

AWILCO OFFSHORE

3rd quarter 2007



THIRD QUARTER 2007



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

UPDATE

- In July Awilco Offshore took delivery of its third Ultra Premium jack-up drilling rig, WilSuperior. The rig was mobilized for Thang Long Joint Operating Company offshore Vietnam early September, and commenced operation at full rate mid September.
- In August Awilco Offshore entered into a contract with Premier Oil Vietnam Offshore BV for WilBoss, its fourth jack-up. The contract is for a minimum of 6 months operation with expected startup towards the end of 1Q 2008.
- In September Awilco Offshore was awarded an option to build a possible fifth semi submersible drilling rig at Yantai Raffles. The additional option was awarded to Awilco Offshore as part of an agreement with the yard to reschedule the delivery of WilPioneer to October 2008.
- In September the contract for the accommodation rig Port Rigmar, was extended from October 2008 to October 2009. From early July to late September Port Rigmar was in dock for planned classification work and various upgrades. The docking was successfully completed, and the rig recommenced operations at Ekofisk early October.
- In July Awilco Offshore issued a MNOK 500 senior unsecured bond, and increased its credit facility with a syndicate of banks from MUS\$ 670 to MUS\$ 1,085. The company is in the process of negotiating debt financing for the third semi submersible drilling rig, WilPromoter. Such financing is expected to be finalized around year end.

RESULTS

Main figures

At the end of September 2007 Awilco Offshore had 5 rigs in operation. By the end of 2009, when the current building program is completed, 13 units will be in operation.

Third quarter 2007

Revenue

Total revenues for the quarter were MUS\$ 48.9. Operating revenues for the quarter, excluding reimbursable revenues were MUS\$ 47.4 of which MUS\$ 34.2 was related to the jack-up drilling rigs and MUS\$ 13.2 was related the accommodation units.

In July, between two contracts, Port Reval went inshore for modifications and upgrading in connection with the Acknowledgment of Compliance (AoC / Norwegian SUT). Port Reval received income during August and September, and the revenues include mobilization income of approximately MUSD 0.7.

Port Rigmar was in dock from early July to late September for planned classification work and various upgrades. Port Rigmar received income for approximately two thirds of this period.

Both WilPower and WilCraft were in operation during the whole quarter. WilSuperior was towed to its drilling location in early September, with full operating rate commencing mid September.

Operating expenses

Rig operating expenses, excluding reimbursable costs, were MUSD 20.2 of which MUSD 9.0 was related to the jack-up drilling rigs and MUSD 11.2 was related to the accommodation units. As operating costs for the accommodation units are primarily in NOK, Awilco Offshore has experienced an increase in these costs during the course of the year due to the weakening of the USD.

In connection with the ordinary classification work for the accommodation unit Port Rigmar, approximately MUSD 1.3 was expensed as general maintenance.

Costs attributable to the accommodation unit, Port Reval, includes approximately MUSD 2.0 in non recurring costs. These costs consist of MUSD 0.6 in connection with mobilization to the ConocoPhillips contract on Eldfisk, and MUSD 0.6 relating to the Aker Kværner contract which was completed late in the second quarter. In addition, MUSD 0.4 was attributable to damages and MUSD 0.4 was due to maintenance projects in connection with the inshore period in July.

Total administrative expenses amounted to MUSD 4.6. This is a decrease compared to 2Q of approximately MUSD 3.0 due to effects from share-based payments, which had no liquidity effect for the quarter. The administrative cost in Norway and Singapore was MUSD 3.8 during the quarter. Management fees to Premium Drilling for jack-up drilling rigs in operation were MUSD 1.3. In addition, other build up costs for rigs in operation were MUSD 0.9. Share-based payments reduced expenses by MUSD 1.4 during the third quarter.

EBITDA and net results

Operating profit before depreciation and amortization (EBITDA) was MUSD 22.4. EBITDA excluding non-cash elements was MUSD 21.4, due to effect from share-based payments and joint ventures.

Net financial items show an expense of MUSD 14.6. This includes MUSD 7.1 in unrealized disagio due to the weakening of the USD. Approximately half of this relates to the company's NOK 500 million bond loan, whereas the rest relates to other NOK liabilities.

Profit before tax was MUSD 1.9 and net profit was MUSD 1.2. Earnings per share was USD 0.01

Balance Sheet

As of 30 September 2007, total assets were MUSD 1,627.

