



FIRST QUARTER 2015

**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 68.5 million (USD 70.9 million in Q4), EBITDA of USD 52.2 million (USD 54.9 million in Q4) and net profit of USD 39.2 million (USD 38.9 million in Q4).
- Revenue efficiency was 97.6% during the quarter (98.7% in Q4)
- Contract backlog at the end of Q1 was approximately USD 441 million (approximately USD 511 million end of Q4)
- The Board approved a dividend distribution payable in Q2 2015 of USD 0.50 per share. The share will trade ex-dividend on 19 May 2015, the record date is 20 May 2015 and the payment date is on or around 19 June 2015.

Key financial figures:

In USD million, except per day operating expenses and EPS

USD million	Q1 2015	Q4 2014	Q3 2014	2014
Contract revenue	68.5	70.9	76.2	276.1
Operating expenses	14.4	15.7	16.9	64.2
EBITDA	52.2	54.9	56.0	197.4
Net profit	39.2	38.9	38.1	137.5
EPS	1.31	1.30	1.27	4.58
Total assets	435.5	458.1	446.6	458.1
Total equity	217.6	208.4	204.0	208.4
Interest bearing debt	120.0	120.0	125.0	120.0
Gearing ratio	13.8%	17.5%	24.1%	17.5%
Per day operating expenses	79,737	85,258	91,614	87,915

Financial Results – First Quarter 2015

At the end of Q1 2015, both of Awilco Drilling's rigs were in continued drilling operations for their respective clients.

Comprehensive Income Statement

Awilco Drilling reports total comprehensive income for the first quarter 2015 of USD 39.2 million.

Revenue earned in the first quarter was USD 68.5 million.

In the first quarter Awilco Drilling had rig operating expenses of USD 14.4 million. General and administration expenses were USD 1.7 million. This includes a credit of USD 0.3 million in respect of the stock award of synthetic stock options. The stock award provision is restated each quarter based on the valuation of the Company's shares.

EBITDA for the first quarter was USD 52.2 million while the operating profit was USD 47.7 million.

Interest expenses amounted to USD 2.2 million, which relates to accrued interest on the secured bond.

Profit before tax was USD 45.1 million. The tax charge for the quarter was USD 5.9 million. The resulting net profit was USD 39.2 million. Earnings per share (EPS) for the first quarter were USD 1.31.

Statement on financial position

As of 31 March 2015, total assets amounted to USD 435.5 million. At the same date, Awilco Drilling had USD 85.3 million in cash and cash equivalents.

Operations and Contract Status

WilPhoenix

In Q1 2015 the WilPhoenix was in continued operations for Marathon Oil UK Ltd (as part of the three year Apache contract) where it remained through the end of the quarter.

Revenue efficiency for the quarter was 96.1%.

At the end of March, WilPhoenix had a total remaining contract backlog of approximately USD 347 million.

WilHunter

In Q1 2015 the WilHunter was in continued operations for Hess UK Ltd.

Revenue efficiency for the quarter was 99.0%.

At the end of March, WilHunter had a total remaining contract backlog of approximately USD 94 million.

Capital Requirements and Dividend

The Company's intention is to pay a quarterly dividend in support of its main objective to maximise returns to shareholders. All of the Company's free cash flow is intended to be distributed subject to maintaining a robust cash buffer to support working capital requirements and planned capital expenditure.

Organisation

At the end of Q1 2015, Awilco Drilling's Aberdeen based employees numbered 30 permanent personnel supported by 2 contractors. Awilco Drilling Pte Ltd offshore personnel numbered 211 permanent personnel. The Awilhelmsen Group continues to supply some support personnel via the management agreement.

Market Outlook

Awilco Drilling's fleet is effectively contracted through to end of 2015. The UK market remains quiet with very little contracting activity.

We are seeing increased rig availability in the UK Sector and this is expected to continue as rigs roll off of contracts in 2015 and 2016. The lack of new contract opportunities has now led to some rig cold-stacking and attrition.

Statement of Responsibility

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first quarter of 2015, 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.

