

Annual Report 2005



Aker Drilling

part of the Aker group

Board of Directors



Leif-Arne Langøy
Chairman

Mr. Langøy is President & CEO of Aker ASA. He has previously served as President & CEO of the Aker Kværner Yards Group, and as President and CEO of Aker Brattvaag. Mr. Langøy has been involved in the development of Norwegian and international shipping industry since 1988. He is a graduate of the Norwegian School of Economics and Business Administration. Mr. Langøy is a Norwegian citizen.



Martinus Brandal
Board Member and CEO

Mr. Brandal assumed the position as CEO of Aker Drilling in 2005 and is also EVP of Aker with the responsibility operations, strategy and business development. Mr. Brandal joined the Aker Group on July 1 2004 as EVP of Aker RGI Holding. In the period from 1985 to 2004, Mr. Brandal held various management positions within the ABB Group, inter alia as Group Senior Vice President at the headquarter in Zurich. Mr. Brandal holds a Bachelor of Science in Electrical Engineering from Oslo University College. Mr. Brandal is a Norwegian citizen.



Ole Melberg
Board Member

Mr. Melberg today holds the position as managing partner in Energy Ventures AS. He has more than 30 years of experience within the oil and gas industry, inter alia as CEO of Smedvig ASA until 1998. In 1998, Mr. Melberg founded Melberg Partners AS, providing advisory to the international oil and gas industry. He is a graduate of the Norwegian School of Economics and Business Administration and INSEAD Top Management Programmes, France. Mr. Melberg is a Norwegian citizen.



Viktor Sandland
Board Member

Mr. Sandland is Managing Director of Rowan AS and has 15 years of experience within portfolio management and corporate finance. Viktor Sandland is Chairman of the Board of TeleComputing ASA and a board member of Consorte Group ASA. Mr. Sandland is a graduate of the Norwegian School of Economics and Business Administration and holds a MBA from Erasmus University in Rotterdam. Mr. Sandland is a Norwegian Citizen.

BOARD OF DIRECTORS' REPORT 2005

Aker Drilling is a new offshore drilling rig company based in Norway. The Company was established by Aker in 2005. Aker Drilling will own state of the art semi-submersible drilling rigs and conduct related activities thereto.

In September 2005, Aker Drilling entered into two conditional turn-key construction contracts for the design and construction of two Aker H-6e, 6th generation semi-submersible rigs, with Aker Kværner's subsidiary Aker Kværner Stord AS. The rigs will be delivered in February and October 2008. The construction contracts also provide Aker Drilling with options for two identical drilling units to be delivered in June 2009 and February 2010.

Since Aker pioneered with the Aker H-3 rig design in the 1970s, Aker Kværner has been involved in designing and/or building more than 39 units of which most are still in operation. With its proven project execution model, Aker Kværner has a strong track record of completing large and complex offshore projects on time and budget.

The Company's rigs are currently believed to be the largest and highest specification rigs in the world. With its dual RamRig drilling packages designed by Aker Kværner MH, the rigs are designed for exploration and development drilling of wells down to 10 000 meters (approximately 30 000 feet) and for operations in water depths down to 3 000 meters (approximately 10 000 feet). The rigs are winterized making it

possible with year round operations in cold climate and Arctic areas up to ice line.

Aker Drilling is currently evaluating different alternatives in how it will operate its rigs in the future, either by establishing itself as a drilling contractor or via an external manager.

Marked developments

The demand for offshore drilling services is primarily driven by high energy demand.

The demand for floating drilling units (semi-submersibles and drillships) has risen significantly during the last year as oil and gas companies have raised their E&P spending in an attempt to fight falling production and declining reserves. Furthermore, a strong growth in global economy has in the last few years resulted in an increase in the demand for oil and gas which has contributed to keep the oil prices at a high level.

Day rates are currently improving for all rig categories and long-term contracts, well beyond 2010, are being fixed at record-high day rates. The strongest growth regions for floating drilling rigs are expected to be deepwater markets, including West Africa, the Gulf of Mexico, Asia and South America, harsh environment and the Arctic regions. The Company believes the demand for rigs able to operate in such areas will be strong in coming years.

Financials

Aker Drilling was incorporated in 2000 under the name Aker AS, but started its operations in the current form in 2005 when the Company entered into the construction contracts. Prior to entering into the construction contracts, there have not been any significant operational activities in the company. Hence, Aker Drilling has limited financial history.

The fixed price for each of the rigs is NOK 3 830 million. In October 2005, Aker Drilling completed a private placement of NOK 2 414 million in new equity and NOK 800 million in a convertible bond loan (please see notes to the accounts for details) to partly finance the rigs. In 2005 Aker Drilling has made an advanced payment of NOK 2 912 million to Aker Kværner Stord AS, covering the first installment of NOK 1 456 million under each of the construction contracts.

Furthermore, Aker Drilling has received and accepted commitments from DnB NOR Bank ASA for senior secured credit facilities of up to USD 775 million.

In 2005, Aker Drilling acquired shares in the subsidiaries Contract Co Alfa AS and Contract Co Beta AS through a contribution in kind of NOK 926 million.

Consolidated profit and balance sheet

The Board of Directors deems that the annual accounts provide a satisfactory description of the Group's position at year-end 2005. The

ACCOUNTS AND BOARD OF DIRECTORS' REPORT

annual accounts have been prepared based on the assumption of a going concern.

The Group earnings at year-end 2005 amounted to NOK -3 million. The operating loss (EBITDA) amounted to NOK -4 million. The Group's cash balance as of 31 December 2005 amounted to NOK 242 million, and the capacity of equity financing of new investments are good. The short term debt amounted to 1.2 % of the group's total liabilities. The equity ratio at 31 December 2005 was 81,1%.

The parent Aker Drilling ASA

The profit after financial items in the parent company Aker Drilling ASA amounted to NOK 10.5 million, and is largely attributable to interest income, reduced by interest expenses and transaction costs related to the incorporation of the Company. The profit for the year was NOK 7.5 million. The cash flow from operational activities amounted to NOK -1.7 million. The parent company had an operating profit of NOK -4 million. The cash flow for the year was positive, cf. the cash flow statement. The cash balance as of 31 December 2005 amounted to NOK 241.2 million. The Company's capacity of equity financing of new investments are good. At 31 December 2005, the short term debt amounted to 1.2 % of the Company's total liabilities. The equity ratio as of 31 December 2005 was 81.2 %.

