which tax is withheld. Furthermore, some bank deposits are secured. Refer to Note 11.

As at December 31, 2007 the balance of cash and cash equivalents in the cash flow statement consists of the following:

Cash and bank deposits	1 052 715
Short-term deposits	
Total cash and cash equivalents	1 052 715

NOTE 17 ENVIRONMENTAL CONDITIONS

All of the company's vessels comply with current environmental requirements. In 2007, none of the company's vessels have had conditions imposed for upgrading or improving technical equipment or any other measures necessary to satisfy current environmental requirements. The company's HSE and ISPS system complies with international regulations (IMO's International Safety Management Code). All vessels and our administration hold ISM certification from Det Norske Veritas. The company's Quality Assurance system is certified in accordance to NS-EN ISO 9001:2000.

NOTE 18 ADDITIONAL INFORMATION RELATING TO CASH FLOW

The Group utilizes the indirect method. Investment in stocks and shares with a maturity of more than three months are not included in the cash equivalents. Included in cash and cash equivalents at 31.12.2007 are tied bank deposits of NOK 26,9 million relating to withheld taxes.

NOTE 19 PAID OUT AND PROPOSED DIVIDEND

Approved and paid out during the year:	2007	2006	2005
Ordinary dividend	151 177	75 588	37 794
Proposed dividend to General Assembly:	2007	2006	2005
Ordinary dividend	151 177	151 177	75 588
Per share	4,00	4,00	2,00



Notes

NOTE 20 OTHER LONG-TERM ASSETS

	2007	2006
Loan to other companies	13 320	11 550
Other receivables	32 112	7 652
Total other long-term assets	45 432	19 202

The loans are secured convertible loans. Interest rates during 2007 have been between 5% and 7%.

NOTE 21 ACCOUNTS RECEIVABLE AND OTHER SHORT-TERM RECEIVABLES

	2007	2006
Accounts receivable	500 590	346 450
Other receivables associates	9 250	10 261
Total Accounts receivable	509 840	356 711
Prepaid expense	92 499	48 065
VAT receivable	2 226	1 713
Other short-term receivables	107 531	89 959
Total short-term receivables	202 257	139 737

NOTE 22 BUSINESS AQUISITIONS

On November 1st, 2006 the Group aquired 16,667% of the interest in the Singapore-based company Nor Offshore Pte Ltd. The Group's share is now 50%. Nor Offshore Pte Ltd is, starting from January 1st, 2006, consolidated based on the Group's share. The comparative figures are revised accordingly.

The fair value of identified assets and liabilities of the company on the acquisition date was:

Nor Offshore Pte Ltd	Aquired value	Book value
Fixed assets	48 437	30 906
Cash and bank deposits	4 004	4 004
Accounts receivables	4 734	4 734
Other receivables	636	636
Accounts payable	1 689	1 689
Long-term debt	24 762	24 762
Other short-term debt	5 093	5 093
Fair value of net assets	26 267	

The identified excess value is based on the market value of the ships, and has been allocated to ships in operation, ships under construction and purchase options on ships on bare-boat.

Total cost of the aquisition was NOK 0.2 mill. After the aquisition the company's contribution to group net result before tax is NOK 1.5 mill. If the aquisitions had taken place on January 1st, 2006 the Groups revenue and net result before tax would have increased by NOK 31 mill and NOK 5.5 mill respectively.



Notes

NOTE 23 LIQUIDATED SUBSIDIARIES

In August 2006 a Letter of Intent was signed with a joint venture partner to sell Norskan AS (consolidated JV). From August to October 2006 the share was treated as a "Disposal group held for sale", where asset and debt was reclassified to separate lines under current assets and current liabilities respectively. The transaction was completed in November 2006.

Norskan AS figures at date of completion:	Group share - 50%
Current assets	19 563
Ships and new building contracts	441 394
Current liabilities	13 118
Long-term debt	407 864

The disposal included 4 ships, two of which were in the AHTS-segment and two in the CSV-segment, ref Note 4. The gain of the sale was NOK 53 mill, which is included in other financial income.

In 2005 the Group decided to liquidate Island Offshore IV AS and Island Offshore IV KS. The Group's share, direct and indirect, was 52,5%, and both are included in the consolidated accounts. Island Offshore IV KS owned a construction service vessel in which Island Offshore IV AS was a general partner. The vessel was, with effect from April 1st, 2005, sold to another company in the Group.

The results for Island Offshore IV AS/KS was:	2007	2006	2005
Revenues			40 808
Expenses			6 573
Depreciation			3 513
Operating result			30 721
Financial items			-7 129
Taxes			2 050
Result from liquidated subsidiaries			21 542

NOTE 24 STOCKS

Stock consists of provisions, bunkers and lube oil on the Group's vessels:	2007	2006
Provisions	8 183	4 462
Bunkers	11 179	8 909
Lube oil	6 592	5 606
Total stocks	25 954	18 978

NOTE 25 DEFERRED INCOME

Deferred income consists of:	2007	2006
Interest on Normand Clipper (lease)	1 866	2 788
Internal gain on the sale of Normand Trym and Normand Titan	18 234	20 869
Total deferred income	20 100	23 657

Normand Trym and Normand Titan were sold to an associated company. The share of the gain corresponding to the Group's share of the associated company is recognized in line with increased depreciation in the associated company.



