



FOURTH QUARTER 2011 AND PRELIMINARY FULL YEAR 2011 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.**

Financial Results – Fourth Quarter 2011

At the end of Q4 2011 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 2011 of USD 14.5 million.

There was revenue of USD 39.7 million earned during the quarter.

In the fourth quarter Awilco Drilling had rig operating expenses of USD 12.9 million. The general and administration expenses were USD 2.6 million.

EBITDA for the fourth quarter was USD 24.0 million while the operating profit was USD 19.7 million.

Interest expenses amounted to USD 3.8 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.

Net other financial items show a loss of USD 0.1 million in the quarter and this relates primarily to loss on foreign exchange and translation.

Profit before tax was USD 15.8 million. The tax charge for the quarter was USD 1.2 million on profits earned during the quarter. The resulting net profit was USD 14.5 million. Earnings per share (EPS) for the fourth quarter were USD 0.48.

Statement on financial position

As of 31 December 2011, total assets amount to USD 315.6 million.

At the same date, Awilco Drilling had USD 25.1 million in cash and cash equivalents.

Long term interest-bearing debt at the end of the quarter was USD 109.1 million. There was a payment of USD 6.7 million during the quarter in respect of the working capital loan of which USD 5.8 million in respect of loan repayment and USD 0.9 million of associated interest. There were no repayments in the quarter in respect of the seller's credit loan facility with Transocean.

Financial Results – Full Year 2011

Awilco Drilling reports total comprehensive loss for 2011 of USD 3.1 million. Total full year revenues were USD 76.3 million. Rig operating expenses were USD 42.4 million and general and

administration expenses were USD 10.4 million. EBITDA for the year was USD 23.2 million while the operating profit was USD 8.1 million. Loss before tax was USD 3.0 million. The tax charge for the year was USD 0.1 million. The resulting net loss was USD 3.1 million. Earnings per share (EPS) for the year were USD (0.11).

Operations and Contract Status

WilPhoenix

In Q4 2011 the WilPhoenix was working for AGR and Hurricane Exploration on Whirlwind until 6 November when the rig moved to operations with AGR and Antrim.

In December, Awilco Drilling signed a contract with Hess UK Ltd for the provision of WilPhoenix for their 2012 abandonment program on the Fife and Fergus fields. The contract duration is estimated to be about 200 days with a contract value of approximately USD 51 million.

At the end of 2011 WilPhoenix had a remaining contract value of firm work of approximately USD 56 million.

WilHunter

In Q4 2011 the WilHunter was working for SPD and Nautical Petroleum until 13 October when the rig moved to operations with SPD and MPX on the Orlando well.

In November, Awilco Drilling signed a contract with Endeavour Energy UK Ltd for the provision of WilHunter for their Rochelle development programme. The contract duration is estimated to be about 150 days and have a contract value of approximately USD 37 million.

Also in November, Awilco Drilling signed a contract with Ithaca Energy (UK) Ltd for the provision of WilHunter for the drilling of one appraisal well on the Hurricane discovery. The contract value is estimated to be USD 15.7 million.

In December, Awilco Drilling signed a contract with Suncor Energy UK Ltd for the provision of WilHunter for the drilling of one HTHP exploration well estimated at 90 days. The contract value is estimated to be USD 27 million.

At the end of 2011 WilHunter had a remaining contract value of firm wells of approximately USD 93 million.

Capital Requirements, Funding and Dividend

At the end of Q4 2011 USD 29.2 million was drawn down on the working capital facility from Transocean.

The short term draw down facility of USD 10 million with its two largest shareholders, represented by Awilco Drilling AS and Thompkins Square Park S.a.r.l. remains in place but at the date of the release of this report no funds have been drawn down on this facility.

During the course of 2012 Awilco Drilling is scheduled to repay debt to Transocean amounting to approx. USD 46 million. The scheduled debt repayment in 2013 is USD 11 million. This significant decrease in debt repayment will enable a return to investors of a major part of the company's free cash flow generated in 2013 and beyond. The level of dividend will reflect the underlying financial position of the company, while taking account of opportunities for further value creation through profitable investments. The dividend will normally be distributed on a quarterly basis with expected commencement sometime during the first half of 2013.

