



# Fred. Olsen Energy ASA

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## Report for the 3<sup>rd</sup> quarter 2010

*Figures in NOK*

**FRED. OLSEN ENERGY ASA (FOE) REPORTS AN OPERATING PROFIT BEFORE DEPRECIATION (EBITDA) OF 1,060 MILLION FOR THE 3<sup>rd</sup> QUARTER 2010**

### **HIGHLIGHTS FOR THE 3<sup>rd</sup> QUARTER 2010**

- Revenues were 1,657 million
- EBITDA was 1,060 million
- Operating profit (EBIT) was 722 million
- Profit before tax was 770 million
- Earnings per share were 11.3
- Bredford Dolphin secured a two-well drilling contract for 2011

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## **FINANCIAL INFORMATION (2<sup>nd</sup> quarter 2010 in brackets)**

Operating revenues in the quarter were 1,656.8 million (1,634.4 million), an increase of 22.4 million compared with the previous quarter. The revenues for offshore drilling division were 1,645.2 million, an increase of 16.8 million. Revenues for the engineering and fabrication division were 11.6 million, an increase of 5.6 million. The increase in revenues within the offshore drilling division is mainly due to a full operating quarter for Borgsten Dolphin and Borgny Dolphin, partly offset by Blackford Dolphin's one month yard stay in Cape Town, South Africa.

Operating costs were 597.1 million (663 million), a decrease of 65.9 million compared with previous quarter. Operating costs within the offshore drilling division decreased by 72.3 million. Operating costs within the engineering and fabrication division increased by 6.4 million mainly due to somewhat higher activity. The decrease in operating costs within the offshore drilling division is mainly due to extra cost in previous quarter related to rigs returning to operations.

Operating profit before depreciation (EBITDA) was 1,059.7 million (971.4 million).

Depreciation amounted to 337.6 million (317.3 million).

Operating profit after depreciation (EBIT) was 722.1 million (654.1 million).

Net financial expenses were positive 47.7 million (135.2 million).

Profit before tax was 769.8 million (518.9 million).

Net profit, including an estimated tax charge of 25.2 million (10.8 million), was 744.6 million (508.1 million).

Basic earnings per share were 11.3 (7.7).

## **OPERATIONS**

### **Drilling Division**

The offshore fleet of Fred. Olsen Energy ASA with subsidiaries (the Group) 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.

### **Norway**

Bideford Dolphin continued operations under the three-year drilling program offshore Norway for Statoil ASA. The contract will expire in January 2011. In March 2010, a new three-year drilling contract for the unit was entered into with Statoil in direct continuation with the existing contract. The contract will expire in January 2014. Statoil has an option to extend the contract with an additional year within 15<sup>th</sup> November 2010 (originally 1<sup>st</sup> November 2010). The rig completed its five-year Class Renewal Survey in July 2009.

Borgland Dolphin continued operations under the four-year drilling contract with a consortium consisting of 8 oil companies, managed by Rig Management Norway AS. The contract will expire January 2014. The rig completed its five-year Class Renewal Survey in December 2009.

Bredford Dolphin completed the first of two wells for RWE Dea Norge AS in September and commenced the second well which is estimated to take 60 days, in direct continuation with previous well. In September 2010, a new two-well contract, estimated to 120 days, was entered into with Lundin Norway AS. The contract includes two optional wells which have to be declared before 1<sup>st</sup> December 2010. The drilling program is estimated to commence in January/February 2011.

### **International**

The ultra deepwater drillship Belford Dolphin continued operations under a three-year drilling contract with Anadarko Petroleum Corporation mid April 2010. The contract will expire in April 2013. The unit is currently operating offshore Mozambique. The unit completed its five-year Class Renewal Survey in November 2009.

Blackford Dolphin continued operations under a three-year drilling contract with Reliance Industries Ltd., which will expire in December 2011. The unit has been sublet to Maersk for operations offshore Brazil and commenced operation in October. In transit to Brazil, the unit stopped in South Africa for intermediate survey, preparations for Brazil and modifications. The yard stay was carried out within the scheduled month as reported in the 2<sup>nd</sup> quarter 2010 report.

