CLA Global TS Public Accounting Corporation
UEN: 200507237N / Incorporated with limited liability

ABAN SINGAPORE PTE. LTD.

(Incorporated in Singapore. Registration Number: 200516063C)

AND ITS SUBSIDIARY CORPORATIONS

FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

ABAN SINGAPORE PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARY CORPORATIONS

FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

Contents

DIRECTORS' STATEMENT

For the financial year ended 31 March 2023

The directors present their statement to the shareholder together with the audited financial statements of the Group for the financial year ended 31 March 2023 and the balance sheet of the Company as at 31 March 2023.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on the pages 7 to 51 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2023 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, after considering the matters as described in Note 2.1 to the financial statements with respect to the Group's and the Company's ability to continue as going concerns, there are reasonable grounds to believe that the Group and the Company will be able to obtain approval for and implementation of an appropriate debt resolution plan for which the Group and the Company are in discussions with its lenders and based on this, the Group and the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Mr. Chakkungal Pathayapura Gopalakrishnan
Mr. Rout Ashok Kumar

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of director		Holdings in which a director is deemed to have an interest	
	At 31.03.2023	At 01.04.2022	At 31.03.2023	At 01.04.2022
Ultimate holding corporation - Aban Offshore Limited (No. of ordinary shares of Rs2 each)				
Mr. Chakkungal Pathayapura Gopalakrishnan	43,200	43,200	10,750	10,750

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Independent auditor

The independent auditor, CLA Global TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Chakkungal Pathayapura Gopalakrishnan	Rout Ashok Kumar
Director	Director

11 September 2023

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF ABAN SINGAPORE PTE. LTD.

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of Aban Singapore Pte. Ltd. (the "Company") and its subsidiary corporations (the "Group") which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 7 to 51.

We do not express an opinion on the accompanying financial statements of the Group and the balance sheet of the Company. Because of the significance of the matters described in the *Bases of Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Bases for Disclaimer of Opinion

1. *Going concern*

   As disclosed in Note 2.1 to the financial statements, in preparing the financial statements, the Board of Directors have considered the operations of the Group and the Company as going concerns notwithstanding that the Group and the Company incurred a net loss of US$24,071,000 and US$2,569,000 respectively for the financial year ended 31 March 2023, and as at that date, the Group was in net current liabilities position and net liabilities position of US$150,510,000 and US$178,408,000 respectively.

   As disclosed in Note 20 to the financial statements, the Group's rigs with a carrying amount of US$30,899,000 have been pledged as securities for the borrowings of the immediate holding corporation, Aban Holdings Pte. Ltd. ("AHPL"), the borrowings of the Group and the borrowings of the Company, amounting to US$1,643,394,000, US$120,157,000 and US$7,288,000 respectively.

   In addition, AHPL, the Group and the Company have defaulted on the payment of their borrowings, which have fallen due, and have breached the covenants of their borrowings, giving the lenders the right to demand the related borrowings be due and payable immediately. The lenders have issued recall notices to AHPL, the Group and the Company. Management has classified these borrowings, with original repayment terms beyond 12 months from the balance sheet date as current liabilities.

Bases for Disclaimer of Opinion (continued)

1. *Going concern* (continued)

   The above conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Nevertheless, the Board of Directors believes that the use of the going concern assumption in the preparation of the financial statements of the Group and the Company for the financial year ended 31 March 2023 is still appropriate. This consideration is made after taking account that, as of the date of this report, the Group has sold and delivered to its buyers a total of seven rigs, with the exception of one rig that was under operation during the financial year ended 31 March 2023. Additionally, the Group is currently in discussions with its lenders to obtain approval for and implementation of an appropriate debt resolution plan.

   The ability of the Group and the Company to continue in operational existence in the foreseeable future and meet their financial obligations as and when they fall due is dependent on the outcome of the actions and measures undertaken as disclosed above. Additionally, it is uncertain whether the Group and the Company will raise further funds through any fund-raising exercises. Therefore, we were unable to obtain sufficient audit evidence to enable us to form an opinion on whether the going concern basis of preparation of the accompanying financial statements of the Group and the Company is appropriate.

   If the Group and the Company are unable to continue in operational existence in the foreseeable future, they may be unable to discharge their liabilities in the normal course of business. As a result, adjustments may have to be made to reflect the situation that assets, particularly the rigs of the Group, may need to be realised other than in the normal course of business and at amounts that could differ significantly from their current recorded values in the balance sheets. Additionally, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities respectively. The financial statements do not include any adjustment which may arise from these uncertainties.

2. *Non receipt of bank confirmations*

   We were unable to obtain bank confirmations to confirm the Group's and the Company's bank balances of US$44,000 and US$20,000 respectively, as well as the bank borrowings of the Group and the Company, which amounted to US$120,157,000 and US$7,288,000 respectively as at 31 March 2023.

   There were also no practicable audit procedures available to us to confirm or verify these balances and transactions. As a result, we were unable to ascertain the accuracy and completeness of the aforementioned bank balances and bank borrowings. Additionally, we were unable to verify the completeness of the Group's and the Company's transactions with the banks related to these bank balances and the bank borrowings. Consequently, we were unable to determine whether any adjustments and disclosures might have been found necessary in respect of unrecorded and/or undisclosed transactions, facilities and information with the banks in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
ABAN SINGAPORE PTE. LTD. (continued)

Bases for Disclaimer of Opinion (continued)

3. *Investments in subsidiary corporations and amounts due from subsidiary corporations*

As disclosed in Note 17 to the financial statements, the Company's carrying amount of investments in subsidiary corporations as at 31 March 2023 amounted to US$470,741,000. Management has determined that there are no objective evidence or indication that the carrying amount of the investments in subsidiary corporations are impaired. Therefore, no impairment assessment was performed.

