



Fred. Olsen Energy ASA

Report for the 1st quarter 2009

Figures in NOK

FRED. OLSEN ENERGY ASA (FOE) REPORTS AN OPERATING PROFIT BEFORE DEPRECIATION (EBITDA) OF 1,451 MILLION FOR THE 1ST QUARTER 2009

HIGHLIGHTS FOR THE 1ST QUARTER

- Revenues were 2,109 million.
- EBITDA was 1,451 million
- Operating profit (EBIT) was 1,199 million
- Profit before tax was 1,147 million
- Earnings per share were 16.8

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Figures in NOK

FINANCIAL INFORMATION (*4th quarter 2008 in brackets*)

Operating revenues in the quarter were 2,108.6 million (2,086.0 million), an increase of 22.6 million compared with the previous quarter. The revenue for offshore drilling division was 2 059.9 million, an increase of 31.2 million. Revenue for the engineering and fabrication division was 48.7, a decrease of 8.6 million. The increase in revenues within the offshore drilling division is mainly due to higher utilization of Blackford Dolphin and Borgny Dolphin, partly offset by 11 days offhire for Borgsten Dolphin.

Operating costs were 657.8 million (724.3 million), a decrease of 66.5 million compared with previous quarter. Operating costs within the offshore drilling division decreased by 83.6 million. Operating costs within the engineering and fabrication division increased by 19.7 million due to contract mix. The decrease in operating costs within the offshore drilling division is partly due to a provision of USD 5 million in the previous quarter, related to operation in Nigeria in 2007, and lower repair and maintenance cost in the first quarter.

Operating profit before depreciation (EBITDA) was 1,450.8 million (1,361.7 million).

Depreciation and amortisation amounted to 251.7 million (304.0 million, including 35 million related to an impairment of offshore equipment).

Operating profit after depreciation (EBIT) was 1,199.1 million (1,057.7 million).

Net financial expenses were 52.1 million (438.0 million). The decrease in financial expenses is mainly due to mark-to-market valuation of foreign exchange contracts and interest rate contracts, which gave unrealised losses on foreign exchange contracts and interest rate contracts in previous quarter of 253 million.

Profit before tax was 1,147.0 million (619.7 million).

Net profit, including an estimated tax charge of 32.6 million (8.3 million), was 1,114.4 million (611.4 million).

Earnings per share were 16.8 (9.1).

The Board will propose to the Annual General Meeting on 26th May 2009 an ordinary dividend payment of NOK 10, - per share and an extraordinary dividend of NOK 15, - per share. Subject to approval, the shares will be quoted ex. dividend from 27th May. Estimated date of payment of dividend is 10th June 2009.

The **offshore drilling division** reported revenues of 2,059.9 million (2,028.7 million) and an EBITDA of 1,444.3 million (1,329.5 million).

The **engineering and fabrication division** reported revenues of 48.7 million (55.8 million) and an EBITDA of 6.5 million (33.3 million).

Figures in NOK

OPERATIONS

Drilling Division

The Group's offshore fleet consists of two deepwater units and six mid water semi submersible drilling rigs in addition to one accommodation unit. Three of the semi submersible drilling rigs are operating in Norway. Seven out of nine units have long-term contracts.

Norway

Bideford Dolphin continued operations under the three years drilling program offshore Norway for StatoilHydro ASA. The contract will expire in January 2011.

Borgland Dolphin continued operations under a three years drilling 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. In August 2008, a four years drilling contract for the unit was entered into with a consortium consisting of 8 oil companies and managed by RMN (Rig Management Norway).

Bredford Dolphin continued operations under a three years drilling 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 drilling contract with Anadarko, which will expire in April 2010. In November 2007, a three years drilling contract for the unit was entered into with Anadarko in direct continuation with the existing contract. This contract will expire in April 2013.

Blackford Dolphin commenced operation under a drilling contract with Tullow Oil on 10th October 2008. After completing the drilling program with Tullow Oil in Ghana, which is estimated to mid May, the rig will commence drilling of one well for Vitol Upstream Ghana Ltd. in Ghana, estimated to be completed late June 2009. Thereafter the unit is scheduled to proceed to India to work for Reliance Industries Ltd. The total length of the contract for the combined operations in Ghana and India is three years.

Borgny Dolphin commenced a five years drilling contract with Petrobras in September 2008. The contract is estimated to expire in September 2013. The unit commenced its five year class renewal survey in the beginning of April 2009.

Byford Dolphin commenced a nine months contract with Senergy in October 2008 which is estimated to end in July 2009. A new three year agreement with BP Exploration Operating Co. Ltd for operation in UK sector of the North Sea, was entered into in October 2008 with commencement in first quarter 2010. The unit is estimated to go through its five year class renewal survey in fourth quarter 2009, prior to commencement of contract with BP.

