FIRST QUARTER 2006

Awilco Offshore has invested in seven jack-up drilling rigs under construction and two accommodation units in operation. The company also holds an option for the construction of a further jack-up drilling rig. In addition Awilco Offshore owns 18.5% of Petrojack ASA, and approx. 40% of Offshore Rig Services ASA.

The positive momentum in the drilling market is continuing. The early deliveries of Awilco Offshore's drilling rigs makes the company well positioned to take advantage of a strong drilling market.

Premium Drilling's recruitment of personnel on land and offshore is progressing as scheduled.

Strong accommodation rig market - Port Reval secures long term contract at leading edge rate.

RESULTS

Main figures

First quarter 2006

Revenues for the period came to MUSD 13.3 The company's income statement shows an operating profit before depreciation and amortization (EBITDA) of MUSD 3.5, and operating profit after depreciation of MUSD 1.6.

Substantially all operating revenues and operating costs in the first quarter relate to the two accommodation units. Both accommodation units have continued operation under the same contracts as in the fourth quarter of 2005, and have accordingly had the same operation income.

Total administration expenses for the first quarter came to MUSD -2.5. Included in the administration expenses is MUSD -1.5 as the calculated value of share based payments. The share-based payments have up to date had no liquidity effect.

Net financial items came to MUSD -2.2. Other financial items came to MUSD -1.3.

Profit before tax was MUSD -0.6, and net profit MUSD -0.4.

As per March 31 2006, total assets amounted to MUSD 480.7. Net book value of the shares in Premium Drilling, was MUSD -0.1, and was recorded as other long-term debt accrual. The net book value of Offshore Rig Services was at March 31, MUSD 74.4. The investment in Petrojack had a fair value of MUSD 44.6. Awilco Offshore had MUSD 40.7 in cash and cash equivalents at ending balance. During the first quarter, total investments came to MUSD -28.0, of which MUSD -27.5 relate to payments for the newbuilding contracts, and MUSD -0.5 relate to upgrades and maintenance for the accommodation unit, Port Reval.

Awilco Offshore is well positioned to meet the remaining payments for the newbuilding contracts through its strong cash position and undrawn debt facilities.

Financing

In February 2006 Awilco Offshore issued a Bond Loan of MUSD 100. The Bond is unsecured, has a five year bullet maturity and carries a fixed coupon of 9.75% p.a. The Bond is flexible, as it includes no change of control provisions and allows for a possible demerger of the company without bondholder approval in connection with possible corporate transactions.

During the first quarter Awilco Offshore also increased its bank credit facility with Nordea as agent from MUSD 210 to MUSD 410. As per March 31 2006, there was no amount drawn. The debt on the accommodation units was repaid during first quarter, and will be redrawn when required for liquidity purposes. Awilco Offshore is currently in discussions with its banks to increase and amend the facility also to include the latest two rigs ordered.

In addition to the Nordea led facility, the company has a project bank financing for WilPower of MUSD 94 with Standard Chartered Bank (at March 31, the amount drawn was approx. MUSD 65).

SEGMENTS

Investments in jackup rigs

At March 31, six jack-up drilling rigs were on order. The rigs are under construction at two reputable yards in Singapore; PPL and Keppel FELS. The construction of the rigs is progressing as planned, and is based upon fixed price contracts. The rigs will be delivered "ready to drill". The provided delivered costs include contract price with the yard, site supervision, pipe handling equipment, spare parts and finance costs during construction.

