



FOURTH QUARTER 2005

Awilco Offshore has invested in five jack-up drilling rigs under construction and two accommodation units in operation. The company also holds options for the construction of a further three jack-up drilling rigs. In addition Awilco Offshore owns approx. 20% of Petrojack ASA, and approx. 38% of Offshore Rig Services ASA.

The momentum in the drilling market continues its unprecedented strong development. The early deliveries of Awilco Offshore's drilling rigs makes the company well positioned to take advantage of the strong market.

Premium Drilling has been accepted by major oil companies, and is well staffed and positioned to assume management of the Awilco Offshore drilling rigs when delivered from the yards.

Strong accommodation rig market - Port Reval to benefit from rate increase.

RESULTS

Main figures

Preliminary result 2005

Revenues for 2005 came to MNOK 271.1. The company's income statement shows an operating profit before depreciation and amortization (EBITDA) of MNOK 88.3, and operating profit after depreciation of MNOK 33.8. The revenues and operating costs for the first year of operation are related to the accommodation units. Net financial items came to MNOK -78.6. This amount is including Awilco Offshore's share of the result in Premium Drilling of MNOK -6.9. The amount is also including foreign exchange losses of MNOK -52.6, of which MNOK -45 is unrealized. Profit before tax was MNOK -44.8, and net profit MNOK -30.8. Earnings per share was NOK -0.29.

Fourth quarter 2005

Revenues for the period from October to December came to MNOK 89.2. The company's income statement shows an operating profit before depreciation and amortization (EBITDA) of MNOK 19.7, and operating profit after depreciation of MNOK 5.4. Port Reval has during the fourth quarter operated on the Norwegian Continental Shelf, with corresponding increased operating costs. In addition, delayed non-recurring project costs related to Port Reval (in connection with upgrades for operation on the Norwegian Continental Shelf) of approx. MNOK 3,8 have been included in the fourth quarter numbers. Included in the administration expenses in the fourth quarter is approx. MNOK 14 as the calculated value of share based payment as per note 1.3 to the interim financial report. Net financial items came to MNOK -26.8. Profit before tax was MNOK -21.4, and net profit MNOK -15.4.

As per December 31 2005, total assets amounted to MNOK 2,993. Awilco Offshore is well positioned to meet the remaining payments for the newbuilding contracts through its strong cash position and undrawn debt facilities.

Refinancing

During the fourth quarter Awilco Offshore increased its bank facility from MUSD 210 to MUSD 410. As per December 31 2005 the amount drawn was approx. MUSD 71. The total bank debt available is MUSD 504, including the project financing of MNOK 94 with Standard Chartered Bank (as per December 31 the amount drawn was approx. MUSD 53).

Change in accounting principle, restatement of prior period

The investment in Petrojack ASA was per 3Q05 recorded at "fair value through profit and loss statement". However, after reviewing the assumptions for applying the revised fair value option in IAS 39, it is assumed to be more appropriate to treat this as an investment "available for sale" – and record corresponding gains directly to equity. In compliance with the requirements in IAS 8, the financial statement for 3Q05 is restated to exclude the profit and loss effect of the revaluation of the above mentioned investment, and record this directly in equity. The revaluation per 3Q05 amounted to NOK 48,4 mill (USD 7,4 mill). This restatement has neither cash flow nor balance sheet effect. This restatement is included in the enclosed financials.

Please see a description of the main accounting principles in the notes to the interim financial statement per 4q 2005.

Reporting currency

Awilco Offshore will start to apply USD as reporting currency for its consolidated financial reporting. The main reason for changing reporting currency is that the group's assets are valued and financed in USD. Operating revenues are also mainly received in USD. Enclosed to this preliminary report we have provided an appendix showing how the historical financials would have been if USD had been the reporting currency from the incorporation of the company.

SEGMENTS

Investments in jackup rigs

As per 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. Construction of the rigs is based upon fixed price contracts and 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	Legs erection 1Q06
WilCraft	Keppel	400ft	30,000ft		4Q06	USD131m	Undocking 2Q06
WilSuperior	PPL	375ft	30,000ft		2Q07	USD130m	Keel laying 1Q06
WilBoss	Keppel	400ft	30,000ft		4Q07	USD134m	Steel cutting 2Q06
WilForce	PPL	375ft	30,000ft		4Q07	USD144m	Scantling 2Q06
Optional rigs							
Keppel option B	Keppel	400ft	30,000ft	03-08 2006	Before 31/5-09		
PPL option II	PPL	375ft	30,000ft	04-10 2006	+27 months		
PPL option III	PPL	375ft	30,000ft	03-09 2006	+27 months		

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 and is well staffed and positioned to assume management of Awilco Offshore's jackup drilling units when delivered from the yards.