As disclosed in Note 17 to the financial statements, the amounts due from subsidiary corporations as at 31 March 2023 amounted to US$219,249,000. Management has determined that no impairment is required as there was no significant increase in credit risk.

Based on the latest financial performance and financial position of the subsidiary corporations, as well as other information made available to us, we were unable to obtain sufficient appropriate audit evidence regarding the management's assessment of the recoverability of the investments in subsidiary corporations and the expected credit losses associated with the amounts due from subsidiary corporations as at 31 March 2023. Consequently, we were unable to determine whether any adjustments might have been found necessary in respect of the carrying amounts of the investment in subsidiary corporations and amounts due from subsidiary corporations as at 31 March 2023.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Financial Reporting Standards in Singapore ("FRSs"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Group's financial statements in accordance with Singapore Standards of Auditing and to issue an auditor's report. However, because of the matters described in the *Bases for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF ABAN SINGAPORE PTE. LTD. (continued)

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters described in the *Bases for Disclaimer of Opinion* section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

CLA Global TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore

11 September 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2023

	Note	**2023 US$'000**	2022 US$'000
Revenue	4	**49,644**	80,089
Other income	5	**4,306**	728
Other gains – currency exchange gains - net		**358**	100
Expenses			
- Consumables and spare parts	14	**(8,723)**	(7,969)
- Rig operating expenses	6	**(18,914)**	(25,304)
- Depreciation of property, plant and equipment	20	**(1,113)**	(14,007)
- Depreciation of right-of-use asset	21(a)	**(8,019)**	(9,672)
- Employee compensation	7	**(14,596)**	(21,957)
- Finance expenses	8	**(22,368)**	(138,041)
- Impairment loss on property, plant and equipment - net	20	**-**	(122,814)
- Inventory write-down	14	**-**	(7,797)
- Other operating expenses	9	**(3,358)**	(2,903)
Total expenses		**(77,091)**	(350,464)
Share of loss of associated companies, net of tax	18	**(25)**	(148)
Loss before income tax		**(22,808)**	(269,695)
Income tax expense	10	**(1,263)**	(2,365)
Total comprehensive loss, representing net loss		**(24,071)**	(272,060)

BALANCE SHEETS
As at 31 March 2023

	Note	Group 2023 US$'000	Group 2022 US$'000	Company 2023 US$'000	Company 2022 US$'000
ASSETS					
Current assets					
Cash and cash equivalents	11	**17,903**	11,199	**17,406**	10,009
Trade and other receivables	12	**18,060**	20,149	**18,002**	19,950
Contract assets	13	**14,439**	-	**14,439**	-
Inventories	14	**8,174**	8,808	**8,174**	3,578
Other current assets	15	**8,201**	20,014	**8,069**	19,653
		66,777	60,170	**66,090**	53,190
Non-current assets held-for-sale	16	**-**	166,796	**-**	-
		66,777	226,966	**66,090**	53,190
Non-current assets					
Investments in subsidiary corporations	17	**-**	-	**470,741**	456,751
Amount due from subsidiary corporations (non-trade)	17	**-**	-	**219,249**	514,694
Investments in associated companies	18	**1,301**	1,326	**1,301**	1,326
Amount due from associated companies (non-trade)	18	**-**	11	**-**	11
Property, plant and equipment	20	**30,913**	32,026	**14**	26
Right-of-use assets	21(a)	**4,602**	12,621	**24,857**	12,621
Intangible assets	22	**44,573**	44,573	**-**	-
		81,389	90,557	**716,162**	985,429
Total assets		**148,166**	317,523	**782,252**	1,038,619
LIABILITIES					
Current liabilities					
Trade and other payables	23	**87,353**	68,457	**24,063**	13,715
Borrowings	24	**120,157**	135,070	**7,288**	7,288
Lease liabilities	25	**5,018**	8,335	**11,071**	8,335
Current income tax liabilities		**4,759**	2,788	**4,759**	2,788
		217,287	214,650	**47,181**	32,126
Non-current liabilities					
Lease liabilities	25	**-**	5,018	**14,793**	5,018
Amount due to subsidiary corporations (non-trade)	17	**-**	-	**535,639**	671,363
Amount due to associated companies (non-trade)	18	**2,659**	2,667	**2,563**	2,570
Amount due to immediate holding corporation (non-trade)	26	**106,588**	249,525	**106,588**	249,525
Provision for retirement benefits	27	**40**	-	**40**	-
		109,287	257,210	**659,623**	928,476
Total liabilities		**326,574**	471,860	**706,804**	960,602
NET (LIABILITIES)/ASSETS		**(178,408)**	(154,337)	**75,448**	78,017
EQUITY					
Share capital	28	**2,850,000**	2,850,000	**2,850,000**	2,850,000
Other reserves	29(a)	**29,238**	29,238	**-**	-
Accumulated losses	29(b)	**(3,057,646)**	(3,033,575)	**(2,774,552)**	(2,771,983)
Total equity		**(178,408)**	(154,337)	**75,448**	78,017

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2023

	Share capital US$'000	Other reserves US$'000	Accumulated losses US$'000	Total equity US$'000
Balance as at 1 April 2022	**2,850,000**	**29,238**	**(3,033,575)**	**(154,337)**
Total comprehensive loss for the financial year	-	-	(24,071)	(24,071)
Balance as at 31 March 2023	**2,850,000**	**29,238**	**(3,057,646)**	**(178,408)**
Balance as at 1 April 2021	2,850,000	29,238	(2,761,515)	117,723
Total comprehensive loss for the financial year	-	-	(272,060)	(272,060)
Balance as at 31 March 2022	2,850,000	29,238	(3,033,575)	(154,337)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2023

