Archer

Archer Limited (ARCHER) Fourth Quarter and Preliminary 2011 Results

Fourth Quarter Highlights

- Fourth quarter revenue of $ 596.1 million
- Fourth quarter EBITDA of $ 82.0 million, including $ 5.2 million of exceptional income
- Charge for impairment of intangible assets and goodwill of $ 121.5 million
- Net loss for the quarter of $ 111.8 million
- Fourth quarter operational cash flow of $ 67.3 million
- Net interest bearing debt at the end of the fourth quarter 2011 at $ 1,048.8 million
- Restructured short term credit obligations into long term syndicated credit facility
- New Management and organization structure put in place

Financial Statements

Fourth Quarter 2011 Operating Results

Fourth quarter 2011 revenue was at $ 596.1 million, an increase of 5.4% compared to a pro forma revenue of $ 565.6 million in the third quarter 2011 and up 22.4% or $ 109.1 million compared to a pro forma fourth quarter 2010 revenue of $ 487.0 million.

Fourth quarter 2011 EBITDA amounted to $ 82.0 million, including net exceptional income of $ 5.2 million, a decrease of $ 16.0 million or 16.3% compared to $ 98.0 million pro forma adjusted operating EBITDA in the third quarter 2011. Excluding the exceptional credits, EBITDA deteriorated by $ 21.1 million or 21.6%. Compared to the fourth quarter 2010, EBITDA increased by $ 16.3 million, or 24.8%. Excluding the exceptional income EBITDA increased year over year by $ 11.1 million or 16.9%.

Reference is made to the appendix to this quarterly report for more information on the pro-forma numbers.

Fourth Quarter 2011 Operating Results (GAAP)

Consolidated revenue in the fourth quarter 2011 was $ 596.1 million compared to $ 505.4 million in the third quarter 2011, representing an increase of 17.9%.

Depreciation and amortization expenses for the fourth quarter 2011 were at $ 47.3 million, compared to $ 43.2 million in the third quarter 2011, with a full quarter of depreciation for assets related to the Great White acquisition.

EBITDA for the fourth quarter 2011 amounted to $ 82.0 million including a one off net credit of $ 5.2 million, mainly related the settlement of a contractual dispute with a major customer and retroactive adjustment for increased costs and downtime, partly offset by restructuring costs and severance charges.

The company recorded a $ 121.5 million goodwill and intangible asset impairment charge during the fourth quarter. This non-cash charge was the result of the annual goodwill impairment testing required under US GAAP. The charge related to the Drilling Services Reporting Segment and is mainly linked to the old Allis Chalmers assets. This non-cash charge has not; impacted the company's normal business operations, affected the liquidity of the company, impacted on the cash flow from operations or lead to a breach of financial covenants under the company's syndicated credit facility.

Net Financial loss of $ 28.2 million in the fourth quarter 2011 compared to $ 23.7 million gain in the third quarter 2011. Interest expenses amounted to $ 12.4 million, compared to $ 14.0 million in the third quarter of 2011 as a result of lower financing fees. Other financial items amounted to a loss of $ (14.8) million in the fourth quarter 2011 compared to $ 38.7 million gain in the third quarter 2011. As in previous quarters other financial items represent unrealized exchange losses related to intercompany balances impacted by a weaker Norwegian Kroner during the fourth quarter compared to the US Dollar.

Drilling Services

Drilling Services revenue of $ 431.9 million increased by $ 58.8 million or 15.8% compared to last quarter, mainly as a result of a full quarter of revenue being included from Great White Directional Drilling in contrast to only 36 days of revenue being included in the third quarter. Land Drilling revenue improved by $ 8.6 million, as we were able to retroactively invoice for certain costs related to inflation and rig downtime in Argentina, but also due to a slightly lower level of industrial action in Argentina during the fourth quarter. Lost revenue due to industrial action in Argentina in the fourth quarter was $ 1.6 million compared to $ 1.8 million in the third quarter. High reimbursable revenue in Platform Drilling in the North Sea and the resolution of a contractual dispute contributed to the improved revenue during the quarter.

Despite increased revenue, Drilling Services EBITDA of $ 47.2 million decreased by $ 5.8 million compared to the third quarter in 2011. The reason for this deterioration was exceptional charges related to the provision for doubtful accounts in Directional Drilling, reduced margins from lower activity drilling gas wells in the United States for both the Underbalanced and Tubular Divisions, combined with increased costs for compensation, equipment repair and upgrade.

Well Services

Well Services revenue of $ 164.2 million increased by $ 31.9 million or 24.1% compared to the third quarter mainly as a result of a full quarter of revenue being included from Great White Pressure Control and Pressure Pumping in contrast to only 36 days of revenue being included in the third quarter. Increased sales of American Well Control frac valves as well as improved activity of Wireline in the North Sea also contributed to this sequential increase in revenue.

Well Services EBITDA of $ 34.8 million increased by $ 5.4 million or 18.4% compared to the third quarter with the addition of Great White Pressure Control to the product portfolio. Also increased sales of frac valves and the improved activity in Wireline positively contributed to improved margins. This was almost entirely offset by lower margins in Great White Pressure Pumping, which suffered from very low crew utilization, high costs for additional planned activity, exceptional charges for severance and doubtful debt. Lower margins in the former Allis-Chalmers Coiled Tubing Division, with coiled tubing units being down for repair and overhaul, also contributed negatively to the quarter.

Comparison of Twelve Months Ended December 31, 2011 and 2010

Revenue for twelve months ended December 31, 2011 was at $ 1,854.6 million, an increase of 158.1% compared to $ 718.7 million for the twelve months ended December 31, 2010. Both Operating Segments reported increased revenue, with Drilling Services reporting an increase of 132.6% to $ 1,381.6 million for the twelve months ended December 31, 2011 compared to $ 593.9 million for the twelve months ended December 31, 2010 due to additional revenue contributed by both Allis-Chalmers and Great White. Revenue for Well Services increased 279.1% to $ 473.0 million for the twelve months ended December 31, 2011 compared to $ 124.8 million for the twelve months ended December 31, 2010 also as a result of the additional revenue contributed by Allis-

Chalmers and Great White, but also due to the acquisition of Gray and Universal Wireline as well as high growth of our Oil Tools Division.

Total loss for the twelve months period ended December 2011 amounted to $ 77.0 million, including a charge for impairment of goodwill and intangibles of $ 126.6 million. Total Merger & acquisition related expenses incurred by the company during the year were at $ 15.2 million. Depreciation and amortization expenses amounted for $ 147.1 million. Financial items for the total year totalled $ 46.6 million, representing predominantly interest costs amounting to $ 46.4 million. Total income tax charges for the year amounted to $ 14.5 million, mainly related to operations in Europe and Latin America.

Cash flow

Cash and cash equivalents, excluding restricted cash, amounted for $ 37.3 million at the end of the fourth quarter 2011, compared to $ 43.3 million at the end of September 2011.

Capital expenditures during the quarter amounted to $ 62.3 million, representing predominantly investments in new drilling equipment as well as in pressure equipment.

Total Net interest bearing debt at the end of the fourth quarter 2011 was $ 1,048.8 million compared to $ 1,052.4 million last quarter.

On December 22, 2011, the company entered into an amended and restated multicurrency term and revolving facility agreement. The $ 1,121.9 million facility is split into 2 tranches, with a maturity until November 2015.

Share capital

The company issued a total of 228,620 shares as a final Settlement with Dissenting Allis-Chalmers Stockholders on 9 November 2011. Including the new shares from the settlement, the total number of issued and fully paid shares of par value $2.00 is 366,397,622. A total of 12,950,572 options were outstanding as of December 31, 2011.

A detailed reconciliation between GAAP results, non-GAAP measures and pro forma results has been provided in the appendix to this quarterly report.

Operational Comments and Area specific Outlook

The long term fundamentals for the oilfield service industry and our company remain in place. Supported by high oil prices, service spending and activity levels remain high within our areas of operation. However, the financial and operational results in the fourth quarter and immediate prospects for the first quarter are clearly below expectations and the ability of the company.

We have taken a number of necessary and immediate steps to correct these problems including: 1) Key management changes, 2) Implementing a new geographic organization structure to strengthen the operational focus 3) eliminated all non essential corporate initiatives 4) Capex control.

At present we have committed to approximately $ 180 million capital expenditures, the majority of which is related to growth. Approximately $ 70 million of these expenditures are expected to be incurred during the first quarter, representing final payments for the Emerald modular rig, additional capacity and improved infrastructure in pressure pumping as well as additional coiled tubing and directional drilling equipment. Along with the regular maintenance Capex, which levels at about $ 50 million, we will closely monitor all capital expenditures going forward with the target to employ the capital in our highest returning businesses.

In the short term we will continue to see the financial performance well below what should be expected from the company's asset base. Continued investments in people, infrastructure and operational discipline will be required to bring Archer to an acceptable performance level.

Effective January 1, 2012 the Company will operate and report its results according to the four Areas mentioned below. To accelerate the transition and improve the understanding of the various areas, the operational comments for the fourth quarter 2011 and the first quarter 2012 outlook have been structured accordingly.

North America

The overall onshore activity in the United States continued strong, with the average rig count for the fourth quarter growing by 3% compared to the third quarter. Triggered by the low gas price, the shift from dry gas to liquid-rich plays accelerated at the end of the quarter with gas rig count down by more than 100 rigs from the start of the quarter. Operators and drilling contractors used the Thanksgiving and Christmas holidays to slow down and transition activities from dry gas towards liquid rich basins.