Investment in Offshore Rig Services (OFRS)

In December 2005 Awilco Offshore acquired approx. 38% of the shares in OFRS with Awilco Offshore shares as settlement. OFRS is a Norwegian incorporated company listed on OTC, with one semi submersible rig under construction and the company holds attractive options to construct three similar units. The transaction made Awilco Offshore the largest shareholder of OFRS.

Investment in Petrojack (JACK)

Awilco Offshore holds approx. 20% 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 approx. 40% of the shares in JACK. As per December 31 Awilco Offshore had an unrealized gain on its investment in JACK of MNOK 81.

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. In November Awilco Offshore extended the contract for Port Reval with Aker Kvaerner for work at the Frigg field. The semi-submersible rig with 362 beds now has firm employment until July 07. The two accommodation units have contract coverage of 96% in 2006, 75% in 2007 and 38% in 2008.

PROSPECTS

The market for **Jack-up drilling** rigs has continued to strengthen, with close to full utilisation in most markets. Dayrates are improving as a result of the tight market and it is expected that dayrates and utilisation will continue to show strength. The increased demand for drilling rigs is expected to absorb the additional supply caused by the rigs being built.

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 four uncommitted newbuildings makes the company well positioned to benefit from the continued strong market.

The outlook in the **Accommodation** market is positive. Rate levels have been increasing. Awilco Offshore's units are fixed on firm contracts till mid 2007 and late 2008. Several tender invitations have been circulated, both for short and long term work, and the company is comfortable in securing further work for Port Reval from mid 2007. Port Reval is expected to benefit from the improvement in rates.

Events since December 31st 2005

- WilPower was launched in February 06.
- 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 a demerger of the company in connection with possible corporate transactions is pre-approved by the Bond-holders.

Oslo, February 28th 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, and in connection with the listing another three million new shares were issued at a subscription price of NOK 22.

During the second quarter Awilco Offshore and Sinvest entered into an agreement to establish a jointly owned company, Premium Drilling, for commercial and operational management of its fleet of jack-up drilling rigs. The company is well established, and key personnel are in place.

Awilco Offshore has acquired approx. 20% of the shares in Petrojack ASA, and has together with Sinvest agreed to co-operate on any future purchase of shares in Petrojack. In December 2005, Awilco Offshore acquired approx. 38% of Offshore Rig Services ASA. The total number of outstanding shares of Awilco Offshore is after these transactions 130.277.880.

www.awo.no

Awilco Offshore group

Profit and loss statement

All figures in NOK 1000

	Actual	Pro forma
	01.01 - 31.12 2005	01.01 - 31.12 2004
Net operating income	271,117	270,731
Operating expenses	(138,841)	(136,349)
Administrative expenses	(44,005)	(21,093)
Depreciation	(54,443)	(40,805)
Total operating expenses	(237,289)	(198,247)
Operating result	33,828	72,484
<u>Financial items</u>		
Interest income	14,646	1,044
Interest costs	(30,768)	(12,348)
Net result from associated companies	(6,910)	0
Value adjustments for investments	0	
Foreign exchange gain/(loss)	(52,637)	28,950
Other financial items	(2,940)	(962)
Net financial items	(78,609)	16,684
Profit before tax	(44,781)	89,168
Tax expense	14,010	(26,483)
Profit/(loss) in period	(30,770)	62,685
Basic/diluted earnings per share	-0.29	1.03

	Actual
	01.10 - 31.12 2005
Net operating income	89,225
Operating expenses	(41,081)
Administrative expenses	(28,445)
Depreciation	(14,339)
Total operating expenses	(83,864)
Operating result	5,360
<u>Financial items</u>	
Interest income	4,382
Interest costs	(12,305)
Net result from associated companies	(4,465)
Value adjustments for investments	0
Foreign exchange gain/(loss)	(14,614)
Other financial items	241
Net financial items	(26,762)
Profit before tax	(21,402)
Tax expense	5,999
Profit	(15,402)

Awilco Offshore group

Balance sheet

All figures in NOK 1000

Assets

	Actual	Pro forma
	31.12.05	31.12.04
Accommodation units	571,531	566,244
Jack-up rigs, under construction	1,331,740	150,854
Other fixed assets	1,676	
Fixed assets	<u>1,904,946</u>	<u>717,098</u>
Investments in shares	254,273	0
Other financial investment	0	0
Investment in associated companies	12,583	0
Long term financial assets	<u>266,856</u>	<u>0</u>
Total fixed assets	<u>2,171,802</u>	<u>717,098</u>
Receivables and accruals	78,567	45,057
Group receivables	0	9,039
Other receivables (financial investment in OFRS)	500,798	
Cash, bank	242,004	146,602
Current assets	<u>821,369</u>	<u>200,698</u>
Total assets	<u>2,993,171</u>	<u>917,796</u>
Equity and debt		
Equity	<u>2,031,093</u>	<u>269,458</u>
Deferred tax	<u>28,194</u>	<u>48,617</u>
Mortgage debt	759,142	223,131
Other debt	1,240	0
Total long term debt	<u>760,382</u>	<u>223,131</u>
Creditors	0	3,425
Intercompany debt	0	337,828
Other short term debt and accruals	173,503	35,337
Total short term debt	<u>173,503</u>	<u>376,590</u>
Total debt and equity	<u>2,993,171</u>	<u>917,796</u>