No matters of significant importance have occurred after the year end of 2005.

Allocation of profit for the year

The Board of Directors proposes that the accounting profit of Aker Drilling ASA of NOK 7 497 million is transferred to unrestricted equity.

Staff members, the environment, and community relations

In February 2006, Aker Drilling hired Frederik Steenbuch as Chief Operating Officer. Mr. Steenbuch has long experience from the offshore industry and also specifically knowledge from the drilling market and will be important in the marketing process of the two rigs and the development of Aker Drilling.

Martinus Brandal is acting Chief Executive Officer (CEO) in the company. He is EVP of Aker ASA with the responsibility of operations, strategy and business development. Bengt A. Rem is acting Chief Financial Officer (CFO). He is EVP and CFO of Aker ASA.

In the company's general meeting on 15 December 2005, Thorhild Widvey and Viktor B Sandland were elected as new Board members of Aker Drilling ASA. After the general meeting the Board consists of the following members: Leif-Arne Langøy (Chairman), Martinus Brandal, Ole Melberg and Viktor B Sandland. Thorhild Widvey will assume the position as Board member on 18 April 2006.

Both the Board of Directors and management are aware of the measures to promote gender equality in the board of directors, given by the public authorities. No immediate

efforts have taken place on this matter. However, the Board of Directors objective is to meet the public authorities goals for female representation in stock-exchange companies.

The Company's activities do not have any detrimental environmental effects.

Shareholder matters

Aker Drilling has one share class and all shares are equal in all respect. In September 2005, Aker Drilling was a wholly owned subsidiary of Aker Capital (all shares being held by Aker ASA). The Company successfully completed the capitalization process including a private placement of NOK 2.5 billion. As a result Akers ownership interest was reduced. Aker ASA is now the largest shareholder in Aker Drilling, holding a stake of 30.8%, owned through the subsidiary Aker Capital. The placement was done at NOK 36.85 pr share. Aker Drilling was listed on the Oslo Stock Exchange on 21 December 2005. At the end of 2005 the share price was NOK 39.00.

Risk factors

A number of risk factors may adversely affect the Company. There risk factors include financial risks, risks related to the operations of the company, market risks, environmental and regulatory risks and risks related to the construction of the semi-submersible rigs.

The market risks are mainly related to the oil and gas companies' investments in exploration, develop-

ment and production of oil and gas and the parameters that have an impact on these investments, such as the oil price and the legislative and economical framework given by the authorities.

The risk factors regarding the two construction contracts are particularly related to delivery and quality. The Company may be in a position to impose penalties. However, delays and defects may still have a material effect on the Company's operations and financial results.

Aker Drilling's future performance depends, among other matters on whether it will obtain charter contracts for the Company's semi-submersible rigs, or whether such contracts will be obtained on profitable terms to the company.

Outlook

The Board of Directors deems that the Company has a satisfactory financial standing. The Company has established a future strategy to

ensure continued growth and profit developments. Aker Drilling has a competitive edge for drilling under harsh environment conditions as few other semi-submersible drilling rigs match the capabilities of the Company's semi-submersible rigs. The advanced design and operational features of the rigs is likely to make Aker Drilling a natural first choice for oil companies exploring wells in challenging waters as well as for development drilling programs. The demand for semi-submersible rigs is strong, and the oil companies are already entering into new contracts with drilling start-up in two years from now.

After completing its initial stages of obtaining attractive rig contracts and financing, Aker Drilling now focuses on retaining permanent management and organization, marketing of the rigs and construction supervision. Based on the high activity level in the market, the Company must strengthen the ability to handle requests from customers.

The construction process is well underway. Aker Kværner has placed all major long lead items with sub suppliers and progress is on schedule. Nevertheless, Aker Drilling is negotiating with Aker Kværner for earlier deliveries of the two first rigs and an extension of the dates by which to declare the options related to the two subsequent rigs.

Corporate Governance

Aker Drilling has compared the new Norwegian recommendations on corporate governance for listed companies, which were published in December 2004, with the company's own corporate governance procedures and practice. The findings show that, by and large, the two sets of guidelines are in agreement. There are some differences, which are presented at the end of the annual report. The Board regards these differences as of minor importance.

Oslo, 13 February 2006

sign
Leif-Arne Langøy
(Board Chairman)

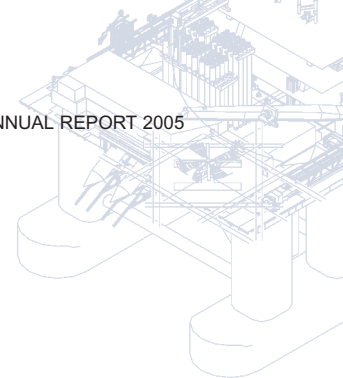
sign
Victor B. Sandland
(Director)

sign
Ole Melberg
(Director)

sign
Martinus Brandal
(Director)

Aker Drilling ASA Group, Profit and Loss Account

<i>Amounts in NOK million</i>	Note	2005
Operating revenues		-
Cost of goods and changes in inventory		-
Wages and other personnel expenses		-
Other operating expenses	2	-4
Operating profit before depreciation, amortization, write-downs and restructuring	-4	
Depreciation, impairment changes and amortization		-
Operating profit		-4
Financial income		-
Financial expenses		-
Share of profit of associated companies		-
Profit before tax		-4
Tax expense	4	1
Profit for the year		-3
Attributable to:		
Equity holders of the parent		-3
Minority interest		-
Average number of shares	7	93 000 000
Earnings per share	7	-0,03
Diluted earnings per share	7	-0,03



