Fred. Olsen Energy ASA

Report for the 3rd quarter 2015

Figures in USD

FRED. OLSEN ENERGY ASA (FOE) REPORTS AN OPERATING PROFIT BEFORE DEPRECIATION (EBITDA) OF USD 130 MILLION IN 3Q 2015

HIGHLIGHTS

- **Revenues were 241 million**
- **EBITDA was 130 million**
- **Operating profit (EBIT) was 16 million**
- **Profit before tax was 22 million**
- **Earnings per share were 0.32**

POST QUARTER EVENTS
Bollsta Dolphin:

- **Arbitration notice received from Hyundai Heavy Industries Co. Ltd.**
- **Termination of Construction Contract and Drilling Contract**

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FINANCIAL INFORMATION (*2nd quarter 2015 in brackets)*

Operating revenues in the quarter were 241.4 million (325.9 million), a decrease of 84.5 million compared with the previous quarter. Revenues from the offshore drilling division were 240.3 million (323.6 million), a decrease of 83.3 million. The decrease in revenues within the offshore drilling division is mainly due an insurance settlement for Blackford Dolphin of USD 25.9 million in previous quarter and subsea related downtime on Bolette Dolphin (11 days), Byford Dolphin (16 days) and Blackford Dolphin (22 days) and Borgholm Dolphin being laid-up in 3rd quarter. Blackford Dolphin have had additional 12 days on off-hire in the beginning of 4th quarter.

Operating costs were 111.8 million (117.3 million), a decrease of 5.5 million compared with previous quarter. Operating costs within the offshore drilling division decreased by 6.3 million to 109.5 million (115.8 million). Operating costs within the engineering and fabrication division increased with 0.8 million, excluding intra-group eliminations of 55.8 million.

Operating profit before depreciation (EBITDA) was 129.6 million (208.6 million). EBITDA within the offshore drilling division decreased by 77.0 million to 130.8 million (207.8 million), and EBITDA within engineering and fabrication division was negative 1.2 million (2.3 million including internal profit of 1.5 million).

Depreciation and impairment amounted to 113.6 million (513.1 million), including a non-cash impairment charge of 31.0 million. The impairment charge is due to lower expected utilization in the near term future.

Operating profit after depreciation and impairment (EBIT) was 16.0 million (negative 304.5 million).

Net financial items were 6.3 million (- 18.2 million). Capitalized interest expenses related to the newbuild in the quarter amounted to 1.8 million (1.8 million).

Profit before tax was 22.3 million (negative 322.7 million).

Net profit, including an estimated tax charge of 0.9 million (4.8 million), was 21.4 million (negative 327.5 million).

Earnings per share were 0.32 (-4.94).

POST QUARTER EVENTS

On 22 October, Bollsta Dolphin Pte. Ltd. received a notice of arbitration from Hyundai Heavy Industries Co. Ltd. (HHI). HHI alleges that it is entitled to an additional payment of about MUSD 167 and additional time to complete and deliver Bollsta Dolphin. The claim is considered to be without merit; principally because the construction contract is a so called turn-key delivery for a pre-agreed price. The contract also contains a specific variation order regime dealing with any adjustments or modifications. The amount of variations are negligible.

The construction of the unit was substantially delayed and Bollsta Dolphin Ptl. Ltd therefore decided to exercise its contractual right to terminate the construction contract with HHI. In connection with this termination, Chevron North Sea Limited and Dolphin Drilling Ltd. in good faith agreed on amicable terms to terminate the drilling contract under which the newbuilding was supposed to operate.

OPERATIONS

Drilling Division

The offshore fleet of Fred. Olsen Energy ASA with subsidiaries (the Group) consists of three ultra-deepwater/deepwater units, five mid-water semi-submersible drilling rigs, one tender support vessel and one accommodation unit. Three of the semi-submersible drilling rigs are operating on the Norwegian Continental Shelf.

Norway

Bideford Dolphin continued operations under a three-year drilling contract for Statoil ASA. The contract expires in January 2017. The unit completed its five-year Class Renewal Survey (CRS) in 2014.