Borgsten Dolphin commenced a nine months drilling contract with Maersk in September for operation in the UK sector of the North Sea. Borgsten Dolphin is available for new contract in July 2009.

Figures in NOK

Borgholm Dolphin completed a 12 weeks contract with BG Group late January 2009 and thereafter commenced an 8.5 months accommodation contract also with BG Group in the UK sector of the North Sea. The contract will expire in October 2009.

Engineering and Fabrication

The Harland & Wolff shipyard continued operations within engineering, ship repair and shipbuilding. In addition the yard has been engaged in logistics and assembly related to offshore windfarms, a business area with large potential going forward. The company will develop this business segment further and seek to secure contracts for additional windfarm projects.

Outlook

Lower oil prices and tough credit markets have impacted oil and gas operators on a world wide basis. The general reaction has been to cut costs and reduce spending plans. For the rig market the result has been that operators seem to proceed with existing rig commitments, but some are seeking farm outs and sub-lets. Operators also seem to defer decisions on additional rig commitments.

In a longer perspective, the balance between supply and demand for offshore floating drilling units is expected to be healthy.

Oslo, 29th April 2009
The Board of Directors
Fred. Olsen Energy ASA



Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

GROUP INCOME STATEMENT

Unaudited

(NOK mill)	Note	1st Q 2009	4th Q 2008	1st Q 2008	Year 2008
Operating revenues		2 030,0	2 013,7	1 088,0	5 503,4
Recharged income		78,6	72,3	83,9	283,4
Total revenues		2 108,6	2 086,0	1 171,9	5 786,8
Operating costs		(581,4)	(657,2)	(478,2)	(2 174,9)
Recharged expenses		(76,4)	(67,1)	(81,0)	(275,2)
Oper. profit before depr. (EBITDA)		1 450,8	1 361,7	612,7	3 336,7
Depreciation and amortisation	6	(251,7)	(269,0)	(127,6)	(692,7)
Impairment		-	(35,0)	-	(35,0)
Operating profit (EBIT)		1 199,1	1 057,7	485,1	2 609,0
Net financing cost	8	(52,1)	(438,0)	42,7	(491,5)
Profit before income taxes		1 147,0	619,7	527,8	2 117,5
Income tax benefit (expense)		(32,6)	(8,3)	(1,2)	(20,9)
Profit for the period		1 114,4	611,4	526,6	2 096,6
Attributable to:					
Shareholders		1 113,9	607,4	526,6	2 092,6
Minority interests		0,5	4,0	-	4,0
Profit for the period		1 114,4	611,4	526,6	2 096,6
<i>EPS :</i>					
Basic earnings per share		16,8	9,1	7,9	31,4
Diluted earnings per share		16,8	9,1	7,9	31,4

Outstanding shares

Average number of ordinary shares, basic	66,3	66,5	66,7	66,7
Average number of ordinary shares, diluted	66,3	66,5	66,7	66,7

Unaudited

GROUP STATEMENT OF COMPREHENSIVE INCOME

	1st Q 2009	4th Q 2008	1st Q 2008	Year 2008
Profit for the period	1 114,4	611,4	526,6	2 096,6
Exchange differences on translation of foreign operations	(263,7)	875,7	(322,2)	1 095,3
Total comprehensive income for the period	850,7	1 487,1	204,4	3 191,9
Attributable to:				
Shareholders	850,4	1 483,1	204,4	3 187,9
Minority interests	0,3	4,0	-	4,0
Total comprehensive income for the period	850,7	1 487,1	204,4	3 191,9



Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

STATEMENT OF FINANCIAL POSITION

Unaudited

(NOK mill)

		31 Mar 09	31 Mar 08	31 Dec 08
Intangible assets		98,6	98,6	98,6
Property, plant & equipment	6	9 837,4	6 989,7	10 415,4
Other non-current assets		40,5	18,5	42,0
Total non-current assets		9 976,5	7 106,8	10 556,0
Inventories		356,5	209,0	373,5
Trade and other receivables		1 515,2	914,7	1 577,9
Other current assets		457,0	164,8	504,3
Cash and cash equivalents		3 621,9	541,3	3 673,8
Total current assets		5 950,6	1 829,8	6 129,5
Total assets		15 927,1	8 936,6	16 685,5
Share capital		1 333,9	1 333,9	1 333,9
Other equity		5 045,2	2 958,6	4 194,8
Minority interests		4,3	-	4,0
Total Equity		6 383,4	4 292,5	5 532,7
Non-current interest-bearing loans and borrowings	5	7 025,6	2 562,1	8 123,4
Other non-current liabilities		353,0	189,2	397,4
Total non-current liabilities		7 378,6	2 751,3	8 520,8
Other current liabilities		695,4	684,1	792,4
Current interest-bearing loans and borrowings	5	1 469,7	1 208,7	1 839,6
Total current liabilities		2 165,1	1 892,8	2 632,0
Total equity and liabilities		15 927,1	8 936,6	16 685,5

