



Fred. Olsen Energy ASA

Report for the 1st quarter 2012

Figures in NOK

FRED. OLSEN ENERGY ASA (FOE) REPORTS AN OPERATING PROFIT BEFORE DEPRECIATION (EBITDA) OF 844 MILLION IN 1Q 2012

HIGHLIGHTS

- Revenues were 1,606 million
- EBITDA was 844 million
- Operating profit (EBIT) was 506 million
- Profit before tax was 395 million
- Earnings per share were 5.6
- Lundin exercised optional well for Bredford Dolphin

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>

Figures in NOK

FINANCIAL INFORMATION (*4th quarter 2011 in brackets*)

Operating revenues in the quarter were 1,606 million (1,682 million), a decrease of 75 million compared with the previous quarter. Revenues from the offshore drilling division were 1,540 million (1,638 million), a decrease of 98 million. Revenues from the engineering and fabrication division were 67 million (44 million), an increase of 23 million. The decrease in revenues within the offshore drilling division is mainly due to Borgsten Dolphin being idle most of the quarter, Blackford Dolphin operating on a lower dayrate and Belford Dolphin commencing new contract at lower dayrate, partly offset by reduced downtime for Bredford Dolphin in the quarter.

Operating costs were 762 million (793 million), a decrease of 31 million compared with previous quarter. Operating costs within the offshore drilling division decreased by 54 million, partly offset by an increase in operating cost within the engineering and fabrication division of 23 million. The decrease in operating costs within the offshore drilling division is mainly due to a lower repair and maintenance level in first quarter compared with previous quarter.

Operating profit before depreciation (EBITDA) was 844 million (889 million). EBITDA within the offshore drilling division decreased by 45 million to 842 million (887 million), and EBITDA within engineering and fabrication division was 2 million, which is in line with previous quarter.

Depreciation, amortisation and impairment amounted to 338 million (347 million).

Operating profit after depreciation (EBIT) was 506 million (542 million).

Net financial expenses were 110 million (26 million). Capitalized interest expenses related to the newbuild drillship in the quarter amounted to 9 million (8 million).

Profit before tax was 395 million (516 million).

Net profit, including an estimated tax charge of 27 million (positive 15 million), was 369 million (530 million).

Earnings per share were 5.6 (8.0).

The Board has proposed to the Annual General Meeting on 24th May 2012 an ordinary dividend payment of NOK 10 per share and an extraordinary dividend of NOK 10 per share. Subject to approval, the shares will be quoted ex. dividend from 25th May 2012. Estimated date of payment of dividend is 20th June 2012.

A Settlement Agreement has been entered into between the shipyard Keppel Verolme BV and Blackford Dolphin Pte. Ltd., a wholly owned subsidiary of Fred. Olsen Energy ASA, on the costs for the reconstruction and upgrading of the semi-submersible Aker H-3 drilling rig Blackford Dolphin.

Figures in NOK

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 several 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 continued operations under a well-based drilling program for Lundin Norge. Lundin exercised the option for one additional well in February and the program is for a total of ten wells and is estimated to be completed in 3rd quarter 2013. The five-year Class Renewal Survey is scheduled to be undertaken in June 2012 at the CCB yard outside Bergen. The survey, including planned upgrades, is estimated to cost USD 90 million and take approximately two months.

International

The new ultra deepwater drillship to be named Bolette Dolphin, currently under construction at Hyundai Heavy Industries in Korea, is scheduled to commence the four-year drilling contract with Anadarko Petroleum Corporation in 4Q 2013.

The ultra deepwater drillship Belford Dolphin completed operations under a three-year drilling contract with Anadarko Petroleum Corporation end 2011 and commenced a new four-year drilling contract with the same client. The contract will expire year end 2015. 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 one-well contract with Sonangol Starfish for operations offshore Brazil. Completion of the well has been delayed and is currently scheduled to be finalized by end of June. In April 2011, a new one-well contract was entered into with Anadarko for operations in Brazil with commencement in direct continuation with the Sonangol 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 with Anadarko. 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.

