



Awilco Drilling PLC

Report and Financial Statements

31 December 2015

Directors

Sigurd Thorvildsen
Henrik Fougner
Daniel Gold
John Simpson
Synne Syrrist
Jon Bryce

Secretary

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Strategic report

Corporate Strategy and business model

Awilco Drilling PLC ('the Company')'s strategy is to create shareholder value through the provision of a quality, reliable and customer focused service to the mobile drilling rig market. The management team shall safely, efficiently and effectively deliver a high quality service to customers, with a view to securing the most lucrative day rate contracts in conjunction with the highest achievable rig utilisation. The Company shall evaluate growth opportunities which best complement its financial and operational aspirations.

The Company owns and operates two semi-submersible drilling rigs, the WilPhoenix and WilHunter, both standardised rigs used in the drilling of oil and gas wells in the UK sector of the North Sea, although they can be used in other geographical locations.

Principal activity

The principal activity of the Company and its subsidiaries ('the Group') is to operate the drilling rigs as noted above. During the year, the WilPhoenix was in continued drilling operations for its client until commencement of a scheduled SPS shipyard project in mid-November. The project has taken longer than anticipated and the rig remains berthed at Hartlepool on zero day rate. The Company is working expediently the close out the yard stay in co-operation with the client prior to recommencement of the remaining 22 months of its three year contract. The WilHunter completed its decommissioning program ahead of schedule in July.

Business review and future developments

The rigs were effectively fully contracted to the end of 2015 with the WilPhoenix on contract until the end of 2017 whilst the WilHunter is in warm stack mode. The UK market significantly slowed down during late 2014 and throughout 2015 to the extent that contracting activity has become very limited.

The UK market is seeing increased rig availability, which is anticipated to continue throughout 2016 and into 2017

Performance

The Group's financial performance during the year was as follows:

	2015	2014
	US\$000	US\$000
Revenue	247,045	276,138
Operating profit	132,182	179,670
Profit for the year attributable to equity shareholders	111,003	137,484
Operating profit %	54%	65%
Number of employees and contractors at year end	232	239

The total revenue for the year relates to contract income received from drilling operations. The decrease is due to lower utilisation during the year. The Group had rig operating expenses of US\$57.6 million (2014: US\$64 million) relating to rig operating costs, and general and administration expenses of US\$8.6 million (2014: US\$16 million) and an impairment expense of US\$30 million (2014 : nil).

The key performance indicators (KPIs) set out below are reviewed on a regular basis by management and performance against them subsequently reported to the Board of Directors. Targets for the KPIs are set and, if performance falls short, the proposed corrective action is approved by the Board and implemented by management.

The Company's main financial KPIs are:

Revenue efficiency

Revenue efficiency is actual revenue for the period compared with the maximum contract revenue multiplied by the number of days in the period. For the year ended 31 December 2015, the revenue efficiency was 96.3% (2014: 98.7%). This is due to lower operational uptime during the year compared with the prior year.

Strategic report

Business review and future developments (continued)

Operating margin

Operating margin is total revenue less operating costs. For the year ended 31 December 2015, operating margin was 53.5% (2014: 76.8%). The decreased margin was due to the decrease in revenue and also an impairment charge during the year of US\$ 30 million (2014: nil). The Company also has a number of operational KPIs that are used to manage the business on a day to day basis, some of which are detailed below:

Quality, Health, Safety and Environment (QHSE)

Total recordable incident rate (TRIR)	Number of incidents (lost time incident, restricted work case, medical treatment only) x 200,000 / Total number of man hours in the review period. Measured on a rolling 12 month basis.
Unplanned discharges	Items that have been discharged to sea not covered under PON 15 which relate to allowable items. Some examples are BOP control fluid and hydraulic oil that are reportable under PON 1. (PON - Petroleum Operations Notices)

Operations

Uptime	Total hours the rigs are working i.e. not on unplanned downtime / on contract time for the period.
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Human Resources (HR)

Personnel turnover	Employee initiated leavers in the period as a percentage of total headcount (onshore and offshore) on a rolling 12 month basis.
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Principal risks and uncertainties

The Company's primary risks are those that impact utilisation rates for each of the rigs, QHSE issues associated with operations and exposure to liquidity and credit risk.

Utilisation rates for the rigs

The Company has a small fleet of only two rigs, implying that downtime, failure or idle periods will have a relatively higher impact than if the Company had a larger and more diverse fleet. The risk to utilisation rates may arise through deferred commencement of drilling contracts either through delays incurred on shipyard project work or delays encountered by operators not able to commence drilling in accordance with plan. There is also the possibility of gaps and idle periods during the year due to the unpredictable nature of contract drilling operations and prevailing market conditions. Additionally there is a utilisation risk associated with the possibility of mechanical and weather down time. The Group mitigates this risk through its operating, marketing and pricing strategies.

QHSE (Quality, Health, Safety, Environment)

To mitigate any risk with regards to QHSE the Group has in place a QHSE management plan which seeks to ensure that all operations are conducted within normal industry standards and procedures. The Company also seeks to ensure safe and efficient operations, with no accidents, injuries, environmental incidents or damage to assets.

Strategic report

Business review and future developments (continued)

Liquidity

As described in Note 25 to the financial statements, the Group's objective is to maintain sufficient liquidity in order to support the needs of the business and meet debt repayments and other liabilities as they fall due. The Group has met all debt repayment obligations and has an appropriate level of cash on hand.

Credit

Management assess the credit rating of new and existing clients and determines if any action is required to secure payment in respect of work to be performed.

Tax risks

The Company has subsidiaries in other countries. Tax laws and regulations are highly complex and subject to interpretation. Consequently, the Company is subject to changing tax laws, treaties and regulations in and between countries in which it operates. The Company's tax expense is based upon its interpretation of the tax laws in effect in these countries at the time that the expense was incurred. A change in these tax laws, treaties or regulations or in the interpretation thereof, which is beyond the Company's control, could result in a materially higher tax expense or a higher effective tax rate on the Company's earnings.

Volatility of the share price

The trading price of the Company's shares could fluctuate significantly in responses to quarterly variations in operating results, adverse business developments, interest rates, changes in financial estimates by securities analysts, matters announced in respect of major customers or competitors, changes to the regulatory environment in which the Company operates, or a variety of other factors outside the control of the Company.

Industry risk

The offshore contract drilling industry is cyclical and volatile. The Company's business depends on the level of activity of oil exploration, development and production in the North Sea and internationally. The availability of quality drilling prospects, exploration success, relative production costs, the stage of reservoir development, political concerns and regulatory requirements all affect customers' levels of activity and drilling campaigns. Demand for the Company's services may be adversely affected by declines in exploration, development and production activity associated with depressed oil prices. Even the perceived risk of depressed oil prices and changes in the UK North Sea tax regime often causes exploration and production companies to reduce their spending.

Commodity prices

The profitability and cash flow of the Company's operations will be dependent upon the market price of oil and gas, as the Company's customers are mainly oil companies. The price of oil and gas is known to fluctuate. Oil and gas prices are affected by numerous factors beyond the Company's control, including economic and political conditions, levels of supply and demand, the policies of the Organization of Petroleum Exporting Countries (OPEC), the level of production in non-OPEC countries, the cost of exploring for, developing, producing and delivering oil and gas, currency exchange rates and the availability of alternate energy sources and political and military conflicts in oil-producing and other countries. If the price of oil and gas products should drop significantly, this could have a material adverse effect on the Company.

Strategic report

Corporate Social Responsibility

The Company recognises its duty to stakeholders to operate the business in an ethical and responsible manner. It is committed to developing its Corporate Social Responsibility (CSR) agenda, recognising that it can play a major part in its operations. This report does not contain information about any policies of the Company in relation to social community and human rights issues since it is not considered necessary for an understanding of the development, performance or position of the Company's business activities.

Core Values

Simple is Best – Our systems and procedures shall be clear, concise and effective, ensuring we deliver on our promises.

Engagement – We will be a company of choice, valuing our work force, listening and responding to employees, clients and partners.

Efficiency – We will consistently meet our clients' expectations by providing competent people, reliable equipment and smart systems.

Flexibility – We will encourage challenge and creativity in order to deliver optimised performance and continuous improvement.

Performance – We will get it right first time; consistently delivering success.

Policy

The Company's employment policies and procedures are described in detail in the Staff Handbook, which is available to all employees via the Business Management System (BMS). The Company's Code of Conduct – Values and Ethics document sets out the basic principles to guide all employees and officers of the Company on how they must conduct themselves to seek to avoid even the appearance of improper behaviour. To help ensure compliance, the Company requires that employees, officers and directors review the policy and acknowledge their understanding and adherence in writing on an annual basis.

Equal opportunities

The Company is committed to equal opportunities and treats all employees with respect and dignity and ensures that decisions are taken without reference to irrelevant or discriminatory criteria. The Company does not tolerate any form of unlawful discrimination and is committed to promoting equality of opportunity and will address any unlawful discrimination in every aspect of its operations.

As at 31 December 2015 the number of employees was as follows:

	Male	Female
Directors	5	1
Senior Managers	3	-
Other staff – onshore	13	12
Other staff – offshore	200	2

Strategic report

Corporate Social Responsibility (continued)

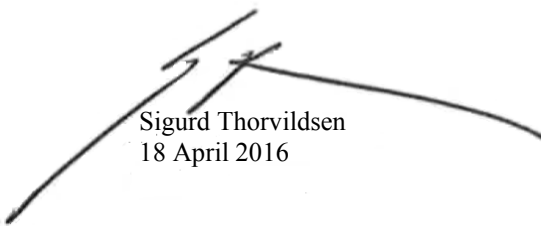
Health and Wellbeing

It is important to the Company that it supports its employees in their health and wellbeing. The Company operates a flexible benefit scheme that is available to all members of staff and includes benefits such as leisure club membership, private medical and dental insurance, a health screening service and an Employee Assistance Programme. During the year, the Company applied for the Silver Healthy Working Lives award and confirmation of the award has now been received.

Health, Safety and Environment

The Company recognises that it has a corporate responsibility to carry out its operations whilst minimising its impact on the environment. As a result of this, the Company has gone through a rigorous audit process and has been awarded ISO14001 certification. ISO14001 is an internationally recognised environmental management system (EMS) standard, providing a model for companies to follow to create and achieve their policy. Focusing on the issues that really matter, it is designed to help companies achieve consistent environmental regulatory compliance whilst embedding the concept of continuous improvements in environmental performance. ISO14001 is a widespread benchmark for thousands of organisations around the world that want to communicate to the public and stakeholders that they are environmentally responsible. Additionally, during the year the Company has been awarded BS OHSAS 18001 certification. This is an internationally applied British Standard for occupational health and safety management systems. It exists to help organisations put in place demonstrably sound best practices by providing a framework for procedures and controls needed by the Company to achieve the best possible working conditions and workplace health and safety.

By order of the Board of Directors



Sigurd Thorvildsen
18 April 2016

Directors' report

Registered No. 7114196

The Directors present their report and financial statements for the year ended 31 December 2015. These financial statements have been prepared under International Financial Reporting Standards as adopted by the European Union.

Results and dividends

The profit after taxation for the year amounted to US\$ 111.0 million (2014: US\$ 137.5 million). There was a total dividend of US\$ 75.1 million (2014: US\$ 136.6 million) paid during the year representing US\$ 2.50 per share (2014: US\$ 4.55).

Future developments

See Strategic Report pages 2-6.

Directors

The directors who served the Company during the year were as follows:

Sigurd Thorvildsen
 Henrik Fougner
 Daniel Gold
 John Simpson
 Synne Syrrist
 Jon Bryce

Financial instruments

The Group's financial risk management objectives and policies are discussed further in Note 25 on pages 53-56 of the financial statements.

Directors liability

The Company insures its directors and officers against liability in respect of proceedings brought by third parties, subject to the conditions set out in the UK Companies Act 2006.

Directors and their interests

None of the directors listed above had any interest in the Company's shares, with the exception of Jon Bryce in connection with the Company's long term incentive plan. Details are given in the directors' remuneration report.