Aberdeen, 11 May, 2015

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 Axxess) 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 2015 (unaudited)	Q1 2014 (unaudited)
Contract revenue	67,840	62,211
Reimbursables	629	503
Other revenue	28	33
	<u>68,497</u>	<u>62,747</u>
Rig operating expenses	14,353	14,422
Reimbursables	268	195
General and administrative expenses	1,690	4,035
Other expense	-	12
Depreciation	4,519	4,400
	<u>20,830</u>	<u>23,064</u>
Operating profit	<u>47,667</u>	<u>39,683</u>
Interest income	71	38
Interest expense	(2,178)	(2,488)
Other financial items	(443)	-
Net financial items	<u>(2,550)</u>	<u>(2,450)</u>
Profit before tax	45,117	37,233
Tax (expense)	(5,880)	(2,753)
Net profit	<u>39,237</u>	<u>34,480</u>
Other comprehensive income	-	-
Total comprehensive income	<u>39,237</u>	<u>34,480</u>
Attributable to shareholders of the parent	39,237	34,480
Basic and diluted earnings per share	1.31	1.15

Condensed statement of financial position

in USD thousands

	<u>31.03.2015</u> (unaudited)	<u>31.12.2014</u> (audited)
Rigs, machinery and equipment	250,835	251,165
Deferred tax asset	2,096	2,486
	<u>252,931</u>	<u>253,651</u>
Trade and other receivables	10,750	12,116
Prepayments and accrued revenue	28,770	28,938
Inventory	4,698	4,800
Cash and cash equivalents	85,258	75,951
Current tax	53,142	82,594
	<u>182,618</u>	<u>204,399</u>
Total assets	<u><u>435,549</u></u>	<u><u>458,050</u></u>
Paid in capital	130,142	130,142
Retained earnings	87,417	78,211
	<u>217,559</u>	<u>208,353</u>
Long-term interest-bearing debt	110,000	110,000
	<u>110,000</u>	<u>110,000</u>
Current portion of long-term debt	10,000	10,000
Trade and other creditors	3,855	3,233
Accruals and provisions	20,177	17,942
Current tax payable	73,958	108,522
	<u>107,990</u>	<u>139,697</u>
Total equity and liabilities	<u><u>435,549</u></u>	<u><u>458,050</u></u>

**Condensed statement of changes in equity for the period from
1st January 2014 to 31 March 2015**

in USD thousands

	Paid-in-equity	Other equity (retained earnings)	Total equity
Equity at 1 January 2014	130,142	77,370	207,512
Total comprehensive profit to 31 December 2014	-	137,484	137,484
Dividends paid		(136,643)	(136,643)
Balance as at 31 December 2014	130,142	78,211	208,353
Total comprehensive profit to 31 March 2015	-	39,237	39,237
Dividends paid	-	(30,031)	(30,031)
Balance as at 31 March 2015	130,142	87,417	217,559

Condensed statement of cash flow for the period

	Q1 2015 (unaudited)	Q1 2014 (unaudited)
Cash flow from operating activities		
Profit before tax	45,117	37,233
Depreciation	4,519	4,400
Interest cost	2,107	2,450
Sharebased payment	-	920
(Increase)/decrease in trade and other receivables	1,264	(14,231)
(Increase)/decrease in stock	102	0
(Increase)/decrease in prepayments and accrued revenue	270	5,434
Increase/(decrease) in trade and other payables	2,856	4,381
Interests paid	(2,178)	(2,330)
Interests received	71	38
Taxation paid	(10,601)	(2,416)
Net cash flow from operating activities	43,527	35,879
Cash flow from investing activities		
Purchase of property, plant and equipment	(4,189)	(7,267)
Net cash flow from investing activities	(4,189)	(7,267)
Cash flow from financing activities		
Dividends paid	(30,031)	(33,034.00)
Repayment of loans	0	(2,750)
Net cash flow from financing activities	(30,031)	(35,784)
Net increase/(decrease) in cash and cash equivalents	9,307	(7,172)
Cash and cash equivalents at beginning of the period	75,951	52,347
Cash and cash equivalents at the end of the period	85,258	45,175