Organisation

At the end of 2011, Awilco Drilling's Aberdeen based employees numbered 25 permanent personnel supported by 6 contractors. Awilco Drilling Pte Ltd offshore personnel numbered 184 permanent personnel.

Market Outlook

Recent tendering activity indicates a very tight market with full utilization expected during the peak season of 2012. As evidenced by the Company's recent award by Suncor for a high pressure well we have seen rates moving up to about USD 300,000 per day.

Tendering activity are now focusing on programs with late 2012 and early 2013 start-up with limited rig availability for further work in 2012. With a tighter market we are seeing more long term requirements emerging for commencement in 2013.

Subsequent Events

- In early January, the WilPhoenix arrived in Invergordon. On completion of the AGR multi-well multi-client programme commitment, the rig subsequently commenced preparatory work for HESS abandonment programme scheduled to start on the 1st of March.
- WilHunter's contract with Nautical Petroleum was completed in October 2011. However, a dispute has arisen whereby Nautical Petroleum has withheld payment of USD 4 million in respect of duly approved invoices. In January, Awilco Drilling filed a claim in the English Courts for recovery of these funds. Nautical Petroleum has subsequently submitted a counterclaim of GBP 5.3 million. Awilco Drilling believes that Nautical Petroleum's actions and claims are without merit and is vigorously contesting them and pursuing collection of the withheld amounts.
- As previously reported in Press Released Dated 31 January 2012 and 19 February 2012, on January the 18th, the WilHunter incurred technical downtime whilst drilling for MPX Energy Ltd on the Orlando well as part of the SPD multi-well, multi-client programme. Upon completion of technical repairs on the 31st of January, the rig was unable to recommence drilling operations due to well operational issues as well as adverse weather conditions leading to the continued cessation of drilling activity. On the 28th of February the well operations issues were resolved and preparations for commencement of the drilling programme started. Current expectations are that this will be completed around mid- March. An invoice for the period between the 1st and the 28th of February will be submitted to the client in accordance with the contractual terms and conditions. Indications from the client are that this invoice may be disputed. However, to the extent such a dispute arises, Awilco Drilling believes its contractual position is strong and intends to challenge the basis of the client's assertions.

Oslo, 29 February, 2011

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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. 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 reports.

Condensed statement of comprehensive income

in USD thousands, except earnings per share

	Q4 2011	Full Year	Q4 2010	Full Year
	(unaudited)	2 011	(unaudited)	2 010
	(unaudited)	(unaudited)	(unaudited)	(audited)
Contract revenue	39 492	75 830	8 164	54 963
Reimbursable	185	420	(32)	
Other revenue	9	12	-	
	<u>39 686</u>	<u>76 262</u>	<u>8 132</u>	<u>54 963</u>
Rig operating expenses	12 936	42 416	1 260	3 173
Reimbursable	113	262	(32)	0
General and administrative expenses	2 600	10 393	2 522	5 373
Depreciation	4 360	15 041	2 786	11 995
	<u>20 009</u>	<u>68 113</u>	<u>6 535</u>	<u>20 541</u>
Operating profit/(loss)	<u>19 678</u>	<u>8 149</u>	<u>1 596</u>	<u>34 422</u>
Interest income	25	120	90	119
Interest expense	(3 792)	(14 023)	(6 448)	(16 188)
Other financial items	(129)	2 751	(2 214)	(1 070)
Net financial items	<u>(3 897)</u>	<u>(11 153)</u>	<u>(8 571)</u>	<u>(17 139)</u>
Profit/(Loss) before tax	15 781	(3 003)	(6 975)	17 283
Tax benefit/ (expense)	(1 243)	(114)	1 953	(4 839)
Net profit/(loss)	<u>14 538</u>	<u>(3 117)</u>	<u>(5 022)</u>	<u>12 444</u>
Other comprehensive income	0	-	-	
Total comprehensive income/(loss)	<u>14 538</u>	<u>(3 117)</u>	<u>(5 022)</u>	<u>12 444</u>
Attributable to minority interests	0	0	0	0
Attributable to shareholders of the parent	14 538	(3 117)	(5 022)	12 444
Basic and diluted earnings per share	0,48	(0,11)	(0,19)	0,85