	Note	**2023**	2022
		US$'000	US$'000
Cash flows from operating activities			
Net loss		**(24,071)**	(272,060)
Adjustments for:			
- Interest income from bank deposits	5	**(47)**	(32)
- Interest expense	8	**22,368**	138,041
- Income tax expense	10	**1,263**	2,365
- Inventory write-down	14	**-**	7,797
- Share of loss of associated companies, net of tax	18	**25**	148
- Bad debts written off	9	**11**	-
- Depreciation of property, plant and equipment	20	**1,113**	14,007
- Impairment loss on property, plant and equipment - net	20	**-**	122,814
- Depreciation of right-of-use assets	21(a)	**8,019**	9,672
- Provision of retirement benefits	27	**40**	-
		8,721	22,752
Change in working capital:			
- Trade and other receivables		**2,089**	11,843
- Contract assets		**(14,439)**	-
- Inventories		**634**	(887)
- Other current assets		**11,813**	992
- Trade and other payables		**6,868**	(19,682)
Cash generated from operations		**15,686**	15,018
- Income tax refunded/(paid)		**708**	(511)
- Interest received		**47**	32
Net cash provided by operating activities		**16,441**	14,539
Cash flows from investing activities			
Additions to property, plant and equipment	20	**-**	(31)
Disposal of non-current assets held-for-sale		**166,796**	-
Disposal of property, plant and equipment and inventories		**-**	45,510
(Advances to)/repayment from associated companies		**(8)**	2,577
Net cash provided by investing activities		**166,788**	48,056
Cash flows from financing activities			
Repayment to immediate holding corporation		**(152,539)**	(38,964)
Repayment of borrowings	24	**(14,913)**	(9,313)
Principal repayment of lease liabilities		**(8,335)**	(9,468)
Interest paid for borrowings		**-**	(1,777)
Interest paid for lease liabilities		**(738)**	(1,482)
Net cash used in financing activities		**(176,525)**	(61,004)
Net increase in cash and cash equivalents		**6,704**	1,591
Cash and cash equivalents			
Beginning of financial year		**11,199**	9,608
End of financial year	11	**17,903**	11,199

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2023

Reconciliation of liabilities arising from financing activities

	1 April 2022 US$'000	Principal and interest payments US$'000	Non-cash changes Interest expense US$'000	31 March 2023 US$'000
Bank borrowings	135,070	(14,913)	-	120,157
Accrued interest payable	60,988	-	12,028	73,016
Lease liabilities	13,353	(9,073)	738	5,018
Amount due to immediate holding corporation (non-trade)	249,525	(152,539)	9,602	106,588

	1 April 2021 US$'000	Principal and interest payments US$'000	Non-cash changes Interest expense US$'000	31 March 2022 US$'000
Bank borrowings	135,070	-	-	135,070
Bonds	9,313	(9,313)	-	-
Accrued interest payable	53,377	(1,777)	9,388	60,988
Lease liabilities	22,821	(10,950)	1,482	13,353
Amount due to immediate holding corporation (non-trade)	161,318	(38,964)	127,171	249,525

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Aban Singapore Pte. Ltd. (the "Company") was incorporated in Singapore on 18 November 2005 and domiciled in Singapore. The address of its registered office and primary place of business is 10 Jalan Besar #11-06 Sim Lim Tower, Singapore 208787.

Aban Singapore Pte. Ltd. is an investment holding company. Aban Singapore Pte. Ltd. and its subsidiary corporations (collectively the "Group") provide drilling services to companies engaged in the exploration, development and production of oil and gas. The principal activities of each entity in the Group are set out in Note 33 to the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

Interpretations and amendments to published standards effective in 2022

On 1 April 2022, the Group has adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Going concern

In preparing the financial statements, the Board of Directors have considered the operations of the Group and the Company as going concerns notwithstanding that the Group and the Company incurred a net loss of US$24,071,000 and US$2,569,000 (2022: US$272,060,000 and US$3,753,000) respectively for the financial year ended 31 March 2023, and as at that date, the Group was in net current liabilities position and net liabilities position of US$150,510,000 and US$178,408,000 (2022: net liabilities position of US$154,337,000) respectively .

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Going concern

As disclosed in Note 20 to the financial statements, the Group's rigs with a carrying amount of US$30,899,000 (2022: the Group's rigs with carrying amount of US$32,000,000 and the Group's rigs classified as assets held-for-sale with carrying amount of US$157,997,000) have been pledged as securities for the borrowings of the immediate holding corporation, Aban Holdings Pte. Ltd. ("AHPL"), the borrowings of the Group and the borrowings of the Company, amounting to US$1,643,394,000, US$120,157,000 and US$7,288,000 (2022: US$1,788,591,000, US$135,070,000 and US$7,288,000) respectively

In addition, AHPL, the Group and the Company have defaulted on the payment of their borrowings, which have fallen due, and have breached the covenants of their borrowings, giving the lenders the right to demand the related borrowings be due and payable immediately. The lenders have issued recall notices to AHPL, the Group and the Company. Management has classified these borrowings, with original repayment terms beyond 12 months from the balance sheet date as current liabilities.

The above conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Nevertheless, the Board of Directors believes that the use of the going concern assumption in the preparation of the financial statements of the Group and the Company for the financial year ended 31 March 2023 is still appropriate. This consideration is made after taking account that, as of the date of this report, the Group has sold and delivered to its buyers a total of seven rigs, with the exception of one rig that was under operation during the financial year ended 31 March 2023. Additionally, the Group is currently in discussions with its lenders to obtain approval for and implementation of an appropriate debt resolution plan.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of value-added tax ("VAT"), returns, rebates, and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivable is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Drilling and drilling related contracts

Revenue is derived mainly from drilling and drilling related contracts at rates established in the relevant contracts. For each contract, the Group will assess if the contract is a multiple element arrangement. Where the arrangement is determined to contain a lease, revenue relating to the lease component is recognised on a straight-line basis over the period of the lease contract and revenue relating to the service component is recognised over the period during which the services are rendered which is typically on a straight line basis.

