



Fred. Olsen Energy ASA

Report for the 4th quarter 2007 and preliminary results for 2007

Figures in NOK

FRED. OLSEN ENERGY ASA (FOE) REPORTS AN OPERATING PROFIT BEFORE DEPRECIATION (EBITDA) OF 498.0 MILLION FOR THE 4TH QUARTER 2007 AND EBITDA OF 1,954.8 MILLION FOR THE YEAR

HIGHLIGHTS FOR THE 4TH QUARTER

- Revenues were 1,110.5 million.
- EBITDA was 498.0 million
- Operating profit (EBIT) was 349.4 million
- Profit before tax was 317.0 million
- Earnings per share were 4.6
- Belford Dolphin secured new three years contract from 2010
- Byford Dolphin secured new six months contract
- Borgholm Dolphin secured new 65 days contract
- Bidford Dolphin commenced three years contract with StatoilHydro
- Proposed ordinary dividend payment of NOK 10 per share
- Proposed extraordinary dividend payment of NOK 15 per share

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Figures in NOK

FINANCIAL INFORMATION (3rd quarter 2007 in brackets)

Operating revenues in the quarter were 1,110.5 million (1,160.0 million), a decrease of 49.5 million compared with the previous quarter. Revenues within the offshore drilling division decreased by 67.8 million, while revenues within the engineering and fabrication division, after intra-group eliminations, increased by 18.3 million. The reduction in revenues within the offshore drilling division is mainly due to reduced income from Belford Dolphin during scheduled yard stay, lower utilization for Borgholm Dolphin as the contract expired early December for scheduled class renewal survey and 11 days of off hire for Borgsten Dolphin due to sub sea equipment problems. Revenues within the engineering and fabrication division were 80.9 million, of which 37.6 million were related to inter-company activities and eliminated in the consolidated accounts.

Operating revenues for the year were 4,276.9 million.

Operating costs were 612.5 million (575.2 million), an increase of 37.3 million compared with previous quarter. Operating costs within the offshore drilling division increased by 16.1 million. Operating costs within the engineering and fabrication division, including eliminations, increased by 21.2 million. The increase in operating costs within the offshore drilling division is mainly due to somewhat higher repair and maintenance costs for the fleet, higher personnel costs primarily related to Belford Dolphin while operating in US waters and costs related to Borgny Dolphin demobilising from Mexico.

Operating costs for the year were 2,322.1 million.

Operating profit before depreciation (EBITDA) was 498.0 million (584.8 million).

EBITDA for the year were 1,954.8 million.

Depreciation amounted to 148.6 million (124.1 million).

Depreciation for the year was 500.4 million.

Operating profit after depreciation (EBIT) was 349.4 million (460.7 million).

Operating profit (EBIT) for the year was 1,454.4 million.

Net financial expenses were 32.4 million (profit of 24.9 million). The variance in financial expenses is mainly due to a positive currency effect of 40.8 million in the previous quarter. Capitalized interest expenses related to Blackford Dolphin in the 4th quarter amounted to 36.0 million (33.7 million).

Net financial expenses for the year were 36.4 million.

Profit before tax was 317.0 million (485.6 million).

Profit before tax for the year was 1418.0 million.

Net profit, including an estimated tax charge of 12.6 million (3.6 million), was 304.4 million (482.0 million).

Figures in NOK

Net profit after tax for the year was 1,391.9 million.

Basic earnings per share were 4.6 (7.3).

Basic earnings per share for the year were 21.0. Earnings per share for the year on a fully diluted basis were 20.9.

In 2007 the Company stated that NOK 10,- per share should be considered to be a normalized annual dividend payment going forward. However, considering the current high order backlog and strong cash flow going forward, the Board has decided to propose to the Annual General Meeting in May 2008 to pay an extraordinary dividend of NOK 15 per share in addition to the NOK 10,-. Going forward, subject to approval by the shareholders and the Company's investment plans and financial strategy, the Company intends to distribute the free cashflow as dividend.

