



## FOURTH QUARTER 2006

Awilco Offshore has invested in seven jack-up drilling rigs (of which five are under construction), three semi submersibles under construction and two accommodation units in operation. The company also holds options for the construction of one jack-up drilling rig and one semi submersible drilling rig.

### UPDATE

In November 2006, Awilco Offshore extended a voluntary offer for the remaining shares in Offrig Drilling ASA. In January 2007, a compulsory acquisition was initiated for the remaining outstanding shares, resulting in Offrig Drilling ASA becoming a wholly owned subsidiary of Awilco Offshore.

In December 2006, Premium Drilling entered into a Letter of Award for WilSuperior, the Company's third jackup drilling rig. The rig is to be delivered in mid 2007. The contract is with Thang Long Joint Operating Company (jointly owned by Talisman and Petro Vietnam) for 12 months operation offshore Vietnam.

The second jackup drilling rig, WilCraft, was delivered from the Keppel FELS Shipyard in late December and will shortly be mobilized for operation offshore Australia where the rig will commence its 13-24 months contract with Peak Group Asia Pacific.

In January 2007, the third semi drilling rig, WilTBN, was ordered from Yantai Raffles Shipyard in China. This semi rig will also be built to meet the requirements for operating on the Norwegian Continental Shelf, and is to be delivered in the fourth quarter of 2009.

### RESULTS

#### Main figures

##### Preliminary result 2006

Revenues for 2006 were MUS\$ 70.5. The Company's income statement shows an operating profit before depreciation and amortization (EBITDA) of MUS\$ 22.8, and operating profit of MUS\$ 12.8. EBITDA excluding non-cash elements was MUS\$ 34.2 for the full year ending December 31, 2006.

Operating revenues for 2006 relate to the two accommodation units and the first drilling rig, WilPower. The two accommodation rigs have been fully utilized during the year. Since delivery and commencement of operation for WilPower late in the third quarter, the rig has had less than two days startup related downtime.

Included in the total operating expenses of MUS\$ 28.0, is a total of MUS\$ 2.2 which relate to start-up costs for the drilling rigs WilPower and WilCraft. Operating costs for the two accommodation units of MUS\$ 25.8, includes MUS\$ 1.6 in catering costs for Port Reval which has been reimbursed by the client. During Port Reval's contract on the Frigg field/UK Continental Shelf, Norwegian shift arrangement has been maintained. This amounts to MUS\$ 1.5 and is currently an outstanding issue with the client. Accountingwise this has been treated as a non-reimbursable cost.

Total administration expenses amounted to MUS\$ 12.6 for 2006. The main elements in addition to administration costs in Oslo and Stavanger are share-based payments of MUS\$ 4.3, with no liquidity effect in 2006, and management fees and direct administration costs to Premium Drilling of MUS\$ 3.1.

Profit before tax was MUSD -1.6, and net profit MUSD -0.5. Earnings per share was USD -0.0040.

#### Fourth quarter 2006

Revenues for the period were MUSD 23.6. Operating profit before depreciation and amortization (EBITDA) came to MUSD 5.2, and operating profit was MUSD 1.7. EBITDA excluding non-cash elements for the fourth quarter of 2006 was MUSD 10.0.

Total operating costs came to MUSD 8.9 for the fourth quarter. Included in the total operating expenses is a total of MUSD 1.9, which relate to start-up costs for the drilling rigs and other direct operating expenses. Operating costs for the two accommodation units of MUSD 7.0 are including MUSD 0.9 in catering costs for Port Reval, which has been reimbursed by the client.

Total administration expenses for the fourth quarter came to MUSD 6.7. The main elements in addition to administration costs in Oslo and Stavanger are share-based payments of MUSD 2.0, and management fees and direct administration costs to Premium Drilling of MUSD 1.1.

Net financial items reflected an expense of MUSD 6.1. Approximately MUSD 2.4 of the interest expenses relate to allocated interest costs associated with the outstanding bonds, which will have liquidity effect only at payment.

