



Report for the 1st quarter 2013

Fred. Olsen Production ASA consolidated

Highlights for the 1st quarter

Comparable figures for the corresponding period in 2012 are in brackets below.

- Operating revenues were USD 29.3 million (USD 26.9 million)
- EBITDA was USD 12.2 million (USD 10.3 million)
- Profit before tax USD 5.6 mill (USD 2.1 mill)
- Net profit USD 3.5 mill (USD 0.3 mill)

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Financial information

Comparable figures for the corresponding period in 2012 are given in brackets below.

Total revenues in the quarter were USD 29.3 million (USD 26.9 million). EBITDA was USD 12.2 million (USD 10.3 million).

After depreciation on vessels of USD 5.6 million (USD 7.0 million) the operating result (EBIT) was USD 6.6 million (USD 2.1 million).

Net financial expenses were USD 1.0 million (USD 1.1 million). Net financial expenses were credited with USD 0.7 million in unrealized mark-to-market revaluation of fixed rate interest swaps (USD 0.7 million) and USD 0.7 million unrealized foreign exchange loss (gain USD 0.1 million).

The net result after tax was USD 3.5 million (USD 0.3 million).

Operations

During the quarter, FOP operated all four units on contracts - with 100% commercial uptime achieved.

The FPSO Knock Adoon operated on contract for Addax Petroleum on the Antan field, offshore Nigeria.

FPSO Knock Allan operated on contract for Canadian Natural Resources (CNR) on the Olowi field offshore Gabon.

FPSO Petrôleo Nautipa (indirectly owned 50% by Fred. Olsen Production ASA) operated on a contract for Vaalco at the Etame license offshore Gabon.

The management service contract on the MOPU Marc Lorenceau for Addax Petroleum continued for the whole quarter.

Contract status

Vessel/Units	Country of operation	Contract expiry
FPSO		
Knock Adoon	Nigeria	October 2014 + options to extend for up to 8 additional years
Knock Allan	Gabon	May 2019 + 10 option years
Petrôleo Nautipa	Gabon	September 2020 + 2 option years
MOPU (on management)		
Marc Lorenceau	Nigeria	Contract expired September 2008, FOP continues management with 30 days notice

Market Outlook

The previously announced review of strategic options available, including merger, sale, or continued organic growth is still ongoing.

Judging by the number of enquiries issued by the oil companies during the quarter the FPSO market shows signs of re-gaining momentum. However, only three lease contracts were awarded, which is still low on an annualized basis. Several West-African projects, some previously kept on hold, now seem to be moving forward. Large FPSO projects in Brazil continue to dominate the South American market, while the level of activity in Asia is comparable to the previous quarter.

Oslo, 29th April 2013
Fred. Olsen Production ASA

Ivar Brandvold
Chairman

Siv Jønland Staubo

Anette Olsen

Agnar Gravdal

Eirik Barclay
CEO

Consolidated statement of comprehensive income

(USD 000)

	Notes	First Quarter		Full Year
		FOP ASA 2013 ¹⁾	FOP ASA 2012 ¹⁾	FOP ASA 2012 ²⁾
Revenue		29 333	26 935	113 312
Gain/(loss) on sale of fixed assets		-	-	2
Revenues		29 333	26 935	113 314
Operating expenses		-13 899	-13 244	-50 416
Other administrative expenses		-3 256	-3 350	-18 308
Total operating expenses		-17 155	-16 594	-68 724
Operating profit before depreciation (EBITDA)		12 178	10 341	44 590
Depreciation		-5 580	-7 096	-28 378
Operating profit (loss) (EBIT)		6 597	3 245	16 212
Interest income		36	33	139
Interest expense		-73	-897	-3 958
Other financial items		-956	-276	-1 559
Net financial items		-992	-1 141	-5 378
Profit (loss) before tax		5 605	2 104	10 835
Income tax expense		-2 091	-1 803	-8 983
Net profit (loss) for the period		3 514	302	1 851
Other comprehensive income				
Exchange differences on translating foreign operations		-120	57	86
Net value gain/(loss) on available-for-sale		31	353	-1 681
Impairment of asset classified as available-for-sale		-	-	-
Other comprehensive income/(loss) for the period, net of tax		-89	410	-1 595
Total comprehensive income/(loss) for the period		3 426	712	256
Attributable to:				
Result attributable to parent company equity holders		3 514	302	1 851
Total comprehensive result attributable to parent company equity holders		3 426	712	256
Numbers of shares/diluted numbers of shares (thousands)		105 930	105 930	105 930
Basic earnings/(loss) per share (USD)		0,03	0,00	0,02
Diluted earnings/(loss) per share (USD)		0,03	0,00	0,02

