Company number: 07114196

NOTICE OF ANNUAL GENERAL MEETING

AWILCO DRILLING PLC
(the "**Company**")

NOTICE HAS BEEN GIVEN that an **ANNUAL GENERAL MEETING** of the Company will be held at the Company's offices of 2 Kingshill Park, Venture Drive, Westhill, Aberdeen AB32 6FL on 9 June 2021 at 12:00 noon (UK time) for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. To receive and adopt the Company's annual accounts for the financial year ended 31 December 2020, together with the directors' report and auditor's report on those accounts and including the balance sheet for the Company which has been prepared by the Company's directors and accountants dated 28 April 2021 (the "Balance Sheet").

2. To re-appoint:

   (a) Mr Sigurd E. Thorvildsen as a director of the Company and the Chairman of the board of directors;

   (b) Mr Henrik Fougner as a director of the Company;

   (c) Mr Daniel Gold as a director of the Company;

   (d) Mr John Simpson as a director of the Company;

   (e) Ms Synne Syrrist as a director of the Company.

3. To approve the Directors' Remuneration Report, other than the part containing the Directors' Remuneration Policy, for the financial year ended 31 December 2020.

4. To approve the Directors' Remuneration Policy as set out in Attachment 2.

5. To approve the non-executive directors' remuneration up to an aggregate amount of £200,000 for the calendar year ended 31 December 2020, in line with the recommendation from the Nomination Committee.

6. To approve the proposition for remuneration for the Nomination Committee up to an aggregate amount of £6,500 for the calendar year ended 31 December 2020.

7. To re-appoint Ernst & Young, of 4th Floor, 2 Marischal Square, Broad Street, Aberdeen, AB10, United Kingdom, as the Company's auditors to hold office from the conclusion of this meeting until the conclusion of the next meeting at which accounts are laid before the Company.

8. To authorise the directors to agree the remuneration of the auditors.

9. To approve, in accordance with section 551 of the Companies Act 2006, that the directors be generally and unconditionally authorised to allot shares in the Company up to an aggregate nominal amount of £35,478 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the earlier of the date of the Company's next annual general meeting or 30 June 2022, 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 this resolution has expired.

10. Conditional upon the passing of resolution 9 above, the directors of the Company be and they are hereby empowered to allot equity securities (as defined in section 560(1) of the Companies Act 2006) of the Company for cash pursuant to the authority conferred by resolution 8 above in accordance with section 551 of the Companies Act 2006, as if section 561(1) of the Companies Act 2006 did not apply to any such allotment, provided that this power shall expire on at the conclusion of the Company’s next Annual General Meeting or 15 months after the date of the passing of this resolution.

SPECIAL RESOLUTIONS

11. To authorise a general meeting of the Company, other than an annual general meeting, to be called on not less than 14 clear days' notice.

Note 1: The Company is not contemplating making any political donations of any sort in the coming year and hence no resolution is proposed regarding political donations.

By Order of the Board
28 April 2021

Registered Office
Awilco Drilling PLC
c/o VISTRA (UK) LTD
3rd Floor, 11-12 St James’s Square
London, SW1Y 4LB
United Kingdom

Attachment 1: Awilco Drilling PLC Annual Report 2020
Attachment 2: Directors’ Remuneration Policy

NOTES TO THE NOTICE OF GENERAL MEETING

VPS Shareholders

1. As your beneficial entitlement to shares of the Company is registered with The Norwegian Central Securities Depository (the "**VPS**") and such shares are registered in the name of DNB Bank ASA ("**DNB**") (on behalf of the VPS Register) in Company's register of members located in the United Kingdom; attending, voting and speaking at the above-mentioned General Meeting (the "**Meeting**") of the shareholders of the Company, to be held on 9 June 2021, will have to be executed through DNB.

Important notice:

Note 1. Above does not constitute any recommendations or advice on behalf of, or from DNB Bank ASA. You are recommended to seek legal and/or financial advice from your preferred advisor should you have any questions related to note 1. And/or to the information contained in documents to which this notice is attached. You or your advisor may contact the issuer of the documents for guidance; this is including, but not limited to, any exercise of (indirect) shareholder rights you may have and/or should want to exercise. DNB Bank ASA may on direct request give technical guidance on how to retire your interest in the issuer of the documents to which this notice is attached from the Norwegian Central Securities Depository (Verdipapirsentalen – the "VPS") for the purpose of you being entered into the Register of Members, i.e. the primary register of the issuer referred to, in order for you to exercise any shareholder rights, as applicable, directly against the issuer, or any other third parties, including, but not limited to, any compulsory buy-out ("squeeze out") proceedings or any other legal or litigation proceedings.

Voting Instructions

2. You may either:
   a. instruct DNB to appoint someone of your choosing as proxy to exercise rights to attend, speak and vote at the Meeting on your behalf and in accordance with your instructions; or
   b. authorise DNB appoint a proxy of their choosing to exercise rights to attend, speak and vote at the Meeting on your behalf and in accordance with your instructions.
3. You should have received a Voting Instruction Form with this notification of the Meeting. You can only issue Voting Instructions in accordance with note 2 above using the procedures set out in these notes and the notes to the Voting Instruction Form.
4. To provide instructions using the Voting Instruction Form, the form must be:
   - completed and signed;
   - and delivered to DNB at as a PDF file by email sent to vote@dnb.no (or alternatively by mail to address: DNB Bank ASA, Verdipapirservice/S-T Strom, P.O. Box: 1600 Sentrum, 0021 Oslo, Norway); and
   - received by DNB no later than 12:00 noon Central European Time on 7 June 2021.
5. If you do not give an indication of how to vote on any resolution, the proxy will vote your shares in favour. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting. If you do not return a Voting Instruction Form within the deadline set out in note 4 above, neither DNB nor a proxy will exercise any rights to attend, speak and vote at the Meeting on your behalf in respect of the shares to which you are beneficially entitled.
6. In the case of a beneficial owner which is a company, the Voting Instruction Form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
7. Any power of attorney or any other authority under which the Voting Instruction Form is signed (or a duly certified copy of such power or authority) must be included with the Voting Instruction Form.

Changes to Voting Instruction Form

8. To change your Voting Instructions simply submit a new Voting Instruction Form using the methods set out above. Note that the latest time for receipt of Voting Instruction Forms (see above) also apply in relation to amended instructions; any amended Voting Instruction Form received after such time will be disregarded.
9. If you submit more than one valid Voting Instruction Form, the appointment received last before the latest time for the receipt will take precedence.

Termination of Voting Instruction Form

10. In order to revoke a Voting Instruction Form you will need to inform DNB by sending a signed hard copy notice clearly stating your intention to revoke your Voting Instruction Form.
11. The revocation notice must be received by DNB no later than 12:00 noon Central European Time on 7 June 2020. If you attempt to revoke your Voting Instruction Form but the revocation is received after the time specified then your Voting Instruction Form will remain valid.

GENERAL MEETING

VOTING INSTRUCTION FORM

AWILCO DRILLING PLC (the "**Company**")

Before completing this form, please read the explanatory notes.

(*Please complete in BLOCK CAPITALS)

I/We ____ (insert name)* of ____ (insert address)* being beneficially entitled to ____________________ (insert number)* ordinary shares ("**Voting Shares**") of the Company hereby instruct DNB Bank ASA in accordance with:

	Please indicate selected o with an 'X'
Voting Option A	
Voting Option B	

VOTING OPTION A

I/We instruct DNB ASA to appoint the following proxy:

Name: ____(insert name)*

Address: ____(insert address)*

to vote in respect of the Voting Shares on the resolutions to be proposed at the General Meeting of the Company to be held on 9 June 2021 and at any adjournment thereof (the "**Meeting**") as I/we have indicated in the Voting Instructions below.

VOTING OPTION B

I/We instruct DNB Bank ASA to appoint a proxy of their choosing to vote, in respect of the Voting Shares on the resolutions to be proposed at the Meeting as I/we have indicated in the Voting Instructions below.

VOTING INSTRUCTIONS

I/We direct that any proxy appointed by DNB Bank ASA in respect of the Voting Shares vote on the following resolutions as I/we have indicated by marking the appropriate box with an 'X'. If no indication is given, such proxy will vote your shares in favour.

ORDINARY RESOLUTIONS		For	Against	Vote Withheld
1.	To receive and adopt the Company's annual accounts for the financial year ended 31st December 2020, together with the directors' report and auditor's report on those accounts and including the balance sheet for the Company which has been prepared by the Company's directors and accountants dated 28 April 2021 (the "Balance Sheet"); and	☐	☐	☐
2.	a. Mr Sigurd E. Thorvildsen as a director of the Company and the Chairman of the board of directors	☐	☐	☐
	b. Mr Henrik Fougner as a director of the Company	☐	☐	☐
	c. Mr Daniel Gold as a director of the Company	☐	☐	☐
	d. Mr John Simpson as a director of the Company	☐	☐	☐
	e. Ms Synne Syrrist as a director of the Company	☐	☐	☐
3.	To approve the Directors' Remuneration Report, other than the part containing the Directors' Remuneration Policy, for the year ended 31 December 2020.	☐	☐	☐
4.	To approve the Directors' Remuneration Policy as set out in Attachment 2.	☐	☐	☐
5.	To approve the directors' remuneration up to an aggregate amount of £200,000 for the calendar year ended 31 December 2020.	☐	☐	☐
6.	To approve the directors' proposition for remuneration for the Nomination Committee up to an aggregate amount of £6,500 for the calendar year ended 31 December 2020	☐	☐	☐
7.	To re-appoint Ernst & Young, of 4th Floor, 2 Marischal Square, Broad Street, Aberdeen, AB10 1BL, United Kingdom as the Company's auditors to hold office from the conclusion of this meeting until the conclusion of the next meeting at which accounts are laid before the Company.	☐	☐	☐
8.	To authorise the directors to agree the remuneration of the auditors.	☐	☐	☐
9.	To approve, in accordance with section 551 of the Companies Act 2006, that the directors be generally and unconditionally authorised to allot shares in the Company up to an aggregate nominal amount of £35,478 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the earlier of the date of the Company's next annual general meeting or 30 June 2022, 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 this resolution has expired.	☐	☐	☐
10.	Conditional upon the passing of resolution 9 above, the directors of the Company be and they are hereby empowered to allot equity securities (as defined in section 560(1) of the Companies Act 2006) of the Company for cash pursuant to the authority conferred by resolution 10 above in accordance with section 551 of the Companies Act 2006, as if section 561(1) of the Companies Act 2006 did not apply to any such allotment, provided that this power shall expire on at the conclusion of the Company's next Annual General Meeting or 15 months after the date of the passing of this resolution.	☐	☐	☐
SPECIAL RESOLUTIONS		For	Against	Vote Withheld
11.	To authorise a general meeting of the Company, other than an annual general meeting, to be called on not less than 14 clear days' notice.	☐	☐	☐

Signature -------------------------------- **Date** --------------------------------

Awilco Drilling PLC

Report and Financial Statements

31 December 2020

Directors
Sigurd Thorvildsen
Henrik Fougner
Daniel Gold
John Simpson
Synne Syrrist

Secretary
Burness Paull LLP,
50 Lothian Road
Festival Square
Edinburgh
EH3 9WJ

Auditors
Ernst & Young LLP
4th Floor
2 Marischal Square
Broad Street
Aberdeen
AB10 1BL

Bankers
DNB Bank ASA
8th Floor
The Walbrook Building
25 Walbrook
London
EC4N 8AF

Registered Office
3rd Floor
11-12 St James's Square
London
SW1Y 4LB

Strategic report

Corporate Strategy and business model

Awilco Drilling PLC ('the Company')'s strategy is to create value through the provision of a quality, reliable and customer focused service to the mobile drilling rig market. The management team shall safely, efficiently and effectively deliver a high-quality service to customers, with a view to securing the most lucrative day rate contracts in conjunction with the highest achievable rig utilisation. The Company shall evaluate growth opportunities which best complement its financial and operational aspirations.

The Company owns and operates two semi-submersible drilling rigs, the WilPhoenix and WilHunter, both standardised rigs used in the drilling of oil and gas wells and P&A work in the UK sector of the North Sea, although they can be used in other geographical locations.

Principal activity

The principal activity of the Company and its subsidiaries ('the Group') is to operate the drilling rigs as noted above. During the year, the WilPhoenix was in drilling operations for its clients, Petrofac Facilities Management and Serica Energy. The WilHunter is cold stacked and moored in Invergordon.

Business review and future developments

The performance of the UK Drilling contracts were largely unaffected by the impact of Covid-19.

During the year, the vessel construction contracts for two semi-submersible drilling rigs, Nordic Winter and Nordic Spring being built in Keppel FELS shipyard in Singapore were terminated. As a consequence, the Group's subsidiary companies have entered into an arbitration process. Cost reduction measures regarding the Norwegian shorebase were implemented which resulted in closure of the office.

Conventional UK drilling rig demand in 2021 remains somewhat limited but the ongoing attrition of previously marketed units is clearly supportive for the overall supply/demand balance. UK Plug & Abandonment demand continues to mature and rig contract awards for 2021 and 2022 commencement are anticipated in Q1 and Q2 of 2021. The longer-term UK Plug & Abandonment market continues to firm up as operators clarify the timing of future rig demand from 2022, 2023 and beyond.

Performance

The Group's financial performance during the year was as follows:

	2020	*2019*
	US$000	*US$000*
Revenue	25,602	38,136
Operating loss	(167,916)	(30,382)
Loss for the year attributable to equity shareholders	(167,857)	(30,592)
Operating loss margin %	(656%)	(80%)
Number of employees and contractors at year end	137	141

The total revenue for the year relates to contract income received from drilling operations. The decrease is due to lower utilisation for the WilPhoenix compared with the prior year. The Group had rig operating expenses of US$ 23.3 million (2019: US$24.8 million) relating to rig operating costs included in cost of sales, and general and administration expenses of US$ 14.9 million (2019: US$9.2 million). There was an impairment expense of US$ 145.2 million (2019: US$ 23 million). US$ 111.3 million was the impairment of assets under construction, US$ 0.5 million was the impairment of a right of use asset and US$ 33.4 million rig impairment due to the continued cold stack status of the WilHunter and lack of visibility of contracting opportunities for the WilPhoenix.

The key performance indicators (KPIs) set out below are reviewed on a regular basis by management and performance against them subsequently reported to the Board of Directors. Targets for the KPIs are set and, if performance falls short, the appropriate corrective action is implemented by management.

Strategic report (continued)

Business review and future developments (continued)

The Company's main financial KPIs are:

Revenue efficiency

Revenue efficiency is actual revenue for the period compared with the maximum contract revenue multiplied by the number of available days in the contracted period. For the year ended 31 December 2020, the revenue efficiency was 80.6% (2019: 89.7%).

Operating margin

Operating margin is total revenue less operating costs. For the year ended 31 December 2020, operating margin was 656% loss. (2019: 80% loss). The deterioration in margin is due to the decrease in revenue during the year, increase in general and administration expenses and impairment of the new build assets, partially offset by the reduction in operating costs.

The Company also has a number of operational KPIs that are used to manage the business on a day to day basis, some of which are detailed below:

Quality, Health, Safety and Environment (QHSE)

Total recordable incident rate (TRIR)	Number of incidents (lost time incident, restricted work case, medical treatment only) x 200,000 / Total number of man hours in the review period. Measured on a rolling 12-month basis.
Unplanned discharges	Items that have been discharged to sea not covered under PON 15 which relate to allowable items. Some examples are Blow out Preventor (BOP) control fluid and hydraulic oil that are reportable under PON 1. (PON - Petroleum Operations Notices)

Operations

Uptime	Total hours the rigs are working i.e. not on unplanned downtime / on contract time for the period.

Human Resources (HR)

Personnel turnover	Employee initiated leavers in the period as a percentage of total headcount (onshore and offshore) on a rolling 12-month basis.

Principal risks and uncertainties

The Company's primary risks are those that impact utilisation rates for each of the rigs, QHSE issues associated with operations and exposure to liquidity, credit and legal risk.

Utilisation rates for the rigs

The Company has a small fleet of two rigs, one currently in operation and the other cold stacked, implying that downtime, failure or idle periods will have a relatively higher impact than if the Company had a larger and more diverse fleet. The risk to utilisation rates may arise through deferred commencement of drilling contracts either through delays incurred on shipyard project work or delays encountered by operators not able to commence drilling in accordance with plan. There is also the possibility of gaps and idle periods during the year due to the unpredictable nature of contract drilling operations and prevailing market conditions. This could also be impacted by the effects of Covid-19 and the current low oil price, however there is no indication of any effect on the current contracts and that future contracting opportunities would not go ahead as planned. Additionally, there is a utilisation risk associated with the possibility of mechanical and weather down time. The Group mitigates this risk through its operating, marketing and pricing strategies.

Strategic report (continued)

Principal risks and uncertainties (continued)

***QHSE* (Quality, Health, Safety, Environment)**

To mitigate any risk with regards to QHSE, the Group has in place a QHSE management plan which seeks to ensure that all operations are conducted within normal industry standards and procedures. The Group also seeks to ensure safe and efficient operations, with no accidents, injuries, environmental incidents or damage to assets. During the current Covid-19 outbreak, the Group is following industry guidelines to ensure the safety of the workforce.

The Group achieved a high level of safety with no injuries or fatalities. There has been continued low frequency of dropped object and high potential incidents. The Corporate Annual QHSE objectives are implemented in departmental action plans. The total recordable incident rate (TRIR) has decreased from 1.07 in 2019 to zero at the end of 2020. There were no LTI incidents in 2020 and only a single first aid case. Our commitment to safe and reliable operations has seen this improvement and we continue to learn and improve.

Liquidity

As described in Note 26 to the financial statements, the Group's objective is to maintain sufficient liquidity in order to support the needs of the business and meet liabilities as they fall due. See Note 2 for consideration of liquidity of the Group in the going concern period. The Group currently has no debt obligations and has an appropriate level of cash.

Credit

Management assess the credit rating of new and existing clients and determines if any action is required to secure payment in respect of work to be performed.

Tax risks

The Company is committed to operating in a manner consistent with good industry practice and in accordance with all legislative requirements that are applicable in the different areas of jurisdiction in which it conducts business.

The Company has subsidiaries in other 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 tax expense is based upon its interpretation of the tax laws in effect in these 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.

As described in Note 23, a tax position taken by a subsidiary company in 2015 has been disagreed with by HMRC and HMRC have issued a notice of amendment indicating additional tax and interest of about £7.7m is due for payment. The subsidiary company continues to maintain its position and an appeal has been submitted and a tribunal hearing is expected to be heard in June 2021. The subsidiary company has engaged with specialist legal advisors in the area of taxation in order to mitigate any risk of cash outflow.

For 2020, the effective tax rate ("ETR") for the Company was negative 0.1% (2019: 1.4% negative). The current and prior year are negative figure due to the loss before tax. There was a tax charge in the year as a result of the current year movement in unrecognised deferred tax asset, reversal of a prior deferred tax asset and also an adjustment in respect of the prior period. In future years, it is expected that the ETR may continue to diverge from the statutory UK rate of corporation tax due to significant unrecognised deferred tax assets.

Legal risks

The Group values its reputation and aims to carry out business in a fair and open manner. Despite this the Group may become subject to claims during the course of its business. During the year the vessel construction contracts for two semi-submersible drilling rigs being built in Singapore, have been terminated, see Note 23. The Group's subsidiary companies have entered into arbitration with the rig construction company. The rig construction contracts were entered into on a non-recourse basis to the parent company or wider group. In order to mitigate any possible risk of cash outflow, the Group has established a dedicated team and has engaged specialist legal advisors to defend the actions taken.

Strategic report (continued)

Principal risks and uncertainties (continued)

Volatility of the share price

The trading price of the Company's shares could fluctuate significantly in responses 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.

Industry risk

The offshore contract drilling industry is cyclical and volatile. The Company's business depends on the level of activity of oil exploration, development, oil prices 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.

Additionally, the perceived risk of depressed oil prices and changes in the UK North Sea tax regime often causes exploration and production companies to reduce their spending.

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.

Brexit

Following the end of the transitional period on 31 December 2020, there remains continued uncertainty surrounding the future relationship of the UK with the EU. The Company has considered what impact this could potentially have on the business and after careful consideration, has concluded that any potential impact is low risk, however it continues to monitor the situation closely.

Corporate Social Responsibility

The Company recognises its duty to stakeholders to operate the business in an ethical and responsible manner. It is committed to developing its Corporate Social Responsibility (CSR) agenda, recognising that it can play a major part in its operations. This report does not contain information about any policies of the Company in relation to social community and human rights issues since it is not considered necessary for an understanding of the development, performance or position of the Company's business activities.

Core Values

Simple is Best – Our systems and procedures shall be clear, concise and effective, ensuring we deliver on our promises.

Engagement – We will be a company of choice, valuing our work force, listening and responding to employees, clients and partners.

Efficiency – We will consistently meet our clients' expectations by providing competent people, reliable equipment and smart systems.

Strategic report (continued)

Corporate Social Responsibility (continued)

Core Values (continued)

Flexibility – We will encourage challenge and creativity in order to deliver optimised performance and continuous improvement.

Performance – We will get it right first time; consistently delivering success.