We experienced significant operational challenges within the pressure pumping division during the quarter, leading to low utilization of our equipment and consequentially negative margins for this division. At the end of the quarter we had three frac fleets in Texas and Oklahoma with approximately 107,800 hydraulic horsepower. Only two fleets were operating during the quarter and performed approximately 233 fracturing stages. Utilization in the first quarter will be flat compared to the fourth quarter 2011. To rectify the situation, a new management team with significant experience in Pressure Pumping was brought onboard at the beginning of the first quarter.

Our Pressure Pumping Division is well positioned in oil plays and we expect that the actions taken over the past weeks will show significant improvement in the utilization and results from second quarter onwards. We are also taking the necessary steps to secure longer term supply contracts for sand and logistics services.

The former Allis-Chalmers Coiled Tubing operations continued to suffer from equipment downtime as several units were waiting for spare parts or major repairs in the fourth quarter. At the end of the year the company owned 23 Coil Tubing units. The average utilization during the fourth quarter was at an unsatisfactory low of 55%. We have strengthened our Oklahoma manufacturing and repair facility in order to achieve higher regularities on our units and we expect a higher utilisation starting in the second quarter. A preventative maintenance program along with the stocking of critical spare parts is also being put in place to reduce equipment related downtime. Full upgrading of all units will be completed in 14 months. In addition, we are focusing on the full integration of the former Great White and Allis-Chalmers operations and expect this to be completed during the first half of 2012.

During the fourth quarter Directional Drilling performed several successful LWD geosteering jobs in the Rockies using Archer's tools and technical expertise and Great White's operational support and customer relations. The business line is performing to expectations but the increased number and proportion of horizontal wells should yield additional upside in 2012.

During the quarter we added additional manufacturing capacity at our Conroe AWC Frac Valve facility. This enabled us to manufacture a record number of valves during the month of December. The fourth quarter order intake was strong with prices firming up and a continued high backlog despite our increased manufacturing capacity.

Our Rentals and Tubulars Division has been awarded a 3 year contract to provide rental and fishing equipment to a major operator in the Eagle Ford. We expect that with the increasing number of drilling permits in the Gulf of Mexico our activity in Rental will continue to grow. Tubulars on the other hand has been impacted by the reduction in rig count in the gas related basins and we expect a lower quarter before all revenue generating assets have been relocated to basins with improved activity patterns.

Overall North America reported $ 181 million revenue in the fourth quarter with an EBITDA excluding exceptional charges of $ 34 million.

Latin America

At the beginning of the fourth quarter we started drilling operation with the first of our highly automated and efficient Quicksilver rigs in the Neuquén basin in Argentina. Furthermore, a second contract which will commence in the third quarter for drilling in this unconventional basin was won in the quarter. We expect to mobilize our 1500 HP Quicksilver rig, currently working in the Eagle Ford in the United States, to perform this work.

During the fourth quarter we renewed our contract with Pan American Energy in Argentina for an additional one year period including the provision of drilling rigs and services as well as integrated services.

In January we suffered from an extended strike in the south of Argentina, lasting for a period of 12 days, which impacted 21 workover and 12 drilling rigs all working in that region. While drilling operations resumed at the end of January 2012 we expect a significant effect on both revenue and earnings in the first quarter.

The Ministry of Planning in Argentina announced in February, to revoke the Oil Plus and Refinery Plus programs, which were originally created to incentivize operators to invest in additional oil production and refining in Argentina. This change has created some uncertainty over the country's drilling and workover activity going forward, as mature oil producing regions were depending on this incentive to maintain production levels. Depending on our customer's plans to react to this change, this could have an adverse effect on the utilization of part of our rig fleet in the country going forward.

The Brazil operations performed at 65% utilization during the fourth quarter. The new drilling rig earmarked to drill onshore for OGX in Brazil, is expected to mobilize to Brazil during the first quarter and start operations at the beginning of the second quarter. Once operating, it will bring the total of Archer drilling rigs working in Brazil to 7, with 3 rigs on contract for Petrobras, 2 rigs working for OGX and 2 for Petra, with an overall utilisation of 90%. During the quarter we also started operations on a new mobile workover unit for Petrobras offshore. The start up of the management contract for the operation of the Peregrino field has gone in accordance with expectations.

Latin America reported $ 148 million revenue in the fourth quarter, which included one time billings for retroactive inflation and downtime amounting to $ 2.8 million. Excluding exceptional benefits EBITDA amounted to $ 16 million.

North Sea

Statoil issued a tender for most of its platform drilling services encompassing a total of 6 lots for a total of 18 platforms with an initial period of 4 years plus 3 times 2 years extension. Today Archer is the incumbent on two of the lots being tendered. The decision about the contract award is expected during the first half of 2012, while the commencement of the new contracts is expected shortly before year end 2012.

Our Engineering Division resolved a long standing dispute over a challenged engineering project in the North Sea. At the end of the year this project is almost complete and all financial effects related to prior periods have been recognized in the fourth quarter results. Only few operational activities are left to complete this project in early 2012.

Following a competitive tender process, we were awarded a contract by Talisman on the Gyda platform, including platform drilling and maintenance services. The scope also included services related to a work over unit on Yme platform and wireline services on all Talisman platform facilities on the Norwegian continental shelf. The contract has a firm duration of four years with three times up to two years optional periods. Archer has been the incumbent provider of platform drilling services on Gyda since 1994. The rig is currently in maintenance mode and mobilization of crews for drilling and well operations will take place during the first half of 2012.

Following a successful inspection of the modular rig and training of key personnel at the Yard in Germany, the rig is planned to arrive in New Zealand in second quarter of 2012 and commence operation on June 15th. While the rig will contribute $ 12 million of revenue in the second half of

2012, it will not have a positive EBITDA contribution until 2013 due to start up costs and training of personnel.

While overall drilling activity in the North Sea is expected to be flat we do expect some reduction in our operating revenue as a result of the completion of the Statfjord late life engineering project, which in 2011 contributed $ 83.7 million in operating revenue.

Fourth quarter 2011 revenue in the North Sea levelled at $ 189 million with EBITDA of $14 million excluding exceptional credits.

Emerging Markets & Technologies

A major milestone was achieved during this quarter, as we performed the first C-Flex operation in the Gulf of Mexico for a major operator. The tool worked as expected and helped the customer to achieve its cementing objectives. The concerns about well integrity and the heightened consciousness about potential cementing problems continue to drive the growing demand for C-Flex. Also during the quarter we performed the first operation for a gas storage company in the UK and we received an expression of interest as well as firm orders from several customers both in the Gulf of Mexico and in the North Sea.

In the United States we continued to focus on growing our Logging and Pipe Recovery business and succeeded with a successful tender for a Cement Bond Log (CBL) and casing inspection operation in the quarter. Also during the quarter we delivered Point services for a major operator in a shale development to address well integrity issues. FlowPoint interpretation products were delivered for major operator campaign and interpretation results showed higher resolution and a better signal/noise ratio than competitor noise logs, leading to increased confidence in identifying deep inflow intervals and mapping of near surface flow behind casing.

We also performed successful Point campaigns in the North Sea for Nexen and TAQA, where we were able to clearly identify leaks located in multiple subsea wells under difficult operating conditions. In addition we executed three successful SPACE jobs for a major operator in the North Sea, which confirmed the growing interest for this measurement in this market.

After a slow second and third quarter in our international Wireline business mainly in the North Sea, we have seen an increase in revenue of 14% sequentially and 20% compared to the second quarter, partly as a result of the before mentioned successes.

As a whole, Emerging Markets and Technologies reported $ 78 million revenue in the fourth quarter 2011 with a normalized EBITDA, excluding exceptional charges and credits, of $ 13 million.

Summary outlook

The Board of Directors is not satisfied with the performance in the fourth quarter and has already taken action to rectify the situation. The Board expects a short term deterioration of the results as a consequence of the above mentioned challenges and estimates first quarter EBITDA to level between $ 65 and $ 70 million.

While disappointing, the Board is confident that the steps taken will improve the utilization and uptime of our assets and the overall efficiency of our operation in the quarters to come. In particular the Board expects run rates in the pressure pumping division to improve significantly in the second quarter 2012.

The high oil price and record activity levels create a solid environment in which to build Archer into a leading oil service company within the next three years and both Seadrill and Limerock, Archer’s largest shareholders, remain committed to the company’s success.

Cautionary Statement Regarding Forward-Looking Statements

In addition to historical information, this press release contains statements relating to our future business and/or results. These statements include certain projections and business trends that are “forward-looking” within the meaning of the United States' Private Securities Litigation Reform Act of 1995. Archer Limited, or the Company, desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this safe harbor legislation. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including statements preceded by, followed by or that include the words “estimate,” “plan,” project,” “forecast,” “intend,” “expect,” “predict,” “anticipate,” “believe,” “think,” “view,” “seek,” “target,” “goal,” or similar expressions; any projections of earnings, revenues, expenses, synergies, margins or other financial items; any statements of the plans, strategies and objectives of management for future operations, including integration and any potential restructuring plans relating to the merger; any statements concerning proposed new products, services, developments or industry rankings; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing.

Forward-looking statements do not guarantee future performance and involve risks and uncertainties. Actual results may differ materially from projected results as a result of certain risks and uncertainties. Further information about these risks and uncertainties are set forth in our most recent filing on Form 20-F (including, without limitation, those described under Item 3.D. “Risk Factors”) and in our other filings with the United States Securities and Exchange Commission. These forward-looking statements are made only as of the date of this press release. We do not undertake any obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

The forward-looking statements in this report are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management’s examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are impossible to predict and are beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections.