Name	Yard	W. depth	D. depth	Decl.window	Delivery	Delivered cost	Next milestone
Contracted rigs							
WilPower	PPL	375ft	30,000ft		2Q06	USD131m	Delivery 2Q06
WilCraft	Keppel	400ft	30,000ft		4Q06	USD131m	Delivery 4Q06
WilSuperior	PPL	375ft	30,000ft		2Q07	USD130m	Main deck 3Q06
WilBoss	Keppel	400ft	30,000ft		4Q07	USD134m	Keel laying 3Q06
WilForce	PPL	375ft	30,000ft		4Q07	USD144m	Keel laying 4Q06
WilSeeker *	PPL	375ft	30,000ft		2Q08	USD 132-140m	Effective date July 2006
WilStrike	Keppel	400ft	30,000ft		Before 31/5-09	USD 163m	Steel cutting 3q06
PPL option III	PPL	375ft	30,000ft	03-09 2006	+27 months		

*The PPL II option was exercised in April 06, and the rig WilSeeker is now on order

Premium Drilling - update

Premium Drilling, our operational management company jointly owned with Sinvest, has been accepted by major oil companies as a preferred drilling contractor. Currently the company has 85 employees, of which 20 is based in the head offices in Houston. Premium Drilling is continuing to actively recruit personnel for its operation, and recruitment is on schedule.

Investment in Offshore Rig Services (OFRS)

Awilco Offshore holds 40% of the shares in Offshore Rig Services. OFRS is a Norwegian incorporated company listed on OTC, with two semi submersible rigs under construction and attractive options to construct a further two units.

Investment in Petrojack (JACK)

Awilco Offshore holds 18,5% of the shares in Petrojack, and have an agreement with Sinvest to cooperate on any further investments in the company. Together the two companies control 36,5% of the shares in Petrojack.

Accommodation rigs

Awilco Offshore owns two out of four accommodation units approved for work on the Norwegian Continental Shelf. Port Rigmar is a jack–up with 326 beds and is employed by ConocoPhillips on the Ekofisk field until October 2008.

Port Reval is a semi-submersible rig with 362 beds. The accommodation unit is currently working at Eldfisk for ConocoPhillips. This summer the unit will relocate to the Frigg field under a contract with Aker Kvaerner in connection with the Frigg Decommissioning program for Total. Thereafter Port Reval will be employed for ConocoPhillips at Greater Ekofisk. Port Reval has continuous employment until May 2009.

The two accommodation units have contract coverage of 96% in 2006, 96% in 2007, 88% in 2008 and 17% in 2009.

PROSPECTS

The market for **Jack-up drilling** rigs remains tight with close to full utilisation. Dayrates are currently about USD 200.000/day. The sustained high oilprices implies increased drilling activities with dayrates for jackup rigs continuing its strong development.

The company sees a strong market during the coming years based upon its view on:

- Continued high energy prices
- Increasing E&P spending by oil companies
- Demand for jack-up drilling rigs outstripping supply

The early deliveries of Awilco Offshore's uncommitted newbuildings makes the company well positioned to benefit from the continued strong market.

The outlook in the **Accommodation** market is positive. Awilco Offshore's units are fixed on firm contracts till October 2008 and May 2009. Awilco Offshore foresee a strong market also in the following years.

Events since March 31st 2006

- In April 2006, Awilco Offshore and Sinvest, announced a conditional agreement with Petrojack for the acquisition of the three rigs Petrojack had under construction at that time.
- In April 2006, the PPL II option was exercised. WilSeeker will be the fourth PPL rig under construction. The rig is to be delivered in 2Q 2008, and delivered cost is expected to be USD 132 -140 million, depending on final agreement on the cost for the drilling equipment.
- In April 2006, Awilco Offshore bought a further 1 million shares in Offshore Rig Services. Current ownership is approx. 40%. In addition, the company has a right of first refusal on a further 2.8 million shares.
- In May 2006 the accommodation unit Port Reval received a Letter of Intent for a 21 months contract with ConocoPhillips from August 2007 with a gross contract value of approx. MUSD 100.

Oslo, May 22nd 2006
The board of directors of Awilco Offshore ASA

Company background
Awilco Offshore was incorporated in January 2005. In February 2005, the company acquired all offshore rig assets of Awilco AS (a wholly-owned company in the Anders Wilhelmsen Group), and as part of the transaction NOK 1,000 mill was raised in new equity at NOK 20 per share through a private placement. Awilco Offshore was listed on the Oslo Stock Exchange on May 11th 2005.