Borgland Dolphin continued operations under the 18 well drilling contract with a Rig Management Norway AS (RMN) managed consortium of four oil companies. Updated drilling plans have been received from the RMN led consortium, taking into consideration already drilled wells and revised plans for the remaining well program. Based on the received adjusted estimates for future wells the operations are estimated to be completed first quarter 2017, instead of 4th quarter 2017. The unit completed its five-year CRS in 2015.

Bredford Dolphin continued operations under a drilling program for an AGR coordinated group of four oil companies. Based on current drilling program, the contract is estimated to be completed in November 2015. The unit undertook its five-year CRS in 2012.

International

The ultra-deepwater drillship Bolette Dolphin continued drilling under its four-year drilling contract with Anadarko Petroleum Corporation. The contract expires in May 2018. The unit is currently drilling offshore Colombia.

Belford Dolphin undertook its five-year CRS during the quarter at Keppel shipyard in Singapore, and the CRS was completed in October. The unit will undergo preservation activities whilst being marketed for new contract possibilities worldwide.

Blackford Dolphin commenced a 572 days contract for operations for Chevron in UK. The contract expires January 2017. The unit completed its five-year CRS in 2014.

Byford Dolphin completed the acceptance tests 28th July and continued the three-year drilling contract with BP. The contract is estimated to expire 3rd quarter 2016. The unit completed its five-year CRS in 2015.

Borgsten Dolphin continued operations under the 40 months contract as Tender Support Vessel (TSV) at the Dunbar platform with Total E&P UK Ltd. In June 2015, the contract was amended and revised from October 2015 to January 2018, subject to certain early termination rights from end 2016. Contract terms prior to October 2015 remained in accordance with the original contract. The unit completed its five-year CRS and upgrades to a TSV in February 2013.

Borgholm Dolphin completed its accommodation contract with BG Group early June and the unit is currently laid-up at Harland & Wolff. The unit completed its five-year CRS in March 2013.

Borgny Dolphin is in lay-up and cold stacked at the Harland & Wolff shipyard in Belfast.

Engineering and Fabrication

The Harland & Wolff shipyard continued its core activities within engineering, ship repair and shipbuilding. Main activities at the yard during the quarter has been related to ship dockings and ship repairs.

Oslo, 27th October 2015
The Board of Directors
Fred. Olsen Energy ASA

Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

GROUP INCOME STATEMENT

Unaudited

(USD mill)	Note	3Q 2015	2Q 2015	3Q 2014	Jan-Sep 2015	Jan-Sep 2014	Year 2014
Operating revenues		235,1	320,6	310,0	827,7	826,0	1 112,4
Recharged income		6,3	5,3	25,4	23,5	60,5	71,7
Total revenues		**241,4**	**325,9**	**335,4**	**851,2**	**886,5**	**1 184,1**
Operating costs		(105,7)	(112,1)	(159,6)	(332,7)	(467,8)	(597,4)
Recharged expenses		(6,1)	(5,2)	(25,3)	(23,0)	(59,6)	(70,5)
Total operating expenses		**(111,8)**	**(117,3)**	**(184,9)**	**(355,7)**	**(527,4)**	**(667,9)**
Oper. profit before depr. (EBITDA)		**129,6**	**208,6**	**150,5**	**495,5**	**359,1**	**516,2**
Depreciation and amortisation	*6*	(82,6)	(94,2)	(92,4)	(267,9)	(242,8)	(329,4)
Impairment		(31,0)	(418,9)	(42,7)	(449,9)	(42,7)	(42,7)
Operating profit (EBIT)		**16,0**	**(304,5)**	**15,4**	**(222,3)**	**73,6**	**144,1**
Net financial (expense)/income	*8*	6,3	(18,2)	(11,8)	(3,2)	(29,2)	4,5
Profit before income taxes		**22,3**	**(322,7)**	**3,6**	**(225,5)**	**44,4**	**148,6**
Income tax expense		(0,9)	(4,8)	(11,4)	(10,9)	(21,7)	(30,3)
Profit for the period		**21,4**	**(327,5)**	**(7,8)**	**(236,4)**	**22,7**	**118,3**
Attributable to:							
Shareholders		21,5	(327,6)	(8,1)	(236,5)	21,8	117,3
Non-controlling interests		(0,1)	0,1	0,3	0,1	0,9	1,0
Profit for the period		**21,4**	**(327,5)**	**(7,8)**	**(236,4)**	**22,7**	**118,3**
EPS :							
Basic earnings per share		0,32	-4,94	-0,12	-3,57	0,33	1,77
Diluted earnings per share		0,32	-4,94	-0,12	-3,57	0,33	1,77
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	3Q 2015	2Q 2015	3Q 2014	Jan-Sep 2015	Jan-Sep 2014	Year 2014
Profit for the period	21,4	(327,5)	(7,8)	(236,4)	22,7	118,3
Actuarial gains/(losses) on defined benefit pension plans	-	-	-	-	-	(19,2)
Income tax relating to components of other comprehensive income	-	-	-	-	-	2,6
Exchange differences on translation of foreign operations	(2,1)	0,3	(0,5)	(2,9)	(2,6)	(8,1)
Total comprehensive income for the period	**19,3**	**(327,2)**	**(8,3)**	**(239,3)**	**20,1**	**93,6**
Attributable to:						
Shareholders	19,4	(327,3)	(8,6)	(239,4)	19,2	93,8
Non-controlling interests	(0,1)	0,1	0,3	0,1	0,9	(0,2)
Total comprehensive income for the period	**19,3**	**(327,2)**	**(8,3)**	**(239,3)**	**20,1**	**93,6**

Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

STATEMENT OF FINANCIAL POSITION

Unaudited

(USD mill)		30 Sep 15	30 June 15	30 Sep 14	31 Dec 14
Intangible assets		11,6	12,5	15,3	13,3
Property, plant & equipment	*6*	2 702,2	2 681,3	2 795,8	2 901,6
Other non-current assets		30,3	32,0	28,3	31,4
Total non-current assets		**2 744,1**	**2 725,8**	**2 839,4**	**2 946,3**
Inventories		125,2	122,5	112,6	115,2
Trade and other receivables		124,8	187,3	211,0	172,6
Other current assets		34,4	40,0	36,8	31,1
Cash and cash equivalents		209,5	186,0	174,5	203,4
Total current assets		**493,9**	**535,8**	**534,9**	**522,3**
Total assets		**3 238,0**	**3 261,6**	**3 374,3**	**3 468,6**
Share capital		193,3	193,3	193,3	193,3
Other equity		875,3	856,0	1 040,5	1 114,6
Non-controlling interests		-	-	0,6	-
Total Equity		**1 068,6**	**1 049,3**	**1 234,4**	**1 307,9**
Non-current interest-bearing loans and borrowings	*5*	1 056,0	1 070,8	1 409,6	1 359,9
Other non-current liabilities		123,7	133,8	131,2	139,0
Total non-current liabilities		**1 179,7**	**1 204,6**	**1 540,8**	**1 498,9**
Current interest-bearing loans and borrowings	*5*	355,6	369,1	95,5	95,5
Other current liabilities	*6*	634,1	638,6	503,6	566,3
Total current liabilities		**989,7**	**1 007,7**	**599,1**	**661,8**
Total equity and liabilities		**3 238,0**	**3 261,6**	**3 374,3**	**3 468,6**

GROUP STATEMENT OF CHANGES IN EQUITY

Unaudited

(USD mill)	Share capital	Share premium	Translation reserves	Reserve for own shares	Retained earnings	Total	Non-contr. interests	Total equity
Jan-Sep 2014								
Balance at 1 January 2014	193,3	83,5	15,0	(1,2)	1 146,3	1 436,9	-	1 436,9
Total comprehensive income	-	-	(2,6)	-	22,1	19,5	0,6	20,1
Dividend	-	-	-	-	(222,6)	(222,6)	-	(222,6)
Balance at 30 Sep 2014	**193,3**	**83,5**	**12,4**	**(1,2)**	**945,8**	**1 233,8**	**0,6**	**1 234,4**
Year 2014								
Balance at 1 January 2014	193,3	83,5	15,0	(1,2)	1 146,3	1 436,9	-	1 436,9
Total comprehensive income	-	-	(8,1)	-	101,7	93,6	-	93,6
Dividend	-	-	-	-	(222,6)	(222,6)	-	(222,6)
Balance at 31 Dec 2014	**193,3**	**83,5**	**6,9**	**(1,2)**	**1 025,4**	**1 307,9**	**-**	**1 307,9**
Jan-Sep 2015								
Total comprehensive income	-	-	(2,9)	-	(236,4)	(239,3)	-	(239,3)
Balance at 30 Sep 2015	**193,3**	**83,5**	**4,0**	**(1,2)**	**789,0**	**1 068,6**	**-**	**1 068,6**