Awilco Offshore group

Cash flow statement

All figures in NOK 1000

	Actual	Pro forma
	01.01 - 31.12 2005	01.01 - 31.12 2004
<u>Cash flow generated by/used in operations</u>		
Profit before tax	(44,781)	89,168
Tax payable	0	(10,424)
Depreciation	54,443	40,805
Foreign exchange effects unrealized	28,350	(46,683)
Other non cash items	1,105	0
Net profit associated companies	6,910	0
Cash flow from operations	46,027	72,866
Change in debtor, creditors , accruals and provisions	51,859	28,887
Net cash flow from operations	97,885	101,754
<u>Cash flow generated by/used in investments</u>		
Invested in fixed assets	(1,242,156)	(262,261)
Proceeds from sale of fixed assets	0	0
Net sale/(purchase) of shares	0	0
Other investments	(43,805)	0
Net cash flow from investments	-1,285,960	-262,261
<u>Cash flow generated by/used in financial activities</u>		
Dividend and/or group contribution etc	0	5,049
New debt	836,396	105,573
Repayment debt	(615,901)	(29,772)
Equity contributions	1,039,409	164,728
Net cash flow from financial activities	1,259,903	245,577
Effect on cash balances from foreign exchange effects	23,573	
Net cash flow for the year	95,402	85,070
Cash and cash equivalents per opening balance	146,602	61,532
Cash and cash equivalents per end of period	242,004	146,602

Awilco Offshore group

All figures in NOK 1000

Statement of changes in equity

The Company's share capital is NOK 1.302.778.800 made up of 130.277.880 shares with a par value of NOK 10 per share.

All shares of the Company are of the same class and are equal in all respects. The Company's articles of association do not provide for shares of other classes.

	Actual			
	31.12.05	30.09.05	30.06.05	31.03.05
Group equity				
Proforma equity per opening balance	269,458	269,458	269,458	269,458
Reversed pro forma effects (1)	33,716	11,716	11,716	11,716
Revaluation reserve	77,295	48,397	0	0
Capital transfers, group contribution, other changes	0	0	0	0
Share issue no 1	1,000,000	1,000,000	1,000,000	1,000,000
Share issue no 2	66,000	66,000	66,000	0
Share issue no 3	149,058	149,058	0	0
Share issue no 4	493,397	0	0	0
Share issue expenses	-27,061	-40,582	-37,574	-35,000
Dividend	0	0	0	0
Profit/(loss) in period	-30,770	-15,368	-39,767	-23,097
Equity per ending balance	2,031,093	1,488,679	1,269,834	1,223,078

Share capital details

Average number of shares	107,351,377	103,397,501	96,688,906
Number of shares at end of period	130,277,880	118,530,333	114,133,350

(1) The pro forma adjustments for 2004 are included in the pro forma equity per opening balance as specified above. As these adjustments only relates to the pro forma financial statement for 2004, the net equity effect of pro forma adjustments are reversed in the opening balance of equity in 2005.

Major shareholders per 14 february

	Number of shares	Ownership
AWILCO AS	54,050,630 [⌘]	41.49%
MORGAN STANLEY AND C CLIENT EQUITY ACCOUN	7,558,746	5.80%
CREDIT SUISSE SECURI (EUROPE) PRIME BROKE	4,399,599	3.38%
AWECO HOLDING AS	3,300,000	2.53%
SIS SEGAINTERSETTLE	2,935,369	2.25%
ORKLA ASA	2,572,300	1.97%
MORGAN STANLEY & CO.	2,568,105	1.97%
JPMORGAN CHASE BANK CLIENTS TREATY ACCOU	2,470,903	1.90%
STATE STREET BANK & CLIENT OMNIBUS D	2,388,810	1.83%
HSBC BANK PLC S/A RE GULF	2,363,450	1.81%
TEIGEN FRODE NAKA RACHA TLD, 87/2	2,134,328	1.64%
GOLDMAN SACHS INTERN EQUITY NONTREATY CUS	2,060,687	1.58%
BANK OF NEW YORK, BR S/A EQUITY TRI-PARTY	1,947,785	1.50%
JPMORGAN CHASE BANK S/A ESCROW ACCOUNT	1,884,855	1.45%
DEUTSCHE BANK (SUISS)	1,831,310	1.41%
ODIN OFFSHORE ODIN FORVALTNING AS	1,700,000	1.30%
UBS AG, LONDON BRANC IPB CLIENT ACCOUNT	1,596,006	1.23%
ODIN NORDEN	1,495,287	1.15%
DEUTSCHE BANK AG LON PRIME BROKERAGE FULL	1,278,280	0.98%
SKANDINAVISKA ENSKIL (PUBL) OSLOFILIALEN	1,250,000	0.96%
Total 20 largest shareholders	101,786,450	78.13%
Other shareholders	28,491,430	21.87%
Total	130,277,880	100.00%