Major interest in shares

The Company has been notified of the following interests representing 3% or more of the issued ordinary share capital of the Company as at 19 April 2016.

	<i>No of shares</i>	<i>Percentage holding</i>
Awilhelmsen Offshore AS	12,998,938	43.28%
UBS Securites LLC	3,323,016	11.07%
Euroclear Bank S.A.	1,888,652	6.29%
Citibank N.A.	1,394,724	4.64%
Citibank N.A.	1,169,839	3.90%
Citigroup Global Mar	1,131,100	3.77%
JP Morgan Chase Bank	1,045,260	3.48%

QVT Financial LP with affiliated and related parties owned 1,910,062 shares at 18 April 2016, a total of 6.36% of the Company's share capital.

FVP Master Fund LP with affiliated and related parties owned 5,087,820 shares at 18 April 2016 a total of 16.94% of the Company's share capital and has not notified the Company of any changes of ownership up to the date of signing the report and financial statements.

Directors' report

Corporate governance

The information given in the corporate governance statement is set out on pages 10-16.

Going concern

Management has prepared cash flow forecasts for a period of 24 months from the balance sheet date. These demonstrate the ability of the Group to pay its debts as they fall due for at least the next 24 months. The Group has access to sufficient working capital and has a significant contract backlog of US\$ 256 million.

On this basis, the directors have concluded that the Group will remain a going concern for at least 12 months from the day of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

Asset impairment consideration

Management has performed an impairment test which resulted in an impairment of US\$ 30 million at year end. The impairment test was based on forecast future industry conditions and operations, future expected utilisation, contract rates, operating expenses and capital requirements of the rigs. A discount rate of 10.5% has been applied.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Responsibility statement

Each of the directors listed on page 1 confirms that to the best of their knowledge:

- The financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group and the undertakings included in the consolidation taken as a whole; and

The strategic report includes a fair review of the development and performance of the business, together with a description of the principal risks and uncertainties faced.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board of Directors



Sigurd Thorvildsen

18 April 2016

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom company law and those International Financial Reporting Standards (IFRSs) adopted by the European Union.

Under UK Company Law the directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Group and Company for that period. In preparing those financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and the Company's financial position and financial performance;
- state that the Company and Group has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- make judgements and estimates that are reasonable and prudent.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the UK Companies Act 2006 and Article 4 of the IAS Regulations. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate governance

Awilco Drilling PLC is committed to maintaining high standards of corporate governance.

The Company is listed on the Oslo Axess stock exchange and has adopted the Norwegian Code of Practice for Corporate Governance of 30 October 2014 ('the Code'). A copy of the code can be found at www.nues.no

Adherence to the Code is based on a "comply or explain" principle, whereby companies are expected to comply with the recommendations or explain why they have chosen an alternative approach. Below is a summary of the departures from the Code with an explanation of how the Company's actual practices contribute to good corporate governance.

Code of Practice Compliance

The Company is required to state how it has applied the principles set out in Section 1 of the Code and which relate to its directors, remuneration, accountability and audit and relations with shareholders.

As of the date of this report, the Company is in compliance with the Code, except in relation to the following matters:

- Business – the Company's Articles of Association do not specifically define the Company's business. The Company is incorporated in England & Wales and this is in line with standard practice for a UK registered company. An overview of the Company's business can be found in this report.
- Equity and dividends – the authorisation given to undertake share capital increases has not been restricted to defined purposes, due to the scope of the Company's business. This is normal practice for a UK registered company.
- Board composition – the Chief Executive Officer ('CEO') of the Company is also a member of the Board of Directors. It is standard UK practice for public limited companies to have both executive and non-executive directors.
- Auditor – the Auditor is not present during the Board meeting that deals with the annual accounts; but the Auditor attends Audit Committee meetings to discuss the annual report and financial statements.
- Corporate Assembly – the Company does not have a Corporate Assembly.

Business

The Company's principal business is to own offshore drilling rigs for use in offshore drilling operations, and to provide drilling services for oil and gas companies using these rigs. This is an intricate business which involves complex assets and high value equipment, and which requires specialised and trained personnel to operate them efficiently and safely.

The Company's vision is to be a partner of choice, consistently "delivering the difference" to its customers.

Further information about the Company's vision, mission and strategy statements is available in the Strategic Report.

Equity and dividends

Full details of the shares issued are detailed in note 23. The Company considers its equity to be at a level appropriate to the Company's objectives, strategies, cash flow projections and risk profile.

The Company's intention is to pay dividends 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 operational working capital requirements and planned capital expenditure. Consideration is also given to future market prospects.

Equal treatment of shareholders

All issued shares of the Company are vested with equal shareholder rights in all respects. There is only one class of shares. The Articles of Association place no restrictions on voting rights. Each share represents one vote at the Company's General Meetings.

Corporate governance

Transactions with close associates

The Company has entered into the agreements listed below with the following parties:

- A management agreement with Awilhelmsen Management AS (AWM) for corporate services;
- Management-for-hire contracts with six persons from the Awilhelmsen Group for corporate services.

Awilhelmsen Offshore AS owns 43% of the ordinary shares in Awilco Drilling PLC.

Freely negotiable shares

The shares of the Company are freely negotiable.

Going concern

The Board regularly review the Company's financial projections to ensure resources are fully able to meet operational requirements, and take appropriate action if judged necessary.

General Meetings

All shareholders of the Company are entitled to attend the general meetings of the Company. The Annual General Meeting (AGM) is to be held no later than 30 June each year. Notification for meetings are sent out at least 21 days in advance. The notice includes a reference to the Company's website where the notice for the General Meeting and other supporting documents required to allow shareholders to form a view on all matters to be considered at the meeting are made available. The deadline for registration is normally set three working days before the General Meeting, to ensure shareholders have as much time as possible to register. If a shareholder cannot attend a meeting in person it is possible to vote through proxy.

The minutes from the General Meetings are published on the Company's website www.awilcodrilling.com

The next AGM is scheduled for 1 June 2016.

Corporate governance

The Board of Directors

The Board considers that it is vital to ensure that there is an appropriate range of skills, knowledge and experience among its members, and that the objectivity and integrity of members should be exemplary. The Board consists of six directors; one executive Director (the Chief Executive Officer or 'CEO') and five non-executive Directors including the Chairman. The Board believes that the structure and size of the Board is appropriate and that no single individual or group dominates the decision making process. The names, skills, experience and expertise of each Director are shown in the Board of Directors section of the Company's website at www.awilcodrilling.com

The roles of the Chairman and CEO are separate and the division of their responsibilities has been clearly established and agreed by the Board.

The main responsibilities of the Board include but are not limited to:

- providing strategic direction for the Company;
- overseeing the Company's systems of internal control, governance and risk management;
- evaluating the performance of executive management; and
- monitoring and facilitating the activities of the Audit and Compensation Committees.

Management is delegated the task of the detailed planning and implementation of the Company's strategy.

Directors receive timely, regular and appropriate management information to enable them to fulfil their duties and have access to the advice of the Company Secretary. The Board has agreed guidelines for Directors to obtain independent professional advice if they seek it at the Company's expense.

The Company has in place directors' and officers' liability insurance.

The Board includes two independent non-executive directors (John Simpson and Synne Syrrist) and three non-independent non-executive directors (Sigurd Thorvildsen, Henrik Fougner and Daniel Gold). All the non-executive Board members are viewed as being free from any relationship with the executive management which could result in any conflict or affect their judgement. None of the non-executive directors participates in the share option schemes or long-term incentive plan operated by the Company and none are dependent on the fees received from the Company as their primary source of income.

Board Performance

The Board completes an annual process to evaluate the effectiveness of Board Committees and individual directors and has confirmed that it is satisfied that it and its Committees are operating effectively.

The performance of the executive director is reviewed annually by the Compensation Committee in conjunction with his annual pay review and the payment of bonuses.

Directors are elected by shareholders at the first annual general meeting after their appointment and, after that, offer themselves for re-election by a vote of shareholders at least once every two years.

Corporate governance

The Board of Directors (continued)

Meetings and attendance

Board meetings are scheduled to be held at least five times a year, linked to key events in the Company's corporate reporting calendar. Additional ad-hoc meetings may be held.

It is expected that all directors attend Board and relevant committee meetings, unless they are prevented from doing so by prior commitments. If directors are unable to attend meetings they are given the opportunity to be consulted and comment in advance of the meeting. The Chairman holds regular informal meetings with the non-executive directors without the executive director being present.

Board Committees

The Board has established an Audit Committee, Compensation Committee and Nomination Committee. The Audit Committee and Nomination Committee have formal terms of reference governing their method of operation which reflect the provisions of the Code and which have been approved by the Board.

Audit Committee

The Audit Committee was chaired during the year by John Simpson and the other member of the Committee is Henrik Fougner. Only John Simpson is considered to be independent by the Board, which is acknowledged in the terms of reference of the Audit Committee. The Board is satisfied that John Simpson has recent and relevant financial experience, as the former CEO of Den norske Bank (now DNB Bank) in London and Regional Director for DNB's Asia-Pacific operations. Mr Simpson is also classed as an approved person by the UK FCA and has chaired audit committees of UK listed companies and public bodies since 1996.

The role of the Audit Committee is to ensure the integrity of the financial statements of the Company, including its annual and quarterly reports, preliminary results' announcements and any other formal announcements relating to its financial performance. It is responsible for reviewing the Company's internal financial control and risk management systems, advising the Board on the appointment of external auditors, overseeing the relationship with external auditors, reviewing the Company's whistleblowing procedures and considering the need for an internal audit function.

The Audit Committee monitors the relationship with the Company's external auditors relating to the provision of non-audit services to ensure auditor objectivity and independence is safe-guarded. The Company will award non-audit work to the firm which provides the best commercial solution for the work in question taking into account the skills and experience of the firm involved and the fees payable for the work. In considering whether to award such work to the external auditors, attention is paid to the level of fees for non-audit services relative to the amounts of the audit fee and whether there are safeguards in place to mitigate to an acceptable level any threat to objectivity and independence in the conduct of the audit resulting from the provision of such services.

There is an opportunity at each meeting for the Audit Committee to discuss matters privately with the external auditors without any members of the executive management team present. In addition, the Chairman of the Committee is in regular contact with the external audit partner to discuss matters relevant to the Company.

Compensation Committee

The Compensation Committee was chaired during the year by Sigurd Thorvildsen and the other members of the Committee are Daniel Gold and Henrik Fougner.

The role of the Compensation Committee is to establish and develop the remuneration policy for the Company's executives and key management and to determine a specific remuneration package for the CEO. No director or employee is involved in deciding their own remuneration. The Committee also approves all employee pay review proposals.

Details of the Company's policy on remuneration, service contracts and compensation payments are set out in the remuneration report.

Corporate governance

The Board of Directors (continued)

Nomination Committee

The members of the Nomination Committee are Henrik Christensen and Tom Furulund.

The role of the Nomination Committee is to present a recommendation to the general meetings concerning directors to be elected by shareholders and the level of directors' fees. The Nomination Committee shall also present recommendations to the general meetings regarding nomination of members to the Nomination Committee and concerning fees for the members of the Nomination Committee.

The table below shows the frequency and attendance of directors and other members at Board and Committee meetings during 2015.

No of meetings in year	<i>Board Meetings</i>	<i>Compensation Committee</i>	<i>Audit Committee</i>	<i>Nomination Committee</i>
Sigurd Thorvildsen	5	5	-	-
Henrik Fougner	5	5	3	-
Daniel Gold	5	5	-	-
John Simpson	5	-	3	-
Synne Syrrist	5	-	-	-
Jon Bryce	5	-	-	-
Henrik Christensen (1)	-	-	-	1
Tom Furulund (1)	-	-	-	1

(1) *Not members of the Board but members of the Nomination Committee only*

Internal controls and risk management

The Board acknowledges its responsibility for establishing and maintaining adequate internal controls and risk management systems to safeguard shareholders' investments and the Company's assets and performs an annual review of these areas. Such systems can only be designed to manage, and not to eliminate, the risk of failure to achieve business objectives. They can provide reasonable, but not absolute, assurance that the Company's assets are safeguarded and that the financial information used within the business for external reporting is reliable.

