



Fred. Olsen Energy ASA

Report for the 1st quarter 2007

Figures in NOK

FRED. OLSEN ENERGY ASA (FOE) REPORTS AN OPERATING PROFIT BEFORE DEPRECIATION (EBITDA) OF 362.6 MILLION FOR THE 1ST QUARTER 2007

HIGHLIGHTS FOR THE 1ST QUARTER

- Revenues were 967.1 million
- EBITDA was 362.6 million
- Operating profit (EBIT) was 246.9 million
- Net profit was 223.6 million
- Borgland Dolphin commenced three-year contract with Statoil
- Bulford Dolphin commenced one year term contract from February
- Belford Dolphin commenced three-year contract with Anadarko
- Two months contract extension for Borgholm Dolphin

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Figures in NOK

FINANCIAL INFORMATION (*4th quarter 2006 in brackets*)

Operating revenues in the quarter were 967.1 million (965.2 million), an increase of 1.9 million compared with the previous quarter. Reduced revenues from Bredford Dolphin, due to the scheduled class renewal survey and upgrade at Remontowa shipyard in Gdansk, Poland, were offset by higher dayrates for Borgland Dolphin, Borgholm Dolphin and Bulford Dolphin within the offshore drilling division. Revenues within the engineering and fabrication division were 47.4 million, of which 10.0 million were related to inter-company activities and eliminated in the consolidated accounts.

Operating costs were 604.5 million (622.4 million), a decrease of 17.9 million compared with the 4th quarter 2006. Operating costs within the offshore drilling division decreased by 55.1 million. The decrease is mainly due to lower operating cost for Bredford Dolphin during yard stay and management bonus for 2006, which was accounted for in the previous quarter. Operating costs within the engineering and fabrication division increased by 37.2 million, which is mainly related to a gain on pension assets in the 4th quarter 2006 which was accounted for as a reduction of operating costs.

Operating profit before depreciation (EBITDA) was 362.6 million (342.8 million).

Depreciation amounted to 115.7 million (120.5 million).

Operating profit after depreciation (EBIT) was 246.9 million (202.4 million).

Net financial expenses were 17.4 million (16.5 million). Capitalized interest expenses related to Blackford Dolphin in the 1st quarter amount to 24.2 million.

Profit before tax was 229.5 million (185.9 million).

Net profit, including an estimated tax charge of 5.9 million (9.7 million), was 223.6 million (176.2 million).

Basic earnings per share were 3.4 (2.7).

The Board of Directors will propose to the Annual General Meeting on 24th May 2007 a dividend payment of NOK 10, - per share for 2006. Subject to the dividend proposal being resolved, the shares will be quoted ex. dividend from 25th May. Estimated date of payment of dividend is 8th June.

The **offshore drilling division** reported revenues of 929.7 million (930.1 million) and an EBITDA of 362.0 million (307.3 million).

The **engineering and fabrication division** reported revenues of 47.4 million (72.9 million) and an EBITDA of 2.8 million (85.5 million).

Figures in NOK

OPERATIONS

Drilling Division

Bideford Dolphin continued operations under a drilling program offshore Norway for Norsk Hydro. A three years drilling contract for the rig has been entered into with Norsk Hydro Produksjon AS from January 2008 to January 2011.

Borgland Dolphin commenced a three years contract for operations offshore Norway with Statoil ASA and the other licensees in the Tampen area on the Norwegian continental shelf on 1st January 2007.

The deepwater drillship Belford Dolphin continued operations under the drilling contract with ONGC in India. In April the unit commenced a three years contract with Anadarko Petroleum Corporation. Belford Dolphin will first mobilize for West Africa where she will drill two wells before continuing mobilization for the US Gulf. The contract expires in April 2010.

Borgny Dolphin continued operations under a contract with Pemex in Mexico, expiring January 2008.

Bulford Dolphin (owned by First Olsen Ltd. and operated in a pool with four of the Company's own units) continued its operations for Equator Exploration Ltd. offshore Nigeria. In February the rig commenced a one year term contract with the same operator. In March a crew member from the rig was abducted when a number of unidentified persons boarded the rig. These persons left the rig immediately afterwards taking one hostage with them. The crew member was released unharmed after four days. Additional measures have been taken to improve the safety for the rig and its crew.

Byford Dolphin continued operations under its contract with CNR International (U.K.) Limited. The current term contract is estimated to expire in mid 2007. An agreement has been entered into with CNR for an extension of the contract for 275 days thereafter.