Borgny Dolphin commenced operations under a five-year drilling contract with Petrobras in September 2008. The contract is estimated to expire in September 2013. The unit completed its five-year Class Renewal Survey and upgrade in April 2010 and recommenced operations in May.

Byford Dolphin commenced operations under a three-year contract with BP Exploration Operating Co. Ltd in the beginning of April in the UK sector of the North Sea. The contract will expire April 2013. The unit completed its five-year Class Renewal Survey and upgrades in April 2010.

Borgsten Dolphin continued operations under a two-well drilling contract with Hurricane Exploration PLC. The contract was completed in October and the unit is currently in Invergorden available for new assignments.

Borgholm Dolphin, the accommodation unit, completed an accommodation contract with BG Group mid December 2009. In June 2010, a new nine-month contract was entered into with BP Exploration Operating Co. Ltd. for work on the Andrew field in the UK sector with start up around 1<sup>st</sup> March 2011. BP has a total option period of four months in relation to the contract. The unit is currently in Invergordon preparing for the BP contract.

### **Engineering and Fabrication**

The Harland & Wolff shipyard continued operations within engineering, ship repair and shipbuilding. The yard continues to face a challenging market situation in 3<sup>rd</sup> quarter and into 4<sup>th</sup> quarter 2010. Harland & Wolff is pursuing contract opportunities within its core business, and is further developing the yard as a logistic and assembly area for windfarms. Harland & Wolff has secured a contract for construction of two substations for Siemens, which is scheduled to be initiated year-end 2010.

Oslo, 28<sup>th</sup> October 2010  
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	3rd Q 2010	2nd Q 2010	3rd Q 2009	Jan - Sep 2010	Jan - Sep 2009	Year 2009
Operating revenues		1 622,9	1 581,6	1 451,2	4 333,3	5 287,8	6 354,9
Recharged income		33,9	52,8	39,0	154,4	184,3	245,1
<b>Total revenues</b>		<b>1 656,8</b>	<b>1 634,4</b>	<b>1 490,2</b>	<b>4 487,7</b>	<b>5 472,1</b>	<b>6 600,0</b>
Operating costs		(564,9)	(611,9)	(602,1)	(1 681,4)	(1 840,4)	(2 378,7)
Recharged expenses		(32,2)	(51,1)	(37,4)	(149,4)	(180,2)	(240,1)
<b>Total operating expenses</b>		<b>(597,1)</b>	<b>(663,0)</b>	<b>(639,5)</b>	<b>(1 830,8)</b>	<b>(2 020,6)</b>	<b>(2 618,8)</b>
<b>Oper. profit before depr. (EBITDA)</b>		<b>1 059,7</b>	<b>971,4</b>	<b>850,7</b>	<b>2 656,9</b>	<b>3 451,5</b>	<b>3 981,2</b>
Depreciation and amortisation	6	(337,6)	(317,3)	(241,3)	(890,9)	(735,9)	(973,4)
<b>Operating profit (EBIT)</b>		<b>722,1</b>	<b>654,1</b>	<b>609,4</b>	<b>1 766,0</b>	<b>2 715,6</b>	<b>3 007,8</b>
Net financial (expense)/income	8	47,7	(135,2)	(84,9)	(171,3)	(143,9)	(179,8)
<b>Profit before income taxes</b>		<b>769,8</b>	<b>518,9</b>	<b>524,5</b>	<b>1 594,7</b>	<b>2 571,7</b>	<b>2 828,0</b>
Income tax expense		(25,2)	(10,8)	(4,6)	(48,6)	(67,5)	(73,8)
<b>Profit for the period</b>		<b>744,6</b>	<b>508,1</b>	<b>519,9</b>	<b>1 546,1</b>	<b>2 504,2</b>	<b>2 754,2</b>
<b>Attributable to:</b>							
Shareholders		745,6	509,0	518,3	1 548,7	2 501,1	2 749,0
Minority interests		(1,0)	(0,9)	1,6	(2,6)	3,1	5,2
<b>Profit for the period</b>		<b>744,6</b>	<b>508,1</b>	<b>519,9</b>	<b>1 546,1</b>	<b>2 504,2</b>	<b>2 754,2</b>
<i>EPS :</i>							
Basic earnings per share		11,3	7,7	7,8	23,4	37,7	41,5
Diluted earnings per share		11,3	7,7	7,8	23,4	37,7	41,5

