

# Fred. Olsen Energy ASA

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## Report for the 3<sup>rd</sup> quarter 2011

*Figures in NOK*

**FRED. OLSEN ENERGY ASA (FOE) REPORTS AN OPERATING PROFIT BEFORE DEPRECIATION (EBITDA) OF 960 MILLION FOR THE 3<sup>rd</sup> QUARTER 2011**

### **HIGHLIGHTS FOR THE 3<sup>rd</sup> QUARTER 2011**

- Revenues were 1,682 million
- EBITDA was 960 million
- Operating profit (EBIT) was 642 million
- Profit before tax was 630 million
- Earnings per share were 9.3

#### **Post quarter events**

- New three-well drilling contract for Borgsten Dolphin
- Option period for a second drillship extended until 20<sup>th</sup> December 2011

**CONTACT PERSONS:** Hjalmar Krogseth Moe/Jannicke Nergaard Berg  
Tel: 22 34 10 00  
<mailto:hjalmar.krogseth.moe@fredolsen.no>  
<mailto:jannicke.nergaard.berg@fredolsen.no>

## **FINANCIAL INFORMATION (2<sup>nd</sup> quarter 2011)**

Operating revenues in the quarter were 1,682 million (1,629 million), an increase of 53 million compared with the previous quarter. The revenues for offshore drilling division were 1,616 million, an increase of 47 million. Revenues for the engineering and fabrication division were 66 million, an increase of 6 million. The increase in revenues within the offshore drilling division is mainly due to a full operating quarter for Borgsten Dolphin which commenced its contract 18<sup>th</sup> April 2011.

Operating costs were 722 million (699 million), an increase of 23 million compared with previous quarter. Operating costs within the offshore drilling division increased by 13 million. Operating costs within the engineering and fabrication division increased by 10 million. The increase in operating costs within the offshore drilling division is mainly due to higher repair and maintenance cost compared to previous quarter.

Operating profit before depreciation (EBITDA) was 960 million (929 million).

Depreciation amounted to 318 million (296 million).

Operating profit after depreciation (EBIT) was 642 million (633 million).

Net financial expenses were 13 million (54 million). Capitalized interest expenses related to the newbuild drillship in the quarter amounted to 8 million (6 million).

Profit before tax was 630 million (579 million).

Net profit, including an estimated tax charge of 14 million (9 million), was 616 million (570 million).

Basic earnings per share were 9.3 (8.6).

In the quarter the Company has established a one year standby credit facility of USD 100 million.

## **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 on the Norwegian Continental Shelf. A new ultra deepwater drillship is scheduled to be delivered in 3Q 2013 from Hyundai Heavy Industries Co., Ltd.

### **Norway**

Bideford Dolphin continued operations under a three-year drilling contract for Statoil ASA. The contract will expire in January 2014. The unit 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 in January 2014. The unit completed its five-year Class Renewal Survey in December 2009.

Bredford Dolphin completed its three-well drilling contract with Lundin Norge AS late September and commenced a one-well drilling contract, estimated to 60 days, with Premier Oil Norge AS. A new six-well contract, estimated to 360 days, has been entered into with Lundin Norge AS with commencement in direct continuation with current contract. Lundin has the option to extend the contract period with four additional wells. The three first wells have to be called off within 30<sup>th</sup> of November 2011, while the last optional well within 29<sup>th</sup> February 2012. The five-year Class Renewal Survey is scheduled to be undertaken mid 2012. During October 2011 the unit has had a total of 15 days downtime.

### **International**

The ultra deepwater drillship Belford Dolphin continued operations under a three-year drilling contract with Anadarko Petroleum Corporation. 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 which will expire in early January 2012, with Reliance Industries Ltd. The unit is currently under a sublet to Sonangol Starfish for operations offshore Brazil. In April 2011, a new one-well contract was entered into with Anadarko for operations in Brazil with commencement in direct continuation with the Reliance contract. In May 2011, a new three-well contract with Karoon Petroleo & Gas S.A. was entered into for operations in Brazil with commencement in direct continuation with the upcoming one-well contract. The unit will undertake its five-year Class Renewal Survey mid 2013.

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

Byford Dolphin commenced operations under a three-year drilling contract with BP Exploration Operating Co. Ltd in the beginning of April 2010 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.

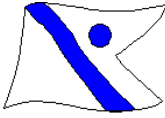
Borgsten Dolphin continued under a four-well drilling contract with TAQA in UK sector of the North Sea, the contract is estimated to be completed mid November 2011. In October 2011, a new three-well drilling contract was entered into with Valiant Causeway Limited for operations in UK sector of the North Sea. The contract is estimated to commence mid March 2012. The unit completed its five-year Class Renewal Survey in 2010.