Aker Drilling ASA Group, Balance Sheet of 31 December

<i>Amounts in NOK million</i>	Note	2005
ASSETS		
Property, plant and equipment		-
Intangible assets	3	926
Deferred tax assets	4	34
Investments in associates companies		-
Other shares		-
Interest-bearing long-term receivables		-
Pension assets		-
Other non-current assets		-
Total non-current assets		960
Inventories		-
Advance payment to suppliers	5	2 919
Trade and other interest-free receivables		2
Interest-bearing short-term receivables		-
Cash and cash equivalents	6	242
Total current assets		3 163
Total assets		4 123
EQUITY AND LIABILITIES		
Paid in capital		3 349
Translation and other reserve		-
Retained earnings		-3
Total equity attributable to equity holders of the parent		3 346
Minority interest		-
Total equity		3 346
Interest-bearing long-term liabilities	8	768
Deferred tax liabilities		-
Pension liability		-
Other interest-free long-term liabilities		-
Non-current provisions		-
Total non-current liabilities		768
Construction loans		-
Interest-bearing short-term liabilities		-
Trade and other payables		9
Income tax payable		-
Current provisions		-
Total current liabilities		9
Total liabilities		777
Total equity and liabilities		4 123

Oslo, 13 February 2006
Board of Directors Aker Drilling ASA

Leif-Arne Langøy (sign.)
Chairman

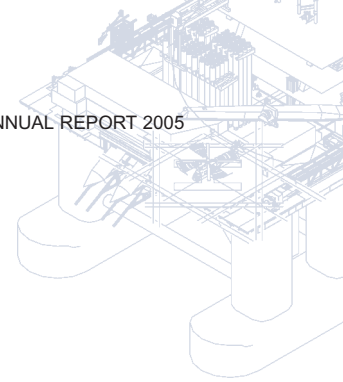
Martinus Brandal (sign.)
President/Director

Ole Melberg (sign.)
Director

Viktor B. Sandland (sign.)
Director

Aker Drilling ASA Group, Consolidated statement of changes in equity

<i>Amounts in NOK million</i>	Total paid in capital	Translation reserve	Retained earnings	Total to equity holders of parent
Equity at 19. October 2005	-	-	-	-
Contribution capital	1			1
Contribution in kind	926			926
Contribution capital	2 500			2 500
Transaction cost (net of tax)	-86			-86
Shareholders equity part of Convertible Bond loan	8			8
Loss for the year			-3	-3
Balance at at 31. December 2005 IFRS	3 349	-	-3	3 346



Aker Drilling ASA Group, Cash Flow Statement

<i>Amounts in NOK million</i>	Note	2005
Profit before tax		-4
Sales losses/gains (-) and write-downs		-
Unrealized foreign exchange gain/loss and other non-cash items		-
Depreciation and amortization		-
Taxes paid		-
Change in working capital		-
Changes in other operating assets and liabilities		-2 909
Net cash flow from operating activities		-2 913
Proceeds from sales of property, plant and equipment		-
Proceeds from sale of shares and other equity investments		-
Acquisition of property, plant and equipment		-
Acquisition of shares and equity investments in other companies		-
Effect of combining of businesses/merger		-
Net cash flow from other investments		-
Net cash flow from investing activities		-
Proceeds from issuance of long-term interest-bearing debt		654
Proceeds from issuance of short-term interest-bearing debt		-
Repayment of long-term interest-bearing debt		-
Repayment of short-term interest-bearing debt		-
Proceeds from issuance of share capital (incl. Share premium)		2 501
Dividends paid		-
Changes in other financial liabilities		-
Net cash flow from financing activities		3 155
Net change in cash and cash equivalents		242
Effects of changes in exchange rates on cash		-
Cash and cash equivalents as of 1 April/ 1 January		-
Cash and cash equivalents as of 31 December		242

Statement of compliance

Aker Drilling is a Norwegian company and presents its accounts in accordance with International Financial Reporting Standards (IFRS). All group reporting is made in compliance with these accounting principles.

The preparation of the financial statements in conformity with IFRS, requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. Actual results may differ from these assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised if the revision affects that period, or in the period of revision and future periods if the revision affects both current and future periods.

The principal accounting policies applied in the preparation of the forma financial statements are set out below.

Group accounting and consolidation principles

Subsidiaries

The consolidated financial statements of Aker Drilling include the financial statements of the parent company, Aker Drilling ASA, and its subsidiaries. Subsidiaries are those entities in which Aker Drilling either owns, directly or indirectly, over fifty per cent of the voting rights, or otherwise has the power to govern their operating and financial policies. Share options, convertibles and other equity instruments are considered when assessing whether an entity is controlled.

Acquisitions of subsidiaries are accounted for using the purchase method of accounting. The cost of an acquisition is measured as the fair value of the assets acquired, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess cost of acquisition over the fair value of the net assets of the subsidiary acquired measured at the date of change of control, is recorded as goodwill (see "Intangible Assets" for the accounting policy on goodwill).

Subsidiaries acquired during the year are included in the consolidated financial statements from the date on which control is transferred to the Group, and subsidiaries sold are included up to the date that control is relinquished.

Where necessary, the accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

All intercompany transactions, receivables, liabilities and unrealised profits, as well as intra group profit distributions, are eliminated.

Foreign currency translation and transactions

Functional currency

Items included in the financial statements of each subsidiary in the Group are initially recorded in the functional currency, i.e. the currency that best reflects the economic substance of the underlying events and circumstances relevant to that subsidiary.

The consolidated financial statements are presented in Norwegian Kroner (NOK), which is the functional currency of the parent company.

Transactions and balances

Foreign currency transactions are translated into NOK using the exchange rates prevailing at the dates of the transactions. Receivables and liabilities in foreign currencies are translated into NOK at the exchange rates ruling on the balance sheet day. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Foreign exchange differences arising in respect of operating business items are included in operating profit in the appropriate income statement account, and those arising in respect of financial assets and liabilities are recorded net as a financial item.

Group companies

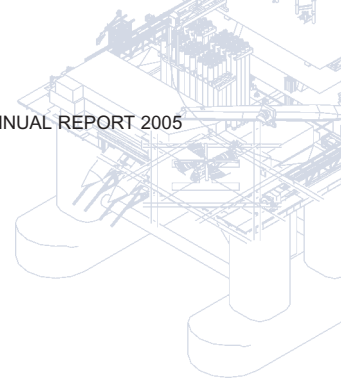
Income statements and cash flows of subsidiaries, whose functional currency is not NOK, are translated into NOK at weighted average exchange rates for the period. Their balance sheets are translated at the mid exchange rates ruling on the balance sheet date and the translation differences are taken to shareholders' equity. When a foreign entity is sold, such translation differences are recognized on the income statement as part of the gain or loss on sale.