Profit before tax was MUSD -4.4, and net profit MUSD -2.5. Earnings per share was USD - 0.0177.

As at December 31, 2006, total assets amounted to MUSD 1.172. Net book value of the shares in Premium Drilling was a negative MUSD 5.1 and is recorded as other long-term debt accrual. The investment in Petrojack had a fair value of MUSD 40.4.

Awilco Offshore had MUSD 102.2 in cash and cash equivalents at ending balance, of which MUSD 28.6 is a cash deposit in connection with export financing. In addition the Company had MUSD 82.8 in short term securities.

At December 31, Awilco Offshore had MUSD 300 in outstanding bonds; MUSD 200 is secured against the two first semis and MUSD 100 as an unsecured corporate bond. In addition the Company had MUSD 83.6 drawn on the accommodation units and MUSD 212.5 drawn on the jack-up drilling rigs per 31.12.06.

During the fourth quarter, MUSD 136.2 was paid on the jack-up new building contracts. The cash flow only takes in consideration the investments in semi new buildings from the point where Offrig Drilling ASA has been treated as a subsidiary. For remaining capex for the drilling rigs, see table 1a and 1b. In the fourth quarter, Awilco Offshore spent MUSD 3.7 on cash purchases of shares in Offrig Drilling ASA.

#### **Change in accounting principle**

After increasing the ownership of Offrig Drilling ASA on November 16 2006 to 69.2%, the company has been treated as a subsidiary. Until such increase in ownership the company was treated as an associated company.

## **SEGMENTS**

#### **Investments in jack-up drilling rigs**

At December 31, five 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.

Table 1a

Name	Yard	W. depth	D. depth	Decl.	Delivery	Delivered cost	Next milestone
<u>Contracted rigs</u>							
WilPower	PPL	375ft	30,000ft		DELIVERED		
WilCraft	Keppel	400ft	30,000ft		DELIVERED		
WilSuperior	PPL	375ft	30,000ft		2Q07	USD130m	Legs erection 2Q07
WilBoss	Keppel	400ft	30,000ft		4Q07	USD134m	Undocking 2Q07
WilForce	PPL	375ft	30,000ft		4Q07	USD144m	Main deck completion 1Q07
WilSeeker	PPL	375ft	30,000ft		2Q08	USD 143m	Main deck completion 3Q07
WilStrike	Keppel	400ft	30,000ft		Before 31/5-09	USD 163m	Steel cutting 4Q07
PPL option III	PPL	375ft	30,000ft.	March 2007	+27 months	USD 149m	

### Investment in semi submersible drilling rigs

At December 31, two semi submersible drilling rigs were on order. The rigs are under construction at Yantai Raffles Shipyard in China. The provided costs for the semis include contract prices with yard and the drilling packages. Site supervision, overhead/project costs, spare parts and finance costs during construction are not included in the numbers.

Table 1b

Name	Yard	W. depth	Station Keeping	Variable Deck load	Delivery	Contract prices
<u>Contracted rigs</u>						
WilPioneer	YRS	2,500ft	D.P.	4,000 mt	2Q08	USD 285m
WilInnovator	YRS	2,500ft	D.P.	4,000 mt	4Q08	USD 303m
WilTBN*	YRS	2,500ft	D.P.	4,000 mt	4Q09	USD 318m
<u>Option</u>						
YRS option	YRS	Decl. by	07. 11.08			USD 340-360m

\* Ordered in January 2007

### Accommodation rigs

Awilco Offshore owns two out of only 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. The rig is scheduled for dry docking during summer 2007 in connection with the completion of its regular five-yearly class work.

Port Reval is a semi-submersible rig with approx. 360 beds. In July 2006 the unit was mobilized to the Frigg field under a contract with Aker Kvaerner in connection with the Frigg Decommissioning program for Total. This contract runs till July 2007. Thereafter, Port Reval will be employed for ConocoPhillips at Greater Ekofisk. Port Reval has continuous employment until May 2009.