Notes

NOTE 26 LINE-BY-LINE CONSOLIDATION OF JOINT VENTURES

With effect from January 1st, 2006, JV's are consolidated line-by-line in the financial statement. Comparative figures for 2005 are amended accordingly. The joint ventures contribute as follows in the group accounts:

The joint ventures contribute as follows in the group accounts:

	2007	2006	2005
Revenues	171 221	150 975	134 555
Expenses	-109 966	-136 235	-144 261

	2007	2006
Current assets	64 602	67 622
Long term assets	798 814	737 416
Current liabilities	81 340	27 506
Long term liabilities	744 035	743 932

NOTE 27 EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

With effect from January 1st, 2006, JV's are consolidated line-by-line in the financial statement. Comparative figures 2005 are amended accordingly. The amendments have the following effect on the financial statements:

	2005
Freight income	49 003
Total operating income	49 003
Crew costs	-17 977
Ordinary depreciation	-11 190
Other operating expenses	-13 494
Income from investment in associated companies	11 421
Total operating costs	-31 240
Operating profit/loss	17 762
Other interest income	2 933
Other financial income	82 619
Other interest charges	-5 314
Other financial expense	-96 286
Net financing	-16 047
Ordinary profit before taxes	1 716
Tax on ordinary result	-1 716
Net profit for year	0



Notes

Assets	2005
Long-term assets	
Vessels and new build contracts	444 960
Other tangible fixed assets	4 181
Total long-term fixed assets	449 141
Financial assets	
Investments in joint ventures	-49 669
Loan to associated companies	-111 187
Other long-term receivables	256
Total financial assets	-160 600
Total long-term assets	288 541
Current assets	
Receivables	
Account receivables	2 610
Other short-term receivables	15 296
Total receivables	17 906
Bank deposits and cash equivalents	130 964
Total current assets	148 870
Total assets	437 411
Equity and liabilities	2005
Minority interests	253
Total equity	253
Liabilities	
Provisions	
Deferred tax	4 374
Total provisions	4 374
Other long-term liabilities	
Debt to credit institutions/leasing obligations	421 085
Total long-term liabilities	421 085
Current liabilities	
Accounts payable	-2 319
Other current liabilities	14 018
Total current liabilities	11 699
Total liabilities	437 158
Total equity and liabilities	437 411



Parent company accounts

FOR SOLSTAD OFFSHORE ASA





Profit & loss account

1.1 - 31.12

		(NOK 1 000)	
	Notes	2007	2006
Other operating income		5 194	5 454
Total operating income		5 194	5 454
Personnel costs	4	-5 063	-4 056
Other operating expenses	4	-2 689	-7 158
Total operating costs		-7 752	-11 213
Operating loss		-2 559	-5 759
Interest income from companies in the Group		16 145	11 307
Other interest income		8 568	8 398
Other financial income	5	194 653	179 034
Interest costs for companies in the Group			-658
Other interest charges		-16 681	-12 783
Other financial charges	5,7	-41 002	-2 057
Net financing		161 684	183 241
Profit before taxes		159 125	177 482
Tax	10	5 892	3 721
Net profit for year		165 018	181 203
Transfers and disposable income			
Dividends	11	151 177	151 177
Transfer to other equity	11	13 841	30 026
Total transfers and disposable income		165 018	181 203



Balance sheet

		(NOK 1 000)	
	Notes	31.12.07	31.12.06
ASSETS			
Fixed Assets			
Intangible fixed assets			
Deferred tax	10	5 528	
Financial fixed assets			
Investments in subsidiaries	6	875 525	875 525
Loan to companies in the Group	9	259 711	91 597
Investment in jointly-owned companies	7	58 801	30 850
Investment in associated companies	7	203 408	133 938
Other long-term receivables	8	35 660	37 852
Total fixed assets		1 438 633	1 169 762
Current assets			
Investments			
Marked-based shares	7	17	95 919
Receivables			
Other short-term receivables	9	15 815	100 252
Bank deposits and cash equivalents	15	204 484	297 578
Total current assets		220 315	493 749
TOTAL ASSETS		1 658 948	1 663 510



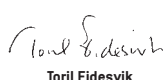
Balance sheet

		(NOK 1 000)	
	Notes	31.12.07	31.12.06
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital [37.794.160 at NOK 2.00]		75 588	75 588
Treasury shares		-232	-6
Other paid-in capital		111 648	111 648
Total restricted equity	11	187 004	187 231
Earned equity			
Other equity	11	1 014 951	1 017 300
Total earned equity		1 014 951	1 017 300
Total equity	11	1 201 956	1 204 531
Liabilities			
Provisions			
Deferred taxes	10		542
Total provisions			542
Other long-term liabilities			
Debt Group companies	9		1 020
Debentures		300 000	300 000
Total long-term liabilities		300 000	301 020
Current liabilities			
Accounts payable	9	2 723	3 835
Taxes payable	10		23
Dividends	11	151 177	151 177
Other current liabilities		3 092	2 382
Total current liabilities		156 992	157 417
Total liabilities		456 992	458 979
TOTAL EQUITY AND LIABILITIES		1 658 948	1 663 510
Guarantees etc.	14		