GROUP STATEMENT OF CHANGES IN EQUITY

Unaudited

(NOK mill)

	Share capital	Share premium	Capital reserves	Translation reserves	Reserve for own shares	Retained earnings	Total	Minority interests	Total equity
Jan - March 2008									
Balance at 1 January 2008	1 333,9	548,1	3,1	(769,1)	(0,1)	2 972,2	4 088,1	-	4 088,1
Total comprehensive income	-	-	(2,5)	(322,2)	-	529,1	204,4	-	204,4
Balance at 31 March 2008	1 333,9	548,1	0,6	(1 091,3)	(0,1)	3 501,3	4 292,5	-	4 292,5
Balance at 1 January 2008	1 333,9	548,1	3,1	(769,1)	(0,1)	2 972,2	4 088,1	-	4 088,1
Total comprehensive income	-	-	(2,5)	1 095,3	-	2 095,1	3 187,9	4,0	3 191,9
Purchase of own shares	-	-	-	-	(8,5)	(71,5)	(80,0)	-	(80,0)
Dividend	-	-	-	-	-	(1 667,3)	(1 667,3)	-	(1 667,3)
Balance at 31 Dec 2008	1 333,9	548,1	0,6	326,2	(8,6)	3 328,5	5 528,7	4,0	5 532,7
Jan - March 2009									
Total comprehensive income	-	-	(0,6)	(263,7)	-	1 114,7	850,4	0,3	850,7
Balance at 31 March 2009	1 333,9	548,1	0,0	62,5	(8,6)	4 443,2	6 379,1	4,3	6 383,4



Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

CONSOLIDATED STATEMENT OF CASH FLOWS

Unaudited (NOK mill)	Jan-March 2009	Jan-March 2008	Year 2008
Cash flows from operating activities			
Profit before income tax	1 147,0	527,8	2 117,5
<i>Adjustment for:</i>			
Depreciation and amortisation	251,7	127,6	727,7
Interest expense	70,8	18,4	179,1
Gain/(loss) on sales of fixed assets	-	-	0,7
Changes in working capital	15,0	(63,7)	(1 139,9)
Unrealised loss/(gain) financial instruments/currency	(59,1)	(55,9)	265,1
Cash generated from operations	1 425,4	554,2	2 150,2
Interest paid	(99,8)	(74,9)	(244,1)
Taxes paid	(15,7)	(14,1)	(49,2)
Net cash from operating activities	1 309,9	465,2	1 856,9
Cash flows from investing activities			
Net investment in fixed assets	(144,7)	(415,3)	(1 680,5)
Proceeds from sale of equipment	0,2	-	0,8
Net cash used to investing activities	(144,5)	(415,3)	(1 679,7)
Cash flows from financing activities			
Borrowing of interest bearing debt	-	-	7 581,4
Repayments of interest bearing debt	(1 053,8)	(162,4)	(3 689,2)
Dividend paid	-	-	(1 667,3)
Purchase of treasury shares	-	-	(80,2)
Net cash from financing activities	(1 053,8)	(162,4)	2 144,7
Foreign currency	(163,5)	(59,8)	638,3
Net change in cash and cash equivalents	111,6	(112,5)	2 321,9
Cash and cash equivalents at the beg. of period	3 673,8	713,6	713,6
Cash and cash equiv. at the end of period	3 621,9	541,3	3 673,8



Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

Notes

1. Segment information

Segment Results

(NOK mill)	Offshore Drilling *	Engineering & Fabrication	Eliminations	FOE Group
1st Q 2009				
Revenues from external customers	2 059,9	48,7	-	2 108,6
Inter-segment revenues	-	-	-	-
Total revenues	2 059,9	48,7	-	2 108,6
Operating costs	(615,6)	(42,2)	-	(657,8)
Oper. profit before depr. (EBITDA)	1 444,3	6,5	-	1 450,8
Depreciation and amortisation	(250,1)	(1,6)	-	(251,7)
Impairment	-	-	-	-
Operating profit (EBIT)	1 194,2	4,9	-	1 199,1
4th Q 2008				
Revenues from external customers	2 028,7	57,3	-	2 086,0
Inter-segment revenues	-	(1,5)	1,5	-
Total revenues	2 028,7	55,8	1,5	2 086,0
Operating costs	(699,2)	(22,5)	(2,6)	(724,3)
Oper. profit before depr. (EBITDA)	1 329,5	33,3	(1,1)	1 361,7
Depreciation and amortisation	(267,7)	(1,3)	-	(269,0)
Impairment	(35,0)	-	-	(35,0)
Operating profit (EBIT)	1 026,8	32,0	(1,1)	1 057,7
1st Q 2008				
Revenues from external customers	1 132,6	39,3	-	1 171,9
Inter-segment revenues	-	23,2	(23,2)	-
Total revenues	1 132,6	62,5	(23,2)	1 171,9
Operating costs	(523,2)	(59,2)	23,2	(559,2)
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
Year 2008				
Revenues from external customers	5 592,7	194,1	-	5 786,8
Inter-segment revenues	-	36,7	(36,7)	-
Total revenues	5 592,7	230,8	(36,7)	5 786,8
Operating costs	(2 307,2)	(173,0)	30,1	(2 450,1)
Oper. profit before depr. (EBITDA)	3 285,5	57,8	(6,6)	3 336,7
Depreciation and amortisation	(687,1)	(5,6)	-	(692,7)
Impairment	(35,0)	-	-	(35,0)
Operating profit (EBIT)	2 563,4	52,2	(6,6)	2 609,0