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(a) *Drilling and drilling related contracts* (continued)

Certain contracts may include fees payable at the start of the contract whereby:

- In cases where the fee covers a general upgrade of a rig or equipment which increases the value of the rig or equipment beyond the contract period, the fee is recognised as revenue over the period of the lease contract whereas the investment is depreciated over the remaining lifetime of the asset; or

- In case where the fee covers specific upgrades or equipment specific to the contract, the fees are recognised as revenue and related cost are capitalised as contract assets.

(b) Other incidental services

Other incidental services relate to supplies, equipment, personnel services and other services provided. Revenue from other incidental services is recognised when related services have been rendered over time since customer simultaneously receives and consumes the benefit provided by the Group.

(c) Interest income from bank deposits

Interest income is recognised on a time-proportion basis using the effective interest method.

2.3 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) Subsidiary corporations (continued)

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

2. Significant accounting policies (continued)

2.3 <u>Group accounting</u> (continued)

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income. Dividends received or receivable from the associated companies are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associated company includes any long-term loans for which settlements are never planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its associated companies is eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(c) Associated companies (continued)

(iii) Disposals

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

(d) Joint operations

The Group's joint operations are joint arrangements whereby the parties (the joint operators) that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognises, in relation to its interest in the joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

When the Group sells or contributes assets to a joint operation, the Group recognises gains or losses on the sale or contribution of assets that is attributable to the interest of the other joint operators. The Group recognises the full amount of any loss when the sale or contribution of assets provides evidence of a reduction in the net realisable value, or an impairment loss, of those assets.

When the Group purchases assets from a joint operation, it does not recognise its share of the gains and losses until it resells the assets to a third party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of the assets to be purchased or an impairment loss.

The accounting policies of the assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

2.4 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses (Note 2.8(b)).

(ii) Components of cost

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also include borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset (refer to Note 2.6 on borrowing costs).

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(b) Depreciation

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Rigs	30 or 40 years
Rigs (machinery and equipment installed on rigs)	3 - 5 years
Leasehold improvements, furniture and office equipment	3 - 10 years
Motor vehicles	3 years

Rigs under construction are not depreciated.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Rigs under construction

Rigs under construction include payments made under the contracts, capitalised interest and other costs directly associated with the construction. Capitalised value is reclassified from rigs under construction to rigs subsequent to delivery from the yard and when the asset is considered available for its intended use.

(d) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in profit or loss when incurred.

(e) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains or losses".

2.5 Intangible assets

(a) Acquired licence

Licence acquired is initially recognised at cost and is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over the period of contractual right or estimated useful lives, whichever is shorter. The Group's acquired licence is not amortised until it is available for use.

(b) Oil and Gas expenditure – exploration and evaluation ("E&E") assets

E&E assets comprise of rights and concession and conventional studies. Following the acquisition of a concession right to explore a licensed area, the costs incurred such as geological and geophysical surveys, drilling, commercial appraisal costs and other directly attributable costs of exploration and appraisal including technical and administrative costs, are capitalised as conventional studies, presented as intangible assets.

2. Significant accounting policies (continued)

2.5 Intangible assets (continued)

(c) Farm-outs – in the exploration and evaluation phase

The Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements, but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest rate method except for those costs that are directly attributable to the construction and refurbishment of rigs. This includes those costs on borrowings acquired specifically for the construction or refurbishment of rigs, as well as those in relation to the general borrowings used to finance the construction and refurbishment of rigs.

The actual borrowing costs incurred on that borrowing during the period up to delivery from the yard less any investment income on the temporary investment of those borrowings, are capitalised in the cost of the rigs under construction or refurbishment. Borrowing cost on general borrowings are capitalised by applying capitalisation rate to construction or refurbishment of rigs that are financed by general borrowings. The capitalisation rate represents the weighted average of the borrowing costs applicable to the borrowings of the entities in the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

2.7 Investments in subsidiary corporations and associated companies

Investments in subsidiary corporations and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.8 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is any indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the group's cash-generating unit ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of the CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

2. Significant accounting policies (continued)

2.8 Impairment of non-financial assets (continued)

(b) Intangible assets
Property, plant and equipment
Right-of-use assets
Investments in subsidiary corporations and associated companies

Intangible assets, property, plant and equipment, right-of-use assets and investments in subsidiary corporations and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.9 Financial assets

(a) Classification and measurement

The Group classifies its financial assets as amortised costs.

The classification of debt instruments depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(a) Classification and measurement (continued)

At subsequent measurement

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables and amounts due from subsidiary corporations and associated companies.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
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(b) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(c) Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

2.10 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

2. Significant accounting policies (continued)

2.12 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

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

2.13 Leases

(i) When the Group is the lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are presented separately on the balance sheets.

- Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

2. Significant accounting policies (continued)

2.13 Leases (continued)

(i) When the Group is the lessee (continued)

- Lease liabilities (continued)

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

– There is a change in future lease payments arising from changes in an index or rate;
– There is a changes in the Group's assessment of whether it will exercise an extension option; or
– There are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term and low value leases

The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

(ii) When the Group is the lessor

The Group leases its rigs under operating leases to non-related parties.

Leases of property, plant and equipment where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases.