Awilco Offshore had MUSD 35.8 in cash and cash equivalents at the end of the third quarter.

Actual interest-bearing debt at the end of the quarter was MUSD 1,007, of which MUSD 392 relates to three outstanding bonds and the remaining part relates to bank debt. The Company's outstanding bond debt consist of a MUSD 200 bond which is secured against the two first semis and MUSD 100 and NOK 500 unsecured corporate bonds.

During the third quarter MUSD 80.3 was invested in the jack-ups under construction and MUSD 112.2 in the semi submersibles rigs under construction. Investment in the accommodation rigs in the quarter was MUSD 28.8.

For an overview of estimated delivered cost for the drilling rigs, see table 1a and 1b.

Year to date 2007

Total revenues year to date were MUSD 122.3. Operating revenues year to date were MUSD 114.8. Operating profit before depreciation and amortization (EBITDA) was MUSD 49.8 EBITDA excluding non-cash elements was MUSD 54.4. Profit before tax was MUSD 8.8 and net profit MUSD 5.9. Earnings per share was USD 0.04.

SEGMENTS

Jack-up drilling rigs

As of 30 September, five jack-up drilling rigs were on order. The rigs are under construction in Singapore at PPL Shipyard and Keppel FELS. The construction of the rigs is progressing well, and is based upon fixed price contracts.

Delivery of WilForce was scheduled at the end of 4Q of this year. Awilco Offshore expects delivery of the rig towards the end of 1Q 2008. The expected later delivery is due to late launch of the previous rig on the slipway.

The scheduled delivery of the next rig from PPL, WilSeeker, is not affected by the later delivery of WilForce as this rig is being built on a different slipway. However, in connection with installation of pipehandling equipment on WilSeeker, Awilco Offshore has agreed to extend the delivery date with 20 days pushing scheduled delivery from June into third quarter 2008.

The estimated delivered costs in Table 1a include contract price with the yard, site supervision, pipehandling equipment, spare parts and finance costs during construction.

Table 1a

Name	Yard	W. depth	D. depth	Scheduled delivery	Estimated 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	DELIVERED		
WilBoss	Keppel	400ft	30,000ft	1Q08	USD134m	Delivery 1Q08
WilForce	PPL	375ft	30,000ft	1Q08	USD144m	Legs erection, 4Q07
WilSeeker	PPL	375ft	30,000ft	3Q08	USD 143m	Installation leg 4Q07
WilStrike	Keppel	400ft	30,000ft	2Q09	USD 163m	Keel laying 1Q08
WilConfidence	PPL	375ft	30,000ft.	2Q09	USD 149m	Keel laying 1Q08

The first jack-up, WilPower, is on a five year bare boat charter with Arabian Drilling Company for drilling offshore Saudi Arabia. This contract runs until August 2011.

The second unit, WilCraft is in operation for Peak Group Asia Pacific offshore Western Australia and is now drilling its 8th well. Current progress for this well-based contract indicates a firm contract length until May 2008. The contract also has an option for drilling 11 additional wells, estimated to 11 months.

The third jack-up rig, WilSuperior, was delivered at the end of July and started mobilization for Thang Long early September for drilling offshore Vietnam. The contract runs until September 2008.

The fourth jack-up rig, WilBoss, was in August awarded a 6 months contract with Premier Oil in Vietnam. Commencement is expected towards the end of Q1 2008. Premier Oil may, prior to commencement of operation, extend the contract duration to 1 year firm plus 1 year option.

Semi submersible drilling rigs

As of 30 September, three semi submersible drilling rigs were on order at Yantai Raffles Shipyard (YRS) in China. Awilco Offshore is continuing investing in resources for a close follow-up of the construction phase, with a site team of approximately 35 persons in China.

WilPioneer

The blocks for the deck box, pontoons and columns are now in the process of being assembled and outfitted. The National Oilwell manufactured drilling package and all other main equipment has arrived at the yard. YRS is in the final phase of testing and certification of the 20,000 ton Gantry crane, and has scheduled deckmating for WilPioneer by year end. Awilco Offshore's priority is to ensure timely delivery of the rig. The ongoing outfitting work of the deck box is carried out most efficiently prior to mating. Maximizing outfitting work prior to mating may result in deckmating being rescheduled from end of this year to the first quarter 2008.

The contract with BP for drilling at the Skarv field is expected to be signed before year end. The start up window for WilPioneer under this contract is during first half 2009. The contract length with BP is 3 years with options for additional 2 years.

