



# AWILCO DRILLING

## AWILCO DRILLING PLC

### Listing of 5,550,000 Private Placement Shares on Oslo Børs

This prospectus (the "**Prospectus**") has been prepared by Awilco Drilling Plc, a public limited company incorporated under the laws of England and Wales (the "**Company**" or "**Awilco Drilling**", and together with its subsidiaries, the "**Group**"), solely for use in connection with the listing on Oslo Børs of 5,550,000 new shares of the Company issued through a private placement on 11 March 2019 (the "**Private Placement Shares**") (the "**Listing**"). The Company's shares (the "**Shares**") are listed on Oslo Børs under the ticker code "AWDR".

Trading in the Private Placement Shares on Oslo Børs is expected to commence on or about 6 June 2019 under the trading symbol "AWDR".

**THIS PROSPECTUS SERVES AS A LISTING PROSPECTUS ONLY AS REQUIRED BY NORWEGIAN LAW AND REGULATIONS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO BUY, SUBSCRIBE OR SELL ANY OF THE SECURITIES DESCRIBED HEREIN, AND NO SECURITIES ARE BEING OFFERED OR SOLD PURSUANT TO IT.**

**Investing in the Shares involves a high degree of risk. See Section 2 "Risk factors".**

### Managers

ABG Sundal Collier ASA

Fearnley Securities AS

Clarksons Platou Securities AS

**The date of this Prospectus is 5 June 2019**

## **IMPORTANT INFORMATION**

This Prospectus has been prepared solely for use in connection with the Listing of the Private Placement Shares on Oslo Børs. Please see Section 16 "Definitions and glossary" for definitions of terms used in this Prospectus.

The Prospectus has been prepared to comply with chapter 7 of the Norwegian Securities Trading Act of June 29, 2007 No. 75 (the "**Norwegian Securities Trading Act**") and related secondary legislation, including the Commission Regulation (EC) No. 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 regarding information contained in Prospectuses, as amended (the "**Prospectus Directive**"). The Prospectus has been prepared in English language only. The Prospectus has not been passported into any other country in the European Economic Area.

The Financial Supervisory Authority of Norway (the "**Norwegian FSA**") has reviewed and approved this Prospectus in accordance with sections 7-7 and 7-8 of the Norwegian Securities Trading Act on 5 June 2019. The Prospectus is valid for a period of 12 months from the date of approval by the Norwegian FSA. The Norwegian FSA has not controlled or approved the accuracy or completeness of the information given in this Prospectus. The approval given by the Norwegian FSA only relates to the information included in accordance with pre-defined disclosure requirements. The Norwegian FSA has not made any form of control or approval relating to corporate matters described or referred to in this Prospectus.

The Company has engaged ABG Sundal Collier ASA, Fearnley Securities AS and Clarksons Platou Securities AS as Managers of the Private Placement and the listing of the Private Placement Shares. The Managers are acting for the Company and no one else in relation to the listing of the Private Placement Shares, and they will not be responsible to anyone other than the Company for providing the protections afforded to clients of the Managers or for providing advice in relation to the Listing. In the ordinary course of their businesses, the Managers and certain of their respective affiliates have engaged, and may continue to engage, in investment and commercial banking transactions with the Company and its subsidiaries.

Neither the Company nor the Managers, or any of their respective affiliates, representatives, advisers or selling agents, are making any representation on behalf of the Group in connection with this Prospectus or the listing of the Private Placement Shares. No person is authorised to give any information about or to make any representation concerning the Group or in connection with the listing of the Private Placement Shares other than as contained in this Prospectus. If any such information is given or made, it must not be relied upon as having been authorised by the Company or the Managers or by any of the affiliates, advisers or selling agents of any of the foregoing.

**The distribution of this Prospectus may be restricted by law in certain jurisdictions. Persons in possession of this Prospectus are required to inform themselves about, and to observe, any such restrictions. The Prospectus serves as a listing Prospectus as required by applicable laws and regulations. The Prospectus does not constitute an offer to buy, subscribe or sell any of the securities described herein, and no securities are being offered or sold pursuant to it.**

**The Shares have not been and will not be registered under the U.S. Securities Act as amended, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.**

This Prospectus is subject to Norwegian law. The courts of Norway, with Oslo as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Listing and this Prospectus.

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*Appendix: Articles of Association*

## 1. SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A– E (A.1 – E.7) below. This summary contains all the Elements required to be included in a summary for this type of securities and the issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "Not applicable".

### ***Section A – Introduction and Warnings***

<b>A.1</b> <b><i>Warning</i></b>	<p>This summary should be read as an introduction to the Prospectus and is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation in its Member State, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
<b>A.2</b> <b><i>Resale or final placement of securities by financial intermediaries</i></b>	Not applicable. This Prospectus will not be used in subsequent resales by financial intermediaries.

### ***Section B - Issuer***

<b>B.1</b> <b><i>Legal and commercial name</i></b>	The legal and commercial name of the Company is Awilco Drilling Plc.
<b>B.2</b> <b><i>Domicile and legal form, legislation and country of incorporation</i></b>	The Company is a public limited company incorporated under the laws of England and Wales, and having its domicile in England.
<b>B.3</b> <b><i>Current operations, principal activities and markets</i></b>	<p>The Company's principal business is to own offshore drilling rigs for use in offshore drilling operations, and to provide drilling services for oil and gas companies using these rigs.</p> <p>The Company currently owns two semi-submersible drilling rigs; WilPhoenix built in 1982 and upgraded in</p>

	<p>2011, and WilHunter built in 1983 and upgraded in 1999 and 2011. Both rigs are typical "workhorse" rigs used for drilling of oil and gas wells on the United Kingdom sector of the North Sea, although they can also be used in other geographical locations.</p> <p>On 9 March 2018, the Company entered into a newbuilding contract for the building of a semi-submersible drilling rig designed for harsh environment use. The drilling rig is expected to be delivered in March 2021. Furthermore, in connection with entering into the newbuilding contract, the Company negotiated options to build up to three additional drilling rigs of similar design, with each option being independent of each other. On 8 March 2019, the Company declared an option for the building of one new semi-submersible drilling rig designed for harsh environment use. The drilling rig is expected to be delivered in March 2022. Both drilling rigs will be equipped and certified for drilling on the Norwegian Continental Shelf, including the Barents Sea. As of the date of this Prospectus, two additional options remain.</p>
<p><b>B.4a Significant recent trends affecting the issuer and the industry in which it operates</b></p>	<p>The Company's principal focus and expertise is to provide drilling services, particularly on the UK continental shelf. Operations in this market is characterised by relatively short contracts, although longer contracts may also be available from time to time. With short contracts, the Company's revenues are influenced by rates that can fluctuate on the basis of changing supply and demand for drilling services.</p> <p>The Company is also planning to enter operations in other parts of the North Sea, upon delivery of the ordered newbuild rigs as specified in the 2018 and 2019 private placements. These ordered rigs are compliant with operations in the Norwegian Continental Shelf.</p> <p>The Company has not experienced any specific changes or trends that are considered as significant for the Company or the market in which it operates since 31 December 2018, and as of the date of this Prospectus.</p>
<p><b>B.5 The Group</b></p>	<p>The Company is the parent company of the Group.</p>
<p><b>B.6 Persons having an interest in the issuer's capital or voting rights</b></p>	<p>Shareholders of the Company are required to notify the Company, in accordance with the Disclosure and Transparency Rule 5 of the Disclosure and Transparency Rules of the UK Financial Services Authority if, as a result of an acquisition or disposal of Shares, the percentage of voting rights he holds as a shareholder (or holds or is deemed to hold through his direct or indirect beneficial interest in the Shares) reaches, exceeds, or falls below 3% of the Company's nominal value of that share capital.</p> <p>The Company is not aware of any persons or entities, except for those set out below, who, directly or</p>

	<p>indirectly, have an interest of 3% or more of the Shares as of the date of this Prospectus. The following persons or entities have given notice of an interest of 3% or more of the Shares in the Company:</p> <ul style="list-style-type: none"> <li>• Awilhelmsen Offshore AS: 37.08%</li> <li>• UBS Securities LLC: 17.72%</li> <li>• Akastor ASA: 5.58%</li> <li>• Euroclear Bank S.A./N.V.: 4.12%</li> <li>• Citibank N.A: 3.44%</li> </ul> <p>As of the date of this Prospectus, funds managed by QVT Financial LP own 4,665,895 Shares in the Company, amounting to a total of 8.55% of the Company's share capital. QVT Financial LP is an asset management company in which the Company's director Mr. Gold is the CEO and the founder. FVP Master Fund LP with affiliated and related parties own 10,817,537 Shares as of the date of this Prospectus, amounting to a total of 20.02% of the Company's share capital.</p> <p>The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.</p>
<p><b>B.7 Selected historical key financial information</b></p>	<p>The table below sets out selected data from the Group's consolidated income statement for the years ended 31 December 2018, 2017 and 2016 which has been extracted from the Audited Financial Statements, and for the three months period ended 31 March 2019 with comparable figures from 31 March 2018 which has been extracted from the Interim Financial Statements.</p>

	Three months ended	Three months ended	Year ended 31 December		
	31 March 2019	31 March 2018	2018	2017	2016
<b>In USD Thousands</b>					
Revenue	9,062	34,103	56,522	131,731	72,472
Cost of sales	(8,906)	(10,766)	(66,031)	(88,794)	(52,492)
<b>Gross profit</b>	<b>156</b>	<b>23,337</b>	<b>(9,509)</b>	<b>42,937</b>	<b>19,980</b>
General and administrative expenses	3,133	2,782	(8,766)	(8,818)	(8,908)
<b>Operating profit</b>	<b>(2,977)</b>	<b>20,555</b>	<b>(18,275)</b>	<b>34,119</b>	<b>11,072</b>
Finance income	533	550	1,943	792	631
Finance expense	-	(1,642)	(4,671)	(6,919)	(7,658)
Foreign exchange gain/(loss)	-	-	5	941	(1,437)
Loss on forward contracts	142	358	(172)	(123)	(1,042)
<b>Profit before taxation</b>	<b>(2,302)</b>	<b>19,821</b>	<b>(21,170)</b>	<b>28,810</b>	<b>1,566</b>
Tax (expense)/benefit	(50)	(706)	(1,694)	(643)	745
<b>Profit for year attributable to equity shareholders</b>	<b>(2,352)</b>	<b>19,115</b>	<b>(22,864)</b>	<b>28,167</b>	<b>2,311</b>
Weighted Average number of shares	50,091,612	30,813,722	44,221,089	30,031,500	30,031,500
Basic and diluted earnings per share	(0.05)	0.62	(0.52)	0.94	0.08
Interest coverage ratio	0	13.07	(4.86)	5.16	1.20

	<p>The table below sets out selected data from the Group's consolidated statement of financial position as of 31 December 2018, 2017 and 2016 which has been extracted from the Audited Financial Statements, and for the three months period ended 31 March 2019 with comparable figures from 31 March 2018 which has been extracted from the Interim Financial Statements.</p>
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	Three months ended	Three months ended	Year ended 31 December		
	31 March 2019	31 March 2018	2018	2017	2016
<b>In USD Thousands</b>					
Assets					
Property, plant and equipment	227,470	217,935	186,761	178,808	238,868
Deferred tax	410	1,483	461	1,372	3,058
<b>Total non-current assets</b>	<b>227,880</b>	<b>219,418</b>	<b>187,222</b>	<b>180,180</b>	<b>241,926</b>
Current assets					
Inventory	4,809	4,809	4,808	4,808	4,844
Prepayments	4,422	19,076	11,938	24,073	24,482
Trade and other receivables	6,317	73,837	340	3,551	22,078
Cash and cash equivalents	42,900	92,472	63,865	119,286	70,070
<b>Total current assets</b>	<b>58,448</b>	<b>190,194</b>	<b>80,951</b>	<b>151,718</b>	<b>121,474</b>
<b>Total assets</b>	<b>286,328</b>	<b>409,612</b>	<b>268,173</b>	<b>331,898</b>	<b>363,400</b>
Current liabilities					
Trade and other payables	7,038	11,375	6,284	10,441	11,281
Current tax payable	66	-	66	-	23,923
Borrowing	-	10,000	-	10,000	10,000
<b>Total current liabilities</b>	<b>7,104</b>	<b>21,375</b>	<b>6,350</b>	<b>20,441</b>	<b>45,204</b>
Non-current liabilities					
Deferred tax liability	-	-	-	-	1,129
Borrowing	-	80,000	-	80,000	90,000
Other liabilities	-	-	433	248	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>80,000</b>	<b>433</b>	<b>80,248</b>	<b>91,129</b>
<b>Total liabilities</b>	<b>7,104</b>	<b>101,375</b>	<b>6,783</b>	<b>100,689</b>	<b>136,333</b>
<b>Net assets</b>	<b>279,224</b>	<b>308,237</b>	<b>261,390</b>	<b>231,209</b>	<b>227,067</b>
Equity					
Paid in capital	218,905	194,060	198,719	130,141	130,141
Retained earnings	60,319	114,177	62,671	101,068	96,926
<b>Total Equity</b>	<b>279,224</b>	<b>308,237</b>	<b>261,390</b>	<b>231,209</b>	<b>227,067</b>
Equity / Assets ratio	98%	75%	97%	70%	62%

The table below sets out selected data from the Group's consolidated statements of cash flows for the years ended 31 December 2018, 2017 and 2016 which has been extracted from the Audited Financial Statements, and for the three months period ended 31 March 2019 with comparable figures from 31 March 2018 which has been extracted from the Interim Financial Statement.

	Three months ended	Three months ended	Year ended 31 December		
	31 March 2019	31 March 2018	2018	2017	2016
<b>In USD Thousands</b>					
<b>Operating activities</b>					
Profit before tax	(2,302)	19,821	(21,170)	28,810	1,566
Non-cash adjustments to reconcile profit before tax to net cash flows:					
Depreciation	2,651	3,402	13,425	15,686	15,579
Impairment	-	-	25,000	45,000	-
Net interest	(533)	1,092	2,728	6,126	7,027
Share based payment	(303)	663	(260)	301	32
Working capital adjustments:					
Decrease / (increase) in trade and other receivables	2,758	7,249	8,092	101	(9,917)
Decrease / (increase) in inventory	-	-	-	36	171
(Increase)/ decrease in prepayments and accrued revenue	(1,219)	(6,268)	4,043	307	(4,532)
(Decrease) / increase in trade and other payables	624	(1,552)	(3,712)	(714)	(12,302)
Interest paid	-	(67)	(4,671)	(7,097)	(7,798)
Interest received	533	550	1,943	792	631
Taxation paid	-	(3,169)	2,494	(5,481)	(6,013)
<b>Net cash flow from operating activities</b>	<b>2,209</b>	<b>21,721</b>	<b>27,912</b>	<b>83,867</b>	<b>(15,556)</b>
<b>Investing activities</b>					
Purchase of property, plant and equipment	(43,360)	(42,529)	(46,378)	(626)	(20,111)
<b>Net cash flow used in investing activities</b>	<b>(43,360)</b>	<b>(42,529)</b>	<b>(46,378)</b>	<b>(626)</b>	<b>(20,111)</b>
<b>Financing activities</b>					
Proceeds from issue of share capital	20,595	-	69,595	-	-
Equity issue costs	(409)	-	(1,017)	-	-
Payment of dividends	0	(6,006)	(15,533)	(24,025)	(19,520)
Repayment of loan and bonds	0	0	(90,000)	(10,000)	(10,000)
<b>Net cash flow used in financing activities</b>	<b>20,186</b>	<b>(6,006)</b>	<b>(36,955)</b>	<b>(34,025)</b>	<b>(29,520)</b>
Net increase in cash or cash equivalents	(20,956)	(26,814)	(55,421)	49,216	(65,187)
<b>Cash and cash equivalents at beginning of year</b>	<b>63,865</b>	<b>119,286</b>	<b>119,286</b>	<b>70,070</b>	<b>135,257</b>
<b>Cash and cash equivalents at end of year</b>	<b>42,900</b>	<b>92,472</b>	<b>63,865</b>	<b>119,286</b>	<b>70,070</b>

The table below sets out selected data from the Group's consolidated statement of changes in equity for the years ended 31 December 2018, 2017 and 2016, and for the three month period ended 31 March 2019.

<b>TUSD</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Retained earnings</b>	<b>Total equity</b>
At 1 January 2016	304	129,837	114,135	244,276
Total comprehensive profit for year	-	-	2,311	2,311
Dividend paid	-	-	(19,520)	(19,520)
<b>Balance at 31 December 2016</b>	<b>304</b>	<b>129,837</b>	<b>96,926</b>	<b>227,067</b>
Total comprehensive profit for year	-	-	28,167	28,167
Dividend paid	-	-	(24,025)	(24,025)
<b>Balance at 31 December 2017</b>	<b>304</b>	<b>129,837</b>	<b>101,068</b>	<b>231,209</b>
Equity issue as at 27 March 2018	161	64,776	-	64,937
Equity issue costs as at 27 March 2018	-	(1,017)	-	(1,017)
Equity issue as at 22 June 2018	12	4,646	-	4,658
Total comprehensive profit for year	-	-	(22,864)	(22,864)
Dividend paid	-	-	(15,533)	(15,533)
<b>Balance at 31 December 2018</b>	<b>477</b>	<b>198,242</b>	<b>62,671</b>	<b>261,390</b>
Equity issue 14 March 2019	<b>48</b>	<b>20,547</b>	-	<b>20,595</b>
Equity issue costs 14 March 2019	-	<b>(409)</b>	-	<b>(409)</b>
Total comprehensive profit as at 31 March 2019	-	-	<b>(2,352)</b>	<b>(2,352)</b>
Dividend paid	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>525</b>	<b>218,380</b>	<b>60,319</b>	<b>279,224</b>

<b>B.8</b> <i>Selected key pro forma financial information</i>	Not applicable. The Prospectus does not contain pro forma financial information.
<b>B.9</b> <i>Profit forecast or estimate</i>	Not applicable. The Company has not made any profit forecasts or estimates.
<b>B.10</b> <i>Qualifications in the audit report on the historical financial information</i>	Not applicable.
<b>B.11</b> <i>Working capital</i>	As of the date of this Prospectus, the Company is of the opinion that the Group's working capital is sufficient for its present requirements and for at least the next twelve months from the date of this Prospectus.

### **Section C - Securities**

<b>C.1</b> <i>Type and class of securities admitted to trading and identification number</i>	<p>The Private Placement Shares were issued on 14 March 2019 and have been registered with the VPS under a blocked VPS account until the publication of this Prospectus. As of 6 June 2019, the blocking of the VPS account will be lifted and the Private Placement Shares will be freely transferable. The Private Placement Shares are registered in book-entry form with the VPS under the Company's ISIN number GB00B5LJSC86.</p> <p>The Company has one class of shares in issue and all Shares provide equal rights in the Company. Each of the Shares carries one vote. The Shares have been created under the laws of England and Wales.</p>
<b>C.2</b> <i>Currency of issue</i>	The Private Placement Shares are issued in GBP.

<b>C.3</b> <i>Number of shares in issue and par value</i>	The Company's issued share capital is GBP 354,779.75 divided into 54,581,500 Shares each with a nominal value of GBP 0.0065. All Shares are fully paid and issued in accordance with the laws of England and Wales.
<b>C.4</b> <i>Rights attached to the securities</i>	All Shares in the Company, including the Private Placement Shares, provides equal rights in the Company.
<b>C.5</b> <i>Restrictions on free transferability</i>	The Private Placement Shares are freely transferable.
<b>C.6</b> <i>Admission to trading</i>	The Private Placement Shares are expected to be listed on Oslo Børs on 6 June 2019.
<b>C.7</b> <i>Dividend policy</i>	<p>The Company's dividend policy has been to pay a quarterly dividend in support of its main objective to maximise returns to shareholders. All of the Company's free cash flow was distributed subject to maintaining a robust cash buffer to support working capital requirements, planned capital expenditure and uncertain future market prospects.</p> <p>Since June 2013, the Company has consistently paid a quarterly dividend and during this time has distributed USD 12.00 (NOK 83.22) per share in this respect. With the ordering of two new-build high-end semi submersible rigs in March 2018 and 2019, plus an agreement for a further two independent rig options, the Company is now in a growth and investment phase. The Board of Directors has, therefore, on 14 August 2018 decided to suspend the dividend and will resume same when the Company again reaches an appropriate free cash flow situation. There are no current estimates regarding the potential future dividend level or timing of dividend payments.</p> <p>Any future dividends proposed will be at the discretion of the Board of Directors and will depend upon the Group's financial position, earnings and other factors.</p> <p>There are no current estimates regarding the potential future dividend level or timing of dividend payments.</p>

#### **Section D - Risks**

<b>D.1</b> <i>Key information on the key risks that are specific to the issuer or its industry</i>	<p>Prospective investors should consider, among other factors, the following risks relating to the Group and its business:</p> <ul style="list-style-type: none"> <li>• The Company's fleet currently consists of two rigs and any operational downtime or any failure to secure employment at satisfactory rates will affect its results more significantly than for a company with a larger fleet. As of the date of this Prospectus, WilPhoenix is on charter and will continue to be on charter until mid September</li> </ul>
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2019, with further options until March 2020. WilHunter is currently cold stacked. The Company's ability to obtain new contracts will depend on the prevailing market conditions.

- Contracts in the offshore sector require high standards of safety, and it is important to note that all offshore contracts are associated with considerable risks and responsibilities. These include technical, operational, commercial and political risks, and it is impossible to insure against all the types of risk and liabilities mentioned.
- The Company's operations are subject to hazards inherent in the drilling industry, such as blowouts, loss of well control, lost or stuck drill strings, equipment defects, cratering, fires, explosions and pollution.
- The market for the Company's services is characterised by continual and rapid technological developments that have resulted in, and will likely continue to result in, substantial improvements in equipment functions and performance. As a result, the Company's future success and profitability will be dependent in part upon its ability to improve existing services and related equipment, address the increasingly sophisticated needs of its customers and anticipate changes in technology and industry standards and respond to technological developments on a timely basis.
- While the Company believes that its rigs are in a good condition, the rigs will periodically need to undergo repairs or upgrading. The timing and costs of repairs on rigs are difficult to predict with certainty and may be substantial.
- The service life of the rigs to be operated by the Company will ultimately depend on their efficiency. There can be no assurance of how long the rigs will be in operation.
- The offshore contract drilling industry is cyclical and volatile. The Company's business depends on the level of activity of oil exploration, and development and production in the North Sea and internationally. Demand for the Company's services may be adversely affected by declines in exploration, development and production activity associated with depressed oil prices.
- The profitability and cash flow of the Company's operations will be dependent upon the market price of oil and gas, as the Company's customers are mainly oil companies. The price of oil and gas is known to fluctuate, and oil and gas prices are

	<p>affected by numerous factors beyond the Company's control.</p> <ul style="list-style-type: none"> <li>• The drilling market is highly competitive. Drilling contracts are mostly awarded on a competitive bid basis, with intense price competition frequently being the primary factor determining which qualified contractor is awarded the job. Many of the Company's competitors have significantly larger resources than the Company.</li> <li>• The mature nature of the UK continental shelf and the Norwegian continental shelf could result in less drilling activity in the areas, thereby reducing demand for the Company's services. Because a large number of oil and natural gas prospects in these regions have already been drilled, additional prospects of sufficient size and quality could be more difficult to identify.</li> <li>• The Company is dependent upon having access to long term funding. There can be no assurance that the Company may not experience net cash flow shortfalls exceeding the Company's available funding sources nor can there be any assurance that the Company will be able to raise new equity, or arrange new borrowing facilities, on favourable terms and in amounts necessary to conduct its ongoing and future operations, should this be required.</li> <li>• Most drilling contracts provide for the payment of a fixed dayrate during periods of operation, and reduced dayrates during periods of other activities. Many of the Company's operating costs are unpredictable and can vary based on events beyond the Company's control.</li> </ul>
<p><b>D.3 Key information on the key risks that are specific to the securities</b></p>	<p>Prospective investors should consider, among other factors, the following risks relating to the Group and its securities:</p> <ul style="list-style-type: none"> <li>• The Company's sole shareholder for purpose of UK law is DNB Bank ASA, and any person trading in the Company's shares does so in reliance on the Company's registrar agreement with DNB Bank ASA. For the purpose of English law, the VPS Registrar is regarded as the owner of the Shares. The beneficial owners of the Shares must look solely to the VPS Registrar for exercising any shareholder interest in the Company, including receiving payment of dividends and exercising voting rights.</li> <li>• The trading price of the Shares could fluctuate significantly.</li> <li>• The market price of the Shares could decline due</li> </ul>

	<p>to sales of a large number of the Shares in the market or the perception that such sales could occur. Such sales could also make it more difficult for the Company to offer equity securities in the future at a time and at a price that are deemed appropriate.</p> <ul style="list-style-type: none"> <li>• It is possible that the Company may in the future decide to offer additional Shares or other securities in order to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes. Any such additional offering could reduce the proportionate ownership and voting interests of holders of Shares, as well as the earnings per Share and the net asset value per Share of the Company, and any offering by the Company could have a material adverse effect on the market price of the Shares.</li> <li>• The Shares have not been registered under the US Securities Act or any US state securities laws or any other jurisdiction outside of Norway and are not expected to be registered in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from the registration requirements of the US Securities Act and applicable securities laws. In addition, there can be no assurances that shareholders residing or domiciled in the United States will be able to participate in future capital increases or rights offerings.</li> </ul>
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### **Section E - Offer**

<p><b>E.1</b>    <b>The total net proceeds and an estimate of the total expenses</b></p>	<p>The gross proceeds to the Company from the Private Placement amounted to USD 20 million. The costs and the expenses of, and incidental to, the listing of the Private Placement Shares amounted to approximately USD 0.50 million. Based on this, the net proceeds to the Company from the Private Placement was approximately USD 19.50 million.</p>
<p><b>E.2a</b>    <b>Reasons for the Private Placement and use of proceeds</b></p>	<p>The proceeds from the Private Placement will be used to part finance the equity requirement for the building of the new semi-submersible drilling rig for hard environment use as declared by the Company on 8 March 2019. The new drilling rig will be built by the yard Keppel FELS in Singapore at a price of approximately USD 425 million, with planned delivery in March 2022.</p>
<p><b>E.3</b>    <b>Terms and conditions of the offering</b></p>	<p>Not applicable. The Private Placement was completed on 11 March 2019 and the Private Placement Shares were issued on 14 March 2019.</p>
<p><b>E.4</b>    <b>Material interests in the Private Placement</b></p>	<p>The Managers or their affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its</p>

	<p>affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Managers do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Managers received a management fee in connection with the Private Placement and, as such, had an interest in the Private Placement.</p> <p>Beyond the above-mentioned, the Company is not aware of any interest, including conflicting ones, of any natural or legal persons involved in the Private Placement.</p>	
<b>E.4</b>	<b><i>Selling shareholders and lock-up agreements</i></b>	Not applicable. There were no selling shareholders in the Private Placement, nor are there any lock-up restrictions on the Private Placement Shares.
<b>E.6</b>	<b><i>Dilution resulting from the Private Placement</i></b>	The Private Placement resulted in an immediate dilution of approximately 11% for the existing shareholders who do did not participate in the Private Placement.
<b>E.7</b>	<b><i>Estimated expenses charged to investor</i></b>	Not applicable. The Company will not charge any expenses to the investors.

## **2. RISK FACTORS**

*An investment in the Company and the Shares involves inherent risks. Before making an investment decision with respect to the Shares, investors should carefully consider the risk factors set forth below and all information contained in this Prospectus, including the Audited Financial Statements and related notes. The risks and uncertainties described in this Section 2 are the principal known risks and uncertainties faced by the Group as of the date hereof that the Company believes are relevant to an investment in the Shares.*

*An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described in that risk factor are not a genuine potential threat to an investment in the Shares. If any of the following risks were to materialise, individually or together with other circumstances, they could have a material and adverse effect on the Group and/or its business, financial condition, results of operations, cash flows and/or prospects, which could cause a decline in the value and trading price of the Shares, resulting in the loss of all or part of an investment in the Shares.*

*The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Group's business, financial condition, results of operations, cash flows and/or prospects. The risks mentioned herein could materialise individually or cumulatively. The information in this Section 2 is as of the date of this Prospectus.*

### **2.1 Political, regulatory and market risks**

#### **2.1.1 Industry risks**

The offshore contract drilling industry is cyclical and volatile. The Company's business depends on the level of activity of oil exploration, development and production in the North Sea and internationally. The availability of quality drilling prospects, exploration success, relative production costs, the stage of reservoir development, political concerns and regulatory requirements all affect customers' levels of activity and drilling campaigns. Demand for the Company's services may be adversely affected by declines in exploration, development and production activity associated with depressed oil prices. Even the perceived risk of depressed oil prices and changes in the UK North Sea and the Norwegian Continental Shelf (the "**NCS**") tax regime often causes exploration and production companies to reduce their spending.

#### **2.1.2 Commodity prices**

The profitability and cash flow of the Company's operations will be dependent upon the market price of oil and gas, as the Company's customers are mainly oil companies. The price of oil and gas is known to fluctuate. Oil and gas prices are affected by numerous factors beyond the Company's control, including economic and political conditions, levels of supply and demand, the policies of the Organization of Petroleum Exporting Countries (OPEC), the level of production in non-OPEC countries, the cost of exploring for, developing, producing and delivering oil and gas, currency exchange rates and the availability of alternate energy sources and political and military conflicts in oil-producing and other countries. If the price of oil and gas products should drop significantly, this could have a material adverse effect on the Company.

#### **2.1.3 Oversupply of rigs**

Utilization rates, which are the number of days a rig actually works divided by the number of days the rig is available for work, and dayrates, which are the contract prices customers pay for rigs per day, are also affected by the total supply of comparable rigs available for

service in the geographic markets in which the Company competes. Improvements in demand in a geographic market may cause the Company's competitors to respond by moving competing rigs into the market, thus intensifying price competition. Significant new rig construction could also intensify price competition. In the past, there have been prolonged periods of rig oversupply with correspondingly depressed utilization rates and dayrates largely due to earlier, speculative construction of new rigs. Improvements in dayrates and expectations of longer-term, sustained improvements in utilization rates and dayrates for drilling rigs may lead to construction of new rigs. These increases in the supply of rigs could depress the utilization rates and dayrates for the Company's rigs and materially reduce its revenues and profitability.

#### **2.1.4 Competitors**

The drilling market is highly competitive. Drilling contracts are mostly awarded on a competitive bid basis, with intense price competition frequently being the primary factor determining which qualified contractor is awarded the job. Many of the Company's competitors have significantly larger resources than the Company.

#### **2.1.5 The UK and Norwegian continental shelves**

The Company's drilling units meet the stringent requirements of the UK continental shelf (the "**UKCS**") and will meet similar requirements once operations are entered in the NCS. The mature nature of these regions could result in less drilling activity in the areas, thereby reducing demand for the Company's services. The UKCS and the NCS are mature oil and natural gas production regions that have experienced substantial seismic survey and exploration activity for many years. Because a large number of oil and natural gas prospects in these regions have already been drilled, additional prospects of sufficient size and quality could be more difficult to identify. Oil and natural gas companies may be unable to obtain financing necessary to drill prospects in these regions. The decrease in the size of oil and natural gas prospects, the decrease in production or the failure to obtain such financing may result in reduced drilling activity on the UKCS and the NCS and reduced demand for the Company's services.

#### **2.1.6 Regulations governing operations**

The Company's services are affected by governmental laws and regulations. The industry in which the Company operates is dependent on demand for services from the oil and gas industry and, accordingly, is indirectly also affected by changing laws and regulations relating to the energy business in general. The laws and regulations affecting the Company's business and services include, among others laws, and regulations relating to;

- Protection of the environment;
- Quality, health and safety;
- Import-export quotas, wage and price controls, imposition of trade barriers and other forms of government;
- Regulation and economic conditions;
- Taxation;
- Anti-corruption laws; and
- Anti-money laundering legislation.

The Company and its customers are required to invest financial and managerial resources to comply with these laws and regulations. The Company cannot predict the future costs of complying with these laws and regulations, and any new laws or regulations could materially increase the Company's expenditures in the future. Existing laws or regulations or adoption of new laws or regulations limiting exploration or production activities by oil

and gas companies or imposing more stringent restrictions on such activities could adversely affect the Company by increasing its operating costs, reducing the demand for its services and restricting its ability to operate its drilling units.

Furthermore, there is a risk related to the UK formally leaving the European Union (the "EU"), which has been scheduled for no later than 31 October 2019, as the Group conducts business operations and has its registered office and its home state in the UK. As of this date, it is still uncertain how UK's exit from the EU will impact the market in general and particularly, companies conducting its businesses in both the UK and the EU, as well as taxation, trade regulation and other factors that could be adversely impacted by the negotiations and outcomes of the UK leaving the EU. There is a risk that the Group's business in the UK could be adversely affected by the outcome of the exit.

#### **2.1.7 Risk relating to wars and terrorist attacks**

War, military tension and terrorist attacks have, among other things, caused instability in the world's financial and commercial markets. This has in turn significantly increased political and economic instability in some of the geographic markets in which the Company operates (or may operate in the future) and has contributed to high levels of volatility in prices for, among other things, oil and gas. Continuing instability may cause further disruption to financial and commercial markets and contribute to even higher levels of volatility in prices. In addition, acts of terrorism, piracy, sabotage and threats of armed conflicts in or around the various areas in which the Company operates could limit or disrupt the Company's markets and operations, including disruptions from evacuation of personnel, cancellation of contracts or the loss of personnel or assets. Armed conflicts, terrorism, piracy, sabotage and their effects on the Company or markets in which the Company operates may significantly affect the Company's business, financial condition, prospects and results of operations in the future.

### **2.2 Financial risks**

#### **2.2.1 Liquidity risk**

The Company is dependent upon having access to long term funding. There can be no assurance that the Company may not experience net cash flow shortfalls exceeding the Company's available funding sources nor can there be any assurance that the Company will be able to raise new equity, or arrange new borrowing facilities, on favourable terms and in amounts necessary to conduct its ongoing and future operations, should this be required. Available sources of liquidity or funding for the Company may be affected by general market conditions, such as a downturn in the offshore drilling industry and/or the price of oil.

The Company may not be able to secure new sources of liquidity or funding, should projected or actual liquidity fall below levels the Company requires. The factors giving rise to the Company's liquidity needs could also constrain the ability to replenish the liquidity of the Company. The Company may not have access to funding from banks and other lenders in the amounts or on the terms it may be seeking. These same factors could also impact the ability of the Company's shareholders to provide it with liquidity, and there can be no assurance that the Company could obtain additional shareholder funding. Furthermore, if necessary financing cannot be obtained by the Company on reasonable terms, it may result in excessive dilution to the Company's equity. Future share issues may result in the existing shareholders of the Company sustaining dilution to their relative proportion of the equity in the Company.

Failure to access necessary liquidity could require the Company to scale back its operations, postpone or cancel plans to acquire rigs or could have other materially adverse consequences for its business and its ability to meet its obligations.

### **2.2.2 Risks related to newbuild contracts**

There is a risk that the Company will not be able to raise sufficient capital to finance its newbuild contracts or future newbuild contracts it may enter. There can be no assurance that the Company will be able to obtain financing in such large amounts as generally required by newbuild contracts, nor obtaining necessary financing in a timely manner on acceptable terms. The Company's ability to meet the required financing terms of its newbuild contracts and future newbuild contracts it may enter into will accordingly depend on the Company's profitability and cash flow of the operations, which may be materially affected by a downturn in the offshore contract drilling industry and the market price of oil and gas, as the Company's customers are mainly oil companies.

Furthermore, the Company's ability to raise sufficient financing may be affected by the Company's ability to secure favourable drilling contracts. In cases where new contracts are entered into at dayrates substantially below the existing dayrates or on terms less favourable compared to existing contracts terms, there is a risk that the Company will not be able to raise the required financing or be forced to raise the financing at higher costs.

### **2.2.3 Borrowings and leverage**

Borrowings create leverage. To the extent income derived from assets obtained with borrowed funds exceeds the interest and other expenses that the Group will have to pay, the Group's net income will be greater than if borrowings were not made. Conversely, if the income from the assets obtained with borrowed funds is insufficient to cover the cost of such borrowings, the net income of the Group will be less than if borrowings were not made. The Group will borrow only when it is believed that such borrowings will benefit the Group after taking into account considerations such as the costs of the borrowing and the likely returns on the assets purchased with the borrowed monies, but no assurances can be given that the Company will be successful in this respect.

### **2.2.4 Covenants compliance**

As of the date of this Prospectus, the Company has no debt and has no plans to take on any debt. Debt financing agreements may however be entered in the future. If the Company is unable to comply with the restrictions and covenants in future debt financing agreements, there could be a default under the terms of those agreements. The Company's ability to comply with restrictions and covenants in future debt financing agreements, including meeting financial ratios and measures, is dependent on its future performance and may be affected by events beyond its control. If a default occurs under these agreements, lenders could terminate their commitments to lend or accelerate the outstanding loans and declare all amounts borrowed due and payable. Borrowings under debt arrangements that contain cross-acceleration or cross-default provisions may also be accelerated and become due and payable. If any of these events occur, the Company cannot guarantee that the Company's assets will be sufficient to repay in full all of its outstanding indebtedness, and the Company may be unable to find alternative financing. Even if the Company could obtain alternative financing, that financing might not be on terms that are favourable or acceptable.

### **2.2.5 Currency fluctuations**

Due to its international operations, the Company may experience currency exchange losses when revenues are received and expenses are paid in nonconvertible currencies or when Awilco Drilling does not hedge an exposure to a foreign currency. The Company may also incur losses as a result of an inability to collect revenues because of a shortage of convertible currency available to the country of operation, controls over currency exchange or controls over the repatriation of income or capital. In order to minimise the exposure to currency fluctuations the Company enters into forward exchange contracts depending on requirements for future non-functional currency expenditures.

### **2.2.6 Operating costs**

Most drilling contracts provide for the payment of a fixed dayrate during periods of operation, and reduced dayrates during periods of other activities. Many of the Company's operating costs are unpredictable and can vary based on events beyond the Company's control. The Company's gross margins will therefore vary over the terms of its contracts. If the Company's costs increase or it encounters unforeseen costs, it may not be able to recover them from its customers, which could adversely affect its financial position, results of operations and cash flows. Furthermore, the Company's operating costs may also be affected by currency fluctuations as described above in Section 2.2.5.

### **2.2.7 Counterparty risks**

The revenues of the Company will depend on the financial position of its customers and also to a certain extent the willingness of these to honour their obligations towards the Company. There can be no guarantees that the financial position of the Company's customers and other contract parties will be sufficient to perform their obligations under the contracts with the Company. Failures by customers or other contract parties to comply with their contracts with the Company might have a significant adverse effect on the revenues and financial position of the Company.