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Condensed Financial Statements in accordance with IFRS

CONSOLIDATED STATEMENT OF CASH FLOWS

Unaudited **(USD mill)**	**Note**	**Jan-Sep 2015**	**Jan-Sep 2014**	**Year 2014**
Cash flows from operating activities				
Profit before income tax		(225,5)	44,4	148,6
Adjustment for:				
Depreciation, amortisation and impairment		717,8	285,5	372,1
Interest expense	*8*	29,6	31,0	41,6
Gain/(loss) on sales of fixed assets		(0,1)	0,2	0,2
Changes in working capital		(15,4)	(60,7)	(27,4)
Unrealised loss/(gain) financial instruments/debt		(40,1)	(24,0)	(67,0)
Cash generated from operations		466,3	276,4	468,1
Interest paid		(35,2)	(31,4)	(44,2)
Taxes paid		(17,3)	(9,4)	(29,1)
Net cash from operating activities		**413,8**	**235,6**	**394,8**
Cash flows from investing activities				
Net investment in fixed assets		(400,1)	(810,3)	(941,0)
Proceeds from sale of equipment		0,2	0,2	0,3
Net cash used to investing activities		**(399,9)**	**(810,1)**	**(940,7)**
Cash flows from financing activites				
Borrowing of interest bearing debt		130,0	1 933,6	1 933,6
Repayments of interest bearing debt	*5*	(135,5)	(1 183,2)	(1 183,2)
Dividend paid		-	(222,6)	(222,6)
Net cash from financing activites		**(5,5)**	**527,8**	**527,8**
Foreign currency		(2,3)	(0,9)	(0,6)
Net change in cash and cash equivalents		8,4	(46,7)	(18,1)
Cash and cash equivalents at the beg. of period		203,4	222,1	222,1
Cash and cash equiv. at the end of period		**209,5**	**174,5**	**203,4**

Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

Notes

1. Segment information

(USD mill)	Offshore Drilling *	Engineering & Fabrication	Eliminations	FOE Group
3Q 2015				
Revenues from external customers	240,3	1,1	-	241,4
Inter-segment revenues	-	(1,1)	1,1	-
Total revenues	**240,3**	**-**	**1,1**	**241,4**
Operating costs	(109,5)	(1,2)	(1,1)	(111,8)
Oper. profit before depr. (EBITDA)	**130,8**	**(1,2)**	**-**	**129,6**
Depreciation and amortisation	(82,0)	(0,6)	-	(82,6)
Impairment	(31,0)	-	-	(31,0)
Operating profit (EBIT)	**17,8**	**(1,8)**	**-**	**16,0**
2Q 2015				
Revenues from external customers	323,6	2,3	-	325,9
Inter-segment revenues	-	56,2	(56,2)	-
Total revenues	**323,6**	**58,5**	**(56,2)**	**325,9**
Operating costs	(115,8)	(56,2)	54,7	(117,3)
Oper. profit before depr. (EBITDA)	**207,8**	**2,3**	**(1,5)**	**208,6**
Depreciation and amortisation	(93,6)	(0,6)	-	(94,2)
Impairment	(418,9)	-	-	(418,9)
Operating profit (EBIT)	**(304,7)**	**1,7**	**(1,5)**	**(304,5)**
3Q 2014				
Revenues from external customers	331,0	4,4	-	335,4
Inter-segment revenues	-	9,2	(9,2)	-
Total revenues	**331,0**	**13,6**	**(9,2)**	**335,4**
Operating costs	(178,1)	(9,6)	2,8	(184,9)
Oper. profit before depr. (EBITDA)	**152,9**	**4,0**	**(6,4)**	**150,5**
Depreciation and amortisation	(91,8)	(0,6)	-	(92,4)
Impairment	(42,7)	-	-	(42,7)
Operating profit (EBIT)	**18,4**	**3,4**	**(6,4)**	**15,4**
Jan-Sep 2015				
Revenues from external customers	843,8	7,4	-	851,2
Inter-segment revenues	-	88,8	(88,8)	-
Total revenues	**843,8**	**96,2**	**(88,8)**	**851,2**
Operating costs	(348,8)	(92,8)	85,9	(355,7)
Oper. profit before depr. (EBITDA)	**495,0**	**3,4**	**(2,9)**	**495,5**
Depreciation and amortisation	(266,1)	(1,8)	-	(267,9)
Impairment	(449,9)	-	-	(449,9)
Operating profit (EBIT)	**(221,0)**	**1,6**	**(2,9)**	**(222,3)**
Jan-Sep 2014				
Revenues from external customers	863,6	22,9	-	886,5
Inter-segment revenues	-	62,8	(62,8)	-
Total revenues	**863,6**	**85,7**	**(62,8)**	**886,5**
Operating costs	(498,5)	(72,6)	43,7	(527,4)
Oper. profit before depr. (EBITDA)	**365,1**	**13,1**	**(19,1)**	**359,1**
Depreciation and amortisation	(241,1)	(1,7)	-	(242,8)
Impairment	(42,7)	-	-	(42,7)
Operating profit (EBIT)	**81,3**	**11,4**	**(19,1)**	**73,6**
Year 2014				
Revenues from external customers	1 158,1	26,0	-	1 184,1
Inter-segment revenues	-	65,8	(65,8)	-
Total revenues	**1 158,1**	**91,8**	**(65,8)**	**1 184,1**
Operating costs	(637,5)	(77,0)	46,6	(667,9)
Oper. profit before depr. (EBITDA)	**520,6**	**14,8**	**(19,2)**	**516,2**
Depreciation and amortisation	(327,1)	(2,3)	-	(329,4)
Impairment	(42,7)	-	-	(42,7)
Operating profit (EBIT)	**150,8**	**12,5**	**(19,2)**	**144,1**

* Includes Fred. Olsen Energy ASA

(USD mill)	Offshore Drilling *	Engineering & Fabrication	Eliminations	FOE Group
30 Sep 15				
Segment assets	3 176,1	64,6	(2,7)	3 238,0
Segment liabilities	2 104,3	67,8	(2,7)	2 169,4
30 Sep 14				
Segment assets	3 306,5	68,2	(0,4)	3 374,3
Segment liabilities	2 080,3	60,0	(0,4)	2 139,9
31 Dec 14				
Segment assets	3 405,7	65,7	(2,8)	3 468,6
Segment liabilities	2 092,6	70,9	(2,8)	2 160,7

* Includes Fred. Olsen Energy ASA

2. Introduction

The consolidated interim financial statements for 3rd Quarter 2015 ended 30 September 2015, 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 2014.

The consolidated financial statements of the Group for the year ended 31 December 2014 are available upon request from the Company’s office in Oslo or at www.fredolsen-energy.com.

The Board of Directors approved these consolidated interim financial statements on 27th October 2015.

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 2014.

4. Estimates

The preparations of interim financial statements require use of estimates, judgments and assumptions that 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 2014.

5. Interest-bearing loans and borrowings

As per September 2015 the Group has repaid USD 135 million and drawn USD 130 million of the fleet facility. Available lines under the long-term fleet facility were USD 210 million as per 30 September 2015.

