AWILCO LNG

SECOND QUARTER REPORT 2011

and

FIRST HALF REPORT 2011

Highlights Second Quarter

- In April and May Awilco LNG completed private placements raising a total of MUSD 150.5 in new equity.
- In May Awilco LNG signed Shipbuilding contracts and Option agreements for the construction of two (+ two optional) 156,000 cbm LNG newbuilding vessels to be delivered from Daewoo Shipbuilding and Marine Engineering (DSME) in August and November 2013.
- WilPower was delivered to the company in mid-May. The vessel commenced trading under the first contract at the end of May for a period of six months, with 3x6 months options for extension in charterer's option.
- WilGas completed docking below budget in May. The vessel commenced a short term 30 days T/C at the beginning of August.
- WilEnergy was delivered to the Company at the end of June and has been marketed for contract since.

Statement of Comprehensive Income 2nd Quarter 2011

The company took delivery of its three vessels during 1st half of 2011. WilPower commenced its charter at the end of May at USD 45,000 per day, WilGas was available for employment from end May and WilEnergy was delivered at the last day of the quarter. As a consequence, the total operating income of MUSD 1.6 for the 2nd quarter derives only from one vessel.

Voyage related expenses were MUSD -1.8 and is mainly related to reposition of vessels. Vessel operating expenses for the quarter were MUSD -4.0, and administration costs were MUSD -0.7. EBITDA for the quarter was MUSD -4.9. Depreciation for the quarter was MUSD -0.5, and net financial income was MUSD 0.2. Loss before tax was MUSD -5.2.

Statement of Comprehensive Income for 1st Half 2011

Freight income for 1st half 2011 was MUSD 1.6, voyage related expenses were MUSD 1.8, vessel operating expenses MUSD 5.0 and Administration expenses were MUSD 1.1. EBITDA for the 1st half year 2011 was MUSD -6.2. Loss before tax for the period was MUSD -6.2.

Statement of Financial Position

Book value of the three existing vessels was MUSD 110.5 of which MUSD 71.2 relates to existing vessels and MUSD 39.2 to installments on newbuildings. Total current assets were MUSD 66.4, of which MUSD 59.0 was cash. The company did not have any interest bearing debt as of 30.06. Total current liabilities were MUSD 9.1.

During first half of 2011, the Company raised USD 178 mill in new equity, of which USD 126 million was raised in April 2011. Initially, USD 39 million of the funding was issued as shareholder loans, however these loans were converted to equity in the second quarter in connection with the private placement in April. Transaction costs related to the funding represents approx. USD 2.5 million. Book equity was MUSD 167.9 as per 30.06.

Corporate, market conditions and company strategy

Organization
The Company had no employees working in the Company during the first half 2011. However, during the second quarter the Company has employed Snorre S. Krogstad as CFO, Ian Walker as SVP chartering and Jan Espen Andersen as Head of Operations, all have joined the Company during August 2011.

In March 2011 the Company entered into a management-on-hire agreement with Awilco AS related to the CEO, Jon Skule Storheill. In addition, Awilco LNG entered into an administrative management agreement with Awilhelmsen Management AS, a commercial agreement with Awilco As and a supervisory technical management agreement with Wilhelmsen Marine Services AS, which again entered into a technical management agreement with V.Ships LNG in the UK.

Newbuildings
Awilco LNG has entered into a firm newbuilding contract for two 156,900 cbm LNG carriers at DSME with expected delivery in August and November 2013. The construction cost is approximately MUSD 200 each, subject to final specifications. In addition, the Company holds an option for delivery of two additional LNG vessels, which the Company can exercise at any point before 20 September 2011.

The financing of the first three installments will be by equity, while the last installment will be a combination of debt and equity. The company has not secured debt financing of the two newbuildings as per today.

In June 2011, Awilco LNG entered into a technical management agreement with Wilhelmsen Marine Services in June 2011 for supervision of the newbuilding contracts in Korea.

Vessel contract status and market conditions

As anticipated, it has taken some time to find suitable employment for all existing vessels. This is partly due to loss of major approvals as a result of change of ownership of the vessels, requirement for SIRE reports, as well as the constraints related to time available at berths related to cooling of the tanks.

Currently WilPower and WilGas are employed for short term periods with options for extensions, while WilEnergy is currently marketed for employment.