Borgholm Dolphin continued under a nine-month accommodation contract with BP Exploration Operating Co. Ltd., for work on the Andrew field in the UK sector of the North Sea. In February 2011, a new ten-month contract was entered into with BP for operation in the UK sector with commencement in direct continuation with current contract. There is a total option period of four months in connection with the last contract. The five-year Class Renewal Survey is scheduled to be undertaken late 2012.

### **Engineering and Fabrication**

The Harland & Wolff shipyard continued its core activities within engineering, ship repair and shipbuilding. Harland & Wolff continued construction of two substations for Siemens during the quarter. The wind-farm project, Ormonde OWF, where H&W has been used as a logistic and assembly base was completed in 3<sup>rd</sup> quarter. Harland & Wolff continues to pursue contract opportunities within its core business, and is developing the yard further to provide services to the offshore wind industry.

Oslo, 1<sup>st</sup> November 2011  
The Board of Directors  
**Fred. Olsen Energy ASA**



# Fred. Olsen Energy ASA

## Condensed Financial Statements in accordance with IFRS

### GROUP INCOME STATEMENT

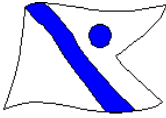
Unaudited

(NOK mill)	Note	3rd Q 2011	2nd Q 2011	3rd Q 2010	Jan - Sept 2011	Jan - Sept 2010	Year 2010
Operating revenues		1 617,3	1 565,6	1 622,9	4 632,5	4 333,3	5 824,2
Recharged income		64,3	63,0	33,9	156,7	154,4	194,4
<b>Total revenues</b>		<b>1 681,6</b>	<b>1 628,6</b>	<b>1 656,8</b>	<b>4 789,2</b>	<b>4 487,7</b>	<b>6 018,6</b>
Operating costs		(659,3)	(638,7)	(564,9)	(1 986,3)	(1 681,4)	(2 429,9)
Recharged expenses		(62,7)	(60,5)	(32,2)	(151,0)	(149,4)	(188,1)
<b>Total operating expenses</b>		<b>(722,0)</b>	<b>(699,2)</b>	<b>(597,1)</b>	<b>(2 137,3)</b>	<b>(1 830,8)</b>	<b>(2 618,0)</b>
<b>Oper. profit before depr. (EBITDA)</b>		<b>959,6</b>	<b>929,4</b>	<b>1 059,7</b>	<b>2 651,9</b>	<b>2 656,9</b>	<b>3 400,6</b>
Depreciation and amortisation	6	(317,5)	(296,1)	(337,6)	(929,1)	(890,9)	(1 221,5)
<b>Operating profit (EBIT)</b>		<b>642,1</b>	<b>633,3</b>	<b>722,1</b>	<b>1 722,8</b>	<b>1 766,0</b>	<b>2 179,1</b>
Net financial (expense)/income	8	(12,6)	(54,3)	47,7	(131,5)	(171,3)	(170,5)
<b>Profit before income taxes</b>		<b>629,5</b>	<b>579,0</b>	<b>769,8</b>	<b>1 591,3</b>	<b>1 594,7</b>	<b>2 008,6</b>
Income tax expense		(14,0)	(9,0)	(25,2)	(34,0)	(48,6)	(73,6)
<b>Profit for the period</b>		<b>615,5</b>	<b>570,0</b>	<b>744,6</b>	<b>1 557,3</b>	<b>1 546,1</b>	<b>1 935,0</b>
<b>Attributable to:</b>							
Shareholders		615,1	569,3	745,6	1 555,8	1 548,7	1 938,3
Non-controlling interests		0,4	0,7	(1,0)	1,5	(2,6)	(3,3)
<b>Profit for the period</b>		<b>615,5</b>	<b>570,0</b>	<b>744,6</b>	<b>1 557,3</b>	<b>1 546,1</b>	<b>1 935,0</b>
<i>EPS :</i>							
Basic earnings per share		9,3	8,6	11,3	23,5	23,4	29,3
Diluted earnings per share		9,3	8,6	11,3	23,5	23,4	29,3
<b>Outstanding shares</b>							
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 2011	2nd Q 2011	3rd Q 2010	Jan - Sept 2011	Jan - Sept 2010	Year 2010
Profit for the period	615,5	570,0	744,6	1 557,3	1 546,1	1 935,0
Exchange differences on translation of foreign operations	571,0	(140,6)	(758,5)	70,8	(23,9)	(12,7)
<b>Total comprehensive income for the period</b>	<b>1 186,5</b>	<b>429,4</b>	<b>(13,9)</b>	<b>1 628,1</b>	<b>1 522,2</b>	<b>1 922,3</b>
<b>Attributable to:</b>						
Shareholders	1 185,7	428,9	(12,6)	1 626,6	1 524,8	1 925,6
Non-controlling interests	0,8	0,5	(1,3)	1,5	(2,6)	(3,3)
<b>Total comprehensive income for the period</b>	<b>1 186,5</b>	<b>429,4</b>	<b>(13,9)</b>	<b>1 628,1</b>	<b>1 522,2</b>	<b>1 922,3</b>