#### Outstanding shares

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

### GROUP STATEMENT OF COMPREHENSIVE INCOME

Unaudited

	3rd Q 2010	2nd Q 2010	3rd Q 2009	Jan - Sep 2010	Jan - Sep 2009	Year 2009
Profit for the period	744,6	508,1	519,9	1 546,1	2 504,2	2 754,2
Exchange differences on translation of foreign operations	(758,5)	537,1	(528,9)	(23,9)	(957,2)	(950,7)
<b>Total comprehensive income for the period</b>	<b>(13,9)</b>	<b>1 045,2</b>	<b>(9,0)</b>	<b>1 522,2</b>	<b>1 547,0</b>	<b>1 803,5</b>
<b>Attributable to:</b>						
Shareholders	(12,6)	1 045,6	(10,5)	1 524,8	1 543,7	1 798,3
Minority interests	(1,3)	(0,4)	1,5	(2,6)	3,3	5,2
<b>Total comprehensive income for the period</b>	<b>(13,9)</b>	<b>1 045,2</b>	<b>(9,0)</b>	<b>1 522,2</b>	<b>1 547,0</b>	<b>1 803,5</b>



# Fred. Olsen Energy ASA

## Condensed Financial Statements in accordance with IFRS

### STATEMENT OF FINANCIAL POSITION

Unaudited

(NOK mill)

		30 Sep 10	30 June 10	30 Sep 09	31 Dec 09
Intangible assets		98,6	98,6	98,6	98,6
Property, plant & equipment	6	10 327,5	11 629,6	9 086,9	9 981,3
Other non-current assets		54,0	56,7	37,4	53,6
<b>Total non-current assets</b>		<b>10 480,1</b>	<b>11 784,9</b>	<b>9 222,9</b>	<b>10 133,5</b>
Inventories		400,0	422,5	308,3	345,3
Trade and other receivables		1 030,7	1 303,9	1 073,5	989,6
Other current assets		456,8	427,2	447,2	387,0
Cash and cash equivalents		792,2	1 228,1	2 185,6	2 014,1
<b>Total current assets</b>		<b>2 679,7</b>	<b>3 381,7</b>	<b>4 014,6</b>	<b>3 736,0</b>
<b>Total assets</b>		<b>13 159,8</b>	<b>15 166,6</b>	<b>13 237,5</b>	<b>13 869,5</b>
Share capital		1 333,9	1 333,9	1 333,9	1 333,9
Other equity		5 199,3	5 874,5	4 081,9	4 337,0
Minority interests		6,0	7,3	7,3	8,7
<b>Total Equity</b>		<b>6 539,2</b>	<b>7 215,7</b>	<b>5 423,1</b>	<b>5 679,6</b>
Non-current interest-bearing loans and borrowings	5	4 234,3	5 423,3	5 445,7	5 450,8
Other non-current liabilities		376,0	370,9	299,0	287,7
<b>Total non-current liabilities</b>		<b>4 610,3</b>	<b>5 794,2</b>	<b>5 744,7</b>	<b>5 738,5</b>
Other current liabilities		725,9	727,4	799,2	1 180,5
Current interest-bearing loans and borrowings	5	1 284,4	1 429,3	1 270,5	1 270,9
<b>Total current liabilities</b>		<b>2 010,3</b>	<b>2 156,7</b>	<b>2 069,7</b>	<b>2 451,4</b>
<b>Total equity and liabilities</b>		<b>13 159,8</b>	<b>15 166,6</b>	<b>13 237,5</b>	<b>13 869,5</b>