Anti-bribery and corruption

The Company requires its employees to observe the highest standards of business and personal ethics in the conduct of their duties and responsibilities. The Company has a specific Anti-Bribery and Corruption policy to ensure compliance with all applicable anti-bribery and corruption regulations and to ensure the Company's business is conducted in a socially responsible manner. A risk assessment is undertaken by the senior members of the Company as part of the quarterly review of the Company's risk register.

Policy

The Company's employment policies and procedures are described in detail in the Staff Handbook, which is available to all employees via the Business Management System (BMS). The Company's Code of Conduct – Values and Ethics document sets out the basic principles to guide all employees and officers of the Company on how they must conduct themselves to seek to avoid even the appearance of improper behaviour. To help ensure compliance, the Company requires that employees, officers and directors review the policy and acknowledge their understanding and adherence in writing on an annual basis.

Equal opportunities and diversity

The Company is committed to equal opportunities and treats all employees with respect and dignity and ensures that decisions are taken without reference to irrelevant or discriminatory criteria. The Company does not tolerate any form of unlawful discrimination and is committed to promoting equality of opportunity and diversity for all personnel and will address any unlawful discrimination in every aspect of its operations.

As at 31 December 2020, the number of directors and employees was as follows:

	Male	Female
Directors	4	1
Senior Managers	3	-
Other staff – onshore	20	9
Other staff – offshore	100	-

Health and Wellbeing

It is important to the Company that it supports its employees in their health and wellbeing. The Company operates a flexible benefit scheme that is available to all members of staff and includes benefits such as leisure club membership, private medical and dental insurance, a health screening service and an Employee Assistance Programme. The Company has also achieved the Silver Healthy Working Lives Award.

During the Covid-19 pandemic, where possible, all onshore employees were required to work from home in accordance with government guidance. Employees were encouraged to ensure they had adequate resources available, and support offered where necessary.

Strategic report (continued)

Absence Management

The Group has an established absence management procedure, to support employees during periods of sickness absence whilst ensuring the efficient and effective running of the organisation.

	2020	2019
Group sick leave	1.7%	4.3%

as a percentage of total hours worked

Health, Safety and Environment

The Company recognises that it is has a corporate responsibility to carry out its operations in an ethical and responsible manner whilst minimising its impact on the environment. The Company upholds the relevant standards and retains its ISO14001 certification. ISO14001 is an internationally recognised environmental management system (EMS) standard, providing a model for companies to follow to create and achieve their policy. Focusing on the issues that really matter, it is designed to help companies achieve consistent environmental regulatory compliance whilst embedding the concept of continuous improvements in environmental performance. ISO14001 is a widespread benchmark for thousands of organisations around the world that want to communicate to the public and stakeholders that they are environmentally responsible. Additionally, the Company has achieved ISO 45001 certification following on from its previous BS OHSAS 18001 certification. This is an internationally applied Standard for occupational health and safety management systems. It exists to help organisations put in place demonstrably sound best practices by providing a framework for procedures and controls needed by the Company to achieve the best possible working conditions and workplace health and safety by eliminating hazards and minimize health and safety risks.

Section 172

The Board of directors have taken account of stakeholder views when making key decisions that impact the company and its stakeholders. The following matrix provides some examples of how consideration has been given to key stakeholders, being employees, investors, customers, suppliers, regulators and society in general.

Stakeholder	**Strategic Issue**	**Engagement**	**Outcome**	**Key Decision**
Employees	Fair compensation and benefits package for employees	Market analysis is performed to ensure compensation levels are competitive in prevailing market. See also commitment expressed by the Board in respect of “Health and Wellbeing” of employees on page 6.	Pay levels for existing and new employees were considered to be fair and competitive within the industry.	Changes in compensation levels are proposed by the Remuneration Committee to the Board.

Strategic report (continued)

Section 172 (continued)

Stakeholder	Strategic Issue	Engagement	Outcome	Key Decision
Investors	Continue to seek growth opportunities that offer attractive returns to investors	Information is shared with investors in the form of quarterly and annual financial reports and press release disclosures are required. Additionally, quarterly presentations held and available on the Company website. Regular one to one investor meetings are also held.	No new outcomes in respect of investment opportunities at this time.	Quarterly and annual financial reports are reviewed and approved by the Board. Termination of new build programme and cost savings initiated in respect of Norwegian shorebase.
Customers	Customer Satisfaction	As part of the company's procedures to ensure customers are satisfied with performance and delivery of services contracted, the customers are requested to provide feedback on a variety of areas to ensure the company is performing in accordance with, or better than, customer expectations.	Customer surveys feedback is part of the company KPIs and scoring in this area has been more than satisfactory during the course of the year.	Directors agree key performance indicators with Management and monitor performance against KPIs during the course of the year. Results impact employee bonus awards at year end.

Strategic report (continued)

Section 172 (continued)

Stakeholder	Strategic Issue	Engagement	Outcome	Key Decision
Suppliers	Selection of key suppliers and high-level purchases. Ensure that vendors are paid on a timely manner.	Suppliers invited to tender and purchasing procedures require fair and transparent selection of vendors. Refer also paragraph on Investment Appraisal" on page 20 of the annual report.	Policies, procedures and scrutiny by the Board ensures vendor selection criteria is a robust process.	Board involved in selection of key vendors and Board approve the approval matrix on a regular basis. Any approvals above the matrix levels require Board approval. A Board member and chair of the Audit Committee approves the published payment practices report filed every six months.
Regulators	Accreditation and compliance with regulatory standards.	Details of standards achieved are detailed under "Health, Safety and Environment" on page 7 of the annual report.	Achievement and continued certification of compliance through external HSE audits ensures company operates at, or above, the standards required by the regulatory bodies that govern the industry.	The Board approves the direction followed by the CEO and management in pursuit of necessary accreditation and standards.
Society	Minimising harm to the environment in operational performance of the fleet.	KPIs are established to measure if any adverse consequence to the environment within the control of the company.	Achievement and compliance with environmental sustainability.	Operational KPIs are also reviewed on a regular basis by the Board.

By order of the Board of Directors

Sigurd Thorvildsen
28 April 2021

Directors' report

Registered No. 7114196

The Directors present their report and financial statements for the year ended 31 December 2020. These financial statements have been prepared under International Financial Reporting Standards in compliance with the Companies Act 2006.

Results and dividends

The loss after taxation for the year amounted to US$ 167.9 million (2019: US$ 30.6 million loss).
There were no dividends paid during the year. (2019: nil)

Future developments

See Strategic Report pages 2-9.

Directors

The directors who served the Company during the year were as follows:

Sigurd Thorvildsen
Henrik Fougner
Daniel Gold
John Simpson
Synne Syrrist

Financial instruments

The Group's financial risk management objectives and policies are discussed further in Note 26 on pages 74-77 of the financial statements.

Directors liability

The Company insures its directors and officers against liability in respect of proceedings brought by third parties, subject to the conditions set out in the UK Companies Act 2006.

Directors and their interests

None of the directors listed above had any interest in the Company's shares.

Major interest in shares

The Company has been notified of the following interests representing 3% or more of the issued ordinary share capital of the Company as at 28 April 2021.

	No of shares	*Percentage holding*
Awilhelmsen Offshore AS	20,240,814	37.1%
Pershing LLC	10,874,509	19.9%
Akastor AS	3,049,673	5.6%
Euroclear Bank S.A./N.V.	2,140,309	3.9%
Citibank, N.A.	2,022,533	3.7%
Skandinaviska Enskilda Banken	2,000,000	3.7%

QVT Financial LP with affiliated and related parties owned 4,860,781 shares at 28 April 2021, a total of 8.9% of the Company's share capital.

FVP Master Fund LP with affiliated and related parties owned 10,817,527 shares at 28 April 2021 a total of 19.8% of the Company's share capital and has not notified the Company of any changes of ownership up to the date of signing the report and financial statements.

Directors' report (continued)

Corporate governance

The information given in the corporate governance statement is set out on pages 15-21.

Material Uncertainties over Going concern

At 31 December 2020 the Group had cash on hand of US$ 14.7 million and no debt. Management has prepared cash flow forecasts covering a period until 30 June 2022 in order to assess whether the Group and Company are a going concern. There are several material uncertainties which may cast doubt on the Group's ability to continue as a going concern and therefore may be unable to realise its assets and discharge its liabilities in the normal course of business. The following material uncertainties have been identified:

- There is uncertainty regarding the securing of additional revenue contracts that will cover the going concern period. A base case cash flow has been prepared with the scenario assuming the Group secures follow-on work subsequent to the existing contracts with Serica and Ithaca. This scenario assumes that no additional financing will be required to fund the Special Purpose Survey (SPS) for the WilPhoenix. Assuming the follow-on work for the WilPhoenix materialises and the SPS is self-funded, this gives sufficient positive cash flow during the going concern period. Management have also prepared an alternative cash flow scenario which assumes the Group secures no future work subsequent to the Serica and Ithaca contracts. In that scenario, it is assumed that all the necessary mitigating actions will be taken, including the cold stacking of the WilPhoenix upon completion of the contracted work. Neither scenario considers the potential crystallisation of the contingent taxation liability, see Note 23 and described below. Both scenarios also consider that there are no cash inflows or outflows aside from legal fees in respect of the arbitration with Keppel FELS, see Note 23, as the Directors believe there is a remote likelihood of any settlement in the review period. The Group has sufficient cash to offset declining cashflow through the going concern period and would seek to raise additional financing in order to pursue future opportunities and the ongoing arbitration process, should that be necessary. For avoidance of doubt there is a risk that if the group are unable to secure additional follow-on work in the near term, that the Group would cease drilling operations.
- There is uncertainty regarding the sufficiency of liquidity to cover the costs arising from any significant operational risks that may materialise during the going concern period. Should liquidity levels fall below the amount the directors consider necessary to cover operational risks, the Group would seek to raise additional financing. No such financing has yet been secured.
- There is uncertainty in relation to the possible crystallisation of a contingent taxation liability relating to a subsidiary company (Note 23). In the event that this contingency were to crystallise, and become payable, additional financing would be required in order to settle the liability. The initial tax appeal tribunal is scheduled for June 2021 and should the subsidiary company be unsuccessful in the initial appeal, the right of further appeal would remain available.

Based on their assessment of risks and financing options, the Directors believe there is a reasonable prospect of the Company and the Group continuing as a going concern for the period to 30 June 2022, However, the above listed material uncertainties may cast significant doubt upon the Group and Company's ability to continue as a going concern. The financial statements do not contain adjustments that would result if the Group and Company were unable to continue as a going concern.

Asset impairment consideration

Management has performed an impairment test which resulted in an impairment of US$ 33.4 million at year end due to the continued cold stack status of the WilHunter rig and lack of visibility of contracting opportunities for the WilPhoenix rig. The impairment test was based on management's best estimate of forecast industry conditions and operations, expected utilisation, contract rates, operating expenses and capital requirements of the rigs. A pre-tax discount rate of 21.7% and post-tax discount rate of 17.8% has been applied.

Greenhouse gas emissions

The Company's greenhouse gas emissions are categorised between two categories: direct emissions (from rig power generation and loss of refrigerants) and indirect emissions (from purchased electricity for onshore offices).

Directors' report (continued)

Greenhouse gas emissions (continued)

All emissions from the facilities over which the Company has direct operational control were included. The Companies Act 2006 requires reporting on the following greenhouse gases:

- Carbon dioxide ("CO2");
- Methane ("CH4");
- Nitrous Oxide ("N2O");
- Hydrofluorocarbons ("HFCs");
- Perfluorocarbons ("PFCs"); and
- Sulphur Hexafluoride ("SF6").

PFCs and SF6 are not emitted, and therefore not considered in this report.

Greenhouse gas emissions are reported in tonnes (t) carbon dioxide equivalents ("CO2e"). Calculations are performed using the emission factors and global warming potential for each chemical compound, which are in accordance with the current guidance from the UK Government GHG Conversion Factors for Company Reporting 2020. The 2020 annual CO2e emitted from operations was 5912.5 t.

For the year ended 31 December 2020, the estimated carbon dioxide equivalent ("CO2e") gas emissions were 5651 tonnes as compared to 6543 tonnes for the year ended 31 December 2019. When expressed as an intensity measure of tonnes of CO2e gas emissions per days of contract from operations, the intensity measure for 31 December 2020 and 31 December 2019 was 15.6 tonnes and 11.7 tonnes, respectively. This decrease is mainly due to the WilPhoenix undertaking plug and abandon and well workover from late spring in 2020 as opposed to plug and abandon over the entire year 2019.

There were 80kg of accumulated refrigerant losses during 2020 equivalent to 230.5 tonnes of CO2e.

Greenhouse Gas Emissions	*2020*	*2019*
Direct emissions (owned rigs)	5,651	6,543
Indirect emissions (onshore offices)	31	36
Refrigerant emissions (offshore only)	230.5	0
Total emissions (CO2c)	5,912.5	6,579
Direct CH_4 emissions (owned rigs)	1.4	1.9
Direct N_2O emissions (owned rigs)	76.1	101

The Company's aim is to work on improving environmental sustainability by reducing the carbon footprint, eliminating waste, recycling and using alternative energy sources where possible. As the Company holds an ISO 14001 accredited Environmental Managements System (EMS) this has already identified the risks to biodiversity the Company's activities may pose. The disposal of drill cutting was identified as the most significant risk to biodiversity. During 2020, zero drill cuttings were disposed to the environment from operations.

Stakeholder relationships

The Directors recognise that business relationships with all stakeholders is beneficial to the well-being of the organisation. Feedback in terms of relationships with suppliers, customers, investors is discussed with management at board meetings. A summary of the key decisions can be found in the table on pages 7-9.

Directors' report (continued)

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Responsibility statement

Each of the directors listed on page 1 confirms that to the best of their knowledge:

- The financial statements, prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, give a true and fair view of the assets, liabilities, financial position, financial performance and cash flows of the Group and the undertakings included in the consolidation taken as a whole; and
- The strategic report includes a fair review of the development and performance of the business, together with a description of the principal risks and uncertainties faced.

Subsequent events

During January, Jens Berge, Chief Executive Officer decided to leave the Company with effect from 1 February 2021 to pursue other opportunities. Eric Jacobs, General Counsel in the Awilhelmsen Group, will act as interim Chief Executive Officer until the Board of Directors appoints a permanent replacement.

During April, the Company signed a contract with Ithaca Oil and Gas Limited for the provision of WilPhoenix for a single exploration well at Fotla in Block 22/1b. The well will commence no earlier than 31st May 2021.

These subsequent events identified are non-adjusting events.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board of Directors

Sigurd Thorvildsen

28 April 2021

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company Law requires the directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the group and the parent company financial statements in accordance with International Financial Reporting Standards ('IFRSs') in conformity with the Companies Act 2006.

Under Company Law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period.

In preparing the group and the company financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group's financial position and financial performance;
- in respect of the group financial statements, state whether IFRSs in conformity with the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the company financial statements, state whether IFRSs in conformity with the Companies Act 2006, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that its financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the group and parent company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Corporate governance

Awilco Drilling PLC is committed to maintaining high standards of corporate governance.

The Company was previously listed on the Oslo Axess stock exchange, but transferred over to the Oslo Bors stock exchange on 4 September 2018. The Company has adopted the Norwegian Code of Practice for Corporate Governance of 17 October 2018 ('the Code'). A copy of the code can be found at www.nues.no

Adherence to the Code is based on a "comply or explain" principle, whereby companies are expected to comply with the recommendations or explain why they have chosen an alternative approach. Below is a summary of the departures from the Code with an explanation of how the Company's actual practices contribute to good corporate governance.

Code of Practice Compliance

The Company is required to state how it has applied the principles set out in Section 1 of the Code and which relate to its directors, remuneration, accountability and audit and relations with shareholders.

As of the date of this report, the Company is in compliance with the Code, except in relation to the following matters:

- Business – the Company's Articles of Association do not specifically define the Company's business. The Company is incorporated in England & Wales and this is in line with standard practice for a UK registered company. An overview of the Company's business can be found in this report.
- Equity and dividends – the authorisation given to undertake share capital increases has not been restricted to defined purposes, due to the scope of the Company's business. This is normal practice for a UK registered company.
- Auditor – the Auditor is not present during the Board meeting that considers the annual accounts; but the Auditor attends all Audit Committee meetings including discussions related to the Annual Report and financial statements.
- Corporate Assembly – the Company does not have a Corporate Assembly.

Business

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. This is an intricate business which involves complex assets and high value equipment, and which requires specialised and trained personnel to operate them efficiently and safely.

The Company's vision is to be a partner of choice, consistently "delivering the difference" to its customers.

Further information about the Company's vision, mission and strategy statements is available in the Strategic Report.

Equity and dividends

Full details of the shares issued are detailed in Note 24. The Company considers its equity to be at a level appropriate to the Company's objectives, strategies, cash flow projections and risk profile.

The Company's intention is to pay dividends in support of its main objective to maximise returns to shareholders. All of the Company's free cash flow is intended to be distributed subject to maintaining a robust cash buffer to support operational working capital requirements and planned capital expenditure. Consideration is also given to future market prospects. Dividend payments will resume when the Company again reaches an appropriate free cash flow situation.

Corporate governance (continued)

Equal treatment of shareholders

All issued shares of the Company are vested with equal shareholder rights in all respects. There is only one class of shares. The Articles of Association place no restrictions on voting rights. Each share represents one vote at the Company's General Meetings.

Equal opportunities and diversity

The Company is committed to ensuring that all employees are treated with respect and dignity and to ensure that decisions are taken without reference to irrelevant or discriminatory criteria. The Company will not tolerate any form of unlawful discrimination and is committed to promoting equality of opportunity and address unlawful discrimination in every aspect of its operations. The Company takes every possible step to ensure that decisions on recruitment, selection, training, conditions of work, pay and benefits, promotion, career, management, and every other aspect of employment are justifiable and based solely on objective criteria. During the year, there have been no incidents of non-compliance with this policy.

Transactions with close associates

The Company has entered into the agreements listed below with the following parties:

- A management agreement with Awilhelmsen Management AS (AWM) for corporate services;
- Management-for-hire contracts for personnel from the Awilhelmsen Group.

Awilhelmsen Offshore AS owns 37.1% of the ordinary shares in Awilco Drilling PLC.

Freely negotiable shares

The shares of the Company are freely negotiable.

Going concern

The Board regularly review the Company's financial projections to ensure resources are available to meet operational requirements and takes appropriate action if judged necessary.

General Meetings

All shareholders of the Company are entitled to attend the general meetings of the Company. The Annual General Meeting (AGM) is to be held no later than 30 June each year. Notification for meetings are sent out at least 21 days in advance. The notice includes a reference to the Company's website where the notice for the General Meeting and other supporting documents required to allow shareholders to form a view on all matters to be considered at the meeting are made available. The deadline for registration is normally set two working days before the General Meeting, to ensure shareholders have as much time as possible to register. If a shareholder cannot attend a meeting in person it is possible to vote through proxy.

The minutes from the General Meetings are published on the Company's website www.awilcodrilling.com

The next AGM is scheduled for 9 June 2021.

Corporate governance (continued)

The Board of Directors

The Board considers that it is vital to ensure that there is an appropriate range of skills, knowledge and experience among its members, and that the objectivity and integrity of members should be exemplary. The Board currently consists of five non-executive Directors including the Chairman. The Board believes that the structure and size of the Board is appropriate and that no single individual or group dominates the decision making process. The names, skills, experience and expertise of each Director are shown in the Board of Directors section of the Company's website at www.awilcodrilling.com

The main responsibilities of the Board include but are not limited to:

- providing strategic direction for the Company;
- overseeing the Company's systems of internal control, governance and risk management;
- evaluating the performance of executive management; and
- monitoring and facilitating the activities of the Audit and Remuneration Committees.

Management is delegated the task of the detailed planning and implementation of the Company's strategy.

Directors receive timely, regular and appropriate management information to enable them to fulfil their duties and have access to the advice of the Company Secretary. The Board has agreed guidelines for Directors to obtain independent professional advice, if they seek it, at the Company's expense.

The Company has in place directors' and officers' liability insurance.

The Board includes two independent non-executive directors (John Simpson and Synne Syrrist) and three non-independent non-executive directors (Sigurd Thorvildsen, Henrik Fougner and Daniel Gold). All the non-executive Board members are viewed as being free from any relationship with the executive management which could result in any conflict or affect their judgement. None of the non-executive directors participates in the share option schemes or long-term incentive plan operated by the Company and none are dependent on the fees received from the Company as their primary source of income.

Board Performance

The Board completes an annual process to evaluate the effectiveness of Board Committees and individual directors and has confirmed that it is satisfied that it and its Committees are operating effectively.

The performance of the Chief Executive Officer ("CEO") is reviewed annually by the Remuneration Committee in conjunction with his annual pay review and the payment of bonuses.

Directors are elected by shareholders at the first annual general meeting after their appointment and, after that, offer themselves for re-election by a vote of shareholders at least once every two years.

Corporate governance (continued)

The Board of Directors (continued)

Meetings and attendance

Board meetings are scheduled to be held at least five times a year, linked to key events in the Company's corporate reporting calendar. Additional ad-hoc meetings may be held.

It is expected that all directors attend Board and relevant committee meetings, unless they are prevented from doing so by prior commitments or travel restrictions. If directors are unable to attend meetings, they are given the opportunity to be consulted and comment in advance of the meeting.