Property, plant and equipment

General

Property, plant and equipment acquired by Group companies are stated at historical cost, except the assets of acquired subsidiaries that were stated at the fair values at the date of acquisition. Depreciation are calculated on a straight-line basis and adjusted for impairment charges, if any. The carrying value of the property, plant and equipment on the balance sheet represents the cost less accumulated depreciation and any impairment charges. Interest costs on borrowings to finance the construction of property, plant and equipment are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Land is not depreciated, but otherwise other fixed assets in use are depreciated on a straight-line basis. Expected useful lives of long-lived assets are reviewed annually and,



where they differ significantly from previous estimates, depreciation periods are changed accordingly.

Ordinary repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the asset's carrying amount when it is probable that the Group will derive future economic benefits in excess of the originally assessed standard of performance of the existing asset. Major renovations are depreciated over the useful lives of the related assets.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in operating profit. Assets to be disposed of are reported at the lower of the carrying amount and the fair value less selling costs.

Building contracts

Building contracts will be capitalized as fixed assets under construction based on the progress of construction of the rigs.

Building costs include contractual costs and costs related to monitoring the project during the construction period. Contractual costs include costs related to the project for the duration of the contract, i.e. from signing of the contract to final completion of the contractual work. Any costs incurred prior to the signing of the contract that relate to the procurement of the contract are regarded as purchase of contractual assistance and are included as contractual costs.

Borrowing costs that are directly attributable to the construction of the rig will be capitalized as part of the cost of the rig.

Component cost accounting

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part over their useful lives.

Revenue

Revenue is recognised only if it is probable that future economic benefits will flow to Aker Drilling and these benefits can be measured reliably. Revenue includes the gross inflows of economic benefits received by Aker Drilling on its own account.

Revenue from rendering of services is recognized in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed.

The company will not have any revenues until employment has commenced for the Semi-Submersible Rig, after delivery has taken place. Interest and other financial income are recognized as earned.

Intangible assets

Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable

assets, liabilities and contingent liabilities. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary/associate at the date of the acquisition. Goodwill on acquisitions of associates is included in investments in associates.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired, is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit and part of the operation within that unit are disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost, the difference is recognised immediately in the income statement.

Other intangible assets

The contribution in kind of NOK 926 million consists of two contracts to purchase two rigs with options to purchase two additional rigs. The values of the contracts are classified as an intangible asset. The contracts will be included as part of the cost of the rigs.

Financial investments

All investments are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as available-for-sale, are measured at fair value. Gains or losses on available-for-sale investments are recognized as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Other long-term investments that are intended to be held-to-maturity are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on acquisition, over the year to maturity. For investments carried at amortized cost, gains and losses are recognized in income when the investments are derecognised or impaired, as well as through the amortization process.

ACCOUNTS AND BOARD OF DIRECTOR'S REPORT

Impairment of long-lived assets

Property, plant and equipment and other non-current assets are reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable, mainly independent, cash flows. An impairment loss is the amount by which the carrying amount of the assets exceeds the recoverable amount. The recoverable amount is the higher of the asset's net selling price and its value in use. The value in use is determined by reference to discounted future net cash flows expected to be generated by the asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an extent higher than the carrying amount that would have been determined had no impairment loss been recognized in prior years.

Leases

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability. Finance charges are charged directly against income.

Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payment made under operating leases net of any incentives received from the lessor is charged to the income statement on a straight-line basis over the period of the lease.

Other long-term receivables

Other long-term receivables are measured at net present value when the expected payments are long due and these are not interest bearing.

Trade receivables

Trade receivables are carried at their anticipated realizable value, which is the original invoice amount less an estimated valuation allowance for impairment of these receivables. A valuation allowance for impairment of trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

Interest-bearing liabilities

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loss and borrowings are subsequently measured at amortized cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recognized on the income statement over the period of the interest bearing liabilities. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognized in net profit or loss when the liabilities are derecognised or impaired, as well as through the amortization process.

Income taxes

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

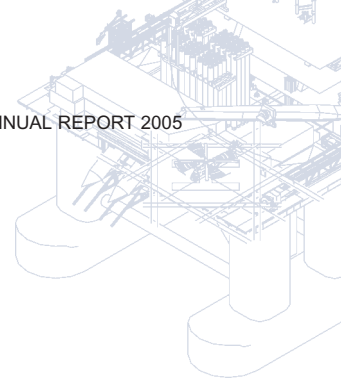
Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet 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 income tax asset to be utilized. Expected utilization of tax losses are not discounted when calculating the deferred tax asset.

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

Income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

Pension obligations

The Group has no employees at 31. December 2005.



Provisions

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount of the provision is the present value of the risk adjusted expenditures expected to be required to settle the obligation, determined using the estimated risk free interest rate as discount rate. Where discounting is used, the carrying amount of provision increases in each period to reflect the unwinding of the discount by the passage of time. This increase is recognized as interest expense.

Financial risk management

Credit risk

The group's principal financial assets are bank balances and cash, advance payments to suppliers and trade and other receivables, which represent the group's maximum exposure to credit risk in relation to financial assets. The group's credit risk is primarily attributable to its advance payments to suppliers.

The exposure to credit risk is monitored on an ongoing basis within the groups guidelines.

Investments are allowed only in liquid securities / bank equivalents and only with counterparties that have a satisfactory credit rating. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

At the balance sheet date there were no significant concentrations of currency or credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Interest rate risk

The group's exposure to interest risk is on bank deposits. The obligation loan has a fixed interest rate.

Related party transactions

All transactions, agreements and business activities with related parties are conducted according to ordinary business terms and conditions.

Dividends

Dividends are recorded in the Group's financial statements in the period in which they are approved by the Group's shareholders.

Earnings per Share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders using the weighted average number of shares outstanding during the year after deduction of the average number of treasury shares held over the period. The calculation of diluted earnings per share is consistent with the calculation of basic earnings per share while giving effect to all dilutive potential ordinary shares that were outstanding during the period, that is:

- The net profit for the period attributable to ordinary shares is increased by the after-tax amount of dividends and interest recognized in the period in respect of the dilutive potential ordinary shares and adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares.
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares increases the weighted average number of ordinary shares outstanding.