### 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
Balance at 1 January 2009	1 333,9	548,1	0,6	326,2	(8,6)	3 328,5	5 528,7	4,0	5 532,7
Total comprehensive income	-	-	(0,6)	(957,2)	-	2 501,5	1 543,7	3,3	1 547,0
Dividend	-	-	-	-	-	(1 656,6)	(1 656,6)	-	(1 656,6)
<b>Balance at 30 Sep 2009</b>	<b>1 333,9</b>	<b>548,1</b>	<b>-</b>	<b>(631,0)</b>	<b>(8,6)</b>	<b>4 173,4</b>	<b>5 415,8</b>	<b>7,3</b>	<b>5 423,1</b>
Balance at 1 January 2009	1 333,9	548,1	0,6	326,2	(8,6)	3 328,5	5 528,7	4,0	5 532,7
Total comprehensive income	-	-	(0,6)	(950,7)	-	2 750,2	1 798,9	4,6	1 803,5
Dividend	-	-	-	-	-	(1 656,6)	(1 656,6)	-	(1 656,6)
<b>Balance at 31 Dec 2009</b>	<b>1 333,9</b>	<b>548,1</b>	<b>-</b>	<b>(624,5)</b>	<b>(8,6)</b>	<b>4 422,1</b>	<b>5 671,0</b>	<b>8,6</b>	<b>5 679,6</b>
<b>Jan - Sep 2010</b>									
Total comprehensive income	-	-	-	(23,9)	-	1 548,7	1 524,8	(2,6)	1 522,2
Dividend	-	-	-	-	-	(662,6)	(662,6)	-	(662,6)
<b>Balance at 30 Sep 2010</b>	<b>1 333,9</b>	<b>548,1</b>	<b>-</b>	<b>(648,4)</b>	<b>(8,6)</b>	<b>5 308,2</b>	<b>6 533,2</b>	<b>6,0</b>	<b>6 539,2</b>



# Fred. Olsen Energy ASA

## Condensed Financial Statements in accordance with IFRS

### CONSOLIDATED STATEMENT OF CASH FLOWS

Unaudited (NOK mill)	Jan - Sep 2010	Jan - Sep 2009	Year 2009
<b>Cash flows from operating activities</b>			
Profit before income tax	1 594,7	2 571,7	2 828,0
<i>Adjustment for:</i>			
Depreciation and amortisation	890,9	735,9	973,4
Interest expense	63,8	145,5	167,1
(Gain)/loss on sales of fixed assets	(2,6)	(1,8)	(1,8)
Changes in working capital	(167,6)	486,4	381,4
Unrealised loss/(gain) financial instruments	90,7	(145,2)	(123,3)
Cash generated from operations	2 469,9	3 792,5	4 224,8
Interest paid	(67,5)	(190,5)	(218,1)
Taxes paid	(43,2)	(53,8)	(73,3)
<b>Net cash from operating activities</b>	<b>2 359,2</b>	<b>3 548,2</b>	<b>3 933,4</b>
<b>Cash flows from investing activities</b>			
Net investment in fixed assets	(1 575,2)	(1 199,4)	(1 879,8)
Proceeds from sale of equipment	3,9	3,3	4,0
<b>Net cash used to investing activities</b>	<b>(1 571,3)</b>	<b>(1 196,1)</b>	<b>(1 875,8)</b>
<b>Cash flows from financing activities</b>			
Repayments of interest bearing debt	5	(1 716,6)	(1 716,6)
Dividend paid	(662,6)	(1 656,6)	(1 656,6)
<b>Net cash from financing activities</b>	<b>(1 958,6)</b>	<b>(3 373,2)</b>	<b>(3 373,2)</b>
Foreign currency	(51,2)	(467,1)	(344,1)
Net change in cash and cash equivalents	(1 170,7)	(1 021,1)	(1 315,6)
Cash and cash equivalents at the beg. of period	2 014,1	3 673,8	3 673,8
<b>Cash and cash equiv. at the end of period</b>	<b>792,2</b>	<b>2 185,6</b>	<b>2 014,1</b>