* Includes Fred. Olsen Energy ASA

(NOK mill)	Offshore Drilling *	Engineering & Fabrication	Eliminations	FOE Group
31 Mar 09				
Segment assets	15 734,1	248,7	(55,7)	15 927,1
Segment liabilities	9 351,8	247,6	(55,7)	9 543,7
31 Mar 08				
Segment assets	8 782,4	207,7	(53,5)	8 936,6
Segment liabilities	4 429,2	268,4	(53,5)	4 644,1
31 Dec 08				
Segment assets	16 482,1	261,2	(57,8)	16 685,5
Segment liabilities	10 945,3	265,3	(57,8)	11 152,8



Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

2. Introduction

The consolidated interim financial statements for 1st Quarter 2009, ended 31 March 2009, comprise Fred. Olsen Energy ASA and its subsidiaries (together referred to as the "Group").

These consolidated interim financial statements have been prepared in accordance with 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 2008.

The consolidated financial statements of the Group for the year ended 31 December 2008 are available upon request from the Company's office in Oslo or at www.fredolsen-energy.no.

These consolidated interim financial statements were approved by the Board of Directors on 29 April 2009.

3. Significant accounting policies

The main accounting policies applied by the Group in these consolidated financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2008.

Effective 1 January 2009, the group adopted IFRS 8, Operating segments. The information reviewed by the Group's Management for operating segments under IFRS 8, is consistent with the Group's historical segment disclosures. As a result, the adoption of IFRS 8 did not have a significant impact on the Group. In addition, the Group adopted the revised presentation of IAS 1 which requires the Group to present a statement of Comprehensive income which is presented herein.

4. Estimates

The preparations of interim financial statements require use of estimates, judgments and assumptions which may affect the use of accounting principles and recognized assets, liabilities, income and expenses. The resulting accounting estimates may differ from the eventual outcome.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts are the same as described in the annual report for the year 2008.

5. Interest-bearing loans and borrowings

The Group has repaid USD 110 million of the fleet loan and redeemed bond loans, FOE02 and FOE03 of total NOK 300.7 million during the 1st quarter 2009.



Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

6. Property, plant and equipment

(NOK mill)	Rigs and drillship	Machinery and equipment	Plant, building and land	Total
Cost				
Balance at 1 January 2009	13 334,9	517,3	114,1	13 966,3
Acquisitions	135,8	4,6	0,2	140,6
Disposals	(2,3)	(0,8)	0,0	(3,1)
Movements in foreign currency	(607,2)	(24,6)	(4,1)	(635,9)
Balance at 31 March 2009	12 861,2	496,5	110,2	13 467,9
Depreciation				
Balance at 1 January 2009	3 053,3	428,9	68,7	3 550,9
Depreciation	248,0	3,3	0,4	251,7
Disposals	(2,4)	(0,5)	0,0	(2,9)
Movements in foreign currency	(145,8)	(20,8)	(2,6)	(169,2)
Balance at 31 March 2009	3 153,1	410,9	66,5	3 630,5
Carrying amounts				
At 1 January 2009	10 281,6	88,4	45,4	10 415,4
At 31 March 2009	9 708,1	85,6	43,7	9 837,4

7. Related parties

In the ordinary course of business, the Group recognises revenues and expenses with related companies. Related parties are (1) Ganger Rolf ASA and Bonheur ASA which are the owners of a combined 53.4% of the Group, (2) their subsidiaries and (3) Fred.Olsen & Co. The Group receives certain administrative, financial, and legal advisory services from Fred.Olsen & Co. There are no material changes since the financial statements for the year ended 31 December 2008.

8. Financial expenses

Net financing costs for 1st quarter 2009 includes NOK 26 million of unrealised gain related to changes in fair value of interest rate contracts and NOK 33 million of unrealised gain related to changes in fair value of currency exchange contracts.