WilInnovator / WilPromoter

Steel cutting for WilInnovator was undertaken in July 2007, and is planned for WilPromoter in March 2008. For WilInnovator, the pontoons and columns are under construction at YRS, while the construction of the main deck has been outsourced by YRS to the Korean owned Dopco yard in Dalian. After outfitting, the main deck will be transported to YRS for mating and final completion of the rig. The construction of WilPromoter will be undertaken in the same manner.

Both WilInnovator and WilPromoter have 8 year contracts with StatoilHydro for drilling at the Troll field. Start up under these contracts is scheduled to be mid 2009 and mid 2010 respectively. StatoilHydro has options to extend the contracts for up to a further 8 years.

Awilco Offshore is in the process of negotiating debt financing for WilPromoter. The financing is expected to be finalized around year end.

Option for Rig no. 4

Awilco Offshore has an option with Yantai Raffles to build a fourth semi submersible rig. This option can be exercised until November 2008. The Company has already secured a fourth drilling package and other long lead items.

Option for Rig no. 5

Awilco Offshore negotiated an option to build a fifth semi submersible drilling rig at Yantai Raffles Shipyard. The option can be exercised until the end of December 2008.

The estimated delivered costs for the semi submersibles in the table below include contract prices with yard and the drilling package, projects and supervision cost and finance cost during construction.

Table 1b

Name	Yard	W. depth	Station Keeping	Variable Deck load	Scheduled delivery	Estimated delivered cost	Next YRS milestone
<u>Contracted rigs</u>							
WilPioneer	YRS	2,500ft	D.P.	4,000 mt	4Q08	USD 340m	Launching
WilInnovator*	YRS	2,500ft	D.P.	4,000 mt	4Q08	USD 355m	Shipment of el. distr. system
WilPromoter*	YRS	2,500ft	D.P.	4,000 mt	4Q09	USD 365m	Fabrication box girder/steel cut
<u>Option</u>							
YRS option 4**	YRS	Decl. by	Nov. 2008				
YRS option 5	YRS	Decl. by	Dec. 2008				

* Modification cost in connection with the StatoilHydro contracts at Troll is not included in the numbers. The cost is expected to be approximately MUSD 30 per rig and will be paid by StatoilHydro, either through an increased day rate or as a lump sum.

**The contract for a fourth drilling package and other long lead items has been signed. The cost for this is appr. MUSD 225.

Accommodation rigs

Awilco Offshore owns two of only four accommodation units approved for work on the Norwegian Continental Shelf.

Port Rigmar

Port Rigmar is a jack-up with 326 beds and is employed by ConocoPhillips on Ekofisk until October 2009. In early July 2007 the rig went to dry dock at Keppel Verolme in Rotterdam for the completion of classification work and various upgrades.

During the docking period the rig underwent leg strengthening, installation of two new cranes and various other improvements. A substantial part of this work was in connection with the AoC / SUT application for operations on the Norwegian Continental Shelf.

The Ekofisk field is subject to constant subsidence. The leg strengthening of Port Rigmar assures that the rig continues to be attractive for this field.

Total cost for the classification and upgrading was approximately MEUR 23. Cost related to the classification work was borne by Awilco Offshore, while upgrading cost is to be split between Awilco Offshore and ConocoPhillips. The cost to be borne by ConocoPhillips will amount to approximately MEUR 11,5. In addition ConocoPhillips has paid a stand by rate for a portion of the docking period. The cost borne by ConocoPhillips will be paid as an additional dayrate of approximately USD 15,000 per day over a 3 year period.

Port Rigmar recommenced operation at Ekofisk early October 2007.

The AoC / SUT process for Port Rigmar is expected to be completed by year end.

Port Reval

Port Reval is a semi submersible rig with 360 beds. During July, modifications and work in connection with the AoC / SUT approval from the Norwegian Petroleum Authority was carried out. The AoC / SUT approval was successfully obtained early August. The cost for the AoC / SUT in the third quarter was MUSD 4.8.

Port Reval commenced its new contract with ConocoPhillips at Eldfisk early August and will have continuous employment under this contract until May 2009.

Awilco Offshore is considering different strategic opportunities for the accommodation units. With the current and expected future strong market for the accommodation units, the various alternatives are all viewed as favorable for the company.

Organization

The growth in both revenue and cost during the period reflects that Awilco Offshore has taken delivery of two more jack-up rigs which has started operations during the year.