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INDEX TO UNAUDITED FOURTH QUARTER AND PRELIMINARY YEAR END FINANCIAL STATEMENTS

Unaudited Consolidated Statements of Operations for the three and twelve months ended December 31, 2011 and 2010 — Page 9

Unaudited Consolidated Statements of Comprehensive Income for the three and twelve months ended December 31, 2011 and 2010. — Page 10

Unaudited Consolidated Balance Sheets as of December 31, 2011 and December 31, 2010 — Page 11

Unaudited Consolidated Statements of Cash Flows for the twelve months ended December 31, 2011 and 2010 — Page 12

Unaudited Consolidated Statements of Changes in Shareholders' Equity for the twelve months ended December 31, 2011 — Page 13

Notes to Unaudited fourth quarter and preliminary year end Financial Statements — Page 14

Appendix — Page 29

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UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS

for the three months ended December 31, 2011 and 2010 and the twelve months ended December 31, 2011 and 2010,

(In millions of $, except per share data)

		For the three months ended		For the twelve months ended	
	Note	**2011**	**2010**	**2011**	**2010**
Operating revenues					
Operating revenues		551.4	174.1	1,720.8	612.0
Reimbursables		44.7	39.6	133.8	106.7
Total operating revenues		**596.1**	**213.7**	**1,854.6**	**718.7**
Operating expenses					
Operating expenses		441.8	145.9	1,377.7	504.3
Reimbursable expenses		42.8	38.6	127.0	102.7
Depreciation and amortization		47.3	6.2	147.1	22.6
Impairment of Goodwill and Intangibles	***7***	121.5	0	126.6	0
General and administrative expenses		29.5	9.2	92.1	25.2
Total operating expenses		**682.9**	**199.9**	**1,870.5**	**654.8**
Net operating income/ (loss)		(86.8)	13.8	(15.9)	63.9
Financial items					
Interest income		0.2	0.5	3.7	1.5
Interest expenses		(12.4)	(9.1)	(46.4)	(22.2)
Share of result in associated company		(1.2)	(0.3)	(2.9)	(0.3)
Other financial items	***5***	(14.8)	(0.9)	(1.0)	(15.3)
Total financial items		**(28.2)**	**(9.8)**	**(46.6)**	**(36.3)**
Income/(loss) before income taxes		(115.0)	4.0	(62.5)	27.6
Income taxes	***3***	3.2	(3.9)	(14.5)	(15.3)
Net income/ (loss)		**(111.8)**	**0.1**	**(77.0)**	**12.3**
Net income/ (loss) attributable to the parent	***4***	**(111.8)**	**0.1**	**(77.0)**	**12.4**
Net income/ (loss) attributable to the non-controlling interest	***4***	**0.0**	**0.0**	**0.0**	**-0.1**
Basic earnings/ (loss) per share ($)		**(0.31)**	**0.0**	**(0.24)**	**0.08**
Diluted earnings/ (loss) per share ($)		**(0.30)**	**0.0**	**(0.24)**	**0.08**

See accompanying notes that are an integral part of these Consolidated Financial Statements

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UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the three months ended December 31, 2011 and 2010 and the twelve months ended December 31, 2011 and 2010,

(In millions of $)

	For the three months ended December 31,		For the twelve months ended December 31,	
	2011	**2010**	**2011**	**2010**
Net income/ (loss)	**(111.8)**	**0.1**	**(77.0)**	**12.3**
Other comprehensive income/ (loss), net of tax:				
Unrealized gain/(loss) on foreign exchange	(2.5)	4.2	(17.6)	4.6
Actuarial gain relating to pension	(15.3)	(11.4)	(15.3)	(11.4)
Other comprehensive gains/(losses)	0.5	0.3	0.7	(0.8)
Other comprehensive income/ (loss):	**(17.3)**	**(6.9)**	**(32.1)**	**(7.6)**
Total comprehensive income/ (loss) for the period	**(129.1)**	**(6.8)**	**(109.1)**	**4.7**
Comprehensive income/ (loss) attributable to the parent	**(129.1)**	**(6.8)**	**(109.1)**	**4.7**
Comprehensive income attributable to the non-controlling interest	**0.0**	**0.0**	**0.0**	**0.0**

Accumulated other comprehensive income as at December 31, 2011 and December 31, 2010:

	December 31, 2011	**December 31, 2010**
The total balance of accumulated other comprehensive income is made up as follows:		
Unrealized gain on foreign exchange	14.1	31.7
Actuarial gain/ (loss) relating to pension	(21.6)	(6.3)
Other comprehensive gains/(losses)	(1.2)	(1.9)
Accumulated other comprehensive income period end	**(8.6)**	**23.5**

See accompanying notes that are an integral part of these Consolidated Financial Statements

Note: All items of other comprehensive income/ (loss) are stated net of tax.

The applicable amount of income taxes associated with unrealized gain on foreign exchange and other comprehensive gains/losses is $ 0 due to the fact that the items relate to companies domiciled in non-taxable jurisdictions. The applicable amount of income taxes associated with actuarial loss related to pension is $ 8.4 million as this item related to companies domiciled in Norway where the tax rate is 28%.

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UNAUDITED CONSOLIDATED BALANCE SHEETS
as of December 31, 2011 and December 31, 2010

(In millions of $)

	Note	Consolidated 31 Dec 2011	Consolidated 31 Dec 2010
Current assets			
Cash and cash equivalents		37.3	174.4
Restricted cash		13.3	12.2
Receivables		432.0	151.6
Inventory		58.2	4.4
Other current asset		97.6	60.1
Total current assets		**638.4**	**402.7**
Non-current assets			
Investment in associates		7.4	5.3
Drilling equipment and other fixed assets		953.2	110.9
Asset under construction		90.9	31.4
Deferred tax assets		10.3	5.4
Other intangible assets	*6*	203.3	58.6
Goodwill	*7*	898.9	356.4
Other non current asset		12.3	4.6
Total non-current assets		**2,176.3**	**572.6**
Total assets		**2,814.7**	**975.3**
Current liabilities			
Current debt	*8*	108.4	1.9
Other current liabilities		358.1	162.9
Total current liabilities		**466.5**	**164.8**
Non-current liabilities			
Long-term interest bearing debt	*8*	977.8	192.4
Deferred tax liability		16.3	12.8
Other non-current liabilities		67.3	47.4
Total non-current liabilities		**1,061.4**	**252.6**
Total equity			
Common shares of par value US$2.00 per share: 600,000,000 shares authorized - 366,397,622 outstanding at Dec 31, 2011(December, 31 2010: 225,400,050)	*9*	732.8	450.8
Additional paid in capital		775.6	219.4
Retained earnings		(7.8)	69.2
Accumulated other comprehensive income		(8.6)	23.5
Other equity		(205.1)	(205.1)
Non-controlling interest		0.0	0.1
Total equity		**1,286.9**	**557.9**
Total equity and liabilities		**2,814.8**	**975.3**

See accompanying notes that are an integral part of these Consolidated Financial Statements

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UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW
for the twelve months ended December 31, 2011 and 2010
(In millions of $)

	For the twelve month period to December 31,	
	2011	**2010**
Cash Flows from Operating Activities		
Net income/ (loss)	**(77.0)**	**12.3**
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and impairments	147.1	22.6
Share-based compensation expense	4.9	(1.6)
Deferred income tax	(18.4)	2.7
Impairment of Goodwill and Intangibles	126.6	0
Unrealized foreign exchange loss (gain)	(6.1)	6.1
Change in long-term receivables	(2.6)	9.7
Changes in other non-current liabilities	0	2.4
Changes in operating assets and liabilities, net of effect of acquisitions		
Trade accounts receivable and other short-term receivables	(55.6)	(64.7)
Trade accounts payable and other short-term liabilities	(4.1)	57.4
Inventories	(10.7)	0
Other, net	(12.5)	3.4
Net cash provided by / (used in) operating activities	**91.5**	**50.5**
Cash Flows from Investing Activities		
Additions to drilling equipment and other fixed assets	(166.2)	(27.8)
Sale of rigs, vessels and equipment	3.4	3.2
Acquisition of subsidiaries, net of cash acquired	(695.4)	(162.6)
Change in restricted cash	3.1	(3.3)
Net cash used in investing activities	**(855.1)**	**(190.5)**
Cash Flows from Financing Activities		
Proceeds from debt	903.3	0
Repayments of debt	(523.0)	(18.8)
Proceeds from the issuance of equity	247.3	289.2
Net cash provided by / (used in) financing activities	**627.6**	**270.4**
Effect of exchange rate changes on cash and cash equivalents	(1.0)	2.9
Net increase / (decrease) in cash and cash equivalents	**(137.1)**	**133.3**
Cash and cash equivalents at beginning of the year	174.4	41.1
Cash and cash equivalents at the end of period	**37.3**	**174.4**
Supplementary disclosure of cash flow information for the twelve month period		
Interest paid	(49.5)	(9.4)
Taxes paid	(25.2)	(5.9)

See accompanying notes that are an integral part of these Consolidated Financial Statements

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the twelve months ended December 31, 2011

(In millions of $)

	Share Capital	Additional paid-in capital	Accumulated other comprehensive income	Retained earnings	Contributed deficit	Non-controlling interest	Total equity
Balance at December 31, 2010	**450.8**	**219.4**	**23.5**	**69.2**	**(205.1)**	**0.1**	**557.9**
Issued shares at merger	194.6	389.6	-	-	-	-	**584.2**
Private placement, net of brokers fee	85.4	161.9	-	-	-	-	**247.3**
Options issued and exercised, net	2.0	4.5	-	-	-	-	**6.5**
Pension, unrecognised gain/loss	-	-	(15.3)	-	-	-	**(15.3)**
Foreign exchange differences	-	-	(17.6)	-	-	-	**(17.6)**
Change in unrealized gain on interest rate swaps	-	-	0.7	-	-	-	**0.7**
Net income / (net loss)	-	-	-	(77.0)	-	-	**(77.0)**
Balance at Dec 31, 2011	**732.8**	**775.5**	**(8.6)**	**(7.8)**	**(205.1)**	**0.1**	**1,286.9**

See accompanying notes that are an integral part of these Consolidated Financial Statements

Note 1 - General information

Archer Limited was created by the merger of Seawell Ltd. with Allis-Chalmers Energy Inc. on 23rd of February 2011. The formal name change from Seawell Limited to Archer Limited was approved in a shareholder resolution on May 16, 2011.

