FOURTH QUARTER 2010

**Awilco Drilling Limited is a UK based offshore drilling company owning and operating two semi submersible drilling rigs.
The Company is listed on the Norwegian OTC under the ticker code AWDR.**

Financial Results – Fourth Quarter 2010
At the end of 2010 Awilco Drilling Limited (Awilco Drilling) had both rigs at Remontowa Shipyard in Poland, undergoing Special Periodic Surveys and upgrading.

Comprehensive Income Statement
Awilco Drilling reports total comprehensive loss for the fourth quarter 2010 of USD 5.0 million.

Total revenue for the quarter was USD 8.1 million and relates to a bareboat contract with Transocean for WilHunter.

In the fourth quarter Awilco Drilling had rig operating expenses of USD 1.3 million relating to pre-operating expenses. The general and administration expenses were USD 2.5 million, of which USD 1.1 million are one-off effects.

EBITDA for the fourth quarter was USD 4.4 million while operating profit was USD 1.6 million.

Interest expenses amounted to USD 6.4 million, which relates to accrued interest on the Seller's credit with Transocean and accrued interest on the drawn amount of the Working Capital Loan. Also included in interest expense for Q4 is an accrual of USD 3.3 million in respect of non-recoverable withholding taxes to be applied to interest charges for 2010.

Net other financial items show a loss of USD 2.2 million in the quarter. Foreign currency forward contracts related to the WilPhoenix upgrading and reactivation project had a total gain per year-end of USD 0.4 million, while the profit and loss effect in the fourth quarter was a loss of 0.8 million.

Loss before tax was USD 7.0 million and net loss was USD 5.0 million. Earnings per share (EPS) for the fourth quarter were USD -0.19.

In early October a private placement of 16,000,000 shares was carried out. After the issue, the total share capital of Awilco Drilling Limited is GBP 175,500 divided into 27,000,000 shares, up from GBP 71,500 divided into 11,000,000 at the end of third quarter.

Statement on financial position
As of 31 December 2010, total assets amount to USD 282.9 million.

At the same date, Awilco Drilling had USD 67.7 million in cash and cash equivalents.

Long term interest-bearing debt at the end of the quarter was USD 134.3 million. During the term of the bareboat charter 80% of the revenue was offset against the Seller's credit as capital payment and interest payment. The bareboat charter ceased 15th November 2010.

Financial Results – Full year 2010
Awilco Drilling reports a total comprehensive income for 2010 of USD 12.4 million. Total full year revenues were USD 55.0 million. Operating profit before depreciation and amortization (EBITDA) was USD 46.4 million. Profit before tax was USD 17.3 million and net profit USD 12.4 million. Earnings per share were USD 0.85.

Operation
In the fourth quarter WilHunter continued working for Nexen Petroleum under its bareboat charter with Transocean until 15 November. The rate under the bareboat charter was USD 180,000 per day. At its redelivery, WilHunter was towed to Remontowa Shipyard in Poland to undergo its planned Special Periodic Survey. The Charterer paid Awilco Drilling Ltd an agreed lump sum compensation of USD 5.2 million for outstanding maintenance work on completion of the bareboat charter of Wilhunter.

Awilco Drilling continued its marketing activities of both WilPhoenix and WilHunter during the fourth quarter, and received a number of market enquiries.

Projects

WilPhoenix
The WilHunter project continues at the Remontowa shipyard Gdansk, Poland. The project is continuing on plan and is on schedule to deliver in April 2011.

The project workscope remains unchanged with the three main areas of work relating to (1) the rigs special periodic survey (SPS) and (2) a programme of maintenance and refurbishment work (3) a programme of upgrade and enhancement work.

The upgrade and enhancement work programme consists of the following deliverables:
- Increased variable deckload (VDL) to be in line with other rigs of similar design
- Complete new accommodation for 110 persons
- Four new lifeboats
- New sewage plant
- Complete strip down and renewal of parts as needed for all generator engines
- Renewal of the SCR system with state of the art equipment
- Improved mud pit system giving improved well control and working environment
- Four new shaker and improved lay out for mud handling and working environment
- Installation of new drawwork
- Increase of the main deck with 500 m²

WilHunter
As with the WilPhoenix, the WilHunter project continues at the Remontowa shipyard Gdansk, Poland. The project is continuing on plan and is on schedule to deliver in April 2011.