Skudeneshavn, March 25th, 2008

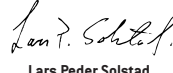

Harald Eikesdal
Chairman


Johannes Solstad
Deputy Chairman


Toril Eidesvik
Board Member


Anette Solstad
Board Member


Arne Austreid
Board Member


Lars Peder Solstad
Managing Director

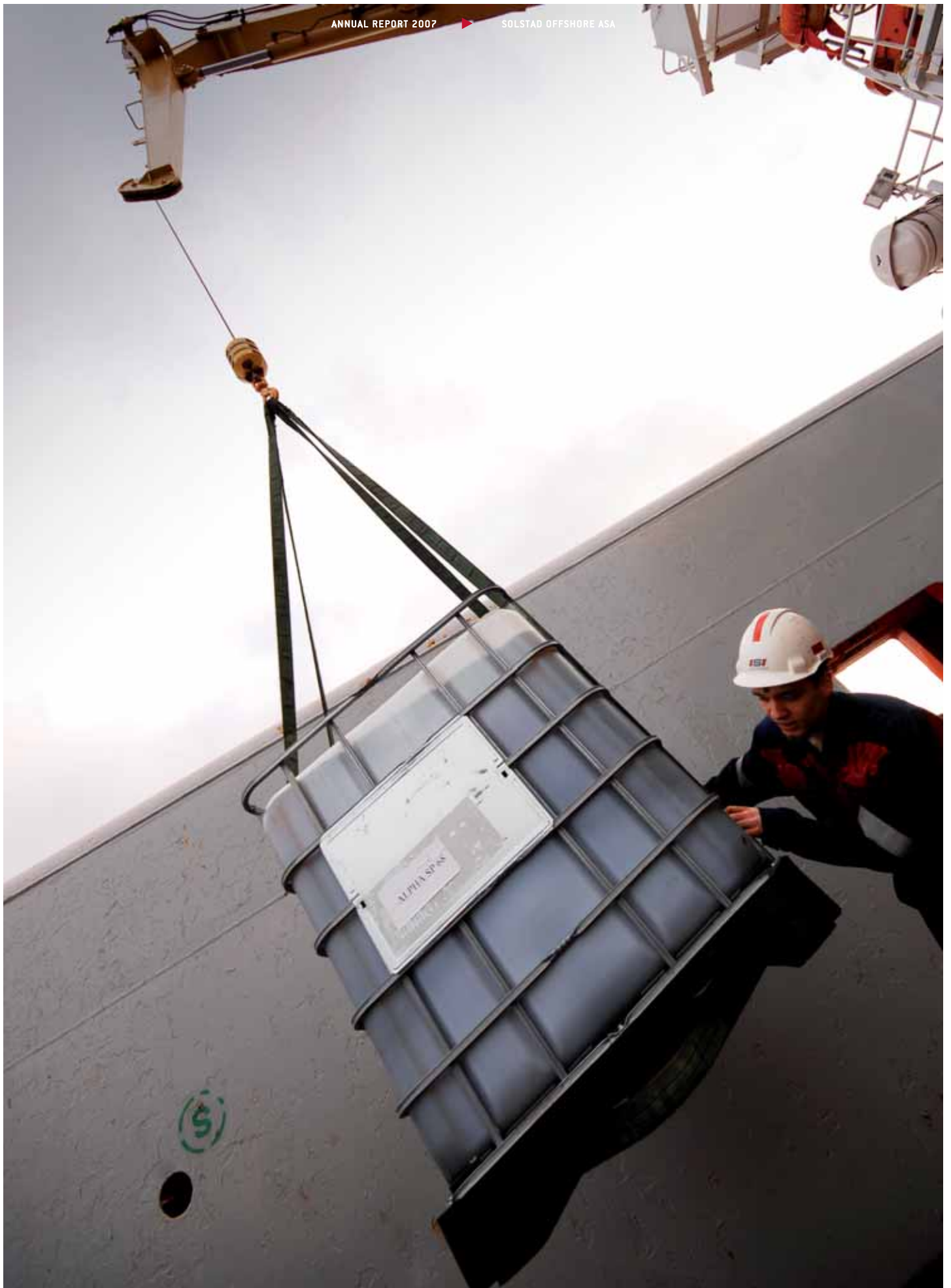


Cash flow

1.1 - 31.12

(NOK 1 000)

	2007	2006
CASH FLOW FROM OPERATIONS		
Profit/loss before taxes	159 125	177 482
Taxes payable	-201	
Ordinary depreciation/write downs and deprec. capitalized periodic maintenance	2 093	
Loss/gain fixed assets	-78 378	-69 232
Unrealised currency gain/loss	10 490	412
Change in short-term receivables/payables	-1 112	2 186
Change in other accruals	85 148	-86 806
Net cash flow from operations (A)	177 165	24 041
CASH FLOW FROM INVESTMENTS		
Investment in other shares	-132 488	-336 029
Disposal of other shares	207 254	225 160
Net cash flow from investments (B)	74 766	-110 869
CASH FLOW FROM FINANCING		
Payment of dividends	-151 165	-75 583
Purchase / Sale of treasury shares	-16 428	
Payment of long-term receivables	-176 412	87 410
Bank overdraft		-119 925
Repayment of long-term debt	-1 020	286 054
Net cash flow from financing (C)	-345 025	177 957
Net change in cash and cash equivalents (A+B+C)	-93 094	91 129
Cash and cash equivalents at 01.01	297 578	206 449
Cash and cash equivalents at 31.12 (Note 15)	204 484	297 578





Notes

NOTE 1 ACCOUNTING PRINCIPLES

(Unless otherwise stated, figures are given in NOK 1000)

GENERAL The annual accounts have been prepared in accordance with the Accounting Act and best practice accounting principles in Norway. The most important accounting principles are described below.

USE OF ESTIMATES In the preparation of the accounts, estimates and assumptions are used which affect the accounts. Actual figures may differ slightly from the estimates.

FOREIGN CURRENCY Monetary items in foreign currency are converted at the exchange rate at the balance sheet date.

The following exchange rates have been used in the accounts:

	GBP	USD	Euro
Pr 31.12.05	11,652	6,7687	7,9850
Pr 31.12.06	12,268	6,2551	8,2380
Pr 31.12.07	10,810	5,4110	7,9610

COST OF BORROWING The cost of borrowing is capitalized at the time of borrowing and the cost is charged over the maturity period of the loan.

EVALUATION AND PRESENTATION OF CURRENT ASSETS Stocks are valued as the lowest of either the acquisition or the estimated sales value. Receivables are posted at face value with deduction for anticipated loss.

FINANCIAL FIXED ASSETS Long-term investment in shares and other investments are valued at the lowest of either the acquisition cost or the estimated sales value if the reduction in the sales value is not considered temporary.

TAXES/DEFERRED TAX Deferred tax/deferred tax assets are calculated, using the liability method, at 28% based on temporary differences between the accounting and tax-related values existing at the end of the financial year and any tax deficits are carried forward. Temporary tax increases and decreases are recorded in the balance sheet as net figures.