# Fred. Olsen Energy ASA

## Condensed Financial Statements in accordance with IFRS

### STATEMENT OF FINANCIAL POSITION

Unaudited

(NOK mill)

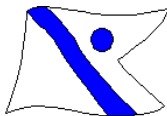
		30 Sept 11	30 June 11	30 Sept 10	31 Dec 10
Intangible assets		98,6	98,6	98,6	98,6
Property, plant & equipment	6	10 314,9	9 744,3	10 327,5	10 113,6
Other non-current assets		38,8	37,0	54,0	39,8
<b>Total non-current assets</b>		<b>10 452,3</b>	<b>9 879,9</b>	<b>10 480,1</b>	<b>10 252,0</b>
Inventories		454,4	396,0	400,0	400,7
Trade and other receivables		1 123,7	1 149,9	1 030,7	945,2
Other current assets		468,0	488,5	456,8	425,6
Cash and cash equivalents		1 451,4	2 267,7	792,2	1 498,2
<b>Total current assets</b>		<b>3 497,5</b>	<b>4 302,1</b>	<b>2 679,7</b>	<b>3 269,7</b>
<b>Total assets</b>		<b>13 949,8</b>	<b>14 182,0</b>	<b>13 159,8</b>	<b>13 521,7</b>
Share capital		1 333,9	1 333,9	1 333,9	1 333,9
Other equity		5 901,4	6 041,0	5 199,3	5 600,1
Non-controlling interests		6,8	6,0	6,0	5,3
<b>Total Equity</b>		<b>7 242,1</b>	<b>7 380,9</b>	<b>6 539,2</b>	<b>6 939,3</b>
Non-current interest-bearing loans and borrowings	5	4 349,8	4 709,8	4 234,3	4 250,6
Other non-current liabilities		373,3	343,3	376,0	366,7
<b>Total non-current liabilities</b>		<b>4 723,1</b>	<b>5 053,1</b>	<b>4 610,3</b>	<b>4 617,3</b>
Other current liabilities		699,4	562,6	725,9	676,7
Current interest-bearing loans and borrowings	5	1 285,2	1 185,4	1 284,4	1 288,4
<b>Total current liabilities</b>		<b>1 984,6</b>	<b>1 748,0</b>	<b>2 010,3</b>	<b>1 965,1</b>
<b>Total equity and liabilities</b>		<b>13 949,8</b>	<b>14 182,0</b>	<b>13 159,8</b>	<b>13 521,7</b>

### GROUP STATEMENT OF CHANGES IN EQUITY

Unaudited

(NOK mill)

	Share capital	Share premium	Translation reserves	Reserve for own shares	Retained earnings	Total	Non-contr. interests	Total equity
<b>Jan - Sept 2010</b>								
Balance at 1 January 2010	1 333,9	548,1	(624,5)	(8,6)	4 422,1	5 671,0	8,6	5 679,6
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 Sept 2010</b>	<b>1 333,9</b>	<b>548,1</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>
<b>Year 2010</b>								
Balance at 1 January 2010	1 333,9	548,1	(624,5)	(8,6)	4 422,1	5 671,0	8,6	5 679,6
Total comprehensive income	-	-	(12,0)	-	1 937,6	1 925,6	(3,3)	1 922,3
Dividend	-	-	-	-	(662,6)	(662,6)	-	(662,6)
<b>Balance at 31 Dec 2010</b>	<b>1 333,9</b>	<b>548,1</b>	<b>(636,5)</b>	<b>(8,6)</b>	<b>5 697,1</b>	<b>6 934,0</b>	<b>5,3</b>	<b>6 939,3</b>
<b>Jan - Sept 2011</b>								
Total comprehensive income	-	-	70,8	-	1 555,8	1 626,6	1,5	1 628,1
Dividend	-	-	-	-	(1 325,3)	(1 325,3)	-	(1 325,3)
<b>Balance at 30 Sept 2011</b>	<b>1 333,9</b>	<b>548,1</b>	<b>(565,7)</b>	<b>(8,6)</b>	<b>5 927,6</b>	<b>7 235,3</b>	<b>6,8</b>	<b>7 242,1</b>