Bredford Dolphin has been at the Remontowa shipyard in Gdansk, Poland during the quarter for its five-year class renewal survey and upgrade for Norwegian requirements before commencing a three years drilling contract with Drilling Production Technology as and a consortium of licensees on the Norwegian continental shelf. The upgrade work has been delayed, partly due to lack of manpower at the yard and late deliveries of equipment. The estimated cost of the combined class renewal survey and the upgrade has increased to approximately USD 105 million, compared to the previous estimate of USD 90 million. The unit is now expected to commence operations under the contract in May 2007.

Borgsten Dolphin has been operating for Tullow Oil plc. under a 21 months term contract, expected to expire in July 2008.

Borgholm Dolphin commenced a 7.5 months contract in the UK sector of the North Sea in January. In April the contract was extended by two months and, including the extension, is now expected to expire late October 2007. In February 2007 a letter of intent for a new contract was entered into, commencing in January 2008 for a period

Figures in NOK

of approximately six months. The unit is scheduled to go through a five-year compulsory class renewal survey late 2007.

The upgrade of Blackford Dolphin to a deepwater drilling unit capable of operating in up to 7000 ft. of water depth continued at the Keppel Verolme yard in Rotterdam. A three-year drilling contract has been secured with Reliance Industries Ltd. Estimated arrival in India is around year-end 2007 after completion of the ongoing deepwater upgrade, commissioning and mobilization.

Engineering and Fabrication

During the quarter, the yard has continued to provide services related to the upgrades of Blackford Dolphin and Bredford Dolphin in addition to various work for external customers within its business segments.

Outlook

Globally, the balance between supply and demand for offshore drilling units continued to be tight in all segments. The high demand for offshore drilling services is expected to continue during the next years.

When the upgrade of Blackford Dolphin is completed, the Group's offshore fleet will consist of two deepwater units (including the Belford Dolphin) and six mid water semi submersible drilling rigs in addition to an accommodation unit. The Group is also operating one mid water semi submersible drilling rig owned by a related company. Two of the semi submersible drilling rigs are operating in Norway. Upon completion of the Bredford Dolphin upgrade the Group will have three drilling rigs operating in Norwegian waters.

Oslo, 26th April 2007
The Board of Directors
Fred. Olsen Energy ASA



Fred.Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

Unaudited

Consolidated Income Statement (NOK mill)

	Note	1st Q 2007	4th Q 2006	1st Q 2006	Year 2006
Operating revenues		967,1	965,2	935,9	4 048,2
Operating costs		(604,5)	(622,4)	(544,4)	(2 339,2)
Oper. profit before depr. (EBITDA)		362,6	342,8	391,5	1 709,0
Depreciation and amortisation		(115,7)	(120,5)	(123,7)	(479,7)
Impairment		-	(19,9)	-	(19,9)
Operating profit (EBIT)		246,9	202,4	267,8	1 209,4
Net financing cost		(17,4)	(16,5)	(90,7)	(212,3)
Profit before income taxes		229,5	185,9	177,1	997,1
Income tax benefit (expense)		(5,9)	(9,7)	(5,0)	(23,3)
Profit for the period		223,6	176,2	172,1	973,8
<i>EPS :</i>					
Earnings per share		3,4	2,7	2,8	15,5
Diluted earnings per share		3,4	2,7	2,6	15,1

Unaudited

Balance Sheet (NOK mill)

	31 Mar 07	31 Mar 06	31 Dec 06
Intangible assets	98,6	98,6	98,6
Property, plant & equipment	6 399,4	5 586,0	6 181,7
Other non-current assets	21,9	10,3	21,4
Total non-current assets	6 519,9	5 694,9	6 301,7
Inventories	214,7	172,3	220,4
Trade and other receivables	817,5	658,1	618,6
Other current assets	194,9	149,8	181,4
Cash and cash equivalents	760,8	643,7	912,5
Total current assets	1 987,9	1 623,9	1 932,9
Total assets	8 507,8	7 318,8	8 234,6
Share capital	1 319,8	1 227,2	1 316,8
Other equity	2 752,4	1 795,7	2 620,5
Total Equity	4 072,2	3 022,9	3 937,3
Non-current interest-bearing loans and borrowings	3 223,1	3 350,9	3 091,4
Other non-current liabilities	244,5	266,0	249,8
Total non-current liabilities	3 467,6	3 616,9	3 341,2
Other current liabilities	637,1	548,7	671,4
Current interest-bearing loans and borrowings	330,9	130,3	284,7
Total current liabilities	968,0	679,0	956,1
Total equity and liabilities	8 507,8	7 318,8	8 234,6