The **offshore drilling division** reported revenues of 1,067.2 million (1,135.0 million) and an EBITDA of 498.6 million (582.5 million).

The **engineering and fabrication division** reported revenues of 80.9 million (83.2 million) and an EBITDA of -0.6 million (2.3 million).

OPERATIONS

Drilling Division

Bideford Dolphin commenced a new three years drilling program offshore Norway for StatoilHydro ASA in January 2008 in direct continuation with the previous contract. The new contract will expire January 2011.

Borgland Dolphin continued operations under a three years contract with StatoilHydro ASA and the other licensees in the Tampen area on the Norwegian continental shelf. The contract will expire 1st January 2010.

Bredford Dolphin has during the quarter operated under a three years contract with Drilling Production Technology AS and a consortium of licensees on the Norwegian continental shelf. The contract will expire in June 2010.

The ultra deepwater drillship Belford Dolphin has during the quarter completed the scheduled classification of thrusters and replaced the BOP. The unit is now located in the US Gulf and will continue under the three years contract with Anadarko, which will expire in April 2010. In November 2007 a new three years drilling contract for the unit was entered into with Anadarko back to back with the existing contract. The contract will expire April 2013.

Borgny Dolphin completed its contract with Pemex in Mexico in December 2007. The unit is currently mobilizing to Brazil and is estimated to commence a five years drilling contract with Petrobras in March 2008. The contact will expire in March 2013.

Bulford Dolphin (previously owned by First Olsen Ltd. and operating in a pool with four of the Company's own units) was sold in September 2007. The unit was handed over to the new owner mid November 2007, and left the pool.

Figures in NOK

Byford Dolphin continued operations under its contract with CNR International (U.K.) Limited. The remaining part of the contract has been sublet to AGR Peak Well Management Ltd. and is expected to expire in March 2008. In November a six months drilling contract was entered into with Senergy on behalf of several companies, commencing in direct continuation with the present drilling contract.

Borgsten Dolphin has been operating for Nexen under a 21 months term contract, which will expire in July 2008.

Borgholm Dolphin commenced a 5.5 months contract with BG International Ltd. in the UK sector of the North Sea in February 2008, after finishing the scheduled five-year compulsory class renewal survey. In November a 65 days accommodation contract was entered into with Shell for work on the UK sector in the North Sea. The contract will expire in September 2008.

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. The rig is expected to depart Keppel Verolme early 2Q08. Dolphin Drilling Ltd., a subsidiary to Fred. Olsen Energy ASA, has entered into a drilling contract of 100 days with Tullow for work offshore Ghana. The drilling contract with Reliance has been reduced with the same number of days. The contract value for the three years period has increased with approximately USD 4.2 million.

Engineering and Fabrication

The H&W yard continued its operations within engineering, ship repair and shipbuilding. The yard continued to provide engineering to the upgrade of Blackford Dolphin as well as continuous work on several projects for external customers and during the quarter the yard have also had several ship dockings. The yard continued to develop the new business area within demolition. The yard has during the quarter also been used as a logistics and assembly base for offshore windfarms a business area with large potential going forward.

Outlook

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

Upon the completion of the upgrade of Blackford Dolphin, 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. Three of the semi submersible drilling rigs are operating in Norway.

Oslo, 5th February 2008
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	4th Q 2007	3rd Q 2007	4th Q 2006	Year 2007	Year 2006
Operating revenues		1 052,3	1 103,0	916,8	4 035,8	3 866,7
Recharged income		58,2	57,0	48,4	241,1	181,5
Total revenues		1 110,5	1 160,0	965,2	4 276,9	4 048,2
Recharged expenses		(56,3)	(55,4)	(54,2)	(239,9)	(180,6)
Operating costs		(556,2)	(519,8)	(568,2)	(2 082,2)	(2 158,6)
Oper. profit before depr. (EBITDA)		498,0	584,8	342,8	1 954,8	1 709,0
Depreciation and amortisation		(148,6)	(124,1)	(120,5)	(500,4)	(479,7)
Impairment		-	-	(19,9)	-	(19,9)
Operating profit (EBIT)		349,4	460,7	202,4	1 454,4	1 209,4
Net financing cost		(32,4)	24,9	(16,5)	(36,4)	(212,3)
Profit before income taxes		317,0	485,6	185,9	1 418,0	997,1
Income tax benefit (expense)		(12,6)	(3,6)	(9,7)	(26,1)	(23,3)
Profit for the period		304,4	482,0	176,2	1 391,9	973,8
<i>EPS :</i>						
Earnings per share		4,6	7,3	2,7	21,0	15,5
Diluted earnings per share		4,6	7,2	2,7	20,9	15,1