During the second quarter 2005 Awilco Offshore and Sinvest entered into an agreement to establish a jointly owned operational company, Premium Drilling. The company is well accepted by major oil companies as a preferred drilling contractor, and recruitment is on schedule.

Awilco Offshore owns approx. 18,5% of the shares in Petrojack ASA, and has together with Sinvest agreed to co-operate on any future purchase of shares in this company. Awilco Offshore also owns approx. 40% of Offshore Rig Services ASA.

The total number of outstanding shares of Awilco Offshore is in May 2006, 139.777.880 shares.

www.awo.no

Awilco Offshore
Profit and loss statement
(in USD thousands, unless otherwise indicated)

	1Q06	1Q05	2005
Operating revenues	13 324	7 172	42 082
Operating expenses	5 617	4 259	21 551
Adminstrative expenses	2 496	779	6 830
Depreciation	1 877	1 729	7 223
Net result from associated companies/joint ventures	1 712	-	1 073
Total operating expenses	11 701	6 767	36 677
Net operating profit/(loss)	1 623	405	5 405
Interest income	391	511	2 273
Interest costs	(1 243)	(1 005)	(4 776)
Other financial items	(1 348)	(3 537)	(562)
Net financial items	(2 201)	(4 031)	(3 064)
Profit before tax	(578)	(3 627)	2 341
Tax expense	161	1 248	(433)
Net profit	(417)	(2 378)	1 908
Basic/diluted earnings per share	-0,003	-0,030	0,018

Awilco Offshore

Balance sheet

(in USD thousands)

	1Q06	1Q05	2005
Rigs	308 015	137 015	281 843
Other assets	253	-	248
	308 268	137 015	282 091
Investment in shares	44 646	-	39 252
Investment in joint ventures	-	-	2 049
Investment in associates	74 392	-	-
	119 038	-	41 301
Other current assets	12 676	5 133	11 607
Financial investment	-	-	73 987
Bank deposits, cash equivalents	40 699	133 565	35 753
	53 374	138 698	121 348
Total assets	480 680	275 713	444 740
Paid in capital	283 039	174 051	283 039
Other equity	9 106	1 804	5 762
Revaluation reserves	16 813	-	11 419
	308 958	175 856	300 220
Deferred tax	3 179	5 513	3 882
Other long-term accruals	311	-	183
	3 490	5 513	4 065
Long-term debt	155 706	77 994	112 155
First year installment on mortgage debt	3 136	11 440	11 440
Other current liabilities and accruals	9 390	4 911	16 859
	12 526	16 351	28 299
Total equity and debt	480 680	275 713	444 740

Awilco Offshore

Cash flow statement

(in USD thousands)

	1Q06	1Q05	2005
Cash flow from (used in) operations	(6 754)	3 133	16 966
Cash flow from (used in) investments	(28 047)	(41 520)	(200 643)
Cash flow from (used in) financing	39 746	147 725	195 202
Net cash flow	4 945	109 337	11 526
Cash and cash equivalents per opening balance	35 753	24 228	24 228
Cash and cash equivalents per ending balance	40 699	133 565	35 753

Awilco Offshore

Statement of changes in equity

(in USD thousands, unless otherwise indicated)

	1Q06	1Q05	2005
Equity per opening balance [1]	300 220	24 986	24 986
Reversal of pro forma adjustments	-	1 940	5 190
Equity contributions	-	155 968	262 438
Revaluation reserve	5 084	-	11 419
Translation adjustments	-	(4 660)	(5 722)
Net profit (loss) during the period	(417)	(2 378)	1 908
Equity per ending balance	304 887	175 856	300 220

Share capital details			
Average number of shares during the period	130 277 880	80 234 474	107 351 377
Number of shares end of the period	130 277 880	111 133 500	130 277 880

(1) Equity at January 1, 2005 is based on pro forma accounts. See the Awilco Offshore's 2005 annual report for details regarding pro forma accounts.

Basis for preparation

The consolidated condensed financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. The interim financial statements are unaudited.

