



AWILCO DRILLING

FOURTH QUARTER 2012 AND PRELIMINARY FULL YEAR 2012 RESULTS

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

Q4 Report – Highlights

- Awilco Drilling PLC reported contract revenue of USD 52.8 million (USD 44.4 million in Q3 2012) EBITDA of USD 32.6 million (USD 24.2 million in Q3 2012) and net profit of USD 22.9 million (USD 14.4 million in Q3 2012).
- Revenue efficiency was 94.3% during the quarter (96.6% in Q3 2012)
- Contract backlog at the end of Q4 was USD 297 million (USD 343 million Q3 2012)

Key financial figures:

In USD million, except per day operating expenses

USD million	Q4 2012	Q3 2012	Q2 2012	Q1 2012	2012	2011
Contract revenue	52.8	44.4	32.5	22.6	152.2	76.3
Operating expenses	14.4	13.4	14.9	13.8	56.5	42.4
EBITDA	32.6	24.2	13.7	3.4	73.9	19.2
Net profit /(loss)	22.9	14.4	5.2	(4.1)	56.4	(6.8)
Total assets	316.3	310.9	306.7	302.8	316.3	311.6
Total equity	177.4	154.4	140.1	134.9	177.4	135.8
Interest bearing debt	114.6	132.5	141.1	142.7	114.6	154.8
Gearing ratio	35.5%	42.4%	48.2%	48.8%	35.5%	48.9%
Per day operating expenses *	78,504	72,872	82,017	76,470	77,247	71,171

* Opex expense in 2011 for Q3/Q4 only

Financial Results – Fourth Quarter 2012

At the end of Q4 2012, both of Awilco Drilling's rigs were in continued drilling operations for their respective clients.

Comprehensive Income Statement

Awilco Drilling reports total comprehensive profit for the fourth quarter 2012 of USD 22.9 million.

There was revenue of USD 52.8 million earned during the quarter.

In the fourth quarter Awilco Drilling had rig operating expenses of USD 14.4 million. General and administration expenses were USD 1.7 million. This includes a reduction of USD 0.5 million in respect of the stock award of synthetic stock options which are restated each quarter based on the valuation of the Company's shares. There was an increase in the provision for doubtful debts of USD 3.6 million in respect of outstanding receivables in accordance with the Company's allowance for doubtful accounts policy. Both AGR and MPX outstanding receivable are fully provided for.

MPX continues to withhold payment to Awilco Drilling as a set off against the unresolved claim for consequential loss from MPX towards Awilco Drilling. MPX have submitted claim documents in the amount of GBP 11.8 million but AWDR continue to contest the claim and due legal process continues.

EBITDA for the fourth quarter was USD 32.6 million while the operating profit was USD 28.4 million.

Interest expenses amounted to USD 3.0 million, which relates to accrued interest on the seller's credit with Transocean. Other financial items of USD 0.6 million relate to the shareholder loan commitment fee of USD 0.7 million offset partially by a small gain on foreign exchange during the quarter.

Profit before tax was USD 24.7 million. The tax charge for the quarter was USD 1.8 million on profits in the quarter. The resulting net profit was USD 22.9 million. Earnings per share (EPS) for the fourth quarter were USD 0.76.

Statement on financial position

As of 31 December 2012, total assets amount to USD 316.3 million. At the same date, Awilco Drilling had USD 16.9 million in cash and cash equivalents.

Long term interest-bearing debt at the end of the quarter was USD 98.1 million.

There was a payment of USD 5.6 million during the quarter in respect of the seller's credit loan of which USD 2.8 million was in respect of loan repayment and USD 2.8 million of associated interest. There was also a payment during the quarter of USD 5.9 million in respect of deferred interest on the two deferred loan repayments from 2011. Total loan repayments in the quarter to Transocean were USD 2.8 million together with USD 8.7 million of associated interest.

Financial Results – Full Year 2012

Awilco Drilling reports total comprehensive profit for 2012 of USD 38.4 million. Total full year revenues were USD 152.2 million. Rig operating expenses were USD 56.5 million and general and administration expenses were USD 11.1 million. EBITDA for the year was USD 73.9 million while the operating profit was USD 56.4 million. Profit before tax was USD 42.1 million. The tax charge for the year was USD 3.7 million. The resulting net profit was USD 38.4 million. Earnings per share (EPS) for the year were USD 1.28.