Archer Limited (the "Company" or "Archer") is a global oilfield service company providing drilling services, including platform drilling, land drilling, directional drilling, modular rigs, fluids, drill bits, engineering and equipment rentals, as well as a select range of well delivery support services and products, including well intervention using wireline, tractors and coiled tubing, pressure control and pressure pumping, production monitoring, well imaging and integrity management tools.

The Company employed at the end of the quarter approximately 8,500 skilled and experienced people.

Seawell Limited ("Seawell") was incorporated in Bermuda on August 31, 2007 as a wholly owned subsidiary of Seadrill Limited ("Seadrill"). Seawell together with its wholly owned subsidiary, Seawell Holding UK Ltd acquired the shares in the entities comprising Seadrill`s Well Service division on October 1, 2007. The consideration for the shares was NOK 2 413.1 million and has been accounted for as a common control transaction. As of December 31, 2011 Seadrill owned 39.91% of the fully paid outstanding shares of Archer.

As used herein, unless otherwise required by the context, the term "Archer" refers to Archer Limited and the terms "Company", "we", "Group", "our" and words of similar import refer to Archer and its consolidated subsidiaries for the periods that are consolidated and the combined group for the period that are combined. The use herein of such terms as group, organisation, we, us, our and its, or references to specific entities, is not intended to be a precise description of corporate relationships.

Basis of presentation

The unaudited fourth quarter and preliminary year end consolidated financial statements are presented in accordance with generally accepted accounting principles in the United States of America (US GAAP). The unaudited fourth quarter and preliminary year end consolidated financial statements do not include all of the disclosures required in complete annual financial statements. These fourth quarter and preliminary year end financial statements should be read in conjunction with the Company's financial statements as at December 31, 2010. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement have been included.

Archer Limited has changed its reporting currency from January 1, 2011, to United States Dollars (USD) from Norwegian Kroner (NOK), reflecting the needs of a differing user base of these financial statements following the acquisition of Allis-Chalmers Energy Inc. The Company has re-presented its historical financial statements in USD, and applied the methodology prescribed by ASC 830 in presenting the restated information. As such, all amounts presented in this document are in USD rounded to the nearest hundred thousand, unless otherwise stated.

In accordance with accounting principles generally accepted in the United States of America, the preparation of financial statements requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Future events and their effects cannot be perceived with certainty. Accordingly, our accounting estimates require the exercise of judgment. While management believes that the estimates and assumptions used in the preparation of the consolidated financial statements are appropriate, actual results could differ from those estimates. Estimates are used for, but are not limited to, determining the following: allowance for doubtful accounts, recoverability of long-lived assets, goodwill and intangibles, useful lives used in depreciation and amortization, income taxes, valuation allowances and purchase price allocations. The accounting estimates used in the preparation of the consolidated financial statements may change as new events occur, as

more experience is acquired, as additional information is obtained and as our operating environment changes.

Significant accounting policies

The accounting policies adopted in the preparation of the unaudited fourth quarter and preliminary year end financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements and accompanying notes for the year ended December 31, 2010.

Recently issued accounting pronouncements

In October 2009, the FASB issued authoritative guidance that amends earlier guidance addressing the accounting for contractual arrangements in which an entity provides multiple products or services (deliverables) to a customer. The amendments address the unit of accounting for arrangements involving multiple deliverables and how arrangement consideration should be allocated to the separate units of accounting, when applicable, by establishing a selling price hierarchy for determining the selling price of a deliverable. The selling price used for each deliverable will be based on vendor-specific objective evidence if available, third-party evidence if vendor-specific objective evidence is not available, or estimated selling price if neither vendor-specific nor third-party evidence is available. The amendments also require that arrangement consideration be allocated at the inception of an arrangement to all deliverables using the relative selling price method. The guidance is effective for fiscal years beginning on or after June 15, 2010, with earlier application permitted. We adopted the guidance effective January 1, 2011, which did not have a material effect on our financial statements.

In January 2010, the FASB issued authoritative guidance that changes the disclosure requirements for fair value measurements using significant unobservable inputs (Level 3). The updated guidance requires that Level 3 disclosures present information about purchases, sales, issuances, settlements on a gross basis. The disclosure requirements for the treatment of purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The Company adopted the guidance in the first quarter 2011, which did not have an impact on its financial position, results of operations or cash flows.

In December 2010, the FASB issued authoritative guidance which modifies the requirements of step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. The Company adopted this guidance in the first quarter of fiscal year 2011. The simplification of this pronouncement does not apply to the Company as the adoption of this guidance did not have an impact on our financial statements. The Goodwill impairment testing would have occurred regardless.

In December 2010, the FASB amended guidance on business combinations which requires a public entity to disclose pro forma information for business combinations that occurred in the current reporting period. The disclosures include pro forma revenue and earnings of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period, and when comparative financial statements are presented, the pro forma revenue and earnings of the combined entity for the comparable prior reporting period should be reported as though the acquisition date for all business combinations that occurred during the current year had been as of the beginning of the comparable prior annual reporting period. The guidance was effective for annual reporting periods beginning on or after December 15, 2010. The Company has adopted this guidance and has included proforma information as an appendix.

In April 2011, the FASB issued authoritative guidance to clarify when a modification or restructuring of a receivable constitutes a troubled debt restructuring. In evaluating whether such a modification or restructuring constitutes a troubled debt restructuring, a creditor must separately conclude that two conditions exist: (1) the modification or restructuring constitutes a concession and (2) the debtor is experiencing financial difficulties. The guidance will be effective for our interim and annual reporting periods beginning after June 15, 2011 and will be applied retrospectively to the beginning

of the annual period of adoption. The adoption of this newly issued guidance has not had a material impact on our consolidated financial statements.

In May 2011, the FASB amended existing guidance to achieve consistent fair value measurements and to clarify certain disclosure requirements for fair value measurements. The new guidance includes clarification about when the concept of highest and best use is applicable to fair value measurements, requires quantitative disclosures about inputs used and qualitative disclosures about the sensitivity of recurring Level 3 measurements, and requires the classification of all assets and liabilities measured at fair value in the fair value hierarchy including those assets and liabilities which are not recorded at fair value but for which fair value is disclosed. The guidance will be effective for our interim and annual reporting periods beginning after December 15, 2011. We are evaluating the impact of the adoption of this newly issued guidance but we do not expect it to have a material impact on our consolidated financial statements.

In June 2011, the FASB amended guidance on the presentation of comprehensive income in the financial statements. The new guidance allows entities to present components of net income and other comprehensive income in one continuous statement, referred to as the statement of comprehensive income, or in two separate but consecutive statements and removes the current option to report other comprehensive income and its components in the statement of changes in equity. Under the two-statement approach, an entity is required to present components of net income and total net income in the statement of net income. The amendments in this update do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. The amendments in this update are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Early adoption is also permitted. Our financial statements currently provide a two-statement disclosure and we do not expect the amended guidance to have a material impact on our future consolidated financial numbers.

In September 2011, the FASB issued an accounting update that gives companies the option to make a qualitative evaluation about the likelihood of goodwill impairment. Companies will be required to perform the two-step impairment test only if it concludes that the fair value of a reporting unit is more likely than not less than its carrying value. The accounting update is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. The company has evaluated the impact of the adoption of this guidance and has included the impact in the financial statements.

In December 2011, the FASB issued ASU 2011-11 “Disclosures about Offsetting Assets and Liabilities” in order to standardize the disclosure requirements under US GAAP and IFRS relating to both instruments and transactions eligible for offset in financial statements. ASU 2011-11 is applicable for annual reporting periods beginning on or after January 1, 2013. Its adoption is not expected to have a material impact on the Company’s disclosures.

Note 2– Segment information

The Company provides drilling services and well services, including platform drilling, land drilling, directional drilling, drilling facility engineering, modular rigs, well intervention and oilfield technology to the offshore and onshore oil and gas industry. Archer’s reportable segments consist of the primary services it provides. Although Archer’s segments are generally influenced by the same economic factors, each represents a distinct service to the oil and gas industry. There have not been any intersegment sales during the periods presented. Segment results are evaluated based on operating income. The accounting principles for the segments are the same as for the Company's combined and consolidated financial statements. Indirect general and administrative expenses are allocated to each segment based on estimated use.