The general positive trend in the market for LNG vessels continued during 1st half of 2011, with an anticipated ease of activity during the summer months. The average day rates have increased from USD 41,000 per day in 2010 to above USD 80,000 per day in 2011 for modern vessels, and approximately USD 30,000 less for older tonnage.

The global market outlook for LNG demand continues to be strong, with a forecasted annual growth of about 6% for the period 2010 to 2020. The current order book is at approximately 17%, of which only about 3% supply growth is expected during 2012 (including FSRU orders). The current shipyard capacity is limited prior to late 2014.

Strategy

Awilco LNG ASA was established in February 2011. The principal activity of Awilco LNG ASA and its subsidiaries is the investment in and operation of LNG transportation vessels. The three second hand vessels were delivered to the company during 1st half 2011, and the two newbuilding vessels will be delivered during 2nd half 2013.

The short term focus of the company is to secure employment for the existing three vessels.

The medium term strategy will be to secure medium to long term contracts for the two newbuildings and the existing vessels will be marketed for both conventional contracts as well as possible FSRU conversion projects.

Forward Looking Statements

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

Statement of Responsibility

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first six months of 2011, which has been prepared in accordance with IAS 34 Interim Financial Statements, gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Oslo, 30 August, 2011

Sigurd E. Thorvildsen *Chairman of the board*	Jon-Aksel Torgersen *Board member*	Henrik Fougner *Board member*
Annette Malm Justad *Board member*	Synne Syrrist *Board member*	Jon Skule Storheill *CEO*

Interim Consolidated Income Statement

In USD thousands, except per share numbers	Note	31 March - 30 June 2011	2 Feb - 30 June 2011
Freight income		1 607	1 607
Voyage related expenses		1 792	1 792
Net freight income		(185)	(185)
Operating expenses		4 022	4 954
Administration expenses		668	1 060
Earnings before interest, taxes, depreciation and amort. (EBITDA)		**(4 875)**	**(6 199)**
Depreciation and amortization		547	580
Earnings before interest and taxes		**(5 423)**	**(6 779)**
Finance income		286	626
Finance expenses		(44)	(59)
Net finance income (expense)		**242**	**567**
Profit/ (loss) before tax		**(5 181)**	**(6 212)**
Income taxes		(97)	(109)
Profit/(loss) for the period		**(5 278)**	**(6 321)**
Basic net income per share, in USD		(0,10)	(0,14)
Diluted net income per share, in USD		(0,10)	(0,14)

Statement of Comprehensive Income

Profit/(loss) for the period	(5 278)	(6 321)
Other comprehensive income:		
Other comprehensive income items	-	-
Total comprehensive income for the period	(5 278)	(6 321)

Interim Consolidated Balance sheet

In USD thousands	**Note**	**30.06.2011**	**02.02.2011**
ASSETS			
Vessels and assets under construction	4	110 541	-
Total non current assets		110 541	-
Current assets			
Trade receivables		1 387	-
Inventory		5 223	-
Other short term assets		777	-
Cash and cash equivalents		59 037	3 681
Total current assets		66 424	3 681
Total assets		176 965	3 681

		30.06.2011	**02.02.2011**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	3	48 420	3 506
Share premium	3	125 808	167
Retained earnings		(6 321)	-
Total equity		167 907	3 673
Long-term liabilities		-	
Current liabilities			
Trade payables		6 157	-
Other current liabilities		2 901	8
Total current liabilities		9 058	8
Total equity and liabilities		176 965	3 681

Interim Consolidated Cash Flow Statement

In USD thousands	Note	2 Feb. - 30 June 2011
Cash Flows from Operating Activities:		
Net income before tax		(6 212)
Items included in net income not affecting cash flows:		
Depreciation and amortization		580
Changes in operating assets and liabilities:		
Trade receivables, inventory and other short term assets		(7 387)
Accounts payable, accrued expenses and deferred revenue		8 941
Net cash provided by operating activities		**(4 078)**
Cash flows from Investing Activities:		
Investment in vessels	4	(111 121)
Net cash used in investing activities		**(111 121)**
Cash flows from Financing Activities		
Issuance of shares, net of transaction costs	3	131 601
Issuance of loan		38 954
Net cash provided by/ (used in) financing activities		**170 555**
Net changes in cash and cash equivalents		55 356
Cash and cash equivalents at incorporation		3 681
Cash and cash equivalents at the end of the period		**59 037**