Board Committees

The Board has established an Audit Committee, Remuneration Committee and a Nomination Committee. The Audit Committee and Nomination Committee have formal terms of reference governing their method of operation which reflect the provisions of the Code and which have been approved by the Board.

Audit Committee

The Audit Committee was chaired during the year by John Simpson and the other member of the Committee is Henrik Fougner. Only John Simpson is considered to be independent by the Board, which is acknowledged in the terms of reference of the Audit Committee. The Board is satisfied that John Simpson has recent and relevant financial experience, as the former CEO of Den norske Bank (now DNB Bank) in London and Regional Director for DNB's Asia-Pacific operations. Mr. Simpson is also classed as an approved person by the UK FCA and has chaired audit committees of UK listed companies and public bodies since 1996.

The role of the Audit Committee is to ensure the integrity of the financial statements of the Company, including its annual and quarterly reports, preliminary results' announcements and any other formal announcements relating to its financial performance. It is responsible for reviewing the Company's internal financial control and risk management systems, advising the Board on the appointment of external auditors, overseeing the relationship with external auditors, reviewing the Company's whistleblowing procedures and considering the need for an internal audit function.

The Audit Committee monitors the relationship with the Company's external auditors relating to the provision of non-audit services to ensure auditor objectivity and independence is safeguarded. The Company will award non-audit work to the firm which provides the best commercial solution for the work in question taking into account the skills and experience of the firm involved and the fees payable for the work. In considering whether to award such work to the external auditors, attention is paid to the level of fees for non-audit services relative to the amounts of the audit fee and whether there are safeguards in place to mitigate to an acceptable level any threat to objectivity and independence in the conduct of the audit resulting from the provision of such services.

There is an opportunity at each meeting for the Audit Committee to discuss matters privately with the external auditors without any members of the executive management team present. In addition, the Chairman of the Committee is in regular contact with the external audit partner to discuss matters relevant to the Company.

The Audit Committee have also been extensively involved in ensuring the appropriate disclosures regarding Covid-19 have been included in the financial statements.

Remuneration Committee

The Remuneration Committee was chaired during the year by Sigurd Thorvildsen and the other members of the Committee are Daniel Gold and Henrik Fougner.

The role of the Remuneration Committee is to establish and develop the remuneration policy for the Company's executives and key management and to determine a specific remuneration package for the CEO. No director or employee is involved in deciding their own remuneration. The Committee also approves all employee pay review proposals.

Details of the Company's policy on remuneration, service contracts and compensation payments are set out in the Director's remuneration report.

Corporate governance (continued)

The Board of Directors (continued)

Nomination Committee

The members of the Nomination Committee are Henrik Christensen and Tom Furulund.

The role of the Nomination Committee is to present a recommendation to the general meetings concerning directors to be elected by 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.

The table below shows the frequency and attendance of directors and other members at Board and Committee meetings during 2020.

No of meetings in year	*Board Meetings*	*Remuneration Committee*	*Audit Committee*	*Nomination Committee*
Sigurd Thorvildsen	17	3	-	-
Henrik Fougner	17	3	5	-
Daniel Gold	17	3	-	-
John Simpson	17	-	5	-
Synne Syrrist	17	-	-	-
Henrik Christensen (1)	-	-	-	1
Tom Furulund (1)	-	-	-	1

(1) Not members of the Board but members of the Nomination Committee only

Internal controls and risk management

The Board acknowledges its responsibility for establishing and maintaining adequate internal controls and risk management systems to safeguard shareholders' investments and the Company's assets and performs an annual review of these areas. Such systems can only be designed to manage, and not to eliminate, the risk of failure to achieve business objectives. They can provide reasonable, but not absolute, assurance that the Company's assets are safeguarded and that the financial information used within the business for external reporting is reliable.

Operational and business activity risks

The Company's operational and business activity risks are controlled and mitigated by the implementation and use of its Business Management System (BMS). The Company's offshore activity risk is further controlled by the implementation and use of its Safety and Environmental Management System which is incorporated in the BMS.

Information and financial reporting systems

The Company's comprehensive planning and financial reporting procedures include annual detailed operational budgets which are reviewed and approved by the Board. Performance against budget is monitored throughout the year, through monthly reporting of management accounts and key performance indicators. The Board receives updated cash flow statements on a monthly basis and at each Board meeting and has close follow-up discussions with the management between meetings as required.

Corporate governance (continued)

Internal controls and risk management (continued)

With a centralised financial reporting system, transactions and balances are recognised and measured in accordance with prescribed accounting policies, and all relevant information is appropriately reviewed and reconciled as part of the reporting process.

Investment appraisal

There are clearly defined evaluation and approval processes for acquisitions and disposals, capital items and major expenditure. These include escalating levels of authority and post-completion reviews of all major projects to compare the actual outcome with the original plan. Certain transactions are reserved for approval by the Board and limits of delegated responsibility and areas of authority have been identified for employees.

External audit

The Audit Committee reports to the Board on matters discussed with the auditors during the course of the statutory audit.

Takeovers

The Company has adopted guidelines in relation to takeover bids. The guiding principles of the Board in a take-over situation will be to seek the best value for and the equal treatment of all shareholders. The Board recognises that the decision whether to accept or reject an offer lies with the shareholders and will refrain from any actions which may deny shareholders this choice. The Board will seek to provide shareholders with a recommendation as to whether shareholders should or should not accept an offer. This includes seeking external advice on valuation when appropriate. Any transaction that is in effect a disposal of the Company's activities will be submitted to a General Meeting for its approval. As the Company is incorporated in England and Wales and listed in Norway, any takeover bid for the Company would be governed by aspects of both English law and Norwegian law and regulations in accordance with the EU Takeover Directive.

Communication with shareholders

The Company is committed to maintain the highest of standards of disclosure ensuring that all investors and potential investors have the same access to high quality, relevant information in an accessible and timely manner to assist them in making informed decisions. The Investor Relations Department manages the flow of information to all investors and potential investors and regular presentations take place at the time of the quarterly results as well as during the rest of the year.

Any concerns raised by a shareholder in relation to the Company and its affairs are communicated to the Board.

The Company maintains a website which provides up-to-date, detailed information on the Company's operations, which includes a dedicated investor relations section. All Company announcements are available on the website, as are copies of slides used for presentations to investment analysts.

Shareholders will have the opportunity at the forthcoming AGM to put questions to the Board, including the Chairmen of the various Committees.

Remuneration of the Board of Directors

The Company operates in a highly competitive market and must attract, motivate and retain high quality directors capable of achieving the Company's objectives and thereby enhancing shareholder value.

The non-executive Board members receive annual remuneration, based on the Board's responsibilities, expertise, time invested and the complexity of the business. Their remuneration is not linked to the Company's performance.

The remuneration of the Board is disclosed in the Director's Remuneration Report on pages 22-35 of this report. None of the Board members have had any additional assignments for the Company and none of the non-executives participate in any incentive or share option programme.

Corporate governance (continued)

Remuneration of executive personnel

The Remuneration Committee reviews and advises on proposals made by the CEO with regard to the remuneration payable to executive personnel, and presents them to the Board. The remuneration payable to executive personnel is determined on the basis of competence, experience and achieved results.

The Board decides the salary and other compensation for the CEO in a meeting. The remuneration and other compensation to the CEO and other executive employees are disclosed in the notes to the financial statements.

Auditor

In line with standard practice for a UK company, the auditor is not present during the Board meeting that deals with the annual accounts.

The auditor attends all meetings of the Audit Committee and presents to the Committee reviews of the Company's accounting principles, risk areas, internal control procedures, including identified weaknesses and proposals for improvement.

The auditor has a private meeting with the Audit Committee at the end of each of its meetings at which neither the CEO nor any other member from the management team is present.

By order of the Board of Directors

Sigurd Thorvildsen
28 April 2021

Directors' remuneration report

Information not subject to audit

Chairman of the Remuneration Committee's Annual Statement

Dear Shareholders,

I am pleased to present the directors' remuneration report for the financial year ended 31 December 2020, prepared in accordance with the Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

This report explains the Company's remuneration policy and provides details of the remuneration paid to executive and non-executive directors for services to the Company during the year. There have been no significant changes to the remuneration policy this year.

In determining remuneration levels, the Committee has taken account of market conditions, the performance of the Company, responsibility to shareholders and good corporate governance.

A resolution to approve the Directors remuneration report will be proposed at the AGM which is scheduled to be held on 9 June 2021.

Sigurd Thorvildsen
Chairman, Remuneration Committee
28 April 2021

Directors' remuneration report (continued)

Introduction

The Company's CEO is not an Executive Director of the Company but under UK company law, there is a requirement for quoted companies to treat the Chief Executive Officer, for the purposes of certain remuneration-related requirements, as if that person were a director of that quoted company. As a result, the following sets out the policy in respect of the components of remuneration which the CEO currently receives.

Process for setting the Remuneration Policy

The Remuneration Committee (the "Committee") sets the remuneration policy based on the principles and framework outlined below. The Committee is briefed on and considers prevailing market conditions, the competitive environments and the positioning and relativities of pay and employment conditions across the wider Company workforce.

Following each meeting of the Committee, the Chair provides an update to the Board.

Although the Committee does not consult directly with employees on CEO or director remuneration, the Company conducts periodic employee engagement surveys that give employees an opportunity to provide feedback on a wide range of employee matters.

As part of the Company's commitment to good governance, the Committee also considers shareholder views when setting the remuneration policy. Feedback from shareholders and investors is shared with, and used as input into decision-making by, the Board and Committee in respect of the remuneration policy and its application. The Committee considers that this approach provides a robust mechanism to ensure its members are aware of matters raised, have a good understanding of current shareholders views, and can determine the Company's remuneration policy and make decisions as appropriate.

The remuneration policy is designed to avoid conflicts of interests between the Company and the interests of shareholders. In setting the remuneration policy, Committee members are subject to provisions designed to avoid or manage conflicts of interest, which are documented separately in the Company's compliance policies. None of the directors or CEO makes a decision relating to their own remuneration. Individual directors leave the meeting when their own remuneration is being discussed.

Remuneration policy

The Company operates in a highly competitive market and must attract, motivate and retain high quality directors and senior executives capable of achieving the Company's objectives and thereby enhancing shareholder value.

A significant proportion of the potential remuneration of the CEO and senior executives is performance-related with appropriately stretching targets, thus aligning their interests with those of shareholders and encouraging performance at the highest levels.

The Committee has considered whether there are any aspects of the remuneration policy which could inadvertently encourage the executives to take inappropriate risk and has concluded that the policy remains appropriate in this regard.

How the views of employees are taken into account

As referred to above, the Company, in line with market practice, does not actively consult with employees on executive remuneration. The Committee is made aware of overall pay and employment conditions in the wider work force when it sets the executive remuneration policy.

How the views of shareholders are taken into account

As referred to above, the Committee takes into account the view of the shareholders through open and transparent communication with shareholders. If there are significant changes proposed to the remuneration policy, the Committee will consult with major shareholders.

Directors' remuneration report (continued)

Remuneration Policy Table – Executive Directors and CEO

The table below summarises the remuneration policy for any Executive Directors and the CEO.

Element	Purpose	Operation	Opportunity	Performance Measure
Annual Salary	To attract and retain key individuals and reflect their responsibilities, market value and expected performance level	Reviewed annually or when a change in responsibility occurs	There is no maximum salary opportunity	Not applicable
Benefits	To provide a market competitive reward package to the employee	Benefits to be provided to Executive Directors or the CEO will be determined by the Committee taking into account such factors as it determines to be necessary, with the aim of creating a competitive overall package. The provision of benefits would not be expected to be performance related. Benefits may include, but are not limited to: ➢ Car allowance ➢ Private health care ➢ Travel and housing allowance Benefits may also be provided to reflect the jurisdiction in which an Executive Director or the CEO is recruited or to which an Executive Director or CEO is relocated for business reasons, including relocation costs, tax equalisation arrangements and arrangements to take into account exchange rates. Benefits may also include participation in any broad-based incentive plan operated by the Company from time to time, up to the relevant limit for participation as applies to such arrangement	Car allowance is a fixed annual amount. There is no maximum for health/dental insurance as it will depend on the value of premiums paid in the year	Not applicable

Directors’ remuneration report (continued)

Element	Purpose	Operation	Opportunity	Performance Measure
Performance-related bonus	To provide an incentive for superior work and to motivate executives toward even higher achievement and business results, to tie their goals and interests to those of the Company and its shareholders and to enable the Company to attract and retain highly qualified executives	Bonus payments are determined by the Remuneration Committee and awarded where justified by performance	The amount of bonus increases with the level of performance achieved, up to a maximum of 100% of salary	Annual bonuses will be determined by reference to performance, in the normal course measured over one financial year. The performance measures, weightings and targets for the annual bonus will be set by the Committee on an annual basis The Committee shall have discretion to determine the terms and level at which annual bonuses may be granted, including the minimum performance required for an annual bonus to be payable In respect of an Executive Directors' or CEO's participation in annual bonus arrangements in any year, the Committee will have power to amend performance measures and targets after they have been set if events happen that mean they are no longer a fair test of performance

Directors’ remuneration report (continued)

Element	Purpose	Operation	Opportunity	Performance Measure
Pension	To provide a market competitive long-term retirement benefit	Eligibility to participate in a Defined Contribution scheme which has a maximum employer contribution of 12%	Up to 12% of salary	Not applicable
Long Term Incentive Plan (LTIP)	To motivate and incentivise executives to achieve key long-term incentives	The Company has operated a historic LTIP arrangement for the former CEO with all awards being synthetic share options which are cash-settled In the event that the Company adopts a new long-term incentive plan (which may involve synthetic share options, cash or actual shares), Executive Directors and the CEO would be eligible to participate in such plan, subject to the terms of, and the maximum levels of participation provided in, the rules of such plan. In respect of any performance-related long-term awards granted to Executive Directors or the CEO, performance measures, weightings and targets would be set by the Committee Following grant of an award, the Committee would have power to amend performance measures and targets if events happen that mean they are no longer a fair test of performance The 2020 plan “vests” in 25% tranches linked to rig contract dates and expires after five years.	Award of up to 100% of salary each calendar year	The awards are made at the discretion of the Board of Directors and are not guaranteed to be awarded each year

Notes to the Remuneration Policy Table

In considering the appropriate measures to apply to any performance-based awards, the Committee will seek to incentivise and reinforce delivery of the Company's strategic objectives achieving a balance between delivering annual returns to shareholders and ensuring long-term profitability and growth.

The performance targets set would be stretching and achievable, taking into account the Company's strategic priorities and the economic environment in which the Company operates.

Directors' remuneration report (continued)

Statement of consideration of employment conditions elsewhere in the Company

The Company's remuneration policies and practices are founded on a high degree of alignment and consistency across the organisation. Accordingly, remuneration for senior management is determined taking into account the remuneration principles that apply to the CEO, and similar principles also form the basis of the remuneration arrangements for the wider workforce.

The approach to salary reviews is consistent across the Company, with consideration given to the scope of the role, responsibility, individual performance and pay levels in the selected peer group. Retirement benefits, typically in the form of a pension, are provided based on local market practice. Other benefits provided to the wider employee population reflect local market practice and legislative requirements.

A high proportion of the wider employee population are eligible to participate in annual bonus arrangements. Opportunities and metrics which apply to these arrangements may vary by organisational level with functional performance indicators incorporated where appropriate.

Senior managers are eligible to participate in the LTIP, with opportunities varying across levels with the most senior managers having a bigger portion of their pay delivered under the LTIP.

The key difference between remuneration for the CEO and any executive director and the wider employee population is the increased emphasis on long-term performance in respect of the CEO and executive directors, with a greater percentage of their total remuneration being performance-related.

The Committee is regularly updated on the pay principles and practices in operation across the Company, in order to take these into account in setting the remuneration policy.

Other matters

In addition to the above, the Company is obliged to honour any contractual entitlement to compensation or benefits, and any incentive awards, which are held by: (i) any current or former Executive Director or CEO on the effective date of this policy; or (ii) an employee or officer of the Group on the date they are promoted to the role of Executive Director or CEO. Appropriate disclosure will be made of any compensation paid (or similar) to an Executive Director or CEO pursuant to any such arrangements.

The Company may reimburse all reasonable expenses incurred by an Executive Director or CEO in connection with their role. This will include expenses in attending Board or Board-committee meetings, or the Company may alternatively provide a travel allowance for such purpose. This may also include items which, for tax purposes, are treated as a taxable benefit, and in which case the Company may also pay any such tax on behalf of the Executive Director or CEO.

Approach to recruitment and promotions

In recruiting an Executive Director or CEO, including on promotion of an employee or officer from within the Group to the role of Executive Director or CEO, the Committee will offer the recruit a remuneration package that it believes is appropriate, taking into account the skills and experience of the individual and the need to recruit, retain and motivate individuals of the appropriate calibre. The remuneration package offered may include the components of remuneration described above in the Remuneration Policy Table.

For external hires, the Committee may determine that it would be appropriate to buy-out any existing incentive awards held by the individual that are forfeited as a result of the individual leaving their former employer. The Committee may also determine that it would be appropriate to grant recruitment-related awards. In the case of any buy-out of an equity based award, or the grant of any recruitment-related award, the award would normally be subject to such vesting and/or performance conditions as the Committee determines to be appropriate, either under a one-off arrangement or under the terms of the Company's incentive arrangements. In determining the terms of such awards, the Committee will take account of the vesting schedule and conditions attached to the forfeited awards (in the case of buy-out awards), but also other factors that it determines to be relevant, including the need to incentivise suitably and retain the individual during the initial years of their office.

The maximum level of variable remuneration (excluding any buy-out awards) that may be granted to any new Executive Director or CEO is 250% per annum of their salary.

Directors’ remuneration report (continued)

Service contracts

The employment contract of the CEO is not of a fixed duration and therefore has no unexpired terms.

The notice period of the CEO's contract of employment is six months with the same notice period for the Company. The CEO's employment can be terminated in the six-month probationary period without notice in the case of wilful misconduct or gross negligence.

In the event of termination by the Company, where there is no basis for dismissal as a result of gross breach of duty or other material breach of the employment contract by the CEO, or as a result of mutual agreement, the CEO shall be entitled to twelve months' severance pay.

In the event of a change of control of the Company, the CEO can terminate the employment contract and would be entitled to twelve months' severance pay.

The CEO's service contract is available for inspection at the Company’s registered office during normal hours of business.

The non-executive directors do not have service contracts but instead have letters of appointment.

Loss of office payments

Contractual entitlements

A departing Executive Director’s or CEO's rights in respect of salary, retirement benefits and contractual benefits will be determined in accordance with his service contract.

Incentive plans

The terms of a departing Executive Director’s or CEO's participation in any annual bonus or long-term incentive plans will be governed by the terms of such arrangements.

Corporate actions

The treatment of incentive awards in the event of a corporate action affecting the Company will be determined in accordance with the terms of such awards.

The Company may agree to pay reasonable legal fees on behalf of an Executive Director or CEO in respect of the effect of any corporate action on their personal position.

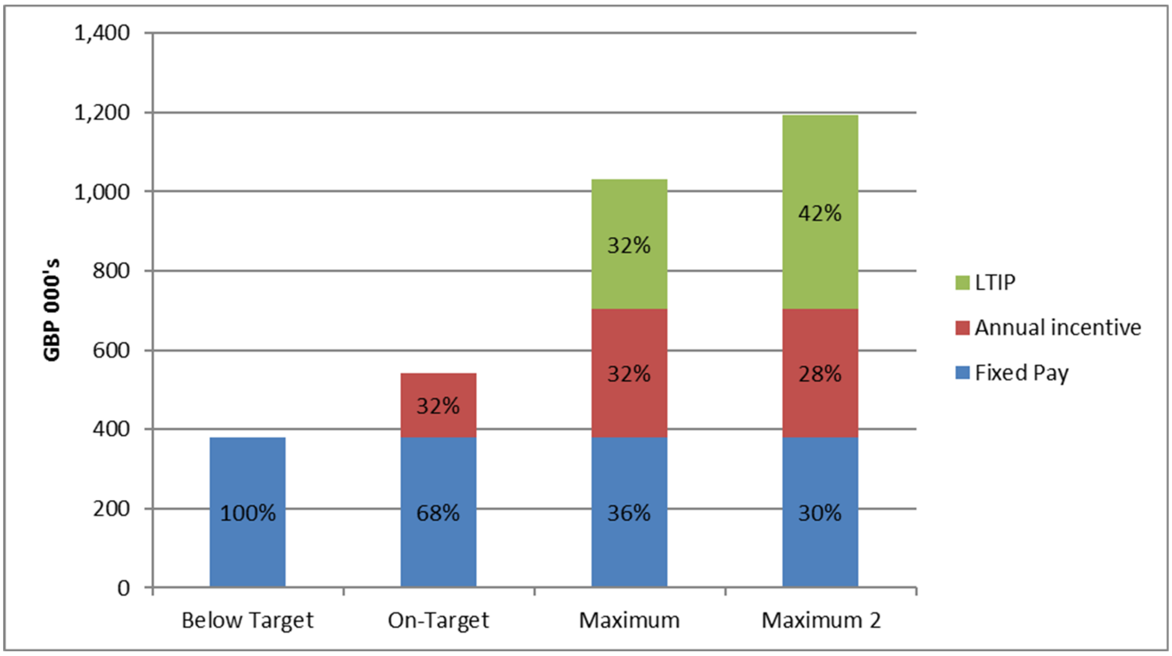
Other

The Company may enter into new contractual arrangements with a departing Executive Director or CEO in connection with the cessation of office or employment, including (but not limited to) in respect of settlement of claims, confidentiality, restrictive covenants and/or consultancy arrangements, where the Committee determines it necessary or appropriate to do so. The Company may pay reasonable legal fees on behalf of an Executive Director or CEO in connection with their cessation of office and employment. The Company may agree to provide other ancillary or non-material benefits, payments or similar to a departing Executive Director or CEO.