On February 23<sup>rd</sup> the accommodation unit Port Reval experienced a failure in the mooring system during a period of adverse weather. The unit was winched some 30

meters away from the fixed installation and the operator Total elected to evacuate all un-essential personnel from the unit. This operation was completed within 8 hrs in a controlled fashion. Later inspection of the mooring system has revealed which part suffered failure, and it is expected that normal operation will be resumed within a few days. The economic impact for Awilco Offshore is expected to be marginal.

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

## **PROSPECTS**

The market for high specification jack-up drilling units continues to show strength with close to full utilisation in all markets, with the exception of the US GOM. Dayrates for high specification units continues at a level of around USD 225,000.

The Company's semi submersibles drilling units under construction are capable of operating in moderate water depth of about 2.500 ft. The average age for the existing fleet in this segment is about 27 yrs. and the need for renewal is apparent.

We foresee a strong international drilling market with undersupply of available units throughout 2007 and 2008 both in the market for jack-ups and semi submersible drilling units. Market conditions for the Company's undelivered units must be regarded as favourable.

The market for North Sea accommodation units is tight and we foresee that it will remain tight also for the coming years, including 2008/2009 when both Port Reval and Port Rigmor come of existing contracts.

From and including the first quarter of 2007, Offrig Drilling ASA will be treated as a wholly owned subsidiary of Awilco Offshore ASA. Until delivery of the first semi drilling rig, WilPioneer, the main effect on the P&L accounts will be increased administration costs. The oil service industry is experiencing a general cost pressure, and the Company is continuing its effort to identify synergies between the organisations.

Oslo, February 27, 2006

The board of directors of Awilco Offshore ASA

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### ***Company background***

*Awilco Offshore was incorporated in January 2005. The company acquired all offshore rig assets of Awilco AS (a wholly-owned company in the Anders Wilhelmsen Group). Awilco Offshore was listed on the Oslo Stock Exchange in May 2005.*

*Awilco Offshore and Sinvest have establish a jointly owned operational company, Premium Drilling. The company is well accepted by major oil companies as a preferred drilling contractor, and recruitment of key personnel is on schedule. Premium Drilling has offices in Houston, Singapore, Miri and Chennai. See [www.premiumdrilling.com](http://www.premiumdrilling.com).*

*Awilco Offshore completed a compulsory acquisition of the remaining shares in Offrig Drilling ASA in January 2007, resulting in OFRD becoming a wholly owned subsidiary of Awilco Offshore ASA.*

*WilPower, the first drilling rig under construction, was delivered from PPL in mid 2006. WilCraft was delivered from Keppel FELS in late December 2006.*

*The total number of outstanding shares of Awilco Offshore is at the date of this report, 149.415.487.*

**[www.awo.no](http://www.awo.no)**

**Avilco Offshore****Condensed consolidated profit and loss statement**

	Three months ended December 31		Twelve months ended December 31	
	2006	2005	2006	2005
(in USD thousands, unless otherwise indicated)				
Operating revenues	23 560	13 573	70 519	42 082
Operating expenses	8 933	6 228	27 982	21 551
Administrative expenses	6 666	4 391	12 626	6 830
Depreciation	3 513	1 913	9 952	7 223
Net result from associated companies/joint ventures	2 775	689	7 123	1 073
Total operating expenses	21 888	13 221	57 683	36 677
Operating profit	1 672	351	12 836	5 405
Interest income	183	664	1 140	2 273
Interest costs	(6 137)	(1 882)	(14 281)	(4 776)
Other financial items	(135)	1 324	(1 314)	(562)
Net financial items	(6 090)	107	(14 455)	(3 064)
Profit (loss) before tax	(4 417)	458	(1 619)	2 341
Tax benefit (expense)	1 872	(136)	1 087	(433)
Net profit (loss)	(2 546)	323	(532)	1 908
Attributable to minority interests	7	0	7	0
Attributable to shareholders of the parent	(2 552)	323	(539)	1 908
Basic/diluted earnings per share	(0,0177)	0,0027	(0,0040)	0,0178