### **2.2.8 Tax risks**

The Company conducts its operations through subsidiaries in various countries. Tax laws and regulations are highly complex and subject to interpretation. Consequently, the Company is subject to changing tax laws, treaties and regulations in and between countries in which it operates. The Company's income tax expense is based upon its interpretation of the tax laws in effect in various countries at the time that the expense was incurred. A change in these tax laws, treaties or regulations, or in the interpretation thereof, which is beyond the Company's control could result in a materially higher tax expense or a higher effective tax rate on the Company's earnings.

## **2.3 Operational risks**

### **2.3.1 Dependence on a limited number of rigs**

The Company's business is dependent on a limited number of drilling rigs. As of the date of this Prospectus, the Company's fleet consists of two rigs and any operational downtime or any failure to secure employment at satisfactory rates will affect its results more significantly than for a company with a larger fleet. Significant operational downtime may result from key capital equipment being lost or damaged. Furthermore, frequent rig mobilizations could be disruptive to the Company's financial results if it experiences delays due to adverse weather, third party services or physical damage to its rigs. To compensate for above risks the Company may arrange Loss of Hire insurance that on certain conditions and for a defined period provides alternative hire.

### **2.3.2 Dependence on charter contracts and employment of rigs**

The Company's rig WilPhoenix is on charter and will continue to be on charter until at least December 2019. Options remain under the contract for five further wells. The Company's rig WilHunter is currently cold stacked. The Company's ability to obtain new contracts will depend on the prevailing market conditions. In cases where the Company is not able to obtain new contracts in direct continuation, or where new contracts are entered into at dayrates substantially below the existing dayrates or on terms less favourable compared to existing contracts terms, the Company's revenues and profitability could be adversely affected. As further described in Section 6.4.3 "Newbuilding contracts", the Company entered into a contract with Keppel FELS shipyard in Singapore on 9 March 2018 for the building of a new semi-submersible drilling rig with a total cost of approximately USD 425 million and expected delivery in March 2021. Further, as the Company announced on 8 March 2019, the Company has declared an option with Keppel FELS shipyard in Singapore

for the building of an additional semi-submersible drilling rig. The total cost is estimated to be approximately USD 425 million and expected delivery is in March 2022. It may prove difficult to employ the new rigs at acceptable dayrates, which may adversely affect the revenues and profitability of the Group.

The delivery and the condition of the rigs may be affected by several risks beyond the Company's control. There is a risk that the shipyard will not be able to deliver the rigs as scheduled or that the total cost for the rig will increase. Any delay in the delivery or increased cost may adversely affect the Company's revenues and profitability. Furthermore, the Company may not be able to supervise the shipyard and the shipyard's construction of the rig adequately. As a result, there can be no assurance that the rigs will be delivered in the technical condition assumed by the Company and damages or defects to the rigs may be discovered after the delivery. There is a risk that particular unforeseen technical problems or deficiencies may occur on the rigs, and any operational problem may lead to unexpectedly high operating costs and/or lost earnings, which may have a material adverse effect on the Company.

Compliance with safety and other drilling rig requirements imposed by industry requirements or regulations, among other, may be costly and could reduce the Company's net cash flows and net income. Furthermore, the market value of the rigs and any future rigs the Company may acquire may decrease which could cause the Company to incur losses if the Company decides to sell the rigs. The Company may also not be able to secure employment for the rigs at satisfactory level and at acceptable day rates, or be able to establish an effective Norwegian organization for the management of the rigs, which may affect the Company's operating results.

### **2.3.3 Delivery of rigs**

There is a risk that the new drilling rigs will not be delivered according to the agreed delivery dates, as stated above in Section 2.3.2 above. Delayed delivery may be caused by a variety of factors beyond the control of the Company. There can be no assurance that the rigs are delivered on time. Completion of the construction of the rigs is subject to, but not limited to, the following risks:

- Unexpectedly long delivery times for, or shortages of, key equipment, parts and materials;
- Unforeseen design and engineering problems;
- Labour disputes and work stoppages at Keppel FELS Shipyard;
- HSE accidents and incidents or other safety hazards;
- Disputes with the contractor or other suppliers;
- Last minute changes to the specifications;
- Financial or other difficulties at Keppel FELS Shipyard;
- Adverse weather conditions or any other force majeure events; and
- Inability or delay in obtaining regulatory approvals or permits.

Delays may incur losses and have a significant adverse effect on the revenues and financial position of the Company. If a delay occurs, the Company cannot guarantee that it will be entitled to compensation pursuant to the new building contracts, nor can it be guaranteed that any compensation will cover the losses incurred as a result of delays.

Significant delays may also have a negative impact on the Group's reputation and customer relationships. The Group could also be exposed to contractual penalties for failure to

commence operations in a timely manner. Further, delays may result in renegotiation or cancellation of employment contracts secured for the new rigs.

#### **2.3.4 Operating hazards**

The Company's operations are subject to hazards inherent in the drilling industry, such as blowouts, loss of well control, lost or stuck drill strings, equipment defects, craterings, fires, explosions and pollution. Contract drilling and well servicing require the use of heavy equipment and exposure to hazardous conditions, which may subject the Company to liability claims by employees, customers and third parties. These hazards can cause personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties or customers and suspension of operations. The operation of the Company's drilling units is also subject to hazards inherent in marine operations, either while on-site or during mobilisation, such as capsizing, sinking, grounding, collision, damage from severe weather and marine life infestations. Operations may also be suspended because of machinery breakdowns, abnormal drilling conditions, and failure of subcontractors to perform or supply goods or services, or personnel shortages. Insurance coverage, both Loss of Hire and Hull and Machinery insurance, will prove compensation in such instances.

The Company's insurance policies and contractual rights to indemnity are based on the established industry standard "knock-for-knock" principles. However, they may not adequately cover losses, and the Company does not have insurance coverage or rights to indemnity for all risks. The Company currently maintains insurance coverage for property damage, occupational injury and illness, and general and marine third-party liabilities. Pollution and environmental risks are generally not totally insurable. As of the date of this Prospectus, the Company's drilling units, WilHunter and WilPhoenix, are covered by existing insurance policies.

The Company has adequate insurance coverage relevant for its envisaged operations. However, in all situations it will not provide sufficient funds to protect the Company from all liabilities that could result from its drilling operations. The amount of the Company's insurance cover may be less than the related impact on enterprise value after a loss. The Company's coverage includes policy limits. As a result, the Company retain the risk for any losses in excess of these limits. Any such lack of reimbursement may cause the Company to incur substantial costs. In addition, the Company could decide to retain substantially more risk through self-insurance in the future. Moreover, no assurance can be made that the Company has, or will be able to maintain in the future, adequate insurance against certain risks.

If a significant accident or other event occurs and is not fully covered by the Company's insurance or any enforceable or recoverable indemnity from a client, it could adversely affect the Company's consolidated statement of financial position, results of operations or cash flows.

#### **2.3.5 Technological developments**

The market for the Company's services is characterised by continual and rapid technological developments that have resulted in, and will likely continue to result in, substantial improvements in equipment functions and performance. As a result, the Company's future success and profitability will be dependent in part upon its ability to:

- Improve existing services and related equipment;
- Address the increasingly sophisticated needs of its customers; and
- Anticipate changes in technology and industry standards and respond to technological developments on a timely basis.

If the Company is not successful in acquiring new equipment or upgrading its existing equipment on a timely and cost effective basis in response to technological developments or changes in standards in the industry, this could have a material adverse effect on the Company's business.

### **2.3.6** Risks relating to disruption in information technology

The Group relies on information technology, telecommunications and other infrastructure systems in its day-to-day business. The Group is subject to several risks associated with maintaining, developing and securing its information technology ("IT") systems. The Group's systems could be vulnerable to damage or disruption caused by circumstances beyond the Group's control, such as system failures, network failures, computer viruses, cyberattacks and power outages. There can be no assurance that the Group will be able to detect, prevent or secure its systems sufficiently against such disruptions. Any failure or disruption of the Group's systems to perform as anticipated could disrupt the Group's business and result in significant remediation costs, transactions errors, downtime, loss of data and legal proceedings.

### **2.3.7** Environmental risks

The Company's operations are subject to regulations controlling the discharge of materials into the environment, requiring removal and clean-up of materials that may harm the environment or otherwise relating to the protection of the environment. As an operator of mobile drilling units the Company may be liable (under applicable laws and regulations or contractually) for damages and costs incurred in connection with spills of oil and other chemicals and substances related to its operations, and the Company may also be subject to significant fines in connection with spills.

Laws and regulations protecting the environment have become more stringent in recent years, and may in some cases impose strict liability, rendering a person liable for environmental damage without regard to negligence. These laws and regulations may expose the Company to liability for the conduct of or conditions caused by others, or for acts that were in compliance with all applicable laws at the time they were performed. The application of these requirements or the adoption of new requirements could have a material adverse effect on the Company's financial position, results of operations or cash flows. The Company may be able to obtain some degree of contractual indemnification pursuant to which its clients agree to protect, hold harmless and indemnify against liability for pollution, well and environmental damage; however, there is no assurance that the Company can obtain such indemnities in all of its contracts or that, in the event of extensive pollution and environmental damage, its clients would have the financial capability or the willingness to fulfil their contractual obligations. Also, these indemnities may be held to be unenforceable as a result of public policy or for other reasons.

### **2.3.8** The Company may assume substantial liabilities

Contracts in the offshore sector require high standards of safety, and it is important to note that all offshore contracts are associated with considerable risks and responsibilities. These include technical, operational, commercial and political risks, and it is impossible to insure against all the types of risk and liabilities mentioned. For instance, under some contracts the Company may have liability for losses caused by its own gross negligence or wilful misconduct.

### **2.3.9** Risks related to upgrading of rigs

While the Company believes that its rigs are in a good condition, the rigs will periodically need to undergo repairs or upgrading. The timing and costs of repairs on rigs are difficult to predict with certainty and may be substantial. Many of these expenses, such as dry-docking and certain repairs for normal wear and tear, are typically not covered by

insurance. Large repair expenses could decrease the Company's profits. In addition, repair time means a loss of revenue.

#### **2.3.10** Dependence on senior management and other key personnel

The Company's development and prospects are dependent upon the continued services and performance of its senior management and other key personnel. The loss of the services of any of the senior management or key personnel may have an adverse impact on the Company. In addition to the senior management the Company depends on professional and operational personnel. An inability to attract and retain such professional and operational personnel, or the unavailability of such skilled crews, could have an adverse impact on the Company.

#### **2.3.11** Service life

The service life of the rigs to be operated by the Company will ultimately depend on their efficiency. There can be no assurance of how long the rigs will be in operation. The capital associated with the repair and maintenance of each rig increases with age. In addition, there may be technical risks associated with ageing rigs, including operational problems leading to unexpectedly high operating costs and/or lost earnings, and which may have a material adverse effect on the financial position of the Company.

#### **2.3.12** Labour costs

There is a risk that labour cost might increase and accordingly negatively affect the Company's financial position. The offshore contract drilling industry has been in an extended downturn, and it is possible that high quality experienced labour has permanently left the industry. In periods of high utilization and demand for drilling services, it is more difficult and costly to recruit and retain qualified employees which could impact the Company's ability to fully staff and operate the rigs. As a result, the Company's financial position could be affected.

### **2.4 Risks relating to the Shares**

#### **2.4.1** Risks related to the VPS registration

The Company's sole shareholder for purpose of UK law is DNB Bank ASA, and any person trading in the Company's shares does so in reliance on the Company's registrar agreement with DNB Bank ASA. DNB Bank ASA, as VPS Registrar, is registered as the legal owner of the Shares in the register of members which the Company is required to maintain pursuant to English law. In the event that the agreement with the VPS Registrar is terminated, there can be no assurance that the Company will enter into a replacement agreement on substantially the same terms or at all.

For the purpose of English law, the VPS Registrar is regarded as the owner of the Shares. The beneficial owners of the Shares must look solely to the VPS Registrar for exercising any shareholder interest in the Company, including receiving payment of dividends and exercising voting rights.

#### **2.4.2** Volatility of the share price

The trading price of the Shares could fluctuate significantly in response to quarterly variations in operating results, adverse business developments, interest rates, changes in financial estimates by securities analysts, matters announced in respect of major customers or competitors, changes to the regulatory environment in which the Company operates, or a variety of other factors outside the control of the Company.

The market price of the Shares could also decline due to sales of a large number of the Shares in the market or the perception that such sales could occur. Such sales could also

make it more difficult for the Company to offer equity securities in the future at a time and at a price that are deemed appropriate.

#### **2.4.3 Risks related to issuances of Shares**

It is possible that the Company may in the future decide to offer additional Shares or other securities to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes. Any such additional offering could reduce the proportionate ownership and voting interests of holders of Shares, as well as the earnings per Share and the net asset value per Share of the Company, and any offering by the Company could have a material adverse effect on the market price of the Shares.

#### **2.4.4 Transfer restrictions**

The Shares have not been registered under the US Securities Act or any US state securities laws or any other jurisdiction outside of Norway and are not expected to be registered in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from the registration requirements of the US Securities Act and applicable securities laws. In addition, there can be no assurances that shareholders residing or domiciled in the United States will be able to participate in future capital increases or rights offerings.

### **2.5 Other risks**

#### **2.5.1 Risks associated with disputes**

The operating hazards inherent in the Company's business expose the Company to litigation, including personal injury litigation, environmental litigation, contractual litigation with clients, intellectual property litigation, tax or securities litigation, and maritime lawsuits including the possible arrest of the Company's drilling units. The Company is currently not involved in any litigation that, in the Company's view, may have a significant effect on the Company's financial position or profitability. However, the Company anticipates that the Company will in the future, be involved in litigation matters from time to time. The Company cannot predict with certainty the outcome or effect of any claim or other litigation matter. Any future litigation may have an adverse effect on the Company's business, financial position, results of operations and the Company's ability to pay dividends, because of potential negative outcomes, the costs associated with prosecuting or defending such lawsuits, and the diversion of management's attention to these matters.

#### **2.5.2 Requisition or arrest of assets**

The Company's rigs could be requisitioned by a government in the case of war or other emergencies or become subject to arrest. This could significantly and adversely affect the earnings of the Company as well as the Company's liquidity.

#### **2.5.3 Risks relating to group structure**

Awilco Drilling is a holding company and does not conduct any business operations of its own. The Company's principal assets are the equity interests it owns in its operating subsidiaries, either directly or indirectly. As a result, the Company is dependent upon cash dividends, distributions or other transfers it receives from its subsidiaries to repay any debt it may incur, and to meet its other obligations. The ability of the Company's subsidiaries to pay dividends and make payments to the Company will depend on their operating results and may be restricted by, among other things, applicable corporate, tax and other laws and regulations and agreements of those subsidiaries. For example, the corporate laws of some jurisdictions prohibit the payment of dividends by any subsidiary unless the subsidiary has a capital surplus or net profits in the current or immediately preceding fiscal year. Payments or distributions from the Company's subsidiaries could also be subject to restrictions on dividends or repatriation of earnings under applicable local law, and monetary transfer restrictions in the jurisdictions in which the Company's subsidiaries operate. The Company's subsidiaries are separate and distinct legal entities. Any right that

the Company has to receive any assets of or distributions from any subsidiary upon the bankruptcy, dissolution, liquidation or reorganization of such subsidiary, or to realize proceeds from the sale of the assets of any subsidiary, will be junior to the claims of that subsidiary's creditors, including trade creditors.

### **3. RESPONSIBILITY FOR THE PROSPECTUS**

This Prospectus has been prepared in connection with the Listing of the Private Placement Shares.

The Board of Directors of Awilco Drilling Plc accepts responsibility for the information contained in this Prospectus. The members of the Board of Directors confirm that, after having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omissions likely to affect its import.

5 June 2019

Sigurd E. Thorvildsen  
*Chairman*

Henrik Fougner  
*Board member*

Daniel Gold  
*Board member*

John Simpson  
*Board member*

Synne Syrrist  
*Board member*

## **4. PRESENTATION OF INFORMATION**

### **4.1 Date of information**

The information contained in this Prospectus is current as at the date of the Prospectus and is subject to change or amendment without notice. In accordance with section 7-15 of the Norwegian Securities Trading Act, significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus, which are capable of affecting the assessment of the Shares between the time of approval of this Prospectus by the Norwegian FSA and listing of the Private Placement Shares, will be included in a supplement to this Prospectus. Except as required by applicable law and stock exchange rules the Company does not undertake any duty to update the information in this Prospectus. The publication of this Prospectus shall not under any circumstances create any implication that there has been no change in the Group's affairs or that the information herein is correct as of any date subsequent to the date of this Prospectus.

### **4.2 Presentation of financial information**

The Company's audited consolidated financial statements as of, and for the years ended, 31 December 2018, 2017 and 2016 (the "**Audited Financial Statements**"), have been prepared in accordance with the International Financial Reporting Standards, as adopted by the EU ("**IFRS**"). The Company's unaudited interim financial statements as of, and for the three month period ended 31 March 2019, including the comparable interim financial statements as of, and for the three month period ended 31 March 2018, (the "**Interim Financial Statements**") have been prepared in accordance with International Accounting Standard 34 Financial Reports ("**IAS 34**"). The Audited Financial Statements and the Interim Financial Statements are incorporated by reference in this Prospectus in Section 15.1 "Incorporation by reference".

### **4.3 Rounding**

Percentages and certain amounts included in this Prospectus have been rounded for ease of presentation. Accordingly, figures shown as totals in certain tables may not be the precise sum of the figures that precede them.

### **4.4 Industry and market data**

This Prospectus contains statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Group's business and the industries and markets in which it operates. Unless otherwise indicated, such information reflects the Group's estimates based on analysis of multiple sources, including data compiled by professional organisations, consultants and analysts and information otherwise obtained from other third party sources, such as annual financial statements and other presentations published by listed companies operating within the same industry as the Group, as well as the Group's internal data and its own experience, or on a combination of the foregoing. Unless otherwise indicated in the Prospectus, the basis for any statements regarding the Group's competitive position is based on the Company's own assessment and knowledge of the market in which it operates.

The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified. The Company does not intend, and does not assume any obligations to, update industry or market data set forth in this Prospectus.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such

information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Prospectus that was extracted from these industry publications or reports and reproduced herein. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus and projections, assumptions and estimates based on such information may not be reliable indicators of the Company's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 2 "Risk Factors" and elsewhere in this Prospectus.

#### **4.5 Forward-looking statements**

This Prospectus contains forward-looking statements. All statements contained in this Prospectus other than statements of historical fact, including statements regarding the Company's future results of operations and financial position, its business strategy and plans, and its objectives for future operations, are forward-looking statements. The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," and similar expressions are intended to identify forward-looking statements. The Company has based these forward-looking statements largely on its current expectations and projections about future events and trends that it believes may affect its financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs.

Forward-looking statements are subject to a number of risks and uncertainties, including those described in Section 2 "Risk Factors", and are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group operates. The actual results, performance or achievements of the Group may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance, or achievements. Given these uncertainties, investors should not rely upon forward-looking statements as predictions of future events or performance.

Except as required by the applicable law or stock exchange rules, the Company does not intend, and expressly disclaims any obligation or undertaking, to update any of these forward-looking statements after the date of this Prospectus or to conform these statements to actual results or revised expectations.

Forwards-looking statements are found in Sections 5 "Industry and Market", 6 "Business", 10 "Board of Directors, Management, employees and corporate governance" and 11 "Corporate information and description of the share capital".

#### **4.6 Managers**

The Company has engaged ABG Sundal Collier ASA, Fearnley Securities AS and Clarksons Platou Securities AS as Managers of the Private Placement. The Managers have been acting for the Company and no one else in this respect. The Managers will not be responsible to anyone other than the Company for providing the protections afforded to clients of the Managers or for providing advice in relation to the Listing. In the ordinary course of their businesses, the Managers and certain of their respective affiliates have engaged, and may

continue to engage, in investment and commercial banking transactions with the Company and its subsidiaries.

#### **4.7 No advice**

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult his or her own lawyer, financial adviser or tax adviser for legal, financial or tax advice in relation to any purchase of any Shares. Each prospective investor should consult with such advisers as needed to make its investment decision and to determine whether it is legally permitted to hold any Shares under applicable legal investment or similar laws or regulations. Investors should be aware that they may be required to bear the financial risks of any investment in the Shares for an indefinite period of time.

#### **4.8 Third party information**

In certain sections of the Prospectus, information sourced from third parties has been reproduced. In such cases, the source of the information is always identified. Such third party information has been accurately reproduced. As far as the Company is aware, and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## 5. INDUSTRY AND MARKET

This Section outlines the market and the industry the Company operates in, and comprises certain information that are based on estimates and market data from external parties, hereunder information related to: market environment, market development, market trends, industry trends, competition and market dynamics. The market data has been compiled and obtained from various professional sources, including ABG Sundal Collier Equity research and Fearnley Securities, in addition to market data from other external and publicly available sources. Any forecast information and other Forward-looking Statements in this Section are not guarantees of future outcomes and these future outcomes could differ materially from current expectations contemplated in this Section. Numerous factors could cause or contribute to such differences, see Section 2 "Risk Factors" for further details.

### 5.1 The global offshore drilling market

#### 5.1.1 Offshore drilling in the oil and gas value chain

The Group operates in the offshore drilling industry, which constitutes an instrumental part of the international oil service industry. The oil service industry comprises several sub-segments providing various services to the oil and natural gas exploration and production ("E&P") companies, ensuring that the process from field discovery to production and freight logistics is handled effectively. The fundamental driver of demand for the oil service industry is derived from the activity level of investments in exploration, development and production of crude oil and natural gas, conducted by the oil companies.

The offshore drilling industry provides drilling, well construction and workover services to E&P companies, using relocatable offshore rigs, also known as Mobile Offshore Drilling Units (hereby "**MODU's**"). MODU's are characterized as being transportable in which they can relocate between various regions, in contrast to fixed platforms. The offshore rigs play a crucial part of the upstream E&P value chain, providing services related to exploration of new oil and gas deposits and in well preparations in the early stage of the field development process, including development drilling. Offshore drilling is typically carried out in order to explore and subsequently extract oil and natural gas from rock formations beneath the seabed, from units located above the sea level. Furthermore, offshore drilling is applied in projects covering a wide variety of locations and operations, from shallow waters in the Middle East to remote and harsh environments in the Barents Sea.

#### The upstream oil and natural gas value chain



Source: ABG Sundal Collier equity research

The offshore drilling process can emerge from both exploration and further project development operations. The exploration process is typically carried out after an E&P operator has conducted a geologic seismic survey or acquired seismic data of an area in order to assess the potential for oil and gas findings. Subsequently, the operator seeks to hire a contractor to conduct exploratory offshore well drilling at a pre-determined location. The various locations for such drilling operations are key to determine which rigs are suitable for the operations, with each geographic region comprising various geologic challenges, different climate environments, depth levels and regulatory/legislative standards.

In addition to the exploration drilling activity, offshore rigs also participate later in the value chain, including development drilling. Development drilling can be conducted in the early-stage field development before more permanent drilling solutions are installed, or later in the project to extend the longevity of the field and counteract the depletion of the flow of hydrocarbons from the oil and gas reservoirs.

The demand for offshore drilling services is driven by oil and gas companies' investments in new projects and field development programs. These investments are affected by the anticipated oil price in the future, availability of suitable rigs, the availability of quality drilling prospects, relative production costs, lead time requirement as well as the political and regulatory environment. Due to differences in project characteristics, i.e. length and degree of extensiveness that typically vary with location and use, the exposure to cyclicity in demand does to some extent vary among the different rig types. For instance, shallow water rig contracts are typically shorter term. Hence, changes in market conditions tend to have a more immediate impact on such contracts, whereas deep-water contracts for semi-submersible rigs and drillships tend to be more long term and rigid, with changing market conditions having a more delayed impact. However, as the lifting cost in projects in areas conveyed in shallow waters on average have a lower break-even price compared to more remote and complex deep-water projects, the demand for rigs are also, to a varying degree, subject to the market activity level driving the rig dayrates.

The supply-side dynamics are largely characterized with offshore drilling contracts being awarded to the rig contractors on a competitive bid basis. In determining which drilling contractor is awarded the contract, key selection criteria typically involve: pricing, technical specification, on-board equipment, availability and sustainability, rig location, condition of equipment, operating integrity, safety performance record, crew experience, reputation and client relations. The competition for offshore rigs is generally considered to be on a worldwide basis due to the mobility of the rigs. However, the cost of mobilizing and relocating rigs between regions is sometimes considerably high and creates certain barriers to entry for rigs distantly located. Other factors related to various rig locations may pose barriers to entry, including necessary unit and equipment upgrades to comply with specific regional requirements and standards. In addition, the global rig fleet is segmented with various rig types having different specifications, such as winterization capabilities, hook load capacity and cantilever reach, downsizing the total addressable fleet for a given location and job requirement.

### **5.1.2 Segments within Offshore drilling**

Most of the MODU fleet is owned by market participants providing drilling services as their core operations, due to the level of capital and specialization required for such operations. The global fleet of MODU's totals approximately 800 units, commonly divided into three main segments: jack-up rigs, semi-submersible rigs and drillships. In addition, rigs are traditionally divided into various depth categories: Shallow water (0-500 feet), midwater (500 to 4,500 feet), deepwater (4,500-7,500 feet) and ultra-deepwater (>7,500 feet). Further descriptions of these rig categories are described below.

### Jack-up rigs:



The current jack-up fleet comprises approximately 600 units, of which approximately 90 are under construction. Typical locations where jack-up rigs operate are Gulf of Mexico, Middle East, Southeast Asia and the North Sea (albeit a low fraction of the total number of rigs). Jack-up rigs are mobile drilling platforms standing on the seabed when operating, typically equipped with three steel legs and a self-elevating system that adjusts the platform height to the water depth. When a jack-up rig relocates, it lifts its platform down to the water level until it floats prior to being towed by a tug vessel to the next location. A modern jack-up rig will normally have the ability to drill multiple wells from the same position at open water locations or over wellhead platforms without the need for repositioning the rig.

Jack-ups operate in the shallow water segment of the contract drilling market, with most of the modern jack-ups being capable of operating in water depths of up to 350-400 feet, and some of the high-specification modern jack-up rigs can operate in water depths of up to 500 feet.

### Semi-submersible rigs:



Semi-submersible rigs are floating platforms equipped with ballasting systems that can vary the draft of the partially submerged hull from a shallow draft during transit and relocation, to a predetermined operational draft (typically 50-80 feet) once the drill is operating at the well location. The current semi-submersible rig fleet comprises approximately 140 rigs, of which approximately 15 are under construction. Semi-submersible rigs operate in both midwater-, deepwater- and ultra-deepwater areas, in typical locations such as Gulf of Mexico, The North Sea, Brazil etc. Drilling operations are conducted through an opening in the hull where the drill-pipe is positioned. The semi-submersible rig maintains its position above the wellhead either by means of a conventional mooring system and/or by a computerized dynamic positioning system to ensure stability during operations. Semi-submersible rigs' propulsion capabilities range from having no capacity

implying that the vessels need to be towed during relocation, to being self-propelled whereby the rig can be relocated independently without the use of towing vessels. Several variations exist of semi-submersible rigs suited for different locations and/or environments, depending on the specifications the rig is dimensioned and equipped for. The good motion characteristics (i.e. ability to handle rough sea and currents) enable semi-submersibles to be the preferred rig type to operate in harsh environments.

### Drillships:



Drillships are ships with an on-board propulsion system, often based on a conventional ship hull design, unlike jack-up and semi-submersible rigs. These vessels are also equipped with full drilling equipment and capabilities, similar to the equipment on semi-submersible rigs. Drillships are often constructed for drilling in deep water, as these locations are often located remotely from the shore, making these vessels with increased mobility suitable for such operations compared to other MODU types. Drilling operations are conducted through openings in the hull, and like semi-submersible rigs, drillings can be equipped with conventional mooring and dynamic positioning systems.

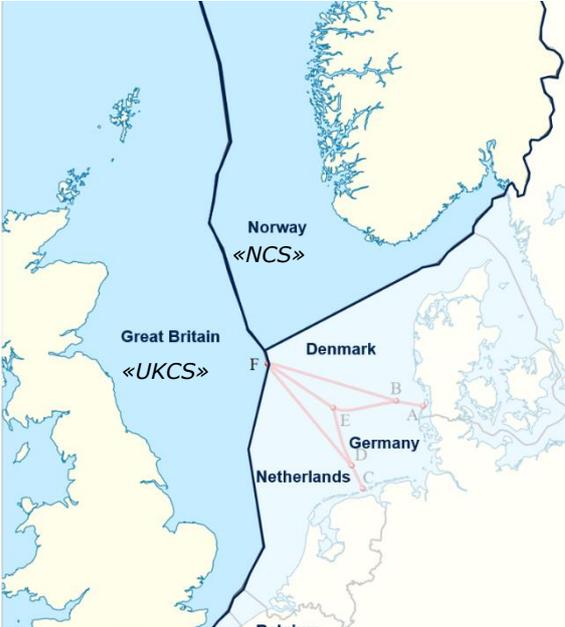
The global drillship fleet comprises approximately 130 units, of which approximately 20 are under construction. The rigs are preferred for operations in

deepwater and ultra-deepwater locations due to their specifications and equipment with benign environment, such as Brazil, West Africa and the Gulf of Mexico. In addition, drillships can be used for North Sea operations, however semi-submersibles are typically preferred in these waters due to their robustness and stability in tough waters.

### The market for North Sea drilling

The North Sea is geographically delineated as the offshore area located between Great Britain, Norway, Germany, the Netherlands, Belgium and France, on the Northern parts of the European continental shelf. In terms of E&P activity, most of the activity is conducted in the offshore areas between the Northern parts of Great Britain and Norway, comprising a large number of existing and planned oil fields, including a well-developed infrastructure.

The Group currently operates rigs compliant with operations in the United Kingdom Continental Shelf (the “**UKCS**”), in which corresponds to the market for harsh environment rigs (“**HE**”) due to the challenging climate and weather conditions that require special equipment and special vessels. Drilling operations on the UKCS are subject to local regulations and requirements, implying that rigs operating in this region must fulfill the various standards set to operate in this region.



Source: ABG Sundal Collier

Awilco Drilling is also planning to enter operations in other parts of the North Sea, upon delivery of the ordered newbuild rigs as specified in the 2018 and 2019 private placements. These ordered rigs are compliant with operations in the Norwegian Continental Shelf (the “**NCS**”) and the UKCS. NCS compliant rigs must, similarly to UKCS rigs, be designed and equipped as harsh environment and comply with the operational requirements for the E&P players operating in the region. In addition, NCS compliant rigs have to fulfill different regulatory requirements compared to rigs preferred for UKCS operations, such as the environmental aspect of the units, in which are considered important by the local regulators and authorities.

#### Harsh environment rigs

The North Sea is considered the key market for harsh environmental rigs and comprises a majority of the global HE fleet. Due to challenging climate and weather conditions, rigs used for such operations need special equipment and special vessels. Harsh environment rigs are designed with air-gap and motion characteristics and constructed to withstand higher waves, allowing the units to operate in a tougher climate and in higher waves than conventional rigs, typically certified for operations in down to minus 20 degrees Celsius. Furthermore, harsh environment rigs must comply with strict local legislations and rules, such that the rigs must be designed and constructed specifically for such operations. This limits the number of feasible rigs for the operators on UK and Norwegian part of the North Sea as they must have either a UK Safety Case or Norwegian Acknowledgement of Compliance (AoC) to rightfully operate. The assignment of converting a conventional rig to become a harsh environmental compliant unit is very costly and provides significant barriers of entry for the market, creating a niche within the overall semi-submersible rig fleet. Subsequently, only a small portion of the global rig fleet can operate in this niche part of the market.

The semi-submersible harsh-environment rigs typically have a different specification level compared to non-HE rigs comprising, inter alia, supporting features such as air gap, steel temperature ratings, winterization and must be regulatory compliant with the local standards to enter UKCS and/or NCS operations. A high-capacity onboard power supply provides sufficient power resources to operate the positioning system, the topside, lighting and heat-tracing for the operations during the winter season. The derrick and other locations are often winterized for most modern rigs, implying that modern HE rigs can operate in all seasons, whereas older HE units in generally cannot work efficiently during the winter season in the most challenging locations such as the Barents Sea.

Semi-submersible rigs, including harsh environment rigs, are traditionally divided into rig generations, from the year the unit was constructed. The rig generation often translates into the specification and the standard of the equipment, albeit there may be cases when an old-generation rig has been fully renovated. In general, 6G rigs are considered being top-modern rigs with high operational efficiency, improved drilling functionality and have the ability to work throughout the year, being winterized. Older rigs, i.e. 3G rigs that have been constructed during the 1980-1985 still play a key factor in the market, making up a significant proportion of the available rig fleet. However, the lion’s share of these rigs is either cold stacked, require substantial upgrades to be mobilized and/or costly investments related to the 5-yearly Special Periodic Surveys (“**SPS**”) that are required to fulfill classification requirements. Correspondingly, modern, premium rigs are preferred in the market and warrant a premium compared to older rigs due to their operational excellence and better drilling performance.

**Description of semi-submersible rigs by generations**

Generation	Unit constructed
1 <sup>st</sup> generation (1G)	▪ 1961-1972
2 <sup>nd</sup> generation (2G)	▪ 1973-1979
3 <sup>rd</sup> generation (3G)	▪ 1980-1985
4 <sup>th</sup> generation (4G)	▪ 1986-1997
5 <sup>th</sup> generation (5G)	▪ 1998-2004
6 <sup>th</sup> generation (6G)	▪ 2005 and onwards
7 <sup>th</sup> generation (7G)	▪ 2015 and onwards

Drilling contract prices (hereafter “dayrates”), typically mirror the overall offshore sentiment and the investments in the area, as lower spending on new projects materializes in fewer rig contracts, lowering the fleet utilization and driving down prices. The North Sea rig market have for a long time been awarded dayrates at stable high levels, despite the temporary drop during 2008-2010. However, since the near-peak level in 2014, dayrates have dropped some 60%, albeit with some variation between the different rig segments.

The differences in specifications and equipment needed for the various drilling assignments are key drivers in determining drilling contract prices for the various rigs. Consequently, dayrates are dependent on underlying conditions within each market, due to the variations in specifications and requirements for rigs operating in these markets. Rig tenders on UKCS are generally based on different specifications as well as regulatory and equipment requirements compared to NCS tenders and create, to some extent, two partially disjointed markets driven by the particular market activity. However, these variations are not only constrained within each legislative area of operations, as the differences in contract rates typically can be pointed out to the rig types and the rig specification levels. This implies

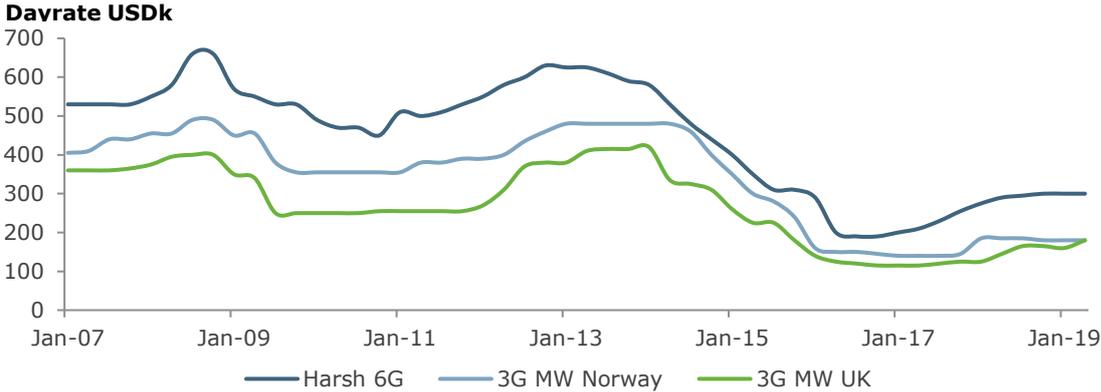
that the market bifurcation is largely between the premium NCS-compliant HE rigs and traditional HE rigs, the latter including both UKCS and NCS compliant rigs.

The market cyclical for UKCS operators are driven by the E&P investment activity and project sanctioning by local operators. This development has been on the soft side since the oil price drop in 2014, resulting in declining dayrates for the existing rig fleet. However, dayrates on the UKCS are showing signs of improvements compared to the market lows in 2016 and 2017, as 2018 and 2019 YTD dayrates have come up since the cycle-low.

On the other hand, the activity level on NCS has slightly improved throughout the recent year, driven by improving cost efficiencies and a recent increase in the Brent oil price. The number of floater tenders and Plans for Development and Operation (“PDO’s”) on the NCS has gradually increased from the 2016 bottom, and the number of project sanctioned on NCS has increased. Consequently, the NCS rig market has seen a recent rebound, in particular for the HE 6G market with new contracts entered at around USD 300k per day, resulting in a gap between dayrates for premium HE-units and traditional 3G HE rates, as the former typically comprises the first rigs to be contracted in a recovering market.

The figure below illustrates the development in dayrates for UK 3G mid-water (“MW”), Norwegian compliant 3G MW and Harsh Environment 6G rigs (compliant with NCS operations).

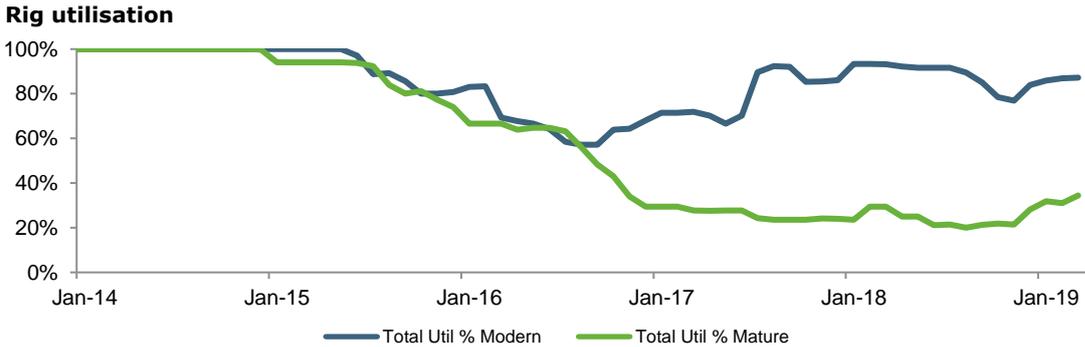
**Dayrate development for North Sea compliant rigs 2006-2019**



Source: Fearnley Securities

The dayrates of the harsh environment rigs are closely linked to the fleet utilization rates, where high utilization of the existing fleet historically has resulted in higher dayrates. The utilization rates for 6G HE semi-submersibles have stabilized in the >80% range for the past two years, whereas the utilization for older and less premium units has remained at lower levels despite the recent increase, evident of utilization bifurcation between premium 6G HE and older 3G HE rigs. The figure below illustrates this development.