Significant accounting policies

The accounting policies used in the preparation of these financial statements are consistent with those used in the annual financial statements for the year ended December 31, 2005. The interim financial reporting should be read in conjunction with the 2005 annual financial statements, which include a full description of the Group's accounting principles.

Awilco Offshore
Fixed assets

Currently, Awilco Offshore has entered into seven newbuilding contracts to build jack-up drilling rigs. Four contracts are with the PPL yard and the remaining three contracts are with the Keppel yard. The capitalized amounts on the jack-up drilling rigs include the installments paid to the yards according to the construction contracts, initial project costs, project management costs, capitalized interest and other costs directly associated with the newbuilding program.

(in USD thousands)

Per 1Q06

	Accomodation units		Jack-up rigs		Other assets	
	2006	2005	2006	2005	2006	2005
Acquistion cost, opening balance	95 381	86 606	205 037	22 021	299	-
Acquisition, capitalized costs	455	8 775	27 591	183 016	7	299
Acquistion cost, ending balance	95 836	95 381	232 628	205 037	306	299
Accumulated depreciation, opening balanse	(18 574)	(11 403)	-	-	(52)	-
Depreciation	(1 876)	(7 172)	-	-	(1)	(52)
Accumulated depreciation, ending balance	(20 450)	(18 574)	-	-	(53)	(52)
Net carrying value, ending balance	75 386	76 807	232 628	205 037	253	248

Per 4Q05

	Accomodation units		Jack-up rigs		Other assets	
	2005	2004	2005	2004	2005	2004
Acquistion cost, opening balance	86 606	62 451	22 021	-	-	-
Acquisition, capitalized costs	8 775	24 155	183 016	22 021	299	-
Acquistion cost, ending balance	95 381	86 606	205 037	22 021	299	-
Accumulated depreciation, opening balanse	(11 403)	(6 159)	-	-	-	-
Depreciation	(7 172)	(5 244)	-	-	(52)	-
Accumulated depreciation, ending balance	(18 574)	(11 403)	-	-	(52)	-
Net carrying value, ending balance	76 807	75 203	205 037	22 021	248	-

Per 3Q05

	Accomodation units		Jack-up rigs		Other assets	
	2005	2004	2005	2004	2005	2004
Acquistion cost, opening balance	86 606	62 451	22 021	-	-	-
Acquisition, capitalized costs	6 481	24 155	135 812	22 021	95	-
Acquistion cost, ending balance	93 087	86 606	157 833	22 021	95	-
Accumulated depreciation, opening balanse	(11 403)	(6 159)	-	-	-	-
Depreciation	(5 296)	(5 244)	-	-	(15)	-
Accumulated depreciation, ending balance	(16 699)	(11 403)	-	-	(15)	-
Net carrying value, ending balance	76 388	75 203	157 833	22 021	81	-

Per 2Q05

	Accomodation units		Jack-up rigs		Other assets	
	2005	2004	2005	2004	2005	2004
Acquistion cost, opening balance	86 606	62 451	22 021	-	-	-
Acquisition, capitalized costs	6 481	24 155	79 517	22 021	95	-
Acquistion cost, ending balance	93 087	86 606	101 538	22 021	95	-
Accumulated depreciation, opening balanse	(11 403)	(6 159)	-	-	-	-
Depreciation	(3 459)	(5 244)	-	-	-	-
Accumulated depreciation, ending balance	(14 861)	(11 403)	-	-	-	-
Net carrying value, ending balance	78 225	75 203	101 538	22 021	95	-

Per 1Q05

	Accomodation units		Jack-up rigs		Other assets	
	2005	2004	2005	2004	2005	2004
Acquistion cost, opening balance	86 606	62 451	22 021	-	-	-
Acquisition, capitalized costs	-	24 155	41 520	22 021	-	-
Acquistion cost, ending balance	86 606	86 606	63 541	22 021	-	-
Accumulated depreciation, opening balanse	(11 403)	(6 159)	-	-	-	-
Depreciation	(1 729)	(5 244)	-	-	-	-
Accumulated depreciation, ending balance	(13 132)	(11 403)	-	-	-	-
Net carrying value, ending balance	73 474	75 203	63 541	22 021	-	-