The Company has increased the number of employees during the first three quarters of 2007. At the beginning of the year Awilco Offshore had approximately 50 employees, while at the end of third quarter the number had increased to almost 100. This reflects the focus on preparing for operation of the North Sea semi submersible rigs.

Premium Drilling has increased their number of employees from 150 to approximately 225 in relation to the additional rigs that have come into operation during the first 3 quarters of 2007.

PROSPECTS

Jack-up

The sustained high oil price, contributes to the strong demand for worldwide drilling services. With the exception of the US GOM we see close to full utilization in most markets.

We continue to see a well balanced market for high specification jack-up drilling units throughout 2008, and are already seeing an increasing number of requirements with startup into 2009. Dayrates for high specification jack-up units have over the last quarter consolidated and are expected to continue around these strong levels going forward.

The trend towards deeper, more challenging wells and drilling sites means that Awilco Offshore's fleet of high specification jack-up drilling units are well positioned to benefit from the strong market.

Semi submersible

The semi submersible market is strong within all segments and regions, and we foresee no change in short or medium term view. Several regions are now contracting rigs for startup 2009-2010, both in the North Sea and offshore West Africa. Several mid water tenders both on the NCS and other areas are expected to be in the market the next 6 months. The need for renewal of the rig fleet in this segment is high, and also the demand for DP rigs for this segment is increasing. Awilco Offshore is the only company with a new build program for this segment.

Accommodation

The North Sea accommodation market has attracted a lot of attention recently. Several new contracts have been announced and record rates have been reported. Also outside the North Sea activities are high. We expect the tight market to prevail and are positive about the possibility of securing attractive new contracts for both our units.

Oslo, November 14, 2007

The board of directors of Awilco Offshore ASA

Company background

Awilco Offshore was incorporated in January 2005. Awilco Offshore was listed on the Oslo Stock Exchange in May 2005. Awilco Offshore has offices in Norway and Singapore.

Awilco Offshore and Sinvest are joint owners of the 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, Australia, India, Brunei, UAE and Malaysia. See www.premiumdrilling.com.

WilPower, the first drilling rig under construction, was delivered from PPL in mid 2006. WilCraft was delivered from Keppel FELS in December 2006. WilSuperior was delivered from PPL in July 2007.

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

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Forward Looking Statements

This Operating and Financial Review contains certain forward-looking statements that involve risks and uncertainties. Forward-looking statements are sometimes, but not always, identified by such phrases as “will”, “expects”, “is expected to”, “should”, “may”, “is likely to”, “intends” and “believes”. These forward-looking statements reflect current views with respect to future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. These statements are based on various assumptions, many of which are based, in turn, upon further assumptions, including Awilco Offshore’s examination of historical operating trends. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including the competitive nature of the offshore drilling industry, oil and gas prices, technological developments, government regulations, changes in economical conditions or political events, inability of the Company to obtain financing on favorable terms, changes of the spending plan of our customers, changes in the Company’s operating expenses including crew wages, insurance, dry-docking, repairs and maintenance, failure of shipyards to comply with delivery schedules on a timely basis and other important factors mentioned from time to time in our reports filed with the Oslo Stock Exchange.

Awilco Offshore

Condensed income statement

in USD thousands, unless otherwise indicated

	3Q 2007	3Q 2006	YTD 3Q 2007	YTD 3Q 2006
Contract services	47 387	20 186	114 841	46 585
Reimbursable	1 532	1 666	5 735	2 747
Other	16	48	1 766	145
	<u>48 934</u>	<u>21 900</u>	<u>122 343</u>	<u>49 478</u>
Rig operating expenses	20 194	7 792	47 384	19 048
Reimbursable	1 416	1 517	5 241	2 518
General and administrative expenses	4 562	2 859	17 327	5 961
Depreciation	5 925	2 645	15 719	6 438
Net result from associates and joint ventures	388	2 138	2 625	4 348
	<u>32 485</u>	<u>16 951</u>	<u>88 296</u>	<u>38 313</u>
Operating profit	16 449	4 949	34 046	11 164
Interest income	853	206	1 685	957
Interest expense	(7 916)	(4 398)	(17 344)	(8 144)
Other financial items	(7 490)	115	(9 619)	(1 179)
Net financial items	<u>(14 553)</u>	<u>(4 077)</u>	<u>(25 278)</u>	<u>(8 365)</u>
Profit before tax	1 895	871	8 768	2 799
Taxes	(736)	(244)	(2 993)	(785)
Net profit	<u>1 159</u>	<u>627</u>	<u>5 776</u>	<u>2 015</u>
Basic and diluted earnings per share	0,01	0,00	0,04	0,01