Unaudited				
Balance Sheet				
(NOK mill)		31 Dec 07	30 Sep 07	31 Dec 06
Intangible assets		98,6	98,6	98,6
Property, plant & equipment	3	7 147,7	6 940,0	6 181,7
Other non-current assets		20,0	21,8	21,4
Total non-current assets		7 266,3	7 060,4	6 301,7
Inventories		222,2	211,4	220,4
Trade and other receivables		800,0	977,3	618,6
Other current assets		195,0	197,0	181,4
Cash and cash equivalents		713,6	638,7	912,5
Total current assets		1 930,8	2 024,4	1 932,9
Total assets		9 197,1	9 084,8	8 234,6
Share capital	4	1 333,9	1 333,9	1 316,8
Other equity	6	2 754,3	2 479,4	2 620,5
Total Equity		4 088,2	3 813,3	3 937,3
Non-current interest-bearing loans and borrowings	7	2 868,9	2 935,6	3 091,4
Other non-current liabilities		199,7	230,0	249,8
Total non-current liabilities		3 068,6	3 165,6	3 341,2
Other current liabilities		752,2	857,8	671,4
Current interest-bearing loans and borrowings		1 288,1	1 248,1	284,7
Total current liabilities		2 040,3	2 105,9	956,1
Total equity and liabilities		9 197,1	9 084,8	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
4th Q 2007				
Operating revenues	1 009,0	80,9	(37,6)	1 052,3
Recharged income	58,2	-	-	58,2
Total revenues	1 067,2	80,9	(37,6)	1 110,5
Recharged expenses	(56,3)	-	-	(56,3)
Operating costs	(512,3)	(75,1)	31,2	(556,2)
Oper. profit before depr. (EBITDA)	498,6	5,8	(6,4)	498,0
Depreciation and amortisation	(147,6)	(1,0)	-	(148,6)
Operating profit (EBIT)	351,0	4,8	(6,4)	349,4
3rd Q 2007				
Operating revenues	1 078,0	83,2	(58,2)	1 103,0
Recharged income	57,0	-	-	57,0
Total revenues	1 135,0	83,2	(58,2)	1 160,0
Recharged expenses	(55,4)	-	-	(55,4)
Operating costs	(497,1)	(79,9)	57,2	(519,8)
Oper. profit before depr. (EBITDA)	582,5	3,3	(1,0)	584,8
Depreciation and amortisation	(122,8)	(1,3)	-	(124,1)
Operating profit (EBIT)	459,7	2,0	(1,0)	460,7
4th Q 2006				
Operating revenues	881,7	72,9	(37,8)	916,8
Recharged income	48,4	-	-	48,4
Total revenues	930,1	72,9	(37,8)	965,2
Recharged expenses	(54,2)	-	-	(54,2)
Operating costs	(568,6)	12,6	(12,2)	(568,2)
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
Year 2007				
Operating revenues	3 908,6	277,5	(150,3)	4 035,8
Recharged income	241,1	-	-	241,1
Total revenues	4 149,7	277,5	(150,3)	4 276,9
Recharged expenses	(239,9)	-	-	(239,9)
Operating costs	(1 961,4)	(259,9)	139,1	(2 082,2)
Oper. profit before depr. (EBITDA)	1 948,4	17,6	(11,2)	1 954,8
Depreciation and amortisation	(495,5)	(4,9)	-	(500,4)
Operating profit (EBIT)	1 452,9	12,7	(11,2)	1 454,4
Year 2006				
Operating revenues	3 753,2	498,9	(385,4)	3 866,7
Recharged income	181,5	-	-	181,5
Total revenues	3 934,7	498,9	(385,4)	4 048,2
Recharged expenses	(180,6)	-	-	(180,6)
Operating costs	(2 091,5)	(390,1)	323,0	(2 158,6)
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