**Awilco Offshore**  
**Condensed consolidated balance sheet**

(in USD thousands)	<u>31.12.2006</u>	<u>31.12.2005</u>
Rigs	913 504	281 843
Other assets	<u>569</u>	<u>248</u>
	<u>914 074</u>	<u>282 091</u>
Investment in shares	40 381	39 252
Investment in joint ventures	0	2 049
Investment in associates	0	0
Other long-term assets	<u>164</u>	<u>0</u>
	<u>40 545</u>	<u>41 301</u>
Other current assets	32 237	11 607
Financial investment	82 818	73 987
Bank deposits, cash equivalents	<u>102 227</u>	<u>35 753</u>
	<u>217 282</u>	<u>121 348</u>
Total assets	<u>1 171 901</u>	<u>444 740</u>
Paid in capital	444 582	283 039
Other equity	(6 491)	5 762
Revaluation reserves	12 549	11 419
Minority interests	<u>19 096</u>	<u>0</u>
	<u>469 736</u>	<u>300 220</u>
Deferred tax	22 010	3 882
Other long-term liabilities	<u>11 985</u>	<u>183</u>
	<u>33 994</u>	<u>4 065</u>
Long-term debt	<u>570 431</u>	<u>112 155</u>
First year installment on mortgage debt	21 780	11 440
Other current liabilities and accruals	<u>75 960</u>	<u>16 859</u>
	<u>97 740</u>	<u>28 299</u>
Total equity and debt	<u>1 171 901</u>	<u>444 740</u>

**Awilco Offshore****Condensed consolidated cash flow statement**

(in USD thousands)	Three months ended December 31		Twelve months ended December 31	
	2006	2005	2006	2005
Cash flow from (used in) operations	22 990	16 303	36 609	16 966
Cash flow from (used in) investments	(123 574)	(51 487)	(324 705)	(200 643)
Cash flow from (used in) financing	157 547	18 048	354 570	195 202
Net cash flow	56 963	(17 136)	66 474	11 526
Cash and cash equivalents per opening balance	45 264	52 889	35 753	24 228
Cash and cash equivalents per ending balance	102 227	35 753	102 227	35 753

## Awilco Offshore

### Condensed consolidated statement of changes in equity

( in USD thousands, unless otherwise indicated)

	<u>31.12.2006</u>	<u>31.12.2005</u>
Equity per opening balance <sup>(1)</sup>	300 220	24 986
Reversal of pro forma adjustments	0	5 190
Equity contributions	161 696	262 438
Revaluation reserve	192	11 419
Other equity / translation adjustments	(10 929)	(5 722)
Net profit (loss) during the period	<u>(539)</u>	<u>1 908</u>
Equity per ending balance	<u><u>450 640</u></u>	<u><u>300 220</u></u>

#### Share capital details

Average number of shares during the period	134 370 096	107 351 377
Number of shares end of the period	148 752 173	130 277 880

#### **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

### Acquisition of OffRig Drilling ASA

On November 16, 2006, Awilco Offshore increased its investment in OffRig Drilling ASA (OFRD) from 43.2% to 69.2%, gaining control of OFRD. At December 31, 2006, Awilco Offshore's investment in OFRD increased to 89.3%.

(in USD thousands)

#### Fair value of net assets acquired

Semi-submersible rigs	266 424
Other assets	113 792
Minority interests	(21 171)
Financial liabilities	(199 446)
Other liabilities	<u>(6 345)</u>
Total acquisition cost	153 254
Cash and cash equivalents acquired	25 080
AWO shares issued this year	(90 848)
Consideration paid in prior year	<u>(70 723)</u>
Cash outflow on acquisitions	<u><u>(16 763)</u></u>

Since the valuation of the assets and liabilities of OFRD is still in process, the above values are determined provisionally.