The project initial workscope comprises of two main areas of work relating to (1) the rigs special periodic survey (SPS) and (2) a programme of maintenance and refurbishment work. Subsequent to the commencement of project activity, Awilco Drilling expanded the rigs workscope to include a programme of upgrade and enhancement work. This work comprised of an additional accommodation level and associated life boat replacement. The accommodation upgrade will increase the maximum number of crew quarters from today's 97 persons on board (POB) to 110.

The total project cost for the upgrading of both WilPhoenix and WilHunter is projected to be within the existing budget of USD 90 million.

Capital Requirements and Funding

The first part of the Company's planned two-step equity issue was completed in early October with 16,000,000 new shares issued at a price of NOK 24 per share. The gross proceeds from the equity issue were USD 65 million. The second part of the equity issue is estimated to be approximately USD 15 million and is planned to be raised in relation with the listing on Oslo Stock Exchange (Oslo Axess) in early Q2 2011. The net proceeds from the equity issues will fund the ongoing reactivation of WilPhoenix, the ongoing SPS and accommodation upgrade for WilHunter, as well as the Company's working capital needs. The new equity will, together with the company's cash balance and the available funds for draw down, be sufficient to fund the projects as described above.

Company Restructure

During the quarter the board decided to implement a restructuring of the ownership of the rigs within the group. After the restructuring the rigs will be owned by Maltese companies. We expect that the reorganised group will provide a number of benefits, including the under noted as a minimum;

- Locate ownership of the rigs in a country with a stable and developed legal regime, including well functioning company and tax legislation, and an extensive network of tax treaties.
- Allow the group to potentially achieve a global effective tax rate comparable to its competitors.
- Increase the ability to apply for international drilling tenders on competitive terms.

The benefits mentioned above will result in long term efficiencies improving the ability to further expand the operation of the group. The reorganisation will also result in short term expenses, both administrative expenses for implementing the new group structure and current taxes payable in 2011 and 2012.

Business Management System and Organisation

The development of Awilco Drilling's business management system and organisation has progressed according to plan and schedule. In early November, the UK Safety Case for WilHunter was accepted by the UK Health and Safety Executive (HSE). In late December, the UK Safety Case for the WilPhoenix was submitted to the HSE for review. Development of Awilco Drilling's process, procedures and controls has also continued according to plan and schedule.

During the quarter key appointments included a Financial Controller and two Rig Managers. At the end of Q4 2010, Awilco Drilling's Aberdeen based personnel numbered 17 permanent staff and 2 contractors. The Company's offshore crew personnel numbered 87 permanent personnel, all of which have been assigned to the rig upgrade projects in Poland. Additionally, the Awilhelmsen Group continues to supply project and support personnel via the technical and management agreements.

Market Outlook

As expected some seasonal availability within the UK Semi Submersible market was seen in the winter months. The fundamentals for the UKCS drilling business remain strong, backed by a high oil price, significant interest in exploiting developments by all sectors of the operator community, and the capital markets again engaging with operators to finance drilling campaigns.

Within the latter part of Q4, the UKCS market moved in to a period of tender activity in preparation for the seasonal upturn in operational activity at the start of Q2 2011.

The planned reactivation and upgrading work for WilPhoenix and WilHunter continue to be well received in the market, providing the Company with a good opportunity to secure contracts.

Subsequent Events

- In early February a Letter of Intent (LOI) was signed with AGR Petroleum Services for the semi-submersible drilling rig, WilPhoenix. The LOI is for 1 firm and 6 optional well operations in the UK. The value of the firm part of the contract is approximately USD 7 million. The contract is expected to commence early May 2011.
- In early February Awilco Drilling Limited (AWDR) entered into a Memorandum of Understanding (MOU) with SPD Limited for the semi-submersible drilling rig, WilHunter. The MOU is for 1 firm and 6 optional wells in the UK. At the same time, Awilco Drilling confirmed that it has signed a Letter of Intent (LOI) with Nautical Petroleum PLC for 1 firm well and 1 optional well as part of the above mentioned SPD multi-client, multi-well 2011 drilling programme. The contract value for the firm part is approximately USD 5 million. The contract is expected to commence late April or early May 2011.
- The company is undergoing a restructure and part of this process involved the transfer of the rig assets and related debt from the UK operating companies, Awilco Arctic II Ltd and Awilco Arctic IV Ltd, to two Maltese entities, WilPhoenix (Malta) Ltd and WilHunter (Malta) Ltd respectively.