Operations and Contract Status

WilPhoenix

In Q4 2012 the WilPhoenix was in continued operations for Premier Oil on the Spaniards and Cyclone wells before moving to Talisman Energy's Orion Tor well location during December.

Revenue efficiency for the quarter was 94.3%.

At the end of December 2012, WilPhoenix had a total remaining contract backlog of about USD 135 million.

WilHunter

In Q4 2012 the WilHunter was in continued operations for Suncor Energy.

Revenue efficiency for the quarter was 94.4%.

At the end of December 2012, WilHunter had a total remaining contract backlog of about USD 162 million.

Capital Requirements, Funding and Dividend

The loan facility of USD 15 million with AWDR's two primary shareholders, represented by Awilco Drilling AS and Tompkins Square Park S.a.r.l. remained in place. There is currently no amount drawn down on this facility.

The Company's intention is to pay a regular dividend in support of its main objective to maximise returns to shareholders. A dividend payment on a quarterly basis is expected to commence during the first half of 2013. All of the company's free cash flow is intended to be distributed subject to establishing a robust cash buffer to support operational working capital requirements and planned capital expenditure. In the case of attractive growth opportunities the company will endeavor to maintain a meaningful dividend distribution.

Organisation

At the end of Q4 2012, Awilco Drilling's Aberdeen based employees numbered 27 permanent personnel supported by 3 contractors. Awilco Drilling Pte Ltd offshore personnel numbered 190 permanent personnel. The Awilhelmsen Group continues to supply some support personnel via the management agreement.

Market Outlook

With recent awards in the UK market the majority of the fleet is employed through to late 2014 and the market remains very tight. Two units are reported to re-enter the UK market in 2014. Recent day rate fixtures for UK semis have exceeded USD 400,000. The tightness of the market is further evidenced by the increased contract duration.

Following WilHunter's recent Letter of Intent for work with Hess into late 2015, WilPhoenix is well placed to benefit from the tightness of the market following completion of its drilling program with Premier anticipated to be in mid to late 2014.

Statement of Responsibility

We confirm that, to the best of our knowledge, the condensed set of financial statements for the fourth quarter of 2012, which has been prepared in accordance with IAS 34 Interim Financial Statements, gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Subsequent Events

- In February, Awilco Drilling signed a Letter of Intent (LOI) with Hess UK Ltd for the provision of WilHunter for additional work related to their 2013, 2014 and 2015 abandonment program in the Central North Sea. The current firm term contract duration of 400 days is to be extended by an additional 550 days to 950 days total plus options for up to 275 days. The additional firm period increases the contract value by approximately USD 212 million to a total of USD 358 million. The contract is expected to commence in April 2013.

Aberdeen, 12 February, 2013

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Company background

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

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

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

www.awilcodrilling.com

Forward Looking Statements

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

Condensed statement of comprehensive income

in USD thousands, except earnings per share

	Q4 2012	Full Year	Q4 2011	Full Year
	(unaudited)	2012	(unaudited)	2011
		(unaudited)		(audited)
Contract revenue	51,799	147,210	39,492	75,830
Reimbursables	770	4,800	185	420
Other revenue	184	217	9	12
	<u>52,753</u>	<u>152,227</u>	<u>39,686</u>	<u>76,262</u>
Rig operating expenses	14,445	56,545	12,936	42,416
Reimbursables	450	951	113	262
Provision for doubtful debts	3,562	9,700	-	-
General and administrative expenses	1,702	11,132	2,600	10,918
Depreciation	4,219	17,474	4,360	15,041
	<u>24,378</u>	<u>95,802</u>	<u>20,009</u>	<u>68,637</u>
Operating profit	<u>28,375</u>	<u>56,424</u>	<u>19,677</u>	<u>7,625</u>
Interest income	5	19	25	120
Interest expense	(3,001)	(13,447)	(3,792)	(14,023)
Other financial items	(626)	(920)	(129)	2,751
Net financial items	<u>(3,622)</u>	<u>(14,348)</u>	<u>(3,896)</u>	<u>(11,152)</u>
Profit/(Loss) before tax	24,753	42,076	15,781	(3,528)
Tax (expense)	(1,842)	(3,669)	(1,243)	(104)
Net profit/(loss)	<u>22,911</u>	<u>38,407</u>	<u>14,538</u>	<u>(3,632)</u>
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss)	<u>22,911</u>	<u>38,407</u>	<u>14,538</u>	<u>(3,632)</u>
Attributable to minority interests	-	-	-	-
Attributable to shareholders of the parent	22,911	38,407	14,538	(3,632)
Basic and diluted earnings per share	0.76	1.28	0.48	(0.13)

