



BONHEUR ASA

Report first quarter 2006

The Group accounts have been prepared according to the International Financial Reporting Standards (IFRS). The interim report for the first quarter 2006 has been prepared according to IAS 34, based upon accounting standards, statements and interpretations valid at the time of preparing the accounts.

The figures are expressed in NOK, unless otherwise indicated. The figures for the first quarter of 2005 are given in parenthesis.

FINANCIAL INFORMATION

The operating result (EBIT) which in principle reflects the holding company costs, was negative with 7.7 million (negative 5.7 million). All important companies and investments have been consolidated as associated companies.

Associated companies were consolidated with an aggregate result of 162.3 million (negative 113.1 million). Of this, First Olsen Ltd. (FOL) contributed with a result of 47.2 million (negative 48.9 million) from its activities within tankers, floating production and the Bulford Dolphin drilling rig. Fred. Olsen Energy ASA (FOE) was consolidated with a result of 60.2 million (negative 21.8 million) and Ganger Rolf ASA with 65.1 million (negative 46.7 million). The cruise segment was consolidated with a result of 1.5 million (1.5 million), wind power with a negative result of 2.8 million (positive 14.7 million), and Comarit with a negative result of 6.4 million (negative 8.6 million).

Net financial items were positive in the quarter with 0.7 million (10.2 million). Forward exchange contracts and interest rate swaps have been valued at fair value.

The consolidated result before tax was 155.3 million (negative 108.6 million), an improvement of 263.9 million as compared to the corresponding quarter in 2005.

A report from the various business segments follows below. Bonheur and Ganger Rolf have an ownership of 50% each in these operations unless otherwise indicated.

ENERGY RELATED OPERATIONS

The segment includes Energy services, Energy production and Tankers.

Energy services

Offshore drilling and ship repair and maintenance

FOE, owned with 29.52% each by Bonheur and Ganger Rolf, had an operating result before depreciation (EBITDA) of 391.5 million (121.0 million) and a result after tax of

172.1 million (negative 98.0 million). An excerpt of FOE's report for the first quarter 2006 follows on page 4.

The Bulford Dolphin drilling rig, owned indirectly by First Olsen Ltd., operated on contract for Equator Exploration Ltd. offshore Nigeria. The rig is operating in a pool with four other drilling rigs owned indirectly by Fred. Olsen Energy ASA.

Bulford Dolphin had operating revenues of USD 6.3 million (USD 1.4 million) from the rig pool, EBITDA was USD 5.1 million (USD 0.4 million) and the net result was USD 3.5 million (negative USD 1.3 million).

Floating production

All five units within Fred. Olsen Production (FOP) were on contract in the quarter. FPSO Knock Taggart and MOPU Borgen Dolphin both operated for Addax offshore Nigeria. FPSO Petróleo Nautipa (50% owned by FOP) continued their operation offshore Gabon on contract for Vaalco. FSO Knock Nevis continued its contract for Maersk Oil in Qatar. The storage vessel Knock Dee completed a contract for PetroSa in South Africa on 17 February.

Conversion work on the VLCC Knock Adoon in preparation for a floating production contract in Nigeria continued during the quarter. The vessel will replace FPSO Knock Taggart on the Antan field with expected start-up in July 2006. Both Knock Taggart and FSO Knock Dee are marketed internationally towards new production and storage projects. In addition, the two suezmax tankers Knock Allan and Knock Stocks, are potential candidates for conversion to such projects.

FOP's operating revenue amounted to USD 15.8 million (USD 16.5 million). The operating result was USD 7.8 million (USD 9.0 million) and the result before tax was USD 4.4 million (USD 1.5 million) after depreciation amounting to USD 2.1 million (USD 7.0 million).

Energy production

Fred. Olsen Renewables (FOR) had operating revenue of 44.3 million (36.9 million). The increase was mainly due to the fact that Rothes windfarm was not in full production in the corresponding quarter of 2005, while Paul's Hill windfarm had some start-up production during the quarter.

The operating result before depreciation (EBITDA) was 32.9 million (27.1 million) and the result after depreciation (EBIT) amounted to 11.0 million (19.2 million). The result before tax was negative with 6.5 million (positive 29.3 million). The decrease was partly due to increased depreciation and increased interest expenses related to new windfarms. In addition, depreciation principles and interest capitalization principles relating to the construction phase of projects have been changed with effect from the 4th quarter 2005.