Aberdeen, 28 February, 2011

The Board of Directors of Awilco Drilling Limited

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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 WilHunter built in 1983 and upgraded in 1999.

Awilco Drilling was listed on the Norwegian OTC list in January 2010. 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 27 000 000.

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 reports.

Condensed statement of comprehensive income

in USD thousands, except earnings per share

	Q4 2010	From date of incorporation (30 December 2009) to 31 December 2010
		(unaudited)
Contract revenue	8 164	54 964
Reimbursable	(32)	-
Other revenue	-	-
	8 132	54 964
Rig operating expenses	1 260	3 205
Reimbursable	(32)	0
General and administrative expenses	2 522	5 341
Depreciation	2 786	11 995
	6 535	20 542
Operating profit/ (loss)	1 596	34 422
Interest income	90	119
Interest expense	(6 448)	(16 188)
Other financial items	(2 214)	(1 070)
Net financial items	(8 571)	(17 139)
Profit before tax	(6 975)	17 283
Tax benefit/ (expense)	1 953	(4 839)
Net profit/ (loss)	(5 022)	12 444
Other comprehensive income	0	0
Total comprehensive income/(loss)	(5 022)	12 444
Attributable to minority interests	0	0
Attributable to shareholders of the parent	(5 022)	12 444
Average number of shares	27 000 000	14 605 479
Basic and diluted earnings per share	(0,19)	0,85

Condensed statement of financial position

in USD thousands

	31.12.2010 (unaudited)
Rigs, machinery and equipment	213 685
Other non-current assets	0
	213 685
Trade and other receivables	38
Prepayments	1 266
Fuel Inventory	156
Cash and cash equivalents	67 707
	69 168
Total assets	282 853
Paid in capital	111 388
Other equity	12 444
Revaluation reserves	0
Minority interests	0
	123 832
Deferred tax liability	4 839
Long-term interest-bearing debt	124 887
Other non-current liabilities	0
	129 726
Current portion of long-term debt	9 461
Trade and other creditors	4 130
Accruals and provisions	15 704
Current tax payable	0
	29 295
Total equity and liabilities	282 853

Condensed statement of changes in equity for the period from 30 December 2009 (incorporation date) to 31 December 2010

in USD thousands

	Paid-in-equity	Translation differences	Other equity (retained earnings)	Total equity
Equity at incorporation of the company (30.12.2009)	0	0	0	0
Equity issue at 14 January 2010	50 000	0	0	50 000
Equity issue at 04 October 2010	65 805	0	0	65 805
Equity issue costs	(2 901)	0	0	(2 901)
Stamp duty tax	(1 516)	0	0	(1 516)
Total comprehensive income for the period	0	0	12 444	12 444
Balance as at 31 December 2010	111 388	0	12 444	123 832

Condensed statement of cash flow for the period

	Q4 2010	From date of incorporation (30 December 2009), to 31 December 2010
	(unaudited)	(unaudited)
Cash flow from operating activities		
Profit before tax	(6 975)	17 283
Revenue utilised for loan repayment	(5 491)	(33 772)
Depreciation	2 786	11 995
Net fair value gains on derivative financial instruments	778	(392)
Interest cost	6 448	16 188
(Increase)/decrease in trade and other receivables	0	(38)
(Increase)/decrease in stock	(156)	(156)
(Increase)/decrease in prepayment and accruals	2 576	(868)
Increase/(decrease) in trade and other payables	2 605	4 130
Increase/(decrease) in provisions and accruals	10 864	13 098
Interests paid	(6 596)	(13 582)
Net cash flow from operating activities	6 838	13 885
Cash flow from investing activities		
Purchase of property, plant and equipment	(17 163)	(63 560)
(Increase)/decrease in investments	0	0
Proceeds from sale of property, plant and equipment	0	0
Net cash flow from investing activities	(17 163)	(63 560)
Cash flow from financing activities		
Proceeds from issue of share capital	66 019	116 019
Equity issue costs	(2 636)	(4 636)
Issue of loans	0	6 000
Repayment of loans	(0)	(0)
Net cash flow from financing activities	63 383	117 383
Net increase/(decrease) in cash and cash equivalents	53 058	67 707
Cash and cash equivalents at beginning of the period	14 649	0
Exchange rate effects	0	0
Cash and cash equivalents at the end of the period	67 707	67 707