Operational and business activity risks

The Company's operational and business activity risks are controlled and mitigated by the implementation and use of its Business Management System (BMS). The Company's offshore activity risk is further controlled by the implementation and use of its Safety and Environmental Management System which is incorporated in the BMS.

Information and financial reporting systems

The Company's comprehensive planning and financial reporting procedures include annual detailed operational budgets which are reviewed and approved by the Board. Performance against budget is monitored throughout the year, through monthly reporting of management accounts and key performance indicators. The Board receives updated cash flow statements on a monthly basis and at each Board meeting and has close follow up discussions with the management between meetings as required.

Corporate governance

Internal controls and risk management (continued)

With a centralised financial reporting system, transactions and balances are recognised and measured in accordance with prescribed accounting policies, and all relevant information is appropriately reviewed and reconciled as part of the reporting process.

Investment appraisal

There are clearly defined evaluation and approval processes for acquisitions and disposals, capital items and major expenditure. These include escalating levels of authority and post-completion reviews of all major projects to compare the actual outcome with the original plan. Certain transactions are reserved for approval by the Board and limits of delegated responsibility and areas of authority have been identified for employees.

External audit

The Audit Committee reports to the Board on matters discussed with the auditors during the course of the statutory audit.

Takeovers

The Company has adopted guidelines in relation to take-over bids. The guiding principles of the Board in a take-over situation will be to seek the best value for and the equal treatment of all shareholders. The Board recognises that the decision whether to accept or reject an offer lies with the shareholders, and will refrain from any actions which may deny shareholders this choice. The Board will seek to provide shareholders with a recommendation as to whether shareholders should or should not accept an offer. This includes seeking external advice on valuation when appropriate. Any transaction that is in effect a disposal of the Company's activities will be submitted to a General Meeting for its approval. As the Company is incorporated in England and Wales, any take-over bid for the Company would be governed by aspects of both Norwegian Law and English law and regulations in accordance with the EU Take-over directive.

Communication with shareholders

The Company is committed to maintain the highest of standards of disclosure ensuring that all investors and potential investors have the same access to high quality, relevant information in an accessible and timely manner to assist them in making informed decisions. The Investor Relations Department manages the flow of information to all investors and potential investors and regular presentations take place at the time of the quarterly results as well as during the rest of the year.

Any concerns raised by a shareholder in relation to the Company and its affairs are communicated to the Board.

The Company maintains a website which provides up-to-date, detailed information on the Company's operations, which includes a dedicated investor relations section. All Company announcements are available on the website, as are copies of slides used for presentations to investment analysts.

Shareholders will have the opportunity at the forthcoming AGM to put questions to the Board, including the Chairmen of the various Committees.

Remuneration of the Board of Directors

The Company operates in a highly competitive market and must attract, motivate and retain high quality directors capable of achieving the Company's objectives and thereby enhancing shareholder value.

The non-executive Board members receive annual remuneration, based on the Board's responsibilities, expertise, time invested and the complexity of the business. Their remuneration is not linked to the Company's performance.

The remuneration of the Board is disclosed in the Director's Remuneration Report on pages 17-26 of this report. None of the Board members have had any additional assignments for the Company and none of the non-executives participate in any incentive or share option programme.

Corporate governance

Remuneration of executive personnel

The Compensation Committee reviews and advises on proposals made by the CEO with regard to the remuneration payable to executive personnel, and presents them to the Board. The remuneration payable to executive personnel is determined on the basis of competence, experience and achieved results.

The Board decides the salary and other compensation for the CEO in a meeting. The remuneration and other compensation to the CEO and other executive employees are disclosed in the notes to the financial statements.

Auditor

In line with standard practice for a UK company, the auditor is not present during the Board meeting that deals with the annual accounts.

The auditor attends all meetings of the Audit Committee and presents to the Committee reviews of the Company's accounting principles, risk areas, internal control procedures, including identified weaknesses and proposals for improvement.

The auditor has a private meeting with the Audit Committee at the end of each of its meetings at which neither the CEO nor any other member from the management team is present.

By order of the Board of Directors



Sigurd Thorvildsen
18 April 2016

Directors' remuneration report

Information not subject to audit

Chairman of the Compensation Committee's Annual Statement


Dear Shareholders,

I am pleased to present the directors' remuneration report for the financial year ended 31 December 2015, prepared in accordance with the Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

This report explains the Company's remuneration policy and provides details of the remuneration paid to executive and non-executive directors for services to the Company during the year. There have been no significant changes to the remuneration policy this year.

In determining remuneration levels, the Committee has taken account of market conditions, the performance of the Company, responsibility to shareholders and good corporate governance.

A resolution to approve the Directors remuneration report will be proposed at the AGM which is scheduled to be held on 1 June 2016.



Sigurd Thorvildsen
Chairman, Compensation Committee
18 April 2016

Directors' remuneration report

Remuneration policy

The Company operates in a highly competitive market and must attract, motivate and retain high quality directors and senior executives capable of achieving the Company's objectives and thereby enhancing shareholder value.

No director makes a decision relating to his own remuneration. Individual directors leave the meeting when their own remuneration is being discussed. A significant proportion of the potential remuneration of the executive director and senior executives is performance-related with appropriately stretching targets, thus aligning their interests with those of shareholders and encouraging performance at the highest levels.

The Committee has considered whether there are any aspects of the remuneration policy which could inadvertently encourage the executives to take inappropriate risk and has concluded that the policy remains appropriate in this regard.

How the views of employees are taken into account

The Company, in line with current market practice, does not actively consult with employees on executive remuneration. The Committee is made aware of overall pay and employment conditions in the wider work force when it sets the executive remuneration policy.

How the views of shareholders are taken into account

The Committee takes into account the view of the shareholders through open and transparent communication with shareholders. If there are significant changes proposed to the remuneration policy, the Committee will consult with major shareholders.

The table below summarises the remuneration policy, by component for the executive director. Details of the remuneration policy for non-executive directors are included on page 21.

Element	Purpose	Operation	Opportunity	Performance Measure
Annual Salary	To attract and retain key individuals and reflect their responsibilities, market value and expected performance level	Reviewed annually or when a change in responsibility occurs	There is no maximum salary opportunity	Not applicable
Benefits	To provide a market competitive reward package to the employee	The Company typically provides <ul style="list-style-type: none"> ➤ Car allowance ➤ Private health care ➤ Private dental care 	Car allowance is a fixed annual amount. There is no maximum for health/dental insurance as it will depend on the value of premiums paid in the year	Not applicable
Performance related bonus	To incentivise the employee	Bonus payments are determined by the Compensation Committee and awarded where justified by performance	The amount of bonus increases with the level of performance achieved, up to a maximum of 100% of salary	Specified targets for the financial year – please see page 23 for full details

Directors' remuneration report

Element	Purpose	Operation	Opportunity	Performance Measure
Pension	To provide a market competitive long-term retirement benefit	Eligibility to participate in a Defined Contribution scheme which has a maximum employer contribution of 9%	Up to 9% of salary	Not applicable
Long term incentive plan	To motivate and incentivise executives	<p>All awards are of synthetic shares which are cash settled.</p> <p>2010 Plan: The exercise period is 5 years and 25% of the options are "vested" after each of years 1, 2, 3 and 4, subject to the employee remaining employed by the Company during the first two year period.</p> <p>2012 Plan: The plan "vests" after three years and the exercise period is five years subject to the employee remaining employed by the Company.</p> <p>2014 Plan: Same vesting period as the 2012 plan.</p>	<p>Award of up to 100% of salary each calendar year</p> <p>2014 Award level is subject to performance measures and may increase or decrease accordingly.</p>	<p>No performance conditions are associated with the scheme; the awards are made at the discretion of the Board of Directors and are not guaranteed to be awarded each year.</p> <p>2014 Plan has no specific performance measures other than measures relating to successful implementation of capital projects.</p>

Approach to recruitment and promotions

The remuneration package for a new executive director would be in accordance with the Company's approved remuneration policy as set out above. In addition, the Committee may offer additional benefits as necessary to secure an appointment and to take into account the elements of remuneration forfeited when leaving a previous employment. Relocation expenses or allowance may be paid as necessary. For an internal appointment, any existing contractual agreements in respect of prior employment may be honoured.

Directors' remuneration report

Service contracts

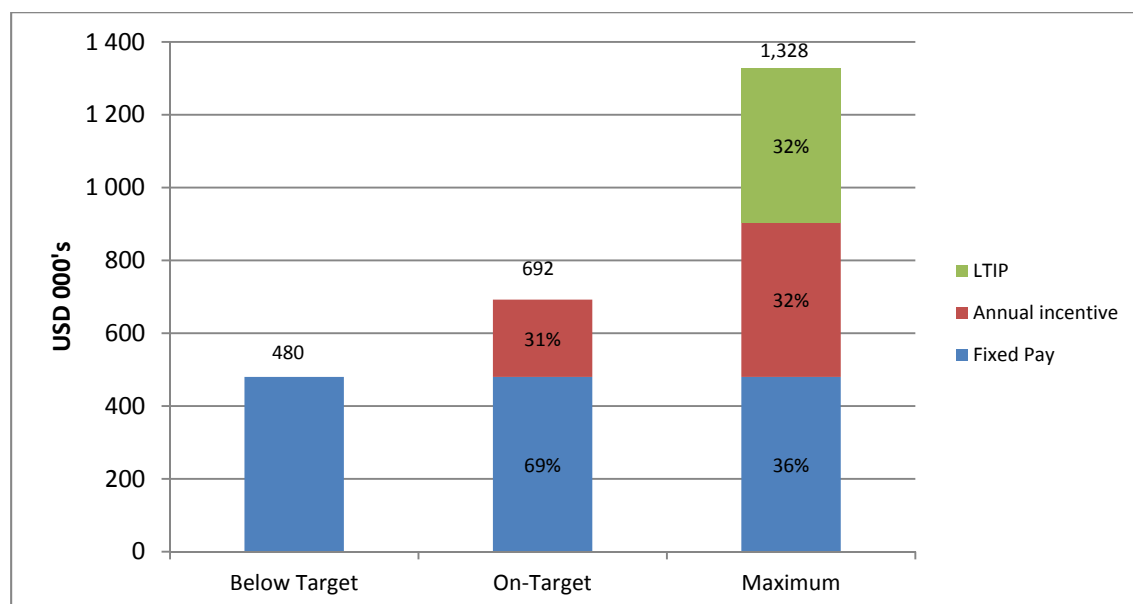
The service and employment contract of the executive director is not of a fixed duration and therefore has no unexpired terms, but continuation in office as a director is subject to re-election by shareholders.

The notice period of the current executive director's contract of employment is six months with the same notice period for the Company. The contract may be terminated without notice for certain events such as gross misconduct. No payment or compensation beyond sums accrued up to the date of termination will be made if such an event occurs. In the event that notice was served by either party, the director can continue to receive basic salary, benefits and pension contributions for the duration of the notice period. The Company may pay salary, benefits and pension in lieu of notice and will observe the other contractual entitlements of a director. There is no entitlement to bonus paid following notice of termination and any outstanding awards under the LTIP scheme will be forfeited. In respect of any new appointments, the policy would be based on terms that are consistent with these provisions.

The non-executive directors do not have service contracts but instead have letters of appointment.

Reward Scenarios

The graph below shows how the total pay opportunities for the Executive Director vary under three performance scenarios. These have been prepared on the assumptions detailed below.



Below target = fixed pay only (base salary, benefits and pension)

On target = 50% payable of annual bonus, 0% LTIP award

Maximum = 100% payable of annual bonus, 100% LTIP award

The chart illustrates the potential rewards available under the remuneration policy for the financial year 2015. The values assume a constant share price and do not take into account dividend adjustments that may be received on the share awards. The potential awards available for "on-target" performance under the annual bonus and LTIP are provided for illustration only and do not reflect formal policy decisions that these amounts will be received.