Awilco Offshore group
All figures in NOK 1000

Fixed assets

	Accommodation units		Jack-up rigs		Other assets	
	2005	2004	2005	2004	2005	2004
Acquisition cost per 1 January	656,720	486,495	150,854	0	0	0
Acquisition, capitalized costs	0	0	0	0	0	0
Newbuilding, upgrade, reconstruction	59,395	170,225	1,180,885	150,854	2,010	0
Sale of assets	0	0	0	0	0	0
Acquisition cost per ending balance	716,115	656,720	1,331,740	150,854	2,010	0
Accumulated depreciation per 1 January	(90,476)	(49,671)	0	0	0	0
Sale of assets	0	0	0	0	0	0
Depreciation	(54,109)	(40,805)	0	0	(334)	0
Accumulated depreciation per ending balance	(144,585)	(90,476)	0	0	(334)	0
Net book value per ending balance	571,531	566,244	1,331,740	150,854	1,676	0

The Company has entered into five newbuilding contracts to build jack-up drilling rigs. The contracts are distributed with three contracts at the PPL yard and two at the Keppel yard. See further explanation of the contracts in chapter 4 in the Prospectus. The capitalized amounts on the jack-up drilling rigs includes the installments paid to the yards according to the Constuction contracts, initial project costs, project management costs, capitalized interests and other costs directly associated with the newbuilding program.

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

<u>Contracted rigs</u>	<u>Yard</u>	<u>Delivery</u>	<u>Project price</u>
WilPower	PPL	2Q06	USD 131
WilCraft	Keppel	4Q06	USD 131
WilSuperior	PPL	2Q07	USD 130
WilBoss	Keppel	4Q07	USD 134
WilForce	PPL	4Q07	USD 144

Related party disclosure

Management services is provided by a group company owned by A Wilhelmsen AS, which is also the owner of Awilco AS - the major shareholder of the company. Per end of this accounting period the related party transactions etc towards A Wilhelmsen group can be specified as follows:

Management fee	9,375
Receivable / (debt) per end of period	(36,076)

Jointly owned companies

Sinvest and Awilco Offshore has established a jointly owned company, Premium Drilling AS, for commercial and operational management of its fleet of jack-up drilling rigs. Awilco Offshore's 50% ownership in Premium Drilling is recorded using the equity method.

Initial investment	19,492
Share of profit/(loss) in associate	-6,910
NBV per end of period	12,583

Investment in shares, other financial assets

Awilco Offshore has acquired the following number of shares in Petrojack 11,994,030
The Petrojack shares are paid partly by cash and also by issuing new shares in Awilco Offshore.
The investment is classified as a financial asset available for sale. Consequently valuation adjustments are recorded in equity.

Cost price of the Petrojack shares	176,979
Fair value per end of period	254,273
Value adjustment in period.	77,295

Awilco Offshore has also acquired 18.976.806 shares in Offshore Rigs Services ASA (OFRS).
The OFRS shares are paid by issuing new shares in Awilco Offshore. The share issue was authorised by the Board of Directors resolution per 27 December. However, the share transaction was finalized 5 january 2006. The shares in OFRS are classified as other financial assets.

Share based payment

Senior employees of the group receive remuneration in the form of share based payment transactions.
The cost of share based payments is measured by reference to the fair value at the date of grant.
Per end of 2005 the share based payment plan is recorded at an expense of NOK 13,8 mill.

Segment information

Split by segments	Per 4Q 2005				2004, pro forma		
	Accom rigs	Jack up rigs	Other	Total	Accommodation rigs		
					Ngaap	IFRS/other adjustments	IFRS
Operating income	270,982	0	135	271,117	270,731		270,731
Operating costs	(138,841)	0	0	(138,841)	(134,918)	(1,431)	(136,349) 1)
	132,140	0	135	132,275	135,813		134,382
Administrative costs	(2,718)	(5,436)	(35,852)	(44,006)	(6,093)	(15,000)	(21,093) 2)
Net operating income bef depreciation (EBITDA)	129,422	(5,436)	(35,717)	88,270	129,720		113,290
Depreciation	(54,109)	0	(334)	(54,443)	(50,083)	9,278	(40,805) 3)
Net operating income (EBIT)	75,314	(5,436)	(36,051)	33,827	79,637		72,484
Assets	571,531	1,333,416	1,676				
Long term debt	759,142	1,240	0				
Investments	59,395	1,180,885	2,010				

Explanations to the adjustments to the segment information:

- 1) Accrued docking expenses are reversed from the operating costs.
- 2) Pro forma adjustment for estimated management fee for 2004. See accounting policies for more information on pro forma adjustments.
- 2) Depreciation is adjusted according to IFRS standards as explained under accounting principles.