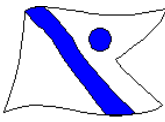


# Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

## CONSOLIDATED STATEMENT OF CASH FLOWS

Unaudited (NOK mill)	Note	Jan - Sept 2011	Jan - Sept 2010	Year 2010
<b>Cash flows from operating activities</b>				
Profit before income tax		1 591,3	1 594,7	2 008,6
<i>Adjustment for:</i>				
Depreciation and amortisation		929,1	890,9	1 221,5
Interest expense	6	70,0	63,8	81,8
Gain/(loss) on sales of fixed assets		0,4	(2,6)	(2,4)
Changes in working capital		(235,5)	(167,6)	(24,0)
Unrealised loss/(gain) financial instruments		7,9	90,7	41,5
<b>Cash generated from operations</b>		<b>2 363,2</b>	<b>2 469,9</b>	<b>3 327,0</b>
Interest paid		(74,3)	(67,5)	(82,7)
Taxes paid		(60,9)	(43,2)	(60,0)
<b>Net cash from operating activities</b>		<b>2 228,0</b>	<b>2 359,2</b>	<b>3 184,3</b>
<b>Cash flows from investing activities</b>				
Net investment in fixed assets		(1 183,2)	(1 575,2)	(1 692,4)
Proceeds from sale of equipment		1,1	3,9	5,3
<b>Net cash used to investing activities</b>		<b>(1 182,1)</b>	<b>(1 571,3)</b>	<b>(1 687,1)</b>
<b>Cash flows from financing activities</b>				
Borrowing of interest bearing debt	5	1 400,0	-	-
Repayments of interest bearing debt	5	(1 249,1)	(1 296,0)	(1 296,0)
Dividend paid		(1 325,3)	(662,6)	(662,6)
<b>Net cash from financing activities</b>		<b>(1 174,4)</b>	<b>(1 958,6)</b>	<b>(1 958,6)</b>
Foreign currency		81,7	(51,2)	(54,5)
Net change in cash and cash equivalents		(128,5)	(1 170,7)	(461,4)
Cash and cash equivalents at the beg. of period		1 498,2	2 014,1	2 014,1
<b>Cash and cash equiv. at the end of period</b>		<b>1 451,4</b>	<b>792,2</b>	<b>1 498,2</b>



# Fred. Olsen Energy ASA

## Condensed Financial Statements in accordance with IFRS

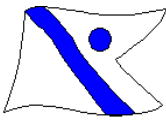
### Notes

#### 1. Segment information

(NOK mill)	Offshore Drilling *	Engineering & Fabrication	Eliminations	FOE Group
<b>3rd Q 2011</b>				
Revenues from external customers	1 615,6	66,0	-	1 681,6
Inter-segment revenues	-	-	-	-
<b>Total revenues</b>	<b>1 615,6</b>	<b>66,0</b>	<b>-</b>	<b>1 681,6</b>
Operating costs	(661,4)	(60,6)	-	(722,0)
<b>Oper. profit before depr. (EBITDA)</b>	<b>954,2</b>	<b>5,4</b>	<b>-</b>	<b>959,6</b>
Depreciation and amortisation	(316,2)	(1,3)	-	(317,5)
<b>Operating profit (EBIT)</b>	<b>638,0</b>	<b>4,1</b>	<b>-</b>	<b>642,1</b>
<b>2nd Q 2011</b>				
Revenues from external customers	1 568,6	60,0	-	1 628,6
Inter-segment revenues	-	-	-	-
<b>Total revenues</b>	<b>1 568,6</b>	<b>60,0</b>	<b>-</b>	<b>1 628,6</b>
Operating costs	(648,7)	(50,5)	-	(699,2)
<b>Oper. profit before depr. (EBITDA)</b>	<b>919,9</b>	<b>9,5</b>	<b>-</b>	<b>929,4</b>
Depreciation and amortisation	(294,3)	(1,8)	-	(296,1)
<b>Operating profit (EBIT)</b>	<b>625,6</b>	<b>7,7</b>	<b>-</b>	<b>633,3</b>
<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>Jan - Sept 2011</b>				
Revenues from external customers	4 612,4	176,8	-	4 789,2
Inter-segment revenues	-	-	-	-
<b>Total revenues</b>	<b>4 612,4</b>	<b>176,8</b>	<b>-</b>	<b>4 789,2</b>
Operating costs	(1 981,4)	(155,9)	-	(2 137,3)
<b>Oper. profit before depr. (EBITDA)</b>	<b>2 631,0</b>	<b>20,9</b>	<b>-</b>	<b>2 651,9</b>
Depreciation and amortisation	(924,2)	(4,9)	-	(929,1)
<b>Operating profit (EBIT)</b>	<b>1 706,8</b>	<b>16,0</b>	<b>-</b>	<b>1 722,8</b>
<b>Jan - Sept 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>Year 2010</b>				
Revenues from external customers	5 959,9	58,7	-	6 018,6
Inter-segment revenues	-	-	-	-
<b>Total revenues</b>	<b>5 959,9</b>	<b>58,7</b>	<b>-</b>	<b>6 018,6</b>
Operating costs	(2 521,0)	(97,0)	-	(2 618,0)
<b>Oper. profit before depr. (EBITDA)</b>	<b>3 438,9</b>	<b>(38,3)</b>	<b>-</b>	<b>3 400,6</b>
Depreciation and amortisation	(1 214,9)	(6,6)	-	(1 221,5)
<b>Operating profit (EBIT)</b>	<b>2 224,0</b>	<b>(44,9)</b>	<b>-</b>	<b>2 179,1</b>