Fred.Olsen Energy ASA

Unaudited Equity (NOK mill)	Note	Year 2007	Year 2006
Opening balance		3 937,3	2 950,6
Net profit (loss) for the period		1 391,9	973,8
Treasury shares		-	1,7
Equity element convertible bond/converted bonds/Share issue	4	55,0	305,1
Dividend	6	(659,9)	-
Foreign currency translation adj.		(636,1)	(293,9)
Closing balance		4 088,2	3 937,3

Unaudited Cash Flow Statements (NOK mill)		Year 2007	Year 2006
Cash flows from operating activities			
Profit/(loss) before income tax		1 418,0	997,1
<i>Adjustment for:</i>			
Depreciation and amortisation		500,4	499,6
Interest expense		112,6	167,8
Gain on sales of fixed assets		(9,9)	(7,1)
Changes in working capital		(80,3)	(149,8)
Unrealised currency loss/(gain)		(79,5)	-
Cash generated from operations		1 861,3	1 507,6
Interest paid		(231,3)	(249,6)
Taxes paid		(25,1)	(20,4)
Net cash from operating activities		1 604,9	1 237,6
Cash flows from investing activities			
Net investment in fixed assets		(2 400,5)	(1 581,5)
Proceeds from sale of equipment		18,1	16,3
Net cash used to investing activities		(2 382,4)	(1 565,2)
Cash flows from financing activities			
Borrowing of interest bearing debt	7	1 638,8	3 318,9
Repayments of interest bearing debt	7	(271,6)	(3 048,6)
Share issue		-	300,7
Dividend paid	6	(659,9)	-
Treasury shares		-	1,7
Net cash from financing activities		707,3	572,7
Foreign currency		(128,7)	(49,7)
Net change in cash and cash equivalents		(70,2)	245,1
Cash and cash equivalents at the beg. of period		912,5	717,1
Cash and cash equiv. at the end of period		713,6	912,5



Fred.Olsen Energy ASA

1. Introduction

The condensed consolidated interim financial statements for 4th Quarter 2007, ended 31 December 2007, comprise Fred. Olsen Energy ASA and its subsidiaries (together referred to as the "Group").

The consolidated financial statements of the Group for the year ended 31 December 2006 are available upon request from the Company's office in Oslo or at www.fredolsen-energy.no.

These condensed consolidated interim financial statements have been prepared in accordance with Stock Exchange rules and regulations and 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 5 February 2008.

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. New estimate of the useful live of Bredford

The rig has completed its upgrade and class renewal survey in June. Based on the rig now is substantially upgraded, the management has reviewed the useful live of the rig. The new estimate of the remaining lifetime for the unit is 15 years, extended by 5 years. Class renewal survey is depreciated over 5 years.

4. Convertible bond

One of the bondholders in FOE 03 06/09 has converted NOK 50 thousand into 735 new shares in 4th Quarter 2007. In 2007 bondholders converted NOK 57.9 million into 851 614 new shares. The number of shares issued are 66 693 862 as at 31 December 2007.

5. 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 December 2007.

6. Dividend

The Annual General Meeting in May 2007 approved the Board's proposal of a dividend payment of NOK 10,- per share for the year 2006. The payment was made on 8th June and amounted to NOK 659.9 million.

7. Interest-bearing loans and borrowings

The Group has per 31 December 2007 obtained new loans of USD 275 million whereof USD 175 million is due in June 2008 and the remaining USD 100 million is part of the 7 year facility of USD 600 million obtained in 2006. The loans are based on floating interest rates (USD LIBOR) plus a margin. In the same period the Group has repaid USD 42.5 million of the facility and USD 3.6 million of other loans.