The carrying amounts of assets and liabilities determined in accordance with IFRSs immediately before the combination do not differ significantly from those disclosed above except for semi-submersible rigs and financial liabilities, which increased by USD 74.0m and USD 3.9m, respectively.

In addition, the Company recognized a USD 19.6m deferred tax liability in connection with the acquisition of OFRD.

On January 8, 2007, Awilco Offshore, having reached an ownership in OFRD of 91.2%, announced plans to initiate a compulsory acquisition of the remaining outstanding shares of OFRD in accordance with the regulations of the Norwegian Public Limited Companies Act § 4-25.

**Awilco Offshore**  
**Fixed assets**

Currently, Awilco Offshore has entered into five newbuilding contracts to build jack-up drilling rigs. Three contracts are with the PPL yard and the remaining two contracts are with the Keppel yard. Further, the Company has two semi-submersible drilling rigs under construction at the Yantai Raffles Shipyard in China. On January 31, 2007, the Company exercised an option with Yantai Raffles Shipyard to build the Company's third semi-submersible drilling rig, WilPromotor.

The capitalized amounts on the 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)

	Accommodation units		Jack-up rigs		Semi-submersible rigs		Other assets	
	2006	2005	2006	2005	2006	2005	2006	2005
<b>Per 4Q06</b>								
Acquisition cost, opening balance	95 381	86 606	205 037	22 021	0	0	299	0
Acquisition, capitalized cost	4 816	8 775	321 105	183 016	315 614	0	421	0
Disposals	0	0	0	0	0	0	(29)	299
Acquisition cost, ending balance	100 197	95 381	526 142	205 037	315 614	0	691	299
Accumulated depreciation, opening balance	(18 574)	(11 403)	0	0	0	0	(52)	0
Depreciation	(7 639)	(7 172)	(2 234)	0	0	0	(79)	(52)
Disposals	0	0	0	0	0	0	9	0
Accumulated depreciation, ending balance	(26 214)	(18 574)	(2 234)	0	0	0	(122)	(52)
Net carrying value, ending balance	73 983	76 807	523 908	205 037	315 614	0	569	248
According to segment info								
According to BS								
Control (should equal 0)								

	Accommodation units		Jack-up rigs		Semi-submersible rigs		Other assets	
	2005	2004	2005	2004	2005	2004	2005	2004
<b>Per 4Q05</b>								
Acquisition cost, opening balance	86 606	62 451	22 021	0	0	0	0	0
Acquisition, capitalized costs	8 775	24 155	183 016	22 021	0	0	299	0
Acquisition cost, ending balance	95 381	86 606	205 037	22 021	0	0	299	0
Accumulated depreciation, opening balance	(11 403)	(6 159)	0	0	0	0	0	0
Depreciation	(7 172)	(5 244)	0	0	0	0	(52)	0
Accumulated depreciation, ending balance	(18 574)	(11 403)	0	0	0	0	(52)	0
Net carrying value, ending balance	76 807	75 203	205 037	22 021	0	0	248	0

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

Contracted jack up rigs	Yard	Delivery	Project price
WilSuperior	PPL	2Q07	USDm 130
WilBoss	Keppel	4Q07	USDm 134
WilForce	PPL	4Q07	USDm 144
WilStrike	Keppel	2Q09	USDm 163
WilSeeker	PPL	2Q08	USDm 140

Estimated project costs for the contracted semi-submersible rigs are specified below and include the contract price with the yard and drilling packages:

Contracted semi-submersible rigs	Yantai Raffles	Delivery	Project price
WilPioneer	Yantai Raffles	2Q08	USDm 285
WilInnovator	Yantai Raffles	4Q08	USDm 303
WilTBN	Yantai Raffles	4Q09	USDm 318

## **Awilco Offshore**

### **Related party disclosure**

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

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

(in USD thousands)

Management fee	1 442
Receivable (debt) per end of period	9

### **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.

(in USD thousands)

NBV per opening balance	2 049
Share of profit/(loss) in associate	(7 070)
Translation adjustment	(34)
NBV per ending balance	<u>(5 055)</u>

The negative net book value of the share in Premium Drilling is classified as an other long-term accrual.