**Rig utilization for North Sea compliant HE rigs 2014-2019**



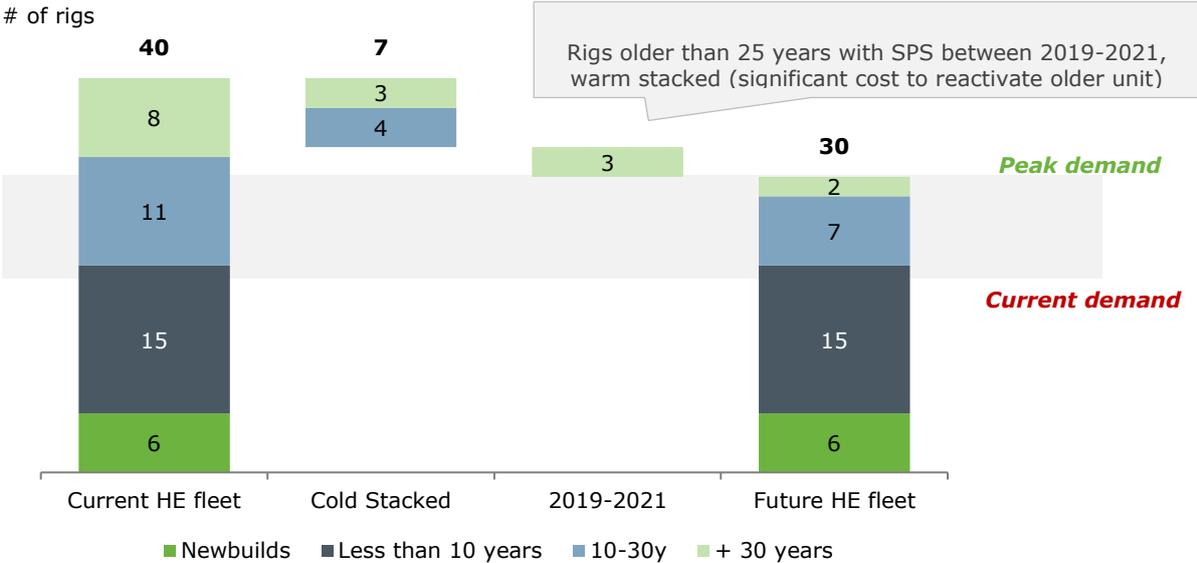
Source: Fearnley Securities

**The North Sea compliant harsh environment fleet**

As of the date of this Prospectus, the Group owns and operates two semi-submersible, harsh environment rigs suitable for North Sea operations, in particular for the UK part of the North Sea. In addition, the Company has entered into agreements with Keppel FELS to purchase two newbuild semi-submersible harsh environment rigs, made for operations on the UKCS or NCS, with the option to order two additional rigs built on the same design. These new rigs are purpose-built for mid-water operations in the North Sea, with a maximum depth level of 1,500m. The rigs are built on the Moss CS60 ECO MW-design, and the contracted rigs are set to be delivered in 2021 and 2022, respectively.

The current fleet of North Sea compliant semi-submersible drilling rigs comprises 58 rigs, of which 6 are under constructions/on stand-by. The fleet is characterized by a large share of aging rigs with 23 of the fleet being older than 30 years, of which 15 of these rigs are not currently operating, either as being warm-stacked, cold-stacked or in the yard. The bulk of the cold-stacked fleet will need to undergo significant investments in order to be mobilized, including SPS surveys and reactivation costs. Many of these rigs are likely to be phased out as the investment costs of retaining control of these assets, including the reactivation costs increase over time, hence making a return of rigs less economic viable. Of the North Sea units, 40 units are compliant with NCS operations, of which 6 are under construction/on stand-by and 8 of the units are older than 30 years.

**Overview of the NCS compliant rigs in the North Sea market**



Source: Fearnley Securities

On the next page, a comprehensive list of rigs with the ability to work in the North Sea is included, with details on the rig specifications, age, managers and status.

## North Sea Fleet overview

#	RIG NAME	MANAGER	RIG TYPE	WATER DEPTH	YEAR IN SERVICE	RIG STATUS	CONTRACT STATUS	BUILD COUNTRY	NEXT SPS <sup>1</sup>
<b>NCS compliant</b>									
1	Bideford Dolphin	Dolphin Drilling	Semisubmersible	1,750	1975	Warm stacked	Not Contracted	Norway	2020
2	Borgland Dolphin	Dolphin drilling	Semisubmersible	1,475	1977	Warm stacked	Not Contracted	UK	2019
3	Deepsea Bergen	Odfjell Drilling	Semisubmersible	1,475	1983	Drilling	Current Contracted	Norway	2023
4	Songa Dee	Transocean	Semisubmersible	1,500	1984	Cold stacked	Not Contracted	Japan	2019
5	Polar Pioneer	Transocean	Semisubmersible	1,640	1985	Cold stacked	Not Contracted	Japan	2020
6	West Alpha	North Atlantic Drilling	Semisubmersible	1,968	1986	Cold stacked	Not Contracted	Japan	2021
7	Transocean Arctic	Transocean	Semisubmersible	1,650	1986	Yard	Future Contracted	Japan	2019
8	Transocean Leader	Transocean	Semisubmersible	4,500	1987	In port	Future Contracted	South Korea	2022
9	Scarabeo 5	Saipem	Semisubmersible	6,233	1990	Cold stacked	Not Contracted	Italy	2020
10	West Venture	North Atlantic Drilling	Semisubmersible	2,600	2000	Cold stacked	Not Contracted	Japan	2020
11	West Navigator	North Atlantic Drilling	Drillship	7,500	2000	Cold stacked	Not Contracted	Norway	2020
12	Leiv Eiriksson	Transocean	Semisubmersible	7,500	2001	Drilling	Current Contracted	USA	2021
13	Stena Don	Stena	Semisubmersible	1,640	2001	In port	Future Contracted	Germany	2021
14	West Phoenix	North Atlantic Drilling	Semisubmersible	10,000	2008	Drilling	Current Contracted	South Korea	2023
15	West Hercules	Seadrill	Semisubmersible	10,000	2008	Drilling	Current Contracted	South Korea	2023
16	Transocean Barents	Transocean	Semisubmersible	10,000	2009	Drilling	Current Contracted	Norway	2019
17	West Eminence	Seadrill	Semisubmersible	10,000	2009	Cold stacked	Not Contracted	South Korea	2019
18	West Aquarius	Seadrill	Semisubmersible	10,000	2009	Hot stacked	Future Contracted	South Korea	2019
19	Deepsea Atlantic	Odfjell Drilling	Semisubmersible	10,000	2009	Drilling	Current Contracted	South Korea	2019
20	COSLPioneer	COSL	Semisubmersible	1,640	2010	Warm stacked	Future Contracted	China	2020
21	Transocean Spitsbergen	Transocean	Semisubmersible	10,000	2010	Drilling	Current Contracted	Norway	2020
22	Deepsea Stavanger	Odfjell Drilling	Semisubmersible	10,000	2010	En route	Future Contracted	South Korea	2020
23	COSLInnovator	COSL	Semisubmersible	1,640	2011	Warm stacked	Not Contracted	China	2021
24	COSLPromoter	COSL	Semisubmersible	1,640	2012	Drilling	Current Contracted	China	2022
25	Island Innovator	Island Drilling Company	Semisubmersible	2,300	2012	Warm stacked	Future Contracted	China	2022
26	Scarabeo 8	Saipem	Semisubmersible	9,843	2012	Drilling	Current Contracted	Italy	2022
27	COSLProspector	COSL	Semisubmersible	5,000	2014	En route	Future Contracted	China	2019
28	Transocean Encourage	Transocean	Semisubmersible	1,640	2015	Drilling	Current Contracted	South Korea	2020
29	Transocean Endurance	Transocean	Semisubmersible	1,640	2015	Drilling	Current Contracted	South Korea	2020
30	Transocean Equinox	Transocean	Semisubmersible	1,640	2015	Drilling	Current Contracted	South Korea	2020
31	Transocean Enabler	Transocean	Semisubmersible	1,640	2016	Drilling	Current Contracted	South Korea	2021
32	West Mira	Seadrill	Semisubmersible	10,000	2018	En route	Future Contracted	South Korea	2023
33	Deepsea Nordkapp	Odfjell Drilling	Semisubmersible	6,562	2019	En route	Future Contracted	South Korea	2024
34	Transocean Norge	Transocean	Semisubmersible	10,000	2019	En route	Future Contracted	Singapore	2024
35	West Bollsta	Seadrill	Semisubmersible	10,000	2019	Standby	Future Contracted	South Korea	2024
36	North Dragon	North Sea Rigs	Semisubmersible	1,650	2020	Standby	Not Contracted	China	2024
37	Beacon Atlantic	North Sea Rigs	Semisubmersible	1,650	2020	Under construction	Future Contracted	China	2024
38	Beacon Pacific	North Sea Rigs	Semisubmersible	1,640	2020	Under construction	Not Contracted	China	2024
39	Awilco Semi Tbn1	Awilco Drilling	Semisubmersible	4,921	2021	Under construction	Not Contracted	Singapore	2026
40	Awilco Semi Tbn2	Awilco Drilling	Semisubmersible	4,921	2022	On order	Not Contracted	Singapore	2027

<sup>1</sup> Next SPS refers to the date of the next Special Periodic Survey («SPS»), corresponding to the five yearly mandatory classification schedule where the rigs must undergo necessary maintenance and upgrade requirements to comply with the industry's standards.

#	RIG NAME	MANAGER	RIG TYPE	WATER DEPTH	YEAR IN SERVICE	RIG STATUS	CONTRACT STATUS	BUILD COUNTRY	NEXT SPS <sup>2</sup>
<b>Non NCS compliant</b>									
1	Blackford Dolphin	Dolphin Drilling	Semisubmersible	6,000	1974	Warm stacked	Future Contracted	Norway	2019
2	Byford Dolphin	Dolphin Drilling	Semisubmersible	1,500	1974	Warm stacked	Not Contracted	Norway	2019
3	Ocean Endeavor	Diamond Offshore	Semisubmersible	10,000	1975	Yard	Future Contracted	Australia	2020
4	MSS1	Borr Drilling	Semisubmersible	1,500	1979	Drilling	Current Contracted	Spain	2019
5	Sedco 711	Transocean	Semisubmersible	1,000	1982	Cold stacked	Not Contracted	South Korea	2022
6	WilPhoenix	Awilco Drilling	Semisubmersible	1,200	1982	Drilling	Current Contracted	Sweden	2021
7	Ocean Patriot	Diamond Offshore	Semisubmersible	1,640	1983	Drilling	Current Contracted	France	2023
8	Sedco 714	Transocean	Semisubmersible	1,000	1983	Cold stacked	Not Contracted	South Korea	2023
9	Stena Spey	Stena	Semisubmersible	1,500	1983	Drilling	Current Contracted	South Korea	2023
10	Transocean 712	Transocean	Semisubmersible	1,600	1983	Yard	Future Contracted	South Korea	2023
11	WilHunter	Awilco Drilling	Semisubmersible	1,500	1983	Cold stacked	Not Contracted	South Korea	2023
12	Henry Goodrich	Transocean	Semisubmersible	5,000	1985	Drilling	Current Contracted	Japan	2020
13	Ocean Guardian	Diamond Offshore	Semisubmersible	1,500	1985	Cold stacked	Not Contracted	UK	2019
14	Paul B. Loyd, Jr.	Transocean	Semisubmersible	1,969	1987	Drilling	Current Contracted	South Korea	2022
15	Ocean Valiant	Diamond Offshore	Semisubmersible	5,500	1988	Drilling	Current Contracted	South Korea	2023
16	Stena IceMAX	Stena	Drillship	7,500	2012	Yard	Future Contracted	South Korea	2022
17	Deepsea Aberdeen	Odfjell Drilling	Semisubmersible	10,000	2014	Drilling	Current Contracted	South Korea	2019
40	Ocean GreatWhite	Diamond Offshore	Semisubmersible	10,000	2016	Drilling	Current Contracted	South Korea	2021

Source: Fearnley Securities

## 5.2 The North Sea harsh environment level and outlook

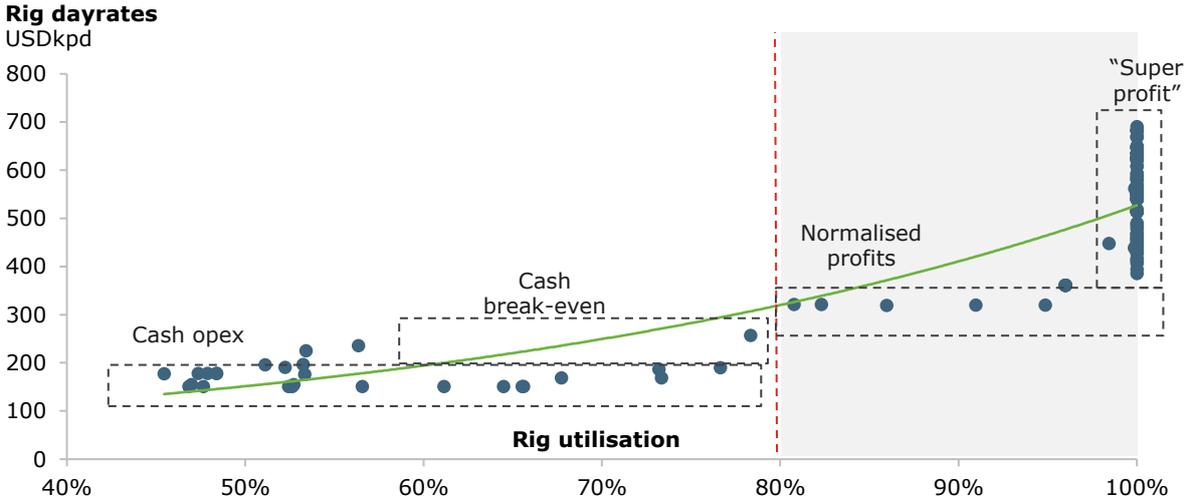
The downturn in the global market for offshore E&P activity and contract drilling has had an adverse effect on dayrates and rig utilization. This downturn has also affected the North Sea harsh environment segment, with dayrates dropping dramatically from 2014 to 2016. More so, the number of cold stacked rigs not available for drilling activity before significant reactivation investments have been undone, has impacted the condition of the general HE fleet. However, the market conditions have gradually improved during the recent times, largely driven by a positive E&P sentiment on the back of the surging oil price.

The current environment is characterized by low utilization levels for HE North Sea rigs, albeit the utilization rates for premium HE units picked up during 2017 and has remained at a >80% level since then. The combination of an aging fleet coupled with bifurcation in dayrates between older and newer units have resulted in increasing dayrates for the most premium vessels, that benefits from being "first in, last out" in the market. As the number of projects sanctioned at current oil price levels will increase towards 2020, there are clear indications of an improving market for premium, HE rigs compliant with operations on NCS as well as on UKCS. An aging fleet with significant reactivation capex requirement further underpins this trend, as the number of available rigs in the market is expected to lower at current dayrate levels.

Onwards, the picture looks somewhat brighter. A reduction of the available fleet should lead to higher utilization for operating vessels, in which historically have resulted in improving dayrates. The figure below illustrates how the historical rig utilization of the North Sea rig fleet has dictated dayrate levels.

<sup>2</sup> Next SPS refers to the date of the next Special Periodic Survey («SPS»), corresponding to the five yearly mandatory classification schedule where the rigs must undergo necessary maintenance and upgrade requirements to comply with the industry's standards.

# Offshore rig utilization versus rig dayrates



Source: Fearnley securities

## **6. BUSINESS**

### **6.1 Introduction**

Awilco Drilling is a public limited company incorporated under the laws of England and Wales, and registered with the Companies House under the registration number 07114196. The Company was incorporated on 30 December 2009.

The Company was listed on Oslo Axess on 10 June 2011 and was transferred to listing on Oslo Børs on 4 September 2018. The Company is listed under the ticker code "AWDR".

The Company's principal business is to own offshore drilling rigs for use in offshore drilling operations, and to provide drilling services for oil and gas companies using these rigs. The Company owns and operates two semi-submersible drilling rigs; WilPhoenix and WilHunter. Both rigs are typical "workhorse" rigs used for drilling of oil and gas wells in the UK sector of the North Sea, although they can also be used in other geographical locations.

On 9 March 2018 the Company entered into a newbuilding contract for the building of a new semi-submersible drilling rig which will be equipped and certified for drilling on the Norwegian Continental Shelf, including the Barents Sea. The drilling rig is expected to be delivered in March 2021. Furthermore, in connection with entering into the newbuilding contract, the Company negotiated options to build up to three additional drilling rigs of similar design, with each option being independent of each other.

On 8 March 2019, the Company exercised the first option for the building of a new semi-submersible drilling rig. The drilling rig is designed for harsh environment use and will also be equipped and certified for drilling on the Norwegian Continental Shelf, including the Barents Sea. The drilling rig is expected to be delivered in March 2022.

As of the date of this Prospectus, two of the options remain, such options being independent of each other. The two remaining options lapses in March 2020 (subject to possible 4-6 months' extension) and March 2021, respectively.

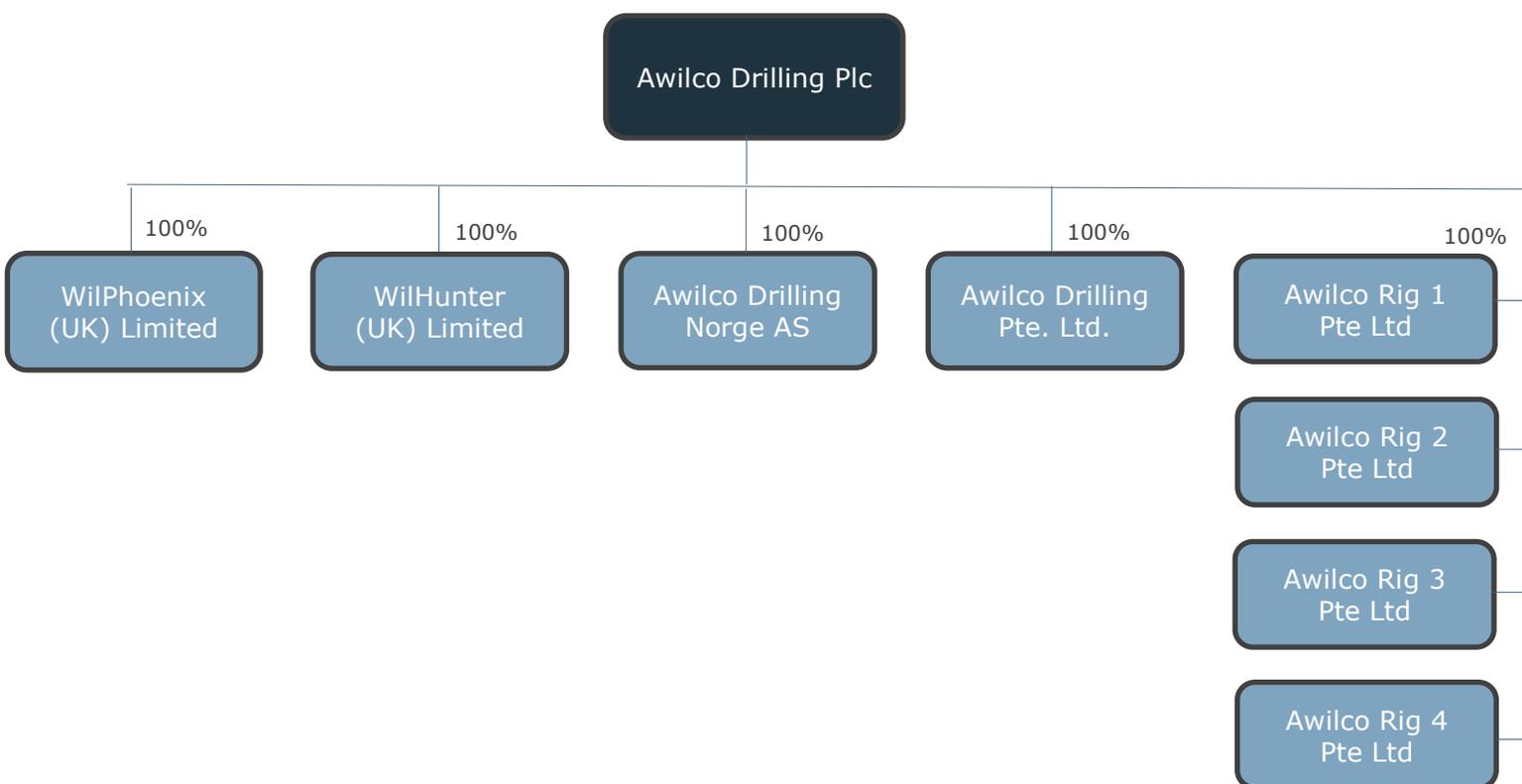
### **6.2 Legal and operational group structure**

Awilco Drilling is the holding company of the Group and the ultimate sole shareholder in the subsidiary companies. The Company owns 100% of WilPhoenix (UK) Limited and WilHunter (UK) Limited. The business of WilHunter (UK) Limited was transferred to WilPhoenix (UK) Limited effective 30 November 2018 and WilHunter (UK) Limited will be wound down in due course. The Maltese companies previously owned within the group structure comprised WilPhoenix (Malta) Limited (liquidated) and WilHunter (Malta) Limited (in liquidation).

WilPhoenix (UK) Limited is the rig owning and operating company for the two rigs WilPhoenix and WilHunter.

In addition, the Company owns 100% of Awilco Drilling Pte. Ltd., a Singapore-based company which provides drilling services to the UK operating company and the new companies, Awilco Rig 1 Pte Ltd, Awilco Rig 2 Pte Ltd, Awilco Rig 3 Pte Ltd and Awilco Rig 4 Pte Ltd, also based in Singapore. Awilco Rig 1 Pte Ltd and Awilco Rig 2 Pte Ltd have entered into a contract with Keppel FELS for the construction of one each new semi-submersible drilling rigs due for completion in 2021 and 2022 respectively. Each of the other companies has an option agreement for delivery one rig each of up to two additional rigs in total.

The following chart shows the corporate structure of the Group as of the date of this Prospectus:



In May 2019, the Company established a Norwegian private limited company, Awilco Drilling Norge AS, which forms part of the Group and is wholly owned by Awilco Drilling Plc. The purpose of establishing and incorporating the Norwegian company into the Group is that the Company is planning to enter into operations in other parts of the North Sea upon delivery of the ordered newbuild rigs. The ordered rigs are compliant with operations in the Norwegian Continental Shelf. Please see further information in Section 5.1.2 and 6.4.3.

### 6.3 History and important events

Awilco Drilling was established by Awilco AS, a company in the Awilhelmsen Group which has fostered several companies previously listed on Oslo Børs.

Awilco Drilling was incorporated on 30 December 2009 for the purpose of acquiring the two semi-submersible drilling rigs GSF Arctic II (renamed WilPhoenix) and GSF Arctic IV (renamed WilHunter) from subsidiaries of Transocean Ltd. The background for Transocean's sale of the rigs relates to the merger of Transocean and GlobalSantaFe in 2007, in which the combined company was deemed by the UK Office of Fair Trading to have a too large market share in the UK drilling market. Consequently, Transocean was required to sell off two rigs.

The Company acquired the drilling rigs in January 2010 at an aggregate price of USD 205 million which was financed by seller's credit of USD 165 million, a working capital loan of USD 35 million and equity of USD 50 million. The equity was raised through a private placement in January 2010, after which the Company's shares were traded on the Norwegian OTC market. At the time of the acquisition, WilPhoenix had been idle since 2008, while WilHunter was operative. WilHunter continued to be employed on a bareboat contract to Transocean until mid-November 2010.

As part of the effort to bring WilPhoenix back into operation and become an attractive unit in the market, the rig needed significant upgrading. WilHunter did not require any similar upgrading but was due for classification renewal in May 2011. As a consequence, the rigs

were brought to the Remontowa yard in Poland in April 2010 and November 2010, respectively. In December 2010, an accommodation upgrade was added to the WilHunter project scope. The yard stays for both rigs were financed by a private placement raising USD 65 million in October 2010 through the issuance of 16 million shares at an issuance price of NOK 24 per share. A shareholder loan of USD 10 million was also put in place in March 2011. Both rigs were redelivered from the yard in May 2011. WilPhoenix commenced operations on 27 June 2011 and WilHunter on 1 July 2011. Both rigs operated throughout the remainder of 2011.

The development of onshore support facilities and resources were completed early 2011 and recruitment of offshore personnel was completed in the second quarter of 2011 prior to commencement of operator contracts.

The Company was listed on Oslo Axess on 10 June 2011. In connection with the listing, the Company conducted a private placement raising USD 17.5 million through the issuance of 3,031,500 shares at an issue price of NOK 31 per share.

A contract for WilPhoenix commenced on 1 March 2012 with Hess Ltd. for a period of approximately 200 days. WilPhoenix also had a contract with Premier Oil UK Ltd for a 60 day program plus two 30 day options, and then operated in a term drilling program until 28 February 2014. WilHunter was awarded several contracts for a drilling program until January 2013 which consisted of performing work for MPX North Sea Ltd, Ithaca Energy UK Ltd, Endeavour Energy UK Ltd and Suncor Energy UK Ltd. WilHunter incurred downtime whilst drilling for MPX Energy Ltd on 18 January 2012 and the rig recommenced operations on 21 March 2012.

During 2014, both rigs were contracted. WilPhoenix was in continued operations on Maersk Oil North Sea UK's Maclure well location before moving back to Premier Oil UK's Solan location in late March where it remained until September 2014. From September 2014, WilPhoenix was in operation for Marathon Oil UK Ltd until the end of 2014. WilHunter was in continuing operations for Hess UK Ltd for the whole year.

On 31 March 2014, the Company completed a USD 125 million secured bond loan with maturity in April 2019. The bond was listed on Oslo Børs on 2 July 2014. On 14 May 2018, the Company exercised the call option on the bond at a rate of 101.50% of par value in accordance with the bond agreement. The bond was settled on 28 June 2018 with USD 85 million plus accrued interest from existing cash resources of the Company.

During 2015, both rigs were contracted. WilPhoenix was in continued operations for Marathon Oil UK Ltd until the end of the first quarter and thereafter in operations for Apache North Sea Ltd until 17 November 2015 when the rig proceeded to the Able Shipyard in Hartlepool to commence a renewal survey. WilHunter was in continued operations for Hess UK Ltd until the second quarter of 2015, and then put on standby rate in the third quarter until early release from contract on 20 July 2015. WilHunter remained warm stacked during the fourth quarter of 2015.

During 2016, WilPhoenix completed the renewal survey in the first quarter and then recommenced drilling operations for Apache North Sea Ltd at the Storr location before moving over to Taqa Bratani Ltd in December 2016 for operations at the Sturgeon location. WilHunter remained warm stacked throughout the third quarter of 2016 and then put on cold stack in Invergordon in Scotland.

During 2017, WilPhoenix was in continuing operations for Taqa Bratani Ltd and then for Apache North Sea Ltd. WilHunter was cold stacked during 2017.

On 14 February 2018, the Company announced that it had entered into a Letter of Intent for the provision of WilPhoenix with expected commencement of the program around 1 September 2018 with an estimated duration of 450 days. On 18 May 2018, it was confirmed that a contract has been signed with Shell UK Limited for the provision of WilPhoenix for a decommissioning program of 19 firm wells plus options totalling a further 7 wells. The firm

19 well program has an estimated duration of 380 days and commenced around 1 September 2018.

On 28 February 2018, the Company completed a private placement raising USD 65 million through the subscription of 17,600,000 shares at a subscription price of NOK 29 per share.

On 9 March 2018, the Company's fully owned subsidiary Awilco Rig 1 Pte. Ltd. signed a contract with Keppel FELS shipyard in Singapore for the building of a new semi-submersible drilling rig, with planned delivery in March 2021 at an approximate cost of USD 425 million. In connection with entering into the contract, the Company also negotiated options to build up to three additional rigs of similar design.

On 18 June 2018, the Company completed a subsequent offering to the private placement raising gross proceeds of USD 4.7 million through the subscription of 1,400,000 shares at a subscription price of NOK 27.35 per share. The subscription price in the subsequent offering was equal to the subscription price in the Private Placement adjusted for the dividend distribution in the Company on 22 June 2018 of USD 0.20 per share, equivalent to NOK 1.6496, with record date 22 May 2018.

On 9 September 2018, the shares in the Company were transferred from Oslo Axess to Oslo Børs.

On 8 March 2019, the Company's fully owned subsidiary Awilco Rig 2 Pte. Ltd. declared its option with Keppel FELS shipyard in Singapore for the building of one new CS60 ECO MW semi-submersible drilling rig, similar to the rig contracted by Awilco Rig 1 Pte. Ltd. in March 2018. For further information about the new drilling rigs, see Section 6.4.3 below.

On 11 March 2019, the Company completed a private placement raising approximately USD 20 million through the subscription of 5,550,000 shares at a subscription price of NOK 31.80. The shares were issued on 14 March 2019.

#### 6.4 Business overview

As of the date of this Prospectus, the Company owns two semi-submersible drilling rigs; WilPhoenix and WilHunter. Both rigs are typical "workhorse" rigs used for drilling of oil and gas wells in the UK sector of the North Sea, although they can also be used in other geographical locations.

The main particulars of the rigs are set forth in the table below:

	<i>WilPhoenix</i>	<i>WilHunter</i>
<b>Type</b>	Semi-submersible	Semi-submersible
<b>Design</b>	Friede & Goldman L-907 Enhanced Pacesetter	Friede & Goldman L-907 Enhanced Pacesetter
<b>Generation</b>	3 <sup>rd</sup>	3 <sup>rd</sup>
<b>Flag</b>	Vanuatu	Vanuatu
<b>Built</b>	1982	1983
<b>Yard</b>	Gotaverken Arendal - Sweden, upgraded 2011	Daewoo - Korea, upgraded 1999 and 2011
<b>Water depth</b>	1,250 ft	1,500 ft
<b>Drilling depth</b>	25,000 ft	25,000 ft

<b>Accommodation</b>	110	110
<b>Variable loads</b>	3,700 mt	3,645 mt
<b>Draw works</b>	National 1625 UDBE 3000 hp	National-Oilwell 1625 DE
<b>Mud pumps</b>	2 Ideco T-1600 1600 hp 1 National Oilwell 12-P-160., 1,600 hp	2 National-Oilwell 12-P-160 1600 hp 1 Continental Emsco FB1600, 1,600 hp
<b>Power</b>	4 Nohab F 312 v ea. 2,650 hp	4 Ruston 12 cyl diesel ea. 3,320 hp
<b>Cranes</b>	3 Liebherr cranes, 2 x 120 ft booms, 1 x 80 ft boom	3 National OS345 cranes 2 x 140 ft booms, 1 x 80 ft boom
<b>Derrick</b>	Dreco 195 ft x 40 ft	DSI 175 ft. x 40 ft
<b>Blow-out preventer</b>	1 x 18¾" 15,000psi Vetco H4 E x F Wellhead connector, 1 x Shaffer 15K Triple NXT ram preventer, 1 x Shaffer 15K NXT double ram preventer, 1 x 18¾" 10,000 psi Shaffer annular preventer <b>LMRP:</b> 1 x 18¾" 15,000 psi VETCO HAR connector, 1 x 18¾" 10000 psi Shaffer annular preventer	1 x 18¾" 15,000psi Vetco H4 E x F Wellhead connector, 1 x Shaffer 15K Triple NXT ram preventer, 1 x Shaffer 15K NXT double ram preventer, 1 x 18¾" 10,000 psi Shaffer annular preventer <b>LMRP:</b> 1 x 18¾" 15,000 psi VETCO HAR connector, 1 x 18¾" 10000 psi Shaffer annular preventer (PLANNED UPGRADE)
<b>Mooring system</b>	4 double winches Norwinch / 2A-76-2 Elhydraulic and 8 Stevris MK 6, 12 mt	4 Skagit WMD-48 and 8 anchor chains

The Company's existing UK-based rigs operate in a market which utilises time charter contacts, secured in USD. These contacts can be fixed term (potentially with option periods) or estimated term (based on well activity). These contracts can vary greatly in terms of termination provision, liability, penalties, incentives and miscellaneous commercial provisions. The contracts do, however, generally follow an industry templet known as CRINE/Logic. The UK rig market is often described as a "spot market", generally operating shorter term contracts than the neighbouring Norwegian rig market. The UK market has historically comprised of both year-on-year contracts, and summer only ("seasonal") contracts used by customers who favour better weather periods for their respective drilling campaigns.

The Company's new Norwegian-based rigs will operate in a market which also utilises time charter contracts, secured in USD. Long and Medium Term contracts are prevalent in Norway, although there is a limited amount of spot market activity also.

As stated above in Section 6.3, the Company has signed a contract with Shell UK Limited for the provision of WilPhoenix for a decommissioning program. In addition to the initial firm program of 18 wells, a further six option wells have been exercised and work is expected to continue until at least December 2019. Options remain under the contract for five further wells.

The UK Safety Cases for WilHunter and the WilPhoenix have been accepted by the UK's Health and Safety Executive (HSE).

#### 6.4.1 Rig employment

The Company's existing rigs are typically suited to work on the UK sector of the North Sea and other international mid-water markets with the exception of Norway. The UK rig market has a wide range of customers from small independent to Super Majors, contracting rigs for infill, development and exploration drilling as well as well-decommissioning.

The Company is planning to enter into operations in other parts of the North Sea upon delivery of the ordered newbuild rigs, as further described below in Section 6.4.3, as the Company's new rigs will be specifically designed to operate on the Norwegian Continental Shelf (NCS), including the Barents Sea. The Norwegian rig market has a smaller number of customers and is dominated by Equinor ASA. All forms of rig activity are undertaken in Norway, as per the UK, although there is a higher level of exploration in this region.

Since the Company's new rigs are specifically designed to operate on the NCS, and the Company will consequently focus on the Norwegian rig market and operations on the NCS going forward, Section 5 "Industry and Market" above provides a detailed description of the NCS.

Throughout first quarter of 2018 and until 25 April 2018, WilPhoenix was in continued operations. Since 1 September 2018, WilPhoenix has been on charter, and will remain on charter until mid-September 2019, with following options until March 2020. WilHunter is currently cold stacked and moored in Invergordon in Scotland.

#### **6.4.2 Rig upgrades**

WilPhoenix and WilHunter have been through substantial upgrading and class work since its building years. WilPhoenix was upgraded in 2011 and 2016, and WilHunter was upgraded in 1999 and 2011.

WilPhoenix has gone through a special periodic survey and extensive upgrading programme which delivered the following main enhancements to the rig:

- Increased variable deck load;
- Complete new accommodation for 110 persons;
- Four new lifeboats;
- New sewage plant;
- Engine overhaul programme;
- New replacement of the power supply (SCR) system;
- Improved mud mix process system, incorporating new mechanised chemical handling system and heating, ventilating and air conditioning upgrade;
- Improved solids control systems incorporating new replacement shale shaker and mud header box;
- Installation of new disc brake drawworks;
- Increase of the main deck by 500 m<sup>2</sup>; and
- Refurbishment programme of pipehandling equipment and drilling equipment.

The initial work scope for the upgrading of WilHunter comprised of two main areas of work relating to:

- the rig's special periodic survey; and
- a programme of upgrade and enhancement work.

Subsequent to the commencement of project activity, the Company expanded the rig's work scope to include a programme of upgrade and enhancement work, delivering the following main enhancements to the rig:

- An additional accommodation level and associated life boat replacement, increasing the maximum number of crew quarters from 97 persons on board (POB) to 110;
- Increased office space; and
- A dedicated Heli-lobby.

The upgrades of both rigs were conducted at the Remontowa Shipyard in Poland. Remontowa is a large repair and maintenance yard which has done several large rig conversions and specializes in ship repairs and conversions, design and construction of new ships, offshore units and steel structures.

#### **6.4.3 Newbuilding contracts**

On 9 March 2018, the Company entered into a contract with Keppel FELS shipyard in Singapore for the building of a new semi-submersible drilling rig. The cost for the rig is approximately USD 425 million and the rig is expected to be delivered in March 2021. The payment terms for the rig are 10% deposit upon contract signature, which was paid in March 2018, 10% after 24 months and 80% upon delivery of the rig. The 10% deposit was financed through the private placement completed on 28 February 2018, and it is likely that the second instalment and the payment of the remaining 80% balance will be financed through additional equity or through a combination of additional equity and debt.

In connection with entering into the newbuilding contract for the rig, the Company also negotiated options to build up to three additional rigs of similar design, in which each option will be independent of each other.

On 8 March 2019, the Company's fully owned subsidiary Awilco Rig 2 Pte. Ltd. exercised one of the options with Keppel FELS shipyard for the building of one new semi-submersible drilling rig. The cost for the rig is USD 422 million and the rig is expected to be delivered in March 2022.

Both of the new drilling rigs are designed for harsh environment use, and will be equipped and certified for drilling on the Norwegian Continental Shelf, including the Barents Sea, in water depths up to 5,000 ft. The new rigs will be CS60 ECO MW semi-submersible drilling rigs, which will be the most environmental friendly drilling rigs offered to date in the harsh environment market. In addition, the rigs will be delivered with the latest design and technology solutions for drilling rigs, including digitalisation ensuring high operating efficiency and very low opex and spread cost compared to other drilling rigs on the market. All warranties will be intact at the delivery of the rigs to the Company.

The Company will use the proceeds from the Private Placement to part finance the initial 10% deposit for the building of the drilling rig announced on 8 March 2019. The payment terms for the rig are 10% deposit upon contract signature, which was paid in March 2019, 10% after 24 months and 80% upon delivery of the rig. The 10% deposit was financed through the Private Placement and cash, and it is likely that the second instalment and the payment of the remaining 80% balance will be financed through additional equity or through a combination of additional equity and debt.

Please see Section 14 for further information about the Private Placement.

Except for the newbuilding contracts with Keppel FELS, the Company has not made any principal investments during the period covered by the historical financial information and up to the date of this Prospectus. Furthermore, as of the date of this Prospectus, the Company has not made any firm commitments related to principal future investments, except for the newbuilding contracts described above. For further information about the two remaining options to build up to two additional rigs of similar design as the rigs described above, please see Section 6.1 above.

## **6.5 Principal markets**

The semi-submersible drilling rig market consists of a large number of players. Contracts are traditionally awarded on a competitive bid basis. Governing factors for a successful bid are in most cases based on; price, availability, technical compliance and operators experience and track record.

Competition for contracts is on a worldwide basis; however, the competition may vary significantly from region to region at any particular time. Competing contractors may be able to relocate rigs from areas with low utilisation and day rates to areas with greater activity and relatively higher day rates. Orders of new rigs, upgrades of existing rigs and new technology could also increase the competitive universe.

A more detailed description of the Company's principal markets is given in Section 5 "Industry and Market". Due to the Company's concentration of business activity, the Company has not prepared and presented any isolated breakdown of total revenues by category of activity and geographic market information.