Estimated project price for the contracted rigs, including yard contract prices, newbuilding supervision, owner furnished equipment, spares, financing and other project expenses, are specified as follows:

Contracted rigs	Yard	Delivery	Project price
WilPower	PPL	2Q06	USDm 131
WilCraft	Keppel	4Q06	USDm 131
WilSuperior	PPL	2Q07	USDm 130
WilBoss	Keppel	4Q07	USDm 134
WilForce	PPL	4Q07	USDm 144
WilStrike	Keppel	2Q09	USDm 163
WilSeeker	PPL	2Q08	USDm 132-140

Awilco Offshore

(in USD thosands)

Related party disclosure

Management services are provided by Anders Wilhelmsen group, which is a major shareholder through its wholly owned subsidiary Awilco AS.

Per the end of this accounting period, related party transactions with Anders Wilhelmsen group can be specified as follows:

Management fee	262
Receivable (debt) per end of period	1 739

Jointly controlled entity

Awilco Offshore and Sinvest established a jointly controlled entity, Premium Drilling, to manage the operations of the companies' fleet of jack-up drilling rigs. Awilco Offshore's 50% ownership in Premium Drilling is recorded using the equity method.

NBV per opening balance	2 049
Share of profit/(loss) in associate	(2 116)
Translation adjustment	(55)
NBV per ending balance	(123)

The negative net book value of the share in Premum Drilling is reorded as other long-term accrual.

Associated companies

On December 30, 2005, Awilco Offshore entered into an agreement to acquire approximately 38% of Offshore Rig Services ASA (OFRS) for NOK 26 per share. The transaction was completed in January 2006. The shares of OFRS are traded on the Norwegian OTC market.

Because the acquistion was not finalized at December 31, 2005, the investment was recorded as a forward agreement, in accordance with IAS 39, and classified as a current asset at December 31, 2005. In January 2006, the acquisition was finalized and the investment was reclassified as an investment in associates.

NBV per opening balance	73 987
Share of profit/(loss) in associate	405
Translation adjustment	-
NBV per ending balance	74 392

Investment in shares

Awilco Offshore owns approximately 20% of the shares in Petrojack ASA The investment is classified as an available-for-sale investment and fair value adjustments are recorded to directly to equity.

NBV per opening balance	39 252
Fair value adjustment in period	5 394
NBV per ending balance	44 646

Share-based payment

Awilco Offshore has an employee share incentive plan for senior management. Under the incentive plan, management is granted share appreciation rights where the employees are entitled to a cash payment equivalent to the gain that would have arisen from a holding of a particular number of shares from the date of the grant to the date of excercise. The share appreciation rights are vested over four years from the date of grant.

The fair value of the share appreciation rights has been estimated using the Black & Scholes option pricing model.

Fair value per opening balance	2 038
Expensed this period	1 509
Fair value per ending balance	3 546

Awilco Offshore
Segment information
(in USD thousands)

Segment information 1Q06 (accumulated)

	Accom rigs	Jack-up rigs	Other	Total
Operating income	13 279	-	46	13 324
Operating costs	(5 617)	-	-	(5 617)
Depreciation	(1 876)	-	-	(1 876)
Administrative expenses	(96)	(269)	(2 133)	(2 497)
Operating profit	5 691	(269)	(2 087)	3 335
Assets	75 386	232 628		308 015
Mortgage debt (incl 1 year installment))	-	64 680	100 000	164 680
Investments	455	27 591		28 047

Segment information 4Q05 (accumulated)

	Accom rigs	Jack-up rigs	Other	Total
Operating income	42 048	-	34	42 082
Operating costs	(21 551)	-	-	(21 551)
Depreciation	(7 172)	-	(52)	(7 223)
Administrative expenses	(422)	(844)	(5 565)	(6 830)
Operating profit	12 904	(844)	(5 583)	6 478
Assets	76 807	205 037	248	282 091
Mortgage debt (incl 1 year installment))	71 429	52 166		123 595
Investments	8 775	183 016	299	192 090