### **Associated companies**

On November 16, 2006, Awilco Offshore increased its investment in OffRig Drilling ASA (OFRD) to 69.2%, gaining control of OFRD. As a consequence, OFRD is treated as a subsidiary and is no longer considered an associated company. See disclosure describing the acquisition of OFRD for further details.

Until Awilco Offshore obtained control OFRD was treated as an associated company. Below is Company's share of profit until control was obtained in OFRD:

(in USD thousands)

Share of loss in associate	(53)
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### **Investment in shares**

Awilco Offshore owns 18.5% of the shares in Petrojack ASA. The investment is classified as an available-for-sale investment and fair value adjustments are recorded directly to equity.

(in USD thousands)

NBV per opening balance	39 252
Fair value adjustment during the period	1 129
NBV per ending balance	<u>40 381</u>

### **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 exercise. 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.

(in USD thousands)

Fair value per opening balance	2 038
Expensed during the period	4 279
Translation adjustment	276
Fair value per ending balance	<u>6 593</u>

**Awilco Offshore**  
**Segment information**

**Segment information 4Q06 (year to date)**

(in USD thousands)	Accom rigs	Jack-up rigs	Semi- submersible rigs	Other	Total
Operating income	61 829	8 497	0	193	70 519
Operating costs	(25 795)	(2 187)	0	0	(27 982)
Depreciation	(7 639)	(2 239)	(3)	(70)	(9 952)
Administrative expenses	(410)	(3 184)	(790)	(8 243)	(12 626)
<b>Operating profit</b>	<b>27 985</b>	<b>887</b>	<b>(793)</b>	<b>(8 120)</b>	<b>19 959</b>
					19 959
					0
Assets	73 983	523 908	315 614	569	914 074
Mortgage debt (incl. 1 year installment)	83 570	211 164	200 000	100 000	594 734
Investments	4 816	321 105	49 189	139	375 249

**Segment information 4Q05 (year to date)**

(in USD thousands)	Accom rigs	Jack-up rigs	Semi- submersible rigs	Other	Total
Operating income	42 048	0	0	34	42 082
Operating costs	(21 551)	0	0	0	(21 551)
Depreciation	(7 172)	0	0	(52)	(7 223)
Administrative expenses	(422)	(844)	0	(5 565)	(6 830)
<b>Operating profit</b>	<b>12 904</b>	<b>(844)</b>	<b>0</b>	<b>(5 583)</b>	<b>6 478</b>
Assets	76 807	205 037	0	248	282 091
Mortgage debt (incl. 1 year installment)	71 429	52 166	0	0	123 595
Investments	8 775	183 016	0	299	192 090

## Awilco Offshore

### Segment information by geographic area

The geographic split of operating income refers to what continental 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 depreciation is not split by geographic area. The same applies for administrative expenses.

#### Segment information 4Q06 (year to date)

(in USD thousands)	UK	Norway	Saudi Arabia	Other, unallocated	Total
Operating income	21 463	40 367	8 497	193	70 519
Operating costs	(9 285)	(16 510)	(935)	(1 251)	(27 982)
Depreciation	12 178	23 857	7 562	(1 058)	42 538
Administrative expenses				(9 952)	(9 952)
				(12 626)	(12 626)
Operating profit	<b>12 178</b>	<b>47 713</b>	<b>15 123</b>	<b>(24 695)</b>	<b>19 959</b>

#### Segment information 4Q05 (year to date)

(in USD thousands)	UK	Norway	Saudi Arabia	Other, unallocated	Total
Operating income	11 976	30 072	0	34	42 082
Operating costs	(4 893)	(16 657)	0	0	(21 551)
Depreciation	7 082	13 415	0	34	20 531
Administrative expenses				(7 223)	(7 223)
				(6 830)	(6 830)
Operating profit	<b>7 082</b>	<b>26 830</b>	<b>0</b>	<b>(13 986)</b>	<b>6 478</b>

