

TRANSOCEAN NORWAY DRILLING AS

(Formerly Aker Drilling ASA)

Report for the third quarter 2011

Highlights for the third quarter

- *Transocean Services AS, a member of the Transocean Group of companies, announced a bid for acquiring the majority shareholding in Aker Drilling ASA on 15th August and gained 100% ownership by early October. The company was de-listed from the Oslo Stock Exchange and changed name to Transocean Norway Drilling AS in early November*
- *The two 6th generation rigs in operation on NCS, Aker Spitsbergen and Aker Barents, continued their long-term contracts and delivered excellent operational performances through the quarter, delivering an average revenue utilization of 98.3% and an EBITDA of USD 59.0 million*
- *Engineering and construction of the two ultra deepwater dual activity drillships ordered from Daewoo Shipbuilding and Marine Engineering (DSME) continued as planned.*
- *Both drillship options with DSME with declaration date of end of October are allowed to lapse*

Aker Drilling New Build Status

The construction of the two ultra deepwater drillships progresses as planned and continues in the detailed engineering phase with steel cutting and hull construction planned to begin during second quarter 2012. The construction project management contract with Vantage Drilling has been terminated and will gradually be replaced with a Transocean project team during the three month notice period

Operational update for the third quarter





The company has experienced an excellent operation through the quarter, with steady progress towards Operations Excellency. The two rigs achieved an average revenue utilization of 98.3% in the third quarter compared to 93.8% in the second quarter. With year to date revenue utilization of 95.5%, the company is delivering its indicated expectations of 95% over time. There have been no major HSE incidents in the third quarter, and the operational Key Performance Indicators continue to develop favorably. Clients continue to express satisfaction with the operation.


Aker Spitsbergen continued its development drilling programme for Statoil on the Norne and Åsgård fields offshore mid-Norway. The rig has delivered a solid quarter of stable operations.

Aker Barents has during the quarter successfully completed a well on the Tampen field for Idemitsu and a well on the Skaugumsåsen field for Det norske before moving to the Barents Sea in the north of Norway to drill a well for Dong. The rig delivered solid operations for the quarter.

Contract Status

The remaining contract periods are as follows, with an estimated remaining gross value for the firm periods of the contracts of USD 920 million as at the end of the quarter.

Rig	Customer	Current dayrate in USD 000s ¹	Est. Remaining Contract Value Pr. 30.09.11 (MUSD)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Aker Barents	Det norske	557	580														
Aker Spitsbergen	Statoil	476 - 503 ²	340														
Drillship 1	N/A	0	0														
Drillship 2	N/A	0	0														



¹ Using quarter end NOK/USD exchange rate of 5.85
² Range depending on use of rig's capabilities

Financials

Income Statement

Revenue

Third quarter revenues amounted to USD 107.9 million compared to USD 103.6 million in second quarter, and are split into operating revenue of USD 99.1 million and amortised mobilisation fee and equipment upgrade compensation of USD 8.8 million. This compares to previous quarter split into operating revenue USD 94.8 million and amortisations and upgrade compensation of USD 8.8 million. With revenue utilisation this quarter of 98.3% vs 93.8% in second quarter, and one extra operating day this quarter, this explains the overall increase in operating revenue of USD 4.3 million.

Year to date revenues of USD 311.9 million compare to last year's USD 223.8 million and reflect the higher rig uptime achieved.

Operating expenses

Labour expenses were USD 27.5 million compared to USD 30.1 million in the previous quarter, the decrease being mostly due to a reduction in overtime usage and lower training activity over the summer months. Other operating expenses increased from USD 13.8 million in previous quarter to USD 21.5 million this quarter. This increase is primarily due to USD 7.0 million in advisor fees incurred in connection with the Transocean acquisition.

Year to date operating expenses of USD 134.4 million are slightly higher than last year's USD 130.9 million from the same period. However, this year includes stock exchange listing fees and costs connected with the first quarter refinancing as well as advisor fees in connection with Transocean's acquisition of the company, which means that the underlying operating expenses are reduced from 2010 levels.