Fred.Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

Unaudited Segment Information

(NOK mill)	Offshore Drilling *	Engineering & Fabrication	Eliminations	FOE Group
1st Q 2007				
Operating revenues	929,7	47,4	(10,0)	967,1
Operating costs	(567,7)	(44,6)	7,8	(604,5)
Oper. profit before depr. (EBITDA)	362,0	2,8	(2,2)	362,6
Depreciation and amortisation	(114,4)	(1,3)	-	(115,7)
Operating profit (EBIT)	247,6	1,5	(2,2)	246,9
4th Q 2006				
Operating revenues	930,1	72,9	(37,8)	965,2
Operating costs	(622,8)	12,6	(12,2)	(622,4)
Oper. profit before depr. (EBITDA)	307,3	85,5	(50,0)	342,8
Depreciation and amortisation	(119,6)	(0,9)	-	(120,5)
Impairment	(19,9)	-	-	(19,9)
Operating profit (EBIT)	167,8	84,6	(50,0)	202,4
1st Q 2006				
Operating revenues	897,0	157,6	(118,7)	935,9
Operating costs	(509,0)	(151,7)	116,3	(544,4)
Oper. profit before depr. (EBITDA)	388,0	5,9	(2,4)	391,5
Depreciation and amortisation	(122,6)	(1,1)	-	(123,7)
Operating profit (EBIT)	265,4	4,8	(2,4)	267,8
Year 2006				
Operating revenues	3 934,7	498,9	(385,4)	4 048,2
Operating costs	(2 272,1)	(390,1)	323,0	(2 339,2)
Oper. profit before depr. (EBITDA)	1 662,6	108,8	(62,4)	1 709,0
Depreciation and amortisation	(475,4)	(4,3)	-	(479,7)
Impairment	(19,9)	-	-	(19,9)
Operating profit (EBIT)	1 167,3	104,5	(62,4)	1 209,4

* Includes Fred. Olsen Energy ASA



Unaudited Equity (NOK mill)	Note	Jan-Mar 2007	Jan-Mar 2006	Year 2006
Opening balance		3 937,3	2 950,6	2 950,6
Net profit (loss) for the period		223,6	172,1	973,8
Treasury shares		-	1,7	1,7
Equity element convertible bond/converted bonds/Share issue	3	9,4	9,4	305,1
Foreign currency translation adj.		(98,1)	(110,9)	(293,9)
Closing balance		4 072,2	3 022,9	3 937,3

Unaudited Cash Flow Statements (NOK mill)	Jan-Mar 2007	Jan-Mar 2006	Year 2006
Cash flows from operating activities			
Profit/(loss) before income tax	229,5	177,1	997,1
<i>Adjustment for:</i>			
Depreciation and amortisation	115,7	123,7	499,6
Interest expense	28,9	54,1	167,8
Gain on sales of fixed assets	(0,3)	-	(7,1)
Changes in working capital	(66,0)	(131,1)	(149,8)
Cash generated from operations	307,8	223,8	1 507,6
Interest paid	(95,9)	(140,1)	(249,6)
Taxes paid	-	-	(20,4)
Net cash from operating activities	211,9	83,7	1 237,6
Cash flows from investing activities			
Net investment in fixed assets	(609,3)	(360,0)	(1 581,5)
Proceeds from sale of equipment	2,4	-	16,3
Net cash used to investing activities	(606,9)	(360,0)	(1 565,2)
Cash flows from financing activities			
Borrowing of interest bearing debt	403,1	2 999,1	3 318,9
Repayments of interest bearing debt	(135,3)	(2 780,4)	(3 048,6)
Share issue	-	-	300,7
Treasury shares	-	1,7	1,7
Net cash from financing activities	267,8	220,4	572,7
Foreign currency	(24,5)	(17,5)	(49,7)
Net change in cash and cash equivalents	(127,2)	(55,9)	245,1
Cash and cash equivalents at the beg. of period	912,5	717,1	717,1
Cash and cash equiv. at the end of period	760,8	643,7	912,5



Fred.Olsen Energy ASA

1. Introduction

The condensed consolidated interim financial statements for 1st Quarter 2007, ended 31 March 2007, comprise Fred. Olsen Energy ASA and its subsidiaries (together referred to as the "Group").

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Standard (IFRS) IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2006.

These condensed consolidated interim financial statements were approved by the Board of Directors on 26 April 2007.

2. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2006.

3. Convertible bond

One of the bondholders has in the 1st Quarter 2007 converted NOK 10 million giving an increase in the number of shares by 147.058. The number of shares issued are 65 989 306 as at 31 March 2007.

4. Options

During 1st Quarter 2007, 1 334 options were exercised by a member of management to an exercise price of NOK 7.90 sold in the market to a share price of NOK 284.50. The company held 4 000 shares as at 31 March 2007.

5. Dividend

The Board has decided to propose to the Annual General Meeting in May 2007 a dividend payment of NOK 10,- per share for the year 2006. Based on outstanding shares as at 31 March 2007 the payment will amount to NOK 660 million.