Condensed statement of financial position

in USD thousands

	31.12.2011 (unaudited)	31.12.2010 (audited)
Rigs, machinery and equipment	262,573	209,323
Other non-current assets		0
	<u>262,573</u>	<u>209,323</u>
Trade and other receivables	8,857	912
Prepayments and accrued revenue	14,271	0
Inventory	4,800	4,517
Derivative financial instruments	0	392
Cash and cash equivalents	25,100	67,707
	<u>53,028</u>	<u>73,528</u>
Total assets	<u>315,601</u>	<u>282,851</u>
Paid in capital	130,142	111,387
Other Equity	9,327	12,444
	<u>139,469</u>	<u>123,831</u>
Deferred tax liability	0	4,839
Long-term interest-bearing debt	109,098	125,097
Other non-current liabilities	0	0
	<u>109,098</u>	<u>129,936</u>
Current portion of long-term debt	45,667	9,250
Trade and other creditors	3,124	13,953
Accruals and provisions	15,597	5,881
Current tax payable	2,647	
	<u>67,035</u>	<u>29,084</u>
Total equity and liabilities	<u>315,601</u>	<u>282,851</u>

**Condensed statement of changes in equity for the period from
1st January 2010 to 31 December 2011**

in USD thousands

	Paid-in-equity	Translation differences	Other equity (retained earnings)	Total equity
Equity at 1 January 2010	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	(2 687)	0	0	(2 687)
Stamp duty tax	(1 730)	0	0	(1 730)
Total comprehensive income for the period	0	0	12 444	12 444
Balance as at 31 December 2010	111 388	0	12 444	123 831
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	(3 117)	(3 117)
Balance as at 31 December 2011	130 142	0	9 327	139 469

Condensed statement of cash flow for the period

	Full Year 2 011	Full Year 2 010
Cash flow from operating activities		
(Loss)/profit before tax	(3 003)	17 283
Revenue utilised for loan repayment	0	(33 772)
Depreciation	15 041	11 995
Net fair value gains on derivative financial instruments	0	(392)
Interest cost	13 903	16 069
Unrealised loss on exchange		44
(Increase)/decrease in trade and other receivables	(8 819)	(38)
(Increase)/decrease in stock	156	(155)
(Increase)/decrease in prepayments and accrued revenue	(13 005)	(872)
Increase/(decrease) in trade and other payables	(1 006)	993
Increase/(decrease) in provisions and accrued expenses	(9 124)	7 895
Interests paid	(5 012)	(13 582)
Interests received	127	119
Taxation paid	(2 306)	0
Net cash flow from operating activities	(13 048)	5 587
Cash flow from investing activities		
Purchase of property, plant and equipment	(68 729)	(63 560)
(Increase)/decrease in investments	0	0
Proceeds from sale of property, plant and equipment	0	0
Net cash flow from investing activities	(68 729)	(63 560)
Cash flow from financing activities		
Proceeds from issue of share capital	17 514	116 019
Equity issue costs	1 240	(4 636)
Issue of loans	29 000	6 000
Repayment of loans	(8 583)	0
Net cash flow from financing activities	39 171	117 383
Net increase/(decrease) in cash and cash equivalents	(42 607)	67 707
Cash and cash equivalents at beginning of the period	67 707	0
Exchange rate effects		0
Cash and cash equivalents at the end of the period	25 100	67 707

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, 2010. This interim report should be read in conjunction with the audited 2010 financial statements, which include a full description of the Group's significant accounting policies.

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.