## **6.6 Strategy**

The Company's strategy is to create shareholder value through the provision of a quality, reliable and customer focused service to the mobile drilling rig market. The Company shall safely, efficiently and effectively deliver a mobile drilling rig service to its customers and shall strive to secure the most profitable dayrate contracts in conjunction with the highest achievable rig utilisations. In addition, the Company shall evaluate growth opportunities which best compliment the company's financial and operational aspirations.

## **6.7 Material contracts**

Except for the newbuilding contracts described in Section 6.4.3 above, neither the Group nor any member of the Group has entered into any material contracts outside the ordinary course of the business for the two years prior to the date of this Prospectus. Further, the Group has not entered into any contract outside the ordinary course of business which contains any provision under which any member of the Group has any obligation or entitlement.

## **6.8 Related party transactions**

The Company has not entered into any transactions or agreements of significance with related parties outside of the ordinary course of business during 2018, 2017 and 2016, and up to the date of this Prospectus.

The Company has entered into a management agreement with Awilhelmsen Management AS for corporate services and several management-for-hire contracts for personnel from the Awilhelmsen Group. As stated in Section 11.4, Awilhelmsen Offshore AS owns 37.08% of the Company's shares.

Sales and purchases between related parties are made at normal market prices. Outstanding balances are unsecured, interest free and cash settlement terms vary between 30 and 90 days. The Company has not provided or benefitted from any guarantees for any related party receivables or payables. The Company has not made any provision for doubtful debts relating to amounts owed by related parties.

## **6.9 Trend information**

The Company's principal focus and expertise is to provide drilling services, and to date particularly on the UK continental shelf. Operation in this market is characterised by relatively short contracts, although longer contracts may also be available from time to time. With short contracts, the Company's revenues are influenced by rates that can fluctuate on the basis of changing supply and demand for drilling services. An overview of

factors that are deemed to impact the market for the Company's services is given in Section 5 "Industry and Market".

As stated above in Section 6.4.1, the Company is planning to enter into operations in other parts of the North Sea in the near future as the Company's new rigs will be specifically designed to operate on the Norwegian Continental Shelf (NCS), including the Barents Sea.

Except as described in this Prospectus, the Company has not experienced any changes or trends that are significant to the Company since 31 March 2019, and as of the date of this Prospectus. Furthermore, the Company is not aware of any trends, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospectus for at least the current financial year.

## 6.10 Property, plant and equipment

As of 31 December 2018, the Company had non-current assets with an aggregated book value of USD 186.2 million. The table below gives an overview of key non-current assets in the Company.

Equipment	Ownership	Book Value (MUSD)
Rigs and related equipment	Owned	186.3
Other fixtures and equipment	Owned	0.5
<b>Total book value</b>		<b>186.8</b>

Rigs and related equipment primarily comprise WilHunter and WilPhoenix, along with related reserve equipment. Also included is USD 44.4 million in respect of the deposit for the first new build rig and miscellaneous project expense. The USD 0.5 million recognised in the balance sheet as other fixtures and equipment is related to lease hold improvements, office furniture and computer equipment.

The only office premises of the Company, located in Aberdeen, Scotland, have been leased for a fifteen-year period from September 2014. The Company can terminate the lease agreement with six months' notice after an initial ten-year term. Total annual leasing cost related to the office is USD 250,248.

The Company is in process of building two new semi-submersible drilling rigs for harsh environment use, to be built by the premium yard Keppel FELS in Singapore at an aggregate price of approximately USD 425 million per rig, and with planned delivery in 2021 and 2022, respectively. See Section 6.4.3 "Newbuilding contracts" for a further description of the investments.

Except from the above-mentioned, the Company has no planned material tangible fixed asset investments.

Environmental issues that may affect the utilization of the Company's assets are discussed in Section 2.2.6 "Environmental risks", and Section 6.12 "Health, safety, environmental and quality policy".

## 6.11 Dependence on research and development, patents and licenses

In the opinion of the Company, its business is not materially dependent on any research and development, nor on particular patents or licenses, industrial, commercial or financial contracts, or on new manufacturing processes. The Company does not involve in research and development activities and has not made investments into such activities in the past. The Company has not introduced any new products and/or services within the period

covered by the historical financial information, and is not preparing any such new products or services.

### **6.12 Health, safety, environment and quality policy**

Awilco Drilling is committed to maintaining a "best in class" Quality, Health, Safety and Environment ("**QHSE**") Management System, forming an integral part of its corporate strategy. Further, Awilco Drilling's active employee involvement culture shall deliver the highest levels of both employee and customer satisfaction.

Awilco Drilling's primary goal is safe and efficient operation, with no accidents, injuries, environmental incidents or damages to assets. This goal shall be achieved by making the following commitments:

- Establish a positive, practical and "simple is best" safety culture, through combination of proactive employee input and effective management involvement
- Compliance and continuous development of Awilco Drilling's QHSE Management System, meeting and exceeding good industry practice and regulatory requirements
- Accurately measure and clearly report QHSE corporate and customer key performance indicators to meet and exceed expectations
- Maintain an organisation with a clearly defined structure, responsibilities and lines of communications ensuring common goals and targets are always understood
- Establish safe working practices for identifying business and operational risk, ensuring mitigation of risk at source or by the implementation of effective control measures
- Ensure risk associated with work activities are clearly and effectively communicated to employees and contractors involved in Awilco Drilling's business operations
- Provide the right resources and correct tools to enable Awilco Drilling's policies, objectives and standards to be met
- Ensure that personnel are suitably trained and competent to fulfil the assigned roles and responsibilities
- Develop and implement maintenance systems to ensure the technical integrity of all offshore drilling units and related property
- Implement worksite risk control and behavioural observation programmes that empower people to stop any work activity where an unsafe operation, task, act or behaviour is perceived

The Company's Senior Management will review and update the QHSE policy on an annual basis.

### **6.13 Legal proceedings**

The Company is not, and has not been since its incorporation, party to, or the subject to, any legal or arbitration proceedings which may have, or have had, significant effects on the Company's and/or the Group's financial position or profitability. The Company is further not aware of any such legal or arbitration proceedings being threatened.

## 7. CAPITALISATION AND INDEBTEDNESS

The information presented below should be read in conjunction with the other parts of this Prospectus, in particular Section 8 "Selected Financial Information", the Audited Financial Statements and the Interim Financial Statements, and the notes related thereto, incorporated by reference to this Prospectus; see Section 15.1 "Incorporated by reference".

There has been no material change to the Group's unaudited consolidated capitalisation and net financial indebtedness since 31 March 2019.

### 7.1 Capitalisation

The below tables have been derived from the Company's condensed interim financial statements for the three months period ended 31 March 2019.

	<b>As of</b>
	<b>31 March 2019</b>
	<i>(unaudited)</i>
<i>In USD thousand</i>	
<b>Indebtedness</b>	
<i>Total current debt:</i>	
Secured	-
Unsecured	-
<b>Total current debt</b>	-
<i>Total non-current debt:</i>	
Secured	-
Unsecured	-
<b>Total non-current debt</b>	-
<b>Total indebtedness</b>	-
<b>Shareholders' equity</b>	
Share capital	525
Other restricted equity	218,380
Translation differences and other reserved	
Retained earnings	60,319
<b>Total shareholders' equity</b>	279,224
<b>Total capitalisation</b>	279,224

### 7.2 Net financial indebtedness

The below tables have been derived from the Company's condensed interim financial statements for the three months period ended 31 March 2019.

	<b>As of</b>
	<b>31 March 2019</b>
	<i>(unaudited)</i>
<i>In USD thousand</i>	
A. Cash	42,900
B. Cash equivalents	
C. Trading securities	
<b>D. Liquidity (A+B+C)</b>	<b>42,900</b>
<b>E. Current financial receivables</b>	10,399
F. Current bank debt	-

<i>In USD thousand</i>	<b>As of</b> <b>31 March 2019</b> <i>(unaudited)</i>
G. Current portion of non-current debt	-
H. Other current financial debt	-
<b>I. Current financial debt (F+G+H)</b>	-
<b>J. Net current financial indebtedness (I-E-D)</b>	(53,299)
K. Non-current bank loans	-
L. Bond issues	-
M. Other non-current loans	-
<b>N. Non-current financial debt (K+L+M)</b>	-
<b>O. Net financial indebtedness (J+N)</b>	(53,299)

### **7.3 Working capital statement**

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, for the period covering at least 12 months from the date of this Prospectus.

### **7.4 Contingent and indirect indebtedness**

As of the date of the Prospectus, the Group has not any contingent or indirect indebtedness.

## **8. SELECTED FINANCIAL INFORMATION**

### **8.1 Introduction**

The following selected financial information has been extracted from the Company's Audited Financial Statements and Interim Financial Statements.

The Audited Financial Statements as of, and for the years ended, 31 December 2018, 2017 and 2016, have been prepared in accordance with IFRS. The unaudited Interim Financial Statements as of 31 March 2019 and 31 March 2018 have been prepared in accordance with IAS 34. The selected financial information included herein should be read in connection with, and is qualified in its entirety by reference to the Audited Financial Statements and the Interim Financial Statements incorporated by reference in this Prospectus, see Section 15.1 "Incorporation by reference".

### **8.2 General**

#### **8.2.1 Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are prepared for the same reporting period as the company, using consistent accounting policies.

#### **8.2.2 Foreign currency translation**

##### *Functional and presentation currency*

Items included in the Audited Financial Statements of each of the Group's entities are measured using United States Dollars (USD) "the functional currency". The consolidated financial statements are presented in (USD) and all values are rounded to the nearest thousand dollars (USD000) except when otherwise indicated, which is the Company's functional currency and presentation currency. All subsidiaries have USD as their functional currency.

##### *Transaction and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the income statement. The principle foreign currencies used by the group are pounds sterling (GBP), euro (EUR) and Norwegian krone (NOK).

#### **8.2.3 Revenue recognition**

Revenue derived from charter-hire contracts or other service contracts is recognized in the period that services are rendered at rates established in the relevant contracts.

#### **8.2.4 Cost of sales**

Cost of sales includes rig operating costs and the depreciation cost for the two rigs.

#### **8.2.5 Income taxes**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with

the following exception: deferred income tax assets are recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

#### **8.2.6** Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

#### **8.2.7** Leases

Leases, where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight-line basis over the lease term.

#### **8.2.8** Property, plant and equipment

Rigs and equipment are stated at cost less depreciation. The cost of an asset comprises its purchase price and directly attributable cost of bringing the asset to its working condition. When it can be clearly demonstrated that subsequent expenditures have resulted in an increase in future economic benefits expected to be obtained from the use of the assets beyond its originally assessed standard of performance, the expenditure is capitalized as an additional cost of the asset. A component of an asset with a cost that is significant in relation to the total cost of the asset is depreciated separately. Components with a similar depreciation method and useful life are grouped together.

Depreciation is calculated using the straight-line method for each asset, after taking into account the estimated residual value, over its expected useful lives.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets as follows:

- Semi-submersible rigs - 20 years
- Special purpose surveys - 5 years
- Other fixtures and equipment - 3-5 years

The carrying values of plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

### **8.2.9** Financial assets

Financial assets are recognised when the Company becomes party to the contracts that give rise to them and are classified as financial assets at fair value through profit or loss or loans and receivables, as appropriate. The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end. When financial assets are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial asset not at fair value through profit or loss, directly attributable transaction costs.

### **8.2.10** Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but had transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

### **8.2.11** Impairment of financial assets

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as irrecoverable.

### **8.2.12** Inventories

Inventories of drilling equipment for future integrated drilling service wells are stated at the lower of cost incurred and net realisable value. These inventory items include spare parts and supplies relating to the operation of the semi-submersible drilling rigs.

### **8.2.13** Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost.

### **8.2.14** Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents are as defined above and net of outstanding bank overdrafts.

### **8.2.15 Trade and other payables**

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### **8.2.16 Loans**

Loans are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. Loans are subsequently measured at their amortised cost applying the effective interest rate method.

Finance charges on the loans are recognised as finance costs in the income statement.

### **8.2.17 Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

### **8.2.18 Derivative financial instruments**

The Group uses derivative financial instruments such as forward currency contracts, to hedge its foreign currency risks. The derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

## **8.3 Summary of significant accounting policies**

For information regarding accounting policies and the use of estimates and judgements, please refer to the accounting principles section of the Audited Financial Statements incorporated by reference in this Prospectus, see Section 15.1.

For the Audited Financial Statements as of, and for the year ended, 31 December 2018, the Group has applied IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers for the first time. The Group has evaluated the impact of IFRS 15 and has concluded this will not result in significant change in revenue recognised compared with the current standard.

Furthermore, the following standards and amendments and interpretations to existing standards have been published and will be adopted by the Group when they become effective:

- IFRS 16 Leases
- IFRIC Interpretation 23 – Uncertainty over Income Tax Treatments
- Prepayment Features with Negative Compensation – Amendments to IFRS 9
- IFRS 12 Income Taxes – Income tax consequences of payments on financial instruments
- IFRS 2 IAS 23 Borrowing Costs – Borrowing costs eligible for capitalisation
- Definition of a Business – Amendments to IFRS 3
- Definition of Material – Amendments to IAS 1 and IAS 8

- The Conceptual Framework for Financial Reporting

It is not anticipated that the application of these standards and amendments will have any material impact on the Group's financial statements with the exception of IFRS 16.

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. A right-of use asset and a corresponding lease liability will be recognised for all leases by the lessee except for short-term leases and leases of low value assets. The Group has commitments under an operating lease in respect of land and buildings which will require to be recognised on the balance sheet. The Group has concluded that there will be no impact on the treatment of the drilling rigs under long term contracts.

The Group is still evaluating the impact of IFRS 16 and will finalise the assessment of the impact of adoption during 2019. As stated above, the Group plans to adopt the amendments to these standards when they become effective.

#### 8.4 Consolidated statement of comprehensive income

The table below sets out selected data from the Company's statement of comprehensive income for the year ended 31 December 2018 with comparable figures from 31 December 2017 and 2016 which has been extracted from the Audited Financial Statements, and the interim statement of comprehensive income for the three months ended 31 March 2019 with comparable figures from 31 March 2018 which has been extracted from the Interim Financial Statements.

	Three months ended 31 March 2019	Three months ended 31 March 2018	2018	Year ended 31 December 2017	2016
<b>In USD Thousands</b>					
Revenue	9,062	34,103	56,522	131,731	72,472
Cost of sales	(8,906)	(10,766)	(66,031)	(88,794)	(52,492)
<b>Gross profit</b>	<b>156</b>	<b>23,337</b>	<b>(9,509)</b>	<b>42,937</b>	<b>19,980</b>
General and administrative expenses	3,133	2,782	(8,766)	(8,818)	(8,908)
<b>Operating profit</b>	<b>(2,977)</b>	<b>20,555</b>	<b>(18,275)</b>	<b>34,119</b>	<b>11,072</b>
Finance income	533	550	1,943	792	631
Finance expense	-	(1,642)	(4,671)	(6,919)	(7,658)
Foreign exchange gain/(loss)	-	-	5	941	(1,437)
Loss on forward contracts	142	358	(172)	(123)	(1,042)
<b>Profit before taxation</b>	<b>(2,302)</b>	<b>19,821</b>	<b>(21,170)</b>	<b>28,810</b>	<b>1,566</b>
Tax (expense)/benefit	(50)	(706)	(1,694)	(643)	745
<b>Profit for year attributable to equity shareholders</b>	<b>(2,352)</b>	<b>19,115</b>	<b>(22,864)</b>	<b>28,167</b>	<b>2,311</b>
Weighted Average number of shares	50,091,612	30,813,722	44,221,089	30,031,500	30,031,500
Basic and diluted earnings per share	(0.05)	0.62	(0.52)	0.94	0.08
Interest coverage ratio	0	13.07	(4.86)	5.16	1.20

## 8.5 Consolidated statement of financial position

The table below sets out selected data from the Company's consolidated statement of financial position as of 31 December 2018 with comparable figures from 31 December 2017 and 2016 which has been extracted from the Audited Financial Statements, and the interim statement of financial position as of 31 March 2019 with comparable figures from 31 March 2018 which has been extracted from the Interim Financial Statements.

	Three months ended	Three months ended	Year ended 31 December		
	31 March 2019	31 March 2018	2018	2017	2016
<b>In USD Thousands</b>					
Assets					
Property, plant and equipment	227,470	217,935	186,761	178,808	238,868
Deferred tax	410	1,483	461	1,372	3,058
<b>Total non-current assets</b>	<b>227,880</b>	<b>219,418</b>	<b>187,222</b>	<b>180,180</b>	<b>241,926</b>
Current assets					
Inventory	4,809	4,809	4,808	4,808	4,844
Prepayments	4,422	19,076	11,938	24,073	24,482
Trade and other receivables	6,317	73,837	340	3,551	22,078
Cash and cash equivalents	42,900	92,472	63,865	119,286	70,070
<b>Total current assets</b>	<b>58,448</b>	<b>190,194</b>	<b>80,951</b>	<b>151,718</b>	<b>121,474</b>
<b>Total assets</b>	<b>286,328</b>	<b>409,612</b>	<b>268,173</b>	<b>331,898</b>	<b>363,400</b>
Current liabilities					
Trade and other payables	7,038	11,375	6,284	10,441	11,281
Current tax payable	66	-	66	-	23,923
Borrowing	-	10,000	-	10,000	10,000
<b>Total current liabilities</b>	<b>7,104</b>	<b>21,375</b>	<b>6,350</b>	<b>20,441</b>	<b>45,204</b>
Non-current liabilities					
Deferred tax liability	-	-	-	-	1,129
Borrowing	-	80,000	-	80,000	90,000
Other liabilities	-	-	433	248	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>80,000</b>	<b>433</b>	<b>80,248</b>	<b>91,129</b>
<b>Total liabilities</b>	<b>7,104</b>	<b>101,375</b>	<b>6,783</b>	<b>100,689</b>	<b>136,333</b>
<b>Net assets</b>	<b>279,224</b>	<b>308,237</b>	<b>261,390</b>	<b>231,209</b>	<b>227,067</b>
Equity					
Paid in capital	218,905	194,060	198,719	130,141	130,141
Retained earnings	60,319	114,177	62,671	101,068	96,926
<b>Total equity</b>	<b>279,224</b>	<b>308,237</b>	<b>261,390</b>	<b>231,209</b>	<b>227,067</b>
Equity / Assets ratio	98%	75%	97%	70%	62%

## 8.6 Consolidated statement of cash flow

The table below sets out selected data from the Company's consolidated statement of cash flows for the year ended 31 December 2018 with comparable figures from 31 December 2017 and 2016 which has been extracted from the Audited Financial Statements, and the interim statement of cash flows for the three months period ended 31 March 2019 with comparable figures from 31 March 2018 which has been extracted from the Interim Financial Statements.

	Three months ended	Three months ended	Year ended 31 December		
	31 March 2019	31 March 2018	2018	2017	2016
<b>In USD Thousands</b>					
<b>Operating activities</b>					
Profit before tax	(2,302)	19,821	(21,170)	28,810	1,566
Non-cash adjustments to reconcile profit before tax to net cash flows:					
Depreciation	2,651	3,402	13,425	15,686	15,579
Impairment	-	-	25,000	45,000	-
Net Interest	(533)	1,092	2,728	6,126	7,027
Share based payment	(303)	663	(260)	301	32
Working capital adjustments:					
Decrease/(increase) in trade and other receivables	2,758	7,249	8,092	101	(9,917)
Decrease/(increase) in inventory	-	-	-	36	171
Increase/ decrease in prepayments and accrued revenue	(1,219)	(6,268)	4,043	307	(4,532)
(Decrease)/ increase in trade and other payables	624	(1,552)	(3,712)	(714)	(12,302)
Interest paid	-	(67)	(4,671)	(7,097)	(7,798)
Interest received	533	550	1,943	792	631
Taxation paid	-	(3,169)	2,494	(5,481)	(6,013)
<b>Net cash flow from operating activities</b>	<b>2,209</b>	<b>21,721</b>	<b>27,912</b>	<b>83,867</b>	<b>(15,556)</b>
<b>Investing activities</b>					
Purchase of property, plant and equipment	(43,360)	(42,529)	(46,378)	(626)	(20,111)
<b>Net cash flow used in investing activities</b>	<b>(43,360)</b>	<b>(42,529)</b>	<b>(46,378)</b>	<b>(626)</b>	<b>(20,111)</b>
<b>Financing activities</b>					
Proceeds from issue of share capital	20,595	-	69,595	-	-
Equity issue costs	(409)	-	(1,017)	-	-
Payment of dividends	0	(6,006)	(15,533)	(24,025)	(19,520)
Repayment of loan and bonds	0	0	(90,000)	(10,000)	(10,000)
<b>Net cash flow used in financing activities</b>	<b>20,186</b>	<b>(6,006)</b>	<b>(36,955)</b>	<b>(34,025)</b>	<b>(29,520)</b>
Net increase in cash and cash equivalents	(20,956)	(26,814)	(55,421)	49,216	(65,187)
<b>Cash and cash equivalents at beginning of period/year</b>	<b>63,865</b>	<b>119,286</b>	<b>119,286</b>	<b>70,070</b>	<b>135,257</b>
<b>Cash and cash equivalents at end of period/year</b>	<b>42,900</b>	<b>92,472</b>	<b>63,865</b>	<b>119,286</b>	<b>70,070</b>

## 8.7 Consolidated statement of changes in equity

The table below sets out selected data from the Company's consolidated statement of changes in equity for the year ended 31 December 2018 with comparable figures from 31 December 2017 and 2016.

<b>TUSD</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Retained earnings</b>	<b>Total equity</b>
At 1 January 2016	304	129,837	114,135	244,276
Total comprehensive profit for year	-	-	2,311	2,311
Dividend paid	-	-	(19,520)	(19,520)
<b>Balance at 31 December 2016</b>	<b>304</b>	<b>129,837</b>	<b>96,926</b>	<b>227,067</b>
Total comprehensive profit for year	-	-	28,167	28,167
Dividend paid	-	-	(24,025)	(24,025)
<b>Balance at 31 December 2017</b>	<b>304</b>	<b>129,837</b>	<b>101,068</b>	<b>231,209</b>
Equity issue as at 27 March 2018	161	64,776	-	64,937
Equity issue costs as at 27 March 2018	-	(1,017)	-	(1,017)
Equity issue as at 22 June 2018	12	4,646	-	4,658
Total comprehensive profit for year	-	-	(22,864)	(22,864)
Dividend paid	-	-	(15,533)	(15,533)
<b>Balance at 31 December 2018</b>	<b>477</b>	<b>198,242</b>	<b>62,671</b>	<b>261,390</b>
Equity issue 14 March 2019	<b>48</b>	<b>20,547</b>	-	<b>20,595</b>
Equity issue costs 14 March 2019	-	<b>(409)</b>	-	<b>(409)</b>
Total comprehensive profit as at 31 March 2019	-	-	<b>(2,352)</b>	<b>(2,352)</b>
Dividend paid	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>525</b>	<b>218,380</b>	<b>60,319</b>	<b>279,224</b>

## 8.8 Auditor

The Company's auditor is Ernst & Young LLP, with registration number OC300001 and business address at Blenheim House, Fountainhall Road, Aberdeen, AB15 4DT, United Kingdom. Ernst & Young has been the Company's auditor since its incorporation and consequently throughout the period covered by financial information included in this Prospectus.

Ernst & Young's audit reports on the Audited Financial Statements are included within the Audited Financial Statements and incorporated by reference together with the Audited Financial Statements. Ernst & Young has not audited any other information in this Prospectus.

## 8.9 Additional information about the Audited Financial Statements

### 8.9.1 Level of consolidation

The financial information is prepared on a consolidated group basis.

### 8.9.2 Operating segment

The Company is only operating rigs in the mid-water segment. The potential market for the rigs will be the international drilling market (i.e. all over the world) and will be exposed to the same risks and returns wherever the rigs are employed. As the rigs are managed as one business segment, the Company has only one reportable segment.

### 8.9.3 Age of the latest financial information

The latest full audited financial information presented in this Prospectus is in respect of the year end 31 December 2018.

## **9. OPERATING AND FINANCIAL REVIEW**

This operating and financial review should be read together with Section 8 "Selected financial information", the Audited Financial Statements and the Interim Financial Statements, and related notes incorporated by reference in this Prospectus in Section 15.1.

The operating and financial review set out in this Section 9 contains forward-looking statements. These forward-looking statements are not historical facts, but are rather based on the Company's current expectations, estimates, assumptions and projections about the Group's industry, business and future financial results. Actual results could differ materially from the results contemplated by these forward-looking statements because of a number of factors, including those discussed in Section 2 "Risk Factors" and Section 4.5 "Forward-looking statements", as well as other Sections of this Prospectus.

### **9.1 Information on financial condition and operating results**

#### **9.1.1 Three months to 31 March 2019**

The discussion below refers to the period from 1 January 2019 to 31 March 2019 ("**Q1 2019**").

#### **Operating revenues**

The Company had gross operating revenues of USD 9.1 million in Q1 2019. This is a decrease of USD 25 million compared with the same period in the prior year. This decrease is due to the reduction in day rate revenue earned in Q1 2019 compared to the same quarter in the prior year.

#### **Cost of Sales**

The Company had cost of sales of USD 8.9 million in Q1 2019, this is a decrease of USD 1.9 million compared with the same period in the prior year, primarily due to lower rig operating expenses. There were also General and Administrative expenses of USD 3.1 million which is a slight increase of USD 1.8 million compared with the same period in the prior year primarily due to the movement in the LTIP provision.

#### **Net financial income (expenses)**

The loss before taxation was USD 2.3 million after charging depreciation, general and administrative expenses and finance income and finance expense.

Finance income at USD 0.5 million relates to interest income and other foreign exchange gain.

The Company had no finance expenses as of 31 March 2019. Interest coverage ratio as at 31 March 2019 was 0.

#### **Net loss**

Loss for the period attributable to equity shareholders was the loss before tax of USD 2.3 million less income tax of USD 0.05 million resulting in total loss of USD 2.3 million.

#### **Trade and other receivable**

Trade and other receivables in Q1 2019 totalled USD 6.3 million.

#### **Cash and cash equivalents**

Cash and cash equivalents in Q1 2019 totalled USD 42.9 million which related to cash at bank and in hand. This is a reduction of USD 49.6 million compared to Q1 2018 and is primarily due to repayments of bond debt in 2018 in the event of USD 90 million.

Included in this cash balance was restricted cash of USD 1.0 million in relation to foreign exchange forward contracts. Cash at bank earned interest at floating rates based on daily bank deposit rates and funds on long-term deposit earning interest at commercial rates

depending on term of deposit.

### **Liabilities**

Current liabilities totalled USD 7.1 million and consisted of trade and other creditors totalling USD 7.0 million. As described in Section 6.3, the Company completed a USD 125 million secured bond loan on 31 March 2014 with maturity in April 2019. The Company has no long-term interest-bearing debt and no non-current liabilities.

The equity ratio as at 31 March 2019 was 98%, compared to 75% which was the equity ratio as at 31 March 2018.

### **Total equity**

Total equity as at 31 March 2019 was USD 279.2 million. This is made up of USD 0.5 million called up capital and USD 218.4 of share premium. The balance of USD 60.3 million relates to the retained earnings.

#### **9.1.2 Year to 31 December 2018**

The discussion below refers to the period from 1 January 2018 to 31 December 2018 ("**FY 2018**" or "The last financial year").

### **Operating revenues**

The Company had gross operating revenues of USD 56.5 million in FY 2018. The decrease relative to the prior year when revenue was USD 131.7 million was attributable primarily to prior year including a full year operating for Apache North Sea Ltd compared to 2018 when the rig was operating to 25th April then incurred a period of idle time prior to commencement in September 2018 of a contract with Shell UK Ltd. Due to the deterioration in market conditions the daily revenue rate is significantly reduced under the new contract with Shell UK Ltd.

### **Cost of Sales**

The Company had costs of sales in 2018 of USD 66.0 million including an impairment charge of USD 25 million. (Refer to Note 16 in the Annual Report for year ended 31 December 2018 for further information on impairment). Underlying cost of sales, net of impairment were USD 41.0 million compared with USD 43.8 million in prior year. Reason for decrease due to savings achieved during idle period mid-year. There were also General and Administrative expenses of USD 8.8 million which is consistent with prior year costs of USD 8.8 million.

### **Net financial income (expenses)**

The loss before taxation was USD 21.2 million after charging depreciation, general and administrative expenses and finance income and expense.

Finance income of USD 1.9 million relates to interest income and loss on forward contracts was USD 0.2 million.

Finance expense of USD 4.7 million comprises USD 3.4 million interest on loans and USD 1.3 million call premium on early repayment of the bond debt. Interest coverage ratio for 2018 was -4.86.

### **Net income**

Loss for the period attributable to equity shareholders was the loss before tax of USD 21.2 million less the tax charge of USD 1.7 million resulting in a loss of USD 22.9 million.

### **Trade and other receivable**

Trade and other receivables as at 31 December 2018 was USD 11.9 million and comprises of amounts outstanding at year end in respect of accrued and billed revenue for work performed in final quarter of year.

### **Cash and cash equivalents**

Cash and cash equivalents as at 31 December 2018 totalled USD 63.9 million which related to cash at bank. Included in this cash balance was restricted cash of USD 1.3 million in relation to foreign exchange forward contracts. Cash at bank earned interest at floating rates based on daily bank deposit rates and funds on long term deposit earning interest at commercial rates depending on term of deposit. Most of the cash is held in USD.

### **Liabilities**

Current liabilities totalled USD 6.3 million and consisted of trade and other payables. Non-current liabilities totalled USD 0.4 million and is respect of amounts payable under the long-term incentive plan.

The equity ratio as at 31 December 2018 was 97%.

### **Total equity**

Total equity as at 31 December 2018 was 261.4 million. This is made up of USD 0.5 million called up capital and USD 198.2 million of share premium. The balance of USD 62.7 relates to the retained earnings.

#### **9.1.3 Year to 31 December 2017**

The discussion below refers to the period from 1 January 2017 to 31 December 2017 ("**FY 2017**").

### **Operating revenues**

The Company had gross operating revenues of USD 131.7 million in FY 2017. The increase relative to the prior year when revenue was USD 72.5 million was attributable primarily to prior year including an extended period in the shipyard for WilPhoenix. Utilisation of the WilHunter had been adversely affected by the industry downturn and due to no new contracts had been idle throughout current year and prior year.

### **Cost of Sales**

The Company had cost of sales in 2017 of USD 88.8 million including an impairment charge of USD 45 million. (Refer to Note 17 in the Annual Report for year ended 31 December 2017 for further information on impairment). Underlying cost of sales, net of impairment were USD 43.8 million compared to USD 52.5 million in prior year. Reason for the decrease was due to savings associated with cold stacking of WilHunter during 2016. There were also General and Administrative expenses of USD 8.8 million.

### **Net financial income (expenses)**

The profit before taxation was USD 28.8 million after charging depreciation, general and administrative expenses and finance income and finance expense.

Finance income at USD 0.8 million relates to interest income and gain on foreign exchange forward contracts was USD 0.1 million. Other foreign exchange gain was USD 0.9 million.

Finance expense at USD 6.9 million relates to interest on loans. Interest coverage ratio for 2017 was 5.16.

### **Net income**

Profit for the period attributable to equity shareholders was the profit before tax of USD 28.8 million less income tax of USD 0.6 million resulting in a profit of USD 28.2 million.

### **Cash and cash equivalents**

Cash and cash equivalents as at 31 December 2017 totalled USD 119.3 million which related to cash at bank and in hand.

Included in this cash balance was restricted cash of USD 1.0 million in relation to foreign exchange forward contracts. Cash at bank earned interest at floating rates based on daily

bank deposit rates and funds on long-term deposit earning interest at commercial rates depending on term of deposit. Most of the cash is held in USD.

### **Liabilities**

Current liabilities totalled USD 20.4 million and consisted of trade and other creditors totalling USD 10.4 million. Loans were USD 10 million which related to the portion of the outstanding bond. As described in Section 6.3, the Company completed a USD 125 million secured bond loan on 31 March 2014 with maturity in April 2019.

Non-current liabilities totalled USD 80.2 million and consisted primarily of the outstanding bond of 80.0 million. Covenants as per the Bond Agreement required minimum liquidity of USD 10 million and an equity ratio of 35%. The equity ratio at 31 December 2017 was 69.7%.

### **Total equity**

Total equity as at 31 December 2017 was USD 231.2 million. This is made up of USD 0.3 million called up capital and USD 129.8 of share premium. The balance of USD 101.1 million relates to the retained earnings.

#### **9.1.4 Year to 31 December 2016**

The discussion below refers to the period from 1 January 2016 to 31 December 2016 ("**FY 2016**").

The discussion below refers to the period from 1 January 2016 to 31 December 2016 ("**FY 2016**").

### **Operating revenues**

The Company had gross operating revenues of USD 72.5 million in FY 2016. The decrease relative to the prior year when revenue was USD 247 million was due to the extended period in shipyard for WilPhoenix and the reduction of revenue associated with stacking of the WilHunter.

### **Cost of Sales**

The Company had cost of sales in 2016 of USD 52.5 million compared to USD 106.3 million in prior year. Reduction due primarily to impact of stacking the WilHunter and introduction of an increased cost efficiency focus as a result of the general industry downturn. There were also General and Administrative expenses of USD 8.9 million.

### **Net financial income (expenses)**

The profit before taxation was USD 1.6 million after charging depreciation, general and administrative expenses and finance income and finance expense.

Finance income at USD 0.6 million relates to interest income and loss on foreign exchange forward contracts was USD 1.0 million. Other foreign exchanges losses were USD 1.4 million.

Finance expense at USD 7.7 million related to interest on loans. Interest coverage ratio for 2016 was 1.20.

### **Net income**

Profit for the period attributable to equity shareholders was the profit before tax of USD 1.6 million plus income tax benefit of USD 0.7 million resulting in a profit of USD 2.3 million.

### **Cash and cash equivalents**

Cash and cash equivalents as at 31 December 2016 totalled USD 70.1 million which related to cash at bank and in hand.

Included in this cash balance was restricted cash of USD 2.3 million in relation to foreign exchange forward contracts. Cash at bank earned interest at floating rates based on daily

bank deposit rates and funds on long-term deposit earning interest at commercial rates depending on term of deposit. Most of the cash is held in USD.

### **Liabilities**

Current liabilities was a total of USD 45.2 million and consisted of trade and other creditors totalling USD 11.3 million and current tax payable of USD 23.9 million. Loans were USD 10 million which related to the portion of the outstanding bond. As described in Section 6.3, the Company completed a USD 125 million secured bond loan on 31 March 2014 with maturity in April 2019.

Non-current liabilities totalled USD 91.1 million and consisted primarily of the outstanding bond of 90.0 million. Covenants as per the Bond Agreement require minimum liquidity of USD 10 million and an equity ratio of 35%. The equity ratio at 31 December 2016 was 62.5%.

### **Total equity**

Total equity as at 31 December 2016 was USD 227.1 million. This is made up of USD 0.3 million called up capital and USD 129.8 of share premium. The balance of USD 96.9 million related to the retained earnings.

## **9.2 Cash position and cash flow**

### **9.2.1 Working capital overview**

As at 31 March 2019, the Company had cash and cash equivalents amounting to USD 42.9 million. This is a decrease of USD 49.5 million compared with the same period in the prior year. As at 31 December 2018, the Company had cash and cash equivalents amounting to USD 63.9 million. This is a decrease of USD 55.4 million from prior year due primarily to repayment of the bond during the year amounting to USD 90.0 million, payment of USD 42.4 million for deposit on first new build rig offset partially by an equity issue with net proceeds of USD 68.6 million along with other working capital movements.

Please refer to Note 26 in the Annual Report for year ended 31 December 2018 for further information on the Company's capital management, financial risk management objectives and policies.

There has been no material changes in the Company's cash position and cash flow since 31 March 2019.

### **9.2.2 Cash flows from operating activities**

The Company's net cash flow from operating activities amounted to USD 2.2 million in Q1 2019, compared to USD 21.7 million in the same period in the prior year.

The Company's net cash flow from operating activities amounted to USD 27.9 million in FY2018, compared to USD 83.9 million in the same period in the prior year. The decrease in net cash flow from operating activities in FY 2018 is due to including a full year of contract with Apache North Sea Ltd. The contract concluded on 25 April 2018. Additionally, 2018 included idle time during the summer months prior to the commencement of operations with Shell UK Ltd at much reduced dayrates.

### **9.2.3 Cash flows from investing activities**

The Company's net cash flow from investing activities amounted to USD 43.3 million in Q1 2019, compared to USD 42.5 in the same period in the prior year, which is mostly in line with the same period in the prior year due to the capital deposits for the new build rigs, as described in Section 6.4.3, of USD 42.5 million paid in the same quarters.

The Company's net cash flow in investing activities amounted to spend of USD 46.4 million in FY 2018. This is an increase of USD 45.8 million compared with prior year due to the deposit paid in respect of Rig 1 (first new build rig).

#### **9.2.4 Cash flows from financing activities**

The Company's net cash flow from financing activities amounted to USD 20.2 million in Q1 2019, which is an increase of USD 26.2 million compared to the same period in the prior year due to the Private Placement of USD 20 million in Q1 2019 plus a dividend payment in Q1 2017 of USD 6 million.

The Company's net cash flow from financing activities amounted to USD 37.0 million in FY 2018. This is an increase of USD 2.9 million compared with prior year due to repayment of the bond – USD 80.0 million greater than prior year partially offset proceeds from an equity issue amounting to USD 68.6 million and lower level of dividend payment in year – USD 8.5 million.

### **9.3 Significant changes in financial or trading position**

The Company has raised approximately USD 20 million in new equity through a private placement of shares in new equity. Please refer to Section 14 for a description of the Private Placement. Except for the Private Placement, there has not occurred any significant change in the Company's financial or trading position.

### **9.4 Significant factors affecting income**

Except as set out above, the Company's income from operations has not been affected by significant factors, unusual or infrequent events or new developments.

### **9.5 Significant external factors**

With the exception of factors customary to the drilling business, as described in Section 2 "Risk Factors", the Company is not aware of any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, directly or indirectly, its operations, or of proposed changes to such policies or factors that could materially affect its operations.