Directors' remuneration report (continued)

Reward Scenarios

The graph below shows how the total pay opportunities for the CEO vary under four performance scenarios. These have been prepared on the assumptions detailed below.



Below target = fixed pay only (base salary, benefits and pension)
On target = 50% payable of annual bonus, 0% LTIP award
Maximum = 100% payable of annual bonus, 100% LTIP award
Maximum 2 = 100% payable of annual bonus, 100% LTIP award and 50% share price increase over the performance period

The chart illustrates the potential rewards available under the remuneration policy on an annualised basis for the financial year 2020. The values (other than the Maximum 2 illustration) assume a constant share price and do not take into account dividend adjustments that may be received on the share awards. The potential awards available for "on-target" performance under the annual bonus and LTIP are provided for illustration only and do not reflect formal policy decisions that these amounts will be received. Maximum 2 illustration assumes a share price increase of 50% over the performance period but in all other respects is the same as the Maximum illustration. The figures used in the chart are provided for illustration only based on a theoretical grant over 100% of salary, being the maximum permitted under the policy table.
The salary level (on which the bonus and LTIP elements of the package are calculated) are based on current salary level of GBP 325,000 based on the GBP/NOK year end exchange rate.

Directors' remuneration report (continued)

Remuneration policy table – non-executive directors
The remuneration policy for non-executive directors is set out in the table below. No non-executive directors participate in the Company's incentive arrangements or pension plan.

Component	Purpose	Operation
Fees	The basic fee is a fixed annual fee agreed after taking external advice and making market comparisons, and relate to the service of the directors in connection with the Company's business. The additional fees payable to the Chairman and members of the Board Committees reflects the additional time commitment in preparing and attending additional meetings.	The fees for non-executive directors (including the Chairman) are reviewed annually and approved in aggregate at the annual general meeting. The current level of fees is detailed below.

New appointments
The same principles as described above will be applied in setting the remuneration of a new non-executive director. Remuneration will comprise fees only and be paid in accordance with the prevailing rate at the time of the appointment. No variable remuneration will be paid and there will be no compensation for any loss of remuneration in a previous employment.

Letters of appointments

The Non-executive Directors' Letters of Appointment are available for inspection at the Company's registered office during normal hours of business.

Other matters

In addition to the above, the Company is entitled to honour any contractual entitlement to compensation or benefits, and any incentive awards, which are held by any current or former Non-Executive Director on the effective date of this policy. Appropriate disclosure will be made of any compensation paid (or similar) to a Non-Executive Director pursuant to any such arrangements.

The Company may reimburse all reasonable expenses incurred by a Non-Executive Director in connection with their role. This will include expenses in attending Board or Board-committee meetings, or the Company may alternatively provide a travel allowance for such purpose. This may also include items which, for tax purposes, are treated as a taxable benefit, and in which case the Company may also pay any such tax on behalf of the Non-Executive Director.

Fees for non-executive directors

The current level of fees paid for 2019 and those proposed for 2020 are as follows:

	2020 *GBP*	*2019* *GBP*
Chairman	46,375	46,375
Basic Fee	33,125	33,125
Chair of Audit Committee	5,000	5,000
Member of Audit, Remuneration or Nomination Committee	3,000	3,000

Fees to be paid in respect of 2020 will be decided at the next AGM which is scheduled for 9 June 2021.

Retirement and re-election of directors
All directors were required, under the Articles of Association of the Company, to retire at the first AGM. At each subsequent AGM, any directors who have been appointed by ordinary resolution or by the directors since the last AGM or who were not appointed or reappointed at one of the preceding two AGMs must retire from office and may offer themselves for reappointment by the members. After recommendation by the Nomination Committee, all directors were re-appointed at the AGM on 13th June 2019.

Directors’ remuneration report (continued)

Audited information

Directors' remuneration

Single total figure of remuneration table

2020	***Basic Salary and Fees*** *GBP*	***Benefits (2)*** *GBP*	***Pension related benefits (3)*** *GBP*	***Total Fixed Remuneration*** *GBP*	***Performance Related bonus*** *GBP*	***Other (4)*** *GBP*	***Total Variable Remuneration*** *GBP*
Chief Executive Officer:							
J E O Berge (6)	325,000	15,789	39,552	380,341	-	-	-
	325,000	15,789	39,552	380,341	-	-	-
Non-executive Directors:							
S E Thorvildsen	49,375	-	-	49,375	-	-	-
H Fougner	39,125	-	-	39,125	-	-	-
D A Gold	36,125	-	-	36,125	-	-	-
J N Simpson	38,125	-	-	38,125	-	-	-
S Syrrist	33,125	-	-	33,125	-	-	-
	195,875	-	-	195,875	-	-	-

2019	***Basic Salary and Fees*** *GBP*	***Benefits (2)*** *GBP*	***Pension related benefits (3)*** *GBP*	***Total Fixed Remuneration*** *GBP*	***Performance Related bonus*** *GBP*	***Other (4)*** *GBP*	***Total Variable Remuneration*** *GBP*
Executive Director:							
J O S Bryce (1)	66,250	2,845	5,963	75,058	-	644,150	644,150
Non-executive Directors:							
S E Thorvildsen	49,375	-	-	49,375	-	-	-
H Fougner	39,125	-	-	39,125	-	-	-
D A Gold	36,125	-	-	36,125	-	-	-
J N Simpson	38,125	-	-	38,125	-	-	-
S Syrrist	33,125	-	-	33,125	-	-	-
	262,125	2,845	5,963	270,933	-	644,150	644,150
Chief Executive Officer:							
J E O Berge (5)	218,150	10,387	26,554	255,091	162,500	-	162,500
	218,150	10,387	26,554	255,091	162,500	--	162,500

(1) Resigned 18 March 2019
(2) Includes non-cash benefits comprising car allowance and private health and dental care
(3) Contributions made during the year to the defined contribution scheme
(4) Cash-settled value of synthetic share options exercised during the year
(5) Appointed 1 May 2019, does not hold position of Executive Director
(6) Resigned 1 February 2021

Directors' remuneration report (continued)

Analysis of taxable benefits received

The Chief Executive Officer ('the Executive Director') received the following taxable benefits:

	2020 GBP	*2019 GBP*
J O S Bryce		
Car allowance	-	2,500
Private health insurance	-	345
Total	-	2,845

The Chief Executive Officer received the following taxable benefits:

	2020 GBP	*2019 GBP*
J E O Berge		
Car allowance	15,789	10,387
Total	15,789	10,387

Annual bonus 2020

For the year under review, there was no bonus awarded to the Chief Executive Officer.

Annual bonus 2021

The criteria for the 2021 bonus has yet to be finalised by the Remuneration Committee but is expected to follow a similar format to the current year metrics, subject to challenging strategic targets. The precise weightings are considered by the Company to be commercially sensitive so are not specified in detail. The areas that have been considered were company performance and also performance improvement from the prior year, measured against the Company's financial and operational KPIs whilst also taking into account the current market conditions.

Long Term Incentive Plan

A long term incentive plan for the CEO and other key management personnel, 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, 2012, 2014 and 2015 are now fully exercised. There are still outstanding amounts under the 2016 plans. A further award was issued in 2020, with a total limit of up to 4,000,000 shares at the general meeting on 11 November 2019.

The 2016 plan "vests" after four years and the exercise period is five years subject to the employee remaining employed by the Company. The 2020 plan "vests" in 25% tranches linked to rig contract dates.

	Shares At 1 January 2020 No.	*Shares Granted in the year No.*	*Shares Exercised/Adjusted in the year No.*	*Shares At 31 December 2020 No.*	*Expiry date*	*Market price on date of award NOK*	*Interest vested in 2020 No.*	*Market price on vesting date NOK*
J E O Berge	-	1,200,000	(600,000)	600,000	31 Dec 2025	14.30	-	-

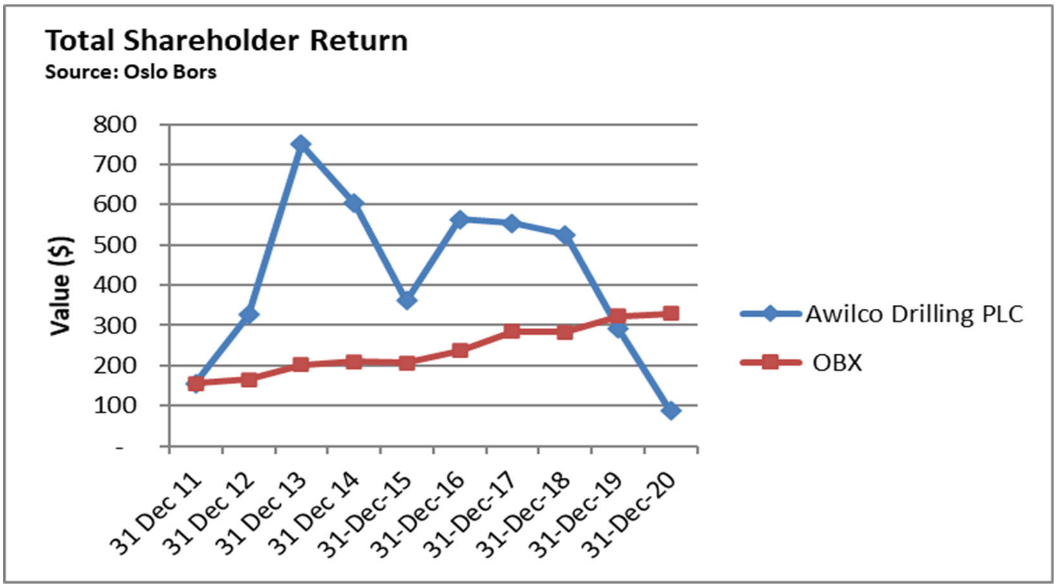
There are no other directors who have any interests in shares.

Directors' remuneration report (continued)

Information not subject to audit:

Relative importance of the spend on pay
The graph below shows the relative importance of the spend on pay (for all employees) compared with the returns distributed to shareholders (Note no dividends paid in 2019 or 2020).

Total shareholder return performance graph
The graph below shows the total shareholder return in terms of change in value of an initial investment of £100 on 10 June 2011 (and assuming dividends are re-invested) in a holding of the Company's shares against the corresponding total shareholder return in a hypothetical holding of shares in the OBX (an index on the Oslo Bors stock exchange). This was selected as it represents a broad equity market index in which the Company is a constituent member. The graph is a reporting requirement, however, the LTIP awards that are made to the Executive Director are not based on share performance.



Directors' remuneration report (continued)

Chief Executive Officer ('CEO') remuneration

Five-year comparison

The table below summarises the Chief Executive Officer (the Executive Director)'s single total figure of remuneration, annual and long-term variable performance-related remuneration (and the percentage of the maximum opportunity that these represent) in relation to the past five years.

Year	Chief Executive Officer	Single total figure of remuneration	Annual variable element (actual award versus opportunity)	
		GBP	*GBP*	*%*
2020	J E O Berge	380,341	-	-
2019	J E O Berge (1) (3)	417,591	162,500	50%
2019	J O S Bryce (2)	719,207	-	0%
2018	J O S Bryce	383,030	82,800	31%
2017	J O S Bryce	350,062	50,000	19%
2016	J O S Bryce	647,750	78,440	30%

(1) Appointed 1 May 2019
(2) Resigned 18 March 2019
(3) Resigned 1 February 2021

Comparison of CEO remuneration to employee remuneration

	2020	*2019*	*Change %*	*Employee remuneration change*
	GBP	*GBP*		
Salary and fees	325,000	325,000	-	-
Taxable benefits	15,789	15,475	2%	2%
Annual variable performance related remuneration	-	162,500	(100)%	(20)%
Total Annual figure	380,341	502,975		
Single total figure of remuneration	380,341	417,591		

The above table shows the movement in remuneration for the Chief Executive Officer between the current and previous financial year compared with movement of the average remuneration (per head) for all Company employees.

Comparison of Directors remuneration to employee remuneration

	2020 Change %	*2019 Change %*	*2018 Change %*	*2017 Change %*	*2016 Change %*
S E Thorvildsen	0%	0%	0%	0%	0%
H Fougner	0%	0%	0%	0%	0%
D A Gold	0%	0%	0%	0%	0%
J N Simpson	0%	0%	0%	0%	0%
S Syrrist	0%	0%	0%	0%	0%
Employees	0%	2%	0%	0%	0%

The above table shows the movement in remuneration for the Directors for the past five years compared with the average movement in remuneration (per head) for all Company employees.

Directors' remuneration report (continued)

Implementation of remuneration policy for following financial year

Base salaries

The CEO's base salary will continue to be reviewed annually by the Remuneration Committee, based on performance and current market conditions. The Remuneration Committee will then make a recommendation to the Board of Directors. There is no change from the previous year.

Pension and benefits

The CEO participates in a defined contribution arrangement which the Company contributes a maximum of 12% of base salary. Additional benefits include private medical and dental insurance and company car allowance.

Annual performance related remuneration

The maximum bonus opportunity for the CEO will remain unchanged at 100% of base salary. The bonus opportunity will be set by the Committee with targets aligned with creating shareholder value.

Statement of shareholder voting

The table below sets out the voting by the Company's shareholders on the resolution to approve the Directors' remuneration report at the AGM held on 3 June 2020.

	Total number of votes	% of votes cast
For	25,267,887	100.0%
Total votes cast	25,267,887	100.0%

The Remuneration Committee is pleased to note that 100% of shareholders approved the 2019 Directors' remuneration report.

By order of the Board of Directors

Sigurd Thorvildsen
28 April 2021

Independent auditors' report

to the members of Awilco Drilling PLC

Opinion

In our opinion:

- Awilco Drilling PLC's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 as applied in accordance with section 408 of the Companies Act; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Awilco Drilling PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise:

Group	Parent company
Consolidated balance sheet as at 31 December 2020	Balance sheet as at 31 December 2020
Consolidated income statement for the year then ended 31 December 2020	Statement of changes in equity for the year then ended 31 December 2020
Consolidated statement of comprehensive income for the year then ended 31 December 2020	Statement of cash flows for the year then ended 31 December 2020
Consolidated statement of changes in equity for the year then ended 31 December 2020	Related notes 1 to 29 to the financial statements including a summary of significant accounting policies
Consolidated statement of cash flows for the year then ended 31 December 2020	
Related notes 1 to 29 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and, as regards to the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements

Basis for opinion (continued)

in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Independent auditors' report

to the members of Awilco Drilling PLC

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainties related to going concern

We draw attention to note 2 in the financial statements, which indicates that the conditions identified below may cast significant doubt on the Group's ability to continue as a going concern.

- There is uncertainty over whether the Group can secure work for the semi-submersible rig.

- There is uncertainty over the liquidity of the Group and Company. Should any unexpected operational risks occur in the near term there may be a need for additional funding to be secured to continue to be able to meet their financial obligations.

- There is a possible crystallisation of a contingent taxation liability. If the liability were to become payable in the going concern period, additional financing would need to be raised in order to settle the liability.

As stated in note 2, these events or conditions, indicate that material uncertainties exist that may cast significant doubt on the Group and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and parent company's ability to continue to adopt the going concern basis of accounting included:

How we evaluated management's assessment

Risk assessment procedures

- We have obtained an understanding of management's basis for use of the going concern basis of accounting. To challenge the completeness of this assessment, we have independently identified factors that may indicate events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. Events or conditions were identified and we have designed our audit procedures to evaluate the effect of these risks on the Group's ability to continue as a going concern.

Management's method

- In conjunction with our walkthrough of the Group's financial statement close process, we confirmed our understanding of management's Going Concern assessment process and also engaged with management early to ensure all key factors were considered in their assessment;
- We obtained management's forecast cash flows covering the period of assessment from the date of signing to 30 June 2022. The Group has modelled both a most likely scenario and a worst-case scenario in their cash flow forecasts in order to incorporate unexpected changes to the forecasted liquidity of the Group;
- Using our understanding of the business, we evaluated whether the forecasting method adopted by management in assessing going concern was appropriate and observed that the method had not changed from the centrally prepared forecast used in the prior year assessment;
- We tested to ensure that the forecasts were mathematically accurate;
- We considered past historical accuracy of management's forecasting;
- We evaluated the potential impact of Coronavirus on the forecasts;

Independent auditors' report

to the members of Awilco Drilling PLC

How we evaluated management's assessment (continued)

Management's method (continued)

- We inquired of management as to its knowledge of events or conditions beyond the period of management's assessment and read industry analysis to challenge and corroborate management's macro assumptions used in the assessment. In doing so, we also considered the consistency of information obtained from other areas of the audit such as the forecasts used for impairment assessments.

Assumptions

- We evaluated the relevance and reliability of the underlying data used to make the assessment by corroborating underlying data to third party data;
- We determined whether there was appropriate evidence for the revenue and cost assumptions underlying the assessment through assessing management's future assumptions by comparing these to industry data, and historic costs and management reports;
- We evaluated management's assumptions by corroborating to third party data, assessing changes from the prior period and considering whether assumptions were consistent with each other and other areas of the business activities and considered whether there was any indication of management bias;
- We reviewed industry reports and market data for indicators of contradictory evidence to challenge the going concern assessment.

Stress testing and Management's plans for future actions

- We performed reverse stress testing on the forecasts to understand how severe the downside scenarios would have to be to result in the elimination of liquidity headroom;
- We assessed the plausibility of management's downside scenarios by evaluating the actual Covid-19 impact on the Group to date and reading industry analysis to consider the wider outlook for the industry as a whole;
- We evaluated management's plans for future actions within the control of the Group to reduce cash flow spend in the going concern period in order to determine whether such actions are feasible in the circumstances, corroborating where relevant to third party evidence;
- We evaluated the opinion from the client's legal representatives in regard to the contingent tax liability;
- We engaged with our tax subject matter experts to understand the possible cash out flows from the tax contingent liability which could crystallise in the future;
- We engaged with the Group's external legal advisors to obtain an updated position of the arbitration cases;
- We have made inquiries of a representative of the Group's largest shareholder regarding its commitments to the Group.

Disclosures

- We considered whether management's disclosures, in the Annual Report and financial statements, sufficiently and appropriately capture the impacts of Covid-19 on the going concern assessment and through consideration of relevant disclosure standards.

Independent auditors' report

to the members of Awilco Drilling PLC

Our key observations

- We have observed that the Group is experiencing the impact of the downturn in the oil and gas industry and the impact of the Covid-19 pandemic on the industry as a whole;
- The Group has not yet secured work which covers the whole of the going concern period;
- The Group has limited liquidity to cover unexpected operational issues;
- The contingent tax liability could be resolved at the tax tribunal scheduled for June 2021. In the event that this contingency was to crystallise, and become payable, additional financing would be required in order to settle the liability, such financing has not yet been secured;
- Management and their legal representatives have concluded that the likelihood of settlement of the arbitration process (See Note 23) in the going concern period is remote.

Conclusion

- Based on the work we have performed, we have identified material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern over a period to 30 June 2022 from the date of approval of the financial statements.
- Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of four components and audit procedures on specific balances for a further two components. • The components where we performed full or specific audit procedures accounted for 100% of Loss before tax, 100% of Revenue and 100% of Total assets.
Key audit matters	• Impairment of the drilling rigs
Materiality	• Overall group materiality of $950k which represents 1% of Equity.

An overview of the parent company and group audits

Tailoring the scope
Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, changes in the business environment and other factors when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the six reporting components of the Group, we selected six components covering entities within Norway. Singapore and the United Kingdom, which represent the principal business units within the Group.

Independent auditors' report

to the members of Awilco Drilling PLC

An overview of the parent company and group audits (continued)

Tailoring the scope (continued)
Of the six components selected, we performed an audit of the complete financial information of four components ("full scope components") which were selected based on their size or risk characteristics. For the remaining components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 100% (2019: 92%) of the Group's loss before tax, 100% (2019: 100%) of the Group's Revenue and 100% (2019: 100%) of the Group's Total assets.

	Full scope components		Specific scope components	
Financial year	2020	2019	2020	2019
% of Group's loss before tax	29%	92%	71%	0%
% of Group's Revenue	100%	100%	0%	0%
% of Group's Total Assets	95%	85%	5%	15%

Changes from prior year
We have classified four entities as full scope and two as specific scope in the current year, compared to three entities as full scope in the prior year. This is due to additional costs within the group as a result of the down manning of the Norwegian office.