Rental income from operating leases (net of any incentives given to lessees) is recognised in the profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense in the profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2.14 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2. Significant accounting policies (continued)

2.15 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations, associated companies and joint operations, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovation credit) similar to accounting for other tax credits where a deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised.

2.16 Provisions

Provisions for warranty, restructuring cost and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2. Significant accounting policies (continued)

2.17 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

(b) Defined benefit plans

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date less than fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality corporate bonds that are denominated in the currency and the country in which the benefits will be paid, and have tenures approximately to that of the related post-employment benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period when they arise. Past service costs are recognised immediately in profit or loss.

(c) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(d) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2. Significant accounting policies (continued)

2.18 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollar (US$), which is the functional currency of the Company and have been rounded to the nearest thousand (US$'000).

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets, contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "Finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Other gains or losses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rate at the reporting date.

2. Significant accounting policies (continued)

2.19 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash at bank and on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.20 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.21 Dividends to the Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.22 Non-current assets held-for-sale

Non-current assets are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

(a) Income taxes

The Group is subject to income taxes in numerous jurisdictions, comprising foreign withholding taxes or taxes on net profits attributable to a permanent establishment in accordance with the tax jurisdictions of the respective countries where drilling operations are conducted. Significant judgement by management is required in determining the global provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business or as a result of new tax laws or revised interpretations of existing tax laws and precedents. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due; and for uncertain tax positions of certain subsidiary corporations in the Group, based on the single best estimate of the most likely outcomes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such as due to changes in tax rules in different jurisdictions or revised interpretations of existing tax laws and precedents, such differences will impact the income tax provisions in the corresponding periods.

3. Critical accounting estimates, assumptions and judgements (continued)

(a) Income taxes (continued)

Current income tax liabilities

In arriving at the current income tax charge for the financial year, management exercised significant judgment of the availability of certain tax depreciation allowances. In the remote event that these allowances are not being available, there may be additional tax exposure to the Group.

(b) Useful lives of property, plant and equipment

The Group's business is capital intensive and the annual depreciation of property, plant and equipment forms a significant component of total costs charged to profit or loss. Management reviews, and adjusts as appropriate, the useful lives of property, plant and equipment at each balance sheet date in accordance with the Group's accounting policy. The estimation of the useful lives involves significant judgement. The net book value of completed rigs at 31 March 2023 was US$30,899,000 (2022: US$32,000,000) and the depreciation charge for the financial year ended 31 March 2023 was US$1,101,000 (2022: US$13,988,000) (Note 20).

The estimated useful life of rigs (includes machinery and equipment installed on rigs) is an estimate by management based on a variety of factors such as historical experience and expectations regarding future operations, performance and utilisation of assets. The machinery and equipment on board works in conjunction with the entire rig and forms a part of the composite drilling unit. All the rigs are subjected to regular maintenance programs such as dry-docking, planned overhauling of critical equipment like the engines, mud pumps, top-drive systems and the draw works. Management believes that the experience of the Group and supporting data based on market information support the view that the rigs (both hull and structure as well as machinery and equipment components) will have estimated useful lives of up to 40 years.

If the actual useful lives of the rigs were to increase or decrease by 10% from management's estimates, the depreciation expense on the completed rigs for the financial year ended 31 March 2023 would be an estimated US$73,000 (2022: US$110,000) lower or US$89,000 (2022: US$134,000) higher respectively.

(c) Impairment of property, plant and equipment

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable CGU, have been determined based on higher of the fair value less cost to sell and value-in-use ("VIU"). The carrying amounts of property, plant and equipment at the balance sheet date are disclosed in Note 20 to the financial statements.

No impairment charge was recognised for the financial year ended 31 March 2023 as management has assessed that the estimated recoverable amount of property, plant and equipment determined by fair value less cost to sell is higher than its carrying amount.

An impairment charge of US$131,094,000 was recognised for property, plant and equipment for the financial year ended 31 March 2022 based on estimated recoverable amount determined by fair value less cost to sell.

3. Critical accounting estimates, assumptions and judgements (continued)

(c) Impairment of property, plant and equipment (continued)

A reversal of impairment loss on certain property, plant and equipment amounted to US$8,280,000 was recognised for the financial year ended 31 March 2022 based on estimated recoverable amount determined by fair value less cost to sell.

The estimated recoverable amount determined by management is lower than the carrying amounts of certain property, plant and equipment has resulted in a reduction in the carrying amounts from US$48,268,000 to US$32,000,000 as at 31 March 2022. If the fair value less cost to sell determined by management had been lower by 10%, the Group would have reduced the carrying amount of property, plant and equipment by US$3,200,000 to US$28,800,000.

(d) Impairment of trade receivables

As at 31 March 2023, the Group's and the Company's trade receivables net of expected credit loss allowance amounted to US$7,103,000 and US$7,103,000 (2022: US$14,223,000 and US$14,056,000) respectively (Note 12) are arising from the Group's and the Company's different revenue segments – drilling and drilling related contracts and other incidental services.

The management has determined the expected loss rates by grouping the receivables based on credit evaluation of individual customer. As at 31 March 2023 and 2022 respectively, the Group's and the Company's cumulative expected credit loss allowance amounted to US$78,280,000 and US$46,131,000 respectively for trade receivables.

Notwithstanding the above, the Group and the Company evaluate the expected credit loss on customers in financial difficulties separately. There is no customer in financial difficulties during the financial years ended 31 March 2023 and 2022 respectively.

The Group's and the Company's credit risk exposure for trade receivables by individual customer are set out in Note 30(b) to the financial statements.

4. Revenue

All the sales are recognised over time.