The split of our organization and aggregation of our business into two segments was based on differences in management structure and reporting, economic characteristics, customer base, asset class and contract structure. As of December 31, 2011, the Company operates in the following two segments:

- Drilling Services: The Company performs platform drilling, modular rig activities, land drilling, horizontal and directional drilling, drill bits and drilling and completion fluids, tubular services, under balanced services, rentals and engineering services on several fixed installations in North and South America and in the North Sea,
- Well Services: The Company performs wireline intervention, wireline logging, coiled tubing, completion services and pressure control, pressure pumping, fishing and specialist intervention, frac valves, cementing tools and plugs and packers.

Segment results are evaluated on the basis of operating profit, and the information given below is based on information used for internal reporting. The accounting principles for the segments are the same as for the Company's consolidated financial statements.

Revenues from external customers	**For the three months ended December 31,**		**For the twelve months ended December 31,**	
	2011	**2010**	**2011**	**2010**
(in millions of $)				
Drilling Services	431.9	173.9	1,381.6	593.9
Well Services	164.2	39.8	473.0	124.8
Total operating revenues	**596.1**	**213.7**	**1,854.6**	**718.7**
Depreciation and amortization				
(in millions of $)				
Drilling Services	26.3	2.3	91.7	8.9
Well Services	21.0	3.9	55.4	13.7
Total depreciation and amortization	**47.3**	**6.2**	**147.1**	**22.6**
Operating income - net income				
(in millions of $)				
Drilling Services	(99.5)	8.7	(41.0)	47.0
Well Services	14.1	5.0	45.3	17.0
Stock Compensation cost	(1.3)	0.0	(4.9)	0.0
Merger and Acquisition cost*	0.0	0.0	(15.2)	0.0
Operating income/(loss)	**(86.8)**	**13.8**	**(15.9)**	**63.9**
Unallocated items:				
Total financial items	(28.2)	(9.8)	(46.6)	(36.3)
Income taxes	3.2	(3.9)	(14.5)	(15.3)
Net income/ (loss)	**(111.8)**	**0.1**	**(77.0)**	**12.3**
Capital expenditures				
(in millions of $)				
Drilling Services	41.2	6.1	114.8	16.4
Well Services	21.1	2.8	51.4	11.3
Total expenditures	**62.3**	**8.9**	**166.2**	**27.8**

Total assets	**December 31,**	**December 31,**
(In millions of $)	**2011**	**2010**
(in millions of $)		
Drilling Services	1,421.7	453.3
Well Services	1,393.0	522.0
Total	**2,814.7**	**975.3**

* The M&A cost have been split out from the operating income of the Drilling and Well Service segments.

Total goodwill	Drilling Services	Well Services	Total
(In millions of USD)			
Balance at January 1, 2010	137.6	138.2	275.8
Acquisition of RIS and ROMEG	4.6	-	4.6
Final settlement Peak Well Solutions AS	-	0.6	0.6
Acquisition of Viking Intervention Technology AS	-	3.6	3.6
Acquisition of Gray Holdco Inc.	-	79.5	79.5
Sale of Viking Intervention Technology AS	-	(3.6)	(3.6)
Exchange rate fluctuations on goodwill measured in foreign currency	(2.9)	(1.2)	(4.1)
Balance at December 31, 2010	**139.4**	**217.0**	**356.4**
Acquisition of Universal	-	7.7	7.7
Acquisition of Gray Holdco Inc; change in PPA allocation	-	1.6	1.6
Acquisition of Allis Chalmers	236.4	62.2	298.6
Acquisition of Great White	3.2	334.9	338.1
Impairments of Goodwill	(99.0)	-	(99.0)
Exchange rate fluctuations on goodwill measured in foreign currency	(3.3)	(1.1)	(4.4)
Balance at December 31, 2011	**375.7**	**622.3**	**898.9**

* Refer to Note 7 for further details about impairment

Note 3 – Taxes

The consolidated effective tax rate for twelve months ended 31 December 2011 is 23.3%, while for the three months ended 31 December 2011 it was (2.8%).

The effective tax rate is impacted by the derecognition of some deferred tax assets as we do not expect to utilise these in the foreseeable future. Archer has booked valuation allowances against some net operating losses and foreign tax credits in United States and Brazil. The effective tax rate is also impacted by foreign exchange gains and losses in Bermuda where Archer has a tax exemption. In addition it is impacted by goodwill impairment which is a permanent difference for tax purposes.

Taxes expense (income) can be split in the following geographical areas (in millions):

	Three months ended December 31,		Twelve months ended December 31,	
In millions	**2011**	**2010**	**2011**	**2010**
United States	(4.6)	0.2	(1.9)	0.2
South America	(2.8)	-	4.7	-
Europe	4.2	3.4	11.7	13.8
Others	-	0.3	-	1.4
	(3.2)	3.9	14.5	15.3
Effective tax rate	(2.8%)	96.0%	23.3%	56.0%

Note 4 – Earnings per share

The computation of basic EPS is based on the weighted average number of shares outstanding during the period. Diluted EPS includes the effect of the assumed conversion of potentially dilutive instruments.

The components of the denominator for the calculation of basic and diluted EPS are as follows:

In thousand	Three months ended December 31, 2011	2010	Twelve months ended December 31, 2011	2010
Basic earnings per share:				
Weighted average number of common shares outstanding	366,171	225,400	322,420	152,050
Diluted earnings per share:				
Weighted average number of common shares outstanding	366,931	229,280	323,180	155,930
Effect of dilutive share options	760	3,880	760	3,880

The Company does not have securities that could potentially dilute basic EPS in the future that were not included in the computation of diluted earnings per share.

Note 5 –Financial items

(In millions of $)	For the three months ended December 31, 2011	2010	For the twelve months ended December 31, 2011	2010
Foreign exchange gain (loss)	(10.0)	(1.2)	6.1	(14.0)
Other items	(4.8)	0.3	(7.1)	(1.3)
Total other financial items	**(14.8)**	**(0.9)**	**(1.0)**	**(15.3)**

Other financial items for the three months ended December 31, 2011 amounted to a loss of $ 14.8 million, mainly related to the weakening of NOK vs. USD, and relates to unrealised foreign exchange loss on Intercompany loans and bank deposits.

Note 6 – Intangible assets

(In millions of $)	December 31, 2011	December 31, 2010
Intangible assets		
Cost	264.0	67.6
Accumulated depreciation and amortization	(33.5)	(11.1)
Impairments of Intangibles	(27.7)	0.0
Currency adjustments	0.4	2.1
Net book value	**203.3**	**58.6**
Depreciation, amortization and impairment year to date	(50.0)	1.1

The cost at December 31, 2011 of $ 264.0 million included identified technology of $ 13.6 million, customer relationships $ 226.4 million (including $ 186.1 million acquired during the year), trademarks of $ 12.7 million (including $ 4.7 million acquired during the year), patents of $ 5.6 million (including $ 5.6 million acquired during the year) and backlog of $ 2.3 million. The remaining average amortization period as of December 31, 2011 for the intangible assets is 98 months (70 months for technology, 95 months for customer relationships, 196 months for patents , 50 months for trademarks and 10 months for backlog).

In Q1 2011, an impairment of $ 5.1 million was made to the Allis Chalmers brand name and in Q4 2011 an impairment of $ 0.9 million was made to the trading name of Great White Pressure Pumping as we do not believe the brand names will have any value for the Archer Group going forward. In Q4 2011 an impairment review of intangibles was undertaken. As a result there was an impairment of intangibles of the drilling service assets of $ 21.7 million.

Note 7 – Goodwill

The goodwill acquired during 2011 represents the excess of purchase price over the fair value of tangible and identifiable intangible asset acquired, which represents primarily intangible assets pertaining to the acquired workforce of Great White, Allis Chalmers and Universal Wirelines and their expected future synergies.

(In millions of $)	December 31, 2011	December 31, 2010
Net book balance at beginning of period	356.4	275.8
Goodwill acquired during the period	560.4	84.7
Adjustments to goodwill during the measurement period	85.4	-
Impairments of goodwill	(99.0)	-
Currency adjustments	(4.3)	(4.1)
Net book balance at end of period	**898.9**	**356.4**

The Company tests goodwill for impairment on an annual basis, and between annual tests if an event occurs, or circumstances change, that would more likely than not reduce the fair value of a reporting unit below its carrying amount

The goodwill impairment test involves a two-step process. The first step is a comparison of each reporting unit's fair value to its carrying value. If the reporting unit's fair value exceeds its carrying value, no further procedures are required. However, if a reporting unit's fair value is less than its carrying value, an impairment of goodwill may exist, requiring a second step to measure the amount of impairment loss.

The Company estimates the fair value of each reporting unit using a combination of the income approach and the market approach. The income approach incorporates the use of a discounted cash flow method in which the estimated future cash flows and terminal values for each reporting unit are discounted to a present value using a discount rate. Cash flow projections are based on management's estimates of economic and market conditions which drive key assumptions of revenue growth rates, operating margins, capital expenditures and working capital requirements. The discount rate is based on the Company's specific risk characteristics, its weighted average cost of capital and its underlying forecasts.

The market approach estimates fair value by applying performance metric multiples to the reporting unit's prior and expected operating performance. The multiples are derived from comparable publicly traded companies with similar operating and investment, as well as analysts' estimates for the Company.

