



FIRST QUARTER 2013

Awilco Drilling PLC is a UK based offshore drilling company owning and operating two semi submersible drilling rigs. The Company is listed at the Oslo Stock Exchange (Oslo Axess) under the ticker code AWDR.

Q1 Report – Highlights

- Awilco Drilling PLC reported contract revenue of USD 53.4 million (USD 52.8 million in Q4 2012), EBITDA of USD 33.9 million (USD 32.6 million in Q4 2012) and net profit of USD 24.7 million (USD 22.9 million in Q4 2012).
- Revenue efficiency was 91.2% during the quarter (94.3% in Q4 2012)
- Contract backlog at the end of Q1 was USD 466 million (USD 297 million Q4 2012)
- The board approved a dividend distribution payable in Q2 of USD 1.0 per share.

Key financial figures:

In USD million, except per day operating expenses

USD million	Q1 2013	Q4 2012	Q3 2012	2012
Contract revenue	53.4	52.8	44.4	152.2
Operating expenses	13.6	14.4	13.4	56.5
EBITDA	33.9	32.6	24.2	73.9
Net profit	24.7	22.9	14.4	39.4
Total assets	343.5	317.1	310.9	316.3
Total equity	203.1	178.3	154.4	177.4
Interest bearing debt	106.3	114.6	132.5	114.6
Gearing ratio	24.6%	35.5%	42.4%	35.5%
Per day operating expenses	75,277	78,504	72,872	77,247

Financial Results – First Quarter 2013

At the end of Q1 2013, both of Awilco Drilling's rigs were in continued drilling operations for their respective clients.

Comprehensive Income Statement

Awilco Drilling reports total comprehensive profit for the first quarter 2013 of USD 24.7 million.

Revenue earned in the first quarter was USD 53.4 million.

In the first quarter Awilco Drilling had rig operating expenses of USD 13.6 million. General and administration expenses were USD 5.4 million. This includes a provision of USD 2.7 million in respect of the stock award of synthetic stock options which are restated each quarter based on the valuation of the Company's shares.

EBITDA for the first quarter was USD 33.9 million while the operating profit was USD 29.5 million.

Interest expenses amounted to USD 2.4 million, which relates to accrued interest on the seller's credit with Transocean. Other financial items of USD 0.1 million relate to the shareholder loan commitment fee and also a small loss on foreign exchange during the quarter.

Profit before tax was USD 27.0 million. The tax charge for the quarter was USD 2.3 million on profits in the quarter. The resulting net profit was USD 24.7 million. Earnings per share (EPS) for the first quarter were USD 0.82.

Statement on financial position

As of 31 March 2013, total assets amounted to USD 343.5 million. At the same date, Awilco Drilling had USD 39.9 million in cash and cash equivalents.

Long term interest-bearing debt at the end of the quarter was USD 95.3 million.

There was a payment of USD 5.3 million during the quarter in respect of the seller's credit loan of which USD 2.7 million was in respect of loan repayment and USD 2.6 million of associated interest. There was also a payment during the quarter of USD 5.6 million of which USD 5.5 million was in respect of deferred loan repayments from 2011 and associated interest of USD 0.1 million. Total loan repayments in the quarter to Transocean were USD 8.2 million together with USD 2.7 million of associated interest.

Operations and Contract Status

WilPhoenix

In Q1 2013 the WilPhoenix was in continued operations on Talisman Energy's Orion Tor well location before moving to Premier Oil UK Ltd at their Bonneville location. The rig remained on location through quarter end.

Revenue efficiency for the quarter was 96.9%.

At the end of March, WilPhoenix had a total remaining contract backlog of about USD 105 million.

WilHunter

In Q1 2013 the WilHunter was in continued operations for Suncor Energy at the Scotney location.

Revenue efficiency for the quarter was 85.1%. This was due to an extended period of waiting on weather whilst conducting a small repair.

At the end of March, WilHunter had a total remaining contract backlog of about USD 361 million.

Capital Requirements and Dividend

The Company's intention is to pay a regular dividend in support of its main objective to maximise returns to shareholders. A dividend payment on a quarterly basis will commence in Q2 2013. In the case of attractive growth opportunities the company will endeavor to maintain a meaningful dividend distribution.

Organisation

At the end of Q1 2013, Awilco Drilling's Aberdeen based employees numbered 29 permanent personnel supported by 2 contractors. Awilco Drilling Pte Ltd offshore personnel numbered 195 permanent personnel. The Awilhelmsen Group continues to supply some support personnel via the management agreement.

