

Fred. Olsen Energy ASA

Report for the 2nd quarter 2012 and the 1st half year 2012

Figures in NOK

FRED. OLSEN ENERGY ASA (FOE) REPORTS AN OPERATING PROFIT BEFORE DEPRECIATION (EBITDA) OF 942 MILLION FOR THE 2nd QUARTER 2012 AND 1,786 MILLION FOR THE FIRST HALF YEAR 2012

HIGHLIGHTS FOR THE 2nd QUARTER 2012

- Revenues were 1,742 million
- EBITDA was 942 million
- Operating profit (EBIT) was 616 million
- Profit before tax was 628 million
- Earnings per share were 9.3
- New three-year drilling contract for Byford Dolphin
- BP exercised options on Borgholm Dolphin
- One well contract for Blackford Dolphin
- Ordering new harsh environment ultra-deepwater semi submersible rig
- Established new USD 1,500m bank credit facility

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FINANCIAL INFORMATION (1st quarter 2012 and 1st half year 2011 in brackets)

Operating revenues in the quarter were 1,742 million (1,606 million), an increase of 135 million compared with the previous quarter. The revenues for offshore drilling division were 1,641 million, an increase of 101 million. Revenues for the engineering and fabrication division were 101 million, an increase of 35 million. The increase in revenues within the offshore drilling division is mainly due to Borgsten Dolphin working for the whole quarter compared to two weeks in previous quarter and a satisfactory operational uptime for the rest of the fleet. The increase was partly offset by Bredford Dolphin commencing its class renewal survey at CCB mid June.

Operating costs were 800 million (762 million), an increase of 38 million compared with previous quarter. Operating costs within the offshore drilling division increased by 7 million. Operating costs within the engineering and fabrication division increased by 31 million. The increase in operating costs within the engineering and fabrication division is mainly due to the change in the mix of work in second quarter compared to first quarter.

Operating profit before depreciation (EBITDA) was 942 million (844 million). EBITDA for the half year was 1,786 million (1,692 million).

Depreciation amounted to 326 million (338 million). For the half year it amounted to 665 million (612 million).

Operating profit after depreciation (EBIT) was 616 million (506 million). EBIT for the half year was 1,121 million (1,081 million).

Net financial expenses were positive 12 million (110 million). Capitalized interest expenses related to the newbuilds in the quarter amounted to 12 million (9 million). Net financial expenses for the half year were 99 million (119 million).

Profit before tax was 628 million (395 million). Profit before tax for the half year was 1,023 million (962 million).

Net profit, including an estimated tax charge of 13 million (27 million), was 615 million (369 million). Net profit for the half year, including an estimated tax charge of 39 million (20 million), was 984 million (942 million).

Basic earnings per share were 9.3 (5.6).

Basic earnings per share for the half year were 14.8 (14.2).

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. The Group has two newbuilds under construction, an ultra deepwater drillship scheduled to be delivered in 3Q 2013 and an ultra deepwater semi submersible for harsh environment scheduled to be delivered in 1Q 2015. Both units are ordered at 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. The program is for a total of 10 wells and is estimated to be completed in 3rd quarter 2013. The five-year Class Renewal Survey was commenced mid June 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 commenced operations under a one-well contract with Anadarko early July after completing a one-well contract with Sonangol Starfish for operations offshore Brazil. 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 one-well contract with Anadarko. A new one-well contract has been entered into with Anadarko for operations in Brazil, in direct continuation with the upcoming Karoon contract. The unit will undertake its five-year Class Renewal Survey second half 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. In June 2012, a new three-year drilling contract was entered into with BP in direct continuation with current contract. The unit will undertake an early Class Renewal Survey and installation of a new BOP, including commissioning and new control system, early 2014.

Borgsten Dolphin continued operations under a three-well drilling contract with Valiant Causeway Limited, 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 end November 2012. The unit will undertake an upgrade, conversion and an early five-year Class Renewal Survey prior to contract commencement.

Borgholm Dolphin continued under a twelve-month accommodation contract with BP Exploration Operating Co. Ltd., for work on the Andrew field in the UK sector of the North Sea. BP has exercised the two first options under the contract and the remaining two options have to be declared before end of August. The five-year Class Renewal Survey is scheduled to be undertaken late 2012/ early 2013.

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 FPSO vessel. The docking was completed in early July as scheduled. 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.

MATERIAL EVENTS

In May 2012 a wholly owned subsidiary of Fred. Olsen Energy ASA entered into a turn-key contract with Hyundai Heavy Industries Co., Ltd. for the building of a new harsh environment ultra-deepwater semi submersible drilling rig with scheduled delivery in first quarter 2015. Total project cost is estimated to USD 700 million (including spare parts, owner furnished equipment and project team). The contract includes an option from Hyundai for the purchase of a similar second drilling rig exercisable within October 2012.