The Company initiated its annual goodwill analysis in the fourth quarter of 2011 and concluded that the fair value was below carrying value for certain reporting units. Archer management believes that the decline in the estimated fair values of these reporting segments during 2011 was a result of a number of factors, including:

- Since the beginning of 2011, there has been a significant drop in the price of natural gas, which has lead to a shift in production from gas to oil. This has adversely affected the demand for the services provided by the Under-balance division of our Drilling segment which is predominantly involved in gas extraction.
- Changes customer behaviour and in regulations following the Macondo incident have resulted in some of our rental equipment being unable to realise the operating returns originally anticipated.
- Operational issues and inflationary pressures in Argentina and Brazil have adversely affected the performance our Land Drilling division.

The resulting impairment adjustments are disclosed in the table above, and comprise a $99 million impairment of goodwill in relation to the Drilling Services segment. The evaluation of the goodwill and quantification of any impairment was conducted by reporting unit, an organisational level below the Reporting Segment.

During the fourth quarter 2011 we conducted a review of all of our significant tangible and intangible long-term assets for impairment. Tangible assets were assessed for obsolescence. For intangible assets, which comprise acquired technology, trade names and customer relations, we considered any change in circumstance since their recognition which may indicate a fair value significant different to the amortized carrying value.

Note 8 – Long-term interest bearing debt and interest expenses

(in millions of $)	December 31, 2011	December 31, 2010
$ 1,121.9 million multicurrency term and revolving facility	774.1	189.1
Allis-Chalmers 2014 Note	99.2	0
Allis-Chalmers 2017 Note	197.4	0
Other loans and capital lease liability	15.4	5.2
Total loans and capital lease liability	1,086.2	194.3
Less : current portion	(108.4)	(1.9)
Long-term portion of interest bearing debt	**977.8**	**192.4**

$ 1,121.9 million multicurrency term and revolving facility

Archer entered, on December 22, 2011, into an amended and restated $ 1,121.9 million multicurrency term and revolving facility agreement adding two new banks to the syndicate. The purpose of the facility was to replace the existing $ 1,187.5 million term and revolving facility entered into August 22, 2011.

The facility is divided into two tranches. Tranche A, a revolving facility, is for $ 472.4 million, and Tranche B, a term loan, is for $ 649.5 million. The final maturity date of the tranches is November 11, 2015. The interest rate of the tranches is the aggregate of LIBOR, NIBOR or EURIBOR, plus between 2.25% and 3.25% per annum, depending on the net interest bearing debt to EBITDA, plus mandatory costs, if any. An annual instalment of USD 100 million is payable in November each year, and the remaining is payable upon final maturity of the facility, if not refinanced.

As of December 31, 2011 $ 774.1 million was drawn under this facility.

The tranches made under the $ 1,121.9 million multicurrency term and revolving facility agreement are secured by pledges over shares in material subsidiaries, and assignment over intercompany debt, as well as by Guarantees issued by the material subsidiaries. Archer's multicurrency term and revolving facility agreement contains certain financial covenants, including, among others:

- The Company's total consolidated net interest bearing debt shall not exceed 3.5x twelve months rolling proforma EBITDA until December 31, 2011, and 3.0x thereafter
- The Company's minimum ratio of equity to total assets of at least 30.0%
- The Company is to maintain the higher of $ 30 million and 5% of interest bearing debt in freely available cash (including undrawn committed credit lines)

The multicurrency term and revolving facility agreement contains events of default which includes payment defaults, breach of financial covenants, breach of other obligations, breach of representations and warranties, insolvency, illegality, unenforceability, curtailment of business, claims against an obligor's assets, appropriation of an obligor's assets, failure to maintain exchange listing, material adverse effect, repudiation and material litigation.

Allis-Chalmers senior notes

Archer has through the acquisition of Allis-Chalmers two senior notes outstanding. The first senior notes are due in January 15, 2014 and bear interest at 9.0%. Total outstanding of these notes are $ 97.7 million. The 2014 notes are recorded in the balance sheet at 101.6% of the total outstanding amount. The second senior notes are due in March 1, 2017 and bear interest at 8.5%. Total outstanding of these notes are $ 186.1 million. The 2017 notes are recorded in the balance sheet at

106.1% of the total outstanding amount. In December 2011, Allis-Chalmers repurchased a total of $ 19.7 million of its outstanding 2017 notes in open market repurchases.

The premium of the booked value of the 2014 and 2017 notes are deferred and amortized as a reduction in the interest expenses over the course of the remaining lifetime of the notes.

The outstanding debt as of December 31, 2011 is repayable as follows:

(in millions of $) **Year ending December 2011**	
2012	108.5
2013	105.2
2014	200.5
2015	474.5
2016	0.1
2017	197.4
Total debt	**1,086.2**

As of December 31, 2011, the Company is in compliance with all of the covenants under its long-term facilities.

Interest rate swap agreement

The Company has entered into a NOK interest rate swap agreement, currently securing the interest rate on NOK 490 million until October 2012. The agreement was entered into in mid-March 2009, with the commencement of the hedging period and start up of hedging accounting by end of April 2009. The fair value of the swaps as of December 31, 2011 was a liability of $ 1.2 million and is included within other current liabilities.

Subsequent events

In January 2012, one additional bank entered into the $ 1,121.9 million multicurrency term and revolving facility agreement, increasing the facility to $ 1,171.9 million. The two tranches was increased proportionally.

On January 18, 2012 Archer Emerald Ltd., a wholly owned subsidiary of Archer Limited, signed a € 29.5 million Hermes covered term loan agreement for the modular rig Archer Emerald.

On January 30, Allis-Chalmers Inc., sent a notice to redeem all outstanding 2014 Notes and 2017 Notes. The notes will be redeemed on March 1, and will be financed by drawing on the $ 1,171.9 million multicurrency term and revolving facility.

Note 9 – Share capital

All shares are common shares of $2.00 par value each	**December 31, 2011**		**December 31, 2010**	
	Shares	**$ million**	**Shares**	**$ million**
Authorized share capital	600,000,000	1,200.0	600,000,000	1,200.0
Issued, outstanding and fully paid share capital	366,397,622	732.8	225,400,050	450.8

The Company was incorporated on August 31, 2007 and 50 ordinary shares of par value US$2.00 each were issued. In October 2007 there was one share issue of 80 000 000 shares at NOK 13.75 ($2.58) per share and one issue of 20 000 000 shares at NOK 13.75 ($2.58) per share. At the end of December 2007 a total of 100 000 050 shares of par value US$ 2.00 each were issued and outstanding.

In April 2008 there was an equity issue of 10 000 000 shares at NOK 19.50 ($2.82) per share.

There were no new shares issued in 2009.

In August 2010 Seawell completed a private placement of 115.4 million shares at a share price of NOK 23 ($3.75) per share, amounting to proceeds of $ 424.8 million net of broker's fee of $ 4.2 million.

In February 2011 Seawell completed the merger with Allis Chalmers Energy and issued 97 071 710 shares to shareholders of former Allis Chalmers based on the election results. In addition, 1,752,018 options held by ex-Allis Chalmers employees were converted into 1,752,018 fully vested options to acquire Archer shares.

In August 2011 Archer completed a private placement of 12.7 million shares at a share price of NOK 35 per share, directed towards Archer's two largest shareholders, Seadrill Limited and Lime Rock Partners. The placement was closed the same day.

In August 2011 Archer completed a private placement of 30 million shares at a share price of NOK 30 per share, amounting to proceeds of $ 166.8 million net of broker's fee of $ 1.7 million.

In December 2011 Archer issued 228,620 shares as part of a Settlement agreement with Dissenting Allis-Chalmers Stockholders.

In connection with the exercised options for the year, up until 31 December 2011, Archer has issued 997,242 common shares.

Note 10 – Related party transactions

The Company transacts business with the following related parties, being companies in which our parent company's principal shareholders Hemen Holding Ltd and Farahead Investments Inc (hereafter jointly referred to as "Hemen") and companies associated with Hemen have a significant interest:

- Seadrill Limited ("Seadrill")

- Frontline Management (Bermuda) Limited ("Frontline")

- North Atlantic Drilling Ltd ("NADL")

Seawell was established at the end of the third quarter of 2007, as a spin-off of Seadrill's Well Service division. Seawell together with its wholly owned subsidiary, Seawell Holding UK acquired the shares in the Seadrill Well Service division entities on October 1, 2007. The consideration for the shares was $ 449.1 million. The acquisition has been accounted for as a common control transaction with the asset and liabilities acquired recorded by Seawell at historical carrying value of Seadrill. The excess of consideration of the net asset and liabilities acquired has been recorded as adjustment to equity of $ 205.1 million.

Seadrill Management AS, a company within the Seadrill Group has not charged the Company a fee for management support and administrative services in the three months ended December 31, 2011, compared to a charge of $ 0.1 million for the three months ended December 31, 2010. Frontline provides management support and administrative services for the Company, and charged the Company fees of $ 0.5 million for these services in the three months ended December 31, 2011, and $ 0.1 million for the three months ended December 31, 2010.

These amounts are included in "General and administrative expenses" in the Consolidated Statement of Operations.

Archer also supplied Seadrill with engineering services amounting to $ 8.0 million including reimbursable material for the year to date ending December 31, 2011, conducted at arms lengths. This amount has been included in operating revenue.

In order to secure timely delivery and earlier tradability of the 30.0 million shares that were to be issued, in the private placing at NOK 30 a share on the 31 August 2011, Archer borrowed shares

from Seadrill pursuant to a share lending agreement. All new shares are tradable following the approval of the prospectus which was announced on November 14, 2011.