## **10. BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE**

### **10.1 Board of directors**

#### **10.1.1 Overview**

The Company's Board of Directors comprises the members set forth in the table below:

<b>Name</b>	<b>Position(s)</b>	<b>Served since</b>	<b>Term expires</b>
Sigurd E. Thorvildsen	Chairman and non-executive director	2009	June 2019
Henrik Fougner	Non-executive director	2010	June 2019
Daniel Gold	Non-executive director	2010	June 2019
John Simpson	Non-executive director	2011	June 2019
Synne Syrrist	Non-executive director	2011	June 2019

#### **10.1.2 Brief biographies**

##### **Sigurd E. Thorvildsen – Chairman and Non-Executive Director (Born 1965)**

Mr. Thorvildsen is the CEO of the Awilhelmsen Group and Chairman of the Board of Awilco LNG ASA. Mr. Thorvilsen has extensive experience from the shipping and offshore industry, and has previously held several senior positions, among them the position as CEO of Awilco AS, the Chairman of the Board of Directors of Awilco Offshore ASA and Awilco Heavy Transport ASA (later Ocean HeavyLift ASA). He holds an MSc in business and economics from the Norwegian School of Management. Mr. Thorvildsen is a Norwegian citizen and resides in Oslo, Norway. Mr Thorvildsen's contact address (registered office) is at Awilhelmsen AS, Beddingen 8, 0250 Oslo, Norway.

##### **Henrik Fougner – Non-Executive Director (Born 1963)**

Mr. Fougner is the COO of the Awilhelmsen Group and serves on the board of Awilco LNG ASA. Mr. Fougner has extensive experience from the shipping, offshore and banking industry, and has previously held several senior positions, among them the position as CEO of Awilco Offshore ASA and CFO of Awilco AS. He holds an MBA from the Norwegian School of Economics and Business Administration. Mr. Fougner is a Norwegian citizen and resides in Oslo, Norway. Mr Fougner's contact address (registered office) is at Awilhelmsen AS, Beddingen 8, 0250 Oslo, Norway.

##### **Daniel Gold – Non-Executive Director (Born 1968)**

Mr. Gold is the CEO, managing partner and founder of QVT Financial LP, an asset management company with offices including New York, London, Singapore, and New Delhi. QVT Financial, through its managed funds, is an experienced global investor in the shipping and offshore industries. Mr. Gold holds an AB in Physics from Harvard College. Mr. Gold is an American citizen. The business address of Mr. Gold is QVT Financial LP, 444 Madison Avenue, New York, New York 10022.

##### **John Simpson – Non-Executive Director (Born 1947)**

Mr. Simpson has over 40 years of experience in banking and in shipping finance. Currently he is an Executive Director of Marine Capital Limited, a shipping fund management company. He also has extensive experience as a chair and non-executive director of organisations in the UK, including listed companies. Previously Mr. Simpson was CEO of DNB Bank in London and Regional Director of DNB Bank's Asia - Pacific operations. Mr. Simpson is authorised by the UK FCA. He holds an MSc from the London Business School and a BSc from the University of Southampton. Mr. Simpson is a British citizen. The business address of Mr. Simpson is Marine Capital Limited, 3/f Sackville House, 40 Piccadilly, London W1J 0DR.

##### **Synne Syrrist – Non-Executive Director (Born 1972)**

Mrs. Syrrist previously worked as an independent consultant, and held positions as financial

analyst in Elcon Securities ASA and First Securities ASA. She also has extensive non-executive experience from both listed and private companies, and is currently among others a member of the Board of Directors of Awilco LNG ASA, Aqualis ASA, and Eidesvik Offshore ASA. She holds a Master of Science from the Norwegian Institute of Technology and is a Certified Financial Analyst (AFA) from NHH. Mrs. Syrrist is a Norwegian citizen and resides in Oslo, Norway. Mrs Syrrist's contact address (registered office) is at Rundhaugveien 5A, 0495 Oslo, Norway.

### 10.1.3 Shares held by the members of the Board

None of the members of the Board of Directors holds any shares or stock options in the Company.

As of the date of this Prospectus, no restrictions are agreed on the disposal of Board of Directors' or Senior Managements' holdings in the Company's securities. There is no option programme for the Board of Directors as of the date of this Prospectus and no member of the Board of Directors holds any options in the Company.

The Company has a synthetic share scheme for senior management with a total frame of up to 4% of the Company's issued share capital. See Section 10.5.8 below for further details.

## 10.2 Management

### 10.2.1 Overview

The Company's Senior Management currently consists of seven individuals. The description below sets out details of the members of the Company's Senior Management, including their title, management expertise and experience and business address as of the date of this Prospectus.

Name	Position
Jens E. O. Berge	Chief Executive Officer
Roddy Smith	Chief Operating Officer
Ian Wilson	Chief Financial Officer
Gary Holman	Operations Director
Jan Børge Usland	Commercial Advisor
Claus Mørch	Project Director
Cathrine Haavind	Investor Relations Manager

As announced by the Company on 8 March 2019, Jens Berge succeeded Jon Oliver Bryce, the Company's former Chief Executive Officer and member of the Board of the Directors. Jens Berge assumed the position as Chief Executive Officer of the Company on 1 May 2019.

### 10.2.2 Brief biographies

#### Jens E. O. Berge – Chief Executive Officer (Born 1977)

Mr. Berge has worked in the offshore oil and gas industry since 2002, mainly with Maersk Drilling where he managed both jack-up and deep-water operations world-wide. His most recent position before joining Awilco Drilling was COO of Prosafe. Mr. Berge has a Master Mariner education from Stavanger Offshore Technical Academy and he holds a dual MBA from Columbia Business School in New York and London Business School. Mr. Berge is a Norwegian citizen. The business address of Mr. Berge is 2 Kingshill Park, Venture Drive, Arnhall Business Park, Westhill, Aberdeen, AB32 6FL, United Kingdom.

#### Roddy Smith – Chief Operating Officer (Born 1967)

Mr. Smith has more than 30 years of experience in the offshore and marine industries. During this time he has held a range of senior operational, management and development

positions, most recently as Director QHSE at Northern Offshore Ltd. Mr. Smith holds a licence as a Master Mariner. Mr. Smith is a British citizen. The business address of Mr. Smith is 2 Kingshill Park, Venture Drive, Arnhall Business Park, Westhill, Aberdeen, AB32 6FL, United Kingdom.

**Ian Wilson – Chief Financial Officer (Born 1957)**

Mr. Wilson has more than 30 years of experience in the drilling industry and has held several key positions, including Director of Finance and Administration for ENSCO’s European and African operations and various positions with ENSCO and Diamond Offshore. He has extensive experience in international and domestic operations and has worked in many different geographic jurisdictions. Mr. Wilson is a Chartered Accountant. Mr. Wilson is a British citizen. The business address of Mr. Wilson is 2 Kingshill Park, Venture Drive, Arnhall Business Park, Westhill, Aberdeen, AB32 6FL, United Kingdom.

**Gary Holman – Operations Director (Born 1960)**

Mr. Holman has 30 years of experience in the drilling industry and has held several senior operational positions, most recently as Country Manager for Archer AS. His extensive experience includes mobile and platform drilling operations and rig projects, in both domestic and international environments. Mr. Holman is a British citizen. The business address of Mr. Holman is 2 Kingshill Park, Venture Drive, Arnhall Business Park, Westhill, Aberdeen, AB32 6FL, United Kingdom.

**Jan Børge Usland – Commercial Advisor (Born 1960)**

Mr. Usland previously held the position as Director Business Development in Awilco Offshore ASA, where he had the overall responsibility for the follow-up and development of Premium Drilling. Mr Usland has more than 30 years of experience from the offshore industry (previously held the position as marketing manager with an international drilling contractor, responsible for UK). Mr. Usland is a Norwegian citizen. The business address of Mr. Usland is Beddingen 8, Aker Brygge, 0250 Oslo, Norway.

**Claus Mørch – Technical Advisor (Born 1947)**

Mr. Mørch has more than 35 years of experience from various newbuilding and conversion projects and from operation of rigs, ships and other shipping and offshore vessels. He previously held the position as Technical Director of Awilco Offshore ASA and has the overall technical responsibility for the upgrading of the Company’s rigs. Mr. Mørch is a Norwegian citizen. The business address of Mr. Mørch is Beddingen 8, Aker Brygge, 0250 Oslo, Norway.

**Cathrine Haavind – Investor Relations Manager (Born 1971)**

Cathrine Haavind has been working with the Company since 2010. Prior to her position as Investor Relations Manager in the Company, she held the position as Investor Relations Manager of Awilco Offshore AS. Mrs. Haavind is a Norwegian citizen. The business address of Mrs. Haavind is Beddingen 8, Aker Brygge, 0250 Oslo, Norway.

**10.2.3 Synthetic shares held by the members of the management**

The synthetic shares held by the members of the Management as the date of this Prospectus is set out in the table below:

Name	Number of synthetic shares
Ian Wilson	170,849
Roddy Smith	188,912
Gary Holman	170,849
Claus Mørch	49,399

The synthetic shares are not ordinary Shares in the Company and do therefore not provide any shareholder rights for the members of the Management. Accordingly, the synthetic shares solely represent a potential economic interest in the Company for the members of

the Management, which is effected by the market price of the Company's Shares.

None of the members of the Management holds any stock options or Shares in the Company.

As described in Section 10.1.3, no restrictions are agreed on the disposal of the Senior Managements' holdings in the Company's securities.

### 10.3 Directorships and management positions held by the Board Members and the Management

The following table sets forth all companies and partnerships in which the members of the Board of Directors and Management have been members of the administrative, management and supervisory bodies in the previous five years (not including subsidiaries within the Group).

#### Overview of Board Members

Name of director	Directorships and management positions	
	Current	Terminated
<b>Sigurd E. Thorvildsen</b>	Awilhelmsen AS Awilhelmsen Management AS Awilco AS Linstow AS Awilco Invest AS Awilhelmsen Capital Holdings AS Awilhelmsen Capital AS Millenium Falcon AS Awilhelmsen Offshore AS Awilhelmsen Capital II AS Awilco LNG ASA	Sector Speculare AS Awilco Container AS Awilco Container 1 AS Awilco Container 2 AS Awilco Container 3 AS Awilco Container 4 AS Awilco Shipping AS Awilco Drilling AS
<b>Henrik Fougner</b>	Awilhelmsen Management AS Beddingen 8 AS AS Investa AS Karibien Awilco AS Power International AS Awilhelmsen Capital Holdings AS Awilco LNG ASA Linstow AS Awilhelmsen Capital AS Awilhelmsen Offshore AS Awilhelmsen Capital II AS AS Møllegaarden	Spekter GNO II AS Wilhelmsen Transport & Trading II AS Petrotrym AS Awilco Container AS Awilco Container 1 AS Awilco Container 2 AS Awilco Container 3 AS Awilco Container 4 AS Awilco Shipping AS Awilco Venture AS Awilco Drilling AS
<b>Daniel Gold</b>	QVT Overseas Ltd QVT Financial LP and its affiliates Biosynexus Inc	Strata Marine and Offshore Frigstad Discoverer Invest Ltd
<b>John Simpson</b>	Leviathan Consultancy Ltd Anchor Capital Advisors (UK) Ltd	Sovereign Housing Association and sub companies Luminus Group Limited and sub companies

Marine Capital Ltd	Trafalgar Shipping Limited
Paradigm Charitable Housing Association Limited and sub companies	St. Leger Shipping Limited
West Horsley Place Limited	East Anglian Student Tenancies Limited
Mary Roxburghe Trust (charity)	The Environment Trust for Richmond-upon-Thames (charity)
Friends of the River Crane Environment (charity)	First Priority Housing Association
Auriga Environmental LLP	

**Synne Syrrist**

Awilco Lng ASA	Weifa ASA
Eidesvik Offshore ASA	Norwegian Property ASA
Castelar Corporate Finance AS	Global Rig Company ASA
Aqualis ASA	NorAm Drilling Company Inc
Ghilardi+Hellsten Arkitekter AS	Global Active 1 AS
Østfold Logistikkbygg AS	Global Active 2 AS
0495 Grefsen AS	Global Active 3 AS
Midt-Norge Bilpark AS	Global Active 4 AS
Sørlandet Bilpark AS	Intex Resources ASA
Vestfold Logistikkbygg AS	DnB NOR ShippingInvest I ASA
Telemark Logistikkbygg AS	IP SkipsHolding I AS
Østfold Etatbygg AS	IP Shipping I AS
Bergen Kommnebygg AS	IP Skipseiende 2 AS
Hafjell Helse- og Handelsbygg AS	LPG Ships 1 AS
Lillehammer Handelseiendom AS	
Noram Drilling Company AS	

*Overview of Management*

Name	Directorships and management positions	
	Current	Terminated
<b>Jens. E. O. Berge</b>	Hareid Elektriske AS	Maersk Viking LLC Maersk Drilling UK Ltd. Maersk Highlander UK Ltd. Maersk Drilling Labuan Ltd. Maersk Drilling Malaysia Sdn. Bhd. Maersk Drilling Services A/S Maersk Drilling Services Singapore Pte. Ltd. A.P. Møller Maersk Prosafe Offshore Limited Rowan Drilling Trinidad Ltd.
<b>Ian Wilson</b>	-	Ensco Services Ltd Ensco Offshore U.K. Ltd
<b>Roddy Smith</b>	-	Northern Offshore Ltd Transocean GlobalSantaFe

WilHunter (Malta) Ltd  
WilPhoenix (Malta) Ltd

**Gary Holman**

-

**Jan Børge Usland**

Awilhelmsen Offshore AS  
Ucon Offshore AS  
Oslo Kajakklub  
WM Maraton Padling 2020 AS  
WilPhoenix (UK) Ltd  
WilHunter (UK) Ltd  
Awilco Drilling Pte Ltd

Petrotrym AS  
Spekter GNO II AS

**Claus Mørch**

Stiftelsen Bygdøhus  
Bygdø Fekteklubb  
Stiftelsen Fullriggeren Sørlandet  
Claus Theodor Mørch

Awilco Technical Services AS  
Tamrotor Marine Compressors AS  
Nessco AS  
Awilco LNG Technical Management AS

**Cathrine Haavind**

Bygdøy Basketballklubb  
Forart Institutt for forskning i  
samtidskunst

## **10.4 Board committees**

The Company has established an audit committee, remuneration committee and nomination committee.

### **10.4.1 Audit committee**

The members of the audit committee are Mr. Simpson and Mr. Fougner. The primary purpose of the audit committee is to act as a preparatory and advisory body for the Board and support the Board in the exercise of its responsibility for financial reporting, internal control and risk management. Mr. Simpson is the chairman of the audit committee.

### **10.4.2 Remuneration committee**

The members of the compensation committee are Mr. Thorvildsen, Mr. Gold and Mr. Fougner. The primary purpose of the compensation committee is to assist the Board in discharging its duty relating to determining the Company's Senior Management compensation. The Company's compensation committee reports and makes recommendations to the Board, but the Board retains responsibility for implementing such recommendations. Mr. Thorvildsen is the chairman of the remuneration committee.

### **10.4.3 Nomination committee**

The members of the nomination committee are Mr. Tom Furulund and Mr. Henrik Christensen. The primary purpose of the nomination committee is to present a recommendation to the Company's general meetings concerning directors to be elected by the Company's shareholders and the level of directors' fees. The nomination committee shall also present recommendations to the general meetings regarding nomination of members to the nomination committee and concerning fees for the members of the nomination committee. Mr. Furulund is the chairman of the nomination committee.

## **10.5 Remuneration, benefits and pension**

### **10.5.1 Remuneration to the Board of Directors**

The remuneration to the Board of Directors in 2018 was a total of GBP 578,905, of which the current directors received the following amounts:

Name	Position	Director fee (GBP)	Bonus (GBP)	Other remuneration (GBP)	Pension (GBP)	Total (GBP)
Sigurd E. Thorvildsen	Chairman	49,375	-	-	-	49,375
Henrik Fougner	Director	39,125	-	-	-	39,125
Daniel Gold	Director	36,125	-	-	-	36,125
John Simpson	Director	38,125	-	-	-	38,125
Synne Syrrist	Director	33,125	-	-	-	33,125
Jon Oliver Bryce <sup>3</sup>	Director	265,000	82,800	11,380	23,850	383,030

### 10.5.2 Remuneration of the Management

On an annualised basis, the total remuneration to the existing members of the Senior Management in 2018 was as follows:

Name	Fixed salary		Other remuneration		Total remuneration
	Salary	Variable salary	Other remuneration	Pension	
Executive Management	GBP 887,200	GBP 295,026	GBP 40,000	GBP 79,848	GBP 1,302,074

The services of Jan Børge Usland, Claus Mørch and Cathrine Haavind are provided to the Company through a "management for hire" contract with Awilhelmsen Management AS, a company in the Awilhelmsen group. A description of post-termination arrangements is provided in Section 10.5.4.

### 10.5.3 Pensions

A pension scheme for employees of Awilco Drilling Pte. Ltd. offshore personnel and Awilco Drilling PLC onshore personnel has been established. The pension scheme is managed by A2B on behalf of Scottish Widows. The employee scheme is voluntary.

The total amounts set aside or accrued by the Company to provide pension, retirement or similar benefits as of 31 December 2018 was GBP 0.1 million.

### 10.5.4 Benefit upon termination of employment

The employment contracts with the Senior Management employees of the Company can be terminated with 6 months notice.

No member of the Board of Directors or Senior Management, except from as described above, has service contracts with the Group providing for benefits upon termination of employment.

### 10.5.5 Loan to employees and members of the Board of Directors and the Senior Management

No loans, guarantees or other commitments to any member of the Senior Management or Board of Directors have been granted. The Company has no loans outstanding to employees.

<sup>3</sup> Jon Bryce resigned from the position as Chief Executive Officer and member of the Board of Directors in March 2019.

#### **10.5.6 Consultancy agreements with Board members**

The Company does not have consultancy agreements with any current members of the Board of Directors.

#### **10.5.7 Bonus plan**

There is currently a bonus scheme for the members of the Senior Management. The CEO bonus award level is discretionary. The CFO, the COO and the Operations Director bonus award is paid up to a maximum of 40% base salary. The Company has implemented a senior management bonus scheme, with an award level of a maximum 30% base salary.

#### **10.5.8 Long Term Incentive Plan**

A long term incentive plan for key management personnel for synthetic shares, with a total limit of up to 4% of the Company's issued share capital was approved at the Annual General Meeting on 26 June 2013. The awards for the years 2010 and 2012 are now fully exercised. There are still outstanding amounts under the 2014, 2015 and 2016 plans. See Section 10.2.3 for further information.

The plan "vests" after three years and the exercise period is five years subject to the employee remaining employed by the Company with the exception of the 2016 plan which "vests" after four years.

All share options and awards are cash settled.

### **10.6 Conflicts of interests**

The Company's directors Mr. Thorvildsen and Mr. Fougner are employed by the Awilhelmsen Group. Companies in the Awilhelmsen Group are providing certain services to the Company. Please see Section 6.8 above for a description of these arrangements.

Other than as described above, to the Company's knowledge there are currently no other actual or potential conflicts of interest between the Company and the private interests or other duties of any of the members of the Company's Senior Management or the Board of Directors. There are no family relationships between members of the Company's Senior Management and the Board of Directors.

### **10.7 Convictions for fraudulent offences, bankruptcy etc.**

None of the members of the Board of Directors or the Management have during the last five years preceding the date of this Prospectus:

- any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his/her capacity as a founder, director or senior manager of a company or partner of a limited partnership.

### **10.8 Employees**

As of the date of this Prospectus, the Company has 25 onshore employees (employed directly through the Company), with support from three contractors. Furthermore, the Company has 115 offshore employees (employed via by Awilco Drilling Pte. Ltd.) and 2

onshore employees.

The following table illustrates the number of employees as per the end of 2018, 2017 and 2016:

	2018	2017	2016
<b>Total employees</b>	147	141	141
<b>Group/Company</b>			

**10.9 Corporate governance**

Under the rules applicable to companies listed on Oslo Børs, the Company, as an English company, may elect to choose between corporate governance standards relating to the Norwegian Code of Practice for Corporate Governance (the "**Norwegian Code**") or to the UK Code of Corporate Governance (the "**UK Code**"). The Company has resolved that it will relate to the Norwegian Code. It should be noted, however, that the Company may in the future decide that it will relate to the UK Code instead of the Norwegian Code.

The Norwegian Code is based on a "comply or explain" principle. This means that the Company must either comply with the recommendations of the Norwegian Code or explain why it chooses not to comply. Since the Company is subject to English company law, which in several respects is different from Norwegian company law, it will to some extent deviate from certain recommendations of the Norwegian Code in order to comply with English law and practice.

Save as provided below, the Company is in compliance with the Norwegian Code:

- The business of the Company is not defined in its Articles of Association since this is not customary in the articles of association of English companies.
- The Company's auditor is not present during Board meetings that deals with the annual accounts, but the auditor attends audit committee meeting to discuss the annual reports and financial statements.
- The authorization given to undertake share capital increases has not been restricted to defined purposes, due to the scope of the Company's business. The Company believes that further consolidation of the oil service industry will take place and the Company intends to take part in this consolidation process.
- The Company does not have a Corporate Assembly.

## 11. CORPORATE INFORMATION AND DESCRIPTION OF THE SHARE CAPITAL

### 11.1 General corporate information

The Company's legal and commercial name is Awilco Drilling Plc. The Company is a public limited company organised and existing under the laws of England and Wales. The Company was incorporated on 30 December 2009 and its registration number is 07114196.

The Company's registered office is 11-12 St James's Square, 3<sup>rd</sup> Floor, London SW1Y 4LB, United Kingdom and its registered business address is 2 Kingshill Park, Venture Drive, Arnhall Business Park, Westhill, Aberdeen AB32 6FL, United Kingdom. The Company's telephone number is +44 1224 737900. The Company's website can be found at [www.awilcodrilling.com](http://www.awilcodrilling.com).

### 11.2 Shares and share capital

The share capital of the Company is GBP 354,779.75 divided into 54,581,500 Shares of a nominal value of GBP 0.0065 each.

The Company has one class of Shares. Each Share carries one vote and all Shares carry equal rights in all respects, including rights to dividends. All the Shares are fully paid and validly issued in accordance with the laws of England. There are no shares not representing capital in the Company. The Company's Shares are listed on Oslo Børs and are traded under the ticker code "AWDR".

The Company's Shares are registered in the UK Companies House with DNB Bank ASA as the sole shareholder. A sub registry is maintained in VPS where the Shares are registered with International Securities Identification Number ("**ISIN**") GB00B5LJSC86. The Shares are registered electronically in book-entry form in the Norwegian Central Securities Depository (VPS). The Company's registrar is DNB Bank ASA, registrars department, Dronning Eufemias gate 30, 0191 Oslo, Norway (the "**VPS Registrar**").

There have been no changes in the Company's share capital in 2017 and 2016. On 28 February 2018, the Company completed a private placement raising USD 65 million which increased the share capital of the Company with GBP 114,400 through the issuance of 17,600,000 Shares. On 18 June 2018, the Company completed a subsequent raising USD 4.7 million which increased the share capital of the Company with GBP 9,100 through the issuance of 1,400,000 Shares. On 11 March 2019, the Company completed a private placement raising USD 20 million which increased the share capital of the Company with GBP 36,075 through the issuance of 5,550,000 Shares.

The table below summarizes the changes in the Company's share capital following the private placement on 11 March 2019.

Date of registration	Type of change	Share capital reduction / increase (GBP)	Share capital (GBP)	Subscription price (NOK/share)	Par value (GBP/share)	Issued shares	Total shares
23 March 2018	Issuance of shares	Increase 114,400	309,604.75	29	0.0065	17,600,000	47,631,500
25 June 2018	Issuance of shares	Increase 9,100	318,704.75	27.35	0.0065	1,400,000	49,031,500
14 March 2019	Issuance of shares	Increase 36,075	354,779.75	31.80	0.0065	5,550,000	54,581,500

The number of Shares outstanding as of 31 March 2019 was 54,581,500.

### 11.3 Authority to issue shares

On 6 June 2018, the Company's annual general meeting resolved to grant an authority to the Board of Directors to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of GBP 100,100. The authority will expire at the conclusion of the next annual general meeting of the Company, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted and the directors may allot shares in pursuance of such offer or agreement notwithstanding that the authority conferred by that resolution has expired.

The Board of Directors approved the Private Placement completed on 11 March 2019 and resolved the issuance of the Private Placement Shares in accordance with the authority. Following the Private Placement, GBP 64,025 was the remaining amount under the authority. This amount is also the remaining amount under the authority as of the date of the Prospectus.

### 11.4 Shareholdings

#### 11.4.1 Notifiable shareholdings

As of the date of this Prospectus, the Company has a total of 694 shareholders.

A shareholder is required to notify the Company, in accordance with the Disclosure and Transparency Rule 5 of the Disclosure and Transparency Rules of the UK Financial Services Authority if, as a result of an acquisition or disposal of Shares, the percentage of voting rights he holds as a shareholder (or holds or is deemed to hold through his direct or indirect beneficial interest in the Shares) reaches, exceeds, or falls below 3% of the Company's nominal value of that share capital. To the knowledge of the Company, only the five largest shareholders of the Company hold more than 3% of the outstanding share capital of the Company as per the date of this Prospectus.

Below is set out a list of the shareholders of the Company as registered in the VPS on 3 June 2019 which holds 3% or more of the Company's Shares:

Shareholder	Number of shares	%
Awilhelmsen Offshore AS	20,240,814	37.08
UBS Securities LLC	9,672,216	17.72
Akastor ASA	3,049,673	5.58
Euroclear Bank S.A./N.V.	2,250,244	4.12
Citibank N.A.	1,878,637	3.44

UBS Securities LLC, Citibank N.A. and Euroclear Bank S.A./N.V. hold shares in the Company in their capacity as investment managers for the shareholders.

In addition, as of the date of this Prospectus, funds managed by QVT Financial LP own 4,665,895 Shares in the Company, amounting to a total of 8.55% of the Company's share capital. QVT Financial LP is an asset management company in which the Company's director Mr. Gold is the CEO and the founder. FVP Master Fund LP with affiliated and related parties own 10,817,537 shares as of the date of this Prospectus, amounting to a total of 19.03% of the Company's share capital.

As of 5 June 2019, (being the latest practicable date prior to the date of publication of this Prospectus), the Company is not aware of any other shareholders or consolidated group of Shareholders having an interest in the Company's capital or voting rights which is notifiable under the laws of England, or which could exercise, directly or indirectly, jointly or

severally, control over the Company nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

#### **11.4.2 Voting rights**

None of the Shareholders of the Company has different voting rights from any other holder of Shares in respect of any Share held by them and all Shares have equal voting rights. Each Share carries the right to one vote at the Company's shareholders meeting and the VPS Registrar shall, as set out in Section 11.9 "VPS Registration" below, only vote for the Shares it holds as nominee for each VPS Shareholder, or issue a proxy to vote such Shares, in accordance with each investor's instructions.

#### **11.4.3 Shareholders with direct or indirect control**

Awilhelmsen Offshore AS ("**Awilhelmsen**") holds 37.08% of the Shares in the Company. While Awilhelmsen does not hold a majority of the votes in the Company it gives Awilhelmsen a significant influence and the potential to exercise control over the Company. In particular, it means that Awilhelmsen will be in a position to block the passing of any special resolution at any general meeting of the Company since special resolutions must be passed by a majority of not less than 75%. This influence must be exercised in accordance with the Company's Articles of Association, applicable laws in England and Wales, and the rules of Oslo Børs. Reference is made to Section 11.12 "Articles of Association" for a summary of the Company's Articles of Association. Apart from the aforesaid, there are no specific measures in place regulating the influence which follows from holding a significant part of the Shares in the Company.

No Shareholders are subject to mandatory bid requirements for the Shares.

#### **11.4.4 Arrangements which may cause change in control**

The Company is not aware of any arrangements which may at a later date lead to a change in control in the Company.

#### **11.5 Own Shares**

The Company does not hold any own shares. The Company does not have any authorisation to acquire own shares.

#### **11.6 Convertible instruments, warrants and share options**

The Company has no convertible loans outstanding. With the exception of the share option programme described in Section 10.5.8, there are no securities giving the right to subscribe for additional shares in the Company.

#### **11.7 Capital under option**

No capital of any member of the Company's group is under option or agreed to be put under option.

#### **11.8 Offers of the Shares**

The shares of the Company have not been subject to any mandatory or voluntary general offers.

#### **11.9 VPS registration**

As described in Section 11.2, the Company's Shares are registered in the UK Companies House with DNB Bank ASA as the sole shareholder and registered electronically in book-entry form in the Norwegian Central Securities Depository (VPS) with DNB Bank ASA as the VPS Registrar.

The VPS Registrar is registered as the holder of legal title to the Shares in the register of members which the Company is required to maintain under English law. The VPS Registrar holds all the Shares through the VPS as a nominee on behalf of each investor. The VPS Registrar has registered beneficial interests representing the Shares through the systems of the VPS. These beneficial interests are registered in the VPS under the category of a "share", and is listed and traded on Oslo Børs. References in this Prospectus to the "Shares" shall, where the context so requires, mean the beneficial interests in those Shares registered in the VPS. References in this Prospectus to "Shareholders" shall, where the context so requires, mean the holders of the beneficial interests to Shares registered in the VPS. Each Share registered with the VPS represents evidence of beneficial ownership of one Share.

For the purpose of English law, the VPS Registrar will be regarded as the legal owner of the Shares. Investors holding Shares through the VPS ("**VPS Shareholders**") must look solely to the VPS Registrar for the payment of dividends, for the exercise of voting rights attaching to the Shares and for all other rights arising in respect of the Shares.

The VPS Registrar shall only vote for the Shares it holds as nominee for each VPS Shareholder, or issue a proxy to vote such Shares, in accordance with each investor's instructions. The Company will pay dividends directly to the VPS Registrar, which has undertaken, in turn, to distribute the dividends to the shareholders in accordance with the Registrar Agreement. VPS Shareholders who maintain a Norwegian address in the Norwegian Register or have supplied VPS with details of their Norwegian krone account will receive their dividend payment in NOK to such account. Dividends will however be resolved and paid by the Company in USD as this is the accounting currency of the Company.

VPS Shareholders whose address registered with the VPS is outside Norway and who have not supplied the VPS with details of any Norwegian kroner account, will receive dividends by cheque in their local currency. If it is not practical in the VPS Registrar's sole opinion to issue a cheque in a local currency, a cheque will be issued in USD.

The VPS Registrar has disclaimed any liability for any loss attributable to circumstances beyond the VPS Registrar's control, including, but not limited to, errors committed by others. The VPS Registrar is not liable for errors committed by the VPS or losses incurred as a result of VPS' conduct.

Each of the Company and the VPS Registrar may terminate the Registrar Agreement at any time with a minimum of three months' written notice, or immediately upon written notice of a material breach by the other party of the Registrar Agreement.

The Registrar Agreement provides that the VPS Registrar shall assist in expeditiously forwarding all reports, accounts, financial statements, circulars or other similar documents issued by the Company to its shareholders, to each of the VPS Shareholders at the address recorded in the VPS in respect of each VPS Shareholder.

## **11.10 Shareholder and dividend policy**

### **11.10.1 Shareholder policy**

The principal objective of the Company's shareholder policy is to provide shareholders with a maximum return on their invested capital over time. The Company intends to provide the market and its shareholders with reliable, timely and consistent information to ensure that investors at all times have a sound basis for their investment decisions. In addition to regular quarterly reporting, the Company will provide notifications in respect of significant events as they occur. Further, the Company has and will continue to meet regularly with investors and analysts.

### **11.10.2 Dividend policy**

The Company's dividend policy has been to pay a quarterly dividend in support of its main objective to maximise returns to shareholders. All of the Company's free cash flow was distributed subject to maintaining a robust cash buffer to support working capital requirements, planned capital expenditure and uncertain future market prospects.

Since June 2013, the Company has consistently paid a quarterly dividend and during this time has distributed USD 12.00 (NOK 83.22) per share in this respect. With the ordering of two new-build high-end semi submersible rigs in March 2018 and 2019, plus an agreement for a further two independent rig options, the Company is now in a growth and investment phase. The Board of Directors has, therefore, on 14 August 2018 decided to suspend the dividend and will resume same when the Company again reaches an appropriate free cash flow situation. There are no current estimates regarding the potential future dividend level or timing of dividend payments.

The Company's total dividend distributed in 2018 was USD 9.5 million. In 2017, the Company distributed USD 24.0 million in dividends. In 2016 and 2015, the Company distributed USD 19.5 million and USD 75.1 million, respectively.

### **11.11 Shareholder agreements and lock-up agreements**

The Company is not aware of any shareholders' agreements in relation to the Shares. No shareholders of the Company are subject to lock-up arrangements on their shares.

### **11.12 The Articles of Association**

The Company's Articles of Association is attached to this Prospectus as Appendix A. The Articles of Association contain provisions, inter alia, to the following effect:

#### *(A) Share Rights*

##### *Dividends and unclaimed dividends*

The Company may, by ordinary resolution, declare a dividend to be paid to members in accordance with the respective rights and interests of the members and no dividend shall exceed the amount recommended by the Board.

The Board may pay interim dividends if it appears to the Board to be justified by the financial position of the Company. The Board may also pay fixed rate dividends whenever the financial position of the Company, in the opinion of the Board, justifies the payment. Provided if the Board acts in good faith, none of the Directors shall incur any liability to the holders of Shares conferring preferred rights for any loss they may suffer in consequence of the payment of an interim dividend on any Shares having deferred or non-preferred rights.

No dividend or other moneys payable by the Company on or in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share or by agreement made between the holder of the Shares and the Company.

All unclaimed dividends may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend that remain unclaimed for 12 years from the date it becomes due for payment shall be forfeited and cease to remain owing by the Company.

##### *Voting rights*

Subject to any special rights or restrictions as to voting for the time being attached to any class of share in the Company, on a show of hands every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative, shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder.

#### *Disclosure of interests in shares*

If, at any time, the Board is satisfied that any member or other person appearing to be interested in shares of the Company has been duly served with a notice under section 793 of the Companies Act and is in default for 14 days after the section 793 notice has been given in supplying to the Company the information thereby required, then the Board may direct that, in respect of the shares in relation to which the default occurred:

- (i) if the default shares in which any one person is interested or appears to the Company to be interested represent less than 0.25 per cent. (in nominal value) of the issued shares of the class, the holders of the default shares shall not be entitled, in respect of those shares, to attend or vote either personally or by proxy at any general meeting or annual general meeting of the Company; or
- (ii) if the default shares in which any one person is interested or appears to the Company to be interested represent at least 0.25 per cent. (in nominal value) of the issued shares of the class, the holders of the default shares shall not be entitled, in respect of those shares: (i) to attend or vote either personally or by proxy at any general meeting or annual general meeting of the Company; or (ii) to receive any dividend or other distribution; or (iii) to transfer or agree to transfer any of those shares or any rights in them.

#### *Transfer of shares*

The instrument of transfer of a certificated share may be in any usual form or in any other form approved by the Board. An instrument of transfer shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. The Board may refuse to register any instrument of transfer of a share which is not fully paid. The Board may also refuse to register any transfer of a share unless it is made:

- in respect of only one class of shares; or
- in favour of more than four transferees.

#### *Changes in share capital*

Subject to the Companies Act and to the rights conferred on the holders of any other shares, any share may be issued with, or have attached to it, such rights or restrictions as the Company may by ordinary resolution determine or, if no such resolution is in effect or so far as the resolution does not make specific provision, as the Board shall determine. Subject to the Companies Act, any share may be issued on terms that it is to be redeemed or, at the option of the Company or the holder, is liable to be redeemed. Subject to the provisions of the Companies Act, any resolution by the Company and the provisions in the Company's Articles of Association, the Board may offer, allot (with or without conferring a right of renunciation), grant options over or otherwise deal with or dispose of any shares in the Company to such persons, at such times and generally on such terms as the Board may decide.

Subject to the Companies Act, any share may be issued on terms that it is to be redeemed or is liable to be redeemed at the option of the Company or the holder. The terms and conditions and manner of redemption may be determined by the Board provided that this is done before the Shares are allotted.

#### *Variation of rights*

Whenever the capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares in issue may from time to time whether or not the Company is being wound up be varied in such manner as those rights may provide, or (if no such provision is made) either:

- (i) with the written consent of the holders of three quarters in nominal value of the issued shares of that class; or

- (ii) with the authority of a special resolution passed at a separate general meeting or annual general meeting of holders of those shares.

*Lien and forfeiture*

The Company shall have a first and paramount lien on every share (not being a fully paid share) for all amounts payable (whether or not due) in respect of that share. The Board may either generally or in any particular case declare any shares to be wholly or in part exempt from such lien.

Subject to the terms of allotment, the Board may make calls on the members in respect of any moneys unpaid on their shares (whether in respect of nominal amount or premium). If that notice is not complied with, any share in respect of which it was given may, at any time before the payment required by the notice has been made, be forfeited by a resolution of the Board. The forfeiture shall include all dividends or other moneys payable in respect of the forfeited shares which have not been paid before the forfeiture.

*Untraced shareholders*

The Company shall be entitled to sell, in such manner as the Board may decide and at the best price it considers reasonably obtainable at that time, the shares of a member or the shares to which a person is entitled by transmission if, among other, that during a period of 12 years at least three cash dividends have become payable in respect of the share to be sold and have been sent by the Company in accordance with its Articles of Association;

- (i) during that period of 12 years no cash dividend payable in respect of the share has been claimed, no cheque, warrant, order or other payment for a dividend has been cashed, no dividend sent by means of a funds transfer system has been paid and no communication has been received by the Company from the member or the person entitled by transmission to the share;
- (ii) on or after the expiry of that period of 12 years the Company has published advertisements both in a national newspaper and in a newspaper circulating in the area in which the last known address of the member or person entitled by transmission to the share or the address at which notices may be given in accordance with the Articles of Association of the Company is located, in each case giving notice of its intention to sell the share; and
- (iii) during the period of three months following the publication of those advertisements and after that period until the exercise of the power to sell the share, the Company has not received any communication from the member or the person entitled by transmission to the share.

The Company shall be obliged to account to the person entitled to the shares at the date of sale for an amount equal to the net proceeds and shall be deemed to be his debtor and not a trustee for him, in respect of them.

*(B) Annual and General Meetings*

*Convening of Annual General Meeting and general meetings*

The Board shall convene and the Company shall hold Annual General Meetings in accordance with the Companies Act.

The Board may convene an extraordinary general meeting whenever it thinks fit.

An Annual General Meeting and all other general meetings of the Company shall be called by at least such minimum period of notice as is prescribed under the Companies Act. The notice shall specify the place, day and time of the meeting, and the general nature of the business to be transacted. Notice of every general meeting shall be given to all members so entitled and also to the auditors (or, if more than one, each of them) and to each direct.

## *(C) Directors*

### *Number of Directors*

The Directors shall be not less than five and not more than eleven in number. The Company may by ordinary resolution vary the minimum and/or maximum number of Directors.

### *Appointment of Directors*

Directors may be appointed by the Company by ordinary resolution or by the Board.

### *Retirement of Directors*

At every Annual General Meeting of the Company, any Director then in office who has been appointed by the Board since the previous Annual General Meeting shall retire from office but shall be eligible for re-appointment.