As a result, EBITDA decreased slightly from USD 59.7 million in second quarter to USD 59.0 million in third quarter, and EBIT from USD 42.4 million to USD 41.9 million for the respective quarters.

Financial items

Financial income is related to interest income this quarter and last.

Financial expenses this quarter of USD 19.8 million compares favourably with second quarter expenses of USD 22.1 million. The expenses consists of interest expense, including hedges, of USD 15.7 million and net exchange losses, including hedges, of USD 4.1 million. The net exchange loss relates mainly to the non realised loss on the revaluation of the NOK 1,500

million bond due to the strengthened NOK vs USD. Previous quarter Financial expenses were USD 22.1 million and consisted of interest expense, including hedges, of USD 16.5 million, and net exchange losses (including hedging credits) of USD 4.6 million.

The income tax loss reported for the third quarter of USD 50.8 million reflects mainly the weakened NOK vs USD exchange rate effect on the tax book value of the rigs. With a functional accounting currency in USD and tax book values in NOK, there will continue to be ongoing temporary differences reported in USD as a result of exchange rate fluctuations.

Balance Sheet

Restricted bank deposits of USD 762.0 million consist of the long-term element of the Eksportfinans loan related bank deposit. The loan and the bank deposit have identical terms for interest and repayment and as such have no impact on the Income Statement. The long-term loan from Eksportfinans is included in “Secured bank loans” (USD 762.0 million) with the remainder included under “Current portion of long-term interest bearing debt” (USD 145.1 million). The current portion of the bank deposit is in “Cash and bank deposits”.

Other non-current assets consist mainly of a USD 260.3 million initial payment to the DSME yard in connection with the two firm drillships.

Cash and bank deposits amounted to USD 238.7 million. In addition to the free cash of USD 91.3 million and employee tax withholdings of USD 2.3 million, USD 145.1 million relates to the Eksportfinans related bank deposit mentioned above.

The equity ratio as of the end of the quarter was 54% (38% if the Eksportfinans loan is included) compared to 54% (37% including Eksportfinans) at the end of the prior quarter and 26% (17% including the Eksportfinans loan) at the end of 2010.

The second quarterly USD 22.5 million repayment of the new USD 900 million facility was repaid in August, while usage of the revolving credit facility was unchanged at USD 260 million. The USD 900 facility is split into a USD 400 million term loan and a USD 500 million revolving facility. The short-term element of the new term loan facility of USD 90 million is included in “Current portion of long-term interest bearing debt”. The Secured bank loans at the end of third quarter of USD 1,270.2 million consist therefore of the new bank facility USD 525.0 million and the long-term Eksportfinans loan element of USD 762.0 million less loan associated expenses of USD 16.8 million which will be amortised over the life of the loans.

Current portion of long-term interest bearing debt of USD 235.1 million consists of the USD 90.0 million element of the term loan and the Eksportfinans related USD 145.1 million.

Basis for preparation

These consolidated condensed financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”. The accounting policies used in the preparation of the consolidated financial statements as per 30 September 2011 are consistent with those used in the annual financial statements for the year ended 31 December 2010 and half year ended 30 June 2011.

The Board of Directors
Transocean Norway Drilling AS

25th November 2011

Transocean Norway Drilling AS Group (Formerly Aker Drilling ASA Group)
INCOME STATEMENT