¹⁾ Unaudited

²⁾ Audited

Consolidated statement of financial position

(USD 000)

	Notes	FOP ASA 31 March 2013 ¹⁾	FOP ASA 31 March 2012 ¹⁾	FOP ASA 31 December 2012 ²⁾
ASSETS				
<i>Non-current assets</i>				
Offshore units, constructions and equipment	4	280 286	307 185	285 866
Other long-term receivables		1 148	1 880	1 331
Deferred tax asset		-	-	-
Total non-current assets		281 434	309 065	287 197
<i>Current assets</i>				
Short-term receivables		25 295	17 086	20 423
Other investments		2 893	4 896	2 862
Inventories		1 089	992	1 089
Cash and cash equivalents		73 028	82 144	68 060
Total current assets		102 305	105 119	92 434
TOTAL ASSETS		383 738	414 184	379 631
EQUITY AND LIABILITIES				
<i>Equity</i>				
Share capital		17 090	17 090	17 090
Retained earnings*		200 029	197 063	196 602
Total equity	6	217 118	214 152	213 692
<i>Non-current liabilities</i>				
Interest bearing loan	5	140 000	168 439	140 000
Deferred income		2 276	4 364	2 042
Pension liabilities		5 544	5 013	5 536
Non-current provisions		-	750	-
Total non-current liabilities		147 820	178 566	147 578
<i>Current liabilities</i>				
Tax payable		4 678	3 947	4 551
Interest bearing short-term debt		-	2 145	-
Accruals and other short-term debt		14 123	15 374	13 811
Total current liabilities		18 801	21 466	18 361
Total liabilities		166 620	200 032	165 939
TOTAL EQUITY AND LIABILITIES		383 738	414 184	379 631

*Including own shares, fair value reserves and translation reserves

¹⁾ Unaudited

²⁾ Audited

Consolidated statement of changes in equity

(USD 000)

	Year-to-date		Year-end
	FOP ASA 2013 ¹⁾	FOP ASA 2012 ¹⁾	FOP ASA 2012 ²⁾
Equity (beginning of period)	213 692	213 440	213 440
Total comprehensive income/(loss) for the period			
Income/(loss) for the period	3 514	302	1 851
Other comprehensive income			
Translation differences	-120	57	82
Effect of changes in available-for-sale assets	31	353	-1 682
Impairment of asset classified as available-for-sale	-	0	0
Equity (end of period)	217 117	214 152	213 692

Consolidated statement of cash flows

(USD 000)

	First Quarter		Full Year
	FOP ASA 2013 ¹⁾	FOP ASA 2012 ¹⁾	FOP ASA 2012 ²⁾
Net cash flow from operating activities	5 424	17 808	22 640
Net cash flow from investing activities	-	-3 688	5 992
Net cash flow from financing activities	-457	-766	-23 528
Net change in cash	4 967	13 354	5 104
Net translation differences	-	-	-
Cash balance at period beginning	68 060	68 791	63 687
Cash balance at period ending	73 028	82 144	68 791

¹⁾ Unaudited

²⁾ Audited

Notes to the accounts

Note 1 – Basis of presentation

The condensed interim consolidated financial information of Fred. Olsen Production ASA has been prepared in accordance with the International Accounting Standard 34 “Interim Financial Reporting” (IAS 34).

The interim financial information was approved by the Board of Directors on 29. April 2013.

Note 2 - Significant accounting principles estimates and assumptions

The accounting principles used for preparation of the condensed interim consolidated financial information are consistent with the principles which are used for annual reporting. The financial information should be read together with the consolidated financial statements for Fred. Olsen Production ASA (FOP ASA) as of 31. December 2012, which is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Various operational entities within the FOP ASA group of companies are exposed to Nigerian or Gabonese withholding tax on contractual revenue. These costs are contractual and are incurred as a result of doing business. The Group accounts for withholding tax under the guidance of International Accounting Standard 1 *Presentation of Financial Statements* (IAS 1); Income Tax Expenses.