CLASSIFICATION OF ITEMS IN THE ACCOUNTS Assets determined for long-term ownership or use and receivables which are due more than one year after the expiry of the financial year are posted as fixed assets. Any remaining assets are classified as current assets.

Liability which is due more than one year after the expiry of the financial year is posted as long-term debt.

CONTINGENCIES Contingent losses that are probable and quantifiable are posted to the accounts, whilst contingent gain/income is not.

SHARES AND HOLDINGS IN OTHER COMPANIES Short-term investments related to shares are not treated as a trading portfolio and are valued at the lowest of cost price and market value.

SHARES IN SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY-OWNED COMPANIES Shares in subsidiaries, associated and jointly-owned companies are posted in the parent company accounts at cost and written down to the extent that there is a significant deficit value which is not considered temporary.

TREASURY SHARES Treasury shares are posted as a nominal value under the item "share capital". The difference between nominal and acquisition cost is entered as "other equity".

CASH FLOW The Group applies the indirect method. Investment in shares and other liquid assets with maturity over three months are not included under cash equivalents.



Notes

NOTE 2 MAJOR TRANSACTIONS/EVENTS

Major transactions and events in 2007:

During the autumn of 2007, the company sold its share in Deep Sea Supply PLC. The gain on disposal was NOK 78 million.

In October, the company participated in a private emission in MPU Offshore Lift ASA. The company's ownership was maintained and the total investment in the company is NOK 200 million. During the first quarter of 2008, ownership has increased to 30,2%.

Major transactions and events in 2006:

During the autumn of 2006, Solstad Offshore ASA sold its share of the Norskan AS Group, whilst increasing its share in Nor Offshore Pte Ltd in Singapore from 33% to 50%. The gain on disposal was NOK 53 million.

In December, the Group purchased 28% of the shares in MPU Offshore Lift ASA through a private emission. The investment was around NOK 130 million. MPU Offshore Lift ASA shall build a vessel for "single lift" operations, one function of which is the removal of oil installations.

NOTE 3 FINANCIAL RISK

The company is exposed to various financial risks in its activities. Financial risk is the risk that any changes in currency and interest rates together with counter parties ability to pay, impact the value of the company's assets, liabilities and future cash flows.

NOTE 4 OTHER EXPENSES, WAGES, EMPLOYEES AND DISTINCTIVE CONTRIBUTIONS

	2007	2006
Wages	3 770	2 971
Employer's National Insurance	577	463
Pension costs	107	151
Other benefits	102	204
Travelling costs, courses and other personnel costs	507	267
Total employee costs	5 063	4 056
Average number of employees	2	2

REMUNERATION TO DIRECTORS, MANAGING DIRECTOR AND AUDITOR

Charged cost during the year	Director's fee	Wages	Other benefits	Pension cost
Key employees:				
Lars Peder Solstad (Managing Director)	6	1 490	132	52
Sven Stakkestad (Deputy Managing Director)	4	1 393	82	55
Board of Directors:				
Harald Eikesdal, Chairman	250			
Johannes Solstad, Deputy Chairman	144			
Toril Eidesvik	144			
Arne Austreid	144			
Per Gunnar Solstad	144			

There are no distinctive agreements regarding remuneration for the Chairman of the Board and nor are there any distinctive bonus or option programmes for any Board Member or Group Management. No loans have been given to key employees. The Managing Director has an agreement that secures 12 months salary. In 2007, NOK 300.000 and NOK 124.804, are charged as auditors fee relating to auditing and consultancy services respectively. The employees are included in the Group's standard pension plan. Pension fund liability is posted in Solstad Management AS.

NOTE 5 FINANCIAL ITEMS

Other financial income, totalling NOK 195 mill, includes gain on disposal of shares of NOK 78,4 mill, dividend of NOK 57 mill from subsidiaries, dividend from other investments NOK 47,1 mill, NOK 5,4 from limited partnerships and received group contributions NOK 6,6 mill. Comparative figures include gain on disposal of shares NOK 71 mill, dividend from subsidiaries NOK 100 mill, NOK 6,3 mill from limited partnerships and unrealized currency gain of NOK 1,7 mill. Other financial costs, totalling NOK 41 mill, include impairment of share purchase option NOK 1,7 mill, impairment of financial investments NOK 0,6 mill and currency loss NOK 38,7 mill. Comparative figures include loss on disposal of shares NOK 2 mill.

Notes

NOTE 6 SHARES IN SUBSIDIARIES

	Place of Business	Owner- ship	Number of Shares	Nominal Value	Share Capital	Cost price/ Book value
Solstad Shipping AS	Skudeneshavn	100%	10 000	1 000	10 000	10 000
Solstad Rederi AS	Skudeneshavn	100%	60 150	100	6 015	673 486
Normand Drift AS	Skudeneshavn	100%	150	1 000	150	150
Solstad Offshore UK Ltd	Aberdeen	100%	11 000 100	GBP 1	GBP 11.000	145 284
Solstad Management AS	Skudeneshavn	100%	2 000	1 000	2 000	10 000
Normand Skarven AS	Skudeneshavn	100%	1	950 000	950	1 250
Rig Supporter AS	Skudeneshavn	100%	480	1 000	480	1 554
Normand Skarven KS	Skudeneshavn	70%				33 800
Total						875 525

NOTE 7 SHARES IN JOINTLY OWNED AND ASSOCIATED COMPANIES

Shares in jointly owned and associated companies

	Place of Business	Owner- ship	Number of Shares	Nominal Value	Equity 31.12.2007	Result 2007 (100%)
NorOffshore PTE (FKV)	Singapore	50%	5 837	57 390	85 440	69 489
ADSI Inc. (FKV)	Marly, Switzerland	50%	250 050	1 337	97 664	25 267
Normand Edda AS (FKV)	Haugesund	50%	75	75	157	3
Total				58 801	183 262	94 760
MPU Offshore Lift ASA	Oslo	28%	24 370 150	200 070	712 498	-22 817
Rig Supporter KS	Skudeneshavn	11%		3 338	30 342	-2 475
Total				203 408	742 840	-25 292

Share purchase option

Seabird Exploration LTD (*)

Booked Value

17

(*) Option to purchase 167,690 shares at NOK 20 per share.