Condensed balance sheet

in USD thousands

	30.09.2007	30.09.2006	31.12.2006
Rigs	1 440 898	463 494	940 754
Machinery and equipment	812	267	569
	<u>1 441 710</u>	<u>463 761</u>	<u>941 323</u>
Goodwill	1 877	-	-
Investment in shares	42 693	38 963	40 381
Investment in associates	-	86 832	-
Loan pledge	22 894	-	28 617
Other long-term assets	163	161	164
	<u>67 626</u>	<u>125 957</u>	<u>69 162</u>
Other current assets	81 972	16 560	32 106
Financial investments	-	-	83 248
Cash and cash equivalents	35 816	45 264	67 741
	<u>117 788</u>	<u>61 825</u>	<u>183 096</u>
Total assets	<u>1 627 125</u>	<u>651 543</u>	<u>1 193 581</u>
Paid in capital	457 419	367 224	450 747
Other equity	8 927	9 694	2 810
Revaluation reserves	14 860	11 130	12 549
Minority interests	-	-	21 202
	<u>481 206</u>	<u>388 048</u>	<u>487 309</u>
Deferred tax	23 329	3 876	27 697
Other long-term liabilities	17 683	2 367	11 985
	<u>41 012</u>	<u>6 243</u>	<u>39 682</u>
Long-term interest-bearing debt	1 006 839	224 270	567 052
Current portion of long-term interest-bearing debt	1 272	9 548	25 158
Other current liabilities and accruals	96 796	23 435	74 379
	<u>98 067</u>	<u>32 982</u>	<u>99 538</u>
Total equity and liabilities	<u>1 627 125</u>	<u>651 543</u>	<u>1 193 581</u>

Awilco Offshore

Condensed cash flow statement

in USD thousands

	<u>3Q 2007</u>	<u>3Q 2006</u>	<u>YTD 3Q 2007</u>	<u>YTD 3Q 2006</u>
Cash flow from (used in) operations	19 364	9 128	13 158	13 619
Cash flow from (used in) investments	(237 744)	(39 433)	(456 365)	(201 131)
Cash flow from (used in) financing	230 128	50 402	411 283	197 024
Net change in cash and cash equivalents	11 748	20 097	(31 925)	9 511
Cash and cash equivalents per opening balance	24 068	25 167	67 741	35 753
Cash and cash equivalents per ending balance	<u>35 816</u>	<u>45 264</u>	<u>35 816</u>	<u>45 264</u>

Condensed statement of changes in equity

in USD thousands, unless otherwise indicated

	<u>30.09.2007</u>	<u>30.09.2006</u>	<u>31.12.2006</u>
Attributable to equity holders of the parent, opening balance	466 107	300 220	300 220
Equity contributions	6 672	84 185	167 861
Revaluation reserve	2 311	(289)	1 129
Other equity / translation adjustments	341	1 919	(1 440)
Net profit (loss) during the period	5 776	2 014	(1 664)
Attributable to equity holders of the parent, ending balance	481 206	388 048	466 107
Minority interests	-	-	21 202
Total equity	<u>481 206</u>	<u>388 048</u>	<u>487 309</u>

Share capital details

Average number of shares during the period	149 396 049	135 810 847	134 370 096
Total number of shares at end of the period	149 415 487	139 777 880	148 752 173

Awilco Offshore
Notes to the accounts

Note 1

Basis of preparation

The unaudited condensed interim financial report is in compliance with IAS 34 - Interim Financial Reporting.

Significant accounting policies

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual audited financial statements for the year ended December 31, 2006. This interim report should be read in conjunction with the audited 2006 financial statements, which include a full description of the Group's significant accounting policies.