Notes

Note 1 - Rigs and equipment

in USD thousands, except per share data

	Semi submersible drilling rigs/SPS	Other fixtures and equipment	Total
Acquisition cost per opening balance 1 Jan 2011	220 661	658	221 319
Acquisition of fixed assets	67 820	458	68 278
Disposal of fixed assets	-	0	0
Acquisition cost at ending balance	288 481	1 116	289 596
Accumulated depreciation per opening balance 1 Jan 2011	(12 295)	(32)	(12 327)
Depreciation	(14 494)	(202)	(14 696)
Disposals	-	-	0
Accumulated depreciation per ending balance	(26 789)	(234)	(27 023)
Net carrying amount at end of period	261 692	881	262 573
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.

Working Capital Loan Agreement

Awilco Drilling entered into an agreement with Transocean for a three year Working Capital facility of USD 35 million, and the funds were available for draw down over a period of 18 months. 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	WilHunter	Total
Sellers credit at time of consummation of transaction	82 500	82 500	165 000
Repayment of debt	(6 875)	(32 527)	(39 402)
Drawdown on Working Capital Debt	23 333	5 833	29 167
Total debt to Transocean per end of accounting period	98 958	55 806	154 765
Current portion of long term debt	31 583	14 083	45 667
Long term debt to Transocean per end of period	67 375	41 723	109 098
	98 958	55 806	154 765

(1) Drawdown on Working Capital Loan:

In total, MUSD 35 has been drawn on the Working Capital loan, with USD 5.8 million repaid on 14th October 2011. Interest accrued on or before 14th January 2012 was accumulated and paid in whole on 14th January 2012 along with the second scheduled repayment of USD 5.8 million and the additional mandatory payment of USD 3.5 million

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 2011</u>
Sales	-
Purchases	1 916
Receivables	-
Payables	(198)

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 expense in the quarter was USD 1.2 million calculated using the effective group tax rate on profits earned during the quarter.

Note 6 - Subsequent events

In early January, the WilPhoenix arrived in Invergordon. On completion of the AGR multi-well multi-client programme commitment, the rig subsequently commenced preparatory work for HESS abandonment programme scheduled to start on the 1st of March.

WilHunter's contract with Nautical Petroleum was completed in October 2011. However, a dispute has arisen whereby Nautical Petroleum has withheld payment of USD 4 million in respect of duly approved invoices. In January, Awilco Drilling filed a claim in the English Courts for recovery of these funds. Nautical Petroleum has subsequently submitted a counterclaim of GBP 5.3 million. Awilco Drilling believes that Nautical Petroleum's actions and claims are without merit and is vigorously contesting them and pursuing collection of the withheld amounts.

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Note 7 - Capital Commitments

Outstanding Capital Commitments as the end of Quarter 4 were USD 2.0 million

Note 8 - Share capital

As of 31st December 2011 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 2011	30 031 500	£0,0065	304 173	129 837 405
Basic/diluted average number of shares, 1 October - 31 December	30 031 500			
Basic/diluted average number of shares, YTD	28 769 067			

Ranking	Shares	Ownership
Awilco Drilling AS	14 633 100	48,73 %
Deutsche Bank AG, London	4 071 423	13,56 %
Odin Offshore	1 755 300	5,84 %
Frank Mohn AS	1 500 000	4,99 %
Euroclear Bank SA	806 834	2,69 %
Skandinaviska Enskilda Banken	654 962	2,18 %
JP Morgan Clearing	551 749	1,84 %
Sabaro Investments Ltd	515 000	1,71 %
Glaamene Industrier	481 000	1,60 %
Skips AS Tudor	387 500	1,29 %
Toluma Norden AS	387 500	1,29 %
Bank of New York	376 777	1,25 %
KLP Aksje Norge	373 646	1,24 %
Stenhagen Invest AS	351 410	1,17 %
MP Pensjon	236 000	0,79 %
Bergen Kommunale Pensjonskasse	224 100	0,75 %
Kommunal Landspensjonskasse	164 900	0,55 %
JPMorgan Chase Bank	150 000	0,50 %
Pibco AS	140 200	0,47 %
LGJ Invest AS	100 000	0,33 %
Other shareholders	2 170 099	7,23 %
	<u>30 031 500</u>	<u>100,00 %</u>