Amounts in USD thousands	2Q 2011	3Q 2011	3Q 2010	YTD 2011	YTD 2010	Year 2010
Revenues	103 565	107 917	82 753	311 855	223 814	330 863
Labour expenses	-30 130	-27 459	-26 019	-85 900	-84 256	-108 495
Other operating expenses	-13 784	-21 460	-14 501	-48 488	-46 651	-64 549
Operating profit before depreciation and amortization	59 651	58 998	42 233	177 467	92 907	157 819
Depreciation and amortization	-17 212	-17 138	-17 337	-51 202	-50 400	-67 761
Operating profit	42 439	41 860	24 896	126 265	42 507	90 058
Financial income	275	97	916	620	985	1 442
Financial expense	-22 148	-19 774	-28 451	-115 844	-54 895	-75 148
Net Financial items	-21 873	-19 677	-27 535	-115 224	-53 910	-73 706
Profit / (loss) before tax	20 566	22 183	-2 639	11 041	-11 403	16 352
Income tax expense	31 874	-50 764	20 122	-8 850	-516	-2 893
Profit / (loss) for the period	52 440	-28 581	17 483	2 191	-11 919	13 459
Other comprehensive income						
Exchange differences	0	-3 254	0	-3 254	0	2 003
Cash flow hedges	0	0	-1 628	25 679	-5 143	1 205
Other comprehensive income for the year	0	-3 254	-1 628	22 425	-5 143	3 209
Tax on other comprehensive income / (loss)	0	911	456	-6 279	1 440	-898
Total other comprehensive income / (loss) for the year, net of tax	0	-2 343	-1 172	16 146	-3 703	2 311
Total comprehensive income / (loss)	52 440	-30 924	16 311	18 337	-15 622	15 770
Total comprehensive income / (loss) attributable to:						
Majority interest (ow ners in the parent company)	52 440	-30 924	16 311	18 337	-15 622	15 770
Earnings per share (US Dollars)	0,18	-0,10	0,19	0,01	-0,04	0,14

Transocean Norway Drilling AS Group (Formerly Aker Drilling ASA Group)
STATEMENT OF CHANGES IN EQUITY

Amounts in USD thousands	2Q 2011	3Q 2011	3Q 2010	Year 2010
As of beginning of period	1 161 559	1 271 116	490 030	521 963
Paid in equity net of fees	57 117	-	-	-
Total comprehensive income / (loss)	52 440	-30 924	16 311	15 770
As of end of period	1 271 116	1 240 192	506 341	537 733

Transocean Norway Drilling AS Group (Formerly Aker Drilling ASA Group)
BALANCE SHEET

Amounts in USD thousands	At 30.06 2011	At 30.09 2011	At 30.09 2010	At 31.12 2010
Assets				
Non-current assets				
Rigs and related equipment	1 781 870	1 780 357	1 829 314	1 811 787
Deferred tax assets	116 315	90 677	47 440	45 451
Restricted bank deposits	908 775	761 961	931 252	933 283
Other non-current assets	278 468	278 381	22 274	38 645
Total non-current assets	3 085 428	2 911 376	2 830 280	2 829 166
Current assets				
Accounts receivable	49 267	58 879	71 523	54 615
Other current assets	50 310	30 815	32 313	41 557
Cash and bank deposits	254 047	238 708	243 988	206 445
Total current assets	353 624	328 403	347 824	302 617
Total assets	3 439 052	3 239 779	3 178 104	3 131 783
Equity and liabilities				
Paid in capital	1 262 026	1 262 026	577 904	577 904
Translation reserve	2 233	-110	791	2 233
Hedging Reserve	0	0	-23 060	-18 489
Retained earnings	6 857	-21 724	-49 294	-23 915
Total equity	1 271 116	1 240 192	506 341	537 733
Non-current liabilities				
Interest-bearing debt Aker ASA	0	0	526 804	486 162
Secured bank loans	1 438 889	1 270 235	1 407 676	1 425 055
Bond loans	276 295	252 946	273 955	254 987
Financial Instruments	14 884	38 341	33 073	26 570
Pension liability	4 641	6 198	3 630	1 976
Deferred tax liabilities	52 552	79 807	18 985	20 706
Provisions and other long-term liabilities	52 487	46 177	78 854	71 381
Total non-current liabilities	1 839 748	1 693 704	2 342 977	2 286 837
Current liabilities				
Current portion of long-term interest bearing debt	248 048	235 135	258 075	224 371
Trade creditors	3 407	1 647	4 525	5 518
Accrued interest expenses	22 887	10 618	12 089	22 039
Other short term current liabilities	53 846	58 483	54 097	55 285
Total current liabilities	328 188	305 883	328 786	307 213
Total liabilities	2 167 936	1 999 587	2 671 763	2 594 050
Total equity and liabilities	3 439 052	3 239 779	3 178 104	3 131 783

Transocean Norway Drilling AS Group (Formerly Aker Drilling ASA Group)
CASH FLOW STATEMENT