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of preparation

These interim condensed financial statements have been prepared in accordance with IAS 34 “Interim financial reporting”. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Awilco Drilling Ltd 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 parent company, using consistent accounting policies.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in USD, which is the Company’s functional currency and presentation currency. All subsidiaries have USD as their functional currency.

Transaction 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.

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 recognized 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. The related investment is depreciated over the firm contract period. In cases where the fee covers specific operating expenses at the start up of the contract the fees are recognized in the same period as the expenses.

Property, plant and equipment

Rigs and equipment are stated at cost less depreciation. 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 expenditures have resulted in an increase in future economic benefits expected to be obtained from the use of the assets beyond its originally assessed standard of performance, the expenditure is capitalized 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 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. Components of fixed assets with different economic useful lives are depreciated over their respective useful lives.

Cash and cash equivalents
Cash represents cash on hand and deposits at bank that are repayable on demand. Cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash with original maturities of three months or fewer and which are subject to an insignificant risk of change in value.

Accounts receivable
Accounts receivables are carried at amortized cost. The interest element is disregarded if it is insignificant. Should there be objective evidence of a fall in value, the difference between the carrying amount and the present value of future cash flows is recognized as a loss, discounted by the receivable amount's effective interest rate.

Share capital
Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are recognized as a reduction of equity, net of tax, from the proceeds.

Long-term interest bearing debt
All borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method. First year installment of long-term debt are classified as current liability.

Tax
The tax expense consists of the tax payable and changes in deferred tax. Deferred tax is calculated at the nominal income tax rate of net temporary differences existing between accounting and tax values, and any carry forward losses for tax purposes at year-end. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Segment information
The Company is only operating rigs in the mid water segment. The potential market for the rigs will be the international drilling market (i.e. all over the world) and will be exposed to the same risks and returns wherever the rigs are employed. As the rigs are managed as one business segment, the Company has only one reportable segment.

Earnings per share
Basic earnings per share ("Basic EPS") are calculated as net profit or loss for the period by the weighted average number of shares outstanding during the period.

Estimates
The preparation of financial statements in accordance with IFRS requires management to exercise judgment and to make estimates and assumptions that affect the application of policies, reported amounts of revenue, expenses, assets and liabilities and disclosures. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Notes

Note 1 - Rigs and equipment

in USD thousands, except per share data

	Semi submersible drilling rigs/ spare parts/SPS	Motor Vehicles	Other fixtures and equipment	Total
Acquistion cost per opening balance	-	-	-	-
Acquisition of fixed assets	225 861	75	645	226 582
Disposal of fixed assets	(839)	(75)	0	(914)
Acquisition cost at ending balance	225 022	(0)	645	225 667
Accumulated depreciation per opening balance	-	-	-	-
Depreciation	(11 963)	(13)	(19)	(11 995)
Disposals		13		13
Accumulated depreciation per ending balance	(11 963)	0	(19)	(11 982)
Net carrying amount at end of period	213 059	(0)	626	213 685
Estimated remaining useful life	15 years	4 years	3-10 years	
Depreciation rates	6,7 %	25,0 %	10% - 33%	
Depreciation method	Straight line	Straight line	Straight line	

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%, 15 years profile / balloon after five years. Under the bareboat agreement for WilHunter Transocean retained 80% of the income as repayment of the borrowings (instalments and interest cost). The bareboat charter ceased effective 15th November .

Working Capital Loan Agreement

Awilco Drilling has entered into an agreement with Transocean for a three year Working Capital facility of USD 35 million, and the funds will be available for draw down over a period of 18 months, including 14 July 2011. The Loans are specified for the purpose of providing funds for working capital and/or capital expenditure for WilPhoenix and WilHunter. The borrowings are secured by second priority mortgages on the drilling rigs. The interest rate is 10 %.

