



Fred. Olsen Energy ASA

Report for the 1st quarter 2008

Figures in NOK

FRED. OLSEN ENERGY ASA (FOE) REPORTS AN OPERATING PROFIT BEFORE DEPRECIATION (EBITDA) OF 612.7 MILLION FOR THE 1ST QUARTER 2008

HIGHLIGHTS FOR THE 1ST QUARTER

- **Revenues were 1,171.9 million.**
- **EBITDA was 612.7 million**
- **Operating profit (EBIT) was 485.1 million**
- **Profit before tax was 527.8 million**
- **Earnings per share were 7.9**
- **Borgsten Dolphin secured new nine months contract**

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Figures in NOK

FINANCIAL INFORMATION (*4th quarter 2007 in brackets*)

Operating revenues in the quarter were 1,171.9 million (1,110.5 million), an increase of 61.4 million compared with the previous quarter. Revenues within the offshore drilling division increased by 65.4 million while revenues from external customers within the engineering and fabrication division decreased by 4.0 million. The increase in revenues within the offshore drilling division is mainly due to higher dayrate for Bideford Dolphin due to commencement of new contract, mobilisation fee for Borgny Dolphin and higher income from Belford Dolphin due to yard stay last quarter. The increase was partly offset by reduced income for Byford Dolphin due to 23 days yard stay. Revenues within the engineering and fabrication division were 62.5 million, of which 23.2 million were related to inter-company activities and eliminated in the consolidated accounts.

Operating costs were 559.2 million (612.5 million), a decrease of 53.3 million compared with previous quarter. Operating costs within the offshore drilling division decreased by 45.4 million while operating costs within the engineering and fabrication division, after intra-group eliminations, decreased by 7.9 million. The decrease in operating costs within the offshore drilling division is mainly due to lower operating cost for Bredford and Belford Dolphin as well as temporarily lower repair and maintenance cost due to timing.

Operating profit before depreciation (EBITDA) was 612.7 million (498.0 million).

Depreciation amounted to 127.6 million (148.6 million).

Operating profit after depreciation (EBIT) was 485.1 million (349.4 million).

Net financial income were 42.7 million (expense 32.4 million). The decrease in financial expenses is mainly due to foreign exchange gain on the short term bank loans in the parent company (FOE), which has NOK as functional currency. Capitalized interest expenses related to Blackford Dolphin in the 1st quarter amounted to 37 million (36 million).

Profit before tax was 527.8 million (317.0 million).

Net profit, including an estimated tax charge of 1.2 million (12.6 million), was 526.6 million (304.4 million).

Basic earnings per share were 7.9 (4.6).

The Board will propose to the Annual General Meeting on the 27th May 2008 an ordinary dividend payment of NOK 10, - per share and an extraordinary dividend of NOK 15, - per share. Subject to the dividend proposal being approved, the shares will be quoted ex. dividend from 28th May. Estimated date of payment of dividend is 6th June 2008.

Figures in NOK

The **offshore drilling division** reported revenues of 1,132.6 million (1,067.2 million) and EBITDA of 609.4 million (498.6 million).

The **engineering and fabrication division** reported revenues of 62.5 million (80.9 million) and EBITDA of 3.3 million (5.8 million).

OPERATIONS

Drilling Division

Norway

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 current contract will expire in 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 on 1st January 2010.

Bredford Dolphin continued operations under a three years contract with AGR and a consortium of licensees on the Norwegian continental shelf. The contract will expire in June 2010.

International

The ultra deepwater drillship Belford Dolphin continued operations under a 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 in April 2013.

Borgny Dolphin completed its contract with Pemex in Mexico in December 2007. The unit has mobilized to Brazil for the five years contract with Petrobras and is currently being upgraded to comply with the contract requirements. The unit was estimated to commence the contract with Petrobras late March this year, but due to a custom strike in Brazil, the new estimated contract commencement is in May. The contract will expire in May 2013.

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 late April 2008. In November a six months drilling contract was entered into with Senergy on behalf of several companies, commencing in direct continuation with present drilling contract.

Borgsten Dolphin has been operating for Nexen under a 21 months term contract, which will expire in August 2008. In February a nine months drilling contract was entered into for operation in the UK sector of the North Sea, commencing in direct continuation with present drilling contract.