Segment information 3Q05 (accumulated)

	Accom rigs	Jack-up rigs	Other	Total
Operating income	28 497	-	13	28 510
Operating costs	(15 323)	-	-	(15 323)
Depreciation	(5 296)	-	(15)	(5 311)
Administrative expenses	(301)	(383)	(1 754)	(2 438)
Operating profit	7 576	(383)	(1 756)	5 438
Assets	76 388	157 833		234 221
Mortgage debt (incl 1 year installment))	74 286	35 280		109 566
Investments	6 481	135 812		142 293

Segment information 2Q05 (accumulated)

	Accom rigs	Jack-up rigs	Other	Total
Operating income	13 639	-	-	13 639
Operating costs	(10 443)	-	-	(10 443)
Depreciation	(3 459)	-	-	(3 459)
Administrative expenses	(128)	(187)	(1 182)	(1 496)
Operating profit	(390)	(187)	(1 182)	(1 758)
Assets	78 225	101 538		179 763
Mortgage debt (incl 1 year installment))	77 143	11 760		88 903
Investments	6 481	79 517		85 998

Segment information 1Q05 (accumulated)

	Accom rigs	Jack-up rigs	Other	Total
Operating income	7 172	-	-	7 172
Operating costs	(4 259)	-	-	(4 259)
Depreciation	(1 729)	-	-	(1 729)
Administrative expenses	(55)	(73)	(651)	(779)
Operating profit	1 129	(73)	(651)	405
Assets	73 474	63 541		137 015
Mortgage debt (incl 1 year installment))	80 000	11 760		91 760
Investments	-	41 520		41 520

Awilco Offshore
Segment information by geographic area

The geographic split of operating income refers to what contintental shelf the rigs have been employed on during the period. As the rigs are moveable they may be employed in different jurisdiction in an accounting period, therefore the depreciation is not split by geographic area. The same applies for administrative expenses.

(in USD thousands)

Segment information 1Q06 (accumulated)

	UK	Norway	Other, unallocated	Total
Operating income	-	13 279	46	13 324
Operating costs	-	(5 617)	-	(5 617)
	-	7 662	46	7 707
Depreciation			(1 876)	(1 876)
Administrative expenses			(2 497)	(2 497)
Operating profit	**-**	**15 324**	**(4 282)**	**3 335**

Segment information 4Q05 (accumulated)

	UK	Norway	Other, unallocated	Total
Operating income	11 976	30 072	34	42 082
Operating costs	(4 893)	(16 657)	-	(21 551)
	7 082	13 415	34	20 531
Depreciation			(7 223)	(7 223)
Administrative expenses			(6 830)	(6 830)
Operating profit	**7 082**	**26 830**	**(13 986)**	**6 478**

Segment information 3Q05 (accumulated)

	UK	Norway	Other, unallocated	Total
Operating income	12 093	16 404	13	28 510
Operating costs	(4 941)	(10 382)	-	(15 323)
	7 152	6 022	13	13 187
Depreciation			(5 311)	(5 311)
Administrative expenses			(2 438)	(2 438)
Operating profit	**7 152**	**12 044**	**(7 723)**	**5 438**

Segment information 2Q05 (accumulated)

Figures in USD 1000	UK	Norway	Other, unallocated	Total
Operating income	3 454	10 185	-	13 639
Operating costs	(1 777)	(8 666)	-	(10 443)
	1 678	1 519	-	3 197
Depreciation			(3 459)	(3 459)
Administrative expenses			(1 496)	(1 496)
Operating profit	**1 678**	**3 039**	**(4 955)**	**(1 758)**

Segment information 1Q05 (accumulated)

Figures in USD 1000	UK	Norway	Other, unallocated	Total
Operating income	2 109	5 062	-	7 172
Operating costs	(591)	(3 668)	-	(4 259)
	1 519	1 395	-	2 913
Depreciation			(1 729)	(1 729)
Administrative expenses			(779)	(779)
Operating profit	**1 519**	**2 789**	**(2 508)**	**405**