	WilPhoenix Arctic II Ltd	WilHunter Arcitc IV Ltd	Total
Sellers credit at time of consummation of transaction	82 500	82 500	165 000
Installment from the conditional payment (see (1) below)	-	(2 880)	(2 880)
Repayment of debt	(5 500)	(28 272)	(33 772)
Drawdown on Working Capital Debt	6 000	-	6 000
Total debt to Transocean per end of accounting period	83 000	51 348	134 348
Current portion of long term debt	5 336	4 125	9 461
Long term debt to Transocean per end of period	77 664	47 223	124 887
	83 000	51 348	134 348

(1) Conditional payment;
Subject to specific closing requirements in the agreements with Transocean for the acquisition of WilHunter, which was on bare boat charter with the Seller, the Company received "conditional payment" for a period before the transaction was consummated. The conditional payment from Transocean of MUSD 3,6 was recorded as an adjustment to the cost price of the rig. The payment of 80% of the conditional payment was repaid to the Seller as instalment on the sellers credit - thus recorded as downward regulation of the original sellers credit of MUSD 165

(2) Drawdown on Working Capital Loan:
In total MUSD 6 has been drawn on the Worlking Capital loan. A further MUSD 29 is available for draw down until 14 July 2011.
Interest accrued on or before 14 July 2011 will be accummulated and paid in whole on 14 July 2011 or may be capitalised and added to the outstanding principal loan amount at this date.

Note 3 - Related party transactions

in USD thousands except per share data

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

Transactions with AWILHELMSEN are specified as follows:

	From date of incorporation (30 December 2009) to 31 December 2010
Sales	-
Purchases	1 992
Receivables	-
Payables	(597)

Note 4 - Segment information

The Company owns the semi submersible rigs WilPhoenix and WilHunter. Both rigs are in Remontowa shipyard for reactivation work. The WilHunter operated during the quarter on a bareboat charter with Transocean on the UK continental shelf and this charter ceased on 15th November at which time the rig was relocated to Remontowa shipyard for periodic survey work. The Company is only operating rigs in the mid water segment. The potential market for the rigs will be the international drilling market (i.e. all over the world) and will be exposed to the same risks and returns wherever the rigs are employed. As the rigs are managed as one business segment, the Company has only one reportable segment.

Note 5 - Restricted cash

The Company has restricted cash of US$2,500,000.00 which has been deposited in an escrow as a deposit in relation to the forward hedge agreements detailed in Note 11. The restricted cash is classified as "cash and cash equivalents" in the Statement of Financial Position. The restriction was lifted 15th February 2011 as all hedging contracts had matured late January.

Note 6 - Corporation taxes

Corporation tax provision is based on the tax laws and rates in the countries the rigs are operated and income is earned. Currently the operation is on UK Continental Shelf, consequently the annual effective tax rate for 2010 is expected to equal the UK statutory tax rate of 28% on the pre tax income adjusted for any disallowable items.

If the operation of the rigs change among foreign jurisdictions, and the methods of taxation in these jurisdictions varies, there will not necessarily be any correlation between the income tax provision and income before tax.

Note 7 - Subsequent events

In early February, a Letter of Intent (LOI) was signed with AGR Petroleum Services for the semi-submersible drilling rig, WilPhoenix. The LOI is for 1 firm and 6 optional well operations in the UK. The value of the firm part of the contract is approximately USD 7 million. The contract is expected to commence early May 2011.

In early February, Awilco Drilling Limited (AWDR) entered into a Memorandum of Understanding (MOU) with SPD Limited for the semi-submersible drilling rig, WilHunter. The MOU is for 1 firm and 6 optional wells in the UK. At the same time, Awilco Drilling confirmed that it has signed a Letter of Intent (LOI) with Nautical Petroleum PLC for 1 firm well and 1 optional well as part of the above mentioned SPD multi-client, multi-well 2011 drilling programme. The contract value for the firm part is approximately USD 5 million. The contract is expected to commence late April or early May 2011.

The company is undergoing a restructure and part of this process involved the transfer of the rig assets and related debt from the UK operating companies, Awilco Arctic II Ltd and Awilco Arctic IV Ltd, to two Maltese entities, WilPhoenix (Malta) Ltd and WilHunter (Malta) Ltd respectively.

Note 8 - Capital commitments

The total project cost for the WilPhoenix reactivation project is USD 70M.