The salary level (on which the bonus and LTIP elements of the package are calculated) are based on current salary level of USD 424,000.

Directors' remuneration report

Remuneration policy table – non-executive directors

The remuneration policy for non-executive directors is set out in the table below. No non-executive directors participate in the Company's incentive arrangements or pension plan.

Component	Purpose	Operation
Fees	The basic fee is a fixed annual fee agreed after taking external advice and making market comparisons, and relate to the service of the directors in connection with the Company's business. The additional fees payable to the Chairman and members of the Board Committees reflects the additional time commitment in preparing and attending additional meetings.	The fees for non-executive directors (including the Chairman) are reviewed annually and approved in aggregate at the annual general meeting. The current level of fees is detailed below.

New appointments

The same principles as described above will be applied in setting the remuneration of a new non-executive director. Remuneration will comprise fees only and be paid in accordance with the prevailing rate at the time of the appointment. No variable remuneration will be paid and there will be no compensation for any loss of remuneration in a previous employment.

Fees for non-executive directors

The current level of fees payable in 2015 and those proposed for 2016 are as follows:

	<i>2016</i>	<i>2015</i>
	<i>US\$</i>	<i>US\$</i>
Chairman	74,200	74,200
Basic Fee	53,000	53,000
Chair of Audit Committee	8,000	8,000
Member of Audit, Compensation or Nomination Committee	4,800	4,800

Fees paid in respect of 2016 will be decided at the next AGM which is scheduled for 1 June 2016.

Retirement and re-election of directors

All directors are required, under the Articles of Association of the Company, to retire at the first AGM. At each subsequent AGM, any directors who have been appointed by ordinary resolution or by the directors since the last AGM or who were not appointed or reappointed at one of the preceding two AGMs must retire from office and may offer themselves for reappointment by the members. After recommendation by the Nomination Committee, all directors were re-appointed at the AGM on 10th June 2015.

Directors' remuneration report

Audited information

Directors' remuneration

Single total figure of remuneration table

2015	<i>Basic Salary and Fees</i>	<i>Benefits (1)</i>	<i>Performance Related Bonus</i>	<i>Pension- related benefits(2)</i>	<i>Other(3)</i>	<i>Total</i>
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
<i>Executive Director:</i>						
J O S Bryce	424,000	17,939	111,936	38,160	-	592,035
<i>Non-executive Directors:</i>						
S E Thorvildsen	79,000	-	-	-	-	79,000
H Fougner	62,600	-	-	-	-	62,600
D A Gold	57,800	-	-	-	-	57,800
J N Simpson	61,000	-	-	-	-	61,000
S Syrrist	53,000	-	-	-	-	53,000
	<u>737,400</u>	<u>17,939</u>	<u>111,936</u>	<u>38,160</u>	<u>-</u>	<u>905,435</u>

(1) Includes non-cash benefits comprising car allowance and private health and dental care

(2) Contributions made during the year to the defined contribution scheme

(3) Cash settled value of synthetic share options exercised during 2015

2014	<i>Basic Salary and Fees</i>	<i>Benefits (1)</i>	<i>Performance Related Bonus</i>	<i>Pension- related benefits(2)</i>	<i>Other(3)</i>	<i>Total</i>
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
<i>Executive Director:</i>						
J O S Bryce	424,000	17,939	254,400	38,160	2,780,342	3,514,841
<i>Non-executive Directors:</i>						
S E Thorvildsen	79,000	-	-	-	-	79,000
H Fougner	57,800	-	-	-	-	57,800
D A Gold	57,800	-	-	-	-	57,800
J N Simpson	61,000	-	-	-	-	61,000
S Syrrist	53,000	-	-	-	-	53,000
	<u>732,600</u>	<u>17,939</u>	<u>254,400</u>	<u>38,160</u>	<u>2,780,342</u>	<u>3,823,441</u>

(1) Includes non-cash benefits comprising car allowance and private health and dental care

(2) Contributions made during the year to the defined contribution scheme

(3) Cash settled value of synthetic share options exercised during the year

Note: All salaries and fees are paid in GBP and for the purposes of comparison have been converted at a standard exchange rate of GBP/USD 1.60.

Directors' remuneration report

Analysis of taxable benefits received

The Chief Executive Officer ('the Executive Director') received the following taxable benefits:

	<i>2015</i>	<i>2014</i>
	<i>US\$</i>	<i>US\$</i>
<u>J O S Bryce</u>		
Car allowance	16,000	16,000
Private health insurance	1,939	1,939
Total	17,939	17,939

Annual bonus 2015

For the year under review, the Executive Director's bonus was awarded subject to challenging strategic targets. The precise weightings are considered by the Company to be commercially sensitive so are not specified in detail. The areas that have been considered were company performance and also performance improvement from the prior year, measured against the Company's financial and operational KPIs whilst also taking into account the current market conditions.

Annual bonus 2016

The criteria for the 2016 bonus has yet to be finalised by the Compensation Committee but is expected to follow a similar format to the current year metrics.

Long Term Incentive Plan

An option scheme for the Executive Director and other key management personnel, with a total limit of up to 3% of the Company's issued share capital was approved at the Annual General Meeting on 28 June 2012. The exercise period is 5 years and 25% of the options are "vested" after each of years 1, 2, 3 and 4, subject to the employee remaining employed by the Company during the first two year period.

During 2012, an additional long term incentive plan was introduced by the Company for the executive director and other key management personnel. The plan is included as part of the 3% limit approved previously. The plan "vests" after three years and the exercise period is five years subject to the employee remaining employed by the Company.

During 2014, a further long term incentive plan was introduced by the Company for the Executive Director and other key management personnel. The limit was increased to 4% of the Company's issued share capital and approved at the Annual General Meeting on 26 June 2013. The plan has the same vesting period as the 2012 plan.

	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>		<i>Market</i>		<i>Market</i>
	<i>At 1</i>	<i>Granted</i>	<i>Exercised</i>	<i>At 31</i>		<i>price</i>	<i>Interest</i>	<i>price on</i>
	<i>January</i>	<i>in the</i>	<i>in the</i>	<i>December</i>	<i>Expiry date</i>	<i>date of</i>	<i>in 2015</i>	<i>vesting</i>
	<i>2015</i>	<i>year</i>	<i>year</i>	<i>2015</i>		<i>award</i>	<i>No.</i>	<i>date</i>
	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>		<i>NOK</i>		<i>NOK</i>
J Bryce (2012)	55,170	26,008	-	81,178	28 Nov 2017	61.50	81,178	34.80
J Bryce (2014)	31,507	14,853	-	46,360	11 Nov 2019	98.50	-	-

There are no specific performance conditions associated with the award of synthetic shares, except for the 2014 award which will be determined by specific performance measures relating to capital projects.

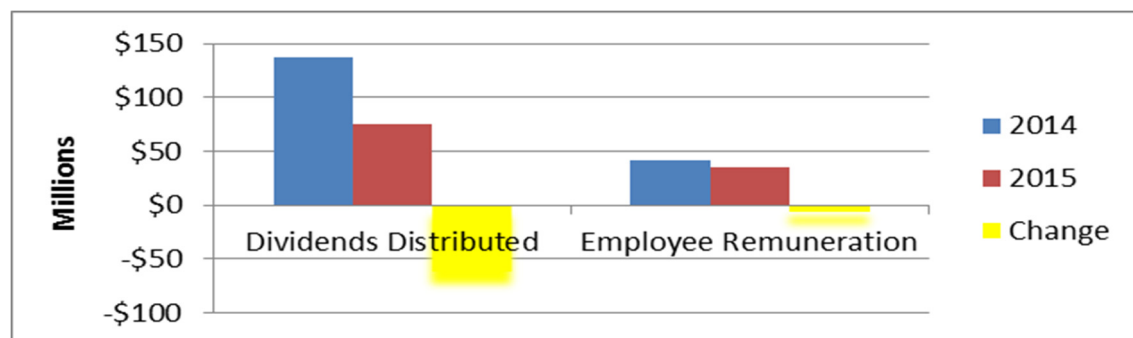
There are no other directors who have any interests in shares.

Directors' remuneration report

Information not subject to audit:

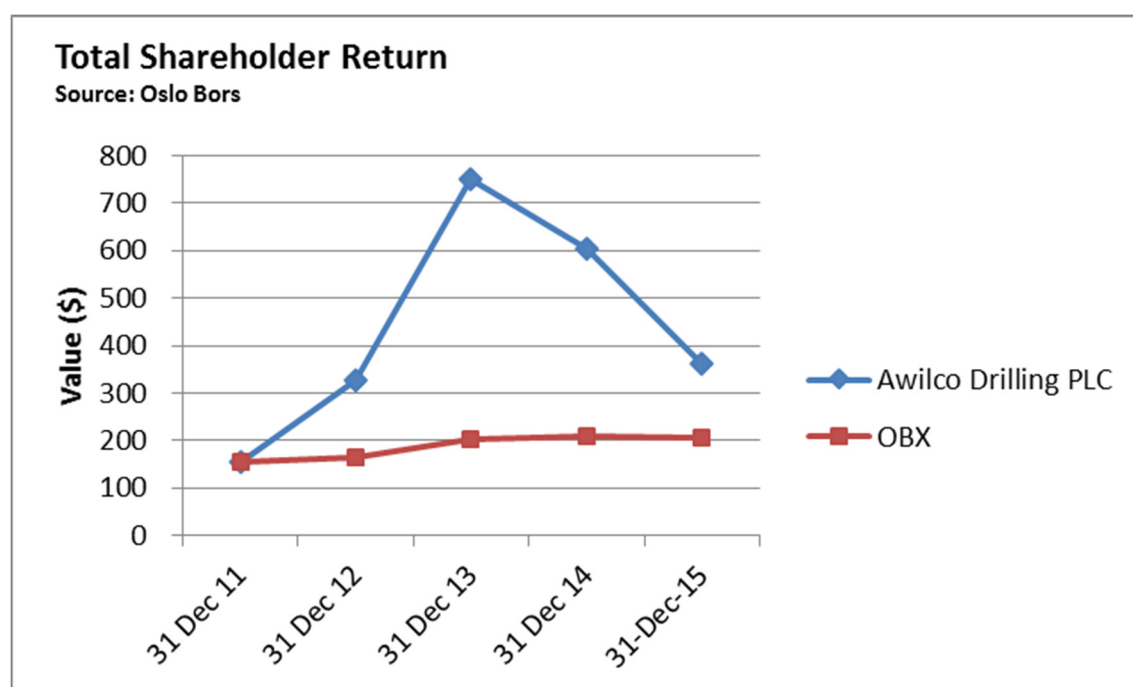
Relative importance of the spend on pay

The graph below shows the relative importance of the spend on pay (for all employees) compared with the returns distributed to shareholders:



Total shareholder return performance graph

The graph below shows the total shareholder return in terms of change in value of an initial investment of £100 on 10 June 2011 (and assuming dividends are re-invested) in a holding of the Company's shares against the corresponding total shareholder return in a hypothetical holding of shares in the OBX (an index on the Oslo Bors stock exchange). This was selected as it represents a broad equity market index in which the Company is a constituent member. The graph is a reporting requirement; however the LTIP awards that are made to the Executive Director are not based on share performance.



Directors' remuneration report

Chief Executive Officer ('CEO') remuneration

Five year comparison

The table below summarises the Chief Executive Officer (the Executive Director)'s single total figure of remuneration, annual and long-term variable performance-related remuneration (and the percentage of the maximum opportunity that these represent) in relation to the past five years.