In total, FOR produced 80.6 GWh against 62.1 GWh in the corresponding quarter of 2005. Actual wind conditions in Scotland were unusually calm for this past winter season influencing the production from the Crystal Rig and Rothes windfarms.

The Paul's Hill windfarm at 55.2 MW in Morayshire in Scotland came into full production in April 2006. The extension of the windfarm by 9.2 MW to 64.4 MW has started, and will be finished in the third quarter of 2006. It has been decided to increase Crystal Rig by 12.5 MW to 62.5 MW and the expansion is expected to be finalized during the second quarter of 2007.

Tankers

After the strong market in the fourth quarter of 2005, the tanker market weakened considerably in 2006. There are still substantial fluctuations in rates, partly influenced by the situation in Nigeria and Iran. Increased imports to China during the first quarter hold promise of a certain strengthening of the tanker market.

First Olsen Ltd. (FOL) owns and operates two Suezmax tankers in the spot market. The average rate level achieved for the vessels was USD 35.100 per day (USD 56.200). Total freight revenues on a time charter basis amounted to USD 6.3 million, compared to USD 28.5 million during the same period of 2005. The decrease reflects the fact that three Suezmax tankers were sold with delivery in the fourth quarter of 2005. The operating result (EBITDA) was USD 3.7 million (USD 22.2 million) and the result before tax amounted to USD 10.1 million (USD 14.4 million).

TRANSPORT / LEISURE

Comarit in Morocco (25% owned by each of Bonheur and Ganger Rolf) operated its three year round lines throughout the quarter, which is low season. M/V Bismillah was sold in April 2006. Both M/V Boughaz and M/V Berkane will undergo dockings during the second quarter of 2006.

Comarit with subsidiaries had operating revenues of 84.5 million (86.7 million) and an operating result before depreciation (EBITDA) which was negative with 15.7 million (negative 11.6 million). The result after tax was negative with 25.5 million (negative 34.5 million). The results include a charge of 13 million related to operations in 2005.

Other shipping activities include the ownership and operation of the Ro-Ro vessel Norcliff, the ownership of Fred. Olsen Marine Services AS and the ownership of 49.5% (combined indirect owner share for Bonheur and Ganger Rolf) of Oceanlink Ltd.

The Ro-Ro vessel Norcliff started under a new time charter with Sea Cargo by the turn of the years 2005/2006.

In December 2005, FOL acquired the ship management company Fred. Olsen Marine Services AS which is responsible for the operation of FOP's floating production units, the four cruise vessels operated by Fred. Olsen Cruise Lines and the ferries owned and operated by Comarit.

The Oceanlink Ltd. activity includes three reefers, one container vessel and one anchor handling vessel. The three reefers are all operating in the Seatrade pool in the Netherlands. The Santos container vessel concluded a charter party in April and has been fixed for a new period of two years to Japanese charterers. The Statesman

anchor handling vessel operated offshore Brazil, where it has been operating since 2003.

During the first quarter, Oceanlink had an operating result (EBITDA) of USD 1.5 million, while the result after tax amounted to USD 0.6 million.

LEISURE

The cruise operation comprises the four vessels M/V Braemar, M/V Black Watch, M/V Black Prince and M/V Boudicca. M/V Boudicca, which was purchased in October 2005, was brought into service in February after a major upgrading and installation of new main engines. The opening cruise went to the Canary Islands, departing on 25 February.

Black Watch carried out a 69 days cruise around South America in the quarter, while Black Prince carried out cruises to the Canary Islands and the Caribbean. Braemar operated its winter programme with fly cruises in the Caribbean.

Operating revenues in the cruise segment were GBP 18.4 million (GBP 14.1 million). The operating result (EBITDA) was GBP 2.0 million (GBP 3.1 million), while the result before tax was GBP 0.5 million (GBP 0.3 million). The quarter has been charged with costs related to the start-up and introduction of the new vessel, M/V Boudicca.

Tusenfryd

Tusenfryd activities were, quite naturally, minimal during the quarter.