Interim Consolidated Statement of Changes in Equity

In USD thousands	Share capital	Share premium	Retained earnings	Total equity
Equity at incorporation, 2 February 2011	3 506	167		3 673
Profit/ (loss) for the period			(6 321)	(6 321)
Other comprehensive income for the period			-	-
Total comprehensive income	-	-	(6 321)	(6 321)
Share issue	44 914	128 175		173 089
Transaction costs		(2 534)		(2 534)
Balance as at 30 June 2011	48 420	125 808	(6 321)	167 907

Notes to the Condensed Consolidated Financial Statements

Note 1 Corporate information and basis for preparation

Corporate information
Awilco LNG ASA (the Company) is a limited liability company incorporated and domiciled in Norway. The Company's registered office is Beddingen 8, 0250 Oslo, Norway.

Awilco LNG ASA was incorporated 2 February 2011, and the consolidated income statement for the group presents the activity from the date of incorporation to 30 June 2011. The principal activity of Awilco LNG ASA and its subsidiaries is the investment in and operation of LNG transportation vessels.

Basis for preparation
These interim financial statements are prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). The interim financial statements do not include all of the information and footnotes required by International Financial Reporting Standards (IFRS) for a complete set of financial statements, and these interim financial statements should be read in conjunction with the consolidated financial statements for the period ended 30 June 2011, which is the Group's first financial statement. A detailed description of the accounting policies used is included in the financial statements for the period ended 30 June 2011.

Note 2 - Segment information

Operating segments:
The Group currently owns and operates three vessel, and for the reporting period only one of the vessel has been chartered. For management purposes, the Group's business is currently not organized into separate operating segments and hence only has one reporting segment, the LNG vessel market.

Note 3 - Change in share capital

Share capital

In USD thousands, except for shares	**Number of shares**	**Share capital**
Issued per incorporation, 2 February 2011	100 000	3 506
Issued at 18 February	614 284	21 485
Issued at 20 April	30 000	1 113
Issued at 20 April, conversion of loan	82 000	3 043
Total before share split	826 284	29 148
Total after share split (1:50)	41 314 200	29 148
Issued at 13 May	26 474 674	19 272
End balance at 30 June 2011	67 788 874	48 420

The share capital is denominated in NOK, and the nominal value per share as of 30.06.2011 was NOK 4 (in US dollars 0,74). All issued shares are of equal rights.

No potential shares, such as share options, has been issued as of 30.06.2011.

Note 4 - Significant events

Financing

Subsequent to the initial capital at incorporation the Group has obtained additional USD 171 million, net of related transaction costs, i additional financing. Parts of this financing was initially loans from the shareholder, however at 30 June the loans have been converted to share capital and thus the Group does not have any borrowing at the balance sheet date.

Investment in Vessels

Vessel acquisitions

The company took delivery of its first three vessels WilPower, WilGas and WilEnergy during 1st half of 2011, and net cash outflow from these acquisition was USD 71,7 million.

New building contracts:

Two new build contracts have been entered into, and a deposit of USD 19,7 million have been paid for each of the contracts. The all-is cost of these vessels is USD 400 million (USD 200 million each), of which USD 80 million is payable in 2011, USD 39 million is payable at steel cutting expected in 2012 and USD 280 million is payable upon delivery expected in 2013. These figures do not include supervisory management fee to Wilhelmsen Marine Services (see note 5).

Newbuild options:

In addition to the ordered newbuild LNG carriers described above, the Company holds options for delivery of 2 additional LNG vessels. Through this option, the Company can choose between delivery of 2 additional LNG carriers in Q4 2014 or delivery of 2 FSRU's in Q1 2015. No additional costs have been paid for these options. The option agreement was entered into on 12 May 2011 and will need to be exercised by 20 September 2011.

Commitments

New build contracts and Corporate Guarantee:

As of 30 June 2011, the Group has entered into agreements for two new build LNG vessels from Daewoo yard. There has been issued corporate guarantees to Daewoo yard which guarantees that the subsidiaries subject to the new build LNG vessels agreement will meet its contractual obligations towards Daewoo yard.

Remuneration to Managers:

As further described below, the Company has obtained approval for listing at Oslo Axess. In this relation the Company has entered into agreements with Pareto Securities and Arctic Securities (the Managers). The Managers have helped the Company with the process of listing the company and obtain additional equity. The Mangers remuneration is defined as a percentage of the gross issue proceeds from the obtained share issue.