Comparatives

When necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

Convertible bonds

Convertible bonds that can be converted to share capital at the option of the holder, where the number of shares issued does not vary with the changes in their fair value, are accounted for as compound financial instruments. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity component in proportion to the allocation of proceeds. The equity component of the convertible notes is calculated as the excess of the issue proceeds over the present value of the future interest and principal payments, discounted at the market rate of interest applicable to similar liabilities that do not have a conversion option. The interest expense recognised in the income statement is calculated using the effective interest rate method.

ACCOUNTS AND BOARD OF DIRECTOR'S REPORT

NOTE 2: OTHER OPERATING EXPENSES

Payments/fees to auditors and total remuneration to the Board Of Director for 2005 and the President see the Parent companies Aker Drilling ASA accounts note 2.

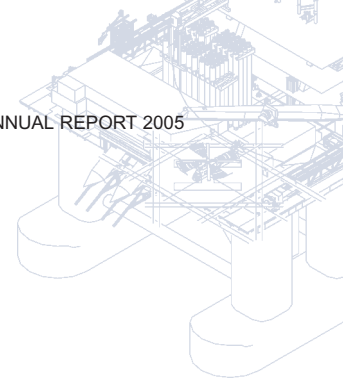
NOTE 3: INTANGIBLE ASSETS

Movements in intangible assets for 2005 are shown below:

<i>Amounts in NOK million</i>	Goodwill	Other intangibles	Total
Cost balance at 19 October 2005	0	0	0
Acquisitions through business combinations			0
Other acquisitions	0	926	926
Disposals			0
Effect of movements in foreign exchange	0	0	0
Cost balance at 31 December 2005	0	926	926
Amortization and impairment losses at 19 October 2005	0	0	0
Amortization for the year	0	0	0
Impairment losses recognized in profit or loss	0	0	0
Impairment losses reversed in profit og loss			0
Disposals			0
Effect of movements in foreign exchange	0	0	0
Depreciation and impairment losses at 31 December 2005	0	0	0
Book value at 31 December 2005	0	926	926

The contribution in kind of NOK 926 million (shares in Rig Subsidiaries) consists of two contracts to purchase two rigs with option to purchase two additional rigs. The value of the contracts are classified as and intangible assets in the group accounts. The contracts will be included as part of the cost of the rigs.

The building contracts was valued in connection with the Stock Exchange Listing and was the basis for the value of the contribution in kind.

**NOTE 4: TAX****INCOME TAX EXPENSE**

Recognized in the income statement

<i>Amounts in NOK million</i>	2005
Current tax expense:	
Current year	-
Total current tax expense	-
Deferred tax expense:	
Origination and reversal of temporary differences	1
Benefit of tax losses recognized	-
Total deferred tax expense	1
Total income tax expense in income statement	1

Reconciliation of effective tax rate

<i>Amounts in NOK million</i>	2005
Profit before tax	-4
Nominal tax rate Norway 28%	1
Other items	-
Total income tax expense in income statement	1

DEFERRED TAX ASSETS AND LIABILITIES

The gross movement on the deferred income tax account is as follows:

<i>Amounts in NOK million</i>	2005
At 19 October 2005	0
Exchange differences	0
Transaction cost 1)	33
Income statement charge	1
End of the year	34
Deferred tax assets	34
Deferred tax liabilities	0
End of the year	34

1) Tax 33 NOK million on 119 NOK million transaction cost was charged directly to equity.

ACCOUNTS AND BOARD OF DIRECTOR'S REPORT

NOTE 5: ADVANCE PAYMENT TO SUPPLIERS

Movements in advance payment is as follows:

<i>Amounts in NOK million</i>	2005
Balance at 19 October 2005	-
Advances to the yards	2 912
Interest capitalization	7
Total	2 919

NOTE 6: CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following items:

<i>Amounts in NOK million</i>	2005
Cash and bank deposits	242
Short term investments with terms less than three months	
Cash and cash equivalents	242

NOTE 7: EARNINGS PER SHARE AND DIVIDEND PER SHARE**EARNINGS PER SHARE****Basic**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year:

	2005
Profit attributable to equity holders of the Company	-3
Weighted average number of ordinary shares in issue	93 000 000
Basic earnings per share (NOK per share)	-0,03

Diluted

There are no potential instruments with dilution effects outstanding at 31 December 2005.

NOTE 8: CONVERTIBLE BOND LOAN

Aker Drilling ASA subordinated convertible Bonds Issue 2005/2010 have a nominal amount of NOK 800 million and divided on 1 600 bonds at par value of NOK 500 000.

Interest rate is from 24 April 2008 at a fix rate of 9.5% per annum.

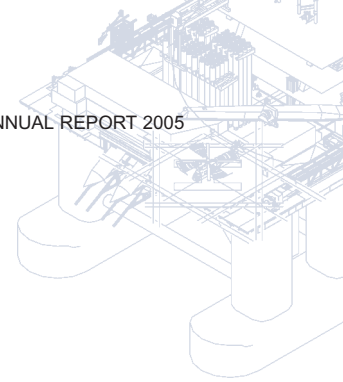
Interest payments are 24 April and 24 October, first time 24 October 2008.

The loan is convertible at a fixed rate of NOK 46.0625.

Yearly yield on the bond is 4.5% (with no conversion rights). The internal yield is 5.2%.

Marked value as of 31 December 2005 is NOK 824 million.

The loan is recorded at amortized cost and including expenses when issuing the loan with NOK 24 million and equity component of NOK 8 million.