**Awilco Offshore****Condensed consolidated cash flow statement**

(in USD thousands)	Three months ended December 31		Twelve months ended December 31	
	2006	2005	2006	2005
Cash flow from (used in) operations	22 990	16 303	36 609	16 966
Cash flow from (used in) investments	(123 574)	(51 487)	(324 705)	(200 643)
Cash flow from (used in) financing	157 547	18 048	354 570	195 202
Net cash flow	56 963	(17 136)	66 474	11 526
Cash and cash equivalents per opening balance	45 264	52 889	35 753	24 228
Cash and cash equivalents per ending balance	<u>102 227</u>	<u>35 753</u>	<u>102 227</u>	<u>35 753</u>

## Awilco Offshore

### Fixed assets

Currently, Awilco Offshore has entered into five newbuilding contracts to build jack-up drilling rigs. Three contracts are with the PPL yard and the remaining two contracts are with the Keppel yard. Further, the Company has two semi-submersible drilling rigs under construction at the Yantai Raffles Shipyard in China. On January 31, 2007, the Company exercised an option with Yantai Raffles Shipyard to build the Company's third semi-submersible drilling rig, WilPromotor.

The capitalized amounts on the 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)

	Accommodation units		Jack-up rigs		Semi-submersible rigs		Other assets	
	2006	2005	2006	2005	2006	2005	2006	2005
<b>Per 4Q06</b>								
Acquisition cost, opening balance	95 381	86 606	205 037	22 021	0	0	299	0
Acquisition, capitalized cost	4 816	8 775	321 105	183 016	315 614	0	421	0
Disposals	0	0	0	0	0	0	(29)	299
Acquisition cost, ending balance	100 197	95 381	526 142	205 037	315 614	0	691	299
Accumulated depreciation, opening balance	(18 574)	(11 403)	0	0	0	0	(52)	0
Depreciation	(7 639)	(7 172)	(2 234)	0	0	0	(79)	(52)
Disposals	0	0	0	0	0	0	9	0
Accumulated depreciation, ending balance	(26 214)	(18 574)	(2 234)	0	0	0	(122)	(52)
Net carrying value, ending balance	73 983	76 807	523 908	205 037	315 614	0	569	248
According to segment info								
According to BS								
Control (should equal 0)								

	Accommodation units		Jack-up rigs		Semi-submersible rigs		Other assets	
	2005	2004	2005	2004	2005	2004	2005	2004
<b>Per 4Q05</b>								
Acquisition cost, opening balance	86 606	62 451	22 021	0	0	0	0	0
Acquisition, capitalized costs	8 775	24 155	183 016	22 021	0	0	299	0
Acquisition cost, ending balance	95 381	86 606	205 037	22 021	0	0	299	0
Accumulated depreciation, opening balance	(11 403)	(6 159)	0	0	0	0	0	0
Depreciation	(7 172)	(5 244)	0	0	0	0	(52)	0
Accumulated depreciation, ending balance	(18 574)	(11 403)	0	0	0	0	(52)	0
Net carrying value, ending balance	76 807	75 203	205 037	22 021	0	0	248	0

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

Contracted jack up rigs	Yard	Delivery	Project price
WilSuperior	PPL	2Q07	USDm 130
WilBoss	Keppel	4Q07	USDm 134
WilForce	PPL	4Q07	USDm 144
WilStrike	Keppel	2Q09	USDm 163
WilSeeker	PPL	2Q08	USDm 140

Estimated project costs for the contracted semi-submersible rigs are specified below and include the contract price with the yard and drilling packages:

Contracted semi-submersible rigs	Yantai Raffles	Delivery	Project price
WilPioneer	Yantai Raffles	2Q08	USDm 285
WilInnovator	Yantai Raffles	4Q08	USDm 303
WilTBN	Yantai Raffles	4Q09	USDm 318