Amounts in USD thousands	2Q 2011	3Q 2011	3Q 2010	YTD 2011	YTD 2010
Cash flows from operating activities					
Profit for the period after tax	52 440	-28 581	17 483	2 190	-11 919
Adjustments for:					
Depreciation	17 212	17 138	17 337	51 202	50 400
Net finance costs	22 148	19 677	27 535	115 747	53 910
Income tax expense	-31 874	50 764	-20 122	8 850	516
Changes in working capital	11 571	-20 092	-97 259	-27 131	-58 837
Net cash (used in) from operating activities	71 497	38 906	-55 026	150 858	34 070
Cash flows from investing activities					
Acquisition of property, plant and equipment*	-3 289	-15 625	-12 112	-269 525	-29 707
Net cash used in investing activities	-3 289	-15 625	-12 112	-269 525	-29 707
Cash flows from financing activities					
Net Proceeds from the issue of share capital	57 116	0	0	684 121	0
Net interest paid	-17 154	-16 120	-6 240	-49 632	-31 919
Proceeds from the issue of loans	0	0	139 918	825 416	421 868
Payment of transaction costs related to loans and borrowings	0	0	0	-32 576	0
Repayment of borrowings **	-187 916	-22 500	-92 884	-1 276 399	-326 254
Net change from (used in) financing activities	-147 954	-38 620	40 794	150 930	63 695
Net increase (decrease) in cash and cash equivalents	-79 746	-15 339	-26 344	32 263	68 058
Cash and cash equivalents at the beginning of period	333 793	254 047	270 332	206 445	175 930
Cash and cash equivalents at end of period	254 047	238 708	243 988	238 708	243 988

* Including prepayments to DSME yard

** Eksportfinans reduction of loan outstanding and corresponding bank deposit are shown net

Notes to the accounts for period ended 30 September 2011
1. Reporting entity

At the end of the period, Aker Drilling ASA was a public limited company owning and operating offshore drilling rigs, domiciled in Norway and listed on the Oslo Stock Exchange with the ticker "AKD". Since period end, the company has been acquired 100% by Transocean, has been de-listed from the Oslo Stock Exchange in early November and the company's name changed to Transocean Norway Drilling AS.

2. Statement of compliance

These consolidated condensed financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies used in the preparation of the consolidated financial statements are consistent with those used as per end of June 2011 which were subject to a limited review by the Aker Drilling Group's auditors KPMG and in the audited annual financial statements for the year ending 31 December 2010. Please refer to the 2010 annual report (available on the company's website at www.akerdrill.com) for the full description of the basis of preparation and significant accounting policies.

3. Financial Risk

The Aker Drilling Group's exposure to financial risk is explained in Note 5 to the annual accounts from 2010. The risk is broken down into various categories. Since the end of 2010, the company has been through a complete refinancing and share emission in connection with the listing on the Oslo Stock Exchange. These transactions have resulted in a strengthening of the balance sheet and as the Aker Drilling Group is now owned 100% by Transocean, the financial risk is considered to be reduced.

4. Estimates

Preparation of this financial statement for the quarter involves the use of judgements, estimates and assumptions that affect the application of accounting policies and the

reported amounts of assets, liabilities, income and expenses. While every effort is made with regards to accuracy, actual results may differ from these estimates.

The Aker Drilling Group, as of the end of the period, has reserved approximately USD 2.8 million revenues regarding interpretation of certain contractual issues which are currently being discussed with clients. This amount relates mainly to the fourth quarter 2010 and may be recorded partly or in whole as operating revenue in the future should discussions result favourably for the Aker Drilling Group. As the amount in question is less than 1% of the 2010 annual revenue, the Aker Drilling Group does not regard the amount as significant.

Estimates and underlying assumptions are reviewed on an ongoing basis. The significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are the same as used in the preparation of the 2010 Aker Drilling Group consolidated annual accounts.

5. Pensions, tax and other significant estimates

Calculation of pension costs and commitments are performed annually by an actuary. This report includes pension related costs and commitments based on actuarial estimates for 2011. Tax expense recorded in this statement is based on expected tax expenses.