There have been no other material events since the release of the Annual Report for 2011.

FINANCIALS

In June 2012 Dolphin International AS, a subsidiary of Fred. Olsen Energy ASA, signed a new five year bank credit facility of up to USD 1,500 million. The credit facility was used to prepay existing bank loans, and will be used to full-finance the newbuild Bolette Dolphin and for general corporate purposes. The facility is provided by 12 international banks and GIEK/Eksportkreditt Norge AS.

There is no material changes related to financial risk management, including interest rate and currency risks, since the release of the Annual Report for 2011.

SHARE CAPITAL ISSUES

At the Annual General Meeting (AGM) in May, the dividend payment of total NOK 20 per share was approved. The payment of dividend took place on the 20th June 2012, with a total amount of approximately NOK 1,325 million.

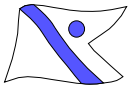
The Board of Directors was authorized by the AGM to increase the share capital of up to 6,669,422 shares by issuing new shares or by raising loans with the right to subscribe new shares or a combination of these means, however only in such a way that the aggregated number of new shares will not exceed 6,669,422 shares. Furthermore, the Board of Directors was authorized to purchase up to 6,669,422 shares of the Company's own shares.

MARKET AND PROSPECTS

During the 1st half of 2012 the tendering activity has been high within all floater segments. This has globally materialized in several new contracts both in the mid-water and deepwater segments.

The global market outlook remains positive for floating units, supported by increasing long-term demand for oil and sustainable oil prices. Continued growth is expected in the ultra deepwater segment, where the strongest driver will be development of proven resources. A stable activity is foreseen in the mid-water segments.

Oslo, 11th July 2012
The Board of Directors
Fred. Olsen Energy ASA



Fred. Olsen Energy ASA

Statement by the Board of Directors and Chief Executive Officer

The Board of Directors and Chief Executive Officer have today considered and approved the condensed consolidated interim report of Fred. Olsen Energy ASA as at 30 June 2012 and for the first half-year 2012 including condensed consolidated comparative figures as at 30 June 2011 and for the first half-year 2011 (“the interim report”).

The interim report has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU and additional Norwegian requirements in Securities Trading Act.

We consider the accounting policies applied to be appropriate. Accordingly, the interim report give a true and fair view of the Group’s assets, liabilities and financial position as at 30 June 2012 and as at 30 June 2011 and of the results of the Group’s operations and cash flows for the first half-year 2012 and the first half-year 2011.

Oslo, 11 July 2012
Fred. Olsen Energy ASA

Sign. Anette S. Olsen Chairman	Sign. Jan Peter Valheim	Sign. Cecilie B. Heuch	Sign. Øivin Fjeldstad	Sign. Agnar Gravdal	Sign. Ivar Brandvold CEO
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Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

GROUP INCOME STATEMENT

Unaudited

(NOK mill)	Note	2Q 2012	1Q 2012	2Q 2011	Jan - June 2012	Jan - June 2011	Year 2011
Operating revenues		1 709,4	1 530,3	1 565,6	3 239,7	3 015,2	6 262,2
Recharged income		32,2	76,1	63,0	108,3	92,4	208,7
Total revenues		1 741,6	1 606,4	1 628,6	3 348,0	3 107,6	6 470,9
Operating costs		(771,0)	(686,9)	(638,7)	(1 457,9)	(1 327,0)	(2 729,2)
Recharged expenses		(28,5)	(75,5)	(60,5)	(104,0)	(88,3)	(201,0)
Total operating expenses		(799,5)	(762,4)	(699,2)	(1 561,9)	(1 415,3)	(2 930,2)
Oper. profit before depr. (EBITDA)		942,1	844,0	929,4	1 786,1	1 692,3	3 540,7
Depreciation and amortisation	6	(326,4)	(338,3)	(296,1)	(664,7)	(611,6)	(1 260,7)
Impairment		-	-	-		-	(15,3)
Operating profit (EBIT)		615,7	505,7	633,3	1 121,4	1 080,7	2 264,7
Net financial (expense)/income	8	11,8	(110,3)	(54,3)	(98,5)	(118,9)	(157,5)
Profit before income taxes		627,5	395,4	579,0	1 022,9	961,8	2 107,2
Income tax expense		(12,6)	(26,5)	(9,0)	(39,1)	(20,0)	(19,5)
Profit for the period		614,9	368,9	570,0	983,8	941,8	2 087,7
Attributable to:							
Shareholders		614,5	368,8	569,3	983,3	940,7	2 086,3
Non-controlling interests		0,4	0,1	0,7	0,5	1,1	1,4
Profit for the period		614,9	368,9	570,0	983,8	941,8	2 087,7