### *Removal of Directors*

A Director may also be removed from office by giving him notice to that effect signed by or on behalf of all the other Directors (or their alternates)

### *Alternate Director*

Any Director may appoint as an alternate other Director, or any person, approved by resolution of the Directors, to exercise that Director's powers, and carry out that Director's responsibilities, in relation to the taking of decisions by the Directors in the absence of the appointing Director. An appointment or removal of an alternate Director must be effected by notice in writing to the Company signed by the appointing Director, or in any other manner approved by the Directors.

### *Proceedings of the Board*

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. Notice of a Board meeting may be given to a Director personally or by word of mouth or given in writing or by electronic means to him at such address as he may from time to time specify for this purpose. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number not being less than two, shall be two. A meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions vested in or exercisable by the Board.

A Board meeting may consist of a conference between Directors some or all of whom are in different places provided that each Director may participate in the business of the meeting whether directly, by telephone or by other electronic means which enables him to hear each of the other participating Directors addressing the meeting and if he so wishes, to address all of the other participating Directors simultaneously. A person so participating shall be deemed to be present at the meeting and shall be entitled to vote and to be counted in the quorum.

### *Remuneration of Directors*

The Directors are entitled to remuneration and fees for their services to the Company in relation to the performance of the office of Director as may be determined by the Company at a general meeting. However, Directors who are employed by the Company shall be entitled to such remuneration in respect of such employment as the Directors may determine.

### *Pensions and other benefits*

The Board may exercise all the powers of the Company to pay, provide or procure, among other grant of pensions, allowances, gratuities or other disability benefits, to or in respect of that Director.

### *Restrictions on voting*

No Director may vote (or be counted in the quorum) in relation to any resolution of the Board concerning his own appointment (including fixing or varying of its terms), or the

termination of his own appointment, as the holder of any office or place of profit with the Company or any other company in which the Company is interested.

*Borrowing powers*

The business of the Company shall be managed by the Board which may exercise all the powers of the Company, subject to the Companies Act, the Articles of Association and any ordinary resolution of the Company. The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (both present and future) and uncalled capital and, subject to the relevant statutes, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

## **12. SECURITIES TRADING IN NORWAY**

### **12.1 Introduction**

Oslo Børs was established in 1819 and is the principal market in which shares, bonds and other financial instruments are traded in Norway. Oslo Børs is operated by Oslo Børs ASA, which also operates the regulated marketplace Oslo Axess.

Oslo Børs has entered into a strategic cooperation with the London Stock Exchange group with regards to, *inter alia*, trading systems for equities, fixed income and derivatives.

### **12.2 Trading and settlement**

Trading of equities on Oslo Børs is carried out in the electronic trading system Millenium Exchange. This trading system was developed by the London Stock Exchange and is in use by all markets operated by the London Stock Exchange as well as by the Borsa Italiana and the Johannesburg Stock Exchange.

Official trading on Oslo Børs takes place between 09:00 hours (CET) and 16:20 hours (CET) each trading day, with pre-trade period between 08:15 hours (CET) and 09:00 hours (CET), closing auction from 16:20 hours (CET) to 16:25 hours (CET) and a post-trade period from 16:25 hours (CET) to 17:30 hours (CET). Reporting of after exchange trades can be done until 17:30 hours (CET).

The settlement period for trading on Oslo Børs is two trading days (T+2). This means that securities will be settled on the investor's account in the VPS two days after the transaction, and that the seller will receive payment after two days.

Oslo Clearing ASA, a wholly-owned subsidiary SIX x-clear Ltd, a company in the Six Group, has a license from the Norwegian FSA to act as a central clearing service, and has from 18 June 2010 offered clearing and counterparty services for equity trading on Oslo Børs.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from an EEA member state or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this effect under the Norwegian Securities Trading Act, or in the case of investment firms in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, market-making activities do not as such require notification to the Norwegian FSA or Oslo Børs except for the general obligation of investment firms being members of Oslo Børs to report all trades in stock exchange listed securities.

### **12.3 Information, control and surveillance**

Under Norwegian law, Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs monitors market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian FSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance. Under Norwegian law, a company that is listed on a Norwegian regulated market, or has applied for listing on such market, must promptly release any inside information directly concerning the company (i.e. precise information about financial instruments, the issuer

thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. Oslo Børs may levy fines on companies violating these requirements.

#### **12.4 The VPS and transfer of shares**

The Company's shareholder register is operated through the VPS. The VPS is the Norwegian paperless centralised securities register. It is a computerised bookkeeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. All transactions relating to securities registered with the VPS are made through computerised book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

The entry of a transaction in the VPS is generally prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian FSA on an on-going basis, as well as any information that the Norwegian FSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

#### **12.5 Shareholder register – Norwegian law**

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. As a general rule, there are no arrangements for nominee registration, and Norwegian shareholders are not allowed to register their shares in the VPS through a nominee. However, foreign shareholders may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the Norwegian FSA. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the issuer and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions but cannot vote on shares at general meetings on behalf of the beneficial owners.

#### **12.6 Foreign investment in Norwegian shares**

Foreign investors may trade shares listed on Oslo Børs through any broker that is a member of Oslo Børs, whether Norwegian or foreign.

#### **12.7 Disclosure obligations**

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in an issuer with its shares listed on a regulated market in Norway (with Norway as its home state, which will be the case for the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90%

of the share capital or the voting rights of that issuer, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify Oslo Børs and the issuer immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the Company's share capital.

A shareholder of the Company is required to notify the Company, in accordance with the Disclosure and Transparency Rule 5 of the Disclosure and Transparency Rules of the UK Financial Services Authority if, as a result of an acquisition or disposal of Shares, the percentage of voting rights he holds as a shareholder (or holds or is deemed to hold through his direct or indirect beneficial interest in the Shares) reaches, exceeds, or falls below 3% of the Company's nominal value of that share capital. See more information in Section 11.4.1.

## **12.8 Insider trading**

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in section 3-2 of the Norwegian Securities Trading Act. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

## **12.9 Mandatory offer requirements**

### **12.9.1 United Kingdom**

Since Awilco Drilling is incorporated in the United Kingdom, any takeovers would partially be governed by the Norwegian Securities Trading Act and partially by the UK City Code on Takeovers and Mergers. Issues relating to the offer procedure and consideration (offer price, information on the bidder's decision to present a bid, the content of the offer document, the publication of the bid, etc.) will be regulated by Norwegian law, but issues relating to company law aspects of the offer (dialogue with employees, thresholds that trigger the obligations to make a mandatory offer, derogations from the obligation to launch an offer and restrictions on the ability of an offeree company to frustrate an offer etc.) will be regulated by the UK City Code on Takeovers and Mergers.

Under the City Code, if an acquisition of an interest in shares, whether by a series of transactions over a period of time or not, were to increase the aggregate holding of the acquiror and its concert parties to an interest in shares carrying 30% or more of the voting rights in the Company, the acquiror and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company. This requirement would also normally be triggered by any acquisition of an interest in shares by a person holding (together with its concert parties) an interest in shares carrying not less than 30% of the voting rights in the Company but who does not hold shares carrying more than 50% of such voting rights, if the effect of such acquisition were to increase that person's percentage of the voting rights.

In accordance with the City Code, a person will be deemed to have an interest in shares if he has long economic exposure, whether absolute or conditional, to changes in the price of the shares. In particular, a person will be treated as having an interest in shares if he owns or has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them. An interest in shares will also arise by the virtue of any agreement to purchase, option or derivative, if that person has the right or option to acquire them or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise and if a person is party to any derivative whose value is determined by reference to the price of the shares and which results, or may result, in his having a

long position in the shares.

Under the United Kingdom Companies Act, if an offeror has, by virtue of acceptances of an offer, acquired or unconditionally contracted to acquire, not less than 90% of the shares to which the offer relates, the offeror is entitled compulsorily to acquire the remaining 10%. The consideration paid to the shareholders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer. Equally, if an offeror has acquired or unconditionally contracted to acquire not less than 90% of the shares to which an offer relates, the remaining shareholders can compel the offeror to acquire their shares on the same terms.

### **12.9.2 Norway**

Awilco Drilling will be subject to the relevant parts of Norwegian mandatory offer regulations and if a subsequent mandatory offer obligation is triggered pursuant to English law, the offer must be made in accordance with Chapter 6 of the Norwegian Securities Trading Act. The offer would be subject to approval by Oslo Børs before submission of the offer to the shareholders. The offer price per share must be at least as high as the highest price paid or agreed by the offeror in the six-month period prior to the date the mandatory offer obligation, and at least equal to the market price if it is clear that the market price was higher at the point the mandatory bid obligation was triggered. In the event that the acquirer after the mandatory bid obligation was triggered, but prior to the expiration of the bid period, acquires, or agrees to acquire, additional shares at a higher price, the acquirer is obliged to restate its bid at that higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third of the voting rights of a Norwegian issuer with its shares listed on a Norwegian regulated market to, within four weeks, make an unconditional general offer for the purchase of the remaining shares in that issuer. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the issuer and Oslo Børs decides that this is regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify Oslo Børs and the issuer in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the issuer or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer is subject to approval by Oslo Børs before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed to be paid by the offeror for the shares in the six-month period prior to the date the threshold was exceeded. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is required to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant mandatory offer threshold within four weeks, Oslo Børs may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in unfulfilled, exercise rights in the issuer, such as voting on shares at general meetings of the issuer's shareholders, without the consent of a majority of the remaining shareholders.

The shareholder may, however, exercise its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his duty to make a mandatory offer, Oslo Børs may impose a cumulative daily fine that accrues until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a Norwegian issuer with its shares listed on a Norwegian regulated market is required to make an offer to purchase the remaining shares of the issuer (repeated offer obligation) if the person, entity or consolidated group through acquisition becomes the owner of shares representing 40% or more of the votes in the issuer. The same applies correspondingly if the person, entity or consolidated group through acquisition becomes the owner of shares representing 50% or more of the votes in the issuer. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Any person, entity or consolidated group that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, required to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition.

Absent a request for a Norwegian court to set the price, or any other objection to the price being offered in a compulsory acquisition, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline for raising objections to the price offered in the compulsory acquisition.

## **12.10 Foreign exchange controls**

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a Norwegian issuer who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian FSA have electronic access to the data in this register.

## 13. TAXATION

This discussion is based on current law and practice that may be subject to amendments. Such amendments could be effective on a retroactive basis. The discussion is intended to serve as a general guideline, and does not provide a complete description of all relevant issues (e.g., for investors for whom special laws, rules or regulations may be applicable). Investors are advised to contact their professional tax advisors for advice concerning individual tax consequences.

### 13.1 Taxation in UK

The following information, which relates only to United Kingdom taxation, is applicable to the Company and to persons who are resident (and, in the case of individuals only, ordinarily resident and domiciled) solely in the United Kingdom and who beneficially own shares in the Company as investments and not as securities to be realised in the course of a trade. The following statements are intended to apply only as a general guide to the position under current United Kingdom tax law and HM Revenue & Customs practice at the date of this prospectus. Investors should note that tax law and interpretation can change (possibly with retrospective effect) and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

The information is not exhaustive and potential investors:

- who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), 10% or more of the Company's shares;
- who are members of a special class of taxpayer, such as charities and UK Insurance Companies;
- who are employees and/or officers of the Company;
- who intend to acquire shares as part of tax avoidance arrangements; or
- who are in any doubt as to their taxation position,

should consult their professional advisers without delay.

#### 13.1.1 The Company

It is the intention of the Directors to conduct the affairs of the Company so that it is resident in the UK for tax purposes and is not tax resident in any other jurisdiction. The Company will be subject to UK corporation tax on its worldwide profits, subject to any tax reliefs that may be available in respect of non-UK taxes paid.

#### 13.1.2 Investors

##### *Dividends*

The Company will not be required to withhold tax at source in respect of any dividends it pays.

- **UK resident individual shareholders** - Dividend income received by a UK tax resident individual investor will be subject to income tax and will constitute the top slice of that income. No income tax is payable on the first GBP 2,000 of dividend income for the tax year 2019-2020 (the "**Nil Rate Amount**"). UK income tax is payable on dividend income in excess of the Nil Rate Amount at a rate of:
  - 7.5%, to the extent that such amount falls below the threshold for the higher rate of UK income tax;

- 32.5%, to the extent that such amount falls above the threshold for the higher rate of UK income tax but below the threshold for the additional rate of UK income tax; and
- 38.1%, to the extent that such amount falls above the threshold for the additional rate of UK income tax.
- **UK resident corporate shareholders** - A corporate investor who is tax resident in the UK or carries on a trade in the UK through a permanent establishment in connection with which its Shares are held will be subject to UK corporation tax on the gross amount of any dividends paid by the Company (at a rate of 19 percent, reducing to 17 percent from 1 April 2020), unless the dividend falls within an exemption. It is anticipated that dividends paid on the Shares to UK tax resident corporate shareholders would generally fall within one of the exemptions. However, it should be noted that the exemptions, whilst broad, are not comprehensive and are also subject to anti-avoidance rules. Each shareholder's position will depend on its own individual circumstances and appropriate professional advice should be sought where necessary.
- **Non-UK resident shareholders** - Investors who are neither resident nor ordinarily resident nor temporarily non-resident in the United Kingdom and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the United Kingdom with which the shares are connected will not normally be liable to United Kingdom taxation on dividends paid by the Company. However, such shareholders may be subject to foreign taxation on dividend income under local law.

#### *Disposals of Shares*

- **UK resident individual shareholders** - A UK tax resident individual investor is subject to capital gains tax at a flat rate of 10 percent (for basic rate UK income tax taxpayers) or 20 percent (for higher and additional rate UK income tax taxpayers) of any gain realised. Individuals may benefit from other reliefs and allowances (including a personal allowance which, for the tax year 2019-2020, exempts from tax, depending in their circumstances, the first GBP 12,000 of gains).
- **UK resident corporate shareholders**- A disposal or deemed disposal of Shares by a corporate investor who is tax resident in the UK or carries on a trade in the UK through a permanent establishment in connection with which its Shares are held will, subject to any available relief or exemption and subject to personal circumstances, be taxed at the time of such sale, redemption or disposal as a chargeable gain or an allowable loss.
- **Non-UK resident shareholders** - Generally, an individual shareholder who has ceased to be resident in the UK for tax purposes for a period of five years or less and who disposes of Shares during that period may be liable on their return to the UK to UK taxation on any chargeable gain realised (subject to any available exemption or relief). If applicable, the tax charge will arise in the tax year that the individual returns to the United Kingdom. Shareholders who are neither resident, nor ordinarily resident, nor temporarily non-resident for the purposes of this anti-avoidance legislation, and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the United Kingdom with which the shares are connected, should not be subject to United Kingdom taxation on chargeable gains on a disposal of their Shares.

#### *Individual Savings Accounts (ISAs)*

The Company's shares should be eligible for inclusion in a stocks and shares ISA.

#### *Self-Invested Personal Pensions (SIPPs)*

The Company's shares should constitute permitted investments for SIPPs.

### **13.1.3 Stamp Duty and Stamp Duty Reserve Tax ("SDRT")**

The following comments are intended as a guide to the general United Kingdom stamp duty and SDRT position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services, to whom special rules apply.

The Company does not intend that investors will be able to hold the Company's shares other than by way of depositary interests traded through the VPS in accordance with paragraph 12.4 of this Prospectus, therefore this paragraph does not cover the tax treatment of transfers of any Shares in certificated form.

For UK tax purposes, if the depositary interests are considered to be interests in depositary receipts rather than interests in the underlying Shares, then:

- (A) Based on current published HM Revenue and Customs practice and recent case law, neither Stamp Duty nor SDRT should be chargeable on the issue of the Shares to DNB Bank ASA, nor on the subsequent issue of the depositary receipts into the VPS. HMRC now accept that where a UK incorporated company issues shares to a clearance service or depositary receipt issuer anywhere in the world as an integral part of the raising of capital, the imposition of a 1.5% SDRT charge is incompatible with EU law and HMRC will not seek to collect the tax.
- (B) Neither Stamp Duty nor SDRT should be chargeable on subsequent transfers in book-entry form of the depositary interests within VPS, as transfers of interests in depositary receipts are excluded from both charges.

If instead the interests transferred within the VPS are considered to be beneficial interests in the Shares, then:

- (C) Neither Stamp Duty nor SDRT should be chargeable on the issue of the Shares into the VPS for the reason set out at paragraph (A) above;
- (D) SDRT should not be chargeable on subsequent transfers in book-entry form of the beneficial interests in the Shares inside the VPS system, so long as the VPS has not made an election under section 97A of the Finance Act 1986. Transfers of beneficial interests in the Shares should not be liable to Stamp Duty, provided that no document effecting such a transfer is either executed in the United Kingdom or, if executed outside the United Kingdom, is brought into the United Kingdom.

Finally, there is a share lending arrangement in place with Awilhelmsen Offshore AS in respect of the delivery of the Private Placement Shares in accordance with paragraph 14.3 of this Prospectus. Provided that this transfer is effected in book-entry form within the VPS the Stamp Duty and SDRT treatment should be in accordance with paragraphs (B) and (D) above.

### **13.2 Norwegian Taxation**

The following is a summary of certain Norwegian tax considerations relevant to the acquisition, ownership and disposition of shares by holders that are residents of Norway for purposes of Norwegian taxation ("**Resident Shareholders**").

The summary is based on applicable Norwegian laws, rules and regulations as they exist in force as of the date of this Prospectus. Such laws, rules and regulations may be subject to changes after this date, possibly on a retroactive basis for the same tax year. The summary is of a general nature and does not purport to be a comprehensive description of all the tax considerations that may be relevant to the shareholders and does not address foreign tax laws.

As will be evident from the description, the taxation will differ depending on whether the investor is a limited liability company or a natural person. As of the date of this Prospectus,

Brexit has not yet occurred. A hard Brexit, i.e. a Brexit without any form of exit-agreement, will entail that the UK is no longer part of the European Union (EU) or the European Economic Area (EEA), with the consequence that certain specific advantageous tax rules reserved for investments within the EEA (i.a. the Norwegian participation exemption) should no longer be applicable. Each shareholder should consult their own tax advisors for information with respect to the special tax consequences that may arise for him or her and the applicability and effect of any Norwegian or foreign tax laws and possible changes in such laws.

Please note that special rules apply for shareholders that cease to be tax resident in Norway or that for some reason are no longer considered taxable to Norway in relation to their shareholding, shares that are held in connection with an employment, etc.

For the purpose of the summary below, a reference to a Norwegian shareholder or company refers to tax residency rather than nationality.

### **13.2.1** Taxation of dividends

#### **13.2.1.1** Natural shareholders

Resident Shareholders being natural persons ("**Personal Resident Shareholders**") are in general tax liable to Norway for their worldwide income. Dividends distributed to Personal Resident Shareholders are taxable to the extent the dividends exceed a statutory tax-free allowance (Norwegian: *Skjermingsfradrag*). Dividends distributed to Personal Resident Shareholders are taxed at a rate of 22%, however, based on a tax base adjusted upwards by a factor of 1.44, thus implying an effective tax rate of 31.68% (2019).

The tax-free allowance is calculated on a share by share basis, and is equal to the tax purchase price of the share multiplied with a determined risk free interest rate based on the effective rate, after tax, of interest on treasury bills (Norwegian: *Statskasseveksler*) with three months maturity with the addition of 0.5 percentage points. The allowance is allocated to the shareholder owning the share on 31 December in the relevant income year. Personal Resident Shareholders who transfer shares during an income year will thus not be entitled to deduct any calculated allowance related to the year of transfer. The Directorate of Taxes announces the risk free-interest rate in January the year after the income year. The risk-free interest rate for income year 2018 was 1.1%. The risk-free interest rate for 2019 will be published mid-January 2020.

Any part of the calculated allowance one year exceeding the dividend distributed on the share the same year ("unused allowance") is added to the tax input value of the share and included in the basis for calculating the allowance the following year, and may also be carried forward and set off against future dividends received on the same share.

Any repayment of paid-up share capital and paid-up share premium of each share is not regarded as dividend for tax purposes and thus not subject to tax. Such repayment will lead to a reduction of the tax input value of the shares corresponding to the repayment.

#### **13.2.1.2** Corporate shareholders

Resident Shareholders being corporations and the like (i.e. limited liability companies, mutual funds, savings banks, mutual insurance companies or similar entities resident in Norway for tax purposes) ("**Corporate Resident Shareholders**") are generally exempt from tax on dividends received on shares in Norwegian limited liability companies, hereunder public limited companies, and similar entities resident in the EEA, pursuant to the Norwegian participation exemption method (Norwegian: *Fritaksmetoden*).

However, unless the shareholder owns more than 90% of the shares in the distributing company, 3 percent of all tax-free income under the participation exemption method shall be entered as general income and taxed at the ordinary tax rate of 22% (2019), implying that dividends distributed from the Company to the Corporate Resident Shareholder are

effectively taxed at a rate of 0.66% (2019).

The repayment of paid-up share capital and paid-up share premium on each share is not regarded as dividend for tax purposes and thus not subject to tax.

#### **13.2.1.3** Shares owned through partnerships

Partnerships are as a general rule transparent for Norwegian tax purposes (some exceptions apply). Taxation occurs at partner level, and each partner, resident in Norway for tax purpose, is taxed on a current basis for its proportional share of the net income generated by the partnership.

However, dividends from shares covered by the participation exemption method is not included in basis for taxation of the partner's proportional share of the net income generated by the partnership, but are treated as income under the participation exemption method. Thus, 3% of tax-free net income under the participation exemption method shall be entered as general income and taxed at the ordinary tax rate, regardless of whether such income is distributed to the partners or not.

For partners who are Personal Resident Shareholders further taxation occurs when the dividends received are distributed from the partnership to such partners. Such distributions will be taxed as general income at a rate of 22%, however, based on a tax base adjusted upwards by a factor of 1.44, thus implying an effective tax rate of 31.68% (2019). The Personal Resident Shareholders will be entitled to deduct a calculated allowance when calculating their taxable income.

Corporate Resident Shareholders holding shares through a partnership will be exempt from further taxation of their proportional part of dividends received and distributed by the partnership.

#### **13.2.1.4** Foreign shareholders

Dividends received from UK companies by a personal shareholder not resident in Norway for tax purposes, is not subject to taxation in Norway unless the personal shareholder (i) holds the shares in connection with business activities conducted in or managed from Norway.

Dividends received from UK companies by a corporate shareholder not resident in Norway for tax purposes, is not subject to taxation in Norway, unless the shares are held in connection with business activities conducted in or managed from Norway, whereby the shareholder is taxed in the same way as a similar Corporate Resident Shareholder.

#### **13.2.1.5** Tax credit

According to the treaty between the UK and Norway for the avoidance of double taxation, UK may impose withholding tax on dividends distributed to Resident Shareholders. The dividend distribution shall be tax exempt if (i) the beneficial owner of the dividends is a company that holds directly at least 15 percent of the capital of the company paying the dividends, or (ii) the beneficial owner is a Resident Shareholder who is a partner in a Norwegian partnership and alone or together with other such partners holds directly at least 15 per cent of the capital of the company paying the dividend. In all other cases the withholding tax shall not exceed fifteen percent.

If the dividends are covered by the participation exemption and the Corporate Resident Shareholder is liable to limited taxation of 3 percent of the income (see above), the shareholder will not be entitled to tax credit.

In all other cases, a Norwegian shareholder should be entitled to a tax credit in Norway for withholding tax imposed in UK. The credit amount may not exceed the tax actually paid in UK or the tax paid in Norway on that same income.

## **13.2.2 Taxation upon realisation of shares**

### **13.2.2.1 Personal Resident Shareholders**

Personal Resident Shareholders are taxable in Norway for capital gains upon the realisation of shares, and have a corresponding right to deduct losses that arise upon such realisation. The tax liability applies irrespective of time of ownership and the number of shares realised. Gains are taxable as ordinary income in the year of realisation, and losses can be deducted from ordinary income in the year of realisation. Income from shares (gains and losses) distributed to Personal Resident Shareholders are taxed at a rate of 22%, however, based on a tax base adjusted upwards by a factor of 1.44, thus implying an effective tax rate of 31.68% (2019).

The taxable gain or loss is calculated per share as the difference between the consideration received and the cost price of the share, including any costs incurred in relation to the acquisition or realisation of the share. Any unused allowance on a share (ref. above) may be set off against capital gains related to the realisation of the same share, but may not lead to or increase a deductible loss, i.e., any unused allowance exceeding the capital gain upon the realisation of the share will be lost. Furthermore, unused allowance may not be set off against gains from realisation of other shares.

If a Personal Resident Shareholder disposes of shares acquired at different times, the shares that were first acquired will be deemed as first sold (the FIFO-principle) when calculating a taxable gain or loss.

A Personal Resident Shareholder, who moves abroad and ceases to be tax resident in Norway as a result of this, will be deemed taxable in Norway for any potential gain of NOK 500.000 or more, on the shares held at the time the tax residency ceased, as if the shares were realised at that time. Gains of NOK 500,000 or less are though not taxable. If such gains exceed NOK 500,000, a deferral of the tax payment may be granted, provided that satisfactory guarantee is given. The payment may be postponed if adequate security is provided. If the shareholder moves to a jurisdiction within the European Economic Area (EEA), a deferral of the payment of the taxes might be granted without such guarantee, provided that Norway, pursuant to a treaty, can request information from the other jurisdiction regarding the person's income- and wealth, and assistance in relation to the collection of taxes. Losses on shares, held at the time tax residency ceases will, to the same extent as a gain would be taxable, be tax deductible to the same extent as a gain would be taxable, if the shareholder moves to a jurisdiction within the EEA. In such case the loss is determined in the year of the emigration, but the taxation (loss deduction) will occur at the time the shares are actually sold or otherwise disposed of. The tax liability calculated under these provisions may be reduced if the value of the shares at the time of the realisation is less than the value at the time of the emigration, or if the gain is regarded taxable in another jurisdiction. If the shares are not realised within five years after the shareholder ceased to be resident in Norway for tax purposes, the tax liability described above will not apply. Any tax treaty in force between Norway and the state to which the shareholder has moved may influence the application of these rules.

### **13.2.2.2 Corporate Resident Shareholders**

Corporate Resident Shareholders are generally exempt from tax on capital gains upon the realisation of shares in Norwegian limited liability companies, hereunder public limited companies, or similar companies tax resident within the EEA. Losses upon the realisation and costs incurred in connection with the purchase and realisation of such shares are not deductible for tax purposes.

Capital gains from redemption or realisation of shares in a company tax resident in what is deemed a low-tax jurisdictions within the EEA, the Norwegian participation exemption method only applies to the extent is deemed to be genuinely established in the relevant jurisdiction and conducts real business activities there.

### **13.2.2.3 Shares owned through partnerships**

Partnerships are as a general rule transparent for Norwegian tax purposes (some exceptions apply). Taxation occurs at partner level, and each partner, resident in Norway for tax purposes, is taxed on a current basis for its proportional share of the net income generated by the partnership.

However, capital gains from shares covered by the participation exemption method is not included in basis for taxation of the partner's proportional share of the net income generated by the partnership, but are treated as income under the participation exemption method.

For partners who are Personal Resident Shareholders further taxation occurs when the capital gains received are distributed from the partnership to such partners. Such distributions will be taxed at a rate of 22%, however, based on a tax base adjusted upwards by a factor of 1.44, thus implying an effective tax rate of 31.68% (2019). The Personal Resident Shareholders will be entitled to deduct a calculated allowance when calculating their taxable income.

Corporate Resident Shareholders holding shares through a partnership will be exempt from further taxation of their proportional part of capital gains received and distributed by the partnership.

### **13.2.2.4 Foreign shareholders**

Capital gains derived from realization of shares in UK companies by a personal shareholder not resident in Norway for tax purposes, is not subject to taxation in Norway unless the personal shareholder (i) holds the shares in connection with business activities conducted in or managed from Norway or (ii) has been a tax resident of Norway within the five calendar years preceding the year of the sale or disposition and whose gains are not exempt pursuant to the provisions of an applicable income tax treaty, whereby the shareholder is taxed in the same way as a similar Personal Resident Shareholder, reference is made to Section 13.2.2.1 above.

Capital gains derived from realization of shares in UK companies by a corporate shareholder not resident in Norway for tax purposes, is not subject to taxation in Norway, unless the shares are held in connection with business activities conducted in or managed from Norway and the gains are not exempt pursuant to the provisions of an applicable income tax treaty, whereby the shareholder is taxed in the same way as a similar Corporate Resident Shareholder.

### **13.2.2.5 Tax credit**

According to the treaty between the UK and Norway for the avoidance of double taxation, a Norwegian shareholder may only be taxed in Norway for capital gains derived from shares in companies resident in UK.

If the Norwegian shareholder is liable to tax in UK, a Norwegian shareholder will be entitled to a tax credit in Norway for tax imposed in UK. The credit amount may not exceed the tax actually paid in UK or the tax paid in Norway on that same income.

### **13.2.3 Net wealth tax**

Norwegian limited liability companies and certain similar entities are exempt from Norwegian net wealth tax.

For other Personal Resident Shareholders, shares will form part of their basis for calculation of Norwegian net wealth tax. Listed shares are valued at 80 percent of their quoted value as of 1 January in the assessment year (the year following the income year). The current marginal wealth tax rate is 0.85 percent.

Foreign shareholders are not subject to net wealth tax in Norway on shares in UK companies unless the holding of the shares are effectively connected with business activities conducted in or managed from Norway.

#### **13.2.4** Duties on the transfer of shares

No stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares.

#### **13.2.5** Inheritance tax

Norway does not impose inheritance tax on assignment of shares by way of inheritance or gift. However, the heir acquires the donor's tax input value of the shares based on principles of continuity. Thus, the heir will be taxable for any increase in value in the donor's ownership, at the time of the heir's realisation of the shares.

## **14. THE PRIVATE PLACEMENT**

### **14.1 Overview**

On 11 March 2019, the Company announced a fully subscribed Private Placement of 5,550,000 Private Placement Shares at a subscription price of NOK 31.80 per Private Placement Share, for gross proceeds of approximately USD 20 million.

The Private Placement was directed towards investors subject to applicable exemptions from relevant prospectus requirements (i) outside the United States in reliance on Regulation S ("**Regulation S**") under the U.S. Securities Act, and (ii) inside the United States to "qualified institutional buyers" ("**QIBs**") as defined in Rule 144A ("**Rule 144A**") under the U.S. Securities Act.

The proceeds from the Private Placement will be used to part finance the equity requirement for the building of the new semi-submersible drilling rig for hash environment use, to be built by the yard Keppel FELS in Singapore at a price of approximately USD 425 million, with planned delivery in March 2022. Please refer to Section 6.4.3 for a description of the newbuild contract, the declared option and the payment terms for the rig.

### **14.2 Resolution to issue the Private Placement Shares**

On 10 March 2019, the Board of Directors of the Company passed the resolution to increase the share capital of the Company through the Private Placement with GBP 36,075 by approving the issuance of 5,550,500 new shares, in accordance with the authority granted by the Company's general meeting on 6 June 2018.

The existing shareholders' preferential rights to subscribe for the Private Placement Shares were set aside in order to allow for the Private Placement. The Board of Directors had considered alternative structures for the raising of new equity. After due consideration, the Board of Directors was of the view that the Private Placement was in the best interests of the Company and its shareholders since it would allow the Company to raise capital more efficiently, at a lower discount and with lower transaction costs than in a rights offering. The beneficiaries of the Private Placement and the restriction of the existing shareholders' preferential rights were consequently the investors which were invited to subscribe for the Private Placement Shares.

The share capital increase carried out in connection with the Private Placement was registered on 14 March 2019 and delivery of the Private Placement Shares to the investors took place on 14 March 2019.

### **14.3 The Private Placement Shares**

The Private Placement Shares are ordinary Shares in the Company having a par value of GBP 0.0065 each and are issued electronically in registered form in accordance with the laws of England and Wales.

The Private Placement Shares were allocated to Awilhelmsen Offshore AS in the Private Placement. The Company, the Managers and Awilhelmsen Offshore AS entered into a share lending agreement on 11 March 2019 in order to facilitate delivery of the shares issued in the Private Placement on a delivery versus payment basis. As a result, the Private Placement was settled with existing and unencumbered Shares in the Company and the shares were therefore tradable on Oslo Børs upon delivery. The Private Placement Shares delivered to Awilhelmsen Offshore will not be listed on Oslo Børs until publication of this Prospectus.

The Private Placement Shares were issued on 14 March 2019 and have been registered with the VPS under a blocked VPS account until the publication of this Prospectus. As from 6 June 2019, the blocking of the VPS account will be lifted and the Private Placement Shares will be freely transferable. The Private Placement Shares are registered in book-

entry form with the VPS under the Company's ISIN number GB00B5LJSC86. The Private Placement Shares will be listed on Oslo Børs on or about 6 June 2019.

The Private Placement Shares rank *pari passu* in all respects with the existing Shares of the Company and carry full shareholder rights in the Company.

The Private Placement Shares are eligible for any dividends which the Company may declare. All Shares, including the Private Placement Shares, will have voting rights and other rights and obligations which are standard under the laws of England and Wales, and are governed by English law. See Section 11 "Corporate information and description of share capital" for a further discussion of the rights attaching to the Shares.

For information on taxes on the income from the Shares, please refer to Section 13 above. The Company assumes responsibility for the withholding of taxes at the source according to Norwegian law.

#### **14.4 Share capital following the Private Placement**

The Company's share capital following the completion of the Private Placement is GBP 354,779.75 divided into 54,581,500 Shares of a par value of GBP 0.0065 each.

#### **14.5 Advisors**

ABG Sundal Collier ASA, Munkedamsveien 45E, 0250 Oslo, Norway, Fearnley Securities AS, Grev Wedels Plass 9, 0151 Oslo Norway and Clarksons Platou Securities AS, Munkedamsveien 62C, 0270 Oslo Norway, have acted as Managers in the Private Placement. Advokatfirmaet Wiersholm AS, Dokkveien 1, 0250 Oslo, Norway is acting as legal advisor to the Company.

#### **14.6 Expenses**

The total expenses of the Private Placement were estimated to amount to approximately USD 0.50 million.

#### **14.7 Lock-up**

No lock-up agreements were entered into in connection with the Private Placement.

#### **14.8 Interest of natural and legal persons involved in the Private Placement**

The Managers or its affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Managers do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Managers received a management fee in connection with the Private Placement and, as such, had an interest in the Private Placement. The management fee was a fixed percent amount.

Beyond the above-mentioned, the Company is not aware of any interest, including conflicting ones, of any natural or legal persons involved in the Private Placement.

#### **14.9 Dilution**

The Private Placement resulted in an immediate dilution of approximately 11% for the existing shareholders who did not participate in the Private Placement.

## 15. ADDITIONAL INFORMATION

### 15.1 Incorporation by reference

The following table sets forth an overview of documents incorporated by reference in this Prospectus. No information other than the information referred to in the table below is incorporated by reference. Where parts of a document are referenced, and not the document as a whole, the remainder of such document is either deemed irrelevant to an investor in the context of the requirements of this Prospectus, or the corresponding information is covered elsewhere in this Prospectus.

Section in Prospectus	Disclosure Requirement of the Prospectus	Reference document and link
Section 8.3	Accounting policies	<p>Annual Report 2018:  <a href="https://awilcodrilling.com/wp-content/uploads/2019/03/Awilco-Drilling-PLC-31-December-2018-signed.pdf">https://awilcodrilling.com/wp-content/uploads/2019/03/Awilco-Drilling-PLC-31-December-2018-signed.pdf</a></p> <p>Annual Report 2017:  <a href="https://awilcodrilling.com/wp-content/uploads/2018/12/Awilco-Drilling-PLC-31-December-2017-FINAL-fully-signed.pdf">https://awilcodrilling.com/wp-content/uploads/2018/12/Awilco-Drilling-PLC-31-December-2017-FINAL-fully-signed.pdf</a></p> <p>Annual Report 2016:  <a href="https://awilcodrilling.com/wp-content/uploads/2018/12/Awilco-Drilling-PLC-Annual-Report-31-December-2016_attachment-1.pdf">https://awilcodrilling.com/wp-content/uploads/2018/12/Awilco-Drilling-PLC-Annual-Report-31-December-2016_attachment-1.pdf</a></p>
Sections 8.4-8.7	Historical financial information	<p>Annual Report 2018:  <a href="https://awilcodrilling.com/wp-content/uploads/2019/03/Awilco-Drilling-PLC-31-December-2018-signed.pdf">https://awilcodrilling.com/wp-content/uploads/2019/03/Awilco-Drilling-PLC-31-December-2018-signed.pdf</a></p> <p>Annual Report 2017:  <a href="https://awilcodrilling.com/wp-content/uploads/2018/12/Awilco-Drilling-PLC-31-December-2017-FINAL-fully-signed.pdf">https://awilcodrilling.com/wp-content/uploads/2018/12/Awilco-Drilling-PLC-31-December-2017-FINAL-fully-signed.pdf</a></p> <p>Annual Report 2016:  <a href="https://awilcodrilling.com/wp-content/uploads/2018/12/Awilco-Drilling-PLC-Annual-Report-31-December-2016_attachment-1.pdf">https://awilcodrilling.com/wp-content/uploads/2018/12/Awilco-Drilling-PLC-Annual-Report-31-December-2016_attachment-1.pdf</a></p> <p>First Quarter Report 2019:  <a href="https://awilcodrilling.com/wp-content/uploads/2019/05/Q1-2019-report-AWDR-Final.pdf">https://awilcodrilling.com/wp-content/uploads/2019/05/Q1-2019-report-AWDR-Final.pdf</a></p> <p>First Quarter Report 2018:  <a href="https://awilcodrilling.com/wp-content/uploads/2018/12/Q1-2018-report-AWDR-FINAL.pdf">https://awilcodrilling.com/wp-content/uploads/2018/12/Q1-2018-report-AWDR-FINAL.pdf</a></p>
Section 10.5.3	Pension and retirement benefits	<p>Annual Report 2018:  <a href="https://awilcodrilling.com/wp-content/uploads/2019/03/Awilco-Drilling-PLC-31-December-2018-signed.pdf">https://awilcodrilling.com/wp-content/uploads/2019/03/Awilco-Drilling-PLC-31-December-2018-signed.pdf</a></p>

### 15.2 Documents on display

Copies of the following documents will be available for inspection at the Company's offices during normal business hours from Monday to Friday each week (except public holidays) for a period of twelve months from the date of this Prospectus.

- The Company's Articles of Association and Certificate of Incorporation.
- The Company's audited annual financial statements for the years ended 31 December 2018, 2017 and 2016.
- The Company's interim financial statements for the three month period ended 31 March 2019 and March 2018.
- The Company's subsidiaries' annual financial statements for the years ended 31

December 2018, 2017 and 2016.

- This Prospectus.

## 16. DEFINITIONS AND GLOSSARY

The following definitions and glossary apply in this Prospectus unless otherwise dictated by the context, including the foregoing pages of this Prospectus.