Note 2

Rigs, machinery and equipment

in USD thousands	Accommodation rigs	Jack-up drilling rigs	Jack-up drilling rigs under construction	Semi submersible drilling rigs under construction	Other	Total
Acquisition cost at December 31, 2005	95 381	-	205 037	-	299	300 717
Newbuilding, upgrades and reconstruction	4 816	-	321 105	49 189	135	375 246
Transfer from under construction	-	258 629	(258 629)	-	-	-
Acquisition of a subsidiary	-	-	-	293 674	285	293 959
Disposals	-	-	-	-	(29)	(29)
Acquisition cost at December 31, 2006	<u>100 197</u>	<u>258 629</u>	<u>267 513</u>	<u>342 863</u>	<u>691</u>	<u>969 893</u>
Newbuilding, upgrades and reconstruction	35 742	7 863	191 392	280 750	356	516 104
Transfer from under construction	-	134 062	(134 062)	-	-	-
Disposals	-	-	-	-	-	-
Acquisition cost at September 30, 2007	<u>135 939</u>	<u>400 554</u>	<u>324 844</u>	<u>623 613</u>	<u>1 046</u>	<u>1 485 996</u>
Accumulated depreciation at December 31, 2005	18 574	-	-	-	52	18 626
Depreciation	7 639	2 234	-	-	79	9 952
Disposal of assets	-	-	-	-	(9)	(9)
Accumulated depreciation at December 31, 2006	<u>26 214</u>	<u>2 234</u>	<u>-</u>	<u>-</u>	<u>122</u>	<u>28 570</u>
Depreciation	6 190	9 414	-	-	115	15 719
Accumulated depreciation at September 30, 2007	<u>32 404</u>	<u>11 648</u>	<u>-</u>	<u>-</u>	<u>234</u>	<u>44 286</u>
Net carrying amount:						
At September 30, 2007	<u>103 535</u>	<u>388 906</u>	<u>324 844</u>	<u>623 613</u>	<u>812</u>	<u>1 441 710</u>
At December 31, 2006	<u>73 983</u>	<u>256 395</u>	<u>267 513</u>	<u>342 863</u>	<u>569</u>	<u>941 323</u>

Estimated delivered costs for the contracted jack-up drilling rigs include contract price with the yard, site supervision, pipe handling equipment, spare parts and borrowing costs during construction, are specified as follows:

Jack-up drilling rigs	Yard	Scheduled Delivery	Estimated Delivered Cost
<u>Contracted rigs</u>			
WilBoss	Keppel	1Q08	USD 134m
WilForce	PPL	1Q08	USD 144m
WilSeeker	PPL	3Q08	USD 143m
WilStrike	Keppel	2Q09	USD 163m
WilConfidence	PPL	2Q09	USD 149m

Awilco Offshore
Notes to the accounts

Estimated delivered costs for the contracted semi submersible drilling rigs include contract price with the yard, drilling package, project and supervision costs and borrowing costs during construction, are specified as follows:

Semi submersible drilling rigs	Yard	Scheduled Delivery	Estimated Delivered Cost
<u>Contracted rigs</u>			
WilPioneer	YRS	4Q08	USD 340m
WilInnovator ⁽¹⁾	YRS	4Q08	USD 355m
WilPromoter ⁽¹⁾	YRS	4Q09	USD 365m
<u>Option</u>			
YRS option ⁽²⁾	YRS		
YRS option	YRS		

(1) Modification costs in connection with the StatoilHydro contracts on Troll are not included in the numbers. The cost is expected to be approximately USD 30 million per rig and will be paid by StatoilHydro, either through an increased day rate or as a lump sum.

(2) Signed contract for drilling package and other long lead items for USD 225 million.

Note 3
Investment in joint venture

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. The negative net carrying value is classified as an other non-current liability.

in USD thousands	YTD 3Q 2007	YTD 3Q 2006	2006
NBV per opening balance	(5 055)	2 049	2 049
Share of loss in joint venture	(2 625)	(4 191)	(7 070)
Translation adjustment	-	(34)	(34)
NBV per ending balance	(7 680)	(2 176)	(5 055)

Note 4
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	YTD 3Q 2007	YTD 3Q 2006	2006
Net carrying amount per opening balance	40 381	39 252	39 252
Fair value adjustment during the period	2 311	(289)	1 129
Net carrying amount per ending balance	42 693	38 963	40 381

Note 5
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	YTD 3Q 2007	YTD 3Q 2006	2006
Fair value per opening balance	6 594	2 038	2 038
Expensed during the period	2 040	2 313	4 279
Translation adjustment	982	-	276
Fair value per ending balance	9 616	4 351	6 594

Awilco Offshore
Notes to the accounts

Note 6
Related party transactions

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

Transactions with Anders Wilhelmsen group are specified as follows:

in USD thousands	<u>YTD 3Q 2007</u>	<u>YTD 3Q 2006</u>	<u>2006</u>
Sales	63	142	190
Purchases	1 111	943	1 449
Receivables	37	-	9
Payables	1 952	6 138	5 802