Split by geographic area	Per 4Q 2005			
	UK	Norway	Unallocated, eliminations	Total
Operating income	77,154	193,828	135	271,117
Operating costs	(31,524)	(107,317)	0	(138,841)
	45,629	86,511	135	132,275
Administrative costs	0	0	(44,006)	(44,006)
Net operating income bef depreciation (EBITDA)	45,629	86,511	(43,871)	88,270
Depreciation	0	0	(54,443)	(54,443)
Net operating income (EBIT)	45,629	86,511	(98,314)	33,827

The geographic split above refers to what continental shelf the rigs have been employed in during the period.

Analytical information for 2003 and 2002

The information for 2003 and 2002 is extracted from the offshore segment information as shown in the financial reports for Awilco AS. No pro forma adjustments are rolled back to 2003 or 2002.

	2003, extract from Awilco AS' segment info				2002, extract from Awilco AS' segment info		
	Accommodation rigs				Accommodation rigs		
	Ngaap	IFRS adjustments	IFRS		Ngaap	IFRS adjustments	IFRS
Operating income	134,015		134,015	1)	83,333		83,333
Operating costs	(80,506)	2,400	(78,106)		(39,773)	600	(39,173)
	53,509		55,909		43,560		44,160
Administrative costs	(2,210)		(2,210)	2)	(1,014)		(1,014)
Net operating income bef depreciation (EBITDA)	51,299		53,699		42,546		43,146
Depreciation	(36,985)	4,305	(32,680)	3)	(17,025)	4	(17,020)
Net operating income (EBIT)	14,314		21,018		25,521		26,125

1. Notes to the interim financial report per 4q 2005

1.1 International Financial Reporting Standards (IFRS)

General information

As from 2005 Norwegian public companies are subject to new accounting standards introduced in the European Union. The new accounting standards are called International Financial Reporting Standards (IFRS). The objective of IFRS is to develop, in the public interest, a single set of high quality, understandable and enforceable global accounting standards that provide accurate, transparent and comparable information to help users make economic decisions.

1.2 Change in accounting principle, restatement of prior period

The accounting treatment of financial investments will under IAS 39 depend on the classification of the specific investment. Share investments will in most circumstances be recorded at fair value in the balance sheet. Under the category "fair value through profit and loss statement" the change in market value will be recorded in the profit and loss statement as a gain or loss. Alternatively, under the "available for sale" category the revaluation effect is recorded directly in equity, with no effect to profit and loss statement in the period.

The investment in Petrojack ASA was per 3Q05 recorded at "fair value through profit and loss statement". However, after reviewing the assumptions for applying the revised fair value option in IAS 39, it is assumed to be more appropriate to treat this as an "available for sale" investment. The requirements in IAS 8 are then to retrospectively restate the comparative amounts for the prior period. In compliance with these requirements the financial statement for 3Q05 is restated to exclude the profit and loss effect of the revaluation of the above mentioned investment, and record this directly in equity. The revaluation per 3Q05 amounted to NOK 48,4 mill (USD 7,4 mill). This restatement has neither cash flow nor balance sheet effect. This restatement is included in the enclosed financials.

1.3 Accounting principles

Interim financial statement

The interim financial statements have been prepared in accordance with the standard for interim reporting (IAS 34) in International Financial Reporting Standards.

Classification of balance sheet items

Assets and liabilities related to the operation of the company are classified as current assets and liabilities. Assets for long term use are classified as fixed assets.

Revenue

Revenues are recognized as earned, based on contractual daily rates or on a fixed price basis.

Debt issuance costs

Debt issuing costs are amortized and then capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Borrowing costs are capitalized until the assets are substantially ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Taxes and deferred tax liabilities

The Company provides for income tax on the basis of their profit for financial reporting purposes, adjusted for income and expense items which are not taxable or deductible for income tax purposes.

Deferred taxation is provided in the balance sheet as the liability method in respect of temporary differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilized.

Current assets

Current assets are valued at the lower of historical cost and market value.

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate at the balance sheet date.

Fixed assets

Rigs and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition. In situations where it can be clearly demonstrated that expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of the asset beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of the asset.

Components of new fixed assets with different economic useful lifetime will have different depreciation time.

Depreciation is calculated using the straight-line method to write off the cost, after taking into account the estimated residual value, of each asset over its expected useful life. The expected useful life for the accommodation rigs is 20 – 38 years.