	Group	
	2023	2022
	US$'000	US$'000
Revenue from drilling and drilling related contracts		
- Middle East Asia	**8,633**	42,446
- South Asia	**39,984**	33,306
- South East Asia	**-**	1,405
	48,617	77,157
Income from incidental services related to drilling contracts		
- Middle East Asia	**892**	2,137
- South Asia	**135**	67
- South East Asia	**-**	728
	1,027	2,932
Total	**49,644**	80,089

5. Other income

	Group	
	2023	2022
	US$'000	US$'000
Interest income – bank deposits	**47**	32
Insurance premium rebate	**-**	634
Rig support services fee	**3,955**	-
Scrap sales	**304**	1
Other	**-**	61
	4,306	728

6. Rig operating expenses

	Group	
	2023	2022
	US$'000	US$'000
Catering	**553**	2,041
Clearing and forwarding	**1,134**	899
Communications	**440**	523
Equipment rental for drilling	**4,043**	2,512
Expenses relating to incidental services rendered	**334**	1,118
Insurance	**370**	2,434
Mobilisation	**7**	1,058
Port fees	**351**	1,996
Repair and maintenance	**3,864**	6,221
Repair and maintenance costs for rig preparation	**3,238**	-
Rig fuel	**607**	2,614
Subcontractor and agency fees	**719**	210
Training	**131**	192
Travelling and transportation	**2,259**	2,885
Other	**864**	601
Total rig operating expenses	**18,914**	25,304

7. Employee compensation

	Group	
	2023	2022
	US$'000	US$'000
Wages and salaries	**14,226**	21,035
Employers' contribution to defined contribution plans	**175**	194
Other benefits	**195**	728
	14,596	21,957

8. Finance expenses

	Group	
	2023	2022
	US$'000	US$'000
Interest expenses		
- Bonds	**-**	1,011
- Bank borrowings	**12,028**	8,377
- Immediate holding corporation	**9,602**	127,171
- Lease liabilities (Note 21(b))	**738**	1,482
	22,368	138,041

Finance expenses of US$9,602,000 (2022: US$127,171,000) charged by the immediate holding corporation to the Company has been allocated to subsidiary corporations based on the assets offered as security by the subsidiary corporations for the facility availed by the immediate holding corporation (Note 20).

9. Other operating expenses

	Group	
	2023	2022
	US$'000	US$'000
Bad debts written-off (Note 18)	**11**	-
Consultancy and advisory fees	**1,057**	1,348
Legal fee	**107**	219
Rental expense on operating leases (Note 21(c))	**253**	321
Rig move	**1,640**	388
Other	**290**	627
	3,358	2,903

10. Income tax

	Group	
	2023	2022
	US$'000	US$'000
Tax expense attributable to loss is made up of:		
Loss for the financial year:		
- Current income tax	**1,971**	2,023
(Over)/under provision in prior financial years		
- Current income tax	**(708)**	342
	1,263	2,365

The Maritime and Port Authority of Singapore ("MPA") awarded the "Approved International Shipping Enterprise" ("AIS") status to the Group with effect from 1 June 2016 for a period of 10 years. During the financial year ended 31 March 2023, the Group had submitted a request for withdrawal to MPA from the AIS scheme with effect from 1 June 2021 as the Group was unable to meet the qualifying conditions under AIS scheme. On 7 July 2023, MPA has approved the Group's request for withdrawal from the AIS scheme.

10. Income tax (continued)

The tax expense on loss before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as below:

	Group	
	2023	2022
	US$'000	US$'000
Loss before income tax	**(22,808)**	(269,695)
Share of loss of associated companies	**25**	148
Loss before income tax and share of loss of associated companies	**(22,783)**	(269,547)
Tax calculated at a tax rate of 17% (2022: 17%)	**(3,873)**	(45,823)
Effects of:		
- Different tax rates in other countries	**5,701**	4,017
- Expenses not deductible for tax purposes	**11,658**	59,601
- Income not subjected to tax	**(11,515)**	(15,772)
- (Over)/under provision in prior financial years	**(708)**	342
Tax charge	**1,263**	2,365

11. Cash and cash equivalents

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Cash at bank and on hand	**9,903**	11,199	**9,406**	10,009
Short-term bank deposits	**8,000**	-	**8,000**	-
	17,903	11,199	**17,406**	10,009

12. Trade and other receivables

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Trade receivables				
- Non-related parties	**85,383**	92,503	**53,234**	60,187
Less: Expected credit loss allowance (Note 30(b))	**(78,280)**	(78,280)	**(46,131)**	(46,131)
	7,103	14,223	**7,103**	14,056
Advances to employees	**81**	125	**81**	124
VAT receivables	**10,807**	5,793	**10,806**	5,762
Other receivables				
- Non-related parties	**69**	8	**12**	8
	18,060	20,149	**18,002**	19,950

13. Contract assets

The Group and the Company have recognised an asset in relation to costs to fulfil long-term drilling contracts. This is presented as contract assets on the balance sheet.

	Group and Company	
	2023	2022
	US$'000	US$'000
Contract assets		
Asset recognised from costs incurred to fulfil a contract as at 31 March	**14,439**	-

Costs incurred to fulfil a contract are capitalised only, if the costs relate directly to the contract, generate or enhance resources used in satisfying future performance obligations. These costs would be amortised consistently with revenue recognition of the associated contract. The Group and the Company have applied the practical expedient and recognised the costs incurred to fulfil a contract as an expense when incurred if the amortisation period of the assets that the Group and the Company otherwise would have recognised is one year or less.

14. Inventories

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Consumables and spare parts	**8,174**	8,808	**8,174**	3,578

The cost of inventories recognised as expense and included in statement of comprehensive income amounted to US$8,723,000 (2022: US$7,969,000). In addition, the Group recognised inventory write-down amounted to US$Nil (2022: US$7,797,000).