# 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
<b>3rd Q 2010</b>				
Revenues from external customers	1 645,2	11,6	-	1 656,8
Inter-segment revenues	-	-	-	-
<b>Total revenues</b>	<b>1 645,2</b>	<b>11,6</b>	<b>-</b>	<b>1 656,8</b>
Operating costs	(573,4)	(23,7)	-	(597,1)
<b>Oper. profit before depr. (EBITDA)</b>	<b>1 071,8</b>	<b>(12,1)</b>	<b>-</b>	<b>1 059,7</b>
Depreciation and amortisation	(336,1)	(1,5)	-	(337,6)
<b>Operating profit (EBIT)</b>	<b>735,7</b>	<b>(13,6)</b>	<b>-</b>	<b>722,1</b>
<b>2nd Q 2010</b>				
Revenues from external customers	1 628,4	6,0	-	1 634,4
Inter-segment revenues	-	-	-	-
<b>Total revenues</b>	<b>1 628,4</b>	<b>6,0</b>	<b>-</b>	<b>1 634,4</b>
Operating costs	(645,7)	(17,3)	-	(663,0)
<b>Oper. profit before depr. (EBITDA)</b>	<b>982,7</b>	<b>(11,3)</b>	<b>-</b>	<b>971,4</b>
Depreciation and amortisation	(315,7)	(1,6)	-	(317,3)
<b>Operating profit (EBIT)</b>	<b>667,0</b>	<b>(12,9)</b>	<b>-</b>	<b>654,1</b>
<b>3rd Q 2009</b>				
Revenues from external customers	1 422,3	67,9	-	1 490,2
Inter-segment revenues	-	-	-	-
<b>Total revenues</b>	<b>1 422,3</b>	<b>67,9</b>	<b>-</b>	<b>1 490,2</b>
Operating costs	(592,5)	(47,0)	-	(639,5)
<b>Oper. profit before depr. (EBITDA)</b>	<b>829,8</b>	<b>20,9</b>	<b>-</b>	<b>850,7</b>
Depreciation and amortisation	(239,6)	(1,7)	-	(241,3)
<b>Operating profit (EBIT)</b>	<b>590,2</b>	<b>19,2</b>	<b>-</b>	<b>609,4</b>
<b>Jan - Sep 2010</b>				
Revenues from external customers	4 448,0	39,7	-	4 487,7
Inter-segment revenues	-	-	-	-
<b>Total revenues</b>	<b>4 448,0</b>	<b>39,7</b>	<b>-</b>	<b>4 487,7</b>
Operating costs	(1 760,1)	(70,7)	-	(1 830,8)
<b>Oper. profit before depr. (EBITDA)</b>	<b>2 687,9</b>	<b>(31,0)</b>	<b>-</b>	<b>2 656,9</b>
Depreciation and amortisation	(885,9)	(5,0)	-	(890,9)
<b>Operating profit (EBIT)</b>	<b>1 802,0</b>	<b>(36,0)</b>	<b>-</b>	<b>1 766,0</b>
<b>Jan - Sep 2009</b>				
Revenues from external customers	5 292,8	179,3	-	5 472,1
Inter-segment revenues	-	-	-	-
<b>Total revenues</b>	<b>5 292,8</b>	<b>179,3</b>	<b>-</b>	<b>5 472,1</b>
Operating costs	(1 881,9)	(138,7)	-	(2 020,6)
<b>Oper. profit before depr. (EBITDA)</b>	<b>3 410,9</b>	<b>40,6</b>	<b>-</b>	<b>3 451,5</b>
Depreciation and amortisation	(730,8)	(5,1)	-	(735,9)
<b>Operating profit (EBIT)</b>	<b>2 680,1</b>	<b>35,5</b>	<b>-</b>	<b>2 715,6</b>
<b>Year 2009</b>				
Revenues from external customers	6 391,5	208,5	-	6 600,0
Inter-segment revenues	-	0,4	(0,4)	-
<b>Total revenues</b>	<b>6 391,5</b>	<b>208,9</b>	<b>(0,4)</b>	<b>6 600,0</b>
Operating costs	(2 460,0)	(159,2)	0,4	(2 618,8)
<b>Oper. profit before depr. (EBITDA)</b>	<b>3 931,5</b>	<b>49,7</b>	<b>-</b>	<b>3 981,2</b>
Depreciation and amortisation	(966,6)	(6,8)	-	(973,4)
<b>Operating profit (EBIT)</b>	<b>2 964,9</b>	<b>42,9</b>	<b>-</b>	<b>3 007,8</b>