Archer also supplied NADL with engineering services amounting to $ 1.1 million including reimbursable material for the year to date ending December 31, 2011, conducted at arms lengths. This amount has been included in operating revenue.

The Company also transacts business with the following related parties, being companies in which some of our parent company's directors may be deemed to indirectly beneficially own 50% of, or control:

- Pan American Energy

- BEUSA Energy, Inc

One of our largest customers is Pan American Energy, or PAE. One of the principal shareholders of PAE is Bridas Corporation, and Bridas Corporation is owned 50% by Bridas Energy Holdings Ltd and at the end of December 31, 50% by CNOOC International Limited. Alejandro P. Bulgheroni, one of the directors of our parent company, may be deemed to indirectly beneficially own 50% of the outstanding capital stock of Bridas Energy Holdings Ltd and is a member of the Management Committee of PAE.

In the twelve months ended December 31, 2011, PAE represented 14.7%, of our consolidated revenues of $1,854.6 million. At December 31, 2011, we had trade receivables and other receivables with PAE of $ 55.5 million.

In the twelve months ended December 31, 2011, we derived revenue of approximately $3.7 million from BEUSA Energy, Inc., or BEUSA, a company controlled by Alejandro P. Bulgheroni. At December 31, 2011, we had trade receivables from BEUSA of approximately $0.5 million.

Note 11 – Fair value of financial instruments

The carrying value and estimated fair value of the Company's financial instruments at December 31, 2011 and 2010 are as follows:

	December 31, 2011		December 31, 2010	
(In millions of $)	Fair value	Carrying value	Fair value	Carrying value
Non-Derivatives				
Cash and cash equivalents	37.3	37.3	174.4	174.4
Restricted cash	13.3	13.3	12.2	12.2
Current portion of long term floating rate debt	108.4	108.4	1.9	1.9
Long term interest bearing debt	963.9	977.8	192.4	192.4
Derivatives				
Interest rate Swap agreements	1.2	1.2	1.9	1.9

The above financial assets and liabilities are measured at fair value on a recurring basis as follows:

(in millions of $)	December 31, 2011	Fair value measurements at reporting date (Level 1)*	(Level 2)*	(Level 3)*
Assets:				
Cash and cash equivalents	37.3	37.3		
Restricted cash	13.3	13.3		
Total assets	**50.5**	**50.5**	**-**	**-**
Liabilities:				
Allis-Chalmers 2014 Note	96.3	96.3		
Allis-Chalmers 2017 Note	186.5	186.5		
M$ 1,121.9 Multicurrency Term and Revolving Facility	774.1		774.1	
Other loans and capital lease liability excluding current portion	15.4		15.4	
Interest rate swap contracts – short term payables	1.2		1.2	
Total liabilities	**1,073.5**	**282.8**	**790.7**	**-**

* Level 1: Quoted prices in active markets for identical assets.
* Level 2: Significant other observable inputs.
* Level 3: Significant unobservable inputs.

The Company has used a variety of methods and assumptions, which are based on market conditions and risks existing at the time, to estimate the fair value of the Company's financial instruments as of December 31, 2011 and 2010. For certain instruments, including cash and cash equivalents, receivables and accounts payable, it is assumed that the carrying amount approximated fair value due to the short-term maturity of those instruments.

The fair value of the current portion of long-term debt is estimated to be equal to the carrying value, since it is repayable within twelve months. The fair value of the 2014 and 2017 notes are based on the last trading prices of the notes in December, 2011.

The fair value of the long-term portion of floating rate debt is estimated to be equal to the carrying value since it bears variable interest rates, which are reset on a quarterly basis. This debt is not freely tradable and cannot be purchased by the Company at prices other than the outstanding balance plus accrued interest.

The fair values of interest rate swaps are calculated using well-established independent valuation techniques applied to contracted cash flows and NIBOR interest rates as at December 31, 2011 and 2010.

Note 12 – Legal Proceedings

From time to time, Archer and its subsidiaries are involved in litigations, disputes and other legal proceedings arising in the normal course of their business.

We insure against the risks arising from these legal proceedings to the extent deemed prudent by our management and to the extent insurance is available, but no assurance can be given that the nature and amount of that insurance will be sufficient to fully indemnify us against liabilities arising out of pending and future legal proceedings. Many of these insurance policies contain deductibles or self-insured retentions in amounts we deem prudent and for which we are responsible for payment. If there is a claim, dispute or pending litigation in which we believe a negative outcome is probable and a loss by the Company can be reasonably estimated, we record a liability for the expected loss but at this time any such expected loss are immaterial to our financial condition and results of operations. In addition we have certain claims, disputes and pending litigation in which we do not believe a negative outcome is probable or for which the loss cannot be reasonably estimated.

Shortly following the announcement of the Merger Agreement between Seawell (now Archer) and Allis-Chalmers Energy, Inc. in August 2010, multiple stockholder class-action lawsuits were filed in Delaware and in Texas against various combinations of us, members of our board of directors and the Archer parties to the Merger Agreement. These lawsuits had challenged the Merger and

generally alleged that our directors had breached their fiduciary duties owed to our public stockholders by approving the Merger and failing to take steps to maximize our value to our public stockholders. In February 2011, the Delaware court denied plaintiffs' request for an injunction and the Merger closed on February 23, 2011. After the Merger, the consolidated Delaware lawsuit was dismissed and now all of the Texas lawsuits have also been dismissed.

We are also named from time to time in legal proceedings related to activities that occurred prior to of one of our predecessor's bankruptcy in 1988 (Allis-Chalmers). However, we believe that we were discharged from liability for all such claims in the bankruptcy and believe the likelihood of a material loss relating to any such legal proceeding is remote.

The case of *Cudd Pressure Control, Inc. vs. Great White Pressure Control, LLC, et al*, one of our subsidiaries, pre-dates Archer's acquisition of the Great White group and is currently pending in Texas state district court. Plaintiff Cudd Pressure Control alleges several causes of action relating to Great White Pressure Control's employment of former Cudd. Litigation is inherently uncertain and with the current case is in its initial stages, management cannot determine the amount of loss, if any that might result.

Other than this, neither Archer nor any other company within the Archer Group are involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) in the 12 months prior to the date of this Prospectus which may have, or have had in the recent past, significant effects on Archer's or the Archer Group's financial position or profitability.

Note 13 – Acquisitions

Acquisition of Universal Wireline
On January 27, 2011 the Company announced the acquisition of Universal Wireline for $ 25.5 million on an interest bearing debt and cash free basis. Universal Wireline has been merged with Gray Wireline following purchase expanding the capabilities of the largest pure play cased hole wireline company in the US.

The purchase price has been allocated as follows:

Preliminary Allocation (in $ million)	**Universal Wireline**
Non-current assets	
Drilling equipment and other fixed asset	19.1
Goodwill	6.4
Total non-current assets	**25.5**
Total purchase price (fair value)	**25.5**

Merger with Allis-Chalmers Energy Inc, ("ALY")
On February 23, 2011 the Company completed the merger with ALY, which was previously announced in August 2010. The transaction was consummated by the acquisition of ALY by our wholly owned subsidiary Wellco Sub Company Inc.

The purchase price comprised both cash and equity payments to the shareholders of ALY, which resulted in us acquiring 100% of the share capital in ALY in exchange for Seawell shares, in a ratio of 1.15 Seawell shares to each ALY share, or a cash settlement of $4.25 per share. 95.3% of ALY shareholders elected to take Seawell shares in the above ratio as consideration, with the remainder receiving cash. The total purchase price, which includes an adjustment pertaining to the exchange of ALY share options, to Seawell share options, was $600.9 million.

The net assets acquired as a result of the merger are listed below:

Preliminary Allocation (in $ millions)	Allis-Chalmers Energy Inc		
	Fair value / Allocation of purchase price as at 31 March 2011	Adjustments to preliminary fair values	Fair value / Allocation of purchase price as at 31 December 2011
Current assets	239.0	(6.5)	232.5
Property and equipment	682.4	(26.9)	655.5
Intangible assets (excluding goodwill)	105.8	0	105.8
Acquired Goodwill	215.0	83.6	298.6
Other non-current assets	44.9	(50.2)	(5.2)
Total assets acquired	**1,287.1**	**0**	**1,287.1**
Current liabilities	148.4	0	148.4
Long-term debt, less current portion	460.8	0	460.8
Other long-term liabilities	77.0	0	77.0
Total liabilities acquired	**686.2**	**0**	**686.2**
Net assets acquired (purchase price)	**600.9**	**0**	**600.9**

We have applied the purchase method of accounting to this business combination (per ASC topic 805). The resulting acquired goodwill recognized in the combined balance sheet is attributable to the acquired workforce, expected synergies and other acquired intangible assets which can not be separately identified.

The allocation of the purchase price of Allis-Chalmers has been based upon preliminary fair values studies. Estimates and assumptions are subject to change upon management's review of the final valuations. The table above summarizes the preliminary acquisition date fair value of the asset acquired and liabilities assumed, as at December 31, 2011 and changes to those preliminary valuations. The valuations of Allis Chalmers deferred tax assets have changed following a review of the underlying assumptions. The resulting changes summarized above have increased the value of goodwill acquired by $ 83.6 million.

Acquisition of Great White Energy Services Inc ("GW").

On August 24, 2011 the Company completed the acquisition of all the operating companies of Great White Energy Services ("GW") a company formed by Wexford Capital LP, in a transaction valued at $ 630 million on a cash and debt free basis, which was changed to $ 673.5 million including agreed working capital adjustments at closing of the acquisition.

