

Fred. Olsen Energy ASA

Report for the 1st Quarter 2005

Figures in NOK

FRED. OLSEN ENERGY ASA (FOE) REPORTS OPERATING PROFIT BEFORE DEPRECIATION (EBITDA) OF 121.0 MILLION FOR THE 1ST QUARTER 2005

HIGHLIGHTS FOR THE 1ST QUARTER

- **FOE had revenues of 570.3 million during the quarter**
- **EBITDA for the quarter was 121.0 million**
- **Operating loss after depreciation (EBIT) was 27.0 million**
- **New drilling contracts for Bredford Dolphin and Borgsten Dolphin**
- **New accommodation contract for Borgholm Dolphin in April**
- **Sale of treasury shares for 262.3 million**
- **The strengthening of the offshore markets continue**

CONTACT PERSON: Jan Peter Valheim/Hjalmar Krogseth Moe
Tel: 22 34 10 00
<mailto:jan.peter.valheim@fredolsen.no>
<mailto:hjalmar.krogseth.moe@fredolsen.no>

Figures in NOK

FINANCIAL INFORMATION (*4th quarter 2004 adjusted for IFRS in brackets*)

From and including 2005 Fred. Olsen Energy ASA has implemented International Financial Reporting Standards (IFRS). Implementing these standards has led to differences in the financial accounts as previously reported under Norwegian Generally Accepted Accounting Principles (NGAAP). The main impacts from the IFRS implementation are related to pension costs, depreciation costs, financial instruments and the book value of fixed assets. A reconciliation of IFRS versus NGAAP is attached to this report.

Operating revenues for the 1st quarter 2005 were 570.3 million (569.5 million). Revenues within the offshore drilling division increased by 27 million in the quarter, partly offset by a decrease in consolidated revenues of 26 million within the engineering and fabrication division. Compared with the 4th quarter 2004, the increase in revenues within the offshore drilling division is mainly due to Borgland Dolphin which had 28 days offhire in the previous quarter when carrying out its five-year class renewal survey and Byford Dolphin due to commencement of operations under a new drilling contract in February 2005. The Company received lower revenues from Belford Dolphin compared with the previous quarter, mainly due to lower day rate applicable when moving the ship from the west to the east of India and nine days operational down time.

Operating costs during the quarter were 449.3 million (460.6 million). Operating costs within the offshore drilling division increased by 8 million compared with the previous quarter and operating costs within the engineering and fabrication division were 20 million lower. Operating costs were negatively impacted by crewing up for contract commencement for Byford Dolphin during the quarter and mobilization costs related to Bredford Dolphin, moving from Spain to the North Sea. The increase in operating costs within the offshore drilling division was offset by lower administrative onshore costs compared with the previous quarter.

Operating profit before depreciation (EBITDA) was 121.0 million (108.9 million).

Depreciation for the quarter amounted to 148.0 million (135.1 million).

Operating loss after depreciation and exceptional items (EBIT) was 27.0 million (5.4 million) for the quarter.

Net financial expenses for the quarter were 76.7 million (profit of 272.6 million). Net financial profit for the 4th quarter 2004 included unrealised currency gains on balance sheet items of 203 million due to the decrease in the NOK/USD exchange rate during the quarter. With effect from 1st January 2005, certain subsidiaries have changed their functional currency to USD from NOK or GBP. Consequently, currency gains or losses on those subsidiaries' USD denominated assets and liabilities are recognized as an adjustment to shareholders' equity. Net financial items also included net losses of 32.5 million due to changes in fair market value of financial instruments during the quarter. In 4th quarter 2004 the Company had corresponding net gains of 133.1 million related to financial instruments.

Net loss before tax for the quarter was 103.7 million (profit of 267.2 million) and net loss, including estimated tax, was 98.0 million (profit of 216.3 million).

Figures in NOK

Net interest bearing debt at the end of the quarter amounted to 2,512 million, a reduction of 45 million during the quarter.

The book value of equity increased by 307.5 million during the quarter, of which 282.7 million relates to sale of treasury shares. The increase in booked equity during the quarter is also impacted by foreign exchange translation of net assets denominated in USD of 113.1 million.

The **offshore drilling division** reported revenues of 524.9 million (498.2 million) and an EBITDA of 123.4 million (105.1 million) for the quarter.

The **engineering and fabrication division** reported consolidated revenues of 45.4 million (71.3 million) and operational loss before depreciation of 2.4 million (profit of 3.8 million) for the quarter. On an unconsolidated basis, the operations of Harland & Wolff were profitable.

OPERATIONS

Drilling Division

Bideford Dolphin and Borgland Dolphin have been re-employed by Statoil and Norsk Hydro, respectively, under new contracts expiring late 2006. Both rigs continued operations offshore Norway under current contracts expiring in May 2005 and December 2005, respectively. The deepwater drill ship Belford Dolphin continued operations under a three-year drilling contract with ONGC in India. The operations commenced in November 2003. Borgny Dolphin and Bulford Dolphin continued operations under current contracts with Pemex in Mexico.