Note 5 - Related parties

To provide the company with access to important knowledge and services, the Group has entered into agreements with related parties:

a) Agreements:

Related party	Description of service
Wilhelmsen Marine Services AS (1)	Supervisory Technical Management Agreement
Awilco AS (2)	Commercial Management Agreement
Awilco AS (3)	Chief Executive Officer (CEO)
Awilhelmsen Management AS (4)	General Manager services

(1) The Group shall pay to Wilhelmsen Marine Services AS (WMS) a management fee of USD 75 000 per year per vessel. The fee is subject to consumer price index regulation. The agreement can be terminated by both parties by three months notice. WMS is 100% owned by Awilco AS.

(2) Awilco AS owns 33,7% of Awilco LNG AS. The Group shall pay to Awilco AS for the services under this agreement: a) a fixed commercial management fee of USD 100 000 per ship per year; and b) 1,25% commission on monies earned. The agreement can be terminated by both parties by six months notice.

(3) The CEO in Awilco LNG is hired from Awilco AS. The estimated yearly cost under this agreement will be approximately NOK 1,8 million, but will be dependent upon any variable salary costs.

(4) The Group shall pay to Awilhelmsen Management AS (AM) a fee of USD 200 000 per year. This fee covers functions such as accounting, office rentals and regular running expenses for the General Manager. The agreement can be terminated by both parties by six months notice. AM is 100% owned by Awilhelmsen AS, which own 100% of Awilco AS.

In addition, one of the Company's Board Members is also the General Manager of the Astrup Fearnley Group. The Astrup Fearnley Group will most likely deliver services on a commercial basis to Awilco LNG. No agreement is currently prepared.

b) Purchases from related parties

In USD thousands

Related party	2 Feb - 30 June 2011
Wilhelmsen Marine Services AS	113
Awilco AS	317
Awilhelmsen Management AS	100

Expenses from related parties are included as part of the general and administrative expenses in the income statement.

c) Balances with related parties

There is no balances with related parties as of 30 June 2011.

d) Subsidiaries

The consolidated financial statements include the financial statements of Awilco LNG ASA and its subsidiaries listed in the table below:

Name of Subsidiary	Country of incorporation	Date of incorporatio	Ownership and voting
Awilco LNG 1 AS	Norway	2 February 2(	100 %
Awilco LNG 2 AS	Norway	2 February 2(	100 %
Awilco LNG 3 AS	Norway	2 February 2(	100 %
Awilco LNG 4 AS	Norway	6 May 2011	100 %
Awilco LNG 5 AS	Norway	6 May 2011	100 %
Awilco LNG 6 AS	Norway	12 May 2011	100 %
Awilco LNG 7 AS	Norway	12 May 2011	100 %

All subsidiaries are included in the consolidated financial statement from their respective dates of incorporation.

Note 6 - Events after the balance sheet date

New charter contracts:

The Company entered in July into a contract for WilGas for a 30 days, with 30-60 days options to extend the contract.

Listing at Oslo Axess

For the purpose of obtaining access to a capital market that has in-debt knowledge of the oil service and shipping sector, the Company has applied and been approved for a listing of the Company's shares on Oslo Axess. The Group currently work towards a listing during September 2011.

Overdraft Facility

In July 2011, the Group entered into an USD 15 million Overdraft Facility agreement with Nordea Bank Norge. The agreed interest rate is the Nordea Call rate + 2.5%, plus an additional commission which currently is 1% p.a. of the facility amount.

Option programme for leading employees:

In accordance with the board of directors proposal, the general meeting adopted a synthetic option programme for leading employees of the Company limited to 2% of the total amount of outstanding shares in the Company. The board of directors proposes that the general meeting agrees to the programme in the General Meeting that will be held on Monday 22 August 2011.

New Management

Per end of June there were no employees in the Company, and the acting CEO was under a managen for hire contract (see also note 16). Since end of June the Company has employed two executives, i.e a person as Head of Operations and a person as CFO.

Note 7 TAX

The Groups subsidiaries, in which the vessels are held, will be subject to tonnage tax.

Companies subject to tonnage tax regimes are exempt from ordinary tax on their shipping income. In lieuof ordinary taxation, tonnage taxed companies are taxed on a notional basis based on the net tonnage of the companies' vessels. Income not derrived from the operation of the vessels in international waters, such as financial income, is usually taxed according the ordinary taxation rules applicable in the resident country of each respective company.