The net assets acquired as a result of the merger are listed below:

Preliminary Allocation (in $ millions)	Fair value / Allocation of purchase price as at 30 September 2011	Adjustments to preliminary fair values	Fair value / Allocation of purchase price as at 31 December 2011
Current assets	98.9		98.9
Property and equipment	192.9	-0.4	192.5
Intangible assets (excluding goodwill)	92.1		92.1
Acquired Goodwill	337.7	0.4	338.1
Other non-current assets	0.0		0.0
Total assets acquired	**721.6**	**0.0**	**721.6**
Current liabilities	41.4		41.4
Long-term debt, less current portion	0.0		0.0
Other long-term liabilities	6.7		6.7
Total liabilities acquired	**48.1**	**0.0**	**48.1**
Net assets acquired (purchase price)	**673.5**	**0.0**	**673.5**

We have applied the purchase method of accounting to this business combination (per ASC topic 805). The resulting acquired goodwill recognized in the combined balance sheet is attributable to the acquired workforce, expected synergies and other acquired intangible assets which can not be separately identified.

The allocation of the purchase price of Great White has been based upon preliminary fair values studies. Estimates and assumptions are subject to change upon management's review of the final valuations. The table above summarizes the preliminary acquisition date fair value of the asset acquired and liabilities assumed, as at December 31, 2011 and changes to those preliminary valuations. The valuations of Great White fixed assets have changed following a review of the underlying assumptions. The resulting changes summarized above have increased the value of goodwill acquired by $ 0.4 million.

Note 14 – Subsequent Events

On 3 January 2012 Archer announced a new organization centred on four geographic and strategic areas: North America, Latin America, North Sea and Emerging Markets and Technologies.

On January 30, 2012 Allis-Chalmers Inc., sent a notice to redeem all outstanding 2014 Notes and 2017 Notes. The notes will be redeemed on March 1, and will be financed by drawing on the $ 1,171.9 million multicurrency term and revolving facility.

On February 27, 2012 Archer Limited announced that it has filed a Form 15F with the United States Securities and Exchange Commission with the intention of terminating its reporting obligations under Section 13(a) and Section 15(d) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act").

Note 15 Supplemental Pro Forma Data (un-audited)

The un-audited pro forma statement of operations below gives effect to the merger with Allis Chalmers which was consummated in the first quarter of 2011 and the acquisition of Great White which completed in the third quarter of 2011, as if both transactions had occurred at the beginning of 2010 for the 2010 data, and at the beginning of 2011 for the 2011 data. The data in the table below includes the following pro form adjustments:

- amortization of purchased intangible assets
- adjustments to depreciation, reflecting the adjustments to fair value of the fixed assets acquired,
- Adjustments to finance costs to reflect the financing of the transactions
- the tax effect of each of the above.

In addition the 2010 data has been adjusted to give affect to the acquisition of Gray Wireline Inc, which occurred in December 2010, as if it had happened on January 1, 2010.

This un-audited supplemental pro forma data does not include adjustments relating to the purchase of Universal Wireline, which the Company considers immaterial for presentation and which was subsumed into the Company's Gray Wireline division immediately upon purchase. This pro forma data is presented for informational purposes only and does not purport to be indicative of the results of future operations, or of the results that would have occurred had the acquisition taken place at the earlier dates.

(In millions of $)	**Year ended December 31, 2011**	**Year ended December 31, 2010**
Pro forma net revenue	2,223.7	1,681.1
Pro forma net (loss)	(72.6)	(119.7)

Appendix to Archer fourth quarter report 2011

We report our financial results in accordance with generally accepted accounting principles (GAAP). However, Archer's management believes that certain non-GAAP performance measures and ratios may provide users of this financial information additional meaningful comparison between current results and results in prior operating periods. One such non-GAAP financial measure we use is earnings before interest, taxes, depreciation, and amortization (EBITDA), adjusted for special charges or amounts. This adjusted income amount is not a measure of financial performance under GAAP. Accordingly, it should not be considered as a substitute for operating income, net income or other income data prepared in accordance with GAAP. See the table below for supplemental financial data and corresponding reconciliations to GAAP financial measures for the three months ended December 31, 2011, September 30, 2011, June 30, 2011, March 31, 2011, and December 31, 2010. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP.

The unaudited pro forma statements of operations below gives effect to the merger with Allis Chalmers Inc (which was consummated in the first quarter of 2011) and Great White (which was acquired in the third quarter of 2011), as if they had occurred at the beginning of 2010. The following data includes amortization of purchased intangible assets and decreased depreciation, reflecting the adjustments to fair value of the fixed assets acquired, along with the tax effect of each of the above. This pro forma data is presented for informational purposes only and does not purport to be indicative of the results of future operations, or of the results that would have occurred had the acquisition taken place at the beginning of 2010.

Condensed consolidated Statement of Operations

(in $ millions except per share amounts)
UNAUDITED

	Three months ended				
Unaudited accounts in USD millions	**31-Dec 2011**	**30-Sep 2011**	**30-Jun 2011**	**31-Mar 2011**	**31-Dec 2010**
Revenue	596.1	505.4	459.9	293.1	213.7
Cost and expenses					
Operational costs	561.4	441.0	424.3	272.8	195.6
Impairment of Goodwill and Intangibles	121.5	-	-	5.1	-
Merger & Integration expenses	-	31.5	4.1	8.6	4.2
Net financial items	28.2	(23.7)	23.7	18.4	9.8
Income/(Loss) before Income taxes	(115.0)	56.6	7.8	(11.8)	4.1
Tax expense on Income	(3.2)	11.0	6.5	0.2	3.9
Total Net Income / (Loss)	**(111.8)**	**45.6**	**1.3**	**(12.0)**	**0.2**

Reconciliation of GAAP to non GAAP measures

(in $ millions except per share amounts)
UNAUDITED

	Three months ended				
Unaudited accounts in USD millions	**31-Dec 2011**	**30-Sep 2011**	**30-Jun 2011**	**31-Mar 2011**	**31-Dec 2010**
Total Net Income / (Loss)	(111.8)	45.6	1.3	(12.0)	0.2
Depreciation, amortization and impairments	168.8	43.2	37.3	24.4	6.2
Net financial items	28.2	(23.7)	23.7	18.4	9.8
Taxes on Income	(3.2)	11.0	6.5	0.2	3.9
EBITDA	82.0	76.1	68.8	31.0	20.1
EBITDA for acquired companies					
Gray Wirelines [1]	-	-	-	-	5.1
Allis Chalmers [2]	-	-	-	6.0	10.2
Great White [3]	-	(9.6)	28.8	25.9	15.5
Loss on Asset Disposition	-	-	-	-	10.6
Merger, transaction and listing expenses [4]	-	31.5	4.1	23.5	4.2
Non GAAP operating EBITDA	**82.0**	**98.0**	**101.7**	**86.4**	**65.7**

Note 1: Represents 75 additional days of Gray Wirelines EBITDA in the fourth quarter 2010.

Note 2: Represents 2 month of Allis Chalmers EBITDA in the first quarter 2011 and a full quarter for Allis Chalmers in the fourth quarter 2010.

Note 3: Represents 56 days of Great Whites EBITDA in the third quarter 2011 and a full quarters prior to the third quarter in 2011 and 2010.

Note 4: Merger, transaction and listing (M&A) expenses are considered one time items and on a proforma basis. M&A expenses of $15.2 million was incurred by Archer on a non proforma GAAP basis for the year ended 31 December 2011.

The M&A costs for Archer and acquired companies can be broken down as follows:

	Three months ended				
Unaudited accounts in $ millions	**31-Dec 2011**	**30-Sep 2011**	**30-Jun 2011**	**31-Mar 2011**	**31-Dec 2010**
Severance and other compensation costs	-	24.9	1.5	9.5	-
Professional fees	-	5.5	2.6	13.8	4.2
Other Merger and integration cost	-	1.1	-	0.2	-
Total Merger, transaction and listing expenses	**-**	**31.5**	**4.1**	**23.5**	**4.2**

Proforma Revenue by Geographic and Strategic areas
(in $ millions)
UNAUDITED

	Three months ended			
	31-Dec	**30-Sep**	**30-Jun**	**31-Mar**
Unaudited accounts in USD millions	**2011**	**2011**	**2011**	**2011**
North America (NAM)	180.9	196.5	194.8	169.9
Latin America (LAM)	147.8	138.6	134.9	116.1
North Sea (NRS)	189.0	154.3	159.7	148.3
Emerging Markets & Technologies (EMT)	78.4	76.2	72.1	66.1
Proforma Revenue	**596.1**	**565.6**	**561.6**	**500.4**

Proforma EBITDA by Geographic and Strategic areas (after regional and global allocations)
(in $ millions)
UNAUDITED

	Three months ended			
	31-Dec	**30-Sep**	**30-Jun**	**31-Mar**
Unaudited accounts in USD millions	**2011**	**2011**	**2011**	**2011**
North America (NAM)	28.7	53.4	55.3	49.9
Latin America (LAM)	18.7	15.0	13.9	10.3
North Sea (NRS)	19.5	13.7	19.4	13.2
Emerging Markets & Technologies (EMT)	15.1	15.8	13.1	13.0
Proforma EBITDA	**82.0**	**98.0**	**101.7**	**86.4**

* Merger, transaction and listing expenses are considered one time items and on a proforma basis are excluded.