Year	Chief Executive Officer	Single total figure of remuneration	Annual variable element (actual award versus opportunity)	
		US\$	US\$	%
2015	J O S Bryce	592,035	111,936	26%
2014	J O S Bryce	3,514,841	254,400	60%
2013	J O S Bryce	1,553,971	300,000	75%
2012	J O S Bryce	415,572	50,000	16%
2011	J O S Bryce	383,600	100,000	33%

Comparison of CEO remuneration to employee remuneration

	2015	2014	Change %	Employee remuneration change
	US\$	US\$		
Salary and fees	424,000	424,000	0%	0%
Taxable benefits	17,939	17,939	0%	0%
Annual variable performance related remuneration	111,936	254,400	(56%)	8%
Total	553,875	696,339	(56%)	
Single total figure of remuneration	592,035	3,514,841	(83%)	

The above table shows the movement in remuneration for the Chief Executive Officer between the current and previous financial year compared with movement of the average remuneration (per head) for all Company employees.

Implementation of remuneration policy for following financial year

Base salaries

Following review of the Executive Director's base salary and considering current market conditions, the Committee decided there would be no change to the Executive Directors' salary effective from 1 April 2015.

Pension and benefits

The Executive Director participates in a defined contribution arrangement which the Company contributes a maximum of 9% of base salary. Additional benefits include private medical and dental insurance and company car allowance.

Directors' remuneration report

Implementation of remuneration policy for following financial year (continued)

Annual performance related remuneration

The maximum bonus opportunity for the Executive Director will remain unchanged at 100% of base salary. The bonus opportunity will be set by the Committee with targets aligned with creating shareholder value.

Statement of shareholder voting

The table below sets out the voting by the Company's shareholders on the resolution to approve the Directors' remuneration report at the AGM held on 10 June 2015.

	Total number of votes	% of votes cast
For	18,734,434	99.8%
Withheld	40,011	0.2%
Total votes cast	18,774,445	100.0%

The Compensation Committee is pleased to note that 99.8% of shareholders approved the 2014 Directors' remuneration report.

By order of the Board of Directors



Sigurd Thorvildsen
18 April 2016

Independent auditors' report

to the members of Awilco Drilling PLC

We have audited the financial statements of Awilco Drilling PLC for the year ended 31 December 2015 which comprise Group and Parent Company statements of financial position, the Group statement of comprehensive income, the Group and Parent Company statements of cash flows, the Group and Parent Company statements of changes in equity and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006: and
- the financial statements have been prepared in accordance with the requirements of the UK Companies Act 2006.

Independent auditors' report

to the members of Awilco Drilling PLC

Opinion on other matters prescribed by the Companies Act 2006


In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the UK Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Kevin Weston (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Aberdeen
18 April 2016

Notes:

1. The maintenance and integrity of the Awilco Drilling PLC web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Group statement of comprehensive income

for the year ended 31 December 2015

	<i>Notes</i>	<i>2015</i> <i>US\$000</i>	<i>2014</i> <i>US\$000</i>
Revenue	5	247,045	276,138
Cost of sales		<u>(106,285)</u>	<u>(80,762)</u>
Gross Profit		140,760	195,376
General and administrative expenses		<u>(8,578)</u>	<u>(15,706)</u>
Operating Profit	6	132,182	179,670
Finance income	9	130	161
Finance expense	10	(8,349)	(11,861)
Foreign exchange (loss)/gain, net	11	(146)	114
Loss on forward contracts at fair value through profit and loss	27	<u>(299)</u>	<u>(294)</u>
Profit before taxation		123,518	167,790
Income tax expense	12	<u>(12,515)</u>	<u>(30,306)</u>
Profit for the year attributable to equity shareholders		<u>111,003</u>	<u>137,484</u>

There is no comprehensive income other than the results for the year.

Basic and diluted earnings per share (US\$ per share)	13	3.70	4.58
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Total comprehensive income for the year is attributable to the owners of the Company, as there is no non-controlling interest.

Group statement of financial position

as at 31 December 2015

	<i>Notes</i>	<i>2015</i> <i>US\$000</i>	<i>2014</i> <i>US\$000</i>
Non-current assets			
Property, plant and equipment	15	234,336	251,165
Deferred tax	12	2,002	2,486
		<u>236,338</u>	<u>253,651</u>
Current assets			
Inventory		5,015	4,799
Trade and other receivables	18	10,033	40,760
Current tax receivable		68,899	82,595
Cash and cash equivalents	19	135,257	75,951
		<u>219,204</u>	<u>204,105</u>
Total assets		<u>455,542</u>	<u>457,756</u>
Current liabilities			
Trade and other payables	20	21,796	18,116
Current tax payable		77,574	108,522
Borrowing	21	10,000	10,000
		<u>109,370</u>	<u>136,638</u>
Non-current liabilities			
Borrowing	21	100,000	110,000
Other liabilities	20	1,896	2,766
		<u>101,896</u>	<u>112,766</u>
Total liabilities		<u>211,266</u>	<u>249,404</u>
Net Assets		<u>244,276</u>	<u>208,352</u>
Equity			
Called up share capital	23	304	304
Share premium account	23	129,837	129,837
Retained earnings		114,135	78,211
Total Shareholders' funds		<u>244,276</u>	<u>208,352</u>

Signed on behalf of the Board of Directors



Sigurd Thorvildsen
Director

Company statement of financial position

as at 31 December 2015

	<i>Notes</i>	<i>2015</i> <i>US\$000</i>	<i>2014</i> <i>US\$000</i>
Non-current assets			
Property, plant and equipment	15	682	837
Investment in subsidiaries	17	204	204
Amount due from subsidiary undertakings	24	112,658	173,615
Deferred tax		464	648
		<u>114,008</u>	<u>175,304</u>
Current assets			
Trade and other receivables	18	9,556	17,984
Cash and cash equivalents	19	135,185	75,759
		<u>144,741</u>	<u>93,743</u>
		<u>258,749</u>	<u>269,047</u>
Total assets			
Current liabilities			
Trade and other payables	20	11,728	10,284
Current tax payable		-	-
Borrowing	21	10,000	10,000
		<u>21,728</u>	<u>20,284</u>
Non-current liabilities			
Other liabilities	20	242	118
Borrowing	21	100,000	110,000
		<u>100,242</u>	<u>110,118</u>
		<u>121,970</u>	<u>130,402</u>
Total liabilities			
		<u>136,779</u>	<u>138,645</u>
Net assets			
Equity			
Called up share capital	23	304	304
Share premium account	23	129,837	129,837
Retained earnings		6,638	8,504
		<u>136,779</u>	<u>138,645</u>
Total Shareholders' funds			

Signed on behalf of the Board of Directors



Sigurd Thorvildsen
Director

Group statement of changes in equity

for the year ended 31 December 2015

	<i>Share Capital US\$000</i>	<i>Share premium US\$000</i>	<i>Retained earnings US\$000</i>	<i>Total equity US\$000</i>
At 1 January 2014	304	129,837	77,371	207,512
Total comprehensive profit for the year			137,484	137,484
Dividends paid	-	-	(136,643)	(136,643)
At 31 December 2014	<u>304</u>	<u>129,837</u>	<u>78,211</u>	<u>208,352</u>
Total comprehensive profit for the year	-	-	111,003	111,003
Dividends paid	-	-	(75,079)	(75,079)
At 31 December 2015	<u>304</u>	<u>129,837</u>	<u>114,135</u>	<u>244,276</u>

Company statement of changes in equity

for the year ended 31 December 2015

	<i>Share capital US\$000</i>	<i>Share premium US\$000</i>	<i>Retained Earnings US\$000</i>	<i>Total equity US\$000</i>
At 1 January 2014	304	129,837	8,864	139,005
Total comprehensive profit for the year	-	-	136,283	136,283
Dividends paid			(136,643)	(136,643)
At 31 December 2014	<u>304</u>	<u>129,837</u>	<u>8,504</u>	<u>138,645</u>
Total comprehensive profit for the year	-	-	73,213	73,213
Dividends paid	-	-	(75,079)	(75,079)
At 31 December 2015	<u><u>304</u></u>	<u><u>129,837</u></u>	<u><u>6,638</u></u>	<u><u>136,779</u></u>

Group statement of cash flows

for the year ended 31 December 2015

	<i>Notes</i>	<i>2015</i> <i>US\$000</i>	<i>2014</i> <i>US\$000</i>
<i>Operating activities</i>			
Profit before tax		123,518	167,790
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation		18,008	17,912
Impairment		30,000	-
Net interest		8,219	11,700
Share based payment		(844)	(7,149)
Working capital adjustments:			
Decrease in trade and other receivables		4,764	2,300
(Increase) in inventory		(215)	-
Decrease/(increase) in prepayments and accrued revenue		25,963	(2,248)
(Decrease)/increase in trade and other payables		3,814	(780)
Interest paid		(8,509)	(11,934)
Interest received		130	161
Taxation paid		(29,283)	(15,610)
<i>Net cash flow from operating activities</i>		<u>175,565</u>	<u>162,142</u>
<i>Investing activities</i>			
Purchase of property, plant and equipment		(31,180)	(23,797)
<i>Net cash flow used in investing activities</i>		<u>(31,180)</u>	<u>(23,797)</u>
<i>Financing activities</i>			
Payment of dividends		(75,079)	(136,643)
Issue of bonds		-	125,000
Repayment of loans and bonds		(10,000)	(103,098)
<i>Net cash flow used in financing activities</i>		<u>(85,079)</u>	<u>(111,741)</u>
Net increase in cash and cash equivalents		59,306	23,604
<i>Cash and cash equivalents at beginning of year</i>		<u>75,951</u>	<u>52,347</u>
<i>Cash and cash equivalents at end of year</i>	19	<u>135,257</u>	<u>75,951</u>

Company statement of cash flows

for the year ended 31 December 2015

	<i>Notes</i>	<i>2015</i> <i>US\$000</i>	<i>2014</i> <i>US\$000</i>
Operating activities			
Profit before tax		37,622	132,624
Adjustments to reconcile loss before tax to net cash flows:			
Depreciation		181	310
Net interest		6,680	2,444
Share based payment		(844)	(7,526)
Working capital adjustments:			
Decrease/(increase) in prepayments		1,762	(2,534)
Decrease/(increase) in trade receivables		103,398	(79,786)
Increase/(decrease) in trade and other payables		2,572	(2,268)
Interest paid		(8,509)	(4,559)
Interest received		1,669	2,127
Net cash flows from/(used in) in operating activities		<u>144,531</u>	<u>40,832</u>
Investing activities			
Purchase of property, plant and equipment		(26)	(665)
Net cash flows used in investing activities		<u>(26)</u>	<u>(665)</u>
Financing activities			
Dividends paid		(75,079)	(136,643)
Issue of bonds		-	125,000
Repayment of bonds		(10,000)	(5,000)
Net cash flows used in financing activities		<u>(85,079)</u>	<u>(16,643)</u>
Net increase in cash and cash equivalents		59,426	23,524
Cash and cash equivalents at beginning of year		<u>75,759</u>	<u>52,235</u>
Cash and cash equivalents at end of year	19	<u>135,185</u>	<u>75,759</u>

Notes to the financial statements

At 31 December 2015

1. General information

The Group and Company financial statements of Awilco Drilling PLC for the year ended 31 December 2015 were authorised for issue by the Board of Directors on 18 April 2016. The Company is incorporated in the United Kingdom under the Companies Act 2006 and listed on the Oslo Axess stock exchange on 10 June 2011. The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the Directors' report.

2. Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as they apply to the financial statements of the Group for the year ended 31 December 2015 and applied in accordance with the provisions of the Companies Act 2006.

The Group has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company income statement. The profit recorded by the Company for the year was US\$ 73 million. (2014: US\$ 136 million).

Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

Going concern

Management has prepared cash flow forecasts for a period of 24 months from the balance sheet date. This demonstrates the ability of the Group to pay its debts as they fall due for at least the next 24 months. The Group has positive net assets in the Group statement of financial position.

On this basis, management has concluded that the Group will remain a going concern for at least 12 months from the day of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

3. Significant accounting estimates and assumptions

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year, are discussed below.