Involvement with component teams
All audit work performed for the purposes of the audit was undertaken by the Group audit team.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainties related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Independent auditors' report

to the members of Awilco Drilling PLC

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Impairment of drilling rigs (NBV: 2020: $75m 2019: $196m) *Refer to Accounting policies (page 55); Significant accounting estimates and assumptions (page 55) and Note 15 of the Consolidated Financial Statements (page 65)* Under IAS 36, the group is required to assess annually whether any impairment indicators exist at the year-end and if such conditions exist, an impairment assessment is required. Lack of future work for the operational rig, coupled with the fact one semi-submersible drilling rig (WilHunter) remains un-utilised (no change to the rig's cold stacked status), along with the cancellation of the construction contracts for the rigs previously under construction are considered indicators of a likely impairment. Given the estimates and judgements involved in the impairment assessment, there is a risk of improper valuation of the semi-submersible drilling rigs.	We evaluated management's impairment assessment by verifying the methodology and assumptions, along with the value in use and suitability of sensitivities considered by management within, specifically: • We have confirmed the mathematical accuracy of the impairment model; • Future contract day rates - we have compared forecasted day rates to historic day rates and industry trends, reviewing industry reports for potential contradictory evidence; • Rig Utilisation – we have compared forecast rig utilisations to historic performance of the group and current market trends, reviewing industry reports for potential contradictory evidence to confirm reasonableness of assumptions; • Long term growth rate – we compared the forecast contracted daily rates applied by management to available external rates; • We challenged the assumptions forming the basis of the cashflow. This included reviewing industry reports on forecast rates; • We have performed sensitivities over the assumptions used by management;	The assessment is impacted by several factors and is sensitive to both future operating activities and discount rates. In our view the day rates used by management are within reasonable ranges. Following the $10m impairment charge (to WilHunter), we consider the carrying value of nil of the semi-submersible drilling rig to be reasonable and that appropriate disclosures are made in the financial statements. Following the $23m impairment charge (to WilPhoenix), we consider the carrying value of the semi-submersible drilling rig to be reasonable and that appropriate disclosures are made in the financial statements. Following the $111m impairment charge to the drillings rigs under construction, we consider the carrying value of nil to be reasonable and that appropriate disclosures are made in the financial statements.

Independent auditors' report

to the members of Awilco Drilling PLC

	• Discount rates – we involved our valuations specialists in our evaluation of the discount rate to consider the appropriateness of the rates used. Our specialists performed a review of the methodology along with testing the inputs to the weighted average cost of capital to external sources including peer data. We assessed the discount rate used in the impairments model resulting in an increased rate being used in the final calculations; • Operating costs –the forecast operating costs are in line with audited current and prior year expenditure; • For the assets previously held under construction we have obtained copies of cancellation letters to the construction company; We have tested the calculation provided by management and agree it has been recorded correctly; and • We have confirmed that the appropriate disclosures have been made in the consolidated financial statements. All procedures were performed by the Group team.	

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Independent auditors' report

to the members of Awilco Drilling PLC

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be $950k (2019: $2.0m), which was 1% of Equity (2019: 1% of Assets). During 2020 and 2019 there was a significant reduction in profitability due to reduced activity levels, resulting in losses for both years. Equity was considered a more appropriate materiality basis given the challenges faced by the group.

We determined materiality for the Parent Company to be $3.3m (2019: $4.4m), which is 3% of Equity (2019: 2%).

During the course of our audit, we reassessed initial materiality and reduced it due to the challenges faced by the group.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2019: 75%) of our planning materiality, namely $710k (2019: $1.5m). We have set performance materiality at this percentage based on the history of past misstatements and lack thereof, our ability to access the likelihood of misstatements and the effectiveness of the internal control environment.

The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was $98k to $700k (2019: $30k to $991k).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $40k (2019: $100k), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 2 to 35, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Independent auditors' report

to the members of Awilco Drilling PLC

Other information (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report

to the members of Awilco Drilling PLC

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those that relate to the reporting framework (IFRS and the Companies Act 2006) and the relevant tax compliance regulations in the jurisdictions in which Awilco operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, environmental, and bribery and corruption practices;

- We understood how Awilco Drilling PLC is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes, papers provided to the Audit Committee and correspondence received from regulatory bodies and noted that there was no contradictory evidence;

- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by considering the risk of fraud through management override and, in response, we carried out procedures such as testing of transactions back to source information, which were designed to provide reasonable assurance that the financial statements were free from fraud or error;

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business;

- There was no identification of any instances of non-compliance with laws and regulations.

Independent auditors' report

to the members of Awilco Drilling PLC

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Jamie Dixon (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Aberdeen
28 April 2021

Notes:

1. The maintenance and integrity of the Awilco Drilling PLC web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Group statement of comprehensive income

for the year ended 31 December 2020

	Notes	2020 US$000	2019 US$000
Revenue	5	25,602	38,136
Cost of sales		(33,460)	(36,365)
Impairment	15, 22	(145,171)	(23,000)
Gross Loss		(153,029)	(21,229)
General and administrative expenses		(14,887)	(9,153)
Operating Loss	6	(167,916)	(30,382)
Finance income	9	386	948
Finance expense	10	(35)	(14)
Other expense		-	(152)
Net (loss)/gain on foreign exchange transactions	11	(131)	(385)
Loss on forward contracts at fair value through profit and loss	28	-	(180)
Loss before taxation		(167,696)	(30,165)
Income tax expense	12	(161)	(427)
Loss for the year attributable to equity shareholders		(167,857)	(30,592)

There is no comprehensive income other than the results for the year.

Basic and diluted loss per share (US$ per share)	13	(3.08)	(0.57)

Total comprehensive income for the year is attributable to the owners of the Company, as there is no minority interest.

Group statement of financial position

as at 31 December 2020

	Notes	2020 US$000	2019 US$000
Non-current assets			
Property, plant and equipment	15	66,800	201,918
Right-of-use asset	22	1,096	1,417
Deferred tax asset	12	16	108
		67,912	203,443
Current assets			
Inventory		3,026	4,946
Trade and other receivables	18	6,411	9,724
Cash and cash equivalents	19	14,738	41,249
		24,175	55,919
Total assets		92,087	259,362
Current liabilities			
Trade and other payables	20	6,294	7,240
Provisions	21	1,573	-
Current tax payable		66	71
		7,933	7,311
Non-current liabilities			
Trade and other payables	20	1,026	1,066
		1,026	1,066
Total liabilities		8,959	8,377
Net Assets		83,128	250,985
Shareholders' Equity			
Called up share capital	24	525	525
Share premium account	24	218,381	218,381
Retained (deficit) / earnings		(135,778)	32,079
Total Shareholders' equity		83,128	250,985

Signed on behalf of the Board of Directors

Sigurd Thorvildsen
Director
28 April 2021

Company statement of financial position

as at 31 December 2020

	Notes	2020 US$000	2019 US$000
Non-current assets			
Property, plant and equipment	15	489	560
Right of use assets	22	1,096	1,417
Investment in subsidiaries	17	279	279
Amount due from subsidiary undertakings	25	92,728	174,101
Deferred tax		16	108
		94,608	176,465
Current assets			
Trade and other receivables	18	3,830	9,313
Cash and cash equivalents	19	13,961	41,203
		17,791	50,516
Total assets		112,399	226,981
Current liabilities			
Trade and other payables	20	3,414	3,642
Non-current liabilities			
Trade and other payables	20	748	1,066
Total liabilities		4,162	4,708
Net assets		108,237	222,273
Shareholders' Equity			
Called up share capital	24	525	525
Share premium account	24	218,381	218,381
Retained (deficit) / earnings		(110,669)	3,367
Total Shareholders' equity		108,237	222,273

The loss recorded by the Company for the year was US$ 114.0 million (2019: US$ 8.8 million profit).

Signed on behalf of the Board of Directors

Sigurd Thorvildsen
Director
28 April 2021

Group statement of changes in equity

for the year ended 31 December 2020

	Called Up Share Capital US$000	*Share Premium account US$000*	*Retained Earnings/(deficit) US$000*	*Total shareholders equity US$000*
At 1 January 2019	477	198,242	62,671	261,390
Equity issue as at 13 March 2019	48	20,547	-	20,595
Equity issue costs as at 13 March 2019	-	(408)	-	(408)
Total comprehensive loss for the year	-	-	(30,592)	(30,592)
At 31 December 2019	525	218,381	32,079	250,985
Total comprehensive loss for the year	-	-	(167,857)	(167,857)
At 31 December 2020	525	218,381	(135,778)	83,128

Company statement of changes in equity

for the year ended 31 December 2020

	Called Up Share capital US$000	*Share Premium account US$000*	*Retained Earnings/(deficit) US$000*	*Total shareholders equity US$000*
At 1 January 2019	477	198,242	(5,445)	193,274
Equity issue as at 13 March 2019	48	20,547	-	20,595
Equity issue costs as at 13 March 2019	-	(408)	-	(408)
Total comprehensive profit for the year			8,812	8,812
At 31 December 2019	525	218,381	3,367	222,273
Total comprehensive loss for the year	-	-	(114,037)	(114,037)
At 31 December 2020	525	218,381	(110,669)	108,237

Group statement of cash flows

for the year ended 31 December 2020

	Notes	2020 US$000	2019 US$000
Operating activities			
Loss before taxation		(167,696)	(30,165)
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation		10,302	11,586
Impairment	16	145,171	23,000
Net finance (income)/expense		(351)	(934)
Share-based payment		(532)	(2,112)
Working capital adjustments:			
Decrease in trade receivables		5,385	167
Decrease / (increase) in inventory		1,920	(138)
(Increase) / decrease in prepayments and other receivables		(2,058)	2,046
Increase/(decrease) in trade and other payables		878	2,295
Interest paid	10	(35)	(14)
Interest received	9	386	949
Taxation paid		(74)	(70)
Taxation refunded		-	340
Net cash flows (used in)/generated from operating activities		(6,704)	6,950
Investing activities			
Purchase of property, plant and equipment	15	(19,316)	(49,421)
Disposal of property, plant and equipment		29	-
Net cash flow used in investing activities		(19,287)	(49,421)
Financing activities			
Proceeds from issue of share capital		-	20,595
Equity issue costs		-	(408)
Payment of principal portion of lease liabilities	22	(520)	(332)
Net cash flows generated (used in)/from financing activities		(520)	19,855
Net decrease in cash and cash equivalents		(26,380)	(22,231)
Net foreign exchange difference	11	(131)	(385)
Cash and cash equivalents at beginning of year		41,249	63,865
Cash and cash equivalents at end of year	19	14,738	41,249

Company statement of cash flows

for the year ended 31 December 2020

	Notes	2020 US$000	2019 US$000
Operating activities			
(Loss)/profit before taxation		(113,945)	9,166
Adjustments to reconcile (loss)/profit before tax to net cash flows:			
Depreciation		384	381
Net finance (income)/expense		(357)	(934)
Share based payment		(532)	(2,112)
Working capital adjustments:			
Decrease in prepayments		110	52
Decrease / (increase) in trade and subsidiary receivables	25	86,760	(50,016)
Increase/(decrease) in trade and other payables		312	346
Interest paid		(27)	(14)
Interest received		385	948
Taxation refunded		-	340
Net cash flows used in operating activities		(26,910)	(41,843)
Investing activities			
Purchase of property, plant and equipment	15	(21)	(116)
Disposal of property, plant and equipment	15	29	-
Net cash flows generated from /(used in) investing activities		8	(116)
Financing activities			
Proceeds from issue of share capital		-	20,595
Equity issue costs		-	(408)
Payment of principal portion of lease liabilities	22	(340)	(332)
Net cash flows generated from/(used in) financing activities		(340)	19,855
Net increase/(decrease) in cash and cash equivalents		(27,242)	(22,104)
Cash and cash equivalents at beginning of year		41,203	63,307
Cash and cash equivalents at end of year	19	13,961	41,203

Notes to the financial statements

At 31 December 2020

1. General information

The Group and Company financial statements of Awilco Drilling PLC for the year ended 31 December 2020 were authorised for issue by the Board of Directors on 28 April 2021. The Company is incorporated in the United Kingdom under the Companies Act 2006 and listed on the Oslo Bors stock exchange. The address of the registered office is given on page 1. The principal place of the business is 2 Kingshill Park, Westhill, Aberdeenshire, AB32 6FL. The nature of the Group's operations and its principal activities are set out in the Strategic report.

2. Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board in conformity with the requirements of the Companies Act as they apply to the financial statements of the Group and Company for the year ended 31 December 2020 and prepared in accordance with the provisions of the Companies Act 2006.

Basis of consolidation

The Group 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 and prepared on a historical cost basis. The Group has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company income statement. The loss recorded by the Company for the year was US$ 114.0 million (2019: US$8.8 million profit).

Material Uncertainties over Going concern

At 31 December 2020 the Group had cash on hand of US$ 14.7 million and no debt. Management has prepared cash flow forecasts covering a period until 30 June 2022 in order to assess whether the Group and Company are a going concern. There are several material uncertainties which may cast doubt on the Group's ability to continue as a going concern and therefore may be unable to realise its assets and discharge its liabilities in the normal course of business. The following material uncertainties have been identified:

- There is uncertainty regarding the securing of additional revenue contracts that will cover the going concern period. A base case cash flow has been prepared with the scenario assuming the Group secures follow-on work subsequent to the existing contracts with Serica and Ithaca. This scenario assumes that no additional financing will be required to fund the Special Purpose Survey (SPS) for the WilPhoenix. Assuming the follow-on work for the WilPhoenix materialises and the SPS is self-funded, this gives sufficient positive cash flow during the going concern period. Management have also prepared an alternative cash flow scenario which assumes the Group secures no future work subsequent to the Serica and Ithaca contracts. In that scenario, it is assumed that all the necessary mitigating actions will be taken, including the cold stacking of the WilPhoenix upon completion of the contracted work. Neither scenario considers the potential crystallisation of the contingent taxation liability, see Note 23 and described below. Both scenarios also consider that there are no cash inflows or outflows aside from legal fees in respect of the arbitration with Keppel FELS, see Note 23, as the Directors believe there is a remote likelihood of any settlement in the review period. The Group has sufficient cash to offset declining cashflow through the going concern period and would seek to raise additional financing in order to pursue future opportunities and the ongoing arbitration process, should that be necessary. For avoidance of doubt there is a risk that if the group are unable to secure additional follow-on work in the near term, that the Group would cease drilling operations.
- There is uncertainty regarding the sufficiency of liquidity to cover the costs arising from any significant operational risks that may materialise during the going concern period. Should liquidity levels fall below the amount the directors consider necessary to cover operational risks, the Group would seek to raise additional financing. No such financing has yet been secured.

Notes to the financial statements

At 31 December 2020

2. Basis of preparation (continued)

Material Uncertainties over Going concern (continued)

- There is uncertainty in relation to the possible crystallisation of a contingent taxation liability relating to a subsidiary company (Note 23). In the event that this contingency were to crystallise, and become payable, additional financing would be required in order to settle the liability. The initial tax appeal tribunal is scheduled for June 2021 and should the subsidiary company be unsuccessful in the initial appeal, the right of further appeal would remain available.

Based on their assessment of risks and financing options, the Directors believe there is a reasonable prospect of the Company and the Group continuing as a going concern for the period to 30 June 2022. However, the above listed material uncertainties may cast significant doubt upon the Group and Company's ability to continue as a going concern. The financial statements do not contain adjustments that would result if the Group and Company were unable to continue as a going concern.

3. Significant accounting judgements, estimates and assumptions

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year, are discussed below.

Impairment

The carrying amount of the Group's rigs are reviewed at each balance sheet date to determine whether there is any indication of impairment, or more frequently if events or changes in circumstances indicate they might be impaired. The impairment test is based on management's best estimate of forecast industry conditions and operations, expected utilisation, contract rates, operating expenses and capital requirements of the rigs. See note 15 and 16 for further information on carrying amounts and sensitivity analysis.

Contingent Liabilities

As detailed in Note 23, there are two items that are considered as contingent liabilities. The first is in connection with an ongoing tax tribunal with HMRC and the second in connection with claims that have been submitted by Keppel FELS shipyard in respect of amounts it considers recoverable due to termination provisions in the contracts for Nordic Winter and Nordic Spring. The Group has applied judgement in evaluating them as contingent liabilities only and no provision for either has been made.

4. Accounting policies

New standards and interpretations

There were various standards effective for annual periods beginning on or after 1 January 2020 however none had any impact on these financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New standards and interpretations - not yet adopted

The following standards and amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting period beginning on or after 1 January 2021 or later periods, but the Group has not early adopted them:

- Interest Rate Benchmark Reform – Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

Notes to the financial statements

At 31 December 2020

4. Accounting policies (continued)

New standards and interpretations - not yet adopted (continued)

- AIP IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities
- IFRS 17 Insurance Contracts
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1

It is not anticipated that the application of these standards and amendments will have any material impact on the Group’s financial statements.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position 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 statement of cash flows, cash and cash equivalents are as defined above and net of outstanding bank overdrafts.

Property, plant and equipment

Rigs and equipment are stated at cost less depreciation and impairment losses. 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 their originally assessed standard of performance, the expenditure is capitalised 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 as follows:

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

Special purpose surveys are a five-yearly thorough inspection and recertification of the hull and main machinery components of the rig, which also include class and flag state renewal and verification. The carrying values of plant and equipment are reviewed for impairment if 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 statement of comprehensive income in the period of derecognition.

Assets under construction

Assets under construction are costs directly associated with constructing an asset. While the asset is being constructed, no depreciation is applied. Once an asset is ready for use, all associated costs are transferred to the relevant asset category and depreciated accordingly.

Inventories

Inventories of drilling equipment and spares 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.

Revenue recognition

Revenue derived from charter-hire contracts or other service contracts is recognised in the period that services are rendered at rates established in the relevant contracts. Certain contracts include mobilisation fees payable at the start of the contract. In cases where the fee covers a general upgrade of a rig or equipment which increases the value of the rig or equipment beyond the contract period, the fee is recognised as revenue over the firm contract period whereas the investment is depreciated over the remaining lifetime of the asset.

Notes to the financial statements

At 31 December 2020

4. Accounting policies (continued)

Revenue recognition (continued)

In cases where the fee covers specific upgrades or equipment specific to the contract, the mobilisation fees are recognised as revenue over the firm contract period.

Cost of sales

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

Taxation

Current income tax

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.

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 statement of comprehensive income.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Notes to the financial statements

At 31 December 2020

4. Accounting policies (continued)

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using United States Dollars (US$) "the functional currency". The Group financial statements are presented in US$, which is the Company's functional currency and presentation currency and all values are rounded to the nearest thousand dollars (US$000) except when otherwise indicated.

Transactions 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 recognised in the statement of comprehensive income. The principal foreign currencies used by the Group are Pounds Sterling (£ or GBP), Euro (€) and Norwegian Kroner (NOK).

Earnings/(loss) per share

Basic earnings/(loss) 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 year.

Diluted earnings/(loss) 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.

Leases

Effective 1 January 2019, the Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

For all other leases, the Group recognises lease liabilities representing lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease and are measured at cost, less any accumulated depreciation and impairment losses, adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any incentives received. Right of use assets are depreciated on a straight-line basis over the remaining lease term.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities at the present value of lease payments to be made over the lease term, using the interest rate implicit to the lease, and if not readily determinable, at the incremental borrowing rate.

The lease liabilities are included in trade and other payables in Note 20.

Financial assets

Financial assets are recognised when the Group becomes party to the contracts that give rise to them and are classified as financial assets at fair value through profit or loss, amortised cost, or fair value through other comprehensive income as appropriate. The Group 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.

Notes to the financial statements

At 31 December 2020

4. Accounting policies (continued)

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

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in Note 18.

The Group recognises an allowance for expected credit loss (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Trade and other receivables

Trade receivables and amounts due from subsidiary undertakings, which generally have 60-day terms, are recognised and subsequently carried at the original invoiced value net of expected credit loss. Where the time value of money is material, receivables are carried at amortised cost.

Trade and other payables

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

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 statement of comprehensive income.

Notes to the financial statements

At 31 December 2020

4. Accounting policies (continued)

Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts, to hedge certain 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 at the reporting date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The Group does not designate any derivative financial instruments as hedges nor apply hedge accounting. Any gains or losses arising from changes in the fair value of derivatives are taken to the statement of comprehensive income.

Share-based payment

The cost of cash-settled transactions is measured initially at fair value at the grant date using a Black-Scholes model, further details are given in Note 26. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in statement of comprehensive income for the period.

Pension

The pension plan in place is a defined contribution plan. Pension contributions are charged to the statement of comprehensive income as an expense in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as a deduction in reporting of the related expense, on a systematic basis over the periods that the related costs for which it is intended to compensate are expensed.

5. Revenue

Revenue represents the invoiced amount of services provided after the deduction of rebates and retrospective discounts. All items are stated net of value added tax.

The Group only has one segment – providing drilling services in the UK. As a result, no further segmental information has been provided.

Information about major customers

Annual revenue from two major customer amounted to US$ 14 million and US$ 11 million arising from the provision of drilling services (2019: US$ 38 million from one major customer).

6. Operating profit

This is stated after charging

	2020	*2019*
	US$000	*US$000*
Depreciation (Note 15, 22)	10,307	11,586
Inventory recognised as an expense during the year	507	779
Write off of inventory	1,620	-

Notes to the financial statements

At 31 December 2020

7. Auditors' remuneration

The Group paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Group.