Figures in NOK

Borgholm Dolphin commenced a 5.5 months contract with BG International Ltd. in the UK sector of the North Sea in February 2008, after completing the scheduled five-year compulsory class renewal survey. In November 2007 a 65 days accommodation contract was entered into with Shell for work in the UK sector of 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 scheduled for inclination test in May and will thereafter start mobilizing for Ghana. After mobilizing, the unit will commence a drilling contract of 100 days with Tullow for work offshore Ghana. The three year drilling contract with Reliance in India has been reduced with the same number of days.

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. The yard continued to develop the new business area within demolition and will soon finalize its first demolition project, Napoli. In the coming quarters part of the yard will be 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.

More than 70 newbuild floating drilling units will be completed over the next years, of which three have been delivered. The delivery of these newbuilds will maintain a tight market regarding personnel and expects to increase operating cost.

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, 23rd April 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	1st Q 2008	4th Q 2007	1st Q 2007	Year 2007
Operating revenues		1 088,0	1 052,3	918,9	4 035,8
Recharged income		83,9	58,2	48,2	241,1
Total revenues		1 171,9	1 110,5	967,1	4 276,9
Recharged expenses		(81,0)	(56,3)	(48,0)	(239,9)
Operating costs		(478,2)	(556,2)	(556,5)	(2 082,2)
Oper. profit before depr. (EBITDA)		612,7	498,0	362,6	1 954,8
Depreciation and amortisation		(127,6)	(148,6)	(115,7)	(500,4)
Operating profit (EBIT)		485,1	349,4	246,9	1 454,4
Net financing cost		42,7	(32,4)	(17,4)	(36,4)
Profit before income taxes		527,8	317,0	229,5	1 418,0
Income tax benefit (expense)		(1,2)	(12,6)	(5,9)	(26,1)
Profit for the period		526,6	304,4	223,6	1 391,9
<i>EPS :</i>					
Earnings per share		7,9	4,6	3,4	21,0
Diluted earnings per share		7,9	4,6	3,4	20,9

Unaudited Balance Sheet (NOK mill)		31 Mar 08	31 Mar 07	31 Dec 07
Intangible assets		98,6	98,6	98,6
Property, plant & equipment	5	6 989,7	6 399,4	7 147,9
Other non-current assets		18,5	21,9	19,9
Total non-current assets		7 106,8	6 519,9	7 266,4
Inventories		209,0	214,7	222,1
Trade and other receivables		914,7	817,5	800,0
Other current assets		164,8	194,9	195,1
Cash and cash equivalents		541,3	760,8	713,6
Total current assets		1 829,8	1 987,9	1 930,8
Total assets		8 936,6	8 507,8	9 197,2
Share capital		1 333,9	1 319,8	1 333,9
Other equity		2 958,6	2 752,4	2 754,3
Total Equity	3	4 292,5	4 072,2	4 088,2
Non-current interest-bearing loans and borrowings	4	2 562,1	3 223,1	2 868,9
Other non-current liabilities		189,2	244,5	199,7
Total non-current liabilities		2 751,3	3 467,6	3 068,6
Other current liabilities		684,1	637,1	752,3
Current interest-bearing loans and borrowings		1 208,7	330,9	1 288,1
Total current liabilities		1 892,8	968,0	2 040,4
Total equity and liabilities		8 936,6	8 507,8	9 197,2



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 2008				
Operating revenues	1 048,7	62,5	(23,2)	1 088,0
Recharged income	83,9	-	-	83,9
Total revenues	1 132,6	62,5	(23,2)	1 171,9
Recharged expenses	(81,0)	-	-	(81,0)
Operating costs	(442,2)	(59,2)	23,2	(478,2)
Oper. profit before depr. (EBITDA)	609,4	3,3	-	612,7
Depreciation and amortisation	(126,2)	(1,4)	-	(127,6)
Operating profit (EBIT)	483,2	1,9	-	485,1
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
1st Q 2007				
Operating revenues	881,5	47,4	(10,0)	918,9
Recharged income	48,2	-	-	48,2
Total revenues	929,7	47,4	(10,0)	967,1
Recharged expenses	(48,0)	-	-	(48,0)
Operating costs	(519,7)	(44,6)	7,8	(556,5)
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
Year 2007				
Operating revenues	3 908,7	277,4	(150,3)	4 035,8
Recharged income	241,1	-	-	241,1
Total revenues	4 149,8	277,4	(150,3)	4 276,9
Recharged expenses	(239,9)	-	-	(239,9)
Operating costs	(1 961,5)	(259,8)	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