Useful economic lives

The Group's drilling rigs are being depreciated over their estimated useful lives of 20 years which commenced July 2011 on a straight line basis and assuming a US\$15 million residual value each. These estimates and associated assumptions have been assessed as reasonable by management against industry standards following the refurbishment work performed on the drilling rigs.

Notes to the financial statements

At 31 December 2015

4. Accounting policies

New standards and interpretations

The following standards and amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting period beginning on or after 1 January 2016 or later periods, but the Group has not early adopted them:

- IFRS 11 Accounting for Acquisitions of Interests in Joint Operations
- IFRS 14 Regulatory Deferral Accounts
- IAS 1 Disclosure Initiative – Amendments to IAS 1
- IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38
- IAS 16 and IAS 41 Agriculture – Bearer Plants – Amendments to IAS 16 and IAS 41
- IAS 27 – Equity Method in Separate Financial Statements – Amendments to IAS 27
- AIP IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- AIP IFRS 7 Financial Instruments : Disclosures – Servicing contracts
- AIP IFRS 7 Financial Instruments : Disclosures – Applicability of the offsetting disclosures to condensed interim financial statements
- AIP IAS 19 Employee Benefits – Discounts rate: regional market issue
- AIP IAS 34 Interim Financial Reporting – Disclosure of information ‘elsewhere in the interim financial report’
- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments
- IFRS 16 Leases

It is not anticipated that the application of these standards and amendments will have any material impact on the Group's financial statements, however the Group is still looking at the impact of IFRS 15 and IFRS 16 given they are new standards still subject to interpretation. The Group plans to adopt the amendments to these standards when they become effective.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents are as defined above and net of outstanding bank overdrafts.

Notes to the financial statements

At 31 December 2015

4. Accounting policies (continued)

Property, plant and equipment

Rigs and equipment are stated at cost less depreciation and impairment losses. The cost of an asset comprises its purchase price and directly attributable cost of bringing the asset to its working condition. When it can be clearly demonstrated that subsequent expenditures have resulted in an increase in future economic benefits expected to be obtained from the use of the assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of the asset. A component of an asset with a cost that is significant in relation to the total cost of the asset is depreciated separately. Components with a similar depreciation method and useful life are grouped together.

Depreciation is calculated using the straight-line method for each asset, after taking into account the estimated residual value, over its expected useful lives as follows:

Semi-submersible rigs	–	20 years
Special periodical surveys	–	5 years
Other fixtures and equipment	–	3-5 years

Special periodical surveys are a five yearly thorough inspection and recertification of the hull and main machinery components of the rig, which also include class and flag state renewal and verification. The carrying values of plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

Revenue recognition

Revenue derived from charter-hire contracts or other service contracts is recognized in the period that services are rendered at rates established in the relevant contracts. Certain contracts include mobilization fees payable at the start of the contract. In cases where the fee covers a general upgrade of a rig or equipment which increases the value of the rig or equipment beyond the contract period, the fee is recognised as revenue over the firm contract period whereas the investment is depreciated over the remaining lifetime of the asset. In cases where the fee covers specific upgrades or equipment specific to the contract, the mobilisation fees are recognized as revenue over the firm contract period.

Cost of sales

Cost of sales includes rig operating costs and the depreciation cost for the two rigs.

Taxation

Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

Deferred income tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exception:

- Deferred income tax assets are recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

At 31 December 2015

4. Accounting policies (continued)

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using United States Dollars (US\$) "the functional currency". The Group financial statements are presented in US\$ and all values are rounded to the nearest thousand dollars (US\$000) except when otherwise indicated, which is the Company's functional currency and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the income statement. The principal foreign currencies used by the Group are Pounds Sterling (£ or GBP), Euro (€) and Norwegian Kroner (NOK).

Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Leases

Leases, where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight-line basis over the lease term.

Financial assets

Financial assets are recognised when the Company becomes party to the contracts that give rise to them and are classified as financial assets at fair value through profit or loss or loans and receivables, as appropriate. The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end. When financial assets are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial asset not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but had transferred control of the asset, or
- The Company has transferred substantially all the risks and rewards of the asset.

Notes to the financial statements

At 31 December 2015

4. Accounting policies (continued)

Derecognition of financial assets (continued)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as irrecoverable.

Inventories

Inventories of drilling equipment and spares for future integrated drilling service wells are stated at the lower of cost incurred and net realisable value. These inventory items include spare parts and supplies relating to the operation of the semi-submersible drilling rigs.

Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost.

Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Loans

Loans are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. Loans are subsequently measured at their amortised cost applying the effective interest rate method.

Finance charges on the loans are recognised as finance costs in the income statement.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Notes to the financial statements

At 31 December 2015

4. Accounting policies (continued)

Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts, to hedge certain foreign currency risks. The derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The Group does not designate any derivative financial instruments as hedges nor apply hedge accounting. Any gains or losses arising from changes in the fair value of derivatives are taken to the income statement.

Share based payment

The cost of cash settled transactions is measured initially at fair value at the grant date using a Black-Scholes model; further details are given in Note 26. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in profit or loss for the period.

Pension

The pension plan in place is a defined contribution plan. Pension contributions are charged to the income statement as an expense in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

5. Revenue

Revenue represents the invoiced amount of services provided after the deduction of rebates and retrospective discounts. All items are stated net of value added tax.

The Group only has one segment – providing drilling services in the UK. As a result no further segmental information has been provided.

Information about major customer

Annual revenue from one customer amounted to US\$ 128 million arising from the provision of drilling services. (2014: US\$ 137 million)

6. Operating profit

This is stated after charging/ (crediting)

	2015	2014
	US\$000	US\$000
Depreciation (Note 15)	18,008	17,912
Impairment (Note 16)	30,000	-
Operating lease expense on land and buildings	483	338
Settlement of legal claim	-	(2,485)

Notes to the financial statements

At 31 December 2015

7. Auditors' remuneration

The Group paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Group.

	<i>2015</i>	<i>2014</i>
	<i>US\$000</i>	<i>US\$000</i>
Audit of the financial statements	99	96
Local statutory audits of subsidiaries	56	53
Tax services – compliance	46	55
Tax services - advisory	171	323
	<u>372</u>	<u>527</u>

8. Staff costs

	<i>2015</i>	<i>2014</i>
	<i>US\$000</i>	<i>US\$000</i>
Wages and salaries	30,533	35,648
Pension costs	1,256	1,262
Social security costs	3,790	4,754
Long term incentive plan	(469)	2,583
	<u>35,110</u>	<u>44,247</u>

The above excludes directors' remuneration. The Company makes contributions to a defined contribution scheme for all eligible employees up to a maximum of 9% of salary. Contributions are charged to the income statement as incurred.

The average monthly number of employees during the year was made up as follows:

	<i>2015</i>	<i>2014</i>
	<i>No.</i>	<i>No.</i>
Onshore, including management	29	31
Offshore	208	209
	<u>238</u>	<u>240</u>

9. Finance income

	<i>2015</i>	<i>2014</i>
	<i>US\$000</i>	<i>US\$000</i>
Bank interest	130	161
	<u>130</u>	<u>161</u>

Notes to the financial statements

At 31 December 2015

10. Finance expense

	2015 US\$000	2014 US\$000
Interest on loans and bonds	8,349	11,861
	<u>8,349</u>	<u>11,861</u>

11. Foreign exchange

	2015 US\$000	2014 US\$000
Gain on foreign exchange transactions	336	705
(Loss) on foreign exchange transactions	(482)	(591)
Net (loss)/gain on foreign exchange transactions	<u>(146)</u>	<u>114</u>

12. Income tax

(a) Income tax on profit on ordinary activities

	2015 US\$000	2014 US\$000
UK corporation tax on the profit for the year	10,662	22,562
Foreign tax on the profit for the year	3,866	7,827
Total current income tax	<u>14,528</u>	<u>30,389</u>
Amounts under/(over) provided in previous years	(2,498)	194
Total current income tax	<u>12,030</u>	<u>30,583</u>
Deferred income tax:		
Origination and reversal of temporary differences	485	985
Effect of unused tax losses	-	(1,262)
Total deferred income tax credit	<u>485</u>	<u>(277)</u>
Income tax charge in the Group statement of comprehensive income	<u>12,515</u>	<u>30,306</u>

(b) Reconciliation of the total income tax charge

	2015 US\$000	2014 US\$000
Profit from continuing operations	<u>123,518</u>	<u>167,790</u>
Tax calculated at UK standard rate of corporation tax	25,012	36,075
Expenses not deductible for tax purposes	15,369	620
Effect of lower taxes on overseas earnings	(9,317)	(24,471)
Tax losses not realised	-	13,232
Tax losses utilised	(12,450)	-
Unrecognised deferred tax asset	4,330	5,118
Amounts under/(over) provided in previous years	(2,497)	194
Changes in tax laws and rate	(953)	-
Impact of asset restructuring	(8,749)	-
Other	1,770	(462)
Income tax charge in the Group statement of comprehensive income	<u>12,515</u>	<u>30,306</u>

Notes to the financial statements

At 31 December 2015

12. Income tax (continued)

The income tax expense above is computed at profit before taxation multiplied by the effective rate of corporation tax in the UK of 20.25% (2014: 21.5%)

(c) Deferred income tax

The deferred income tax included in the statement of financial position is as follows:

	2015 US\$000	2014 US\$000
Deferred tax liability		
As at 1 January	94	(554)
Temporary differences relating to property plant and equipment	(94)	648
As at 31 December	-	94
Deferred tax asset		
As at 1 January	2,392	2,764
Temporary differences relating to property plant and equipment	1,056	481
Tax losses carried forward	(1,262)	1,262
Share-based payment	(184)	(2,115)
As at 31 December	2,002	2,392
Net deferred tax asset	2,002	2,486

(d) Unrecognised tax losses

The Group has tax losses of US\$35.5 million which arose in the UK (2014: US\$ 61.5 million) that are available for offset against future taxable profits that are not part of the bareboat charter ring-fence arrangements. Deferred tax assets have not been recognised in respect of these losses.

13. Earnings per share

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2015 US\$000	2014 US\$000
Profit for the year attributable to equity share holders	111,003	137,484
	2015 No.000	2014 No.000
Weighted average number of ordinary shares for basic earnings per share	30,032	30,032

Total earnings and weighted average number of shares outstanding during the year is the same as for diluted earnings per share.

Notes to the financial statements

At 31 December 2015

14. Dividends paid and proposed

	2015	2014
	US\$000	US\$000
<i>Declared and paid during the year:</i>		
Equity dividends on ordinary shares:		
Total dividends per share for 2015 : US\$ 2.5 (2014: US\$ 4.55)	75,079	136,643
Dividends paid	<u>75,079</u>	<u>136,643</u>

15. Property, plant and equipment

<i>Group</i>	<i>Semi submersible drilling rigs US\$000</i>	<i>Special purpose surveys US\$000</i>	<i>Other fixtures and equipment US\$000</i>	<i>Total US\$000</i>
Cost:				
At 1 January 2015	298,821	30,500	1,873	331,194
Additions	23,764	7,390	26	31,180
At 31 December 2015	<u>322,585</u>	<u>37,890</u>	<u>1,899</u>	<u>362,374</u>
Depreciation:				
At 1 January 2015	(57,644)	(21,350)	(1,036)	(80,030)
Provided	(11,727)	(6,100)	(181)	(18,008)
Impairment	(30,000)	-	-	(30,000)
At 31 December 2015	<u>(99,371)</u>	<u>(27,450)</u>	<u>(1,217)</u>	<u>(128,038)</u>
Net book value:				
At 31 December 2015	<u>223,214</u>	<u>10,440</u>	<u>682</u>	<u>234,336</u>
At 31 December 2014	<u>241,178</u>	<u>9,150</u>	<u>837</u>	<u>251,165</u>

Notes to the financial statements

At 31 December 2015

15. Property, plant and equipment (continued)

<i>Company</i>	<i>Office Equipment US\$000</i>	<i>Other fixtures and equipment US\$000</i>	<i>Total US\$000</i>
Cost:			
At 1 January 2015	1,181	691	1,872
Additions	26	-	26
At 31 December 2015	1,207	691	1,898
Depreciation:			
At 1 January 2015	(523)	(512)	(1,035)
Provided	(43)	(138)	(181)
At 31 December 2015	(566)	(650)	(1,216)
Net book value:			
At 31 December 2015	641	41	682
At 31 December 2014	658	179	837

16. Impairment

The Group has recognised US\$30 million (2014 : nil) as an impairment loss.