The useful lives of assets and the depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

When assets are sold or retired, their costs and accumulated depreciation and accumulated impairment loss are eliminated from the accounts and any gain or loss resulting from their disposals is included in the income statement.

New-building contracts

New-building contracts include payments made under the contracts, capitalized interest and other costs directly associated with the new-building program.

Investment in associated companies

Investments in associated companies are accounted for using the equity method.

Investment in jointly controlled entities

Investments in jointly controlled entities are accounted for using the equity method.

Financial assets at fair value through profit and loss

Financial investments as e.g. share investments are either categorized as “financial assets at fair value through profit and loss” if the criteria for this classification is met, or as “available for sale”. Consequently, any value adjustments on such investments are recognized in the profit and loss statement.

Impairment of assets

All assets are reviewed for impairment whenever events of changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The reversal is recorded in the income statement.

Cash flow statement, cash and cash equivalents

The cash flow statement is prepared using the indirect method. Cash represents cash on hand and deposits with 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 less and that are subject to an insignificant risk of change in value.

Consolidation

The consolidated statements consist of Awilco Offshore ASA and companies where the parent company controls directly or indirectly more than 50% of the votes. Companies are consolidated from the time when control is obtained. Companies in the group apply consistent accounting principles. Inter-company transactions and balances between group companies are eliminated

Share based payment

Senior employees of the group receive remuneration in the form of share based payment transactions, whereby employees render services in exchange for synthetic share option plan. The cost of share based payments is measured by reference to the fair value at the date of grant. The share based payment is recorded in compliance with IFRS 2.

Conversion to USD reporting

Awilco Offshore will start to apply USD as reporting currency for its consolidated financial report. The background for changing reporting currency is that the group's material assets are valued and financed in USD, and also in terms of operating profit – USD is the most significant operating currency.

The Awilco Offshore group is organized in a parent company, Awilco Offshore ASA, owning two business segments; Accommodation rigs (currently in operation) and jack up rigs (under construction). Both the accommodation rigs and jack-up rigs are valued and financed in USD. Operating income and costs are mainly denominated in USD. However, if the rigs operate in some jurisdictions – income and costs may be denominated in local currency, e.g. operating on UK continental shelf may cause revenue and costs in GBP.

To assist the company's stakeholders for the conversion to USD financial reporting, there is developed a set of historical financials. Enclosed is a set of pro-forma non audited quarterly historical figures converted to USD for the period from the incorporation of the company (21 January 2005) until 31 December 2005. The USD converted financial statements shows quarterly information for;

- Profit and loss statement
- Balance sheet
- Cash flow analysis

The enclosed information is provided to illustrate what the group's historical financials would have been if USD had been the reporting currency from the incorporation of the company. The following principles have been applied when converting to USD reporting;

- Balance sheet items are translated at the USD/NOK exchange rate at the balance sheet date, with the exception of fixed assets as the accommodation rigs, jack-up rigs and other non-monetary assets, which are translated at the exchange rate at the acquisition date for the specific assets.
- Profit and loss items are translated at the average USD/NOK exchange rate for the financials per quarter, with the following exceptions;
 - o Depreciation of accommodation rigs are based on historic exchange rates, i.e. the exchange rate prevailing at the acquisition date for each individual asset.
 - o Currency gain or loss on USD denominated assets and debt in NOK financials which is caused by USD/NOK exchange rate fluctuation is reversed.

Profit and loss statement

(In USD 000's, if not otherwise stated)

	4Q05	3Q05	2Q05	1Q05
Operating revenues	42,082	28,510	13,639	7,172
Operating expenses	21,551	15,323	10,443	4,259
Administrative expenses	6,830	2,439	1,496	779
Depreciation	7,223	5,311	3,459	1,729
Total operating expenses	35,604	23,072	15,398	6,767
Net operating profit/(loss)	6,478	5,437	(1,758)	405
Interest income	2,273	1,609	953	511
Interest costs	(4,776)	(2,894)	(1,952)	(1,005)
Net result from associated companies	(1,073)	(383)	0	0
Other financial items	(562)	(1,886)	(1,032)	(3,537)
Net financial items	(4,137)	(3,554)	(2,030)	(4,031)
Profit before tax	2,341	1,883	(3,788)	(3,627)
Tax expense	(427)	(298)	1,292	1,248
Net profit	1,914	1,585	(2,497)	(2,378)
Basic/diluted earnings per share (USD)	0.018	0.015	-0.026	-0.030