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, 2014. This interim report should be read in conjunction with the audited 2014 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 2015	329,321	1,872	331,194
Additions	4,183	7	4,189
Closing balance	<u>333,504</u>	<u>1,879</u>	<u>335,383</u>
Opening balance 1 Jan 2015	(78,994)	(1,035)	(80,029)
Depreciation	(4,472)	(47)	(4,519)
Accumulated depreciation per ending balance	<u>(83,466)</u>	<u>(1,082)</u>	<u>(84,548)</u>
Net carrying amount at end of period	<u>250,038</u>	<u>797</u>	<u>250,835</u>
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

The Company completed a USD 125 million secured bond in the Norwegian bond market. The bond was issued with an interest rate of 7% with maturity in April 2019. Repayment terms are USD 5 million six monthly and commenced in October 2014

	Total
Secured Bond	125,000
Repayment of debt	<u>(5,000)</u>
Total debt per end of accounting period	<u>120,000</u>
Current portion of long term debt	10,000
Long term debt per end of period	<u>110,000</u>
	<u>120,000</u>

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 Awilhelmsen which is a major shareholder through its wholly owned subsidiary Awilco Drilling AS.

Transactions with Awilhelmsen are specified as follows:

	YTD Q1 2015
Purchases	(110)
Payables	(7)

Note 4 - Segment information

The company owns the semi submersible rigs WilHunter and WilPhoenix. The company is only currently 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 - Restricted cash

The company has restricted cash of USD 1.7 million which has been deposited in relation to the forward hedge agreements.

Note 6 - Corporation taxes

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 7 - Capital commitments

Outstanding Capital Commitments as at the end of Quarter 1 were USD 23.9 million.

Note 8 - Share capital

As of 31 March 2015 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 December 2014	30 031 500	£0,0065	304 173	129 837 405
Basic/diluted average number of shares, 1 January - 31 December	30 031 500			
Basic/diluted average number of shares, YTD	30 031 500			

Ranking	Shares	Ownership
AWILHELMSSEN OFFSHORE AS	12 998 938	43,28 %
EUROCLEAR BANK S.A./N.V. ('BA')	1 864 557	6,21 %
UBS SECURITIES LLC	1 604 300	5,34 %
JPMORGAN CHASE BANK N.A.	1 214 439	4,04 %
CITIBANK, N.A.	1 174 778	3,91 %
CITIBANK, N.A.	1 143 961	3,81 %
MERRILL LYNCH PROF. CLEARING CORP	1 129 000	3,76 %
DEUTSCHE BANK AG	812 320	2,70 %
MERRILL LYNCH,PIERCE,FENNER&S. INC	744 641	2,48 %
AVANZA BANK AB	666 585	2,22 %
DEUTSCHE BANK AG	482 972	1,61 %
JPMORGAN CHASE BANK N.A.	479 216	1,60 %
CLEARSTREAM BANKING S.A.	397 069	1,32 %
NORDNET BANK AB	395 285	1,32 %
FIRST CLEARING A/C LLC	388 359	1,29 %
JP MORGAN BANK LUXEMBOURG S.A	316 078	1,05 %
JP MORGAN CLEARING CORP.	307 304	1,02 %
PERSHING LLC	246 959	0,82 %
SIX SIS AG	227 884	0,76 %
JPMORGAN CHASE BANK N.A.	176 693	0,59 %
OTHER	3 260 162	10,86 %
	<u>30 031 500</u>	<u>100,00 %</u>

Note 9 - Derivative Financial Instrument

in USD thousands

31.03.2015
(unaudited)

Fair value of foreign currency forward contracts	\$828k
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The foreign currency forward contracts were entered into in order to minimise the Group's exposure to losses resulting from adverse fluctuations in foreign currency exchange rates on monthly operating expenses. The fair value of the forward exchange contracts, as shown above, is recorded as other income in the Statement of Comprehensive Income and classified as accruals in the Statement of Financial Position.