A value in use assessment has been performed which resulted in a recoverable amount of US\$ 229.8 million for both rigs. Due to the continued weakness of the UK and global drilling market an impairment adjustment was required. This calculation was based on forecast future industry conditions and operations, future expected utilisation, contract rates, opex and capital requirements of the rigs. The analysis has been prepared on both rigs together on the basis that they are a cash generating unit (CGU) as the rigs do not generate cash inflows that are largely independent of those from other assets.

The assumptions used are subject to significant judgement and there is a certain amount of uncertainty to the outcome of these assumptions. Due to this uncertainty, the Group has performed a sensitivity analysis of the main assumptions for the rigs as follows:

An increase/decrease in the WACC of 1% would reduce/increase the value in use by US\$ 12.1 million and US\$ 10.9 million respectively

An increase/decrease of 5% in revenue would increase/reduce the value in use by US\$ 26.9 million.

An increase/decrease of 2% in utilisation would increase/reduce the value in use by US\$ 21.4 million.

Notes to the financial statements

At 31 December 2015

17. Investments

	<i>Company</i> <i>US\$000</i>
<i>Company shares in subsidiary undertakings</i>	
At incorporation	204
At 31 December 2014 and 2015	<u>204</u>

At incorporation, the Company acquired WilPhoenix (UK) Ltd and WilHunter (UK) Ltd as newly incorporated companies. During 2011 the Company acquired WilPhoenix (Malta) Limited, WilHunter (Malta) Limited, both incorporated in Malta, and Awilco Drilling Pte. Ltd. incorporated in Singapore, all as newly incorporated companies for a total of \$5.

18. Trade and other receivables

	<i>Group</i> <i>2015</i> <i>US\$000</i>	<i>Company</i> <i>2015</i> <i>US\$000</i>	<i>Group</i> <i>2014</i> <i>US\$000</i>	<i>Company</i> <i>2014</i> <i>US\$000</i>
Trade receivables	7,332	7,352	12,116	12,116
Prepayments and other receivables	1,686	1,196	4,380	5,375
Accrued revenue	-	-	23,760	-
VAT receivable	1,015	1,008	504	493
	<u>10,033</u>	<u>9,556</u>	<u>40,760</u>	<u>17,984</u>

The movement in the provision for impairment of trade receivables is as follows:

	<i>2015</i> <i>US\$000</i>	<i>2014</i> <i>US\$000</i>
At 1 January	-	4,604
Charge for the year	-	-
Amounts released	-	(4,604)
At 31 December	<u>-</u>	<u>-</u>

As at 31 December, the analysis of ageing of trade receivables is as follows:

	<i>Total</i> <i>US\$000</i>	<i>Neither past due nor impaired</i>		<i>Past due but not impaired</i>	
		<i><30 days</i> <i>US\$000</i>	<i>30-60 days</i> <i>US\$000</i>	<i>60-90 days</i> <i>US\$000</i>	<i>90 days or more</i> <i>US\$000</i>
2015	7,352	810	6,236	306	-
2014	12,116	-	12,086	30	-

Notes to the financial statements

At 31 December 2015

18. Trade and other receivables (continued)

Company

	<i>Total</i> <i>US\$000</i>	<i>Neither past</i> <i>due nor</i> <i>impaired</i>	<i>Past due but not impaired</i>	
		<i><30 days</i> <i>US\$000</i>	<i>30-60 days</i> <i>US\$000</i>	<i>60-90 days</i> <i>US\$000</i>
2015	7,352	810	6,236	306
2014	12,116		12,086	30

19. Cash and short-term deposits

	<i>Group</i> <i>2015</i> <i>US\$000</i>	<i>Company</i> <i>2015</i> <i>US\$000</i>	<i>Group</i> <i>2014</i> <i>US\$000</i>	<i>Company</i> <i>2014</i> <i>US\$000</i>
Cash at bank and in hand	135,257	135,185	75,951	75,759

Cash at bank earns interest at floating rates based on daily bank deposit rates. The Company has restricted cash of US\$1,380,000 in relation to foreign exchange forward contracts (see Note 25).

20. Trade and other payables

	<i>Group</i> <i>2015</i> <i>US\$000</i>	<i>Company</i> <i>2015</i> <i>US\$000</i>	<i>Group</i> <i>2014</i> <i>US\$000</i>	<i>Company</i> <i>2014</i> <i>US\$000</i>
Trade and other payables:				
Current	20,042	9,974	16,203	8,371
Interest payable	1,754	1,754	1,913	1,913
	<u>21,796</u>	<u>11,728</u>	<u>18,116</u>	<u>10,284</u>
Non-current	1,896	242	2,766	118

21. Borrowings

	<i>Group &</i> <i>Company</i> <i>2015</i> <i>US\$000</i>	<i>Group &</i> <i>Company</i> <i>2014</i> <i>US\$000</i>
Current borrowings:		
Bond (see below)	10,000	10,000
Total current borrowings	<u>10,000</u>	<u>10,000</u>
Non-current borrowings:		
Bond (see below)	100,000	110,000
Total non-current borrowings	<u>100,000</u>	<u>110,000</u>
Total borrowings	<u>110,000</u>	<u>120,000</u>

Notes to the financial statements

At 31 December 2015

21. Borrowings (continued)

Secured bond

During April 2014, the Company successfully issued a US\$125 million secured bond in the Norwegian bond market with maturity in April 2019. The purpose of the bond was to refinance the existing Transocean seller's credit debt and for general corporate purposes. Settlement date of the bond was 9 April 2014 and it was issued with an interest rate of 7%. Repayment terms are US\$5 million bi-annually with a final bullet repayment of US\$80 million in April 2019.

	<i>Group & Company</i> 2015 US\$000	<i>Group & Company</i> 2014 US\$000
Bond and loans repayment:		
Within one year	10,000	10,000
In two to five years	100,000	110,000
	<u>110,000</u>	<u>120,000</u>

22. Commitments and contingencies

Obligations under operating leases

At 31 December 2015 the Group had future minimum lease payments under non-cancellable operating leases as set out below:

	<i>Group</i> 2015 US\$000	<i>Company</i> 2015 US\$000	<i>Group</i> 2014 US\$000	<i>Company</i> 2014 US\$000
Payments due under operating lease for land and buildings:				
Within one year	452	452	474	474
In two to five years	1,484	1,484	1,555	1,559
	<u>1,936</u>	<u>1,936</u>	<u>2,029</u>	<u>2,029</u>

Capital commitments

There were capital commitments of US\$15.1 million at 31 December 2015 (2014: US\$22.9 million).

Notes to the financial statements

At 31 December 2015

23. Share capital

Group and Company

	<i>2015</i>	<i>2014</i>
<i>Authorised</i>	<i>No.000</i>	<i>No.000</i>
Ordinary shares of £0.0065 each	<u>30,032</u>	<u>30,032</u>

Group and Company

<i>Allotted called up and fully paid</i>	<i>No.000</i>	<i>US\$000</i>
At 1 January 2014	30,032	304
At 31 December 2014 and 2015	<u>30,032</u>	<u>304</u>

Group and Company

	<i>Share premium account US\$000</i>
At 1 January 2014	<u>129,837</u>
At 31 December 2014 and 2015	<u>129,837</u>

24. Related party transactions

Group

The financial statements include the financial statements of the Group and the subsidiaries listed below:

<i>Name</i>	<i>Country of Incorporation</i>	<i>% Interest</i>
WilPhoenix (UK) Ltd	United Kingdom	100
WilHunter (UK) Ltd	United Kingdom	100
WilPhoenix (Malta) Ltd	Malta	100
WilHunter (Malta) Ltd	Malta	100
Awilco Drilling Pte. Ltd.	Singapore	100

During the year the Group entered into transactions, in the ordinary course of business, with Awilhelmsen AS, which is a major shareholder through its subsidiaries.

Notes to the financial statements

At 31 December 2015

24. Related party transactions (continued)

Transactions entered into and trading balances outstanding at 31 December 2015 with Awilhelmsen AS and its subsidiaries are as follows:

	2015	2014
	US\$000	US\$000
Purchase of management services	1,275	2,275
Share based payment	(6)	743
Amounts owed to Awilhelmsen AS and its subsidiaries	<u>(189)</u>	<u>(21)</u>

Sales and purchases between related parties are made at normal market prices. Outstanding balances are unsecured, interest free and cash settlement terms vary between 30 and 90 days. The Company has not provided or benefitted from any guarantees for any related party receivables or payables. The Company has not made any provision for doubtful debts relating to amounts owed by related parties.

Directors and other key management personnel

The remuneration of directors and other key management personnel of the Group is as follows

	2015	2014
	US\$000	US\$000
Short-term employee benefits	2,109	2,377
Share-based payment	(475)	942
Other long-term benefits	<u>123</u>	<u>123</u>

Included in the short-term employee benefits are director's emoluments of US\$733,000 (2014: US\$733,000). Six directors received remuneration in respect of their services to the Company during the year (2014: six). The highest paid director was Jon Bryce – please refer to the Directors' remuneration report on page 22 for further details.

Company

The Company entered into the following transactions and had the following balances with its wholly owned subsidiaries

Notes to the financial statements

At 31 December 2015

24. Related party transactions (continued)

	2015 US\$000	2014 US\$000
<i>Transactions:</i>		
Amounts invoiced to WilPhoenix (UK) Ltd in respect of services provided to the company	55,758	44,848
Invoiced to WilPhoenix (UK) Ltd	-	4,309
Amounts invoiced on behalf of WilPhoenix (UK) Ltd	(132,349)	(139,710)
Amounts invoiced to WilHunter (UK) Ltd in respect of services provided to the company	33,767	39,789
Invoiced to WilHunter (UK) Ltd	1,556	5,188
Amounts invoiced on behalf of WilHunter (UK) Ltd	(140,398)	(136,671)
Amounts invoiced to WilPhoenix (Malta) Ltd in respect of services provided to the company	44	6,134
Invoiced to WilPhoenix (Malta) Ltd	-	653
Amounts invoiced to WilHunter (Malta) Ltd in respect of services provided to the company	44	4,066
Invoiced to WilHunter (Malta) Ltd	235	790
Invoiced to Awilco Drilling Pte. Ltd.	534	1,425
Transfer of funds to/(from) Awilco Drilling Pte. Ltd.	354	(256)
Taxation paid on behalf of subsidiaries	65,057	19,455
Dividends received from WilPhoenix (UK) Ltd	-	27,500
Dividends received from WilHunter (UK) Ltd	-	-
Dividends received from WilPhoenix (Malta) Ltd	5,000	57,900
Dividends received from WilHunter (Malta) Ltd	46,000	53,200
Issue of intercompany loan to WilHunter (Malta) Ltd	3,441	34,848
Issue of intercompany loan to WilPhoenix (Malta) Ltd	-	62,466
	<u>(60,957)</u>	<u>85,934</u>
<i>Balance:</i>		
Amounts payable to WilPhoenix (UK) Ltd	(187,718)	(120,352)
Amounts payable to WilHunter (UK) Ltd	(199,300)	(108,318)
Amounts receivable from WilPhoenix (Malta) Ltd	249,120	223,968
Amounts receivable from WilHunter (Malta) Ltd	247,274	175,924
Amounts receivable from Awilco Drilling Pte. Ltd.	3,282	2,393
	<u>112,658</u>	<u>173,615</u>

Entity with significant influence over the Group

Awilhelmsen AS, owns 43% of the ordinary shares in Awilco Drilling PLC.