2010 PD Amending Directive	Directive 2010/73/EU amending the Prospectus Directive.
Anti-Money Laundering Legislation	The Norwegian Money Laundering Act of 1 June 2018 no. 23 and the Norwegian Money Laundering Regulations of 14 September 2018 no. 1324.
Articles of Association	The articles of association of the Company.
Audited Financial Statements	The Company's audited consolidated financial statements as of, and for the years ended, 31 December 2018, 2017 and 2016.
Awilco Drilling	Awilco Drilling Plc or the Company.
Awilco Drilling Plc	The Company.
Awilhelmsen	Awilhelmsen Offshore AS.
Board Members	The members of the Board of Directors.
Board or Board of Directors	The board of directors of the Company.
CEO	The Company's chief executive officer.
CET	Central European time.
COFTA	The Norwegian Central Office for Foreign Tax Affairs.
The Company	Awilco Drilling Plc.
Corporate Resident Shareholders	Resident Shareholders being corporations and the like (i.e. limited liability companies, mutual funds, savings banks, mutual insurance companies or similar entities resident in Norway for tax purposes).
E&P	Exploration and production.
EEA	The European Economic Area.
EU	The European Union.
Forward-looking statements	All statements other than statements as to historic facts or present facts and circumstances, typically indicated by words such as "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," and similar expressions.
FY2016	The period from 1 January 2016 to 31 December 2016.
FY2017	The period from 1 January 2017 to 31 December 2017.

FY2018	The period from 1 January 2018 to 31 December 2018.
General Meeting	The Company's general meeting of shareholders.
Group	The Company and its subsidiaries.
HE	Harsh environment.
IAS 34	International Accounting Standard 34 Financial Reports.
IFRS	International Financial Reporting Standards as adopted by the EU.
Interim Financial Statements	The Company's unaudited interim financial statements as of, and for the three month period ended 31 March 2018.
ISIN	International Securities Identification Number in the Norwegian Central Securities Depository (VPS).
IT	Information technology.
Listing	The listing of the Private Placement Shares on Oslo Børs.
Management	The Group's senior management team.
Managers	ABG Sundal Collier ASA, Fearnley Securities AS and Clarksons Platou Securities AS.
MODU's	Mobile Offshore Drilling Units.
MW	Mid-water.
NCS	The Norwegian Continental Shelf.
Nil Rate Amount	No income tax is payable on the first GBP 2,000 of dividend income for the tax year 2018-2019.
NOK	Norwegian Kroner, the lawful currency of Norway.
Non-Norwegian shareholders	Shareholders who are not resident in Norway for tax purposes.
Norwegian Code	The Norwegian Code of Practice for Corporate Governance dated 17 October 2018.
Norwegian FSA	The Financial Supervisory Authority of Norway (Norwegian: " <i>Finanstilsynet</i> ").
Norwegian corporate shareholders	Shareholders who are limited liability companies and certain similar corporate entities resident in Norway for tax purposes.
Norwegian personal shareholders	Personal shareholders resident in Norway for tax purposes.
Order	The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended.

Oslo Børs	Oslo Børs ASA or, as the context may require, Oslo Børs, a Norwegian regulated stock exchange operated by Oslo Børs ASA.
PDO's	Plans for Development and Operation.
Personal Resident Shareholders	Resident Shareholders being natural persons.
Private Placement	The private placement by the Company of 5,550,000 new Shares announced on 8 March 2019.
Private Placement Shares	The 5,550,000 new shares issued in the Private Placement.
Prospectus	This prospectus.
Prospectus Directive	Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State.
Q1 2019	The period from 1 January 2019 to 31 March 2019.
QHSE	Quality, Health, Safety and Environment.
QIBs	Qualified institutional buyers, as defined in Rule 144A.
Record Date	As of expiry of 12 March 2019.
Regulation S	Regulation S in the U.S. Securities Act.
Relevant Member State	Each Member State of the EEA which has implemented the Prospectus Directive.
Relevant Persons	Persons to whom distributions may otherwise lawfully be made.
Resident Shareholders	Holders of shares that are residents of Norway for purposes of Norwegian taxation.
Rule 144A	Rule 144A under the U.S. Securities Act.
SDRT	Stamp Duty Reserve Tax.
Securities Trading Act	The Norwegian Securities Trading Act of 29 June 2007 no. 75 (Norwegian: "Verdipapirhandelloven").
SFA	The Securities and Futures Act of Singapore.
Share(s)	Shares in the share capital of the Company, each with a nominal value of GBP 00.0065 or any one of them.
SPS	Special Periodic Surveys.
Subscription Price	The price at which the Offer Shares are being offered, NOK 31.80.
UK	United Kingdom.

UK Code	UK Code of Corporate Governance.
UKCS	The United Kingdom Continental Shelf.
USD	United States Dollar, the lawful currency of the United States of America.
VPS	Norwegian Central Securities Depository.
VPS Registrar	DNB Bank ASA, registrars department, Dronning Eufemias gate 30, 0191 Oslo, Norway.
VPS Shareholders	Investors holding Shares through the VPS.

**Company No: 7114196**

**THE COMPANIES ACTS 1985 TO 2006**

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**PUBLIC COMPANY LIMITED BY SHARES**

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**ARTICLES OF ASSOCIATION**

**OF**

**AWILCO DRILLING PLC**

**(As adopted by Special Resolution passed on 13 April 2011)**

**STEPHENSON HARWOOD  
One, St Paul's Churchyard  
London EC4M 8SH  
Tel: 020 7329 4422  
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Ref: A1680/01-48-02883**

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## PART 1

### INTERPRETATION AND LIMITATION OF LIABILITY

#### 1 Defined terms

In the articles, unless the context requires otherwise-

"**alternate**" or "**alternate director**" has the meaning given in article 26;

"**appointor**" has the meaning given in article 26;

"**these articles**" means these articles of association of the Company, as from time to time altered;

"**bankruptcy**" includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

"**board**" means the board of directors for the time being of the Company;

"**call**" has the meaning given in article 63;

"**certificate**" means a paper certificate (other than a share warrant) evidencing a person's title to specified shares or other securities;

"**certificated**" in relation to a share, means that it is not an uncertificated share or a share in respect of which a share warrant has been issued and is current;

"**Chairman**" has the meaning given in article 12;

"**Chairman of the meeting**" has the meaning given in article 34;

"**clear days**" means, in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

"**Company**" means Awilco Drilling PLC;

"**director**" means a director for the time being of the Company;

"**distribution recipient**" has the meaning given in article 84;

"**document**" includes, unless otherwise specified, any document sent or supplied in electronic form;

"**electronic form**" has the meaning given in section 1168 of the Companies Act 2006;

"**fully paid**" in relation to a share, means that the nominal value and any premium to be paid to the Company in respect of that share have been paid to the Company;

"**hard copy form**" has the meaning given in section 1168 of the Companies Act 2006;

"**holder**" in relation to shares means the person whose name is entered in the register of members as the holder of the shares, or, in the case of a share in respect of which a share warrant has been issued (and not cancelled), the person in possession of that warrant;

"**instrument**" means a document in hard copy form;

"**member**" has the meaning given in section 112 of the Companies Act 2006;

"**ordinary resolution**" has the meaning given in section 282 of the Companies Act 2006;

"**paid**" means paid or credited as paid;

"**participate**" in relation to a directors' meeting, has the meaning given in article 9;

"**partly paid**" in relation to a share means that part of that share's nominal value or any premium at which it was issued has not been paid to the Company;

"**Proxy Notice**" has the meaning given in article 42;

"**Regulations**" means the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) and any modification thereof or any regulations in substitution therefore for the time being in force;

"**shares**" means shares in the Company;

"**Special Resolution**" has the meaning given in section 283 of the Companies Act 2006;

**“Statutes”** means the Companies Acts, as defined by section 2 of the 2006 Act and every other statute, statutory instrument, regulation or order for the time being in force concerning companies and affecting the Company; and

**"Subsidiary"** has the meaning given in section 1159 of the Companies Act 2006;

**"transmittee"** means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law;

**"uncertificated"** in relation to a share means that, by virtue of legislation (other than section 778 of the Companies Act 2006) permitting title to shares to be evidenced and transferred without a certificate, title to that share is evidenced and may be transferred without a certificate; and

**"writing"** means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

- (a) any other words or expressions defined in any of the Statutes (in each case as in force on the date of adoption of these articles) have the same meaning in these articles except that the word “company” includes any body corporate;
- (b) any reference elsewhere in these articles to any statute or statutory provision includes a reference to any modification or re-enactment of it for the time being in force;
- (c) words importing the singular number include the plural number and vice versa, words importing one gender include the other gender and words importing persons include bodies corporate and unincorporated associations;
- (d) any reference to writing includes a reference to any method of reproducing words in a legible form and documents and information sent or supplied in electronic form or made available on a website are in ‘writing’ for the purposes of these articles;
- (e) any reference to doing something by electronic means includes doing it by an electronic communication;
- (f) any reference to a signature or to something being signed or executed includes an electronic signature or other means of verifying the authenticity of an electronic communication which the board may from time to time approve, a signature printed

or reproduced by mechanical or other means or any stamp or other distinctive marking made by or with the authority of the person required to sign the document to indicate it is approved by such person;

- (g) any reference to a document being sealed or executed under seal or under the common seal of any body corporate (including the Company) or any similar expression includes a reference to its being executed in any other manner which has the same effect as if it were executed under seal;
  - (h) any reference to a meeting shall not be taken as requiring more than one person to be present in person if any quorum requirement can be satisfied by one person;
  - (i) any reference to a show of hands includes such other method of casting votes as the board may from time to time approve; and
  - (j) where the Company has a power of sale or other right of disposal in relation to any share, any reference to the power of the Company or the board to authorise a person to transfer that share to or as directed by the person to whom the share has been sold or disposed of shall, in the case of an uncertificated share, be deemed to include a reference to such other action as may be necessary to enable that share to be registered in the name of that person or as directed by him.
- (2) Subject to the Statutes, a special resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required.
- (3) Headings to these articles are inserted for convenience only and shall not affect construction.

## **PART 2**

### **DIRECTORS**

#### **Directors' Powers and Responsibilities**

##### **2 Directors' general authority**

Subject to these articles, the directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company but need not be a member of the Company.

### **3 Number of directors**

The directors (other than alternate directors) shall not, unless otherwise determined by an ordinary resolution of the Company, be less than five nor more than eleven in number.

### **4 Members' reserve power**

- (1) The members may, by Special Resolution, direct the directors to take, or refrain from taking, specified action.
- (2) No such Special Resolution invalidates anything which the directors have done before the passing of the resolution.

### **5 Directors may delegate**

- (1) Subject to these articles, the directors may delegate any of the powers which are conferred on them under these articles-
  - (a) to such person or committee;
  - (b) by such means (including by power of attorney);
  - (c) to such an extent;
  - (d) in relation to such matters or territories; and
  - (e) on such terms and conditions;as they think fit.
- (2) If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.
- (3) The directors may revoke any delegation in whole or part, or alter its terms and conditions.

### **6 Committees**

- (1) Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of these articles which govern the taking of decisions by directors.

- (2) The directors may make rules of procedure for all or any committees, which prevail over rules derived from these articles if they are not consistent with them.

### **Decision-Making by directors**

#### **7 Directors to take decisions collectively**

Decisions of the directors may be taken-

- (a) at a directors' meeting, or
- (b) in the form of a directors' written resolution.

#### **8 Calling a directors' meeting**

- (1) Any director may call a directors' meeting.
- (2) The Company secretary must call a directors' meeting if a director so requests.
- (3) A directors' meeting is called by giving notice of the meeting to the directors.
- (4) Notice of any directors' meeting must indicate-
  - (a) its proposed date and time;
  - (b) where it is to take place; and
  - (c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- (5) Notice of a directors' meeting must be given to each director, but need not be in writing.
- (6) Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company not more than seven days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

## **9 Participation in directors' meetings**

- (1) Subject to these articles, directors participate in a directors' meeting, or part of a directors' meeting, when-
  - (a) the meeting has been called and takes place in accordance with these articles, and
  - (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- (2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
- (3) If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

## **10 Quorum for directors' meetings**

- (1) At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- (2) The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but it must never be less than two, and unless otherwise fixed it is two.

## **11 Meetings where total number of directors less than quorum**

- (1) This article applies where the total number of directors for the time being is less than the quorum for directors' meetings.
- (2) If there is only one director, that director may appoint sufficient directors to make up a quorum or call a general meeting or annual general meeting to do so.
- (3) If there is more than one director-
  - (a) a directors' meeting may take place, if it is called in accordance with the articles and at least two directors participate in it, with a view to appointing sufficient directors to make up a quorum or calling a general meeting or annual general meeting to do so, and

- (b) if a directors' meeting is called but only one director attends at the appointed date and time to participate in it, that director may appoint sufficient directors to make up a quorum or call a general meeting or annual general meeting to do so.

## **12 Chairing directors' meetings**

- (1) The general meeting of the Company may by ordinary resolution appoint a director to chair the meetings of the directors. If the general meeting has not made such appointment, or the director so appointed ceases for any reason to be a director, the board may appoint a director to chair its meetings.
- (2) The person so appointed for the time being is known as the Chairman.
- (3) The directors may appoint other directors as deputy or assistant chairmen to chair directors' meetings in the Chairman's absence.
- (4) The directors may terminate the appointment of the Chairman, deputy or assistant Chairman at any time.
- (5) If neither the Chairman nor any director appointed generally to chair directors' meetings in the Chairman's absence is participating in a meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

## **13 Voting at directors' meetings: general rules**

- (1) Subject to the articles, a decision is taken at a directors' meeting by a majority of the votes of the participating directors.
- (2) Subject to the articles, each director participating in a directors' meeting has one vote.
- (3) Subject to the articles, if a director has an interest in an actual or proposed transaction or arrangement with the Company-
  - (a) that director and that director's alternate may not vote on any proposal relating to it, but

- (b) this does not preclude the alternate from voting in relation to that transaction or arrangement on behalf of another appointor who does not have such an interest.

**14 Chairman's casting vote at directors' meetings**

- (1) If the numbers of votes for and against a proposal are equal, the Chairman or other director chairing the meeting has a casting vote.
- (2) But this does not apply if, in accordance with the articles, the Chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.

**15 Alternates voting at directors' meetings**

A director who is also an alternate director has an additional vote on behalf of each appointor who is-

- (a) not participating in a directors' meeting, and
- (b) would have been entitled to vote if they were participating in it.

**16 Conflicts of interest**

- (1) If a directors' meeting, or part of a directors' meeting, is concerned with an actual or proposed transaction or arrangement with the Company in which a director is interested, that director is not to be counted as participating in that meeting, or part of a meeting, for quorum or voting purposes.
- (2) But if paragraph (3) applies, a director who is interested in an actual or proposed transaction or arrangement with the Company is to be counted as participating in a decision at a directors' meeting, or part of a directors' meeting, relating to it for quorum and voting purposes.
- (3) This paragraph applies when-
  - (a) the Company by ordinary resolution disapplies the provision of the articles which would otherwise prevent a director from being counted as participating in, or voting at, a directors' meeting;

- (b) the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or
  - (c) the director's conflict of interest arises from a permitted cause.
- (4) For the purposes of this article, the following are permitted causes-
- (a) a guarantee given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the Company or any of its subsidiaries;
  - (b) subscription, or an agreement to subscribe, for shares or other securities of the Company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities; and
  - (c) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the Company or any of its subsidiaries which do not provide special benefits for directors or former directors.
- (5) Subject to paragraph (6), if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the Chairman whose ruling in relation to any director other than the Chairman is to be final and conclusive.
- (6) If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the Chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the Chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

## **17 Proposing directors' written resolutions**

- (1) Any director may propose a directors' written resolution.
- (2) The Company secretary must propose a directors' written resolution if a director so requests.

- (3) A directors' written resolution is proposed by giving notice of the proposed resolution to the directors.
- (4) Notice of a proposed directors' written resolution must indicate-
  - (a) the proposed resolution, and
  - (b) the time by which it is proposed that the directors should adopt it.
- (5) Notice of a proposed directors' written resolution must be given in writing to each director.
- (6) Any decision which a person giving notice of a proposed directors' written resolution takes regarding the process of adopting that resolution must be taken reasonably in good faith.

## **18 Adoption of directors' written resolutions**

- (1) A proposed directors' written resolution is adopted when all the directors who would have been entitled to vote on the resolution at a directors' meeting have signed one or more copies of it, provided that those directors would have formed a quorum at such a meeting.
- (2) It is immaterial whether any director signs the resolution before or after the time by which the notice proposed that it should be adopted.
- (3) Once a directors' written resolution has been adopted, it must be treated as if it had been a decision taken at a directors' meeting in accordance with the articles.
- (4) The Company secretary must ensure that the Company keeps a record, in writing, of all directors' written resolutions for at least ten years from the date of their adoption.

## **19 Telephone board meeting**

- (1) A board meeting may consist of a conference between directors some or all of whom are in different places provided that each director may participate in the

business of the meeting whether directly, by telephone or by any other electronic means which enables him:

- (a) to hear each of the other participating directors addressing the meeting; and
  - (b) if he so wishes, to address all of the other participating directors simultaneously.
- (2) A quorum is deemed to be present if at least the number of directors required to form a quorum, subject to the provisions of article 663, may participate in the manner specified above in the business of the meeting.
- (3) A board meeting held in this way is deemed to take place at the place where the largest group of participating directors is assembled or, if no such group is readily identifiable, at the place from where the chairman of the meeting participates.

## **20 Directors' discretion to make further rules**

Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

### **Appointment of directors**

## **21 Methods of appointing directors**

Any person who is willing to act as a director, either to fill a vacancy or as an additional director, and is permitted by law to do so, may be appointed to be a director-

- (a) by ordinary resolution, or
- (b) by a decision of the directors.

## **22 Retirement of directors by rotation**

- (1) At the first annual general meeting all the directors must retire from office.
- (2) At every subsequent annual general meeting any directors-

- (a) who have been appointed by ordinary resolution or the directors since the last annual general meeting, or
- (b) who were not appointed or reappointed at one of the preceding two annual general meetings,

must retire from office and may offer themselves for reappointment by the members.

## **23 Termination of director's appointment**

- (1) A person ceases to be a director as soon as-
  - (a) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;
  - (b) a bankruptcy order is made against that person;
  - (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
  - (d) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
  - (e) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have; or
  - (f) notification is received by the Company from the director that the director is resigning from office as director, and such resignation has taken effect in accordance with its terms.
- (2) The Company by extraordinary resolution, or by ordinary resolution of which special notice has been given in accordance with the Statutes, may remove any director before his period of office has expired notwithstanding anything in these articles or in any agreement between him and the Company.

- (3) A director may also be removed from office by notice to that effect signed by or on behalf of all the other directors (or their alternates).

## **24 Directors' remuneration**

- (1) Directors may undertake any services for the Company that the directors decide.
- (2) Subject to article 24(3) below, the directors are entitled to such remuneration and fees for their services to the Company in relation to the performance of the office of director as may be determined by the Company in general meeting by ordinary resolutions-
- (3) Directors who are employed by the Company shall be entitled to such remuneration in respect of such employment as the directors may determine.
- (4) Subject to the articles, a director's remuneration may-
  - (a) take any form, and
  - (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.
- (5) Unless the directors decide otherwise, directors' remuneration accrues from day to day.
- (6) Unless the directors decide otherwise, directors are not accountable to the Company for any remuneration which they receive as directors or other officers or employees of the Company's subsidiaries or of any other body corporate in which the Company is interested.

## **25 Directors' expenses**

The Company may pay any reasonable expenses which the directors properly incur in connection with their attendance at-

- (a) meetings of directors or committees of directors,
- (b) general meetings or annual general meeting, or

- (c) separate meetings of the holders of any class of shares or of debentures of the Company, or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

### **Alternate directors**

#### **26 Appointment and removal of alternates**

- (1) Any director (the "**appointor**") may appoint as an alternate any other director, or any other person approved by resolution of the directors, to-
  - (a) exercise that director's powers, and
  - (b) carry out that director's responsibilities,in relation to the taking of decisions by the directors in the absence of the alternate's appointor.
- (2) Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the directors.
- (3) The notice must-
  - (a) identify the proposed alternate, and
  - (b) in the case of a notice of appointment, contain a statement signed by the proposed  
alternate that the proposed alternate is willing to act as the alternate of the director giving the notice.

#### **27 Rights and responsibilities of alternate directors**

- (1) An alternate director has the same rights, in relation to any directors' meeting or directors' written resolution, as the alternate's appointor.
- (2) Except as the articles specify otherwise, alternate directors-
  - (a) are deemed for all purposes to be directors;

- (b) are liable for their own acts and omissions;
  - (c) are subject to the same restrictions as their appointors; and
  - (d) are not deemed to be agents of or for their appointors.
- (3) A person who is an alternate director but not a director-
- (a) may be counted as participating for the purposes of determining whether a quorum is participating (but only if that person's appointor is not participating), and
  - (b) may sign a written resolution (but only if it is not signed or to be signed by that person's appointor).

No alternate may be counted as more than one director for such purposes.

- (4) An alternate director is not entitled to receive any remuneration from the Company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the Company.

## **28 Termination of alternate directorship**

- (1) An alternate director's appointment as an alternate terminates-
- (a) when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
  - (b) on the occurrence in relation to the alternate of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director;
  - (c) on the death of the alternate's appointor; or
  - (d) when the alternate's appointor's appointment as a director terminates, except that an alternate's appointment as an alternate does not terminate when the appointor retires by rotation at a annual general meeting and is then re-appointed as a director at the same general meeting.

**29 Power to borrow money**

- (1) The directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (both present and future) and uncalled capital and, subject to the Statutes, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

**Secretary**

**30 Secretary**

Subject to the Statutes, the secretary shall be appointed by the board for such term, at such remuneration and on such conditions as it thinks fit, and the board may remove from office any person so appointed (without prejudice to any claim for damages for breach of any contract between him and the Company).

**PART 3**

**DECISION-MAKING BY MEMBERS**

**Organisation of General Meetings**

**31 Members can call general meeting if not enough directors**

If-

- (a) the Company has fewer than two directors, and
- (b) the director (if any) is unable or unwilling to appoint sufficient directors to make up a quorum or to call a general meeting to do so,

then two or more members may call a general meeting (or instruct the Company secretary to do so) for the purpose of appointing one or more directors.

**32 Attendance and speaking at general meetings**

- (1) A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during

the meeting, any information or opinions which that person has on the business of the meeting.

- (2) A person is able to exercise the right to vote at a general meeting when-
  - (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
  - (b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- (3) The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- (4) In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.
- (5) Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

### **33 Quorum for general meetings**

No business other than the appointment of the Chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum, save as herein otherwise provided, two members present in person or by proxy and entitled to vote shall be a quorum.

### **34 Chairing general meetings**

- (1) The Chairman shall chair general meetings if present and willing to do so.
- (2) If no Chairman has been appointed prior to the meeting, or if the Chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start-
  - (a) the directors present, or

(b) (if no directors are present), the general meeting,

must appoint a director or member to chair the meeting, and the appointment of the Chairman of the meeting must be the first business of the meeting.

(3) The person chairing a meeting in accordance with this article is referred to as "**the Chairman of the meeting**".

### **35 Attendance and speaking by directors and non-members**

(1) directors may attend and speak at general meetings, whether or not they are members.

(2) The Chairman of the meeting may permit other persons who are not-

(a) members of the Company, or

(b) otherwise entitled to exercise the rights of members in relation to general meetings,

to attend and speak at a general meeting.

### **36 Adjournment**

(1) If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the Chairman of the meeting must adjourn it.

(2) The Chairman of the meeting may adjourn a general meeting at which a quorum is present if-

(a) the meeting consents to an adjournment, or

(b) it appears to the Chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

(3) The Chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.

(4) When adjourning a general meeting, the Chairman of the meeting must-

- (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and
  - (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- (5) If the continuation of an adjourned meeting is to take place more than fourteen days after it was adjourned, the Company must give at least seven clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)-
- (a) to the same persons to whom notice of the Company's general meetings is required to be given, and
  - (b) containing the same information which such notice is required to contain.
- (6) No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

### **Voting at General Meetings**

#### **37 Voting: general**

A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles.

#### **38 Errors and disputes**

- (1) No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.
- (2) Any such objection must be referred to the Chairman of the meeting whose decision is final.

#### **39 Demanding a poll**

- (1) A poll on a resolution may be demanded-
  - (a) in advance of the general meeting where it is to be put to the vote, or

- (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.
- (2) A poll may be demanded by-
- (a) the Chairman of the meeting;
  - (b) the directors;
  - (c) two or more persons having the right to vote on the resolution; or
  - (d) a person or persons representing not less than one tenth of the total voting rights of all the members having the right to vote on the resolution.
- (3) A demand for a poll may be withdrawn if-
- (a) the poll has not yet been taken, and
  - (b) the Chairman of the meeting consents to the withdrawal.

#### **40 Procedure on a poll**

- (1) Subject to the articles, polls at general meetings must be taken when, where and in such manner as the Chairman of the meeting directs.
- (2) The Chairman of the meeting may appoint scrutineers (who need not be members) and decide how and when the result of the poll is to be declared.
- (3) The result of a poll shall be the decision of the meeting in respect of the resolution on which the poll was demanded.
- (4) A poll on-
  - (a) the election of the Chairman of the meeting, or
  - (b) a question of adjournment,must be taken immediately.
- (5) Other polls must be taken within thirty days of their being demanded.

- (6) A demand for a poll does not prevent a general meeting from continuing, except as regards the question on which the poll was demanded.
- (7) No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded.
- (8) In any other case, at least seven days' notice must be given specifying the time and place at which the poll is to be taken.

#### **41 Proxies**

- (1) A proxy need not be a member of the Company and a member may appoint more than one proxy to attend on the same occasion. If he does so he shall specify the number of shares held by him in respect of which each proxy is entitled to exercise rights. References in these articles to an appointment of proxy include references to an appointment of proxy and include references to an appointment of multiple proxies. The member is entitled to appoint proxies to exercise all or any of his rights to attend and speak and vote at a meeting of the Company.
- (2) The appointment of a proxy shall not preclude a member from attending and voting in person at the meeting at a show of hands or on the poll concerned. In the event that, and to the extent that, a member personally votes his shares, his proxy or proxies shall not be entitled to vote and any vote cast by a proxy in such circumstances shall be ignored.
- (3) The appointment of a proxy shall only be valid for the meeting mentioned in it and any adjournment of that meeting (including on any poll demanded at the meeting or any adjourned meeting).

#### **42 Content of Proxy Notices**

- (1) Proxies may only validly be appointed by a notice in writing (a "**Proxy Notice**") which-
  - (a) states the name and address of the member appointing the proxy;
  - (b) identifies the person appointed to be that member's proxy and the general meeting in relation to which that person is appointed;

- (c) is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the directors may determine; and
  - (d) is delivered to the Company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.
- (2) The Company may require Proxy Notices to be delivered in a particular form, and may specify different forms for different purposes.
  - (3) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
  - (4) Unless a Proxy Notice indicates otherwise, it must be treated as-
    - (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
    - (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

#### **43 Delivery of Proxy Notices**

- (1) Any notice of a general meeting must specify the address or addresses ("**proxy notification address**") at which the Company or its agents will receive Proxy Notices relating to that meeting, or any adjournment of it, delivered in hard copy or electronic form.
- (2) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid Proxy Notice has been delivered to the Company by or on behalf of that person.
- (3) Subject to paragraphs (4) and (5), a Proxy Notice must be delivered to a proxy notification address not less than 48 hours before the general meeting or adjourned meeting to which it relates.

- (4) In the case of a poll taken more than 48 hours after it is demanded, the notice must be delivered to a proxy notification address not less than 24 hours before the time appointed for the taking of the poll.
- (5) In the case of a poll not taken during the meeting but taken not more than 48 hours after it was demanded, the Proxy Notice must be delivered-
  - (a) in accordance with paragraph (3), or
  - (b) at the meeting at which the poll was demanded to the Chairman, secretary or any director.
- (6) An appointment under a Proxy Notice may be revoked by delivering a notice in writing given by or on behalf of the person by whom or on whose behalf the Proxy Notice was given to a proxy notification address.
- (7) A notice revoking a proxy appointment only takes effect if it is delivered before-
  - (a) the start of the meeting or adjourned meeting to which it relates, or
  - (b) (in the case of a poll not taken on the same day as the meeting or adjourned meeting) the time appointed for taking the poll to which it relates.
- (8) If a Proxy Notice is not signed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

#### **44 Amendments to resolutions**

- (1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if-
  - (a) notice of the proposed amendment is given to the Company secretary in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the Chairman of the meeting may determine), and
  - (b) the proposed amendment does not, in the reasonable opinion of the Chairman of the meeting, materially alter the scope of the resolution.

- (2) A Special Resolution to be proposed at a general meeting may be amended by ordinary resolution, if-
  - (a) the Chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
  - (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- (3) If the Chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the Chairman's error does not invalidate the vote on that resolution.

### **Restrictions on Members' Rights**

#### **45 No voting of shares on which money owed to Company**

No voting rights attached to a share may be exercised at any general meeting, at any adjournment of it, or on any poll called at or in relation to it, unless all amounts payable to the Company in respect of that share have been paid.

### **Application of Rules to Class Meetings**

#### **46 Class meetings**

The provisions of the articles relating to general meetings apply, with any necessary modifications, to meetings of the holders of any class of shares.

## **PART 4**

### **SHARES AND DISTRIBUTIONS**

#### **Issue of Shares**

#### **47 Powers to issue different classes of share**

- (1) Subject to the articles, but without prejudice to the rights attached to any existing share, the Company may issue shares with such rights (including preferred, deferred or other special rights) or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to

time by ordinary resolution determine (or, in the absence of any such determination, as the directors may determine).

- (2) If as a result of any consolidation and division or sub division of shares any members would become entitled to fractions of a share, the board may deal with the fractions as it thinks fit. In particular, the board may:
  - (a) (on behalf of those members) aggregate and sell the shares representing the fractions to any person (including, subject to the Statutes, the Company) and distribute the net proceeds of sale in due proportion among those members (except that any proceeds in respect of any holding less than a sum fixed by the board may be retained for the benefit of the Company); or
  - (b) subject to the Statutes, first, allot to a member credited as fully paid by way of capitalisation of any reserve account of the Company such number of shares as rounds up his holding to a number which, following consolidation and division or sub division, leaves a whole number of shares.
- (3) The Company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares provided that this is done before the shares are allotted.
- (4) The directors may at any time after the allotment of any share but before any person has been entered in the Register as the holder, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the directors may think fit to impose.

#### **48 Allotment at a discount**

The shares of the Company shall not be allotted at a discount and save as permitted by the Statutes shall not be allotted except as paid up at least as to one-quarter of their nominal value and the whole of any premium thereon.

#### **49 Payment of commissions on subscription for shares**

- (1) The Company may pay any person a commission in consideration for that person-
  - (a) subscribing, or agreeing to subscribe, for shares, or
  - (b) procuring, or agreeing to procure, subscriptions for shares.
- (2) Any such commission may be paid-
  - (a) in cash, or in fully paid or partly paid shares or other securities, or partly in one way and partly in the other, and
  - (b) in respect of a conditional or an absolute subscription.
- (3) The Company may also on any issue of shares pay such brokerage as may be lawful.

### **Interests in Shares**

#### **50 Purchase of shares**

Subject to the provisions of the Statutes, the Company may purchase any of its own shares (including any redeemable shares).

#### **51 Financial assistance**

The Company shall not give any financial assistance for the acquisition of shares in the Company except and in so far as permitted by the Statutes.

#### **52 Power to reduce capital**

Subject to the Statutes and to any rights conferred on the holders of any class of shares, the Company may by special resolution reduce its share capital, any capital redemption reserve, share premium account or redenomination reserve in any way.

#### **53 Company not bound by less than absolute interests**

Except as required by Statute or pursuant to the provisions of these articles, no person is to be recognised by the Company as holding any share upon any trust, and except as otherwise required by Statutes or these articles, the Company is not bound by or

compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

### **Shares not held in Certificated Form**

#### **54 Uncertificated shares**

- (1) Any share or class of shares of the Company may be issued or held on such terms, or in such a way subject to these articles and the Regulations, that-
  - (a) title to it or them is not, or must not be, evidenced by a certificate, or
  - (b) it or they may or must be transferred wholly or partly without a certificate.
- (2) The directors have power to take such steps as they think fit subject to these articles and the Regulations in relation to-
  - (a) the evidencing of and transfer of title to uncertificated shares (including in connection with the issue of such shares) subject to the requirements of the relevant system concerned;
  - (b) the conversion of certificated shares into uncertificated shares; or
  - (c) the conversion of uncertificated shares into certificated shares.
- (3) If-
  - (a) these articles give the directors power to take action, or require other persons to take action, in order to sell, transfer or otherwise dispose of shares, and
  - (b) uncertificated shares are subject to that power, but the power is expressed in terms which assume the use of a certificate or other written instrument,

the directors may take such action as is necessary or expedient to achieve the same results when exercising that power in relation to uncertificated shares.

- (4) In particular, the directors may take such action as they consider appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of an uncertificated share or otherwise to enforce a lien in respect of it.
- (5) The Company shall enter on the Register how many shares are held by each member in uncertificated form and in certificated form and shall maintain the Register in each case as required by the Regulations and the relevant system concerned. Unless the directors otherwise determine, shares which a member holds in uncertificated form must be treated as separate holdings from any shares which that member holds in certificated form.
- (6) A class of share shall not be treated as two classes by virtue only of that class comprising both certificated shares and uncertificated shares or as a result of any provision of these articles or the Regulations which applies only in respect of certificated or uncertificated shares.
- (7) The Company shall be entitled, in accordance with regulation 32(2)(c) of the Regulations, to require the conversion of an uncertificated share into certificated form to enable it to deal with that share in accordance with any provision in these articles.

### **Share Certificates**

#### **55 Share certificates to be issued except in certain cases**

- (1) This article does not apply to-
  - (a) uncertificated shares;
  - (b) shares in respect of which a share warrant has been issued; or
  - (c) shares in respect of which the Statutes permit the Company not to issue a certificate.
- (2) Subject to these articles, every person (other than a recognized clearing house (within the meaning of the Financial Services and Markets Act 2000) or a nominee of a recognized clearing house or of a recognized investment exchange (within the meaning of the Financial Services and Markets Act 2000) in respect of whom the Company is not by law required to complete and have ready for

delivery a certificate) upon becoming the holder of a certificated share and whose name is entered as a member on the Register shall be entitled without payment to receive within two months after allotment or lodgement of transfer (or within such other period as the conditions of issue shall provide) one certificate for all the certificated shares registered in his name.

- (3) In the case of shares of more than one class being registered in a member's name, a separate certificate for each class of certificated shares so registered, and where a member (except such a clearing house or nominee) transfers part of the shares of any class registered in his name he shall be entitled without payment to one certificate for the balance of certificated shares of that class retained by him.
- (4) In the case of joint holders, the Company shall not be bound to issue more than one certificate for all the shares in any particular class registered in their joint names, and delivery of a certificate for a share to any one of the joint holders shall be sufficient delivery to all.
- (5) A share certificate may be issued under seal or signed by at least one director and the secretary or by at least two directors (which may include any signature being applied mechanically or electronically). A share certificate shall specify the number and class and the distinguishing number (if any) of the shares to which it relates and the amount or respective amounts paid up on the shares, have affixed to them the Company's common seal and be otherwise executed in accordance with the Companies Acts. Any certificate so issued shall, as against the Company, be prima facie evidence of title of the person named in that certificate to the shares comprised in it.
- (6) A share certificate may be given to a member in accordance with the provisions of these articles on notices.
- (7) Except as otherwise specified in the articles, all certificates shall be issued free of charge but should a member require additional certificates, he shall pay for each additional certificate such reasonable sum (if any) as the directors may determine.
- (8) No certificate may be issued in respect of shares of more than one class.

- (9) In respect of certificated shares of one class held jointly by more than one person the Company shall not be bound to issue more than one certificate, and delivery of a certificate for such shares to one of the joint holders of such shares shall be sufficient delivery to all such holders.

## **56 Consolidated share certificates**

- (1) A member may request the Company, in writing, to replace-
  - (a) the member's separate certificates with a consolidated certificate, or
  - (b) the member's consolidated certificate with two or more separate certificates representing such proportion of the shares as the member may specify.
- (2) When the Company complies with such a request it may charge such reasonable fee as the directors may decide for doing so.
- (3) A consolidated certificate must not be issued unless any certificates which it is to replace have first been returned to the Company for cancellation.

## **57 Replacement share certificates**

- (1) If a certificate issued in respect of a member's shares is-
  - (a) damaged or defaced, or
  - (b) said to be lost, stolen or destroyed,then upon proof thereof to the satisfaction of the directors and on such indemnity with or without security as the directors deem adequate being given, a new certificate in lieu thereof shall be given to such member.
- (2) Every certificate issued under the last preceding Article shall be issued without payment, but there shall be paid to the Company such exceptional out-of-pocket expenses of the Company in connection with the request (including, without limiting the generality of the foregoing, the investigation of such request and the preparation and execution of any such indemnity or security) as the directors think fit.

## 58 Share warrants

- (1) The directors may issue a share warrant in respect of any fully paid share.
- (2) share warrants must be-
  - (a) issued in such form, and
  - (b) executed in such manner,as the directors decide.
- (3) A share represented by a share warrant may be transferred by delivery of the warrant representing it.
- (4) The directors may make provision for the payment of dividends in respect of any share represented by a share warrant.
- (5) Subject to the articles, the directors may decide the conditions on which any share warrant is issued. In particular, they may-
  - (a) decide the conditions on which new warrants are to be issued in place of warrants which are damaged or defaced, or said to have been lost, stolen or destroyed;
  - (b) decide the conditions on which bearers of warrants are entitled to attend and vote at general meetings;
  - (c) decide the conditions subject to which bearers of warrants may surrender their warrant so as to hold their shares in certificated or uncertificated form instead; and
  - (d) vary the conditions of issue of any warrant from time to time,and the bearer of a warrant is subject to the conditions and procedures in force in relation to it, whether or not they were decided or specified before the warrant was issued.
- (6) Subject to the conditions on which the warrants are issued from time to time, bearers of share warrants have the same rights and privileges as they would if

their names had been included in the register as holders of the shares represented by their warrants.

- (7) The Company must not in any way be bound by or recognise any interest in a share represented by a share warrant other than the absolute right of the bearer of that warrant to that warrant.