NOTE 8 OTHER LONG TERM ASSETS

Other long term assets include:	31.12.2007	31.12.2006	Interest
Loans to Joint Ventures	23 880	31 377	6,85%
Loan to DeepWell AS	11 216	5 746	5% - fixed
Posted financial cost	564	729	
Total	35 660	37 852	

The loans are convertible subordinated loans.

NOTE 9 INTER COMPANY GROUP

Solstad Offshore ASA had the following receivables/debt from companies in the Group:	31.12.2007	31.12.2006	Interest
Solstad Cable (UK) Ltd	47 049	53 336	7,29%
Solstad Offshore (UK) Ltd	210 781	34 958	7,17%
Normand Drift AS		513	6,06%
Rig Supporter AS	1 881	2 791	6,15%
Inter company loans	259 711	91 597	
Solstad Shipping AS	13 662		
Normand Drift AS	1 794		
Normand Skarven AS	359		
Other current assets	15 815		
Solstad Shipping AS		-3 835	
Solstad Management AS	-2 723		
Trade account payable	-2 723	-3 835	

Group receivables, due more than one year after expiry of the financial year, are around NOK 260 million.



Notes

NOTE 10 TAX

	2007	2006
Taxable income		
Result before tax	159 125	177 482
Changes in temporary differences	1 925	23 358
Permanent differences	659	-21 387
Share of result in limited partnerships	6 580	
Group contributions		-1 020
Dividends/ repayments from limited partnerships	-109 665	-100 151
Gain on sale of shares	-78 402	-71 137
Loss on sale of shares	24	1 905
Use of loss carried forward		-8 965
Taxable income	-19 754	83
Tax payable		23
Adjustment to 2006 tax accrual	177	
Tax effect of group contribution		286
Change in deferred taxes	-6 069	-4 030
Tax on ordinary result	-5 892	-3 721
Shares/ownership (current assets)	11	1 936
Unrecovered loss carried forward	-19 754	
Total temporary differences	-19 742	1 936
Deferred tax (-)/ tax asset	5 528	-542
Analysis of effective tax rate		
28% of Profit before Tax	44 555	49 695
Dividends and gain/ loss sale of shares	-50 632	-47 142
Permanent differences	185	-6 274
Estimated tax	-5 892	-3 721

Deferred tax related to shares in subsidiaries, associated or jointly owned companies has not been booked.

Notes

NOTE 11 EQUITY, SHAREHOLDERS AND TREASURY SHARES

	Share Capital	Treasury shares	Other restricted Equity	Other Equity	Total Equity
Equity 31.12.2006	75 588	-6	111 648	1 017 300	1 204 531
Purchase of treasury shares (125.000)		-250		-17 911	-18 161
Sale of treasury shares (11.700)		23		1 710	1 733
Unallocated dividend on treasury shares				12	12
Annual result				165 018	165 018
Allocated dividend				-151 177	-151 177
Equity 31.12.2007	75 588	-232	111 648	1 014 951	1 201 956

At 31.12.07, the Company's share capital represents 37.794.160 shares at NOK 2. The number of shareholders at 31.12.07 was 2.211. The Board have the power of attorney to implement a capital appreciation of up to 140,000 shares at NOK 2 for employees of the Group. Furthermore, the Board has power of attorney to increase the share capital by NOK 4 mill by issuing 2 mill shares. The Board also have the power of attorney to acquire treasury shares in line with current legislation (10%). These powers of attorney are valid until the next General Meeting.

Shareholders with more than 1% holding at 31.12.2007:

Solstad Holding AS	13 907 506	36,79%
Odin Norden	2 484 872	6,57%
Solhav Invest V AS	2 358 158	6,23%
Pareto Aksje Norge	2 108 100	5,57%
Skagen Vekst	2 035 604	5,38%
SOFF Invest I AS	1 862 000	4,92%
Brown Brothers Harriman & Co	1 250 500	3,30%
Pareto Aktiv	902 500	2,38%
Odin Offshore	575 000	1,52%
Solhav Invest X AS	563 080	1,48%
MP Pensjon	460 000	1,21%
	28 503 820	75,41%

Board of directors and managing directors share interest in the company

In accordance with the definition in corporation law, the Directors had the following holdings at 31.12.07:

Harald Eikesdal	0 shares
Johannes Solstad	18 126 268 shares
Per Gunnar Solstad	563 080 shares
Anette Solstad	0 shares
Toril Eidesvik	0 shares
Arne Austreid	0 shares

The Deputy Managing Director Sven Stakkestad owns 2.475 shares at 31.12.2007.

The company's auditor does not own shares in the company.

At 31.12.2007 the company acquired 116.194 treasury shares at a cost price of NOK 16,9 million.



Notes

NOTE 12 EARNINGS PER SHARE

In 2007, earnings per share was NOK 4,39. The equivalent value in 2006 was NOK 4,65.

Earnings per share is calculated by dividing the Group result by the average number of shares, adjusted for the stock of treasury shares.

There are no instruments that allow the possibility of dilution.

NOTE 13 TRANSACTIONS WITH RELATED PARTIES

Related parties are considered to be Board Members (including associated companies) and the company management.

There are no management agreements with related parties outside the Group that charge management fees.

Inter-company debt/receivables are interest-bearing.