Profit and Loss Account, Aker Drilling ASA

<i>Amounts in NOK 1000</i>	Note	2005	2004
Total revenues		-	-
Other expenses	2	-4 404	-9
Operating profit		-4 404	-9
Interest income from Group companies		21 824	-
Other interest and financial income		948	2
Other financial expenses		-7 865	-1
Profit from financial items		14 907	1
Profit before tax		10 503	-8
Tax on ordinary profit	4	-3 006	2
Profit/loss for the year		7 497	-6
ALLOCATION OF PROFIT/LOSS FOR THE YEAR		2005	2004
Profit/loss for the year		7 497	-6
Transferred from/allocated to (-) retained earnings		-7 497	6
Total		-	-

Balance Sheet as of 31 December, Aker Drilling ASA

<i>Amounts in NOK 1000</i>	Note	2005	2004
ASSETS			
Deferred tax benefit	4	30 349	-
Total intangible assets		30 349	-
Shares in subsidiaries	6	926 050	
Long- term receivables from Group companies	5	2 933 824	
Total financial fixed assets		3 859 874	-
Total fixed assets		3 890 223	-
Short-term receivables on Group companies		-	8
Other short-term receivables		2 310	-
Bank deposits, cash in hand, etc		241 246	92
Total current assets		243 556	100
Total assets		4 133 779	100
EQUITY			
Share capital		93 000	100
Share premium reserves		3 248 279	-
Other paid in equity		8 035	12
Total paid in equity		3 349 314	112
Other equity		7 485	-12
Total retained earnings		7 485	-12
Total equity	3	3 356 799	100
LIABILITIES			
Convertible bond loan	7	768 017	-
Total long term debt		768 017	-
Other short-term debt		8 963	-
Total short-term debt		8 963	-
Total equity and debt		4 133 779	100

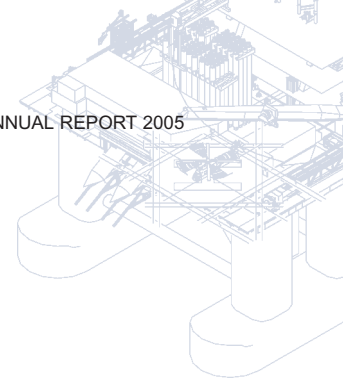
Oslo, 13 February 2006
For Aker Drilling ASA

Leif-Arne Langøy (sign.)
Chairman of the Board

Martinus Brandal (sign.)
President and CEO

Ole Melberg (sign.)
Director

Viktor B. Sandland (sign.)
Director



Cash Flow Statement

<i>Amounts in NOK 1000</i>	2005	2004
Profit after financial items	10 503	-8
Change in ordinary items	-12 249	-11
Cash flow from operating activities	-1 746	-19
Payment increased long term receivables	-2 912 000	
Cash flow from investments activities	-2 912 000	-
Private placement	2 500 900	
Payment long term debt	654 000	
Group contribution paid/received	-	8
Cash flow from financing activities	3 154 900	8
Cash flow for the year	241 154	-11
Bank deposits, cash in hands etc in the beginning of the period	92	103
Bank deposits, cash at hands etc in the end of the period	241 246	92

Note 1: Accounting Principles

In 2005 the company is reclassified from an AS to an ASA company, and changed name from Aker AS to Aker Drilling ASA.

The annual report is prepared according to the Norwegian Accounting Act 1998 and generally accepted accounting principles in Norway.

Subsidiaries and investment in associate

Subsidiaries and investments in associate are valued by the cost method in the company accounts. The investment is valued as cost of acquiring shares in the subsidiary, providing that write down is not required. Write down to fair value will be carried out if the reduction in value is caused by circumstances which may not be regarded as incidental, and deemed necessary by generally accepted accounting principles. Write downs are reversed when the cause of the initial write down are no longer present.

Dividends and other distributions are recognized in the same year as appropriated in the subsidiary accounts. If dividends exceed withheld profits after acquisition, the exceeding amount represents reimbursement of invested capital, and the distribution will be subtracted from the value of the acquisition in the balance sheet.

Balance sheet classification

Net current assets comprise creditors due within one year, and entries related to goods circulation. Other entries are classified as fixed assets and/or long term creditors.

Current assets are valued at the lower of acquisition cost and fair value. Short term creditors are recognized at nominal value.

Fixed assets are valued by the cost of acquisition, in the case of non incidental reduction in value the asset will be written down to the fair value amount. Long term creditors are recognized at nominal value.

Trade and other receivables

Trade receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful debts.

Foreign currency translation

Foreign currency transactions are translated using the year end exchange rates.

Short term investments

Short term investments (stocks, short-term bonds, liquid placements and shares are valued as current assets) are valued at the lower of acquisition cost and fair value at the balance sheet date. Dividends and other distributions are recognized as other investment income.

Property, plant and equipment

Property, plant and equipment is capitalized and depreciated over the estimated useful economic life. Direct maintenance costs are expensed as incurred, whereas improvements and upgrading are assigned to the acquisition cost and depreciated along with the asset. If carrying value of a non current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value.

Income tax

Tax expenses in the profit and loss account comprise both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated at 28 percent on the basis of existing temporary differences between accounting profit and taxable profit together with tax deductible deficits at the year end. Temporary differences both positive and negative, are balance out within the same period. Deferred tax assets are recorded in the balance sheet to the extent it is more likely than not that the tax assets will be utilized.

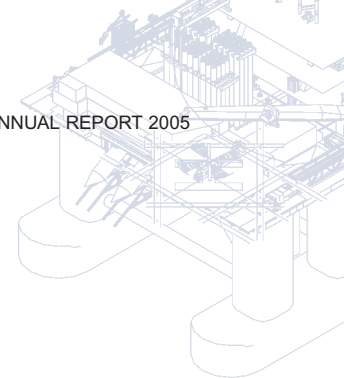
Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term highly liquid placement with original maturities of three months or less.

Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts in the profit and loss statement, the measurement of assets and liabilities and the disclosure of contingent asset and liabilities on the balance sheet date. Actual results can differ from these estimates.

Contingent losses that are probable and quantifiable is expensed as occurred.

**NOTE 2: OTHER EXPENSES**

<i>Amounts in NOK 1000</i>	Ordinary auditing	Tax services	Other attestations	Other services	Total 2005	Total 2004
Auditor's fee	0	0	411	9	420	9
Total fee		-	411	9	420	9

The company has no employees at 31 December 2005.

The CEO and Board of Directors has not received any salary or remuneration from the company.

Executives etc. do not have loans in the company.

The company does not have any liabilities related to separately remunerations to the Board of Directors.

NOTE 3: TOTAL EQUITY

The company's share capital is NOK 93 000 000, divided into 93 000 000 shares each with a par value of NOK 1. All shares are equal in all respect.