The 2006 season was started on 23 April by, among other things, the opening of the most important single investment in the park's history, the spectacular launch base "SpeedMonster", offering both speed, loops and G-forces.

OTHER INVESTMENTS

Bonheur and Ganger Rolf own a total of 32.6% of the AS Norges Handels & Sjøfartstidende group (NHST), including Dagens Næringsliv, Tradewinds, Upstream, Europower, Fiskaren, Nautisk Forlag, etc. NHST had a result before tax of 12.9 million (8.4 million). The revenues increased by 20% in the quarter to 206.2 million following an increase in both advertising and circulation revenue.

FRED. OLSEN ENERGY ASA

Extract from the company's report for the 1 Quarter 2006

Kindly note that FOE shows 4Q 2005 in parenthesis, while Bonheur and Ganger Rolf compare with corresponding quarter last year.

Operating revenues in the quarter were 935.9 million (897.9 million), an increase of 38.0 million. Revenues within the offshore drilling division increased by 26.1 million. The increase in revenues within the offshore drilling division is mainly due to higher utilisation and day rates. Further, due to operations not included in the drilling

contract for Bideford Dolphin the Company has received 14.9 million as extraordinary compensation from the operator. The increase in revenues was partly offset by 14 days off hire for Byford Dolphin and 7 days for Bulford Dolphin. Revenues within the engineering and fabrication division increased by 129.2 million, of which 117.3 million were related to intercompany activities and eliminated in the consolidated accounts.

Operating costs were 544.4 million (554.9 million), a decrease of 10.5 million. Operating costs within the offshore drilling division decreased by 62.0 million. The decrease in operating costs within the offshore drilling division is mainly due to a reduction of recharged expenses and extraordinary cost items charged in the 4th quarter 2005. Operating costs within the engineering and fabrication division increased by 166.4 million, of which 114.9 million were eliminated in the consolidated accounts.

Operating profit before depreciation (EBITDA) was 391.5 million (343.0 million).

Depreciation amounted to 123.7 million (155.5 million) due to the amended depreciation schedule effective from 1st January 2006.

Operating profit after depreciation (EBIT) was 267.8 million (153.8 million).

Net financial expenses were 90.7 million (86.0 million). The amount includes borrowing costs of 28.0 million, previously capitalized, following the refinancing of the USD 300 million credit facility and the early redemption of the NOK 760 million bonds with a call option premium of 34.5 million related to the early redemption. This was partly offset by gains on financial instruments of 29.2 million.

Profit before tax was 177.1 million (67.8 million).

Net profit, after an estimated tax expense of 5.0 million, was 172.1 million (27.9 million).

On 26th March 2006 the company redeemed the "FOE 01" bonds 2004/09 of NOK 760 million. A new 7 years credit facility of USD 600 million replaced the credit facility of USD 300 million established in July 2004 and the "FOE 01" bonds 2004/09 of NOK 760 million.

As part of the restructuring of the Company's loan portfolio the Company has decided to submit an offer to the holders of the subordinated convertible bond loan FOE 02 4.5% 2004/09 to participate in a private placement of up to 5.34 million shares at NOK 68, - per share, equal to the conversion price, in exchange for a termination of the conversion right. Except for the termination of the conversion right, the loan will continue at unchanged terms until maturity date on 30th March 2009. The initial loan amount was NOK 435 million and outstanding amount at 31.3.2006 is approximately NOK 363 million. The number of bondholders at 31.3.2006 was 50. Assuming all bonds are converted into shares, the total number of shares of the Company will increase by approximately 5.34 million shares.

Subject to acceptance of the offer the bondholders will release the equity element from the convertible bonds and at the same time maintain the right to receive the

annual coupon of 4.5% to maturity. Fred. Olsen Energy ASA will on its part secure a three years subordinated loan at satisfactory terms.

A formal offer as outlined is subject to a resolution by the Annual General Meeting of Fred. Olsen Energy ASA to be held on 29th May 2006.

The **offshore drilling division** reported revenues of 897.0 million (870.9 million) and an EBITDA of 388.0 million (299.9 million).

Bideford Dolphin continued operations offshore Norway under a contract with Norsk Hydro estimated to expire mid 2007.