As at year end a total $44.0 million of the project cost was committed.(e.g. full accommodation arrangement, drilling and well control equipment, general services from the yard etc.)

The total project cost for the WilHunter is $20m of which $2.6m was committed as at the year end

The upgrading costs will be funded through existing Cash Balances, undrawn Working Capital Loan and new equity to be raised in the capital market.

Note 9 - Share capital

As of 31st December 2010 total outstanding shares in the Company was 27.000.000 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 2010	27 000 000	£0,0065	175 500,00	111 330 606
Basic/diluted average number of shares, 1 October - 31 December	27 000 000			
Basic/diluted average number of shares, YTD	14 605 479			

	Shares	**Ownership**
Awilco Drilling AS	13 230 000	49,00 %
Bank of New York	3 591 907	13,30 %
Perestroika AS	1 500 000	5,56 %
Odin Offshore	1 000 000	3,70 %
JP Morgan Clearing	800 000	2,96 %
Skips AS Tudor	775 000	2,87 %
Euroclear Bank SA	571 834	2,12 %
Regni AS	552 640	2,05 %
Skandinaviska Enskilda Banken	534 000	1,98 %
Viola AS	446 000	1,65 %
Odin Norge	381 500	1,41 %
Home Capital AS	371 000	1,37 %
JP Morgan Chase Bank	270 000	1,00 %
Glaamene Industrier	223 000	0,83 %
Deutsche Bank AG London	201 593	0,75 %
Ole Ketil Teigen	188 000	0,70 %
Pibco AS	182 500	0,68 %
Solon AS	168 100	0,62 %
KLP Aksje Norge VPF	164 000	0,61 %
Sabaro Investments	150 000	0,56 %
Other shareholders	1 698 926	6,29 %
	27 000 000	100,00 %

Note 10 - Pro forma opening balance sheet

Awilco Drilling Limited and the wholly owned subsidiaries, Awilco Arctic II Ltd and Awilco Arctic IV Ltd, were incorporated late December 2009 for the purpose of acquiring the rigs WilPhoenix and WilHunter from Transocean. The pro forma opening balance have been prepared on a consolidated level for the purpose of presenting the balance sheet after the transaction with Transocean is consummated and the equity issue is completed. The transaction is considered as an acquisition of assets, and not an acquisition of a business, thus no consolidated pro forma profit and loss statement has been prepared.

All figures in USD 1000	Pro forma opening balance
Deferred tax asset	-
Rig	196 200
Inventory / spare parts	5 200
Net working capital	8 719
Total assets	$210 119
Paid in capital	50 000
Other equity	(2 001)
	47 999
Debt Transocean	162 120
Total equity and debt	$210 119

Explanatory notes to the pro forma opening balance;
Equity issue of MUSD 50, costs related to the equity issue amounts to MUSD 1,25 and stamp duty tax of MUSD 0,75.
No deferred tax asset is recognised on the equity issue costs.
Acquisition costs of rigs and spare parts is MUSD 205 in total. Acquisition cost price is adjusted with the "conditional payment"of MUSD 3,6 (see below).
Debt to Transocean is MUSD 165 in total for the two rigs. Total debt is adjusted with the "conditional payment" of MUSD 2,8 (see below).
Net working capital of MUSD 10 subtracted by the equity issue costs of MUSD 2.
Subject to specific closing requirements in the agreements with Transocean for the acquisition of WilHunter, which is on bare boat charter with the Seller, the Company received "conditional payment" for a period before the transaction was consummated. The conditional payment from Transocean of MUSD 3,6 was recorded as an adjustment to the cost price of the rig. The payment of 80% of the conditional payment was repaid to the Seller as installment on the sellers credit - thus recorded as downward regulation of the original sellers credit of MUSD 165.

Note 11 - Derivative Financial Instrument

in USD thousands

	31.12.10 (unaudited)
Fair value of foreign currency forward contracts	$392

The foreign currency forward contracts were entered into in order to minimise the Group's exposure to losses resulting from adverse fluctuations in foreign currency exchange rates on planned payments of approximately MUSD 10,8 on the upgrading project. The fair value of the forward exchange contracts, as shown above, is recorded as other financial income in the Statement of Comprehensive Income, and classified as accruals in the Statement of Financial Position.