Figures in NOK

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 commenced a new three-well drilling contract with Valiant Causeway Limited mid March, for operations in UK sector of the North Sea. In November 2011, a 40 months contract for Tender Support service at the Dunbar platform was entered into with Total E&P UK Ltd. Options exist for a contract extension of two six month periods. The contract is estimated to commence mid November 2012. The unit will undertake an upgrade, conversion and an early five-year class survey prior to contract commencement.

Borgholm Dolphin continued under a ten-month accommodation contract with BP Exploration Operating Co. Ltd., for work on the Andrew field in the UK sector of the North Sea. There is a total option period of four months in connection with this 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. The yard continued construction of two substations for Siemens during the quarter. In first quarter 2012 the yard was awarded a contract by Husky Energy Inc. for dry docking and service of the SeaRose Floating, Production, Storage and Offloading (FPSO) vessel. The docking is estimated to take place in June/July 2012. 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, 7th May 2012
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	1Q 2012	4Q 2011	1Q 2011	Year 2011
Operating revenues		1 530,3	1 629,7	1 449,6	6 262,2
Recharged income		76,1	52,0	29,4	208,7
Total revenues		1 606,4	1 681,7	1 479,0	6 470,9
Operating costs		(686,9)	(742,9)	(688,3)	(2 729,2)
Recharged expenses		(75,5)	(50,0)	(27,8)	(201,0)
Total operating expenses		(762,4)	(792,9)	(716,1)	(2 930,2)
Oper. profit before depr. (EBITDA)		844,0	888,8	762,9	3 540,7
Depreciation and amortisation	6	(338,3)	(331,6)	(315,5)	(1 260,7)
Impairment		-	(15,3)	-	(15,3)
Operating profit (EBIT)		505,7	541,9	447,4	2 264,7
Net financial (expense)/income	8	(110,3)	(26,0)	(64,6)	(157,5)
Profit before income taxes		395,4	515,9	382,8	2 107,2
Income tax expense		(26,5)	14,5	(11,0)	(19,5)
Profit for the period		368,9	530,4	371,8	2 087,7
Attributable to:					
Shareholders		368,8	530,3	371,4	2 086,3
Non-controlling interests		0,1	0,1	0,4	1,4
Profit for the period		368,9	530,4	371,8	2 087,7

EPS :

Basic earnings per share	5,6	8,0	5,6	31,5
Diluted earnings per share	5,6	8,0	5,6	31,5

Outstanding shares

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

GROUP STATEMENT OF COMPREHENSIVE INCOME

Unaudited

	1Q 2012	4Q 2011	1Q 2011	Year 2011
Profit for the period	368,9	530,4	371,8	2 087,7
Exchange differences on translation of foreign operations	(363,0)	215,6	(359,6)	286,4
Total comprehensive income for the period	5,9	746,0	12,2	2 374,1
Attributable to:				
Shareholders	5,9	745,9	12,0	2 372,5
Non-controlling interests	-	0,1	0,2	1,6
Total comprehensive income for the period	5,9	746,0	12,2	2 374,1



Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

STATEMENT OF FINANCIAL POSITION

Unaudited

(NOK mill)

		31 Mar 12	31 Mar 11	31 Dec 11
Intangible assets		98,6	98,6	98,6
Property, plant & equipment	6	9 936,7	9 302,7	10 449,2
Other non-current assets		60,9	38,1	61,4
Total non-current assets		10 096,2	9 439,4	10 609,2
Inventories		461,8	385,8	466,4
Trade and other receivables		1 203,1	1 036,1	1 199,8
Other current assets		143,1	425,7	405,4
Cash and cash equivalents		2 039,8	1 272,5	2 183,6
Total current assets		3 847,8	3 120,1	4 255,2
Total assets		13 944,0	12 559,5	14 864,4
Share capital		1 333,9	1 333,9	1 333,9
Other equity		6 653,2	5 612,1	6 647,3
Non-controlling interests		6,9	5,5	6,9
Total Equity		7 994,0	6 951,5	7 988,1
Non-current interest-bearing loans and borrowings	5	3 653,6	3 401,0	4 429,5
Other non-current liabilities		342,2	342,5	372,7
Total non-current liabilities		3 995,8	3 743,5	4 802,2
Current interest-bearing loans and borrowings	5	1 252,5	1 213,0	1 318,4
Other current liabilities		701,7	651,5	755,7
Total current liabilities		1 954,2	1 864,5	2 074,1
Total equity and liabilities		13 944,0	12 559,5	14 864,4