# Fred. Olsen Energy ASA

## Condensed Financial Statements in accordance with IFRS

\* Includes Fred. Olsen Energy ASA

(NOK mill)	Offshore Drilling *	Engineering & Fabrication	Eliminations	FOE Group
<b>30 Sep 10</b>				
Segment assets	12 953,8	256,2	(50,2)	13 159,8
Segment liabilities	6 441,2	229,6	(50,2)	6 620,6
<b>30 June 10</b>				
Segment assets	14 952,6	269,5	(55,5)	15 166,6
Segment liabilities	7 775,3	231,1	(55,5)	7 950,9
<b>30 Sep 09</b>				
Segment assets	12 999,3	288,5	(50,3)	13 237,5
Segment liabilities	7 613,1	251,6	(50,3)	7 814,4
<b>31 Dec 09</b>				
Segment assets	13 626,0	292,3	(48,8)	13 869,5
Segment liabilities	8 008,4	230,3	(48,8)	8 189,9

## 2. Introduction

The consolidated interim financial statements for 3<sup>rd</sup> Quarter 2010 ended 30 September 2010, 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 2009.

The consolidated financial statements of the Group for the year ended 31 December 2009 are available upon request from the Company's office in Oslo or at [www.fredolsen-energy.no](http://www.fredolsen-energy.no).

These consolidated interim financial statements were approved by the Board of Directors on 28 October 2010.

## 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 2009.

## 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 2009.



# Fred. Olsen Energy ASA

## Condensed Financial Statements in accordance with IFRS

### 5. Interest-bearing loans and borrowings

The Group has repaid USD 220 million of the fleet loan per 30 September 2010.

### 6. Property, plant and equipment

(NOK mill)	Rigs and drillship	Machinery and equipment	Plant, building and land	Total
<b>Cost</b>				
Balance at 1 January 2010	13 055,7	487,6	108,9	13 652,2
Acquisitions	1 084,8	11,5	0,2	1 096,5
Disposals	(289,5)	(1,3)	0,0	(290,8)
Movements in foreign currency	139,0	(0,4)	0,0	138,6
<b>Balance at 30 Sep 2010</b>	<b>13 990,0</b>	<b>497,4</b>	<b>109,1</b>	<b>14 596,5</b>
<b>Depreciation</b>				
Balance at 1 January 2010	3 214,3	395,3	61,3	3 670,9
Depreciation	870,8	18,8	1,3	890,9
Disposals	(288,6)	(1,0)	0,0	(289,6)
Movements in foreign currency	(2,1)	(1,1)	0,0	(3,2)
<b>Balance at 30 Sep 2010</b>	<b>3 794,4</b>	<b>412,0</b>	<b>62,6</b>	<b>4 269,0</b>
<b>Carrying amounts</b>				
At 1 January 2010	9 841,4	92,3	47,6	9 981,3
At 30 Sep 2010	10 195,6	85,4	46,5	10 327,5

### 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 53.77% (adjusted for own shares) 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 2009.

### 8. Financial expenses

Net financial expenses per 30 September 2010 include NOK 94 million of unrealised loss related to changes in fair value of interest rate contracts and NOK 3 million of unrealised gain related to currency contracts.