The table below shows the 20 largest shareholders as of 01.02.2006

Aker Capital AS	30.84%
Commerzbank AG S/A Cominvest	8.66%
Morgan Stanldy & Co Client Equity account	5.38%
DnB Nor Bank ASA	5.37%
Goldman Sachs	5.36%
Sabaro Investments	4.06%
UVS AG	3.13%
Morgan Stanley And C Client equity account	2.37%
RBC Dexia investor S S/A	2.16%
The Northwestern Mut Insurance company	1.95%
Clearstream Banking Cid dept	1.91%
Bank of New York	1.46%
Greenwich land secur c/o Paal Hveem	1.21%
State street bank & client omnibus	1.19%
Citibank N.A. General UK res	1.18%
Skandinaviska Enskilda A/C account	1.16%
J.P. Morgan Bank Lux S/A	1.09%
Islandsbanki HF Prop	1.05%
State street client state street bank	0.97%
SEB Enskilda ASA own account transaction	0.90%
Total 20 largest shareholders	81.40%

Changes in shareholders equity in 2005 are shown below:

<i>Amount in NOK 1000</i>	Share capital	Other paid-in equity	Share premium reserve	Total paid-in capital	Other equity	Total equity
Equity as of 1 Jan	100	12		112	-12	100
Paid in cash	900			900		900
Contribution in kind	24 157		901 893	926 050		926 050
Private placement	67 843		2 346 386	2 414 229		2 414 229
Shareholders equity part of convertible bond loan		8 023		8 023		8 023
Profit from the year			-	-	7 497	7 497
Equity as of 31 Dec	93 000	8 035	3 248 279	3 349 314	7 485	3 356 799

ACCOUNTS AND BOARD OF DIRECTOR'S REPORT

Note 4: Taxes

<i>Amount in NOK 1000</i>		
	2004	2005
Change in differences		
Tax losses carried forward		108 390
Total basis, deferred tax	0	108 390
Deferred tax receivable (28 %)	0	30 349

Estimated taxable profit are as follows:

<i>Amount in NOK 1000</i>		2005
Profit before tax		10 503
Net non deductible items		27
Transaction costs passed to equity		-119 127
Equity item on the profit and loss account		208
Change in differences		-
Estimated taxable income		-108 389
Tax payable (28 %) in the profit and loss account		-
Tax on group contribution		-
Tax payable (28 %) in the balance sheet		-
Change in deferred tax before group contribution		-30 349
Deferred tax related to the private placement of equity		33 355
Payable tax		-
Tax expenses		3 006

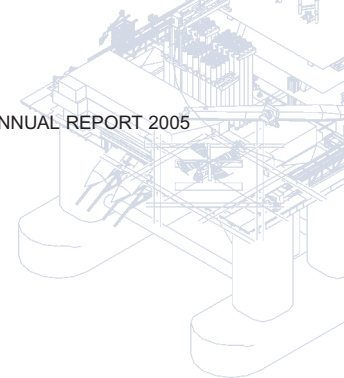
Note 5: Long term receivables

<i>Amount in NOK 1000</i>		
	2004	2005
Long term receivables from group companies	0	2 933 824
Sum	0	2 933 824

The long term receivables has the following installment plan

Installment within one year		
Installment after one year	0	2 933 824
Total	0	2 933 824

The terms of interest on the receivables are in accordance with market rate



Note 6: Shares

Shares in subsidiaries consist of the following as of 31 Dec 2005:

<i>Amount in NOK 1000</i>	Ownership in % 1)	Head quarters	Equity as of 31 Dec 05 1)	Profit after fin. items 2005 1)	Book value
Contract Co Alfa AS	100.00	Oslo	-7 756	-10 911	463 025
Contract Co Beta AS	100.00	Oslo	-7 756	-10 911	463 025
Total shares in subsidiaries					926 050

1) 100% of the company's equity and profit after financial items as of 31 Dec. The company's voting interest is equal to the ownership interest.

Note 7: Convertible bond loan

Aker Drilling ASA subordinated convertible Bonds Issue 2005/2010 has a total amount of NOK 800 million, divided on 1 600 convertible bonds each with a par value of NOK 500 000.

The bond loan shall accrue interest from and including 24 April 2008 at 9.5% p.a semi-annually 30/360.

Interest is payable on October 24 and April 24, first payment is October 24. 2008

The ordinary conversion price is NOK 46.0625 per share.

The book value of the bond loan includes transaction costs of NOK 24 million and equity item of NOK 8 mill.

Note 8: Important transactions

In 2005, Aker Drilling acquired shares in the subsidiaries (see note 6) through a contribution in kind of NOK 926 million.

In 2005, the company completed a private placement of NOK 2 414 million (see note 3) in new equity and NOK 800 million in a convertible bond loan (see note 7).

In 2005 Aker Drilling has made an advanced payment of NOK 2 912 million to Aker Kværner Stord AS for the design and construction of the semi-submersible Rigs via the two subsidiaries.



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Enterprise 935 174 627MVA

To the Annual Shareholders' Meeting of Aker Drilling ASA

AUDITOR'S REPORT FOR 2005

Respective Responsibilities of Directors and Auditors

We have audited the annual financial statements of Aker Drilling as of 31 December 2005, showing a profit of NOK 7 497 thousand for the parent company and a loss of NOK 3 mill for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The annual financial statements comprise the parent company's financial statements and the group accounts. The parent company's financial statements comprise the balance sheet, the statements of income, cash flows, and the accompanying notes. The group accounts comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. The rules of the Norwegian accounting act and good accounting practice in Norway have been applied to prepare the parent company's financial statement. The rules of the Norwegian accounting act and International Financial Reporting Standards as adopted by the EU have been applied to prepare the group accounts. These financial statements and the Board of Directors' report are the responsibility of the Company's Board of Directors and President. Our responsibility is to express an opinion on these financial statements and on the other information according to the requirements of the Norwegian Act on Auditing and Auditors.

Basis of Opinion

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and good auditing practice in Norway, including standards on auditing adopted by Den norske Revisorforening. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and good auditing practice an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion,

- the parent Company's financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the parent Company as of 31 December 2005, the results of its operations and its cash flows for the year then ended, in accordance with the rules of the Norwegian accounting act and good accounting practice in Norway
- the group accounts are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Group as of December 31 2005, the results of its operations, its cash flows and the changes in equity for the year then ended, in accordance with the rules of the Norwegian accounting act and International Financial Reporting Standards as adopted by the EU
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good bookkeeping practice in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and comply with the law and regulations.