Note 7
Segment information

BUSINESS SEGMENTS
YTD 3Q 2007

in USD thousands	<u>Accommodation rigs</u>	<u>Jack-up drillings rigs</u>	<u>Semi submersible drillings rigs</u>	<u>Other</u>	<u>Total</u>
Contract services	44 213	70 628	-	-	114 841
Reimbursable	4 576	1 159	-	-	5 735
Other	1 696	-	7	63	1 766
	<u>50 485</u>	<u>71 787</u>	<u>7</u>	<u>63</u>	<u>122 342</u>
Rig operating expenses	27 969	19 416	-	-	47 385
Reimbursable	4 189	1 052	-	-	5 241
General and administrative expenses	303	6 925	6 468	3 630	17 326
Depreciation	6 190	9 414	-	115	15 719
Share of loss from joint venture	-	2 625	-	-	2 625
	<u>38 651</u>	<u>39 432</u>	<u>6 468</u>	<u>3 745</u>	<u>88 296</u>
Operating profit (loss)	<u>11 834</u>	<u>32 355</u>	<u>(6 461)</u>	<u>(3 682)</u>	<u>34 046</u>
Assets	103 535	713 750	623 613	812	1 441 710
Interest-bearing debt (including current portion)	85 140	424 747	271 404	226 820	1 008 111
Investments	35 742	199 256	280 750	356	516 104

YTD 3Q 2006

in USD thousands	<u>Accommodation rigs</u>	<u>Jack-up drillings rigs</u>	<u>Other</u>	<u>Total</u>
Contract services	44 251	2 335	-	46 585
Reimbursable	2 747	-	-	2 747
Other	-	-	142	142
	<u>46 998</u>	<u>2 335</u>	<u>142</u>	<u>49 474</u>
Rig operating expenses	18 730	318	-	19 048
Reimbursable	2 518	-	-	2 518
General and administrative expenses	311	1 752	3 897	5 961
Depreciation	5 659	727	52	6 438
Share of loss from joint venture	-	4 191	-	4 191
Share of loss from associates	-	-	157	157
	<u>27 219</u>	<u>6 989</u>	<u>4 106</u>	<u>38 313</u>
Operating profit (loss)	<u>19 779</u>	<u>(4 654)</u>	<u>(3 963)</u>	<u>11 161</u>
Assets	74 307	389 187	-	463 494
Interest-bearing debt (including current portion)	83 570	53 617	100 000	237 187
Investments	3 160	184 877	-	188 037

Awilco Offshore
Notes to the accounts
GEOGRAPHICAL SEGMENTS
YTD 3Q 2007

in USD thousands	UK	Norway	Saudi Arabia	Australia	Vietnam	Other, unallocated	Total
Contract services	17 295	26 919	18 612	46 835	5 181	-	114 841
Reimbursable	3 475	1 101	-	1 159	-	-	5 735
Other	1 672	24	-	-	-	70	1 766
	<u>22 442</u>	<u>28 043</u>	<u>18 612</u>	<u>47 994</u>	<u>5 181</u>	<u>70</u>	<u>122 343</u>
Rig operating expenses	11 537	16 432	508	14 368	738	3 801	47 384
Reimbursable	3 160	1 030	-	1 052	-	-	5 241
General and administrative expenses						17 327	17 327
Depreciation						15 719	15 719
Share of loss from joint venture						2 625	2 625
						<u>88 296</u>	<u>88 296</u>
Operating profit (loss)							<u>34 046</u>

GEOGRAPHICAL SEGMENTS
YTD 3Q 2006

in USD thousands	UK	Norway	Saudi Arabia	Other, unallocated	Total
Contract services	10 897	33 354	2 335		46 585
Reimbursable	1 584	1 163	-		2 747
Other	-	-	-	142	142
	<u>12 481</u>	<u>34 517</u>	<u>2 335</u>	<u>142</u>	<u>49 474</u>
Rig operating expenses	4 596	14 134	318		19 048
Reimbursable	1 435	1 084	-		2 518
General and administrative expenses				5 961	5 961
Depreciation				6 438	6 438
Share of loss from joint venture				4 191	4 191
Share of loss from associated companies				157	157
				<u>157</u>	<u>38 313</u>
Operating profit (loss)					<u>11 161</u>



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