NOTE 14 GUARANTEES

Solstad Offshore ASA has placed the following guarantees (NOK million):

Solstad Offshore UK Ltd	362 - for purchase of vessels
Solstad Offshore Service Vessel UK Ltd	308 - for purchase of vessels
Solstad Cable UK Ltd	537 - for put-option of vessels
Nor OffshoreLtd	25 - for bare-boat rental and purchase of vessels
Normand Drift AS	34 - for financial lease of fixed assets and loans
ADSI Inc	304 - for financial lease of vessels
Solstad Rederi AS	94 - for new build contracts
Deep Well AS	8 - for financing of fixed assets

NOTE 15 ADDITIONAL INFORMATION RELATING TO CASH FLOW

The Group utilizes the indirect method. Investment in stocks and shares with a maturity of more than three months are not included in the cash equivalents.



Solstad to Europe's oil capital - Aberdeen

In 1999, the Solstad Offshore UK division office was opened in the Scottish oil city, Aberdeen. There are many charterers located in the city – as well as most supply vessel shipping

companies, so it was natural for Solstad Offshore ASA to establish itself in Aberdeen. There are seven employees at this division office.



To the Annual Shareholders' Meeting of
Solstad Offshore ASA

Auditor's report for 2007

We have audited the annual financial statements of Solstad Offshore ASA as of 31 December 2007, showing a profit of NOK 165.018 million for the Parent Company and a profit of NOK 703.605 million for the Group. We have also audited the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet, the statements of income and cash flows and the accompanying notes. The financial statements of the Group comprise the balance sheet, the statements of income and cash flows, the statement of equity and the accompanying notes. The regulations of the Norwegian Accounting Act and accounting standards, principles and practices generally accepted in Norway have been applied in the preparation of the financial statements of the Parent Company. IFRSs as adopted by the EU have been applied in the preparation of the financial statements of the Group. These financial statements and the Directors' report are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including the auditing standards adopted by the Norwegian Institute of Public Accountants. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards, an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements of the Parent Company are prepared in accordance with laws and regulations and present fairly, in all material respects the financial position of the Company as of 31 December 2007, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the financial statements of the Group are prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as of 31 December 2007, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with IFRSs as adopted by the EU
- the Company's management has fulfilled its duty to properly record and document the Company's accounting information as required by law and bookkeeping practice generally accepted in Norway
- the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with law and regulations.

Stavanger, 25 March 2008

ERNST & YOUNG AS

Jostein Johannessen

State Authorised Public Accountant (Norway)

(sign)

Note: The translation to English has been prepared for information purposes only.

■ Arendal, Bergen, Bø, Drammen, Fosnavåg, Fredrikstad, Holmestrand, Horten, Hønefoss, Kragerø, Kongsberg, Kristiansand, Larvik, Levanger, Lillehammer, Moss, Måløy, Notodden, Oslo, Otta, Porsgrunn/Skien, Sandefjord, Sortland, Stavanger, Steinkjer, Tromsø, Trondheim, Tønsberg, Vikersund, Ålesund

A brief look at 2007

IMPORTANT EVENTS

APRIL:

The Group acquired 41.6% of the listed company REM Offshore ASA. The shareholder group was given a binding offer to purchase all remaining shares in REM at NOK 50 per share. At the end of the year the Group owns 46.3% in REM Offshore ASA.

The new build Nor Tigerfish (AHTS) was delivered on a bareboat charter from Jaya Marine to NOR Offshore Ltd (NOR), 50% of which is owned by Solstad Offshore ASA. The vessel entered directly on a five-year charter with Veolia Environment Inc.

In the same month the Company entered an agreement for the disposal of the Groups oldest tonnage, the Normand Hunter, Normand Ranger and Normand Prosper. The first vessel was sold to RF Forschungsschiffahrt and the latter two vessels were acquired by Simon Møkster Shipping AS. The disposal was part of the Company's fleet renewal programme.

MAY:

Prolonged existing frame agreement with Technip UK Limited for deliver of a vessel capable of construction and sub sea work. The agreement runs until the end of 2011 with a minimum of 1,800 days over 5 years and 360 days per year. Through this agreement Technip retains the right to use the Normand Pioneer, Normand Progress and other vessels in the Group.

JUNE:

NOR Offshore Ltd entered a mandate agreement with UBS AD, Singapore for development of a prospect for the possible stock exchange float of NOR in Singapore on the Singapore Exchange Securities Trading Limited.

Intention agreements were entered for chart of the Normand Carried (PSV) for operation in the Mediterranean and the Normand Master (AHTS) for operation in the US Gulf. Both agreements are for a period of approximately 100 days.

NOR Offshore Ltd entered an intention agreement with Tiang Wong, Indonesia for construction of a Derrick Lay Barge (DLB). The DLB is expected to be operational by the second quarter of 2009.

JULY:

The new build the Normand Seven, a large construction service vessel (CSV), was delivered by Ulstein Verft AS. The vessel went directly into an eight-year charter with Subsea 7.

AUGUST:

The Group entered a contract with Aker Yards for the construction of a smaller CSV/ROV vessel and a large construction service vessel (CSV) of the Aker OSCV 06 L design. The total contract value for the vessels is around NOK 1.4 billion. The hand over by the yard will be in the second /third quarter of 2010 (CSV/ROV) and the in the first quarter of 2011 (CSV).

SEPTEMBER:

The new build, the Normand Ferking (AHTS) was delivered by Flekkefjord Slipp & Maskinfabrikk AS. The vessel went directly into a five year long-term contract with StatoilHydro with two one-year options.

The government put forward a proposal for inclusion in the 2008 State Budget for a new tax regime for shipping companies with effect from 1 January 2007. The compulsory exit from the previous tax regime resulted in a tax cost, the current value of which was NOK 388 million for the Group in 2007.