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
Jan - Mar 2011								
Balance at 1 January 2011	1 333,9	548,1	(636,5)	(8,6)	5 697,1	6 934,0	5,3	6 939,3
Total comprehensive income	-	-	(359,4)	-	371,4	12,0	0,2	12,2
Balance at 31 Mar 2011	1 333,9	548,1	(995,9)	(8,6)	6 068,5	6 946,0	5,5	6 951,5
Year 2011								
Balance at 1 January 2011	1 333,9	548,1	(636,5)	(8,6)	5 697,1	6 934,0	5,3	6 939,3
Total comprehensive income	-	-	286,2	-	2 086,3	2 372,5	1,6	2 374,1
Dividend	-	-	-	-	(1 325,3)	(1 325,3)	-	(1 325,3)
Balance at 31 Dec 2011	1 333,9	548,1	(350,3)	(8,6)	6 458,1	7 981,2	6,9	7 988,1
Jan - Mar 2012								
Total comprehensive income	-	-	(363,0)	-	368,9	5,9	-	5,9
Balance at 31 Mar 2012	1 333,9	548,1	(713,3)	(8,6)	6 827,0	7 987,1	6,9	7 994,0



Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

CONSOLIDATED STATEMENT OF CASH FLOWS

Unaudited (NOK mill)	Note	Jan-Mar 2012	Jan-Mar 2011	Year 2011
Cash flows from operating activities				
Profit before income tax		395,4	382,8	2 107,2
<i>Adjustment for:</i>				
Depreciation and amortisation		338,3	315,5	1 276,0
Interest expense	8	29,7	16,1	103,1
Gain/(loss) on sales of fixed assets		-	-	-
Changes in working capital		85,7	(95,4)	(182,9)
Unrealised loss/(gain) financial instruments		(15,2)	(19,9)	(9,6)
Cash generated from operations		833,9	599,1	3 293,8
Interest paid		(41,6)	(20,0)	(114,7)
Taxes paid		(27,7)	(25,6)	(74,9)
Net cash from operating activities		764,6	553,5	3 104,2
Cash flows from investing activities				
Net investment in fixed assets		(183,7)	(106,6)	(1 300,6)
Proceeds from sale of equipment		-	0,2	1,2
Net cash used to investing activities		(183,7)	(106,4)	(1 299,4)
Cash flows from financing activities				
Borrowing of interest bearing debt		-	-	1 400,0
Repayments of interest bearing debt	5	(640,7)	(606,5)	(1 249,1)
Dividend paid		-	-	(1 325,3)
Net cash from financing activities		(640,7)	(606,5)	(1 174,4)
Foreign currency		(84,0)	(66,3)	55,0
Net change in cash and cash equivalents		(59,8)	(159,4)	630,4
Cash and cash equivalents at the beg. of period		2 183,6	1 498,2	1 498,2
Cash and cash equiv. at the end of period		2 039,8	1 272,5	2 183,6



Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

Notes

1. Segment information

(NOK mill)	Offshore Drilling *	Engineering & Fabrication	Eliminations	FOE Group
1Q 2012				
Revenues from external customers	1 539,9	66,5	-	1 606,4
Inter-segment revenues	-	-	-	-
Total revenues	1 539,9	66,5	-	1 606,4
Operating costs	(698,0)	(64,4)	-	(762,4)
Oper. profit before depr. (EBITDA)	841,9	2,1	-	844,0
Depreciation and amortisation	(336,4)	(1,9)	-	(338,3)
Operating profit (EBIT)	505,5	0,2	-	505,7
4Q 2011				
Revenues from external customers	1 638,0	43,7	-	1 681,7
Inter-segment revenues	-	-	-	-
Total revenues	1 638,0	43,7	-	1 681,7
Operating costs	(751,5)	(41,4)	-	(792,9)
Oper. profit before depr. (EBITDA)	886,5	2,3	-	888,8
Depreciation and amortisation	(330,0)	(1,6)	-	(331,6)
Impairment	(15,3)	-	-	(15,3)
Operating profit (EBIT)	541,2	0,7	-	541,9
1Q 2011				
Revenues from external customers	1 428,2	50,8	-	1 479,0
Inter-segment revenues	-	-	-	-
Total revenues	1 428,2	50,8	-	1 479,0
Operating costs	(671,3)	(44,8)	-	(716,1)
Oper. profit before depr. (EBITDA)	756,9	6,0	-	762,9
Depreciation and amortisation	(313,7)	(1,8)	-	(315,5)
Operating profit (EBIT)	443,2	4,2	-	447,4
Year 2011				
Revenues from external customers	6 250,4	220,5	-	6 470,9
Inter-segment revenues	-	-	-	-
Total revenues	6 250,4	220,5	-	6 470,9
Operating costs	(2 732,9)	(197,3)	-	(2 930,2)
Oper. profit before depr. (EBITDA)	3 517,5	23,2	-	3 540,7
Depreciation and amortisation	(1 254,2)	(6,5)	-	(1 260,7)
Impairment	(15,3)	-	-	(15,3)
Operating profit (EBIT)	2 248,0	16,7	-	2 264,7

* 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
31 Mar 12				
Segment assets	13 705,6	289,3	(50,9)	13 944,0
Segment liabilities	5 748,4	252,5	(50,9)	5 950,0
31 Mar 11				
Segment assets	12 325,1	282,4	(48,0)	12 559,5
Segment liabilities	5 396,0	260,0	(48,0)	5 608,0
31 Dec 11				
Segment assets	14 632,5	284,8	(52,9)	14 864,4
Segment liabilities	6 679,3	249,9	(52,9)	6 876,3

* Includes Fred. Olsen Energy ASA

2. Introduction

The consolidated interim financial statements for 1st Quarter 2012 ended 31 March 2012, 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 2011.

The consolidated financial statements of the Group for the year ended 31 December 2011 are available upon request from the Company's office in Oslo or at www.fredolsen-energy.com.

These consolidated interim financial statements were approved by the Board of Directors on 7 May 2012.

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 2011.

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 2011.



Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

5. Interest-bearing loans and borrowings

The Group has repaid USD 110 million of the fleet loan as per 31 March 2012.

6. Property, plant and equipment

(NOK mill)	Rigs and drillship	Machinery and equipment	Plant, building and land	Total
Cost				
Balance at 1 January 2012	15 845,5	428,7	108,5	16 382,7
Acquisitions	324,5	14,6	0,0	339,1
Reclassifications	0,0	0,0		0,0
Disposals	0,0	0,0	0,0	0,0
Movements in foreign currency	(791,0)	(6,8)	(2,1)	(799,9)
Balance at 31 March 2012	15 379,0	436,5	106,4	15 921,9
Depreciation				
Balance at 1 January 2012	5 509,7	361,4	62,4	5 933,5
Reclassifications	0,0	0,0		0,0
Depreciation	332,9	5,1	0,3	338,3
Disposals	0,0	0,0	0,0	0,0
Movements in foreign currency	(279,7)	(5,7)	(1,2)	(286,6)
Balance at 31 March 2012	5 562,9	360,8	61,5	5 985,2
Carrying amounts				
At 1 January 2012	10 335,8	67,3	46,1	10 449,2
At 31 March 2012	9 816,1	75,7	44,9	9 936,7

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 2011.

8. Financial expenses

Net financial expenses per 31 March 2012 include NOK 9 million of unrealised gain related to changes in fair value of interest rate contracts and NOK 6 million of unrealised gain on currency contracts. Interest cost of NOK 9 million is capitalized to Bolette Dolphin under construction.