Balance sheet	4Q05	3Q05	2Q05	1Q05
(In USD 000's, if not otherwise stated)				
Rigs	281,843	234,221	179,763	137,015
Other assets	248	81	95	0
	<u>282,091</u>	<u>234,302</u>	<u>179,858</u>	<u>137,015</u>
Investment in shares	39,252	34,551	0	0
Investment in associates	2,049	2,697	3,071	0
	<u>41,301</u>	<u>37,248</u>	<u>3,071</u>	<u>0</u>
Other current assets	11,607	13,917	7,025	5,133
Financial investment in OFRS	73,987	0	0	0
Bank deposits, cash equivalents	35,753	52,889	92,897	133,565
	<u>121,348</u>	<u>66,806</u>	<u>99,922</u>	<u>138,698</u>
Total assets	<u>444,740</u>	<u>338,355</u>	<u>282,851</u>	<u>275,713</u>
Share capital	203,056	178,776	178,776	174,051
Other equity	97,169	40,797	6,271	1,804
	<u>300,225</u>	<u>219,572</u>	<u>185,046</u>	<u>175,856</u>
Deferred tax	6,543	6,547	5,138	5,513
Other long term accruals	183	0	0	0
	<u>6,727</u>	<u>6,547</u>	<u>5,138</u>	<u>5,513</u>
Long term debt	<u>112,155</u>	<u>97,358</u>	<u>76,665</u>	<u>77,994</u>
First year installment on mortgage debt	11,440	11,440	11,426	11,440
Other current liabilities and accruals	14,193	3,438	4,575	4,911
	<u>25,633</u>	<u>14,878</u>	<u>16,001</u>	<u>16,351</u>
Total Equity and debt	<u>444,740</u>	<u>338,355</u>	<u>282,851</u>	<u>275,713</u>

Cash flow statement

(In USD 000's, if not otherwise stated)

	4Q05	3Q05	2Q05	1Q05
Profit before tax	2,341	1,883	(3,788)	(3,627)
Taxes paid	0	0	0	0
Depreciation	7,223	5,311	3,459	1,729
(Gain)/loss on sale of fixed assets	(21)	0	0	0
Other non cash items	1,370	1,771	628	3,186
Change in debtor, creditor,	6,292	(6,914)	1,068	1,843
Net cash flow from operations	17,206	2,050	1,366	3,133
<u>Cash flow from investments</u>				
Investments in fixed assets	(192,069)	(142,388)	(86,092)	(41,520)
Proceeds from sale of fixed assets	0	0	0	0
Net sale/(purchase) of shares	0	0	0	0
Other investments	(6,895)	(6,767)	(3,071)	0
	(198,965)	(149,156)	(89,163)	(41,520)
<u>Cash flow from financing</u>				
Draw down of debt	132,920	115,280	91,760	91,760
Repayment of debt	(101,958)	(98,334)	(95,286)	(92,160)
Translation adjustment effects	(5,699)	(5,522)	(5,450)	(4,657)
Equity contributions	168,127	165,730	166,070	155,968
	193,390	177,154	157,094	150,911
Effect on cash equivalents from currency fluctuations	(105)	(1,388)	(628)	(3,186)
Net cash flow	11,526	28,661	68,669	109,337
Cash and cash equivalents per opening balance	24,228	24,228	24,228	24,228
Cash and cash equivalents per ending balance	35,753	52,889	92,897	133,565

Statement of changes in equity

(In USD 000's, if not otherwise stated)

	4Q05	3Q05	2Q05	1Q05
Equity per opening balance (pro forma)	24,986	24,986	24,986	24,986
Reversed pro forma adjustments	1,940	1,940	1,940	1,940
Capital transfers	0	0	0	0
Equity contributions	262,437	189,206	166,070	155,968
Revaluation reserve	11,419	7,381	0	0
Translation adjustments etc	(2,472)	(5,526)	(5,453)	(4,660)
Profit/(loss) in period	1,914	1,585	(2,497)	(2,378)
Equity per ending balance	<u>300,225</u>	<u>219,572</u>	<u>185,046</u>	<u>175,856</u>

Share capital details

Average number of shares	107,351,377	103,397,501
Number of shares end of period	130,277,880	118,530,333

Awilco Offshore group

All figures in USD 1000

Fixed assets

The Company has entered into five newbuilding contracts to build jack-up drilling rigs. The contracts are distributed with three contracts at the PPL yard and two at the Keppel yard. See further explanation of the contracts in chapter 4 in the Prospectus.

The capitalized amounts on the jack-up drilling rigs includes the installments paid to the yards according to the Construction contracts, initial project costs, project management costs, capitalized interests and other costs directly associated with the newbuilding program.