6. Rigs and related equipment

Movements in the accounts for equipment, inventory, rigs and plant during 2010 and first nine months of 2011 are shown below:

<i>Amounts in USD million</i>	Office equipment and inventory	Under construction	Rigs	Total
Acquisition cost as of 1 January 2010	5	12	1 861	1 877
Other additions	-	-	30	30
Transfer from "under construction"	-	-12	12	-
Acquisition cost as of 31 December 2010	5	0	1 903	1 907
Acquisition cost as of 1 January 2011	5	-	1 903	1 907
Other additions	-	-	19	19
Transfer from "Under construction"	-	-	-	-
Acquisition cost as of 30 September 2011	5	-	1 921	1 926
Accumulated depreciation as of 1 January 2010	-1	-	-26	-27
Depreciations for the year	-1	-	-67	-68
Accumulated depreciation as of 31 December 2010	-2	-	-93	-95
Accumulated depreciation as of 1 January 2011	-2	-	-93	-95
Depreciations for the year to date	-1	-	-50	-51
Accumulated depreciation as of 30 September 2011	-3	-	-143	-146
Carrying amount as of 1 January 2010	4	12	1 887	1 850
Carrying amount as of 31 December 2010	2	-	1 810	1 812
Carrying amount as of 1 January 2011	2	-	1 810	1 812
Carrying amount as of 30 September 2011	1	-	1 779	1 780

7. Interest bearing debt

The current loan status for the Aker Drilling Group compared with last quarter and previous year end is shown below:

<i>Amounts in USD million</i>	Currency		Interest rate	Maturity date	30.09.2011	30.06.2011	31.12.2010
	Currency	Amount					
Secured							
DnB NOR / Nordea / SEB	USD	900	Libor + 2.5%	2016	598	620	-
DnB NOR	USD	775	Libor + 0.8 - 2.0%	Repaid	-	-	596
Eksportfinans	NOK	3 605	4.15%	2017	435	514	509
Eksportfinans	NOK	3 605	4.15%	2018	472	553	545
Total secured bank loans					1 505	1 687	1 650
Current portion					-235	-248	-224
Secured bank loans					1 270	1 439	1 426
Unsecured							
Aker ASA	USD	528	Libor + 2.5%	Repaid	-	-	486
Senior unsecured Bond	NOK	1 500	Nibor + 4.0 %	Repaid	-	-	255
Unsecured Bond - Fixed rate	NOK	560	11,0 %	2016	95	103	-
Unsecured Bond - Floating rate	NOK	940	Libor + 7.0%	2016	159	173	-
Subordinated loans					254	276	741
Total Loans including Current Portion of loans					1 759	1 963	2 391
Excluding Eksportfinans and bond repayment April 2011:					852	896	1 337
Current portion of loans					235	248	224
Free cash					91	92	58
Net Interest Bearing Debt (excluding Eksportfinans and bond repayment April 2011)					760	804	1 279

NOTE: All loan amounts are net of fees being amortised over the life of the loan. Free cash is partly restricted by minimum requirements in the bank syndicate loan agreements.

8. Impairment considerations

Consideration has been given to the fair value of the rigs as of the balance sheet date. As described in the annual accounts in more detail, a discounted cashflow model is used in compliance with IAS 36. The input parameters for this model have been reconsidered and there is no impairment evident as of the balance sheet date.

9. Transactions with related parties

Since the listing of the company on the Oslo Stock Exchange in February 2011 and the resulting reduction in Aker ASA's ownership from 100% to approximately 41%, other companies in which Aker ASA hold investments are no longer regarded as related parties. This is a change to the situation described in note 25 in the annual accounts on related party transactions. Aker ASA, as a major shareholder, remained a related party up until Transocean's 100% acquisition of the Aker Drilling Group in early October, however there have been no transactions year to date outwith the ordinary course of business.

10. Post balance sheet events

Since the end of the period, the Aker Drilling Group has been 100% acquired by Transocean, delisted from the Oslo Stock Exchange and Aker Drilling ASA's name changed to Transocean Norway Drilling AS.