15. Other current assets

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Deposits	**2,877**	9,676	**2,745**	9,537
Prepayments	**5,324**	10,338	**5,324**	10,116
	8,201	20,014	**8,069**	19,653

16. Non-current assets held-for-sale

	Group	
	2023	2022
	US$'000	US$'000
Details of the assets classified as held-for-sale were as follows:		
Property, plant and equipment	**-**	157,997
Inventories	**-**	8,799
	-	166,796

16. Non-current assets held-for-sale (continued)

During financial year ended 31 March 2022, the Group has received instructions from the lenders to sell 7 rigs to repay the debts. The sale is highly probable and expected to be completed within one year. Accordingly, the Group classified these rigs as held-for-sale and are presented separately in the consolidated balance sheet. As at 31 March 2022, the assets held-for-sale was stated at fair value less costs to sell. Consequently, the Group recognised an impairment loss on the rigs and inventory write-down totaling to US$131,094,000 and US$7,797,000 respectively.

All sales have been completed during the financial year ended 31 March 2023.

17. Investments in subsidiary corporations

	Company	
	2023	2022
	US$'000	US$'000
Equity investments at cost		
Beginning of financial year	**2,463,177**	2,463,177
Additional capital contribution in a subsidiary corporation	**13,990**	-
End of financial year	**2,477,167**	2,463,177
Accumulated impairment		
Beginning and end of financial year	**2,006,426**	2,006,426
Carrying amount		
End of financial year	**470,741**	456,751

Details of the subsidiary corporations are disclosed in Note 33 to the financial statements.

The Group has no subsidiary corporations with material non-controlling interests.

As at 31 March 2023 and 2022, management has determined that no objective evidence or indication that the carrying amounts of the investments in subsidiary corporations may not be recoverable as at 31 March 2023 ad 2022, accordingly impairment assessment is not required.

Amounts due from/(to) subsidiary corporations (non-trade)

The amounts due from/(to) subsidiary corporations are unsecured and with interest and repayment terms that correspond to the Group's amount due to immediate holding corporation.

The management is of the opinion that the fair value of amounts due from/(to) subsidiary corporations approximates its carrying amount.

18. Investments in associated companies

	Group and Company	
	2023	2022
	US$'000	US$'000
Equity investments		
Beginning of financial year	**1,326**	1,474
Share of loss of associated companies accounted for using the equity method	**(25)**	(148)
End of financial year	**1,301**	1,326

Information on the Company's investments in associated companies are detailed in Note 33 to the financial statements and as follows:

Investment in associated company with a carrying amount of US$1,301,000 (2022: US$1,326,000) represents the Group's and the Company's 49% interest in Belati Oilfield Sdn Bhd, a company incorporated in Malaysia, which is also their principal place of business. The associated company is regarded by the Board of Directors as not material to the Group. The associated company has share capital consisting solely of ordinary shares, which is held by the Company. There are no contingent liabilities relating to the Group's and the Company's interest in the associated company.

The financial information of the associate companies are not disclosed as the financial impact is not material to the Group.

Amounts due from/(to) associated companies

During the financial year ended 31 March 2023, the management has fully written-off the amount from Aban Hydrocarbons Pte. Ltd. amounted to US$11,000 (Note 9) that has been struck off in the financial year ended 31 March 2022.

The non-trade amounts due from/(to) associated companies are unsecured, interest-free and are not expected to be repaid within the next 12 months.

The management is of the opinion that the fair value of amounts due from/(to) associated companies approximates its carrying amount.

19. Joint operation

During the financial year ended 31 March 2019, the Group incorporated a subsidiary corporation Caldera Petroleum (UK) Ltd ("Caldera"), a company incorporated in the United Kingdom ("UK"), which is also their principal place of business to carry out its principal activities of oil exploration and production. Caldera entered into a joint operating arrangement with Anasuria Hibiscus (UK) Ltd ("Hibiscus") for the exploration, development and production of oil and gas from UK Continental Shelf Petroleum Production Licence No. P.198 Block 15/13a and Block 15/13b in the UK Central North Sea ("Licence"). Hibiscus had been appointed as the operator.

The licence, all costs and obligations incurred in, and all rights and benefits arising out of, the conduct of the joint operations shall be owned and borne by the Group and Hibiscus in proportion to their respective percentage of interests in the Licence.

The financial information of the joint operation is not disclosed as the financial impact is not material to the Group.

20. Property, plant and equipment

Group	Rigs* US$'000	Leasehold improvements, furniture and office equipment US$'000	Motor vehicles US$'000	Total US$'000
2023				
Cost				
Beginning and end of financial year	189,536	2,684	401	192,621
Accumulated depreciation and impairment losses				
Beginning of financial year	157,536	2,682	377	160,595
Depreciation charge	1,101	2	10	1,113
End of financial year	158,637	2,684	387	161,708
Net book value				
End of financial year	**30,899**	**-**	**14**	**30,913**
2022				
Cost				
Beginning of financial year	3,060,780	2,684	370	3,063,834
Additions	-	-	31	31
Disposal	(789,891)	-	-	(789,891)
Reclassified to assets held-for-sale	(2,081,353)	-	-	(2,081,353)
End of financial year	189,536	2,684	401	192,621
Accumulated depreciation and impairment losses				
Beginning of financial year	2,692,260	2,670	370	2,695,300
Depreciation charge	13,988	12	7	14,007
Impairment charge - net	122,814	-	-	122,814
Disposal	(748,170)	-	-	(748,170)
Reclassified to assets held-for-sale	(1,923,356)	-	-	(1,923,356)
End of financial year	157,536	2,682	377	160,595
Net book value				
End of financial year	**32,000**	**2**	**24**	**32,026**

* Includes machinery and equipment installed on rigs

An impairment charge of US$131,094,000 was recognised for the financial year ended 31 March 2022 as the carrying amount of the rigs exceeded its estimated recoverable amount which was mainly due to the current slump in the oil and gas industry.