Bredford Dolphin completed a drilling program offshore Spain for Escal and British Gas, respectively, in March 2005. Two new drilling contracts for Bredford Dolphin were secured during the quarter. A contract with Total UK Ltd. for a one well drilling programme in the U.K. sector of the North Sea is scheduled to commence early May 2005 with an estimated duration of approximately two months. Following completion of the programme for Total, the rig is scheduled to commence a drilling programme in U.K. under a contract with Peak Well Management Ltd. The programme is scheduled to commence in July 2005 with an estimated duration to the end of the year.

In October 2004, a contract was signed with CNR International (U.K.) Limited for an approximate 14 month drilling program offshore UK with Byford Dolphin. The drilling program commenced in February 2005.

Borgsten Dolphin is completing its five years compulsory class renewal survey at the Harland & Wolff yard in Belfast. In March, a drilling contract for the rig was secured with ChevronTexaco North Sea Ltd. for a drilling programme of approximately 150 days in the U.K. sector of the North Sea. The programme is scheduled to commence in May 2005.

Borgholm Dolphin had been operating offshore Mexico for Pemex from December 2002 until contract completion in June 2004. The accommodation unit thereafter demobilized from Mexico to the North Sea and is presently available in Belfast. In

Figures in NOK

April 2005, a contract was entered into with Shell U.K. Ltd. for an accommodation support contract in the UK sector of the North Sea. The programme is scheduled to commence in July 2005 with an estimated duration of 6 months.

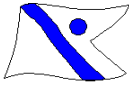
Engineering and Fabrication

The Harland & Wolff (H&W) yard continued its operations specializing in engineering and ship repair. During the quarter, the yard carried out substantial work related to the class renewal surveys of two of the Company's drilling units, Byford Dolphin and Borgsten Dolphin.

Outlook

Geographically, the Company's operations in 2005 are concentrated in the North Sea, India and Mexico. The Company has secured contracts for all of its units for 2005 and has a stable operating cash flow based on the current contract portfolio. Several of the units will be available for new contracts from early 2006. The Company expects the demand for offshore drilling services to continue to increase and is well positioned to benefit from a further strengthening of the offshore drilling market.

Oslo, 27 April 2005
The Board of Directors
Fred. Olsen Energy ASA



Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

Unaudited

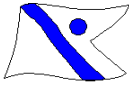
Consolidated Income Statement (NOK mill)

	1st Q 2005	4th Q 2004	1st Q 2004	Year 2004
Operating revenues	570,3	569,5	626,1	2 342,8
Operating costs	(449,3)	(460,6)	(429,3)	(1 774,7)
Oper. result before depr. (EBITDA)	121,0	108,9	196,8	568,1
Depreciation/amortization	(148,0)	(135,1)	(124,5)	(519,6)
Oper. result before exceptional items	(27,0)	(26,2)	72,3	48,5
Exceptional items and writedowns	-	20,8	-	20,8
Operating result (EBIT)	(27,0)	(5,4)	72,3	69,3
Net financial items	(76,7)	272,6	(171,4)	45,2
Result before income taxes and minority interests	(103,7)	267,2	(99,1)	114,5
Estimated income tax benefit (expense)	5,7	(50,9)	(11,8)	(70,4)
Net result from continuing operations	(98,0)	216,3	(110,9)	44,1
Income (loss) from discontinued operations	-	-	(1,7)	(1,7)
Gain (Loss) on disposal from discontinued operations	-	-	355,5	355,5
Herof minority interests	-	-	-	-
Herof majority interests	(98,0)	216,3	242,9	397,9
<i>EPS Continuing operations:</i>				
Earnings per share	(1,7)	3,8	(1,9)	0,8
Diluted earnings per share	(1,7)	3,4	(1,9)	0,7
<i>EPS Discontinued operations:</i>				
Earnings per share	-	-	6,2	6,2
Diluted earnings per share	-	-	6,2	6,2

Unaudited

Balance Sheet (NOK mill)

	31 Mar 05	31 Dec 04	31 Mar 04
Intangible assets	104,1	111,4	139,0
Fixed assets	5 109,4	4 932,4	5 367,5
Other long-term assets	99,6	120,2	48,4
Total long-term assets	5 313,1	5 164,0	5 554,9
Inventories	126,7	129,8	68,6
Receivables	444,1	396,7	428,6
Other current assets	177,5	132,4	125,1
Cash and cash equivalents	593,5	598,7	1 286,6
Total short-term assets	1 341,8	1 257,6	1 908,9
Total assets	6 654,9	6 421,6	7 463,8
Paid-in equity	1 208,9	1 206,0	1 206,0
Retained earnings	1 334,0	1 029,4	1 212,5
Total Equity	2 542,9	2 235,4	2 418,5
Long-term interest bearing debt	2 851,2	2 905,9	3 344,2
Other long-term liabilities	368,1	360,9	506,6
Total long-term liabilities	3 219,3	3 266,8	3 850,8
Short-term liabilities	638,3	670,1	517,6
Short-term interest bearing debt	254,4	249,3	676,9
Total short-term liabilities	892,7	919,4	1 194,5
Total equity and liabilities	6 654,9	6 421,6	7 463,8