Condensed statement of financial position

in USD thousands

	31.12.2012	31.12.2011
	(unaudited)	(audited)
Rigs, machinery and equipment	250,173	262,573
	<u>250,173</u>	<u>262,573</u>
Trade and other receivables	22,285	8,857
Prepayments and accrued revenue	15,528	14,271
Inventory	4,800	4,800
Cash and cash equivalents	16,926	25,100
Current tax	6,542	-
	<u>66,081</u>	<u>53,028</u>
Total assets	<u>316,254</u>	<u>315,601</u>
Paid in capital	130,142	130,142
Retained earnings	47,218	8,811
	<u>177,360</u>	<u>138,953</u>
Deferred tax liability	769	657
Long-term interest-bearing debt	98,098	109,098
	<u>98,867</u>	<u>109,755</u>
Current portion of long-term debt	16,500	45,667
Trade and other creditors	1,965	3,124
Accruals and provisions	12,041	16,122
Current tax payable	9,521	1,980
	<u>40,027</u>	<u>66,893</u>
Total equity and liabilities	<u>316,254</u>	<u>315,601</u>

**Condensed statement of changes in equity for the period from
1st January 2011 to 31 December 2012**

in USD thousands

	Paid-in-equity	Translation differences	Other equity (retained earnings)	Total equity
Equity at 1 January 2011	111,388	0	12,444	123,832
Equity Issue at 1 June 2011	17,514	0	0	17,514
Equity issue costs 1 June 2011	(490)	0	0	(490)
Stamp duty tax refund	1,730	0	0	1,730
Total comprehensive loss to 31 December 2011	0	0	(3,633)	(3,633)
Balance as at 31 December 2011	130,142	0	8,811	138,953
Total comprehensive profit to 31 December 2012	0	0	38,407	38,407
Balance as at 31 December 2012	130,142	0	47,218	177,360

Condensed statement of cash flow for the period

	Full Year 2012 (unaudited)	Full Year 2011 (audited)
Cash flow from operating activities		
Profit/(Loss) before tax	42,076	(3,528)
Depreciation	17,474	15,041
Interest cost	13,428	13,903
(Increase)/decrease in trade and other receivables	(13,428)	(8,819)
(Increase)/decrease in stock	0	(283)
(Increase)/decrease in prepayments and accrued revenue	(1,258)	(13,005)
Increase/(decrease) in trade and other payables	4,142	(6,330)
Interests paid	(22,829)	(8,287)
Interests received	19	127
Taxation paid	(2,558)	(2,306)
Net cash flow from operating activities	37,066	(13,487)
Cash flow from investing activities		
Purchase of property, plant and equipment	(5,074)	(68,290)
Net cash flow from investing activities	(5,074)	(68,290)
Cash flow from financing activities		
Proceeds from issue of share capital	0	17,514
Equity issue costs	0	1,240
Issue of loans	10,000	29,000
Repayment of loans	(50,167)	(8,584)
Net cash flow from financing activities	(40,167)	39,170
Net increase/(decrease) in cash and cash equivalents	(8,174)	(42,607)
Cash and cash equivalents at beginning of the period	25,100	67,707
Cash and cash equivalents at the end of the period	16,926	25,100

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of preparation

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

Significant accounting policies

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual audited financial statements for the year ended December 31, 2011. This interim report should be read in conjunction with the audited 2011 financial statements, which include a full description of the Group's significant accounting policies.

Bad debt provision is calculated by analysing outstanding receivables and creating a provision using a fixed formula to provide a percentage of the uncollected amount based on the length of time the amount has remained unpaid.