Oslo March 1, 2006

KPMG AS

Asbjørn Næss

State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only

Offices in:

Oslo	Haugesund	Sandnessjøen
Bodo	Kristiansund	Stavanger
Alta	Larvik	Stord
Arendal	Lillehammer	Tromsø
Bergen	Mo i Rana	Trondheim
Ehrenum	Molde	Tvedestrand
Firmanes	Roros	Tvedestrand
Hamar	Sandefjord	Ålesund

KPMG AS is the Norwegian member firm of KPMG International,
a Swiss cooperative.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Corporate Governance

The Norwegian Code of Practice for Corporate Governance was published 7 December 2004. The recommendations set forth in the code are designed to strengthen confidence in stock-exchange listed companies and thus contribute to optional value creation over time, to the benefit of shareholders, employees, and other interested parties.

Adherence to the code is based on the "comply or explain" principle whereby companies will be expected either to comply with the Code of Practice or explain why they have chosen an alternative approach.

The Code of Practice sets forth 14 main recommendations; Aker Drilling's activities are largely in accordance with them. The Code of Practice in whole, is available at the Oslo Stock Exchange home page (www.ose.no). The following briefly presents company practices regarding each of the 14 recommendations.

On 8 December 2005, a revised version of the Code of Practice was published. Aker Drilling will adopt this for the operations in 2006.

1. Implementation and reporting on corporate governance

Aker Drilling follows this recommendation through regular Board meetings, ordinary operative actions and via annual reports and other public presentations.

2. Business

Recommendations complied with, through the Company's Articles of Association and the annual report. A presentation of the Company is also available on the Company's web site.

3. Equity and dividends

Recommendations are followed. The Company's dividend policy is available on the web site. The policy will also be communicated on the General meeting.

4. Equal treatment of shareholders and transactions with close associates

Recommendations are followed.

5. Freely negotiable shares

Recommendations are followed.

6. General meetings

Recommendations are followed; however, meeting chairs are usually appointed prior to meetings and announced in the notice of shareholders' meetings.

7. Nomination committee

The company has no nomination committee.

8. Corporate assembly and board of directors: composition and independence

By and large, the recommendations are followed. The Company has only one employee as of February 2006. The Company has no Corporate assembly.

9. The work of the Board of Directors

By and large the recommendations are followed.

10. Remuneration of the Board of Directors

Recommendations are followed as set forth in this annual report.

11. Remuneration of executive management

Recommendations are followed, note, however that the company has no option plans.

12. Information and communications

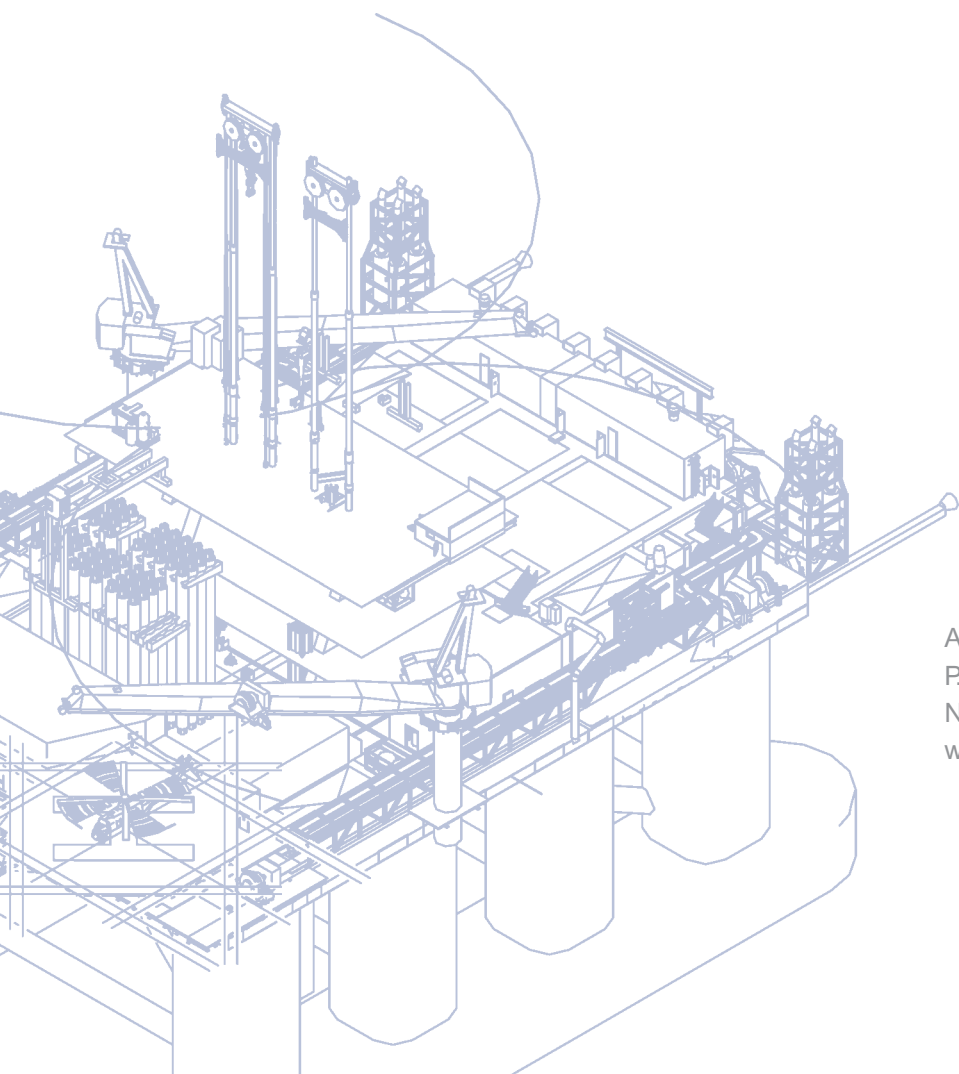
Recommendations are followed.

13. Take-overs

Recommendations are followed; however the issues herein have not applied Aker Drilling.

14. Auditor

Recommendations are followed with the exception that no specific guidelines have been prepared regarding executive management's ability to hire the Company's auditor for services other than auditing.



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