### **Variation of Rights**

#### **59 Variation of class rights**

- (1) If at any time the share capital is divided into different classes of shares, the rights attached to any class or any of such rights may, subject to the provisions of the Statutes, whether or not the Company is being wound up, be abrogated or varied with the consent in writing of the holders of at least three-quarters in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares), or with the sanction of a special resolution passed at a separate general meeting or an annual general meeting of the holders of the shares of that class.
- (2) The provisions of chapter 3 of part 13 of the 2006 Act (save as stated in section 334(2) to (3)) and the provisions of these articles relating to general meetings and annual general meeting shall, mutatis mutandis, so far as applicable apply, subject to the following provisions, namely:
  - (a) the necessary quorum at any such meeting, other than an adjourned meeting, shall be two persons present holding at least one-third in nominal value of the issued shares of the class in question (excluding any shares of that class held as treasury shares) For the avoidance of doubt, where a member has appointed several proxies only one such proxy shall count towards the quorum and he is treated as holding only the shares in respect of which those proxies are authorised to exercise voting rights;
  - (b) at an adjourned meeting one person present holding shares of the class in question or his proxy;
  - (c) every holder of shares of the class shall, on a poll, have one vote in respect of every share of the class held by him; and

- (d) any holder of shares of the class in question present in person or by proxy may demand a poll.

**60 Issues of further shares**

The rights attached to any class of shares shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by the terms upon which such shares are for the time being held, be deemed not to be abrogated or varied by the creation or issue of further shares ranking pari passu therewith.

**Lien on Shares**

**61 Lien on partly paid shares**

- (1) The Company shall have a first and paramount lien on every share (not being a fully paid share) for all amounts payable (whether or not due) in respect of that share. The lien shall extend to every amount payable in respect of that share.
- (2) The directors may at any time either generally or in any particular case declare any share to be wholly or partly exempt from this article. Unless otherwise agreed, the registration of a transfer of a share shall operate as a waiver of the Company's lien (if any) on that share.

**62 Enforcement of lien**

- (1) The Company may sell any share subject to a lien in such manner as the board may decide if an amount payable on the share is due and is not paid within fourteen clear days after a notice has been given to the holder or any person entitled by transmission to the share demanding payment of that amount and giving notice of intention to sell in default.
- (2) To give effect to any sale under this article, the board may authorise some person to transfer the share sold to, or as directed by, the purchaser. The purchaser shall not be bound to see to the application of the purchase money nor shall the title of the new holder to the share be affected by any irregularity in or invalidity of the proceedings relating to the sale.
- (3) The net proceeds of the sale, after payment of the costs, shall be applied in or towards satisfaction of the amount due and any residue shall (subject to a like lien

for any amounts not presently due as existed on the share before the sale), on surrender of the certificate for the shares sold, be paid to the holder or person entitled by transmission to the share immediately before the sale.

(4) The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the lien) must be applied-

(a) first, in payment of so much of the sum for which the lien exists as is presently payable,

(b) second, to the person entitled to the shares at the date of the sale, but only after the certificate for the shares sold has been surrendered to the Company for cancellation or a suitable indemnity has been given for any lost certificates, and subject to a lien equivalent,

to the lien over the shares before the sale for any money presently payable in respect of the shares at the date of sale.

(5) A statutory declaration in writing that the declarant is a director or the Company Secretary of the Company and that a share has been duly forfeited or surrendered or sold to satisfy the Company's Lien on a date specified in the declaration:

(a) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share, and

(b) subject to compliance with any other formalities of transfer required by these articles or by Statutes, constitutes a good title to the share and to the person to whom the share is sold, re-allotted or disposed of

### **Call on Shares**

## **63 Calls**

(1) Subject to the terms of allotment, the directors may make calls on the members in respect of any moneys unpaid on their shares (whether in respect of nominal amount or premium) and each member shall (subject to his receiving at least fourteen clear days' notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on his shares. A call may be revoked or postponed as the board may decide.

- (2) Any call may be made payable in one sum or by instalments and shall be deemed to be made at the time when the resolution of the board authorising that call is passed.
- (3) A person on whom a call is made shall remain liable for it notwithstanding the subsequent transfer of the share in respect of which the call is made.
- (4) The joint holders of a share shall be jointly and severally liable for the payment of all calls in respect of that share.

#### **64 Interest on calls**

If a call is not paid before or on the due date for payment, the person from whom it is due shall pay interest on the amount unpaid, from the due date for payment to the date of actual payment, at such rate as the directors may decide, but the directors may waive payment of the interest, wholly or in part.

#### **65 Sums treated as calls**

A sum which by the terms of allotment of a share is payable on allotment, or at a fixed time, or by instalments at fixed times, shall for all purposes of these articles be deemed to be a call duly made and payable on the date or dates fixed for payment and, in case of non payment, these articles shall apply as if that sum had become payable by virtue of a call.

#### **66 Power to differentiate**

On any issue of shares the directors may make arrangements for a difference between the allottees or holders of the shares in the amounts and times of payment of calls on their shares.

#### **67 Payment of calls in advance**

The directors may, if it thinks fit, receive all or any part of the moneys payable on a share beyond the sum actually called up on it if the holder is willing to make payment in advance and, on any moneys so paid in advance, may (until they would otherwise be due) pay interest at such rate as may be agreed between the directors and the member paying the sum in advance.

## **Forfeiture on Shares**

### **68 Notice of unpaid calls**

- (1) If the whole or any part of any call or instalment remains unpaid on any share after the due date for payment, the directors may give a notice to the holder requiring him to pay so much of the call or instalment as remains unpaid, together with any accrued interest.
- (2) The notice shall state a further day, being not less than fourteen clear days from the date of the notice, on or before which, and the place where, payment is to be made and shall state that, in the event of non payment on or before the day and at the place appointed, the share in respect of which the call was made or instalment is payable will be liable to be forfeited.
- (3) The directors may accept a surrender of any share liable to be forfeited.

### **69 Forfeiture on non compliance with notice**

- (1) If the requirements of a notice given under the preceding article are not complied with, any share in respect of which it was given may (before the payment required by the notice is made) be forfeited by a resolution of the directors. The forfeiture shall include all dividends declared and other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.
- (2) If a share is forfeited, notice of the forfeiture shall be given to the person who was the holder of the share or (as the case may be) the person entitled to the share by transmission, and an entry that notice of the forfeiture has been given, with the relevant date, shall be made in the register; but no forfeiture shall be invalidated by any omission to give such notice or to make such entry.

### **70 Power to annul forfeiture or surrender**

The directors may, at any time before the forfeited or surrendered share has been sold, re allotted or otherwise disposed of, annul the forfeiture or surrender upon payment of all calls and interest due on or incurred in respect of the share and on such further conditions (if any) as it thinks fit.

## **71 Disposal of forfeited or surrendered shares**

- (1) Every share which is forfeited or surrendered shall become the property of the Company and (subject to the Statutes) may be sold, re allotted or otherwise disposed of, upon such terms and in such manner as the directors shall decide either to the person who was before the forfeiture the holder of the share or to any other person and whether with or without all or any part of the amount previously paid up on the share being credited as so paid up. The directors may for the purposes of a disposal authorise some person to transfer the forfeited or surrendered share to, or in accordance with the directions of, any person to whom the same has been disposed of.
- (2) A statutory declaration by a director or the Company Secretary of the Company that a share has been forfeited or surrendered on a specified date shall, as against all persons claiming to be entitled to the share, be conclusive evidence of the facts stated in it and shall (subject to the execution of any necessary transfer) constitute a good title to the share. The person to whom the share has been disposed of shall not be bound to see to the application of the consideration for the disposal (if any) nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings connected with the forfeiture, surrender, sale, re allotment or disposal of the share.

## **72 Arrears to be paid notwithstanding forfeiture or surrender**

A person any of whose shares have been forfeited or surrendered shall cease to be a member in respect of the forfeited or surrendered share and shall surrender to the Company for cancellation any certificate for the share forfeited or surrendered, but shall remain liable (unless payment is waived in whole or in part by the board) to pay to the Company all moneys payable by him on or in respect of that share at the time of forfeiture or surrender, together with interest from the time of forfeiture or surrender until payment at such rate as the board shall decide, in the same manner as if the share had not been forfeited or surrendered. He shall also be liable to satisfy all the claims and demands (if any) which the Company might have enforced in respect of the share at the time of forfeiture or surrender. No deduction or allowance shall be made for the value of the share at the time of forfeiture or surrender or for any consideration received on its disposal.

## Transfer and Transmission of Shares

### 73 Transfers of certificated shares

- (1) certificated shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of-
  - (a) the transferor, and
  - (b) (if any of the shares is partly paid) the transferee.
- (2) No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
- (3) The Company may retain any instrument of transfer which is registered.
- (4) The transferor remains the holder of a certificated share until the transferee's name is entered in the register of members as holder of it.
- (5) The directors may refuse to register the transfer of a share (whether a certificated or an uncertificated share) if-
  - (a) the share is not fully paid;
  - (b) the transfer is not lodged at the Company's registered office or such other place as the directors have appointed;
  - (c) the transfer is not accompanied by the certificate for the shares to which it relates, or such other evidence as the directors may reasonably require to show the transferor's right to make the transfer, or evidence of the right of someone other than the transferor to make the transfer on the transferor's behalf;
  - (d) the transfer is in respect of more than one class of share; or
  - (e) the transfer is in favour of more than four transferees.
- (6) If the directors refuse to register a transfer they shall, in the case of certificated shares, within two months after the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal and (except in the case of

fraud) return to him the instrument of transfer or, in the case of uncertificated shares, notify such person as may be required by the Regulations and the requirements of the relevant system concerned.

**74 Transfer of uncertificated shares**

All transfers of uncertificated shares shall be made in accordance with and be subject to the provisions of the Regulations and the requirements of the relevant system.

**75 Transmission of shares**

- (1) If title to a share passes to a transmittee, the Company may only recognise the transmittee as having any title to that share.
- (2) Nothing in these articles releases the estate of a deceased member from any liability in respect of a share solely or jointly held by that member.
- (3) In relation to the transfer of any share (whether a certificated or an uncertificated share) the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof.

**76 Transmittees' rights**

- (1) A transmittee who produces such evidence of entitlement to shares as the directors may properly require-
  - (a) may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person, and
  - (b) subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had.
- (2) But transmittees do not have the right to attend or vote at a general meeting or annual general meeting in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares

## **77 Exercise of transmitters' rights**

- (1) transmitters who wish to become the holders of shares to which they have become entitled must notify the Company in writing of that wish.
- (2) If the share is a certificated share and a transmitter wishes to have it transferred to another person, the transmitter must execute an instrument of transfer in respect of it.
- (3) If the share is an uncertificated share and the transmitter wishes to have it transferred to another person, the transmitter must-
  - (a) procure that all appropriate instructions are given to effect the transfer, or
  - (b) procure that the uncertificated share is changed into certificated form and then execute an instrument of transfer in respect of it.
- (4) Any transfer made or executed under this article is to be treated as if it were made or executed by the person from whom the transmitter has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

## **78 Transmitters bound by prior notices**

If a notice is given to a member in respect of shares and a transmitter is entitled to those shares, the transmitter is bound by the notice if it was given to the member before the transmitter's name has been entered in the register of members.

### **Disclosure of interest in shares**

## **79 Disclosure of interests in shares**

- (1) This article applies where the Company gives to the holder of a share or to any person appearing to be interested in a share a notice requiring any of the information mentioned in section 793 of the 2006 Act (a "section 793 notice").
- (2) If a section 793 notice is given by the Company to a person appearing to be interested in any share, a copy shall at the same time be given to the holder, but the accidental omission to do so or the non receipt of the copy by the holder shall not prejudice the operation of the following provisions of this article.

- (3) If the holder of, or any person appearing to be interested in, any share has been given a section 793 notice and, in respect of that share (a “**default share**”), has been in default for a period of 14 days after the section 793 notice has been given in supplying to the Company the information required by the section 793 notice, the restrictions referred to below shall apply. Those restrictions shall continue for the period specified by the board, being not more than seven days after the earlier of:
- (a) the Company being notified that the default shares have been sold pursuant to an exempt transfer; or
  - (b) due compliance, to the satisfaction of the board, with the section 793 notice.

The board may waive these restrictions, in whole or in part, at any time.

- (4) The restrictions referred to above are as follows:
- (a) if the default shares in which any one person is interested or appears to the Company to be interested represent less than 0.25 per cent. (in nominal value) of the issued shares of the class, the holders of the default shares shall not be entitled, in respect of those shares, to attend or to vote, either personally or by proxy, at any general meeting or annual general meeting of the Company; or
  - (b) if the default shares in which any one person is interested or appears to the Company to be interested represent at least 0.25 per cent. (in nominal value) of the issued shares of the class, the holders of the default shares shall not be entitled, in respect of those shares:
    - (i) to attend or to vote, either personally or by proxy, at any general meeting or annual general meeting of the Company; or
    - (ii) to receive any dividend or other distribution; or
    - (iii) to transfer or agree to transfer any of those shares or any rights in them.

The restrictions in subparagraphs (a) and (b) above shall not prejudice the right of either the member holding the default shares or, if different, any person having a power of sale over those shares to sell or agree to sell those shares under an exempt transfer.

- (5) If any dividend or other distribution is withheld under paragraph (4)(b) above, the member shall be entitled to receive it as soon as practicable after the restriction ceases to apply.
- (6) If, while any of the restrictions referred to above apply to a share, another share is allotted in right of it (or in right of any share to which this paragraph applies), the same restrictions shall apply to that other share as if it were a default share. For this purpose, shares which the Company allots, or procures to be offered, pro rata (disregarding fractional entitlements and shares not offered to certain members by reason of legal or practical problems associated with issuing or offering shares outside the United Kingdom) to holders of shares of the same class as the default share shall be treated as shares allotted in right of existing shares from the date on which the allotment is unconditional or, in the case of shares so offered, the date of the acceptance of the offer.
- (7) For the purposes of this article:
  - (a) an "**exempt transfer**" in relation to any share is a transfer pursuant to:
    - (i) a sale of the share on a recognised investment exchange as defined in the Financial Services and Markets Act 2000 in the United Kingdom or on any stock exchange outside the United Kingdom on which shares of that class are listed or normally traded; or
    - (ii) a sale of the whole beneficial interest in the share to a person whom the board is satisfied is unconnected with the existing holder or with any other person appearing to be interested in the share; or
    - (iii) acceptance of a takeover offer (as defined for the purposes of Part 28 of the 2006 Act);

- (b) the percentage of the issued shares of a class represented by a particular holding shall be calculated by reference to the shares in issue at the time when the section 793 notice is given; and
  - (c) a person shall be treated as appearing to be interested in any share if the Company has given to the member holding such share a section 793 notice and either (i) the member has named the person as being interested in the share or (ii) (after taking into account any response to any section 793 notice and any other relevant information) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the share.
- (8) The provisions of this article are without prejudice to the provisions of section 794 of the 2006 Act and, in particular, the Company may apply to the court under section 794(1) of the 2006 Act whether or not these provisions apply or have been applied.

### **Consolidation of Shares**

#### **80 Fraction of shares**

Subject to any direction by the Company in general meeting, whenever as the result of any consolidation or division of shares members of the Company are entitled to any issued shares of the Company in fractions, the directors may deal with such fractions as they shall determine and in particular may sell the shares to which members are so entitled in fractions to any person (including, subject to the provisions of the Statutes, the Company) and pay and distribute to and amongst the members entitled to such shares in due proportions the net proceeds of the sales thereof save for individual entitlements (net of expenses) not exceeding £3 which may be retained for the benefit of the Company.

#### **81 Procedure for disposing of fractions of shares**

- (1) This article applies where-
  - (a) there has been a consolidation or division of shares, and
  - (b) as a result, members are entitled to fractions of shares.
- (2) The directors may-

- (a) sell the shares representing the fractions to any person including the Company for the best price reasonably obtainable;
  - (b) in the case of a certificated share, authorise any person to execute an instrument of transfer of the shares to the purchaser or a person nominated by the purchaser; and
  - (c) distribute the net proceeds of sale in due proportion among the holders of the shares.
- (3) Where any holder's entitlement to a portion of the proceeds of sale amounts to less than a minimum figure determined by the directors, that member's portion may be distributed to an organisation which is a charity for the purposes of the laws of England and Wales, Scotland or Northern Ireland.
- (4) The person to whom the shares are transferred is not obliged to ensure that any purchase money is received by the person entitled to the relevant fractions.
- (5) The transferee's title to the shares is not affected by any irregularity in or invalidity of the process leading to their sale.

## **Distributions**

### **82 Procedure for declaring dividends**

- (1) The Company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.
- (2) A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.
- (3) No dividend may be declared or paid unless it is in accordance with members' respective rights.
- (4) Unless the members' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each member's holding of shares on the date of the resolution or decision to declare or pay it.

- (5) If the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- (6) The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- (7) If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

### **83 Calculation of dividends**

- (1) Except as otherwise provided by the articles or the rights attached to shares, all dividends must be-
  - (a) declared and paid according to the amounts paid up on the shares on which the dividend is paid, and
  - (b) apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.
- (2) If any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly.
- (3) For the purposes of calculating dividends, no account is to be taken of any amount which has been paid up on a share in advance of the due date for payment of that amount.

### **84 Payment of dividends and other distributions**

- (1) Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means-
  - (a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;
  - (b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if

the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide;

- (c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or
- (d) any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.

(2) In the articles, "**the distribution recipient**" means, in respect of a share in respect of which a dividend or other sum is payable-

- (a) the holder of the share; or
- (b) if the share has two or more joint holders, whichever of them is named first in the register of members; or
- (c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or

otherwise by operation of law, the transmittee.

## **85 Deductions from distributions in respect of sums owed to the Company**

(1) If-

- (a) a share is subject to a lien, and
- (b) the directors are entitled to issue an enforcement notice in respect of it,

they may, instead of issuing an enforcement notice, deduct from any dividend or other sum payable in respect of the share any sum of money which is payable to the Company in respect of that share to the extent that they are entitled to require payment under an enforcement notice.

(2) Money so deducted must be used to pay any of the sums payable in respect of that share.

(3) The Company must notify the distribution recipient in writing of-

- (a) the fact and amount of any such deduction;
- (b) any non-payment of a dividend or other sum payable in respect of a share resulting from any such deduction; and
- (c) how the money deducted has been applied.

**86 No interest on distributions**

The Company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by-

- (a) the terms on which the share was issued, or
- (b) the provisions of another agreement between the holder of that share and the Company.

**87 Unclaimed distributions**

(1) All dividends or other sums which are-

- (a) payable in respect of shares, and
- (b) unclaimed after having been declared or become payable,

may be invested or otherwise made use of by the directors for the benefit of the Company until claimed.

(2) The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.

(3) If-

- (a) twelve years have passed from the date on which a dividend or other sum became due for payment, and
- (b) the distribution recipient has not claimed it,

the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

## **88 Non-cash distributions**

- (1) Subject to the terms of issue of the share in question, the Company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any Company).
- (2) If the shares in respect of which such a non-cash distribution is paid are uncertificated, any shares in the Company which are issued as a non-cash distribution in respect of them must be uncertificated.
- (3) For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution-
  - (a) fixing the value of any assets;
  - (b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and
  - (c) vesting any assets in trustees.

## **89 Waiver of distributions**

Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the Company notice in writing to that effect, but if-

- (a) the share has more than one holder, or
- (b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

## **Record Dates**

### **90 Fixing of record dates**

- (1) Notwithstanding any other of these articles, but without prejudice to any rights attached to any shares, the Company or the board may fix a date as the record date by reference to which a dividend will be declared or paid or a distribution, allotment or issue made, and that date may be before, on or after the date on which the dividend, distribution, allotment or issue is declared, paid or made.
- (2) In the absence of a record date being fixed, entitlement to any dividend, distribution, allotment or issue shall be determined by reference to the date on which the dividend is declared or the distribution, allotment or issue is made.

## **Accounts**

### **91 Accounting records**

- (1) The board shall cause accounting records of the Company to be kept in accordance with the Statutes.
- (2) No member (as such) shall have any right of inspecting any account, book or document of the Company, except as conferred by law or authorised by the board or by any ordinary resolution of the Company.

## **Notices**

### **92 Form of notices**

- (1) Except where otherwise expressly stated, any notice to be given to or by any person under these articles shall be in writing or, to the extent permitted by the Statutes and subject to paragraph (2), contained in an electronic communication.
- (2) The board may from time to time specify the form and manner in which a notice may be given to the Company by electronic means, including one or more addresses for the receipt of an electronic communication, and may prescribe such procedures as it thinks fit for verifying the authenticity or integrity of any such electronic communication. A notice may be given to the Company by electronic

means only if it is given in accordance with the requirements specified by the board.

### **93 Manner of giving notices**

- (1) A notice in writing, document or other communication may be given or served by the Company to any member either personally or by sending it through the post addressed to the member at his registered address (or if the member has no registered address to the postal address, if any, supplied by him to the Company as his address for the service of notices) or by leaving it at that address.
- (2) Subject to the Statutes, a notice, document or other communication may be given by the Company to any member by electronic means to such address as may from time to time be authorised by the member concerned or by publishing it on a web site where:
  - (a) the Company and that member have agreed to the use of electronic communication for sending copies of documents to the member and:
    - (i) the documents are documents to which the agreement applies; and
    - (ii) copies of the documents are sent using electronic communication to such address (or to one of such addresses if more than one) as may for the time being be notified by the member to the Company for that purpose; or
    - (iii) the Company and that member have agreed to that member having access to documents on a website (instead of documents being sent to him); and:
      - (aa) the member has agreed (generally or specifically) that the notice, document or other communication may be sent or supplied to him by being made available on a website (and has not revoked that agreement), or the member has been asked by the Company to agree that the Company may send or supply notices, documents and other communications generally, or the notice, document or other communication in question, to him by making it

available on a website and the Company has not received a response within the period of 28 days beginning on the date on which the Company's request was sent and the member is therefore taken to have so agreed (and has not revoked that agreement);

(bb) the member is sent a notification of the presence of the notice, document or communication on a website, the address of that website, the place on that website where it may be assessed, and how it may be accessed ("**notification of availability**");

(cc) in the case of a notice of meeting, the notification of availability states that it concerns a notice of a company meeting, specifies the place, time and date of the meeting, and states whether it will be an annual general meeting; and

(dd) the notice, document or communication continues to be published on that website, in the case of a notice of meeting, throughout the period beginning with the date of the notification of availability and ending with the conclusion of the meeting and in all other cases throughout the period specified by any applicable provision of the Statutes, or, if no such period is specified, throughout the period of 28 days beginning with the date on which the notification of availability is sent to the member, save that if the notice, document or communication is made available for part only of that period then failure to make it available throughout that period shall be disregarded where such failure is wholly attributable to circumstances which it would not be reasonable to have expected the Company to prevent or avoid.

(3) A member of the Company which is itself a company shall be deemed to have agreed that the Company may send a notice or other document in accordance with

paragraph 2(a) above if the member is deemed by a provision in the Statutes to have agreed that the notice or document may be so sent.

- (4) In the case of joint holders of a share, any notice, document or other communication given or served by the Company in any manner permitted by these articles to the joint holder who is named first in the register in respect of the joint holding shall be deemed to be given to all other holders of the share. The agreement of the first named holder that notices, documents and other communications may be given, sent or supplied in electronic form or by being made available on a website shall be binding on all the joint holders.
- (5) A member whose registered address is not within the United Kingdom and who gives to the Company an address within the United Kingdom (not being an electronic address) at which notices may be given to him shall be entitled to have notices given to him at that address but, unless he does so, shall not be entitled to receive any notice from the Company.
- (6) For the avoidance of doubt, the provisions of this article 112 are subject to article 27.

#### **94 Notice in event failure of postal services**

If at any time by reason of the suspension or curtailment of postal services within the United Kingdom or any part of the United Kingdom, or of services for delivery by electronic means, the Company is unable in the opinion of the board effectively to convene a general meeting or annual general meeting by notices sent through the post (or by notification by post as to the availability of the notice of meeting on a website) or (in the case of those members in respect of whom an address has for the time being been notified to the Company, in a manner specified by the board, for the purpose of giving notices by electronic means) by electronic means, the board may decide that the only persons to whom notice of the affected general meeting or annual general meeting must be sent are:

- (a) the board;
- (b) the Company's auditors;

- (c) those members to whom notice to convene the general meeting or annual general meeting can validly be sent by electronic means; and
- (d) those members to whom notice to convene the general meeting or annual general meeting can validly be sent by means of a website and to whom notification as to the availability of the notice of meeting on a website can validly be sent by electronic means.

In any such case the Company shall:

- (i) send confirmatory copies of the notice (or a confirmatory notification as to the availability of the notice on the Company's website in the case of those members to whom notice to convene the general meeting or annual general meeting can validly be sent by means of a website but to whom notification as to the availability of the notice of the meeting on a website cannot validly be sent by electronic means) by post or (as the case may be) by electronic means if, at least seven days prior to the date of the general meeting or annual general meeting, the posting of notices to addresses throughout the United Kingdom or (as the case may be) the sending of notices by electronic means again becomes, in the opinion of the board, practicable;
- (ii) advertise the notice of meeting in at least one national newspaper; and
- (iii) make the notice of meeting available on its website from the day the notice was sent until the conclusion of the meeting or any adjournment thereof.

## **95 When notice is deemed given**

- (1) Any notice in writing, document or other communication, if sent by first class post, shall be deemed to have been given on the day following that on which the envelope containing it is put into the post, or, if sent by second class post, shall be deemed to have been given on the second day following that on which the envelope containing it is put into the post and in proving that a notice, document or other communication has been given it shall be sufficient to prove that the letter, envelope or wrapper containing the notice, document or other communication was properly addressed, prepaid and put into the post.

- (2) Any notice in writing, document or other communication not sent by post but left at a registered address or address at which a notice, document or other communication may be given shall be deemed to have been given on the day it was so left.
- (3) Any notice, document or other communication, if sent by electronic means (including through any relevant system), shall be deemed to have been given on the day following that on which the electronic communication was sent by or on behalf of the Company. Proof that a notice, document or other information in electronic form was sent will be sufficient to prove that the notice, document or other information was properly addressed subject to the provisions of section 1147(4) of the 2006 Act as to deemed delivery of documents or information by means of a website.
- (4) Any notice, document or other communication that has been made available on a website shall be deemed to have been received on the date on which notification of availability on the website is deemed to have been received in accordance with this article or, if later, the date on which it is first made available on the website.
- (5) A member present, either in person or by proxy, at any meeting of the Company or class of members of the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which the meeting was convened.
- (6) Every person who becomes entitled to a share shall be bound by every notice (other than a notice in accordance with section 793 of the 2006 Act) in respect of that share which before his name is entered in the register was given to the person from whom he derives his title to the share.

## **96 Record date for giving notices**

- (1) For the purposes of giving notices of meetings, documents or other communications, whether under the Statutes, a provision in these articles or any other instrument, the Company may determine that persons entitled to receive such notices, documents or other communications are those persons entered on the register at the close of business on a day determined by it.

- (2) The day determined by the Company under paragraph (1) above may not be more than fifteen days before the day that the notice of the meeting, document or other communication is given.

**97 Notice to person entitled by transmission**

Where a person is entitled by transmission to a share, any notice or other communication shall be given to him, as if he were the holder of that share and his address noted in the register were his registered address. In any other case, any notice or other communication given to any member pursuant to these articles shall, notwithstanding that the member is then dead or bankrupt or that any other event giving rise to the transmission of the share by operation of law has occurred and whether or not the Company has notice of the death, bankruptcy or other event, be deemed to have been properly given in respect of any share registered in the name of that member as sole or joint holder.

**Untraced Members**

**98 Sale of shares of untraced members**

- (1) The Company may sell, in such manner as the board may decide and at the best price it considers to be reasonably obtainable at that time, any share of a member, or any share to which a person is entitled by transmission if:
  - (a) during a period of twelve years at least three cash dividends have become payable in respect of the share to be sold and have been sent by the Company in accordance with these articles;
  - (b) during that period of twelve years no cash dividend payable in respect of the share has been claimed, no cheque, warrant, order or other payment for a dividend has been cashed, no dividend sent by means of a funds transfer system has been paid and no communication has been received by the Company from the member or the person entitled by transmission to the share;
  - (c) on or after the expiry of that period of twelve years the Company has published advertisements both in a national newspaper and in a newspaper circulating in the area in which the last known address of the member or person entitled by transmission to the share or the address at which

notices may be given in accordance with these articles is located, in each case giving notice of its intention to sell the share; and

- (d) during the period of three months following the publication of those advertisements and after that period until the exercise of the power to sell the share, the Company has not received any communication from the member or the person entitled by transmission to the share.
- (2) The Company's power of sale shall extend to any further share which, on or before the date of publication of the first of any advertisement pursuant to subparagraph (1)(c) above, is issued in right of a share to which paragraph (1) applies (or in right of any share to which this paragraph applies) if the conditions set out in subparagraphs (1)(b) to (d) are satisfied in relation to the further share (but as if the references to a period of twelve years were references to a period beginning on the date of allotment of the further share and ending on the date of publication of the first of the advertisements referred to above).
  - (3) To give effect to any sale, the board may authorise some person to transfer the share to, or as directed by, the purchaser, who shall not be bound to see to the application of the purchase money; nor shall the title of the new holder to the share be affected by any irregularity in, or invalidity of, the proceedings relating to the sale.

## **99 Application of proceeds of sale**

- (1) The Company shall account to the person entitled to the share at the date of sale for a sum equal to the net proceeds of sale and shall be deemed to be his debtor, and not a trustee for him, in respect of them.
- (2) Pending payment of the net proceeds of sale to such person, the proceeds may either be employed in the business of the Company or invested in such investments (other than shares of the Company or its holding company, if any) as the board may from time to time decide.
- (3) No interest shall be payable in respect of the net proceeds and the Company shall not be required to account for any moneys earned on the net proceeds.

## Capitalisation of Profits

### 100 Capitalisation of reserves

- (1) The board may, with the authority of an ordinary resolution of the Company:
  - (a) resolve to capitalise any sum standing to the credit of any reserve account of the Company (including share premium account and capital redemption reserve) or any sum standing to the credit of profit and loss account or retained earnings account not required for the payment of any preferential dividend (whether or not it is available for distribution); and
  - (b) appropriate that sum as capital to the holders of ordinary shares in proportion to the nominal amount of the ordinary share capital held by them respectively and apply that sum on their behalf in paying up in full any new shares or debentures of the Company of a nominal amount equal to that sum and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions or in paying up the whole or part of any amounts which are unpaid in respect of any issued shares in the Company held by them respectively, or otherwise deal with such sum as directed by the resolution provided that the share premium account and the capital redemption reserve and any sum not available for distribution in accordance with the Statutes may only be applied in paying up new shares to be allotted credited as fully paid up.
- (2) Where any difficulty arises in respect of any capitalised reserve or other sum, the board may settle the difficulty as it thinks fit and in particular may make such provisions as it thinks fit in the case of shares or debentures becoming distributable in fractions (including provisions under which, in whole or in part, the benefit of fractional entitlements accrues to the Company rather than the members concerned) or ignore fractions and may fix the value for distribution of any fully paid up shares or debentures and may determine that cash payments be made to any members on the basis of the value so fixed in order to secure equality of distribution, and may vest any shares or debentures in trustees upon such trusts for the persons entitled to share in the distribution as the board may think fit.

- (3) The board may also authorise any person to sign on behalf of the persons entitled to share in the distribution a contract for the acceptance by those persons of the shares or debentures to be allotted to them credited as fully paid under a capitalisation and any such contract shall be binding on all those persons.

#### **101 Capitalisation of reserves – employees' share schemes**

- (1) This article (which is without prejudice to the generality of the provisions of the immediately preceding article) applies:
  - (a) where a person is granted pursuant to an employees' share scheme a right to subscribe for shares in the Company in cash at a subscription price less than their nominal value; and
  - (b) where, pursuant to an employees' share scheme, the terms on which any person is entitled to subscribe in cash for shares in the Company are adjusted as a result of a capitalisation issue, rights issue or other variation of capital so that the subscription price is less than their nominal value.
- (2) In any such case the board:
  - (a) shall transfer to a reserve account a sum equal to the deficiency between the subscription price and the nominal value of the shares (the "**cash deficiency**") from the profits or reserves of the Company which are available for distribution and not required for the payment of any preferential dividend; and
  - (b) (subject to paragraph (4) below) shall not apply that reserve account for any purpose other than paying up the cash deficiency upon the allotment of those shares.
- (3) Whenever the Company is required to allot shares pursuant to such a right to subscribe, the board shall (subject to the Statutes) appropriate to capital out of the reserve account an amount equal to the cash deficiency applicable to those shares, apply that amount in paying up the deficiency on the nominal value of those shares and allot those shares credited as fully paid to the person entitled to them.
- (4) If any person ceases to be entitled to subscribe for shares as described above, the restrictions on the reserve account shall cease to apply in relation to such part of

the account as is equal to the amount of the cash deficiency applicable to those shares.

- (5) No right shall be granted under any employees' share scheme under paragraph (1)(a) above and no adjustment shall be made as mentioned in paragraph (1)(b) above unless there are sufficient profits or reserves of the Company available for distribution and not required for the payment of any preferential dividend to permit the transfer to a reserve account in accordance with this article of an amount sufficient to pay up the cash deficiency applicable to the shares concerned.

## **PART 5**

### **MISCELLANEOUS PROVISIONS**

#### **Communications**

#### **102 Means of communication to be used**

- (1) Subject to the articles, anything sent or supplied by or to the Company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Company.
- (2) Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
- (3) A director may agree with the Company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

#### **103 Failure to notify contact details**

- (1) If-

- (a) the Company sends two consecutive documents to a member over a period of at least 12 months, and
- (b) each of those documents is returned undelivered, or the Company receives notification that it has not been delivered,

that member ceases to be entitled to receive notices from the Company.

- (2) A member who has ceased to be entitled to receive notices from the Company becomes entitled to receive such notices again by sending the Company-
  - (a) a new address to be recorded in the register of members, or
  - (b) if the member has agreed that the Company should use a means of communication other than sending things to such an address, the information that the Company needs to use that means of communication effectively.

### **Administrative Arrangements**

#### **104 Seal**

- (1) The Company may exercise the powers conferred by the Statutes with regard to having official seals and those powers shall be vested in the board.
- (2) The directors shall provide for the safe custody of every seal of the Company.
- (3) A seal shall be used only by the authority of the board or a duly authorised committee but that authority may consist of an instruction or approval given in writing or by electronic means by a majority of the directors or of the members of a duly authorised committee.
- (4) The directors may determine who shall sign any instrument to which a seal is applied, either generally or in relation to a particular instrument or type of instrument, and may also determine, either generally or in any particular case, that such signatures shall be dispensed with.
- (5) Unless otherwise decided by the board:

- (a) certificates for shares, debentures or other securities of the Company issued under seal need not be signed; and
  - (b) every other instrument to which a seal is applied shall be signed by at least one director and the Company Secretary of the Company or by at least two directors or by a director in the presence of a witness.
- (6) Where the Statutes so permit, any instrument signed by one director and the Company Secretary of the Company or by two directors or by a director in the presence of a witness who attests to the signature and expressed, in whatever words, to be executed by the company shall have the same effect as if executed under the seal, provided that no instrument shall be so signed which makes it clear on its face that it is intended by the person or persons making it to be a deed without the authority of the directors or a committee authorised by the directors in that behalf. The directors may by resolution determine that such signatures or either of them shall be affixed by some mechanical or electronic method or system.

#### **105 Destruction of documents**

- (1) The Company is entitled to destroy-
- (a) all instruments of transfer of shares which have been registered, and all other documents on the basis of which any entries are made in the register of members, from six years after the date of registration;
  - (b) all dividend mandates, variations or cancellations of dividend mandates, and notifications of change of address, from two years after they have been recorded;
  - (c) all share certificates which have been cancelled from one year after the date of the cancellation;
  - (d) all paid dividend warrants and cheques from one year after the date of actual payment; and
  - (e) all Proxy Notices from one year after the end of the meeting to which the Proxy Notice relates.

- (2) If the Company destroys a document in good faith, in accordance with the articles, and without notice of any claim to which that document may be relevant, it is conclusively presumed in favour of the Company that-
- (a) entries in the register purporting to have been made on the basis of an instrument of transfer or other document so destroyed were duly and properly made;
  - (b) any instrument of transfer so destroyed was a valid and effective instrument duly and properly registered;
  - (c) any share certificate so destroyed was a valid and effective certificate duly and properly cancelled; and
  - (d) any other document so destroyed was a valid and effective document in accordance with its recorded particulars in the books or records of the Company.
- (3) This article does not impose on the Company any liability which it would not otherwise have if it destroys any document before the time at which this article permits it to do so.
- (4) In this article, references to the destruction of any document include a reference to its being disposed of in any manner.

#### **106 No right to inspect accounts and other records**

Except as provided by law or authorised by the directors or an ordinary resolution of the Company, no person is entitled to inspect any of the Company's accounting or other records or documents merely by virtue of being a member.

#### **107 Provision for employees on cessation of business**

The directors may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that Subsidiary.

## **Directors' Indemnity and Insurance**

### **108 Indemnity of directors**

Subject to the Statutes, every person who is or was a director or other officer (excluding an auditor) of the Company or any associated company, directly or indirectly, shall be indemnified out of the assets of the Company against all liabilities incurred by him in the actual or purported execution or discharge of his duties or the exercise or purported exercise of his powers or otherwise in relation to or in connection with his duties, powers or office but:

- (a) this indemnity shall not apply to any liability to the extent that it is recovered from any other person; and
- (b) the indemnity is subject to such officer taking all reasonable steps to effect such recovery, to the intent that the indemnity shall not apply where an alternative right of recovery is available and capable of being enforced.

### **109 Indemnity for qualifying pension scheme**

Subject to the Statutes, the Company may indemnify to any extent any person who is or was a director of an associated company that is a trustee of an occupational pension scheme, directly or indirectly (including by funding any expenditure incurred or to be incurred by him) against any liability incurred by him in connection with the Company's activities as trustee of an occupational pension scheme.

### **110 Funds incurred in officer's defence**

Subject to the Statutes, the Company may at the discretion of the board provide every director or other officer (excluding an auditor) of the Company with funds to meet expenditure incurred or to be incurred by him (or to enable such director or officer to avoid incurring such expenditure) in defending any civil or criminal proceedings, any regulatory actions or investigations or in connection with any application under the provisions referred to in section 205(5) 2006 Act.

### **111 Limited Liability**

The liability of the members is limited to the amount, if any, unpaid on the shares in the company respectively held by them.

## **112 Insurance**

- (1) The directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant director in respect of any relevant loss.
- (2) In this article 111-
  - (a) a "**relevant director**" means any director or former director of the Company or an associated Company,
  - (b) a "**relevant loss**" means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the Company, any associated Company or any pension fund or employees' share scheme of the Company or associated Company, and
  - (c) companies are associated if one is a Subsidiary of the other or both are subsidiaries of the same body corporate.

### **Winding Up**

## **113 Distribution of assets**

If the Company shall be wound up the liquidator may, subject to the Statutes, with the sanction of a special resolution of the Company and any other sanction required by the Statutes, divide amongst the members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities or other assets whereon there is any liability.