Market Outlook

The UK mid-water market remains tight, with the level of demand outstripping supply. With the exception of two units, the UK fleet is firmly contracted to Q2 2015 and beyond. Demand from major operators continues, with some choosing to work together and conjoin smaller drilling programmes in order to secure a rig. Demand from smaller operators and well management companies also continues, while the availability of sublet slots appears to be limited. The most recent fixtures in the market have seen incumbent contractors extending existing contracts and exercising priced or indexed options. This is anticipated to continue as rigs start to come free in 2015.

WilPhoenix coming off contract in H2 2014 is well placed for follow on term work commencing in that time frame.

Statement of Responsibility

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first quarter of 2013, which has been prepared in accordance with IAS 34 Interim Financial Statements, gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Subsequent Events

- During April, Premier Oil UK Ltd exercised its option to extend the term of its drilling contract with AWDR. This option is for a period of approximately 70 days commencing in March 2014 and has an estimated contract value of USD 22 million.
- During April, AWDR entered into a forward currency hedging agreement with DNB Bank in accordance with the Company's approved hedging procedure. A total of USD 21 million has been hedged in order to purchase GBP at an average rate of 1.517.
- Also during April, the shareholder loan facility of USD 15 million with AWDR's two largest shareholders, represented by Awilco Drilling AS and Tompkins Square Park S.a.r.l. was

terminated with effect from 12th April 2013. The facility was due to end on 30th June 2013.

- The board has approved a dividend distribution payable in Q2 of USD 1.0 per share. This dividend distribution will be made to all qualifying shareholders on or around 20th June 2013.

Aberdeen, 14 May, 2013

The Board of Directors of Awilco Drilling PLC

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Company background

Awilco Drilling was incorporated in December 2009. Awilco Drilling owns two semi submersible drilling rigs; WilPhoenix built in 1982 and upgraded in 2011 and WilHunter built in 1983 and upgraded in 1999 and 2011.

Awilco Drilling was listed on the Oslo Stock Exchange (Oslo Axess) in June 2011 under ticker code AWDR. Awilco Drilling's headquarters are located in Aberdeen, UK.

The total number of outstanding shares of Awilco Drilling at the date of this report is 30 031 500.

www.awilcodrilling.com

Forward Looking Statements

This Operating and Financial Review contains certain forward-looking statements that involve risks and uncertainties. Forward-looking statements are sometimes, but not always, identified by such phrases as "will", "expects", "is expected to", "should", "may", "is likely to", "intends" and "believes". These forward-looking statements reflect current views with respect to future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. These statements are based on various assumptions, many of which are based, in turn, upon further assumptions, including Awilco Drilling's examination of historical operating trends. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including the competitive nature of the offshore drilling industry, oil and gas prices, technological developments, government regulations, changes in economical conditions or political events, inability of the Company to obtain financing on favourable terms, changes of the spending plan of our customers, changes in the Company's operating expenses including crew wages, insurance, dry-docking, repairs and maintenance, failure of shipyards to comply with delivery schedules on a timely basis and other important factors mentioned from time to time in our report.

Condensed statement of comprehensive income

in USD thousands, except earnings per share

	Q1 2013	Q1 2012	Full Year
	(unaudited)	(unaudited)	2012 (audited)
Contract revenue	52,292	19,516	147,210
Reimbursables	1,060	225	4,800
Other revenue	5	2,834	217
	<u>53,357</u>	<u>22,575</u>	<u>152,227</u>
Rig operating expenses	13,550	13,765	56,545
Reimbursables	500	90	951
Provision for doubtful debts	-	2,471	9,700
General and administrative expenses	5,379	2,894	11,132
Depreciation	4,391	4,360	17,474
	<u>23,820</u>	<u>23,580</u>	<u>95,802</u>
Operating profit	<u>29,537</u>	<u>(1,005)</u>	<u>56,424</u>
Interest income	16	6	19
Interest expense	(2,423)	(3,504)	(13,447)
Other financial items	(116)	(132)	(920)
Net financial items	<u>(2,523)</u>	<u>(3,630)</u>	<u>(14,348)</u>
Profit/(Loss) before tax	27,014	(4,635)	42,076
Tax (expense)	(2,300)	577	(2,682)
Net profit/(loss)	<u>24,714</u>	<u>(4,058)</u>	<u>39,394</u>
Other comprehensive income	-	-	-
Total comprehensive income/(loss)	<u>24,714</u>	<u>(4,058)</u>	<u>39,394</u>
Attributable to minority interests	-	-	-
Attributable to shareholders of the parent	24,714	(4,058)	39,394
Basic and diluted earnings per share	0.82	(0.14)	1.31