* Includes Fred. Olsen Energy ASA



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Unaudited Equity (NOK mill)	Note	Jan-Mar 2008	Jan-Mar 2007	Year 2007
Opening balance		4 088,2	3 937,3	3 937,3
Net profit (loss) for the period		526,6	223,6	1 391,9
Equity element convertible bond/converted bonds/Share issue		-	9,4	55,0
Dividend	3	-	-	(659,9)
Foreign currency translation adj.		(322,3)	(98,1)	(636,1)
Closing balance		4 292,5	4 072,2	4 088,2

Unaudited Cash Flow Statements (NOK mill)		Jan-Mar 2008	Jan-Mar 2007	Year 2007
Cash flows from operating activities				
Profit/(loss) before income tax		527,8	229,5	1 418,0
<i>Adjustment for:</i>				
Depreciation and amortisation		127,6	115,7	500,4
Interest expense		18,4	28,9	112,7
Gain on sales of fixed assets		-	(0,3)	(9,9)
Changes in working capital		(63,7)	(66,0)	(80,5)
Unrealised currency loss/(gain)		(55,9)	-	(80,2)
Cash generated from operations		554,2	307,8	1 860,5
Interest paid		(74,9)	(95,9)	(231,3)
Taxes paid		(14,1)	-	(25,1)
Net cash from operating activities		465,2	211,9	1 604,1
Cash flows from investing activities				
Net investment in fixed assets		(415,3)	(609,3)	(2 400,5)
Proceeds from sale of equipment		-	2,4	18,1
Net cash used to investing activities		(415,3)	(606,9)	(2 382,4)
Cash flows from financing activities				
Borrowing of interest bearing debt		-	403,1	1 639,7
Repayments of interest bearing debt	4	(162,4)	(135,3)	(271,7)
Dividend paid	3	-	-	(659,9)
Net cash from financing activities		(162,4)	267,8	708,1
Foreign currency		(59,8)	(24,5)	(128,7)
Net change in cash and cash equivalents		(112,5)	(127,2)	(70,2)
Cash and cash equivalents at the beg. of period		713,6	912,5	912,5
Cash and cash equiv. at the end of period		541,3	760,8	713,6



Fred.Olsen Energy ASA

1. Introduction

The condensed consolidated interim financial statements for 1st Quarter 2008, ended 31 March 2008, 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 2007 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 2007.

These condensed consolidated interim financial statements were approved by the Board of Directors on 23 April 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 2007.

3. Dividend

The Board has decided to propose to the Annual General Meeting in May 2008 an ordinary dividend payment of NOK 10 per share and an extraordinary dividend payment of NOK 15 per share for the year 2007. This will amount to NOK 1 667 million based on outstanding shares as at 31 December 2007.

4. Interest-bearing loans and borrowings

The Group has repaid USD 31.4 million of the credit facility.

5. Property, plant and equipment

	Rigs and drillship	Machinery and equipment	Plant, building and land	Total
Cost				
Balance at 1 January 2008	8 771,7	500,8	103,4	9 375,9
Acquisitions	380,4	4,3	0,1	384,8
Disposals	(2,3)	-	-	(2,3)
Movements in foreign currency	(517,7)	(27,5)	(4,2)	(549,4)
Balance at 31 March 2008	8 632,1	477,6	99,3	9 209,0
Depreciation				
Balance at 1 January 2008	1 756,1	406,9	65,0	2 228,0
Depreciation	124,6	2,6	0,4	127,6
Disposals	(2,3)	-	-	(2,3)
Movements in foreign currency	(108,7)	(22,3)	(3,0)	(134,0)
Balance at 31 March 2008	1 769,7	387,2	62,4	2 219,3
Carrying amounts				
At 1 January 2008	7 015,6	93,9	38,4	7 147,9
At 31 March 2008	6 862,4	90,4	36,9	6 989,7