EPS :

Basic earnings per share	9,3	5,6	8,6	14,8	14,2	31,5
Diluted earnings per share	9,3	5,6	8,6	14,8	14,2	31,5

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

	2Q 2012	1Q 2012	2Q 2011	Jan - June 2012	Jan - June 2011	Year 2011
Profit for the period	614,9	368,9	570,0	983,8	941,8	2 087,7
Exchange differences on translation of foreign operations	383,4	(363,0)	(140,6)	20,4	(500,2)	286,4
Total comprehensive income for the period	998,3	5,9	429,4	1 004,2	441,6	2 374,1
Attributable to:						
Shareholders	997,8	5,9	428,9	1 003,7	440,9	2 372,5
Non-controlling interests	0,5	-	0,5	0,5	0,7	1,6
Total comprehensive income for the period	998,3	5,9	429,4	1 004,2	441,6	2 374,1



Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

STATEMENT OF FINANCIAL POSITION

Unaudited

(NOK mill)

		30 June 12	31 Mar 12	30 June 11	31 Dec 11
Intangible assets		98,6	98,6	98,6	98,6
Property, plant & equipment	6	11 835,3	9 936,7	9 744,3	10 449,2
Other non-current assets		61,6	60,9	37,0	61,4
Total non-current assets		11 995,5	10 096,2	9 879,9	10 609,2
Inventories		503,4	461,8	396,0	466,4
Trade and other receivables		1 466,2	1 203,1	1 149,9	1 199,8
Other current assets		123,6	143,1	488,5	405,4
Cash and cash equivalents		1 111,1	2 039,8	2 267,7	2 183,6
Total current assets		3 204,3	3 847,8	4 302,1	4 255,2
Total assets		15 199,8	13 944,0	14 182,0	14 864,4
Share capital		1 333,9	1 333,9	1 333,9	1 333,9
Other equity	9	6 325,6	6 653,2	6 041,0	6 647,3
Non-controlling interests		7,4	6,9	6,0	6,9
Total Equity		7 666,9	7 994,0	7 380,9	7 988,1
Non-current interest-bearing loans and borrowings	5	5 231,4	3 653,6	4 709,8	4 429,5
Other non-current liabilities		342,2	342,2	343,3	372,7
Total non-current liabilities		5 573,6	3 995,8	5 053,1	4 802,2
Current interest-bearing loans and borrowings	5	490,6	1 252,5	1 185,4	1 318,4
Other current liabilities		1 468,7	701,7	562,6	755,7
Total current liabilities		1 959,3	1 954,2	1 748,0	2 074,1
Total equity and liabilities		15 199,8	13 944,0	14 182,0	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 - June 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	-	-	(499,8)	-	940,7	440,9	0,7	441,6
Balance at 30 June 2011	1 333,9	548,1	(1 136,3)	(8,6)	6 637,8	7 374,9	6,0	7 380,9
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 - June 2012								
Total comprehensive income	-	-	20,3	-	983,3	1 003,6	0,5	1 004,1
Dividend	-	-	-	-	(1 325,3)	(1 325,3)	-	(1 325,3)
Balance at 30 June 2012	1 333,9	548,1	(330,0)	(8,6)	6 116,1	7 659,5	7,4	7 666,9



Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

CONSOLIDATED STATEMENT OF CASH FLOWS

Unaudited (NOK mill)	Note	Jan-June 2012	Jan-June 2011	Year 2011
Cash flows from operating activities				
Profit before income tax		1 022,9	961,8	2 107,2
<i>Adjustment for:</i>				
Depreciation and amortisation		664,7	611,6	1 276,0
Interest expense	8	58,2	38,0	103,1
Gain/(loss) on sales of fixed assets		-	-	-
Changes in working capital		(3,7)	(332,9)	(182,9)
Unrealised loss/(gain) financial instruments		(20,6)	(12,0)	(9,6)
Cash generated from operations		1 721,5	1 266,5	3 293,8
Interest paid		(79,0)	(36,0)	(114,7)
Taxes paid		(34,8)	(47,9)	(74,9)
Net cash from operating activities		1 607,7	1 182,6	3 104,2
Cash flows from investing activities				
Net investment in fixed assets		(1 501,4)	(1 116,2)	(1 300,6)
Proceeds from sale of equipment		-	0,2	1,2
Net cash used to investing activities		(1 501,4)	(1 116,0)	(1 299,4)
Cash flows from financing activities				
Borrowing of interest bearing debt		4 487,5	1 400,0	1 400,0
Repayments of interest bearing debt	5	(4 350,3)	(606,5)	(1 249,1)
Dividend paid	9	(1 325,3)	-	(1 325,3)
Net cash from financing activities		(1 188,1)	793,5	(1 174,4)
Foreign currency		9,3	(90,6)	55,0
Net change in cash and cash equivalents		(1 081,8)	860,1	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		1 111,1	2 267,7	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
2Q 2012				
Revenues from external customers	1 640,5	101,1	-	1 741,6
Inter-segment revenues	-	-	-	-
Total revenues	1 640,5	101,1	-	1 741,6
Operating costs	(704,6)	(94,9)	-	(799,5)
Oper. profit before depr. (EBITDA)	935,9	6,2	-	942,1
Depreciation and amortisation	(324,4)	(2,0)	-	(326,4)
Operating profit (EBIT)	611,5	4,2	-	615,7
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
2Q 2011				
Revenues from external customers	1 568,6	60,0	-	1 628,6
Inter-segment revenues	-	-	-	-
Total revenues	1 568,6	60,0	-	1 628,6
Operating costs	(648,7)	(50,5)	-	(699,2)
Oper. profit before depr. (EBITDA)	919,9	9,5	-	929,4
Depreciation and amortisation	(294,3)	(1,8)	-	(296,1)
Operating profit (EBIT)	625,6	7,7	-	633,3
Jan - June 2012				
Revenues from external customers	3 180,4	167,6	-	3 348,0
Inter-segment revenues	-	-	-	-
Total revenues	3 180,4	167,6	-	3 348,0
Operating costs	(1 402,6)	(159,3)	-	(1 561,9)
Oper. profit before depr. (EBITDA)	1 777,8	8,3	-	1 786,1
Depreciation and amortisation	(660,8)	(3,9)	-	(664,7)
Operating profit (EBIT)	1 117,0	4,4	-	1 121,4
Jan - June 2011				
Revenues from external customers	2 996,8	110,8	-	3 107,6
Inter-segment revenues	-	-	-	-
Total revenues	2 996,8	110,8	-	3 107,6
Operating costs	(1 320,0)	(95,3)	-	(1 415,3)
Oper. profit before depr. (EBITDA)	1 676,8	15,5	-	1 692,3
Depreciation and amortisation	(608,0)	(3,6)	-	(611,6)
Operating profit (EBIT)	1 068,8	11,9	-	1 080,7
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
30 June 12				
Segment assets	14 835,4	418,7	(54,3)	15 199,8
Segment liabilities	7 209,5	377,7	(54,3)	7 532,9
30 June 11				
Segment assets	13 957,7	271,6	(47,3)	14 182,0
Segment liabilities	6 606,6	241,8	(47,3)	6 801,1
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 2nd Quarter 2012 ended 30 June 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 11 July 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.

5. Interest-bearing loans and borrowings

The Group has signed a new five year bank credit facility of up to USD 1.500 million. The credit facility will be used to full-finance the newbuild Bolette Dolphin, general corporate purposes and refinancing



Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

of existing bank loans. Per 30 June 2012 the Group has borrowed USD 750 million and repaid the existing bank loans by USD 620 million. USD 300 million is undrawn and available under the credit facility for general corporate purposes.

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	2 056,6	27,3	0,0	2 083,9
Reclassifications	0,0	0,0		0,0
Disposals	(9,3)	0,0	0,0	(9,3)
Movements in foreign currency	(24,9)	1,1	0,2	(23,6)
Balance at 30 June 2012	17 867,9	457,1	108,7	18 433,7
Depreciation				
Balance at 1 January 2012	5 509,7	361,4	62,4	5 933,5
Reclassifications	0,0	0,0		0,0
Depreciation	653,6	10,6	0,5	664,7
Disposals	(9,3)	0,0	0,0	(9,3)
Movements in foreign currency	7,9	1,5	0,1	9,5
Balance at 30 June 2012	6 161,9	373,5	63,0	6 598,4
Carrying amounts				
At 1 January 2012	10 335,8	67,3	46,1	10 449,2
At 30 June 2012	11 706,0	83,6	45,7	11 835,3

The Group entered into a turnkey contract for a harsh environment ultra deepwater semi-submersible drilling rig with Hyundai Heavy Industries Co.Ltd in May 2012. The first instalment of \$186.4 million is included as acquisition above.

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 30 June 2012 include NOK 15 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 21 million is capitalized to Bolette Dolphin under construction.

9. Dividend

The Annual General Meeting in May 2012 approved the Board's proposal of an ordinary dividend payment of NOK 10 and an extraordinary dividend payment of NOK 10 per share for the year 2011. The payment was made in June 2012 and amounted to NOK 1 325.3 million.