\* Includes Fred. Olsen Energy ASA





# Fred. Olsen Energy ASA

## Condensed Financial Statements in accordance with IFRS

(NOK mill)	Offshore Drilling *	Engineering & Fabrication	Eliminations	FOE Group
<b>30 Sept 11</b>				
Segment assets	13 727,2	274,2	(51,6)	13 949,8
Segment liabilities	6 520,2	239,1	(51,6)	6 707,7
<b>30 Sept 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>31 Dec 10</b>				
Segment assets	13 326,2	246,4	(50,9)	13 521,7
Segment liabilities	6 403,4	229,9	(50,9)	6 582,4

\* Includes Fred. Olsen Energy ASA

## 2. Introduction

The consolidated interim financial statements for 3rd Quarter 2011 ended 30 September 2011, comprise Fred. Olsen Energy ASA and its subsidiaries (together referred to as the "Group").

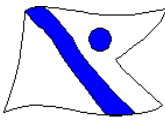
These consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2010.

The consolidated financial statements of the Group for the year ended 31 December 2010 are available upon request from the Company's office in Oslo or at [www.fredolsen-energy.com](http://www.fredolsen-energy.com).

These consolidated interim financial statements were approved by the Board of Directors on 1 November 2011.

## 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 2010.



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### 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 2010.

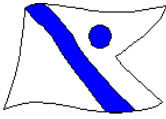
### 5. Interest-bearing loans and borrowings

The Group has repaid USD 220 million of the fleet loan as per 30 September 2011. The Group completed a NOK 1 400 million 5 year senior unsecured bond issue in May 2011. In the quarter, a one year standby credit facility of USD 100 million was established.

### 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 2011	14 093,5	501,9	105,0	14 700,4
Acquisitions	1 190,3	11,8	1,0	1 203,1
Reclassifications	4,8	(4,8)	0,0	0,0
Disposals	(14,2)	(3,4)	(0,9)	(18,5)
Movements in foreign currency	(35,4)	0,8	0,1	(34,5)
<b>Balance at 30 Sept 2011</b>	<b>15 239,0</b>	<b>506,3</b>	<b>105,2</b>	<b>15 850,5</b>
<b>Depreciation</b>				
Balance at 1 January 2011	4 111,9	413,8	61,1	4 586,8
Reclassifications	4,5	(4,5)	0,0	0,0
Depreciation	908,6	19,5	1,0	929,1
Disposals	(13,6)	(3,4)	(0,9)	(17,9)
Movements in foreign currency	36,3	1,3	0,0	37,6
<b>Balance at 30 Sept 2011</b>	<b>5 047,7</b>	<b>426,7</b>	<b>61,2</b>	<b>5 535,6</b>
<b>Carrying amounts</b>				
At 1 January 2011	9 981,6	88,1	43,9	10 113,6
At 30 Sept 2011	10 191,3	79,6	44,0	10 314,9

The Group entered into a turnkey contract for an ultra deepwater drillship with Hyundai Heavy Industries Co.Ltd in April 2011. The first instalment of \$165.5 million is included as acquisition above.



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## **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 2010.

## **8. Financial expenses**

Net financial expenses per 30 September 2011 include NOK 8 million of unrealised loss related to changes in fair value of interest rate contracts. Interest cost of NOK 14 million is capitalized to the new drillship under construction.