Condensed statement of financial position

in USD thousands

	<u>31.03.2013</u> (unaudited)	<u>31.12.2012</u> (audited)
Rigs, machinery and equipment	248,840	250,173
Deferred tax asset	1,159	853
	<u>249,999</u>	<u>251,026</u>
Trade and other receivables	15,728	22,285
Prepayments and accrued revenue	19,463	15,529
Inventory	4,800	4,800
Cash and cash equivalents	39,949	16,926
Current tax	13,534	6,542
	<u>93,474</u>	<u>66,082</u>
Total assets	<u><u>343,473</u></u>	<u><u>317,108</u></u>
Paid in capital	130,142	130,142
Retained earnings	72,919	48,206
	<u>203,061</u>	<u>178,348</u>
Deferred tax liability	770	769
Long-term interest-bearing debt	95,348	98,098
	<u>96,118</u>	<u>98,867</u>
Current portion of long-term debt	11,000	16,500
Trade and other creditors	3,229	1,965
Accruals and provisions	15,271	12,041
Current tax payable	14,794	9,387
	<u>44,294</u>	<u>39,893</u>
Total equity and liabilities	<u><u>343,473</u></u>	<u><u>317,108</u></u>

**Condensed statement of changes in equity for the period from
1st January 2012 to 31 March 2013**

in USD thousands

	Paid-in-equity	Other equity (retained earnings)	Total equity
Equity at 1 January 2012	130,142	8,812	138,954
Total comprehensive profit to 31 December 2012	0	39,394	39,394
Balance as at 31 December 2012	130,142	48,206	178,348
Total comprehensive profit to 31 March 2013	0	25,205	25,205
Balance as at 31 March 2013	130,142	73,412	203,554

Condensed statement of cash flow for the period

	Q1 2013 (unaudited)	Q1 2012 (unaudited)
Cash flow from operating activities		
Profit/(Loss) before tax	27,014	(4,635)
Depreciation	4,391	4,360
Interest cost	2,407	3,498
(Increase)/decrease in trade and other receivables	6,557	470
(Increase)/decrease in prepayments and accrued revenue	(3,935)	(778)
Increase/(decrease) in trade and other payables	4,688	2,591
Interests paid	(2,616)	(3,595)
Interests received	16	6
Taxation paid	(4,192)	(40)
Net cash flow from operating activities	34,330	1,877
Cash flow from investing activities		
Purchase of property, plant and equipment	(3,058)	(1,036)
Net cash flow from investing activities	(3,058)	(1,036)
Cash flow from financing activities		
Repayment of loans	(8,250)	(12,098)
Net cash flow from financing activities	(8,250)	(12,098)
Net increase/(decrease) in cash and cash equivalents	23,022	(11,257)
Cash and cash equivalents at beginning of the period	16,927	25,100
Cash and cash equivalents at the end of the period	39,949	13,843

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of preparation

These unaudited interim condensed financial statements have been prepared in accordance with IAS 34 “Interim financial reporting”.

Significant accounting policies

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual audited financial statements for the year ended December 31, 2012. This interim report should be read in conjunction with the audited 2012 financial statements, which include a full description of the Group’s significant accounting policies.

Notes

Note 1 - Rigs, machinery and equipment

in USD thousands, except per share data

	Semi submersible drilling rigs/SPS	Other fixtures and equipment	Total
Opening balance 1 Jan 2013	293,554	1,128	294,682
Additions	2,979	79	3,058
Disposals	-	-	-
Closing balance	296,533	1,207	297,740
Opening balance 1 Jan 2013	(44,031)	(480)	(44,511)
Depreciation	(4,330)	(61)	(4,391)
Disposals	-	-	-
Accumulated depreciation per ending balance	(48,361)	(539)	(48,901)
Net carrying amount at end of period	248,172	668	248,840
Expected useful life	5-20 years	3-10 years	
Depreciation rates	5% - 20%	10% - 33%	
Depreciation method	Straight line	Straight line	
Residual value per rig is USD 15 million.			