Notes to the financial statements

At 31 December 2015

25. Capital management, financial risk management objectives and policies

The Group's and the Company's principal financial liabilities comprise loans, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

Management has assessed the fair values of the financial instruments are generally approximate to the carrying values except foreign exchange contracts which are carried at fair value.

The Group and the Company are exposed to market risk, credit risk and liquidity risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises foreign currency risk. Financial instruments affected by market risk are trade payables and accruals.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's and Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's and Company's operating activities (when expenses are denominated in a different currency from the Company's functional currency).

The Group manages its foreign currency risk by holding cash in the foreign currency required to settle foreign current liabilities, unless the Group has insufficient cash resources available, in which case, it enters into hedging transactions for significant foreign currency commitments.

At the balance sheet date, the Group held GBP4.6 million in trade and other payables (2014: GBP3.7 million). A 5% strengthening or weakening of US\$ to GBP would have an effect of US\$ 0.3 million on the Group 2015 result (2014: US\$0.3 million). The Group has no other material currency exposures.

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables). The Company has credit risk due to its receivables from subsidiary undertakings and from external clients.

Management assess the credit rating of new and existing clients and determine if any action is required to secure the financial security in respect of work performed.

Liquidity risk

The Group's objective is to maintain sufficient liquidity in order to support the needs of the business and meet the repayments of the debt and commitments as they fall due. In order to achieve this, the Group also has the prospect of issuing new equity or entering into new borrowing arrangements.

Notes to the financial statements

At 31 December 2015

25. Capital management, financial risk management objectives and policies (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

<i>Group</i>	<i>Less than 3 months</i>	<i>3 to 12 months</i>	<i>1-5 years</i>	<i>Total</i>
Interest bearing loans	-	16,312	133,275	149,587
Trade and other payables	11,430	6,686	2,766	20,882
At 31 December 2014	<u>11,430</u>	<u>22,998</u>	<u>136,041</u>	<u>170,469</u>
Interest bearing loans	-	15,771	115,750	131,521
Trade and other payables	18,600	3,196	1,896	23,692
At 31 December 2015	<u>18,600</u>	<u>18,967</u>	<u>117,646</u>	<u>155,213</u>

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

<i>Company</i>	<i>Less than 3 months</i>	<i>3 to 12 months</i>	<i>1-5 years</i>	<i>Total</i>
Interest bearing loans	-	16,312	133,275	149,587
Trade and other payables	8,378	1,906	118	10,402
At 31 December 2014	<u>8,378</u>	<u>18,218</u>	<u>133,393</u>	<u>159,989</u>
Interest bearing loans	-	15,771	115,750	131,521
Trade and other payables	11,660	68	242	11,970
At 31 December 2015	<u>11,660</u>	<u>15,839</u>	<u>115,992</u>	<u>143,491</u>

Fair value of financial assets and financial liabilities

The table below summarises the carrying amounts and fair values of the Group's financial assets and liabilities.

<i>Group</i>	<i>2015 US\$000 Book Value</i>	<i>2014 US\$000 Book Value</i>	<i>2015 US\$000 Fair Value</i>	<i>2014 US\$000 Fair Value</i>
Financial assets				
<i>Loans and receivables</i>				
Trade receivables	7,352	12,116	7,352	12,116
Prepayment and other receivables	1,686	4,380	1,686	4,380
Accrued revenue	(20)	23,760	(20)	23,760
VAT receivable	1,015	504	1,015	504
Current tax receivable	68,899	82,595	68,899	82,595
Cash and cash equivalents	135,257	75,951	135,257	75,951
Total financial assets	<u>214,189</u>	<u>199,306</u>	<u>214,189</u>	<u>199,306</u>

Notes to the financial statements

At 31 December 2015

25. Capital management, financial risk management objectives and policies (continued)

Fair value of financial assets and financial liabilities (continued)

	2015	2014	2015	2014
	US\$000	US\$000	US\$000	US\$000
	<i>Book Value</i>	<i>Book Value</i>	<i>Fair Value</i>	<i>Fair Value</i>
Financial liabilities				
Interest bearing debt				
Non-current portion	100,000	110,000	77,875	98,725
Current portion	10,000	10,000	7,787	8,975
Trade and other payables	21,938	16,203	21,938	16,203
Interest payable	1,754	1,913	1,754	1,913
Current tax payable	77,574	108,522	77,574	108,522
<i>Fair value through profit and loss</i>				
Foreign exchange contracts	443	294	443	294
Total financial liabilities	<u>211,709</u>	<u>246,932</u>	<u>187,371</u>	<u>234,632</u>

The table below summaries the carrying amounts and fair values of the Company's financial assets and liabilities.

<i>Company</i>	2015	2014	2015	2014
	US\$000	US\$000	US\$000	US\$000
	<i>Book Value</i>	<i>Book Value</i>	<i>Fair Value</i>	<i>Fair Value</i>
Financial assets				
<i>Loans and receivables</i>				
Trade receivables	7,352	12,116	7,352	12,116
Prepayment and other receivables	1,196	5,375	1,196	5,375
VAT receivable	1,008	493	1,008	493
Cash and cash equivalents	135,185	75,759	135,185	75,759
Total financial assets	<u>144,741</u>	<u>93,743</u>	<u>144,741</u>	<u>93,743</u>

	2015	2014	2015	2014
	US\$000	US\$000	US\$000	US\$000
	<i>Book Value</i>	<i>Book Value</i>	<i>Fair Value</i>	<i>Fair Value</i>
Financial liabilities				
Trade and other payables	10,216	8,371	10,216	8,371
Interest payable	1,754	1,913	1,754	1,913
Interest bearing debt				
Non-current portion	100,000	110,000	77,875	98,725
Current portion	10,000	10,000	7,787	8,975
<i>Fair value through profit and loss</i>				
Foreign exchange contracts	443	294	443	294
Total financial liabilities	<u>122,413</u>	<u>130,578</u>	<u>98,075</u>	<u>118,278</u>

Notes to the financial statements

At 31 December 2015

25. Capital management, financial risk management objectives and policies (continued)

Capital management

Capital includes called up share capital, share premium and retained earnings.

The Company's intention is to pay a regular 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 operational working capital requirements and planned capital expenditure.

The Company's capital is monitored at a Group level. The Group monitors capital using a gearing ratio, which is net debt divided by total shareholders' funds plus net debt. The Group includes within net debt, bonds and loans less cash and cash equivalents.

	<i>Group</i> 2015	<i>Group</i> 2014
	<i>US\$000</i>	<i>US\$000</i>
Borrowing (note 20)	110,000	120,000
Cash and cash equivalents (note 18)	<u>(135,257)</u>	<u>(75,951)</u>
Net debt	(25,257)	44,049
Capital	<u>242,738</u>	<u>208,352</u>
Capital and net debt	<u>217,481</u>	<u>252,402</u>
Gearing ratio	(12%)	17%

26. Share-based payments

Long Term Incentive Plan

An option scheme for the executive director and other key management personnel, with a total limit of up to 3% of the Company's issued share capital was approved at the Annual General Meeting on 28 June 2012. The exercise period is 5 years and 25% of the options are "vested" after each of years 1, 2, 3 and 4, subject to continuing employment with the Company during the first two year period.

During 2012, three additional long term incentive plans were introduced by the Company for the executive group and other key management personnel, for onshore management and for offshore personnel. These plans are included as part of the 3% limit approved previously. The executive plan "vests" after three years and the exercise period is five years. The onshore management and offshore personnel plans, half "vests" after two years and the remaining half "vests" after three years and the exercise period is five years, subject to the employee remaining employed by the Company.

During 2013, a further award was introduced for onshore management and offshore personnel with the same vesting periods as the 2012 award. The limit was subsequently increased to 4% of the Company's issued share capital and approved at the Annual General Meeting on 26 June 2013.

During 2014, a further award was introduced by the Company for the executive group and other key management personnel, for onshore management and for offshore personnel with the same vesting periods as the 2012 and 2013 awards.

All share options and awards are cash settled.

Notes to the financial statements

At 31 December 2015

26. Share-based payments (continued)

The following table list the inputs to the model used for these valuations (share prices are in NOK).

<i>Group and Company</i>	<i>2015</i>				<i>2014</i>			
	<i>2010 Plans</i>	<i>2012 Plans</i>	<i>2013 Plans</i>	<i>2014 Plans</i>	<i>2010 Plans</i>	<i>2012 Plans</i>	<i>2013 Plans</i>	<i>2014 Plans</i>
Exercise price	29.00	-	-	-	29.00	-	-	-
Share price	30.90	30.90	30.90	30.90	78.00	78.00	78.00	78.00
Expected life	0.79 years	-	0.46 years	1.39 years	1.40 years	0.91 years	1.42 years	2.39 years
Volatility	22%	-	21%	41%	55%	55%	55%	55%
Risk free interest rate	0.31%	-	0.29%	0.61%	0.98%	0.99%	0.94%	0.88%
Model used	Black-Scholes							

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options and awards during the year.

<i>Group</i>	<i>2015</i>		<i>2014</i>	
	<i>No.</i>	<i>WAEP (NOK)</i>	<i>No.</i>	<i>WAEP (NOK)</i>
Outstanding as at 1 January	734,887	3.44	935,824	17.93
Granted during the year	341,951	3.45	391,176	5.48
Exercised during the year	(70,707)	12.47	(586,115)	27.97
Forfeited during the year	(3,981)	-	(6,538)	-
Adjusted during the year	-	-	-	-
Outstanding at 31 December	1,001,610	2.52	734,347	3.44
Exercisable at 31 December	586,742	4.31	76,887	13.02
<i>Company</i>	<i>2015 No.</i>	<i>2015 WAEP (NOK)</i>	<i>2014 No.</i>	<i>2014 WAEP (NOK)</i>
Outstanding as at 1 January	529,198	4.78	800,175	20.97
Granted during the year	246,651	4.77	299,692	7.15
Exercised during the year	(63,688)	16.15	(577,396)	28.39
Forfeited during the year	-	-	-	-
Adjusted during the year	-	-	6,727	-
Outstanding at 31 December	712,161	3.55	529,198	4.78
Exercisable at 31 December	444,326	5.69	51,136	19.58

Notes to the financial statements

At 31 December 2015

26. Share-based payments (continued)

The estimated fair value of the granted share options and awards are reached on the basis of the “Black-Scholes option pricing model”. The model is applied utilising a risk free discount rate and also taking into account the terms and conditions upon which the options and awards are granted as well as the performance conditions that are required to be satisfied before vesting. The weighted average remaining contractual life at 31 December 2015 is 0.57 years. The Group total share option and award credit amounted to US\$0.8 million (2014: US\$ 7.1 million credit). The carrying amount of the liability relating to the cash-settled options at 31 December 2015 is US\$ 2.7 million (2014: US\$3.5 million).

The Company only total share option and award was a credit which amounted to US\$0.7 million (2014: US\$7.5 million credit). The carrying amount of the liability relating to the cash-settled options at 31 December 2015 is US\$ 1.7 million (2014: \$2.4 million).

The table below summaries the carrying amount of the liability

<i>Group</i>	<i>Less than 3 months</i>	<i>3 to 12 months</i>	<i>1 – 5 years</i>	<i>Total</i>
Share options and awards	2,073	306	308	2,687
At 31 December 2015	2,073	306	308	2,687

<i>Company</i>	<i>Less than 3 months</i>	<i>3 to 12 months</i>	<i>1 – 5 years</i>	<i>Total</i>
Share options and awards	1,379	68	242	1,689
At 31 December 2015	1,379	68	242	1,689

27. Derivative Financial Instruments

	<i>2015</i>	<i>2014</i>
	<i>US\$000</i>	<i>US\$000</i>
Foreign exchange contracts	(299)	(294)

The foreign currency forwards were entered into in order to minimise the Company’s exposure to losses resulting from fluctuations in foreign currency exchange rates. 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 other receivables in the statement of financial position. Forward currency exchange contracts fair value was determined using quoted forward exchange rates matching the maturities of the contracts.

Fair value hierarchy

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.