	2020 *US$000*	*2019* *US$000*
Audit of the financial statements	124	128
Local statutory audits of subsidiaries	52	52
Tax services - compliance	33	32
Tax services - advisory	43	55
	252	267

8. Staff costs

	2020 *Group* *US$000*	*2020* *Company* *US$000*	*2019* *Group* *US$000*	*2019* *Company* *US$000*
Wages and salaries	15,825	2,455	16,659	3,766
Directors Fees	282	282	255	255
Pension costs	921	110	974	241
Social security costs	2,121	341	1,947	453
Long term incentive plan	(407)	(407)	(422)	(329)
	18,742	2,781	19,413	4,386

The Company makes contributions to a defined contribution scheme for all eligible employees up to a maximum of 12% of salary. Contributions are charged to the income statement as incurred.

The average monthly number of employees during the year was made up as follows:

	2020 *No.*	*2019* *No.*
Onshore, including management (Company)	20	28
Offshore	104	115
	124	143

9. Finance income

	2020 *US$000*	*2019* *US$000*
Bank interest	386	948

10. Finance expense

	2020 *US$000*	*2019* *US$000*
Interest on lease liabilities	35	14

Notes to the financial statements

At 31 December 2020

11. Net (loss)/gain on foreign exchange transactions

	2020	*2019*
	US$000	*US$000*
Gain on foreign exchange transactions	214	168
(Loss) on foreign exchange transactions	(345)	(553)
Net loss on foreign exchange transactions	(131)	(385)

12. Income tax

Income tax on profit on ordinary activities

	2020	*2019*
	US$000	*US$000*
Foreign tax on the profit for the year	66	71
Total current income tax	66	71
Amounts under provided in previous years	3	4
Tax credit available to the UK	-	-
Total current income tax	69	75
Deferred income tax:		
Origination and reversal of temporary differences	92	352
Impact of changes in tax rates	-	-
Total deferred income tax	92	352
Income tax charge in the Group statement of comprehensive income	161	427

Reconciliation of the total income tax charge

	2020	*2019*
	US$000	*US$000*
Loss from continuing operations	(167,696)	(30,165)
Tax calculated at UK standard rate of corporation tax of 19% (2019:19%)	(31,862)	(5,733)
Expenses not deductible/(income not taxable) for tax purposes	18,995	(43)
Effect of (lower)/higher taxes on overseas earnings	2,292	71
Unrecognised deferred tax asset	10,742	6,128
Tax (over)/under provided in previous years	3	4
Effect of tax rate differences	(9)	-
Income tax charge in the Group statement of comprehensive income	161	427

The income tax expense above is computed at loss before taxation multiplied by the effective rate of corporation tax in the UK of 19% (2019: 19%).

The corporate tax measures announced in the March 2021 Budget set out that corporation tax will increase from 19% to 25% from April 2023 for firms with annual profits greater than £250,000.

Notes to the financial statements

At 31 December 2020

12. Income tax (continued)

Deferred income tax

The deferred income tax included in the statement of financial position is as follows:

	2020	*2019*
	US$000	*US$000*
Deferred tax asset		
As at 1 January	108	461
Temporary differences relating to property plant and equipment	-	-
Share-based payment	(92)	(353)
As at 31 December	16	108

The main categories of deferred tax assets and liabilities recognised in the statement of financial position are as follows:

	Deferred tax asset	Deferred tax liability	Net recognised deferred tax asset/(liability)
	US$000	*US$000*	*US$000*
Share-based payments	16	-	16

Unrecognised deductible temporary differences

The Group has total tax losses of US$ 69.3 million which arose in the UK (2019: US$ 56.2 million) that are available for offset against future taxable profits that are not part of the bareboat charter ring-fence arrangements. There are further taxable temporary differences relating to fixed assets of US$ 24.6 million and US$ 18.4 million of unutilised capital allowances. Deferred tax assets have not been recognised in respect of these losses or differences due to the uncertainty of future profits being at this level. The Group has identified future taxable profits at an appropriate level in support of the deferred tax asset of US$16k as detailed in the above table.

Notes to the financial statements

At 31 December 2020

13. Earnings/(Loss) per share

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2020	*2019*
	US$000	*US$000*
Loss for the year attributable to equity share holders	(167,857)	(30,592)

	2020	*2019*
	No.000	*No.000*
Weighted average number of ordinary shares for basic and diluted earnings per share	54,582	54,582

Total earnings and weighted average number of shares outstanding during the year is the same as for diluted earnings per share.

14. Government grants

	2020	*2019*
	US$000	*US$000*
At 1 January	-	-
Received during the year	310	-
Released to the statement of profit or loss	(310)	-
At 31 December	-	-

The above Government grants received were in respect of the Coronavirus Job Retention Scheme.

Notes to the financial statements

At 31 December 2020

15. Property, plant and equipment

Group	*Semi-submersible drilling rigs*	*Assets under construction*	*Special purpose surveys*	*Other fixtures and equipment*	*Total*
	US$000	*US$000*	*US$000*	*US$000*	*US$000*
Cost:					
At 1 January 2019	336,526	44,384	16,159	1,909	398,978
Additions	1,081	48,224	-	116	49,421
Disposals	(578)	-	-	-	(578)
At 31 December 2019	337,029	92,608	16,159	2,025	447,821
Additions	623	18,672	-	21	19,316
Disposals	-	-		(29)	(29)
At 31 December 2020	337,652	111,280	16,159	2,017	467,108
Depreciation and impairment:					
At 1 January 2019	(202,442)	-	(8,369)	(1,405)	(212,216)
Provided	(8,088)	-	(3,117)	(60)	(11,265)
Impairment	(23,000)	-	-	-	(23,000)
Disposals	578	-	-	-	578
At 31 December 2019	(232,952)	-	(11,486)	(1,465)	(245,903)
Provided	(6,566)	-	(3,117)	(63)	(9,746)
Impairment	(33,379)	(111,280)	-	-	(144,659)
At 31 December 2020	(272,897)	(111,280)	(14,603)	(1,528)	(400,308)
Net book value:					
At 31 December 2020	64,755	-	1,556	489	66,800
At 31 December 2019	104,077	92,608	4,673	560	201,918

Notes to the financial statements

At 31 December 2020

15. Property, plant and equipment (continued)

Company	*Other fixtures and equipment US$000*
Cost:	
At 1 January 2019	1,909
Additions	116
At 31 December 2019	2,025
Additions	21
Disposals	(29)
At 31 December 2020	2,017
Depreciation:	
At 1 January 2019	(1,405)
Provided	(60)
At 31 December 2019	(1,465)
Provided	(63)
At 31 December 2020	(1,528)
Net book value:	
At 31 December 2020	489
At 31 December 2019	560

16. Impairment

The Group has recognised US$ 33.4 million (2019: US$ 23 million) as an impairment loss relating to the WilPhoenix and WilHunter rigs. The recoverable amount for the WilPhoenix is estimated at US$ 65.7 million and for WilHunter nil. This amount for the WilPhoenix does not include capital spares and other capital costs which are included in fixed assets (Note 15).

An additional impairment of US$111.3 million in respect of assets under construction (Nordic Winter and Nordic Spring) was also recognised following the termination of the rig construction contracts. See Note 23.

A value in use assessment of the rigs has been performed which resulted in an impairment of US$ 33.4 million. This was primarily due to the short term nature of the contract backlog and the continued uncertainty of future work prospects.

The analysis has been prepared on both rigs separately, as due to the cold stack status of the WilHunter, the cash inflows are forecast as being generated independently of each other. A pre-tax discount rate of 21.7% and post-tax discount rate of 17.8% has been applied. (2019: 13.7% and 10.1%)

The key assumptions used in the calculation are based on management's long-standing knowledge of the industry along with their best estimate of forecast industry conditions and operations, expected utilisation, contract rates, opex and capital requirements of the rigs. The assumptions used are subject to significant judgement and there is a certain amount of uncertainty to the outcome of these assumptions. Due to this uncertainty, the Group has performed a sensitivity analysis of the main assumptions for the WilPhoenix rig. The below table shows the resulting impairment values as a result of the changes.

Notes to the financial statements

At 31 December 2020

16. Impairment (continued)

Category	Sensitivity	*Impairment US$000*
Post tax discount rate:	Increase by 3%	(7,029)
Revenue:	Decrease by 5%	(9,980)
Utilisation:	Decrease by 5%	(8,437)
Opex costs:	Increase by 10%	(10,447)

17. Investments

	Company 2020 US$000	*Company 2019 US$000*
Company shares in subsidiary undertakings		
At 1 January	279	277
Investment in year	-	23,080
Impairment of investment in year	-	(23,076)
Disposal in year	-	(2)
At 31 December	279	279

Details of the holdings are as follows, all 100% shareholdings:

Name	*Country of Incorporation*	*Registered Address*
Awilco Drilling Offshore (UK) Ltd)	United Kingdom	11-12 St James's Square, London
WilHunter (UK) Ltd	United Kingdom	11-12 St James's Square, London
Awilco Drilling Pte. Ltd.	Singapore	8 Wilkie Road, Singapore
Awilco Rig 1 Pte. Ltd	Singapore	8 Wilkie Road, Singapore
Awilco Rig 2 Pte. Ltd	Singapore	8 Wilkie Road, Singapore
Awilco Rig 3 Pte. Ltd	Singapore	8 Wilkie Road, Singapore
Awilco Rig 4 Pte. Ltd	Singapore	8 Wilkie Road, Singapore
Awilco Drilling Norge AS	Norway	Verksgata IA, 4013 Stavanger

Notes to the financial statements

At 31 December 2020

18. Trade and other receivables

	Group 2020 US$000	*Company 2020 US$000*	*Group 2019 US$000*	*Company 2019 US$000*
Trade receivables	3,522	3,522	8,908	8,908
Prepayments and other receivables	768	308	578	245
Accrued revenue	2,121	-	7	-
VAT receivable	-	-	231	160
	6,411	3,830	9,724	9,313

As at 31 December, the analysis of ageing of trade receivables is as follows:

Group

		Neither past due nor impaired	*Past due but not impaired*	
	Total	*<60 days*	*60-90 days*	*90+ days*
	US$000	*US$000*	*US$000*	*US$000*
2020	3,522	3,522	-	-

		Neither past due nor impaired	*Past due but not impaired*	
	Total	*<60 days*	*60-90 days*	*90+ days*
	US$000	*US$000*	*US$000*	*US$000*
2019	8,908	8,896	-	12

Company

		Neither past due nor impaired	*Past due but not impaired*	
	Total	*<60 days*	*60-90 days*	*90+ days*
	US$000	*US$000*	*US$000*	*US$000*
2020	3,522	3,522	-	-

		Neither past due nor impaired	*Past due but not impaired*	
	Total	*<60 days*	*60-90 days*	*90+ days*
	US$000	*US$000*	*US$000*	*US$000*
2019	8,908	8,896	-	12

Notes to the financial statements

At 31 December 2020

19. Cash and cash equivalents

	Group 2020 US$000	Company 2020 US$000	Group 2019 US$000	Company 2019 US$000
Cash at bank	14,738	13,961	41,249	41,203

Cash at bank earns interest at floating rates based on daily bank deposit rates. The Company has no restricted cash. (2019: US$ 1.0 million)

20. Trade and other payables

	Group 2020 US$000	Company 2020 US$000	Group 2019 US$000	Company 2019 US$000
Trade and other payables:				
Lease Liabilities	616	327	340	340
Trade payables	1,257	1,744	1,284	843
Accruals and other liabilities	4,421	1,343	5,616	2,459
	6,294	3,414	7,240	3,642
Non-current:				
Lease Liabilities	1,017	739	1,066	1,066
Other liabilities	9	9	-	-
Total	1,026	748	1,066	1,066

21. Provisions

	Redundancy US$000	Onerous Contract US$000	Total US$000
At 1 January 2020	-	-	-
Arising during the year	640	933	1,573
At 31 December 2020	640	933	1,573

The redundancy provision is in relation to Norway shorebase personnel and the onerous contract is in relation to a commitment for an ERP system. Both items were subsequently settled post year end.

22. Leases

The Group has a lease contract in place for the office building at 2 Kingshill Park, Westhill, Aberdeenshire, AB32 6FL and for the office building at 103 Løkkeveien, 4007 Stavanger, Norway. Set out below is the carrying amount of the right-of-use assets recognised and the movements during the period:

	Office Building Group 2020 US$000	Office Building Company 2020 US$000	Office Building Group/Company 2019 US$000
As at 1 January	1,417	1,417	1,738
Additions	747	-	-
Depreciation Expense	(556)	(321)	(321)
Impairment	(512)	-	-
As at 31 December	1,096	1,096	1,417

The impairment is in relation to the lease for the office building in Norway.

Notes to the financial statements

At 31 December 2020

22. Leases (continued)

Set out below are the carrying amounts of lease liabilities (included under trade and other payables) and the movements during the period:

	2020	*2020*	*2019*
	Group	*Company*	*Group/Company*
	US$000	*US$000*	*US$000*
As at 1 January	1,406	1,406	1,738
Additions	747	-	-
Accretion of interest	35	28	14
Payments	(555)	(368)	(346)
As at 31 December	1,633	1,066	1,406
Current	616	327	340
Non-current	1,017	739	1,066

The maturity analysis of lease liabilities is disclosed in Note 26.

The following are the amounts recognised in profit or loss:

	2020	*2020*	*2019*
	Group	*Company*	*Group/Company*
	US$000	*US$000*	*US$000*
Depreciation expense of right-of-use assets	556	321	321
Interest expense on lease liabilities	35	28	14
Expense relating to leases of low-value assets (included in administrative expenses)	6	6	14
Total amount recognised in profit or loss	597	355	349

The Group has total cash outflows for leases of US$0.6 million (2019: US$ 0.4 million).

23. Commitments and contingencies

Capital commitments

There were capital commitments of US$ 0.1 million at 31 December 2020 (2019: US$ 769.9 million).

	2020	*2019*
	US$000	*US$000*
Amounts due within one year	80	44,687
Amounts due greater than one year	-	725,216
	80	769,903

Contingent Liabilities

The Group's subsidiary company, WilHunter (UK) Ltd, has been in regular contact with HMRC over the classification of an element of income booked in 2015. This company has maintained its position that the income was such that accumulated losses could be utilised against the income resulting in a reduction in its tax liability for the year. HMRC have disagreed with this position and issued a notice of amendment indicating additional tax and interest due of about GBP 7.7 million. WilHunter (UK) Ltd are of the opinion that HMRC are incorrect in their assessment of the facts and an appeal has been submitted and a tribunal hearing is expected to be held in June 2021. This is considered as a contingent liability only of the subsidiary and not the parent company. No provision has been made.

Notes to the financial statements

At 31 December 2020

23. Commitments and contingencies (continued)

Contingent Liabilities (continued)

It is recognised that Keppel FELS has submitted claims in respect of amounts it considers recoverable due to termination provisions in the contracts for both Nordic Winter and Nordic Spring. Statement of claims have been received from Keppel FELS in the amount of Singapore Dollars 562.75 million (US$ 424.9 million) for Awilco Rig 1 Pte. Ltd. and Singapore Dollars 356.18 million (US$ 268.9 million) for Awilco Rig 2 Pte. Ltd. but these claims are strongly denied. Due to the non-recourse nature of the contracts, this is considered as a contingent liability only of the subsidiaries and not the parent company. No provision has been made. It is expected that the final arbitration outcome for Awilco Rig 1 Pte Ltd, including any appeal process, will be no earlier than Q4 2022. The arbitration process for Awilco Rig 2 Pte Ltd, was started six months later and also expected no earlier than Q4 2022.

Contingent Asset

Following the termination of Nordic Winter and Nordic Spring, the subsidiary companies, Awilco Rig 1 Pte. Ltd and Awilco Rig 2 Pte. Ltd. have entered arbitration with KFELS in respect of deposit and variation order payments. A total amount of USD 97.7 million is considered to be recoverable and is therefore disclosed as a contingent asset.

24. Share capital

Group and Company

	2020	2019
Authorised	*No.000*	*No.000*
Ordinary shares of £0.0065 each	54,582	54,582

Group and Company

	2020	2020	2019	2019
Allotted called up and fully paid	*No.000*	*US$000*	*No.000*	*US$000*
At 1 January	54,582	525	49,032	477
Issued on 14 March 2019	-	-	5,550	48
At 31 December	54,582	525	54,582	525

Group and Company

	2020 Share premium account US$000	2019 Share premium account US$000
At 1 January	218,381	198,242
Share premium on shares issued on 14 March 2019	-	20,139
At 31 December	218,381	218,381

Notes to the financial statements

At 31 December 2020

25. Related party transactions

Group

The financial statements include the financial statements of the Group and the subsidiaries listed below:

Name	*Country of Incorporation*	*% Interest*
Awilco Drilling Offshore (UK) Ltd	United Kingdom	100
WilHunter (UK) Ltd	United Kingdom	100
Awilco Drilling Pte. Ltd.	Singapore	100
Awilco Rig 1 Pte. Ltd	Singapore	100
Awilco Rig 2 Pte. Ltd	Singapore	100
Awilco Rig 3 Pte. Ltd	Singapore	100
Awilco Rig 4 Pte. Ltd	Singapore	100
Awilco Drilling Norge AS	Norway	100

During the year the Group entered into transactions, in the ordinary course of business, with Awilhelmsen Offshore AS, which is a major shareholder through its subsidiaries.

Transactions entered into and trading balances outstanding at 31 December 2020 with Awilhelmsen AS and its subsidiaries are as follows:

	2020	*2019*
	US$000	*US$000*
Purchase of management services	2,195	1,746
Share based payment	-	(72)
Amounts owed to Awilhelmsen AS and its subsidiaries	(236)	(212)

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.

Directors and other key management personnel

The remuneration of directors and other key management personnel of the Group is as follows

	2020	*2019*
	US$000	*US$000*
Short-term employee benefits	1,759	1,774
Share-based payments	(534)	(845)
Other long-term benefits	126	105

Included in the short-term employee benefits are director's emoluments of GBP 195,000 (2019: GBP 262,000). Five directors received remuneration in respect of their services to the Company during the year (2019: five). The highest paid director was Sigurd Thorvildsen - please refer to the Directors' remuneration report on page 32 for further details.

Notes to the financial statements

At 31 December 2020

25. Related party (continued)

Company

The Company entered into the following transactions and had the following balances with its wholly owned subsidiaries

	2020	*2019*
	US$000	*US$000*
Transactions:		
Amounts invoiced to Awilco Drilling Offshore (UK) Ltd in respect of services provided to the company	28,299	32,015
Amounts invoiced on behalf of Awilco Drilling Offshore (UK) Ltd	(24,247)	(40,754)
Settlement of balance with WilHunter (Malta) Ltd		2
Invoiced to Awilco Drilling Pte. Ltd.	125	143
Transfer of funds to Awilco Drilling Pte. Ltd.	5,470	2,992
Amounts invoiced to Awilco Rig 1 Pte. Ltd. in respect of services provided to the company	12,335	1,752
Amounts invoiced to Awilco Rig 2 Pte. Ltd. in respect of services provided to the company	2,066	42,232
Amounts invoiced to Awilco Drilling Norge AS in respect of services provided to the company	8,030	1,933
Taxation paid on behalf of subsidiaries	74	71
Dividends received from WilPhoenix (UK) Ltd	-	33,070
Increase in investment in WilHunter (UK) Ltd	-	(23,076)
	32,152	50,380

	2020	*2019*
Balances:	*US$000*	*US$000*
Amounts receivable from Awilco Drilling Offshore (UK) Ltd	90,254	109,278
Amounts payable to WilHunter (UK) Ltd	(100)	(23,176)
Amounts receivable from Awilco Drilling Pte. Ltd.	5,979	310
Amounts receivable from Awilco Rig 1 Pte. Ltd	57,343	45,008
Amounts receivable from Awilco Rig 2 Pte. Ltd	44,298	42,232
Amounts receivable from Awilco Drilling Norge AS	9,964	1,933
	207,738	175,585
Allowance for expected credit loss	(115,010)	(1,484)
	92,728	174,101

The balances receivable from the subsidiary companies are considered long term. There are long term loan agreements in place with Awilco Rig 1 Pte. Ltd. and Awilco Rig 2 Pte. Ltd.

Notes to the financial statements

At 31 December 2020

25. Related party (continued)

Set out below is the movement in the allowance for expected credit losses of intercompany receivables:

	2020	*2019*
	US$000	*US$000*
As at 1 January	(1,484)	(1,279)
Provision for expected credit loss	(113,526)	(205)
As at 31 December	(115,010)	(1,484)

Expected credit loss triggered due to lower contract rates and an idle period in the year for the WilPhoenix. Also due to expected non recoverability of amounts due from Awilco Drilling Norge AS and provision for amounts due from Awilco Rig 1 Pte. Ltd. and Awilco Rig 2 Pte. Ltd.

Entity with significant influence over the Group

Awilhelmsen Offshore AS, owns 37.1% of the ordinary shares in Awilco Drilling PLC.

26. Capital management, financial risk management objectives and policies

The Group's and the Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade and other receivables, and cash and cash equivalents that arrive directly from its operations.

Management has assessed the fair values of the financial instruments are generally approximate to the carrying values except foreign exchange contracts which are carried at fair value.