Borgland Dolphin continued operations offshore Norway under the current contract with Statoil, expiring end December 2006. In September 2005 a new contract for the rig was secured with Statoil ASA, on behalf of itself and the other licensees in the Tampen area on the Norwegian continental shelf. The contract period is for three years expiring 31.12.2009.

The deepwater drill ship Belford Dolphin continued operations under a three-year drilling contract with ONGC in India, expiring early 2007. In September 2005, a contract was secured with Anadarko Petroleum Corporation for three years. The new contract will follow in direct continuation from the present Belford Dolphin contract with ONGC.

Borgny Dolphin continued operations under a contract with Pemex in Mexico, expiring early 2008.

Bulford Dolphin (owned by First Olsen Ltd. and being operated in a pool with four of the Company's own units) commenced a drilling programme for Equator Exploration Ltd. offshore West Africa in November 2005. Mainly due to testing of discoveries the contract period has been longer than originally estimated and is now expected to expire in September 2007.

Byford Dolphin continued operations under its contract with CNR International (U.K.) Limited. CNR has exercised the two options and the contract is now estimated to expire in 2nd quarter 2007. An agreement with CNR was entered into in November 2005 on a further extension of the contract of 275 days in direct continuation from the present contract.

Bredford Dolphin continued operations under a contract with Peak Well Management Ltd. in the U.K. North Sea with an estimated duration to 3rd quarter 2006. In January 2006 a drilling contract for the rig was entered into with Drilling Production Technology as, on behalf of themselves and a consortium of licensees on the Norwegian continental shelf. The duration of the contract is three years with estimated commencement in second half 2006 following a compulsory class renewal survey and upgrade for Norwegian requirements. Following completion of the drilling programs in the UK the rig will move to Belfast where preparation work will be carried out for the following 3 years drilling contract in Norway.

Borgsten Dolphin continued operations under a contract with ChevronTexaco North Sea Ltd. under a drilling programme in the U.K. sector of the North Sea. In September 2005 a new contract for the rig was secured with CNR International (U.K) Ltd for an approximate three months drilling programme in the UK North Sea commencing in February 2006. In December 2005 contracts were entered into with Nexen Petroleum UK Ltd. and Tullow Oil plc, respectively, for drilling operations in the UK North Sea. The drilling programmes have an estimated duration of 720 days of combined activity from May 2006 in direct continuation from the unit's existing contract commitments.

Borgholm Dolphin continued operations under a contract with Shell U.K. Ltd. for accommodation support in the UK sector of the North Sea until January 2006. During the quarter further contracts for accommodation support in the UK were entered into with Talisman Energy (UK) Ltd. and Shell U.K Ltd commencing in February 2006 following a short standby period. The contracts will result in combined activity to end October 2006 with options for a further two months extension thereafter.

In March a contract was entered into with Keppel FELS in Singapore for the deepwater upgrade of the semi submersible drilling rig Blackford Dolphin. The upgraded unit will be able to operate in up to 7000 ft. of water with a new high capacity drilling package and an innovative deck layout. The yard work will be undertaken jointly by Keppel FELS and Keppel Shipyard in Singapore and Keppel Verolme in Rotterdam, the Netherlands. Contracts for construction of the accommodation- and power modules have been awarded to the H&W yard. The rig has arrived in Rotterdam and is scheduled for delivery in mid 2007.

A three years drilling contract for Blackford Dolphin was secured in March with Reliance Industries Ltd with commencement after completion of the ongoing deepwater upgrade and mobilization to India.

The **engineering and fabrication division** reported revenues of 157.6 million (28.4 million) and an EBITDA of 5.9 million (43.1 million, including recalculation of pension liabilities of 40.1 million). Revenues of 118.7 million and EBITDA of 2.4 million relate to intercompany transactions.

The H&W yard continued its operations in engineering, ship repair and shipbuilding. The yard has been carrying out work related to several ship dockings. The utilisation of the yard as logistics and assembly base for Barrow Windfarm Project continued during the quarter. The yard has been awarded the contracts for construction of the accommodation- and power modules on Blackford Dolphin and will thereafter carry out work related to the class renewal survey of Bredford Dolphin. The core workforce has been stable at 95 employees.

OTHER INFORMATION

The Annual General Meeting will take place on 31 May at 14.00 hours at the company's premises, Fred. Olsens gate 2, Oslo.