Notes

Note 1 - Rigs, machinery and equipment

in USD thousands, except per share data

	Semi submersible drilling rigs/SPS	Other fixtures and equipment	Total
Opening balance 1 Jan 2012	288,480	1,128	289,608
Additions	5,074	-	5,074
Disposals	-	-	-
Closing balance	293,554	1,128	294,682
Opening balance 1 Jan 2012	(26,789)	(246)	(27,035)
Depreciation	(17,242)	(232)	(17,474)
Disposals	-	-	-
Accumulated depreciation per ending balance	(44,031)	(478)	(44,509)
Net carrying amount at end of period	249,523	650	250,173
Expected useful life	5-20 years	3-10 years	
Depreciation rates	5% - 20%	10% - 33%	
Depreciation method	Straight line	Straight line	
Residual value per rig is USD 15 million.			

Note 2 - Debt and financing

Deferred Payment Deed (Seller's Credit)

In connection with the acquisition of the rigs from Transocean, the Company was granted a five year Seller's Credit from Transocean of USD 165 million. The borrowings are secured by first priority mortgages on the drilling rigs. The interest rate is 9%. Repayment terms are quarterly repayments of USD 2.8 million over five years and a final repayment of USD 87 million. There is an option to defer a maximum of two principal repayments and during 2011 the Company deferred US\$ 5.5 million. The interest rate on the deferred repayments is 12%.

	WilPhoenix	WilHunter	Total
Seller's Credit initially granted	82,500	82,500	165,000
Repayment of debt	(12,375)	(38,027)	(50,402)
Total debt per end of accounting period	70,125	44,473	114,598
Current portion of long term debt	8,250	8,250	16,500
Long term debt per end of period	61,875	36,223	98,098
	70,125	44,473	114,598

Note 3 - Related party transactions

in USD thousands except per share data

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

Transactions with AWILHELMSSEN are specified as follows:

	<u>Q4 2012</u>
Sales	-
Purchases	(663)
Interest	(893)
Receivables	-
Payables	(179)

Note 4 - Segment information

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

Note 5 - Corporation taxes

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

Corporation tax provision is based on the tax laws and rates in the countries the rigs are operated and where the rigs are owned. During Q4 the rigs were operational and average tax rates have been applied consistent with the prevailing average tax rate for the year.

The tax charge in the quarter was USD 1.8 million calculated using the effective group tax rate on profits during the quarter.

Note 6 - Subsequent events

In February, Awilco Drilling signed a Letter of Intent (LOI) with Hess UK Ltd for the provision of WilHunter for additional work related to their 2013, 2014 and 2015 abandonment program in the Central North Sea. The current firm contract duration of 400 days is to be extended by an additional 550 days to 950 days in total plus options for up to 275 days. The additional firm term increases the contract value by approximately USD 212 million to USD 358 million. The contract is expected to commence in April 2013.

Note 7 - Capital Commitments

Outstanding Capital Commitments as at the end of Quarter 4 were USD 4.3million.

Note 8 - Share capital

As of 31st December 2012 total outstanding shares in the Company was 30,031,500 with a nominal value per share of GBP 0.0065. The share capital and share premium reserve below are expressed in USD at the exchange rate at time of conversion from USD to GBP.

	Shares	Par value per share	Share capital	Share premium reserve
Share capital per 31 December 2012	30,031,500	£0.0065	304,173	129,837,405
Basic/diluted average number of shares, 1 January - 31 December	30,031,500			
Basic/diluted average number of shares, YTD	30,031,500			

Ranking	Shares	Ownership
Awilco Drilling AS	14,633,100	48.73%
Euroclear Bank	2,276,800	7.58%
Odin Offshore	1,253,183	4.17%
Deutsche Bank AG London	1,182,537	3.94%
Frank Mohn AS	1,030,674	3.43%
Goldman Sachs & Co	1,015,400	3.38%
BNYBE - QVT Fund	851,898	2.84%
Stenshagen Invest AS	780,403	2.60%
VPF Nordea Kaptial	416,380	1.39%
Storebrand Optima	398,303	1.33%
JPMCB RE SHB Swedish	377,436	1.26%
BNYBE - Arctic Funds	345,653	1.15%
Storebrand Verdi	333,171	1.11%
VPF Noreda Avkastning	255,446	0.85%
KLP Aksje Norge	241,520	0.80%
MP Pensjon PK	236,000	0.79%
VPF Nordea Norge	232,749	0.78%
Verdipapirfondet Handelsbanken	200,000	0.67%
Alcides Holding AS	200,000	0.67%
BNYBE - Invesco Perp	190,455	0.63%
Other Shareholders	3,580,392	11.92%
	<u>30,031,500</u>	<u>100.00%</u>