The Group and the Company are exposed to market risk, credit risk and liquidity risk.

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. The level applicable to the Group is Level 2 : other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises foreign currency risk. Financial instruments affected by market risk are trade and other payables and accruals.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's and Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's and Company's operating activities (when expenses are denominated in a different currency from the Company's functional currency).

Notes to the financial statements

At 31 December 2020

26. Capital management, financial risk management objectives and policies (continued)

The Group manages its foreign currency risk by holding cash in the foreign currency required to settle foreign current liabilities, unless the Group has insufficient cash resources available, in which case, it enters into hedging transactions for significant foreign currency commitments.

At the balance sheet date, the Group held GBP 1.3 million in trade and other payables (2019: GBP 1.5 million). A 5% strengthening or weakening of US$ to GBP would have an effect of US$ 0.1 million on the Group 2020 result (2019: US$0.1 million). The Group has no other material currency exposures.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables). The Company has credit risk due to its trade and other receivables from subsidiary undertakings and from external clients.

Management assess the credit rating of new and existing clients and determine if any action is required to secure the financial security in respect of work performed.

Liquidity risk

The Group's objective is to maintain sufficient liquidity in order to support the needs of the business and meet the repayments of the debt and commitments as they fall due. In order to achieve this, the Group also has the prospect of issuing new equity or entering into new borrowing arrangements.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Group	*Less than 3 months*	*3 to 12 months*	*1-5 years*	*Total*
Trade and other payables	4,853	825	9	5,687
Lease liabilities	-	616	1,017	1,633
31 December 2020	4,853	1,441	1,026	7,320
Trade and other payables	4,771	2,130	-	6,901
Lease liabilities	-	368	1,258	1,626
31 December 2019	4,771	2,498	1,258	8,527

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Company	*Less than 3 months*	*3 to 12 months*	*1-5 years*	*Total*
Trade and other payables	3,087	-	9	3,096
Lease liabilities	-	327	739	1,066
31 December 2020	3,087	327	748	4,162
Trade and other payables	3,039	263	-	3,302
Lease liabilities	-	368	1,258	1,626
31 December 2019	3,039	631	1,258	4,928

Notes to the financial statements

At 31 December 2020

26. Capital management, financial risk management objectives and policies (continued)

Fair value of financial assets and financial liabilities

The table below summaries the carrying amounts and fair values of the Group's financial assets and liabilities.

Group	*2020*	*2019*	*2020*	*2019*
	US$000	*US$000*	*US$000*	*US$000*
	Book Value	*Book Value*	*Fair Value*	*Fair Value*
Financial assets				
Amortised Cost				
Trade receivables	3,522	8,908	3,522	8,908
Other receivables	195	578	195	578
Accrued revenue	2,120	7	2,120	7
VAT receivable	-	231	-	231
Current tax receivable	-	-	-	-
Cash and cash equivalents	14,738	41,249	14,738	41,249
Total financial assets	20,575	50,973	20,575	50,973

	2020	*2019*	*2020*	*2019*
	US$000	*US$000*	*US$000*	*US$000*
	Book Value	*Book Value*	*Fair Value*	*Fair Value*
Financial liabilities				
Amortised Cost				
Trade and other payables	8,879	8,306	8,879	8,306
VAT payable	14	-	14	-
Current tax payable	66	71	66	71
Fair value through profit and loss				
Foreign exchange contracts	-	180	-	180
Total financial liabilities	8,959	8,557	8,959	8,557

The table below summaries the carrying amounts and fair values of the Company's financial assets and liabilities.

Company	*2020*	*2019*	*2020*	*2019*
	US$000	*US$000*	*US$000*	*US$000*
	Book Value	*Book Value*	*Fair Value*	*Fair Value*
Financial assets				
Amortised Cost				
Trade receivables	3,522	8,908	3,522	8,908
VAT receivable	-	160	-	160
Cash and cash equivalents	13,961	41,203	13,961	41,203
Amounts due from subsidiary undertakings	92,728	174,101	92,728	174,101
Total financial assets	110,211	224,372	110,211	224,372

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Notes to the financial statements

At 31 December 2020

26. Capital management, financial risk management objectives and policies (continued)

Fair value of financial assets and financial liabilities (continued)

	2020	*2019*	*2020*	*2019*
	US$000	*US$000*	*US$000*	*US$000*
	Book Value	*Book Value*	*Fair Value*	*Fair Value*
Financial liabilities				
Trade and other payables	4,148	4,708	4,148	4,708
VAT payable	14	-	14	-
Fair value through profit and loss				
Foreign exchange contracts	-	180	-	180
Total financial liabilities	4,162	4,888	4,162	4,888

Capital management

Capital includes called up share capital, share premium and retained earnings / (deficit).

The Company's intention is to pay dividends in support of its main objective to maximise returns to shareholders. All of the Company's free cash flow is intended to be distributed subject to maintaining a robust cash buffer to support operational working capital requirements and planned capital expenditure. Consideration is also given to future market prospects. Dividend payments are currently

suspended and will resume when the Company again reaches an appropriate free cash flow situation.

The Company's capital is monitored at a Group level. The Group monitors capital using a gearing ratio, which is net debt divided by total shareholders' funds plus net debt. The Group includes within net debt, bonds and loans less cash and cash equivalents.

	Group	*Group*
	2020	*2019*
	US$000	*US$000*
Cash and cash equivalents (note 19)	(14,738)	(41,249)
Net debt / (funds)	(14,738)	(41,249)
Capital	83,128	250,985
Capital and net debt	68,390	209,736
Gearing ratio	n/a	n/a

27. Share-based payments

Long Term Incentive Plan

A long term incentive plan for key management personnel, 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, 2012, 2014 and 2015 are now fully exercised. There are still outstanding amounts under the 2016 plan. A further award was issued in 2020, with a total limit of up to 4,000,000 shares approved at the general meeting on 11 November 2019.

The 2016 plan "vests" after four years and the exercise period is five years subject to the employee remaining employed by the Company. The 2020 plan "vests" in 25% tranches linked to rig contract dates and expires after five years.

All share options and share awards are cash settled.

Notes to the financial statements

At 31 December 2020

27. Share-based payments (continued)

The following table list the inputs to the model used for these valuations (share prices are in NOK).

Group and Company	*2020*		*2019*	
	2016 Plans	*2020 Plans*	*2015 Plans*	*2016 Plans*
Exercise price	-	30.0	-	-
Share price	4.65	4.65	15.5	15.5
Expected life	-	3.25 years	-	0.88 years
Volatility	-	0.67	-	-
Risk free interest rate	-	0.42%	-	1.20%
Model used	Black Scholes			

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options and awards during the year.

Group	*2020 No.*	*2020 WAEP (NOK)*	*2019 No.*	*2019 WAEP (NOK)*
Outstanding as at 1 January	364,425	-	879,017	-
Granted during the year	2,150,000	30.0	-	-
Exercised during the year	(192,141)	-	(514,592)	-
Forfeited during the year		-	-	-
Adjusted during the year	(1,075,000)	30.0	-	-
Outstanding at 31 December	1,247,284	-	364,425	-
Exercisable at 31 December	172,284	-	192,141	-

Company	*2020 No.*	*2020 WAEP (NOK)*	*2019 No.*	*2019 WAEP (NOK)*
Outstanding as at 1 January	364,425	-	825,306	-
Granted during the year	2,150,000	30.0	-	-
Exercised during the year	(192,141)	-	(460,881)	-
Forfeited during the year		-	-	-
Adjusted during the year	(1,075,000)	30.0	-	-
Outstanding at 31 December	1,247,284	-	364,425	-
Exercisable at 31 December	172,284	-	192,141	-

Notes to the financial statements

At 31 December 2020

27. Share-based payments (continued)

The estimated fair value of the granted share options and awards are reached on the basis of the "Black-Scholes option pricing model". The model is applied utilising a risk-free discount rate and also taking into account the terms and conditions upon which the options and awards are granted as well as the performance conditions that are required to be satisfied before vesting. The weighted average remaining contractual life at 31 December 2020 is 3.25 years. The Group total share option and award credit amounted to US$0.5 million (2019: US$ 2.1 million credit). The carrying amount of the liability relating to the cash-settled options at 31 December 2020 is US$ 0.1 million (2019: US$ 0.6 million).

The table below summaries the carrying amount of the liability at 31 December 2020

Group and Company	*Less than 3 months*	*3 to 12 months*	*1 – 5 years*	*Total*
	US$000	*US$000*	*US$000*	*US$000*
Share options and awards 2020	106	-	9	115

The table below summaries the carrying amount of the liability at 31 December 2019

Group and Company	*Less than 3 months*	*3 to 12 months*	*1 – 5 years*	*Total*
Share options and awards	385	263	-	648
At 31 December 2019	385	263	-	648

28. Derivative Financial Instruments

	2020	*2019*
	US$000	*US$000*
Foreign exchange contracts	-	(180)

The foreign currency forwards were entered into in order to minimise the Company's exposure to losses resulting from fluctuations in foreign currency exchange rates. The fair value of the forward exchange contracts, as shown above, is recorded as other payables in the statement of financial position. The changes in the fair value are then recorded in the statement of comprehensive income. Forward currency exchange contracts fair value was determined using quoted forward exchange rates matching the maturities of the contracts. There were no outstanding currency forwards at 31 December 2020.

Fair value hierarchy

All are Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

29. Subsequent events

During January 2021, Jens Berge, Chief Executive Officer decided to leave the Company with effect from 1 February 2021 to pursue other opportunities. Eric Jacobs, General Counsel in the Awilhelmsen Group, will act as interim Chief Executive Officer until the Board of Directors appoints a permanent replacement.

During April 2021, the Company signed a contract with Ithaca Oil and Gas Limited for the provision of WilPhoenix for a single exploration well at Fotla in Block 22/1b. The well will commence no earlier than 31st May 2021.

These subsequent events identified are non-adjusting events.

DIRECTORS' REMUNERATION POLICY

Introduction

The Company's CEO is not an Executive Director of the Company but under UK company law, there is a requirement for quoted companies to treat the Chief Executive Officer, for the purposes of certain remuneration-related requirements, as if that person were a director of that quoted company. As a result, the following sets out the policy in respect of the components of remuneration which the CEO currently receives.

Process for setting the Remuneration Policy

The Remuneration Committee (the "Committee") sets the remuneration policy based on the principles and framework outlined below. The Committee is briefed on and considers prevailing market conditions, the competitive environments and the positioning and relativities of pay and employment conditions across the wider Company workforce.

Following each meeting of the Committee, the Chair provides an update to the Board.

Although the Committee does not consult directly with employees on CEO or director remuneration, the Company conducts periodic employee engagement surveys that give employees an opportunity to provide feedback on a wide range of employee matters.

As part of the Company's commitment to good governance, the Committee also considers shareholder views when setting the remuneration policy. Feedback from shareholders and investors is shared with, and use as input into decision-making by, the Board and Committee in respect of the remuneration policy and its application. The Committee considers that this approach provides a robust mechanism to ensure its members are aware of matters raised, have a good understanding of current shareholders views, and can determine the Company's remuneration policy and make decisions as appropriate.

The remuneration policy is designed to avoid conflicts of interests between the Company and the interests of shareholders. In setting the remuneration policy, Committee members are subject to provisions designed to avoid or manage conflicts of interest, which are documented separately in the Company's compliance policies. None of the directors or CEO makes a decision relating to their own remuneration. Individual directors leave the meeting when their own remuneration is being discussed.

Remuneration policy

The Company operates in a highly competitive market and must attract, motivate and retain high quality directors and senior executives capable of achieving the Company's objectives and thereby enhancing shareholder value.

A significant proportion of the potential remuneration of the CEO and senior executives is performance-related with appropriately stretching targets, thus aligning their interests with those of shareholders and encouraging performance at the highest levels.

The Committee has considered whether there are any aspects of the remuneration policy which could inadvertently encourage the executives to take inappropriate risk and has concluded that the policy remains appropriate in this regard.

How the views of employees are taken into account

As referred to above, the Company, in line with market practice, does not actively consult with employees on executive remuneration. The Committee is made aware of overall pay and employment conditions in the wider work force when it sets the executive remuneration policy.

How the views of shareholders are taken into account

As referred to above, the Committee takes into account the view of the shareholders through open and transparent communication with shareholders. If there are significant changes proposed to the remuneration policy, the Committee will consult with major shareholders.

Remuneration Policy Table – Executive Directors and CEO

The table below summarises the remuneration policy for any Executive Directors and the CEO.

Element	Purpose	Operation	Opportunity	Performance Measure
Annual Salary	To attract and retain key individuals and reflect their responsibilities, market value and expected performance level	Reviewed annually or when a change in responsibility occurs	There is no maximum salary opportunity	Not applicable
Benefits	To provide a market competitive reward package to the employee	Benefits to be provided to Executive Directors or the CEO will be determined by the Committee taking into account such factors as it determines to be necessary, with the aim of creating a competitive overall package. The provision of benefits would not be expected to be performance related. Benefits may include, but are not limited to: ➢ Car allowance ➢ Private health care ➢ Travel and housing allowance Benefits may also be provided to reflect the jurisdiction in which an Executive Director or the CEO is recruited or to which an Executive Director or CEO is relocated for business reasons, including relocation costs, tax equalisation arrangements and arrangements to take into account exchange rates. Benefits may also include participation in any broad-based incentive plan operated by the Company from time to time, up to the relevant limit for participation as applies to such arrangement	Car allowance is a fixed annual amount. There is no maximum for health/dental insurance as it will depend on the value of premiums paid in the year	Not applicable

Element	Purpose	Operation	Opportunity	Performance Measure
Performance-related bonus	To provide an incentive for superior work and to motivate executives toward even higher achievement and business results, to tie their goals and interests to those of the Company and its shareholders and to enable the Company to attract and retain highly qualified executives	Bonus payments are determined by the Remuneration Committee and awarded where justified by performance	The amount of bonus increases with the level of performance achieved, up to a maximum of 100% of salary	Annual bonuses will be determined by reference to performance, in the normal course measured over one financial year. The performance measures, weightings and targets for the annual bonus will be set by the Committee on an annual basis The Committee shall have discretion to determine the terms and level at which annual bonuses may be granted, including the minimum performance required for an annual bonus to be payable In respect of an Executive Directors' or CEO's participation in annual bonus arrangements in any year, the Committee will have power to amend performance measures and targets after they have been set if events happen that mean they are no longer a fair test of performance

Element	Purpose	Operation	Opportunity	Performance Measure
Pension	To provide a market competitive long-term retirement benefit	Eligibility to participate in a Defined Contribution scheme which has a maximum employer contribution of 8%	Up to 12% of salary	Not applicable
Long Term Incentive Plan (LTIP)	To motivate and incentivise executives to achieve key long-term incentives	The Company has operated a historic LTIP arrangement for the former CEO with all awards being synthetic share options which are cash-settled In the event that the Company adopts a new long-term incentive plan (which may involve synthetic share options, cash or actual shares), Executive Directors or the CEO would be eligible to participate in such plan, subject to the terms of, and the maximum levels of participation provided in, the rules of such plan. In respect of any performance-related long-term awards granted to Executive Directors or the CEO, performance measures, weightings and targets would be set by the Committee Following grant of an award, the Committee would have power to amend performance measures and targets if events happen that mean they are no longer a fair test of performance. The 2020 plan "vests" in 25% tranches linked to rig contract dates and expires after five years.	Award of up to 100% of salary each calendar year	The awards are made at the discretion of the Board of Directors and are not guaranteed to be awarded each year

Notes to the Remuneration Policy Table

In considering the appropriate measures to apply to any performance-based awards, the Committee will seek to incentivise and reinforce delivery of the Company's strategic objectives achieving a balance between delivering annual returns to shareholders and ensuring long-term profitability and growth.

The performance targets set would be stretching and achievable, taking into account the Company's strategic priorities and the economic environment in which the Company operates.

Statement of consideration of employment conditions elsewhere in the Company

The Company's remuneration policies and practices are founded on a high degree of alignment and consistency across the organisation. Accordingly, remuneration for senior management is determined taking into account the remuneration principles that apply to the CEO, and similar principles also form the basis of the remuneration arrangements for the wider workforce.

The approach to salary reviews is consistent across the Company, with consideration given to the scope of the role, responsibility, individual performance and pay levels in the selected peer group. Retirement benefits, typically in the form of a pension, are provided based on local market practice. Other benefits provided to the wider employee population reflect local market practice and legislative requirements.

A high proportion of the wider employee population are eligible to participate in annual bonus arrangements. Opportunities and metrics which apply to these arrangements may vary by organisational level with functional performance indicators incorporated where appropriate.

Senior managers are eligible to participate in the LTIP, with opportunities varying across levels with the most senior managers having a bigger portion of their pay delivered under the LTIP.

The key difference between remuneration for the CEO and any executive director and the wider employee population is the increased emphasis on long-term performance in respect of the CEO and executive directors, with a greater percentage of their total remuneration being performance related.

The Committee is regularly updated on the pay principles and practices in operation across the Company, in order to take these into account in setting the remuneration policy.

Other matters

In addition to the above, the Company is entitled to honour any contractual entitlement to compensation or benefits, and any incentive awards, which are held by: (i) any current or former Executive Director or CEO on the effective date of this policy; or (ii) an employee or officer of the Group on the date they are promoted to the role of Executive Director or CEO. Appropriate disclosure will be made of any compensation paid (or similar) to an Executive Director or CEO pursuant to any such arrangements.

The Company may reimburse all reasonable expenses incurred by an Executive Director or CEO in connection with their role. This will include expenses in attending Board or Board-committee meetings, or the Company may alternatively provide a travel allowance for such purpose. This may also include items which, for tax purposes, are treated as a taxable benefit, and in which case the Company may also pay any such tax on behalf of the Executive Director or CEO.

Approach to recruitment and promotions

In recruiting an Executive Director or CEO, including on promotion of an employee or officer from within the Group to the role of Executive Director or CEO, the Committee will offer the recruit a remuneration package that it believes is appropriate, taking into account the skills and experience of the individual and the need to recruit, retain and motivate individuals of the appropriate calibre. The remuneration package offered may include the components of remuneration described above in the Remuneration Policy Table.

For external hires, the Committee may determine that it would be appropriate to buy-out any existing incentive awards held by the individual that are forfeited as a result of the individual leaving their former employer. The Committee may also determine that it would be appropriate to grant recruitment-related awards. In the case of any buy-out of an equity based award, or the grant of any recruitment-related award, the award would normally be subject to such vesting and/or performance conditions as the Committee determines to be appropriate, either under a one-off arrangement or under the terms of the Company's incentive arrangements. In determining the terms of such awards, the Committee will take account of the vesting schedule and conditions attached to the forfeited awards (in the case of buy-out awards), but also other factors that it determines to be relevant, including the need to suitably incentivise and retain the individual during the initial years of their office.

The maximum level of variable remuneration (excluding any buy-out awards) that may be granted to any new Executive Director or CEO is 250% per annum of their salary.

Service contracts

The employment contract of the CEO is not of a fixed duration and therefore has no unexpired terms.

The notice period of the CEO's contract of employment is six months with the same notice period for the Company. The CEO's employment can be terminated in the six month probationary period without notice in the case of wilful misconduct or gross negligence.

In the event of termination by the Company, where there is no basis for dismissal as a result of gross breach of duty or other material breach of the employment contract by the CEO, or as a result of mutual agreement, the CEO shall be entitled to twelve months' severance pay.

In the event of a change of control of the Company, the CEO can terminate the employment contract and would be entitled to twelve months' severance pay.

The CEO's service contract is available for inspection at the Company's registered office during normal hours of business.

The non-executive directors do not have service contracts but instead have letters of appointment.

Loss of office payments

Contractual entitlements

A departing Executive Director's or CEO's rights in respect of salary, retirement benefits and contractual benefits will be determined in accordance with his service contract.

Incentive plans

The terms of a departing Executive Director's or CEO's participation in any annual bonus or long-term incentive plans will be governed by the terms of such arrangements.

Corporate actions

The treatment of incentive awards in the event of a corporate action affecting the Company will be determined in accordance with the terms of such awards.