Per 4Q05

	Accommodation units		Jack-up rigs		Other assets	
	2005	2004	2005	2004	2005	2004
Acquisition cost opening balance	86,606	62,451	22,021	0	0	0
Acquisition, capitalized costs	8,775	24,155	183,016	22,021	299	0
Acquisition cost per ending balance	95,381	86,606	205,037	22,021	299	0
Accumulated depreciation per 1 January	(11,403)	(6,159)	0	0	0	0
Depreciation	(7,172)	(5,244)	0	0	(52)	0
Accumulated depreciation per ending balance	(18,574)	(11,403)	0	0	(52)	0
Net book value ending balance	76,807	75,203	205,037	22,021	248	0

Per 3Q05

	Accommodation units		Jack-up rigs		Other assets	
	2005	2004	2005	2004	2005	2004
Acquisition cost opening balance	86,606	62,451	22,021	0	0	0
Acquisition, capitalized costs	6,481	24,155	135,812	22,021	95	0
Acquisition cost per ending balance	93,087	86,606	157,833	22,021	95	0
Accumulated depreciation per 1 January	(11,403)	(6,159)	0	0	0	0
Depreciation	(5,296)	(5,244)	0	0	(15)	0
Accumulated depreciation per ending balance	(16,699)	(11,403)	0	0	(15)	0
Net book value ending balance	76,388	75,203	157,833	22,021	81	0

Per 2Q05

	Accommodation units		Jack-up rigs		Other assets	
	2005	2004	2005	2004	2005	2004
Acquisition cost opening balance	86,606	62,451	22,021	0	0	0
Acquisition, capitalized costs	6,481	24,155	79,517	22,021	95	0
Acquisition cost per ending balance	93,087	86,606	101,538	22,021	95	0
Accumulated depreciation per 1 January	(11,403)	(6,159)	0	0	0	0
Depreciation	(3,459)	(5,244)	0	0	0	0
Accumulated depreciation per ending balance	(14,861)	(11,403)	0	0	0	0
Net book value ending balance	78,225	75,203	101,538	22,021	95	0

Per 1Q05

	Accommodation units		Jack-up rigs		Other assets	
	2005	2004	2005	2004	2005	2004
Acquisition cost opening balance	86,606	62,451	22,021	0	0	0
Acquisition, capitalized costs	0	24,155	41,520	22,021	0	0
Acquisition cost per ending balance	86,606	86,606	63,541	22,021	0	0
Accumulated depreciation per 1 January	(11,403)	(6,159)	0	0	0	0
Depreciation	(1,729)	(5,244)	0	0	0	0
Accumulated depreciation per ending balance	(13,132)	(11,403)	0	0	0	0
Net book value ending balance	73,474	75,203	63,541	22,021	0	0

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

Contracted rigs	Yard	Delivery	Project price
WilPower	PPL	2Q06	USD 131
WilCraft	Keppel	4Q06	USD 131
WilSuperior	PPL	2Q07	USD 130
WilBoss	Keppel	4Q07	USD 134
WilForce	PPL	4Q07	USD 144

Awilco Offshore group

All figures in USD 1000

Related party disclosure

Management services is provided by a group company owned by A Wilhelmsen AS, which is also the owner of Awilco AS - the major shareholder of the company. Per end of this accounting period the related party transactions etc towards A Wilhelmsen group can be specified as follows:

Management fee	1,455
Receivable / (debt) per end of period	(5,330)

Jointly owned companies

Sinvest and Awilco Offshore has established a jointly owned company, Premium Drilling AS, for commercial and operational management of its fleet of jack-up drilling rigs. Awilco Offshore's 50% ownership in Premium Drilling is recorded using the equity method.

Initial investment	3,071
Share of profit/(loss) in associate	<u>-1,022</u>
NBV per end of period	<u>2,049</u>

Investment in shares

Awilco Offshore has acquired the following number of shares in Petrojack 11,994

The Petrojack shares are paid partly by cash and also by issuing new shares in Awilco Offshore.

The investment is classified as a financial asset at fair value through profit and loss.

Cost price of the Petrojack shares	27,832
Fair value per end of period	<u>39,252</u>
Value adjustment in period	<u>11,419</u>

Awilco Offshore has also acquired 18.976.806 shares in Offshore Rigs Services ASA (OFRS).

The OFRS shares are paid by issuing new shares in Awilco Offshore. The share issue was authorised by the Board of Directors resolution per 27 December. However, the share transaction was finalized 5 January 2006.

Segment information

Figures in USD 1000

Segment information 4Q05 (accumulated)

	Accom rigs	Jack-up rigs	Other	Total
Operating income	42,048	0	34	42,082
Operating costs	(21,551)	0	0	(21,551)
Depreciation	(7,172)	0	(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	281,843
Mortgage debt (incl 1 year installment)	71,429	52,920	124,349
Investments	8,775	183,016	191,791

Segment information 3Q05 (accumulated)

	Accom rigs	Jack-up rigs	Other	Total
Operating income	28,497	0	13	28,510
Operating costs	(15,323)	0	0	(15,323)
Depreciation	(5,296)	0	(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	0	0	13,639
Operating costs	(10,443)	0	0	(10,443)
Depreciation	(3,459)	0	0	(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	0	0	7,172
Operating costs	(4,259)	0	0	(4,259)
Depreciation	(1,729)	0	0	(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	0	41,520	41,520