OCTOBER:

Solstad entered an intention agreement with Saipem UK Ltd (Saipem) for charter of four platform supply vessels (PSV's) to support pipe-laying operations (pipe transport) during the period 2008 to 2012. This represents a fixed contract period of approximately 3,500 days. In addition, Saipem has an option for a further 1,500 days.

In the same month the Group's 6.5% shareholding in Deep Sea Supply Plc (DESSC) was sold.

An intention agreement was entered with Integrated Subsea Services Ltd (ISS) for a long-term charter agreement for the ROV vessel, the Normand Tonjer, for a fixed period of 3 years. In addition, ISS have options for a further 2 x 1 years.

The Group maintained its shareholding of around 28% in MPU Offshore after a share emission in October 2007.

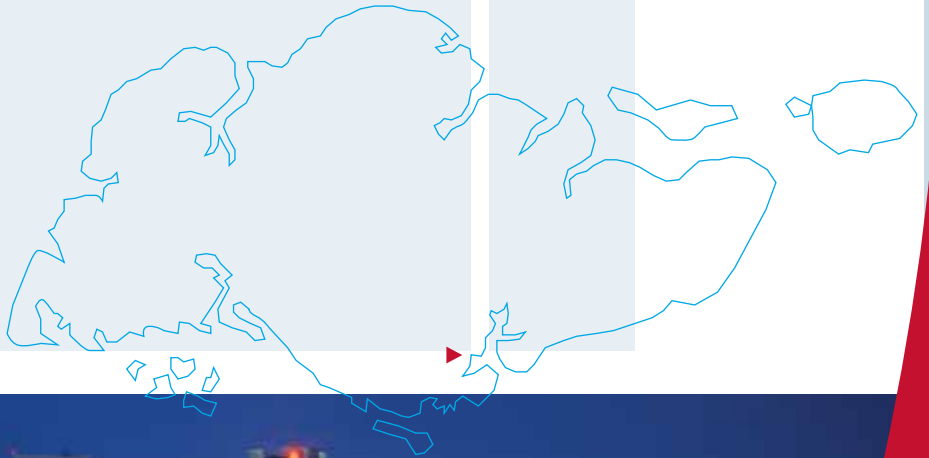
NOVEMBER:

Solstad entered a contract with StatoilHydro for a long-term charter agreement for the AHTS, the Normand Draupne. The agreement is for a one year fixed term plus 6 x 2 month options.

The new build, the Nor Captain (AHTS) was delivered on a bareboat charter from Jaya Marine to NOR Offshore Ltd (NOR). The vessel went directly on a six month charter with a six month option with Santos Ltd in Australia.

DECEMBER:

Solstad Offshore ASA entered a contract with Bergen Group for construction of a large diving/construction service vessel (CSV) of design ST 256 L CD with delivery in September 2010. The value of this contract is approximately NOK 720 million. The vessel will be equipped with a 200 ton offshore crane, cabin capacity for 120 crew, DP3 and will be ready for installation of ROV systems and a 24 man diving system.



Singapore - the city with the world's most harbour traffic

Singapore has grown to become a vibrant commercial, financial and industrial centre in Asia. The city's strategic location was the reason for Solstad Offshore ASA establishing

itself in Singapore through the joint venture company NOR Offshore Pte Ltd. There are 26 employees at this division office.