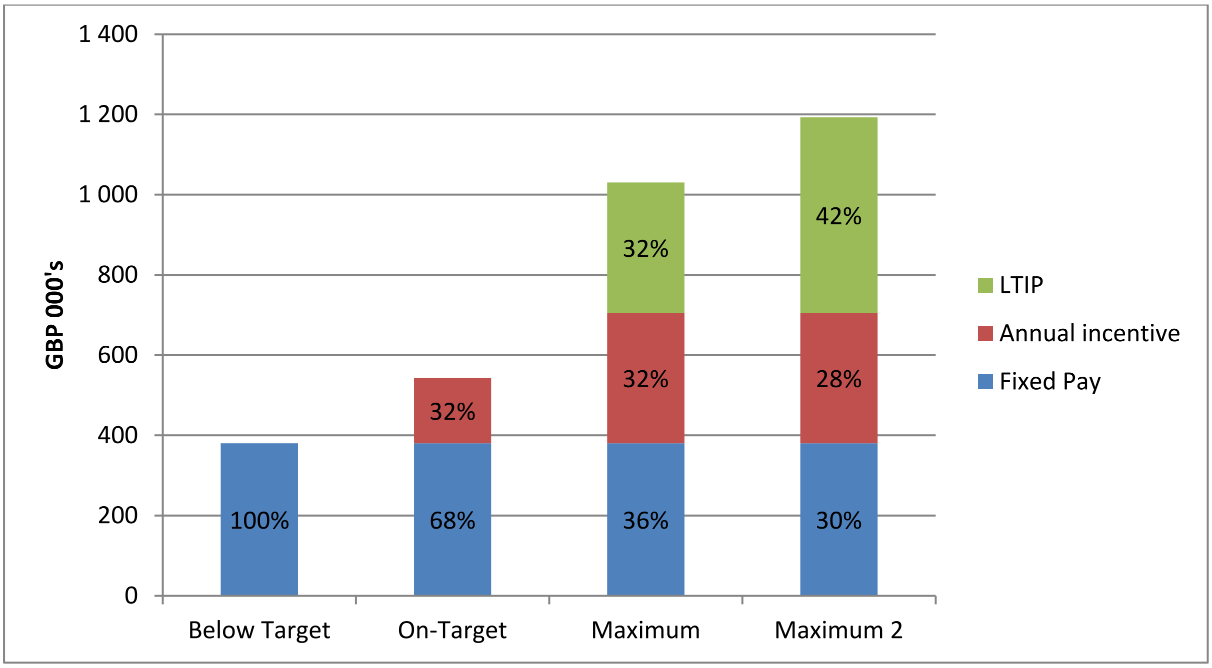
The Company may agree to pay reasonable legal fees on behalf of an Executive Director or CEO in respect of the effect of any corporate action on their personal position.

Other

The Company may enter into new contractual arrangements with a departing Executive Director or CEO in connection with the cessation of office or employment, including (but not limited to) in respect of settlement of claims, confidentiality, restrictive covenants and/or consultancy arrangements, where the Committee determines it necessary or appropriate to do so. The Company may pay reasonable legal fees on behalf of an Executive Director or CEO in connection with their cessation of office and employment. The Company may agree to provide other ancillary or non-material benefits, payments or similar to a departing Executive Director or CEO.

Reward Scenarios

The graph below shows how the total pay opportunities for the CEO vary under four performance scenarios. These have been prepared on the assumptions detailed below.



Below target = fixed pay only (base salary, benefits and pension)
On target = 50% payable of annual bonus, 0% LTIP award
Maximum = 100% payable of annual bonus, 100% LTIP award
Maximum 2 = 100% payable of annual bonus, 100% LTIP award and 50% share price increase over the performance period

The chart illustrates the potential rewards available under the remuneration policy on an annualised basis for the financial year 2019. The values (other than the Maximum 2 illustration) assume a constant share price and do not take into account dividend adjustments that may be received on the share awards. The potential awards available for "on-target" performance under the annual bonus and LTIP are provided for illustration only and do not reflect formal policy decisions that these amounts will be received. Maximum 2 illustration assumes a share price increase of 50% over the performance period but in all other respects is the same as the Maximum illustration. It should be noted that no LTIP award has yet been granted to the CEO for the financial year 2019. The figures used in the chart are provided for illustration only based on a theoretical grant over 100% of salary, being the maximum permitted under the policy table. The actual value of any LTIP award that may be granted to the CEO for the financial year 2019 may be lower than this.
The salary level (on which the bonus and LTIP elements of the package are calculated) are based on current salary level of GBP 325,000 based on the GBP/NOK year end exchange rate.

Remuneration policy table – non-executive directors

The remuneration policy for non-executive directors is set out in the table below. No non-executive directors participate in the Company's incentive arrangements or pension plan.

Component	Purpose	Operation
Fees	The basic fee is a fixed annual fee agreed after taking external advice and making market comparisons, and relate to the service of the directors in connection with the Company's business. The additional fees payable to the Chairman and members of the Board Committees reflects the additional time commitment in preparing and attending additional meetings.	The fees for non-executive directors (including the Chairman) are reviewed annually and approved in aggregate at the annual general meeting. The current level of fees is detailed below.

New appointments

The same principles as described above will be applied in setting the remuneration of a new non-executive director. Remuneration will comprise fees only and be paid in accordance with the prevailing rate at the time of the appointment. No variable remuneration will be paid and there will be no compensation for any loss of remuneration in a previous employment.

Letters of appointments

The Non-executive Directors' Letters of Appointment are available for inspection at the Company's registered office during normal hours of business.

Other matters

In addition to the above, the Company is entitled to honour any contractual entitlement to compensation or benefits, and any incentive awards, which are held by any current or former Non-Executive Director on the effective date of this policy. Appropriate disclosure will be made of any compensation paid (or similar) to a Non-Executive Director pursuant to any such arrangements.

The Company may reimburse all reasonable expenses incurred by a Non-Executive Director in connection with their role. This will include expenses in attending Board or Board-committee meetings, or the Company may alternatively provide a travel allowance for such purpose. This may also include items which, for tax purposes, are treated as a taxable benefit, and in which case the Company may also pay any such tax on behalf of the Non-Executive Director.

DIRECTORS' REMUNERATION POLICY

Introduction

The Company's CEO is not an Executive Director of the Company but under UK company law, there is a requirement for quoted companies to treat the Chief Executive Officer, for the purposes of certain remuneration-related requirements, as if that person were a director of that quoted company. As a result, the following sets out the policy in respect of the components of remuneration which the CEO currently receives.

Process for setting the Remuneration Policy

The Remuneration Committee (the "Committee") sets the remuneration policy based on the principles and framework outlined below. The Committee is briefed on and considers prevailing market conditions, the competitive environments and the positioning and relativities of pay and employment conditions across the wider Company workforce.

Following each meeting of the Committee, the Chair provides an update to the Board.

Although the Committee does not consult directly with employees on CEO or director remuneration, the Company conducts periodic employee engagement surveys that give employees an opportunity to provide feedback on a wide range of employee matters.

As part of the Company's commitment to good governance, the Committee also considers shareholder views when setting the remuneration policy. Feedback from shareholders and investors is shared with, and use as input into decision-making by, the Board and Committee in respect of the remuneration policy and its application. The Committee considers that this approach provides a robust mechanism to ensure its members are aware of matters raised, have a good understanding of current shareholders views, and can determine the Company's remuneration policy and make decisions as appropriate.

The remuneration policy is designed to avoid conflicts of interests between the Company and the interests of shareholders. In setting the remuneration policy, Committee members are subject to provisions designed to avoid or manage conflicts of interest, which are documented separately in the Company's compliance policies. None of the directors or CEO makes a decision relating to their own remuneration. Individual directors leave the meeting when their own remuneration is being discussed.

Remuneration policy

The Company operates in a highly competitive market and must attract, motivate and retain high quality directors and senior executives capable of achieving the Company's objectives and thereby enhancing shareholder value.

A significant proportion of the potential remuneration of the CEO and senior executives is performance-related with appropriately stretching targets, thus aligning their interests with those of shareholders and encouraging performance at the highest levels.

The Committee has considered whether there are any aspects of the remuneration policy which could inadvertently encourage the executives to take inappropriate risk and has concluded that the policy remains appropriate in this regard.

How the views of employees are taken into account

As referred to above, the Company, in line with market practice, does not actively consult with employees on executive remuneration. The Committee is made aware of overall pay and employment conditions in the wider work force when it sets the executive remuneration policy.

How the views of shareholders are taken into account

As referred to above, the Committee takes into account the view of the shareholders through open and transparent communication with shareholders. If there are significant changes proposed to the remuneration policy, the Committee will consult with major shareholders.

Remuneration Policy Table – Executive Directors and CEO

The table below summarises the remuneration policy for any Executive Directors and the CEO.

Element	Purpose	Operation	Opportunity	Performance Measure
Annual Salary	To attract and retain key individuals and reflect their responsibilities, market value and expected performance level	Reviewed annually or when a change in responsibility occurs	There is no maximum salary opportunity	Not applicable
Benefits	To provide a market competitive reward package to the employee	Benefits to be provided to Executive Directors or the CEO will be determined by the Committee taking into account such factors as it determines to be necessary, with the aim of creating a competitive overall package. The provision of benefits would not be expected to be performance related. Benefits may include, but are not limited to: ➢ Car allowance ➢ Private health care ➢ Travel and housing allowance Benefits may also be provided to reflect the jurisdiction in which an Executive Director or the CEO is recruited or to which an Executive Director or CEO is relocated for business reasons, including relocation costs, tax equalisation arrangements and arrangements to take into account exchange rates. Benefits may also include participation in any broad-based incentive plan operated by the Company from time to time, up to the relevant limit for participation as applies to such arrangement	Car allowance is a fixed annual amount. There is no maximum for health/dental insurance as it will depend on the value of premiums paid in the year	Not applicable

Element	Purpose	Operation	Opportunity	Performance Measure
Performance-related bonus	To provide an incentive for superior work and to motivate executives toward even higher achievement and business results, to tie their goals and interests to those of the Company and its shareholders and to enable the Company to attract and retain highly qualified executives	Bonus payments are determined by the Remuneration Committee and awarded where justified by performance	The amount of bonus increases with the level of performance achieved, up to a maximum of 100% of salary	Annual bonuses will be determined by reference to performance, in the normal course measured over one financial year. The performance measures, weightings and targets for the annual bonus will be set by the Committee on an annual basis The Committee shall have discretion to determine the terms and level at which annual bonuses may be granted, including the minimum performance required for an annual bonus to be payable In respect of an Executive Directors' or CEO's participation in annual bonus arrangements in any year, the Committee will have power to amend performance measures and targets after they have been set if events happen that mean they are no longer a fair test of performance

Element	Purpose	Operation	Opportunity	Performance Measure
Pension	To provide a market competitive long-term retirement benefit	Eligibility to participate in a Defined Contribution scheme which has a maximum employer contribution of 8%	Up to 12% of salary	Not applicable
Long Term Incentive Plan (LTIP)	To motivate and incentivise executives to achieve key long-term incentives	The Company has operated a historic LTIP arrangement for the former CEO with all awards being synthetic share options which are cash-settled In the event that the Company adopts a new long-term incentive plan (which may involve synthetic share options, cash or actual shares), Executive Directors or the CEO would be eligible to participate in such plan, subject to the terms of, and the maximum levels of participation provided in, the rules of such plan. In respect of any performance-related long-term awards granted to Executive Directors or the CEO, performance measures, weightings and targets would be set by the Committee Following grant of an award, the Committee would have power to amend performance measures and targets if events happen that mean they are no longer a fair test of performance. The 2020 plan "vests" in 25% tranches linked to rig contract dates and expires after five years.	Award of up to 100% of salary each calendar year	The awards are made at the discretion of the Board of Directors and are not guaranteed to be awarded each year

Notes to the Remuneration Policy Table

In considering the appropriate measures to apply to any performance-based awards, the Committee will seek to incentivise and reinforce delivery of the Company's strategic objectives achieving a balance between delivering annual returns to shareholders and ensuring long-term profitability and growth.

The performance targets set would be stretching and achievable, taking into account the Company's strategic priorities and the economic environment in which the Company operates.

Statement of consideration of employment conditions elsewhere in the Company

The Company's remuneration policies and practices are founded on a high degree of alignment and consistency across the organisation. Accordingly, remuneration for senior management is determined taking into account the remuneration principles that apply to the CEO, and similar principles also form the basis of the remuneration arrangements for the wider workforce.

The approach to salary reviews is consistent across the Company, with consideration given to the scope of the role, responsibility, individual performance and pay levels in the selected peer group. Retirement benefits, typically in the form of a pension, are provided based on local market practice. Other benefits provided to the wider employee population reflect local market practice and legislative requirements.

A high proportion of the wider employee population are eligible to participate in annual bonus arrangements. Opportunities and metrics which apply to these arrangements may vary by organisational level with functional performance indicators incorporated where appropriate.

Senior managers are eligible to participate in the LTIP, with opportunities varying across levels with the most senior managers having a bigger portion of their pay delivered under the LTIP.

The key difference between remuneration for the CEO and any executive director and the wider employee population is the increased emphasis on long-term performance in respect of the CEO and executive directors, with a greater percentage of their total remuneration being performance related.

The Committee is regularly updated on the pay principles and practices in operation across the Company, in order to take these into account in setting the remuneration policy.

Other matters

In addition to the above, the Company is entitled to honour any contractual entitlement to compensation or benefits, and any incentive awards, which are held by: (i) any current or former Executive Director or CEO on the effective date of this policy; or (ii) an employee or officer of the Group on the date they are promoted to the role of Executive Director or CEO. Appropriate disclosure will be made of any compensation paid (or similar) to an Executive Director or CEO pursuant to any such arrangements.

The Company may reimburse all reasonable expenses incurred by an Executive Director or CEO in connection with their role. This will include expenses in attending Board or Board-committee meetings, or the Company may alternatively provide a travel allowance for such purpose. This may also include items which, for tax purposes, are treated as a taxable benefit, and in which case the Company may also pay any such tax on behalf of the Executive Director or CEO.

Approach to recruitment and promotions

In recruiting an Executive Director or CEO, including on promotion of an employee or officer from within the Group to the role of Executive Director or CEO, the Committee will offer the recruit a remuneration package that it believes is appropriate, taking into account the skills and experience of the individual and the need to recruit, retain and motivate individuals of the appropriate calibre. The remuneration package offered may include the components of remuneration described above in the Remuneration Policy Table.

For external hires, the Committee may determine that it would be appropriate to buy-out any existing incentive awards held by the individual that are forfeited as a result of the individual leaving their former employer. The Committee may also determine that it would be appropriate to grant recruitment-related awards. In the case of any buy-out of an equity based award, or the grant of any recruitment-related award, the award would normally be subject to such vesting and/or performance conditions as the Committee determines to be appropriate, either under a one-off arrangement or under the terms of the Company's incentive arrangements. In determining the terms of such awards, the Committee will take account of the vesting schedule and conditions attached to the forfeited awards (in the case of buy-out awards), but also other factors that it determines to be relevant, including the need to suitably incentivise and retain the individual during the initial years of their office.

The maximum level of variable remuneration (excluding any buy-out awards) that may be granted to any new Executive Director or CEO is 250% per annum of their salary.

Service contracts

The employment contract of the CEO is not of a fixed duration and therefore has no unexpired terms.

The notice period of the CEO's contract of employment is six months with the same notice period for the Company. The CEO's employment can be terminated in the six month probationary period without notice in the case of wilful misconduct or gross negligence.

In the event of termination by the Company, where there is no basis for dismissal as a result of gross breach of duty or other material breach of the employment contract by the CEO, or as a result of mutual agreement, the CEO shall be entitled to twelve months' severance pay.

In the event of a change of control of the Company, the CEO can terminate the employment contract and would be entitled to twelve months' severance pay.

The CEO's service contract is available for inspection at the Company’s registered office during normal hours of business.

The non-executive directors do not have service contracts but instead have letters of appointment.

Loss of office payments

Contractual entitlements

A departing Executive Director’s or CEO's rights in respect of salary, retirement benefits and contractual benefits will be determined in accordance with his service contract.

Incentive plans

The terms of a departing Executive Director’s or CEO's participation in any annual bonus or long-term incentive plans will be governed by the terms of such arrangements.

Corporate actions

The treatment of incentive awards in the event of a corporate action affecting the Company will be determined in accordance with the terms of such awards.

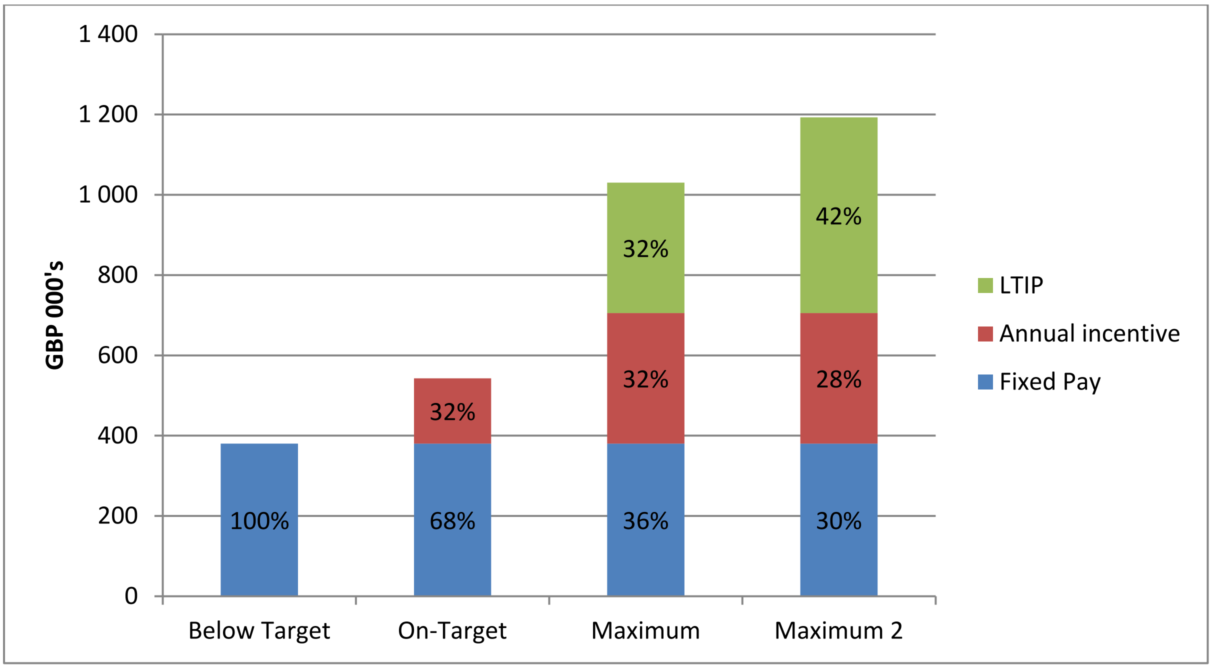
The Company may agree to pay reasonable legal fees on behalf of an Executive Director or CEO in respect of the effect of any corporate action on their personal position.

Other

The Company may enter into new contractual arrangements with a departing Executive Director or CEO in connection with the cessation of office or employment, including (but not limited to) in respect of settlement of claims, confidentiality, restrictive covenants and/or consultancy arrangements, where the Committee determines it necessary or appropriate to do so. The Company may pay reasonable legal fees on behalf of an Executive Director or CEO in connection with their cessation of office and employment. The Company may agree to provide other ancillary or non-material benefits, payments or similar to a departing Executive Director or CEO.

Reward Scenarios

The graph below shows how the total pay opportunities for the CEO vary under four performance scenarios. These have been prepared on the assumptions detailed below.



Below target = fixed pay only (base salary, benefits and pension)
On target = 50% payable of annual bonus, 0% LTIP award
Maximum = 100% payable of annual bonus, 100% LTIP award
Maximum 2 = 100% payable of annual bonus, 100% LTIP award and 50% share price increase over the performance period

The chart illustrates the potential rewards available under the remuneration policy on an annualised basis for the financial year 2019. The values (other than the Maximum 2 illustration) assume a constant share price and do not take into account dividend adjustments that may be received on the share awards. The potential awards available for "on-target" performance under the annual bonus and LTIP are provided for illustration only and do not reflect formal policy decisions that these amounts will be received. Maximum 2 illustration assumes a share price increase of 50% over the performance period but in all other respects is the same as the Maximum illustration. It should be noted that no LTIP award has yet been granted to the CEO for the financial year 2019. The figures used in the chart are provided for illustration only based on a theoretical grant over 100% of salary, being the maximum permitted under the policy table. The actual value of any LTIP award that may be granted to the CEO for the financial year 2019 may be lower than this.
The salary level (on which the bonus and LTIP elements of the package are calculated) are based on current salary level of GBP 325,000 based on the GBP/NOK year end exchange rate.

Remuneration policy table – non-executive directors

The remuneration policy for non-executive directors is set out in the table below. No non-executive directors participate in the Company's incentive arrangements or pension plan.

Component	Purpose	Operation
Fees	The basic fee is a fixed annual fee agreed after taking external advice and making market comparisons, and relate to the service of the directors in connection with the Company's business. The additional fees payable to the Chairman and members of the Board Committees reflects the additional time commitment in preparing and attending additional meetings.	The fees for non-executive directors (including the Chairman) are reviewed annually and approved in aggregate at the annual general meeting. The current level of fees is detailed below.

New appointments

The same principles as described above will be applied in setting the remuneration of a new non-executive director. Remuneration will comprise fees only and be paid in accordance with the prevailing rate at the time of the appointment. No variable remuneration will be paid and there will be no compensation for any loss of remuneration in a previous employment.

Letters of appointments

The Non-executive Directors' Letters of Appointment are available for inspection at the Company's registered office during normal hours of business.

Other matters

In addition to the above, the Company is entitled to honour any contractual entitlement to compensation or benefits, and any incentive awards, which are held by any current or former Non-Executive Director on the effective date of this policy. Appropriate disclosure will be made of any compensation paid (or similar) to a Non-Executive Director pursuant to any such arrangements.

The Company may reimburse all reasonable expenses incurred by a Non-Executive Director in connection with their role. This will include expenses in attending Board or Board-committee meetings, or the Company may alternatively provide a travel allowance for such purpose. This may also include items which, for tax purposes, are treated as a taxable benefit, and in which case the Company may also pay any such tax on behalf of the Non-Executive Director.