The preparation of interim accounts involves the use of appraisals, estimates and assumptions influencing the application of accounting principles and recognized amounts for assets and obligations, revenues and costs. Actual results may differ from these estimates.

The most important appraisals when applying the FOP consolidated accounting principles and the primary sources of estimate uncertainties are the same for the preparation of interim accounts as for the 2011 FOP ASA consolidated accounts.

Note 3 – Business segments

The following is a reconciliation of the segments’ profit (loss) before income tax (EBIT) according to IFRS 8 *Operating Segments*:

USD 000

	Vessel Operating Group	Administrative Group	Total Segments	Intercompany Eliminations	Consolidated
Three months ended 31 March 2013					
Income Statement					
Revenue	27 390	2 830	30 220	-887	29 333
Segment profit (loss) EBIT according to IFRS 8	6 229	-195	6 034	564	6 597
Total financial items	-95	-888	-983	-10	-992
Segment profit (loss) before tax expense	6 134	-1 082	5 051	554	5 605
Fixed Assets					
Segment assets as at 31 December 2012	285 737	129	285 866		
Changes during the period	-5 571	-10	-5 580		
Segment assets as at 31 March 2013	280 167	119	280 286		

Reconciling items are representative of intercompany transactions that are eliminated upon consolidation.

Note 4 – Property, plant and equipment

(USD 000)

	Vessels	Other Fixed Assets	Total Fixed Assets
Carrying amount 01 January 2012	310 373	220	310 593
Additions	3 688	-	3 688
Disposals	-	-37	-37
Depreciation for the period	-28 324	-54	-28 378
Carrying amount 31 December 2012	285 737	129	285 866
Additions	-	-	-
Disposals	-	-	-
Depreciation for the period	-5 571	-10	-5 580
Carrying amount 31 March 2013	280 167	119	280 286

Note 5 - Interest bearing debt

USD 500 million credit facility

The Singapore FPSO owning companies Adoon Pte. Ltd. and Knock Allan Pte. Ltd., and the Norwegian company Nautipa AS (collectively referred to as “the borrowers”), have a revolving reducing credit facility of USD 500 million. The facility is secured by a first priority mortgage on the vessels/units. The available loan amount depends on the present value of the unit’s contracts and their scrap values (the borrowing base). The facility is guaranteed by Fred.Olsen Production ASA, and runs for five years from July 2007 without reductions and thereafter a further five years with semi-annual reductions of USD 25 million, bringing the facility down to USD 250 million at maturity.

The interest rate is USD Libor with a credit margin of 1.00%. The borrowers are joint and severally liable for the credit facility. As of 31. March 2013 USD 140 million was drawn under the credit facility.

Note 6 - Share capital and earnings per share

(USD 000)

	Number of shares (thousands)	Share capital	Own Shares	Share premium reserve	Translation reserve	Fair Value reserve	Total Retained earnings	Shareholders equity
As of 01 January 2012	105 930	17 090	-200	-	14 400	606	181 544	213 440
Net result for the period							1 851	1 851
Unrealised foreign currency gain					86			86
Changes in fair value, recognised directly in equity						-1 681	-4	-1 685
As of 31 December 2012	105 930	17 090	-200	-	14 486	-1 074	183 391	213 692
Net result for the period							3 514	3 514
Unrealised foreign currency loss					-120			-120
Changes in fair values, recognised directly in equity						31		31
As of 31 March 2013	105 930	17 090	-200	-	14 367	-1 044	186 905	217 118

Translation reserve

The reserve represents exchange differences resulting from the consolidation of associated companies having functional currencies other than USD.

Fair value reserve

The reserve includes the cumulative net change in the fair value of available-for-sale investments until the investment is derecognized.

Own shares

The purchases of the Company's own shares during 2q 2009 and 3q 11 were made on the basis of an authorization at the Annual General Meeting in April 2009 and May 2011 for the Board of Directors to acquire up to 10,593,000 shares, corresponding to 10% of the share capital of the Company. The combined par value of the shares purchased is USD 107,107. The Company now owns 1,200,000 shares.