The Fleet

PER. 25. MARCH 2008

		Built year	Design	Reg.	HK	DWT	Deck m ²	Winch power	Bollard pull	A-frame Cap. t.	Constr. crane t	DP class	Cabin cap.	Dry bulk	Other equipment
CONSTRUCTION SERVICE VESSEL															
1	Normand tbn 1	2011	OSCV 06L		26 000	11 300	2 100				400	3	140		
2	Normand tbn 2	2010	ST 256L		20 560	4 500	1 000				200	3	120		
3	Normand tbn 3	2010	PSV/ROV 06CD		12 000	4 100	1000				100	2	69		
4	Tbn Normand Subsea 7	2008	VS 4710		21 000	6 100	750				150	2	90		
5	Normand Seven	2007	VS 4420	NIS	26 000	10 000	2 000				250	3	100		
6	Normand Installer	2006	VS 4204	NIS	31 500	8 600	1 300	500	308	350	250	3	102		
7	Normand Flower	2002	UT 737	IOM	10 600	4 500	960				100	3	85		2
8	Normand Mermaid	2002	P 103	IOM	11 000	4 000	780				100	3	69		2
9	Normand Cutter	2001	VS 4125	IOM	22 000	10 000	1 300		120	60	300	2	102		
10	Normand Clipper	2001	VS 4125	NIS	22 000	10 000	1 500		120	60	250	2	114		
11	Normand Pioneer	1999	UT 742	IOM	27 800	5 000	1 000	500	286	150	140	2	75		
12	Normand Progress	1999	UT 742	IOM	27 800	5 000	1 000	500	304	250	100	2	70		
13	Normand Tonjer	1983 / 99	UT 705	NOR	7 200	3 200	573				50	2	60		
LARGE AHTS															
14	Tbn Normand Ranger	2009	VS 490		28 000	4 250	700	500	300			2	58	x	1,2
15	Tbn Normand Prosper	2008	VS 490		28 000	4 250	700	500	300	250*		2	58	x	1,2
16	Normand Ferking	2007	VS 490	NOR	20 000	5 000	700	500	250			2	32	x	1,2,3
17	Normand Master	2003	A 101	NOR	23 500	3 700	600	500	282	150*		2	52		2
18	Normand Mariner	2002	A 101	NOR	23 500	3 700	600	500	282	150*		2	52		2
19	Normand Ivan	2002	VS 480	NOR	20 000	4 140	600	500	240	250*		2	52	x	1,2
20	Normand Borg	2000	UT 722	NIS	16 800	2 873	570	500	202			1	35	x	2
21	Normand Atlantic	1997	UT 740	NOR	19 400	4 200	560	500	220			2	15	x	1,2,3
22	Normand Neptun	1996	UT 740	NOR	19 400	4 200	560	500	222			2	40	x	1,2,3
SMALLER AHTS															
23	Seabulk South Atlantic	2003	UT 710	GIB	10 800	1 500	500	300	135			1	12	x	1
24	Normand Mjolne	1985	UT 718	NOR	18 000	2 500	590	300	170			2	22	x	1,2,3
25	Normand Draupne	1985	UT 718	NOR	18 000	2 500	590	300	170			2	16	x	1,2,3
26	Normand Jarl	1985	UT 712	NIS	12 000	2 000	536	300	150			1	35	x	1,2,3
27	Normand Skarven	1985	UT 716	NOR	13 000	2 500	570	250	156			2	21	x	1,2,3
28	Normand Drott	1984	UT 712	NIS	12 000	2 000	536	300	148			-	30	x	1,2,3
29	Normand Trym (Sold April 08)	1984	ME 303	NIS	12 728	2 200	473	250	146			1	18	x	1,2,3
PSV															
30	Normand Aurora	2005	P 105	NOR	10 000	4 900	960					2	25	x	
31	Normand Skipper	2005	VS 4420	NOR	9 500	6 400	1 220					2	23	x	2,3
32	Normand Flipper	2003	UT 745 E	NOR	9 000	4 500	960					2	17	x	2
33	Normand Vester	1998	UT 745	NOR	10 300	4 590	956			25		2	37	x	2,3
34	Normand Carrier	1996	UT 745	NOR	10 300	4 560	956			25		2	37	x	2,3
NOR OFFSHORE LTD. CSV															
35	Tbn Nor Valiant	2008	DSV	SIN	5 500	2 500	700				50	2	120		1
36	Tbn Nor Vision [1]	2008	DSV	SIN	5 500	2 500	780				50	2	120		1,4
NOR OFFSHORE LTD. AHTS															
37	Tbn Nor Chief	2008	KIAM CHIAN	SIN	10 880	2 500	450	300	135			2	40	x	1
38	Nor Sky [1]	2008	KIAM CHIAN	SIN	5 500	1 800	475	150	70	50	30	2	60	x	1
39	Nor Spring [1]	2008	SASASHIP	SIN	8 000	2 200	500	200	100			2	60	x	1
40	Nor Captain [1]	2007	KIAM CHIAN	SIN	10 880	2 500	450	300	143			2	40	x	1
41	Nor Tigerfish [1]	2007	KIAM CHIAN	SIN	5 500	1 800	475	150	73	50	30	2	58	x	1
42	Nor Sun	2006	KIAM CHIAN	SIN	8 000	1 700	490	200	101			2	54	x	1
43	Nor Star	2005	KIAM CHIAN	SIN	5 500	1 800	475	150	71			2	42	x	1
44	Nor Sea	2005	KIAM CHIAN	SIN	5 500	1 800	475	150	72			2	42	x	1
45	Nor Supporter	2005	KIAM CHIAN	SIN	8 000	1 800	475	200	93			2	42	x	1

Other equipment: 1 = Firefighting / FiFi. 2 = Oilresque. 3 = Standby / Resque. 4 = diving system

* A-frame shared

Contract coverage

PER. 25. MARCH 2008

			2008	2009	2010	2011	2012
CONSTRUCTION SERVICE VESSEL							
1	Normand tbn 1	Delivery March 2011					
2	Normand tbn 2	Delivery September 2010					
3	Normand tbn 3	Delivery July 2010					
4	Tbn Normand Subsea 7	Delivery December 2008					
5	Normand Seven	09/2015 + option					
6	Normand Installer	200 days/8 year + option					
7	Normand Flower	03/2009 + option					
8	Normand Mermaid	11/2008 + option					
9	Normand Cutter	05/2013 + option					
10	Normand Clipper	06/2009 + option					
11	Normand Pioneer	150 days/5 year + option					
12	Normand Progress	150 days/5 year + option					
13	Normand Tonjer	03/2011 + option					
LARGE AHTS							
14	Tbn Normand Ranger	Delivery June 2009					
15	Tbn Normand Prosper	Delivery December 2008					
16	Normand Ferking	09/2012 + option					
17	Normand Master	Spot					
18	Normand Mariner	Spot					
19	Normand Ivan	12/2008 + option					
20	Normand Borg	10/2009					
21	Normand Atlantic	12/2008 + option					
22	Normand Neptun	Spot					
SMALLER AHTS							
23	Seabulk South Atlantic	09/2008					
24	Normand Mjolne	Spot					
25	Normand Draupne	06/2009 + option					
26	Normand Jarl	04/2008					
27	Normand Skarven	05/2008					
28	Normand Drott	07/2008					
29	Normand Trym (Sold April 08)	03/2008 + option					
PSV							
30	Normand Aurora	02/2012 + option					
31	Normand Skipper	04/2010 + option					
32	Normand Flipper	02/2012 + option					
33	Normand Vester	02/2012 + option					
34	Normand Carrier	02/2012 + option					
NOR OFFSHORE LTD. CSV							
35	Tbn Nor Valiant	Delivery Sept. 2008 (1)					
36	Tbn Nor Vision (1)	Delivery May 2008					
NOR OFFSHORE LTD. AHTS							
37	Tbn Nor Chief	Delivery April 2008					
38	Nor Sky (1)	Delivery March 2008 (1)					
39	Nor Spring (1)	04/2008 + option (1)					
40	Nor Captain (1)	07/2008 + option (1)					
41	Nor Tigerfish (1)	05/2012 + option (1)					
42	Nor Sun	07/2008 + option					
43	Nor Star	03/2009					
44	Nor Sea	02/2008 + option					
45	Nor Supporter	07/2008 + option					

(1) Bare Boat

Some of the charterparties include clauses which under certain conditions gives the charter the right to cancel.

Contract

Charters option

Under construction

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