6. Property, plant and equipment

(USD mill)	Rigs and drillship	Machinery and equipment	Plant, building and land	Total
Cost				
Balance at 1 January 2015	4 552,8	95,6	23,4	4 671,8
Acquisitions	517,0	2,7	0,6	520,3
Disposals	(253,6)	(0,4)	0,0	(254,0)
Movements in foreign currency	0,0	(4,2)	(0,9)	(5,1)
Balance at 30 Sep 2015	**4 816,2**	**93,7**	**23,1**	**4 933,0**
Depreciation				
Balance at 1 January 2015	1 688,1	71,4	10,7	1 770,2
Depreciation	263,1	4,5	0,3	267,9
Impairment	449,9	0,0	0,0	449,9
Disposals	(253,6)	(0,3)	0,0	(253,9)
Movements in foreign currency	0,0	(2,9)	(0,4)	(3,3)
Balance at 30 Sep 2015	**2 147,5**	**72,7**	**10,6**	**2 230,8**
Carrying amounts				
At 1 January 2015	2 864,7	24,2	12,7	2 901,6
At 30 Sep 2015	2 668,7	21,0	12,5	2 702,2

As of 30 September 2015, Bollsta Dolphin was under construction, and included as acquisition above with USD 152 million based on percent of completion. The total accrued cost related to Bollsta Dolphin per 30 September 2015 is USD 417 million recorded under other current liabilities. See further information in note 9, subsequent events.

On a quarterly basis, the Group assesses whether there is an indication that a Cash Generating Unit (CGU) may be impaired. We consider each individual unit to be a CGU, as defined in IAS 36.6, as each individual unit generates independent cash flows. One indicator of impairment we consider is if the net book value of a CGU is below the average market value provided from two independent brokers. Another indicator of impairment we consider is if the carrying amount of the net assets of the Group exceeds the Group’s market capitalisation. The Group estimates the recoverable amount for each CGU based on the value in use calculation by estimating the future expected cash inflows and outflows derived from continuing use of each CGU and applying the appropriate discount rate on the future cash flows.

As at Q3 2015, impairment tests of the Group’s fleet were undertaken. Due to deteriorating, short-term outlook compared to previous assumptions for the units Borgholm Dolphin and Bredford Dolphin, an additional impairment of USD 10 million and USD 21 million respectively, have been recognised in Q3 2015. No further adjustments are required for the other units. The net book values as per end 30th September are USD 13 million for Borgholm Dolphin and USD 39 million for Bredford Dolphin, which represent the estimated recoverable amount. As at Q2 2015, the Group recognised a total impairment loss of USD 418.9 million in Q2 2015. The estimated recoverable amount for each CGU was based on the value in use calculation, except for Borgny Dolphin, where an estimated fair value less costs of disposal basis was applied which we consider to be categorised in Level 3 of the fair value hierarchy. The Group applied a discount rate of 7.36% at Q3 and 8.15% at Q2 when determining the recoverable amount of the units using the value in use calculation.

The Group's estimated recoverable amount includes a number of assumptions such as future performance of the units, future contract opportunities, availabilities and day rates. If the Group experience changes to any of the assumptions, the Group may be required to recognise additional impairment adjustments or reverse impairment to the assets.

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 that are the owners of a combined 51.9% 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 2014.

8. Financial expenses/income
Unrealized foreign exchange gain of USD 24 million is included in Q3 and USD 42 million as per September 2015 related NOK Bond loans. Interest cost of USD 5.3 million is capitalized to Bollsta Dolphin under construction.

Unrealized loss on currency contracts USD 5.9 million is included in Q3 2015.

9. Subsequent events
On 22 October, Bollsta Dolphin Pte Ltd. received a notice of arbitration from Hyundai Heavy Industries Co. Ltd. (HHI). HHI alleges that it is entitled to an additional payment of about MUSD 167 and additional time to complete and deliver Bollsta Dolphin. The Claim is considered to be without merit; principally because the construction contract is a so called turn-key delivery for a pre-agreed price. The contract also contains a specific variation order regime dealing with any adjustments or modifications. The amount of variations are negligible.

On 27 October, Bollsta Dolphin Pte Ltd decided to exercise its contractual right to terminate the construction contract with HHI. As a result of the termination, Bollsta Dolphin Pte Ltd will book a project cost of USD 75 million in Q4 2015, with subject to final close out. Furthermore, the Group will book an interest cost of USD 26 million. In connection with this termination, Chevron and DDL in good faith agreed on amicable terms to terminate the drilling contract under which the newbuilding was supposed to operate.