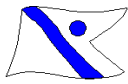
Fred. Olsen Energy ASA

Condensed Financial Statements in accordance with IFRS

Unaudited
Segment Information

(NOK mill)	Offshore Drilling *	Engineering & Fabrication	FOE Group
1st Q 2005			
Operating revenues	524,9	45,4	570,3
Operating costs	(401,5)	(47,8)	(449,3)
Oper. result before depr. (EBITDA)	123,4	(2,4)	121,0
Depreciation/amortization	(146,9)	(1,1)	(148,0)
Oper. result before exceptional items	(23,5)	(3,5)	(27,0)
Exceptional items and writedowns	-	-	-
Operating result (EBIT)	(23,5)	(3,5)	(27,0)
4th Q 2004			
Operating revenues	498,2	71,3	569,5
Operating costs	(393,1)	(67,5)	(460,6)
Oper. result before depr. (EBITDA)	105,1	3,8	108,9
Depreciation/amortization	(134,5)	(0,6)	(135,1)
Oper. result before exceptional items	(29,4)	3,2	(26,2)
Exceptional items	-	20,8	20,8
Operating result (EBIT)	(29,4)	24,0	(5,4)
1st Q 2004			
Operating revenues	589,9	36,2	626,1
Operating costs	(386,0)	(43,3)	(429,3)
Oper. result before depr. (EBITDA)	203,9	(7,1)	196,8
Depreciation/amortization	(123,3)	(1,2)	(124,5)
Oper. result before exceptional items	80,6	(8,3)	72,3
Exceptional items	-	-	-
Operating result (EBIT)	80,6	(8,3)	72,3
Year 2004			
Operating revenues	2 129,6	213,2	2 342,8
Operating costs	(1 553,2)	(221,5)	(1 774,7)
Oper. result before depr. (EBITDA)	576,4	(8,3)	568,1
Depreciation/amortization	(515,6)	(4,0)	(519,6)
Oper. result before exceptional items	60,8	(12,3)	48,5
Exceptional items	-	20,8	20,8
Operating result (EBIT)	60,8	8,5	69,3

* Includes Fred. Olsen Energy ASA



Fred.Olsen Energy ASA

Unaudited Equity (NOK mill)	1st Q 2005	4th Q 2004	1st Q 2004	Year 2004
Opening balance	2 235,4	2 313,8	1 995,6	1 995,6
Net profit (loss) for the period - cont. oper.	(98,0)	216,3	(110,9)	44,1
Net profit (loss) for the period - disc. oper.	-	-	353,8	353,8
Treasury shares	282,7	3,3	-	3,3
Equity element convertible bond/converted bonds	9,7	-	71,9	71,9
Foreign currency translation adj.	113,1	(298,0)	108,1	(233,3)
Closing balance	2 542,9	2 235,4	2 418,5	2 235,4

Unaudited Cash Flow Statements (NOK mill)	1st Q 2005	4th Q 2004	1st Q 2004	Year 2004
Cash flows from operating activities				
Net result before tax	(103,7)	267,2	(99,1)	114,5
Depreciation and amortization	148,0	135,1	124,5	519,6
Changes in working capital	(66,1)	(81,2)	(22,1)	(285,7)
Exceptional items and writedowns	-	(20,9)	-	(20,9)
Unrealised currency (gain) loss	-	(211,8)	-	(242,7)
Net cash flows from operating activities	(21,8)	88,4	3,3	84,8

Cash flows from investing activities				
Net investment in fixed assets	(138,8)	(179,9)	(9,8)	(277,1)
Proceeds from sale of discontinued operations	-	-	386,8	391,2
Net cash flows from investing activities	(138,8)	(179,9)	377,0	114,1

Cash flows from financing activities				
Borrowing of interest bearing debt	-	-	1 136,0	3 240,4
Repayments of interest bearing debt	(134,4)	(67,8)	(604,6)	(3 214,1)
Treasury shares	272,6	-	-	3,0
Net cash flows from financing activities	138,2	(67,8)	531,4	29,3

Net cash flows from discontinued operations	-	-	(3,7)	(3,7)
Foreign currency	17,2	(20,5)	15,9	11,6
Net change in cash and cash equivalents	(22,4)	(159,3)	911,7	228,2
Cash and cash equivalents at the beg. of period	598,7	778,5	359,0	358,9
Cash and cash equiv. at the end of period	593,5	598,7	1 286,6	598,7