Note 2 - Debt and financing

Deferred Payment Deed (Seller's Credit)

In connection with the acquisition of the rigs from Transocean, the Company was granted a five year Seller's Credit from Transocean of USD 165 million. The borrowings are secured by first priority mortgages on the drilling rigs. The interest rate is 9%. Repayment terms are quarterly repayments of USD 2.8 million over five years and a final repayment of USD 87 million. There is an option to defer a maximum of two principal repayments and during 2011 the Company deferred US\$ 5.5 million which were repaid during January 2013.

	WilPhoenix	WilHunter	Total
Seller's Credit initially granted	82,500	82,500	165,000
Repayment of debt	(16,500)	(42,152)	(58,652)
Total debt per end of accounting period	66,000	40,348	106,348
Current portion of long term debt	5,500	5,500	11,000
Long term debt per end of period	60,500	34,848	95,348
	66,000	40,348	106,348

Note 3 - Related party transactions

in USD thousands except per share data

In the normal course of its business, Awilco Drilling enters into a number of transactions with AWILHELMTSEN which is a major shareholder through its wholly owned subsidiary Awilco Drilling AS.

Transactions with AWILHELMTSEN are specified as follows:

	<u>Q1 2013</u>
Sales	-
Purchases	(153)
Interest	(66)
Receivables	-
Payables	(153)

Note 4 - Segment information

The company owns the semi submersible rigs WilHunter and WilPhoenix. The company is only operating in the mid water segment in the UK sector of the North Sea. The potential market for the rigs will be the international drilling market. As the rigs are managed as one business segment, the Company has only one reportable segment.

Note 5 - Corporation taxes

If the operation of the rigs change among foreign jurisdictions, and the methods of taxation in these jurisdictions varies, the effective tax rate may be subject to change.

Corporation tax provision is based on the tax laws and rates in the countries the rigs are operated and where the rigs are owned. During Q1 the rigs were operational and average tax rates have been applied consistent with the prevailing average tax rate for the year.

Note 6 - Subsequent events

During April, Premier Oil UK Ltd exercised its option to extend the term of its drilling contract with AWDR. This option is for a period of approximately 70 days commencing in March 2014 and has an estimated contract value of USD 22 million.

During April, AWDR entered into a hedging agreement with DNB Bank in accordance with the Company's approved hedging procedure. A total of USD 21 million has been hedged in order to purchase GBP at an average rate of 1.517.

Also during April, the shareholder loan facility of USD 15 million with AWDR's two largest shareholders, represented by Awilco Drilling AS and Tompkins Square Park S.a.r.l. was terminated with effect from 12th April 2013. The facility was due to end on 30th June 2013.

The board has approved a dividend distribution payable in Q2 of USD 1.0 per share. This dividend distribution will be made to all qualifying shareholders on or around 20th June 2013.

Note 7 - Capital Commitments

Outstanding Capital Commitments as at the end of Quarter 1 were USD 7.4 million.

Note 8 - Share capital

As of 31st March 2013 total outstanding shares in the Company was 30,031,500 with a nominal value per share of GBP 0.0065. The share capital and share premium reserve below are expressed in USD at the exchange rate at time of conversion from USD to GBP.

	Shares	Par value per share	Share capital	Share premium reserve
Share capital per 31 March 2013	30,031,500	£0.0065	304,173	129,837,405
Basic/diluted average number of shares, 1 January - 31 March	30,031,500			
Basic/diluted average number of shares, YTD	30,031,500			

Ranking	Shares	Ownership
Awilco Drilling AS	14,633,100	48.73%
Euroclear Bank	2,484,250	8.27%
Deutsche Bank AG London	1,147,537	3.82%
Goldman Sachs & Co	1,015,400	3.38%
Odin Offshore	958,183	3.19%
QVT Fund V LP	851,898	2.84%
Stenshagen Invest AS	778,903	2.59%
Varma Mutual Pension	575,000	1.91%
VPF Nordea Kapital	408,820	1.36%
JPMCV RE SHB Swedish	402,436	1.34%
Arctic Funds PLC	337,635	1.12%
Storebrand Verdi	334,913	1.12%
Storebrand Optima	317,959	1.06%
VPF Nordea Avkastning	241,441	0.80%
Torstein Tvenge	240,000	0.80%
MP Pensjon PK	236,000	0.79%
VPF Nordea Norge	232,749	0.78%
KLP Aksje Norge	215,410	0.72%
Alcides Holding AS	200,000	0.67%
Kommunal Landspensjonskasse	162,762	0.54%
Other	4,257,104	14.18%
	<u>30,031,500</u>	<u>100.00%</u>