A reversal of impairment loss on certain rig amounted to US$8,280,000 was recognised for the financial year ended 31 March 2022 based on estimated recoverable amount determined by fair value less cost to sell.

20. Property, plant and equipment (continued)

The rigs of the Group with carrying amounts of US$30,899,000 (2022: US$32,000,000) have been pledged as securities for the borrowings of the Group and the Company amounting US$120,157,000 and US$7,288,000 (2022: US$135,070,000 and US$7,288,000) respectively (Note 24) and the borrowings amounting US$1,643,661,000 (2022: US$1,788,591,000) of the immediate holding corporation, Aban Holdings Pte. Ltd. ("AHPL").

Company	Leasehold improvement, furniture and office equipment US$'000	Motor vehicles US$'000	Total US$'000
2023			
Cost			
Beginning and end of financial year	732	91	823
Accumulated depreciation			
Beginning of financial year	730	67	797
Depreciation charge	2	10	12
End of financial year	732	77	809
Net book value			
End of financial year	**-**	**14**	**14**
2022			
Cost			
Beginning of financial year	732	60	792
Additions	-	31	31
End of financial year	732	91	823
Accumulated depreciation			
Beginning of financial year	728	60	788
Depreciation charge	2	7	9
End of financial year	730	67	797
Net book value			
End of financial year	**2**	**24**	**26**

21. Leases

The Group and Company as a lessee

Nature of the Group and Company's leasing activities – as a lessee

The Group leases rigs from the ultimate holding corporation to support its drilling and drilling related contracts. The lease agreements run for periods of up to 3 years.

The Company leases rigs from the ultimate holding corporation and its subsidiary corporations to support its drilling and drilling related contracts. The lease agreements run for periods from 3 years and up to 4 years (2022: 3 years and up to 5 years).

21. Leases (continued)

There are no externally imposed covenant on these lease arrangements.

(a) ROU assets – carrying amount and depreciation charge during the financial year

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Cost				
Beginning of financial year	**29,027**	29,027	**95,170**	108,879
Additions	**-**	-	**25,380**	-
Lease modification	**-**	-	**-**	(13,709)
End of financial year	**29,027**	29,027	**120,550**	95,170
Accumulated depreciation				
Beginning of financial year	**16,406**	6,734	**82,549**	61,112
Depreciation charge for the financial year	**8,019**	9,672	**13,144**	21,437
End of financial year	**24,425**	16,406	**95,693**	82,549
Net book value				
End of financial year	**4,602**	12,621	**24,857**	12,621

(b) Interest expense

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Interest expense on lease liabilities	**738**	1,482	**2,105**	2,440

(c) Lease expense not capitalised in lease liabilities

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Lease expense – low-value leases	**253**	321	**253**	314

(d) Total cash outflow for all the leases of the Group and the Company in 2023 was US$13,369,000 and US$15,226,000 (2022: US$13,783,000 and US$23,189,000) respectively.

(e) Future cash outflow which are not capitalised in lease liabilities

Extension options

The leases contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension option. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The majority of the extension options are exercisable by the Group and not by the lessor.

21. Leases (continued)

The Group and Company as a lessor

Nature of the Group and Company's leasing activities – as a lessor

The Group and the Company has leased out its rigs under drilling contracts to non-related parties. These leases are classified as operating leases because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Undiscounted lease payments from the operating leases to be received after the balance sheet date are as follows:

	Group	
	2023	2022
	US$'000	US$'000
Not later than one year	**7,835**	15,373
Between one to two years	**3,233**	24,071
More than two years	**3,233**	6,420
	14,301	45,864

22. Intangible assets

	Group	
	2023	2022
	US$'000	US$'000
Composition:		
Licence (Note (a))	**37,910**	37,910
Exploration and evaluation assets (Note (b))	**6,663**	6,663
	44,573	44,573

(a) Licence

	Group	
	2023	2022
	US$'000	US$'000
Cost representing net book value		
Beginning and end of financial year	**37,910**	37,910
Representing:		
Farm-out interest	**28,433**	28,433
Retained interest	**9,477**	9,477
	37,910	37,910

During the financial year ended 31 March 2019, the Group, through its wholly owned subsidiary corporation Caldera, acquired the UK Continental Shelf Petroleum Production Licence No. P.198 Block 15/13a ("Marigold") and Block 15/13b ("Sunflower") in the UK Central North Sea ("Licence") for a consideration of US$75,000,000. Subsequently, the Group sold 50% of its interest in the Licence to Hibiscus and entered into a joint operating agreement with Hibiscus. Please refer Note 19 to the financial statements for details.

22. Intangible assets (continued)

(a) Licence (continued)

During the financial year ended 31 March 2021, the Group, through its wholly owned subsidiary corporation Caldera, entered into a farm-out agreement with Hibiscus to transfer 37.5% interest in the licence and share the costs and risks associated with the exploration activities on the Marigold and Sunflower fields. As part of the farm-out arrangement, Hibiscus will contribute the additional funds which is required to achieve the farm development plan and the development costs for the 12.5% interest retained by the Group, capped at US$34,331,000.

The 37.5% interest in the licence may be required to transfer back to the Group if:

(i) Caldera agrees to reimburse the contributions made by Hibiscus; or
(ii) Hibiscus is unable to proceeds with the development of the project either due to change in market dynamics or inability to raise equity and loans.

As at the balance sheet date, the Group has not received the sale consideration. In accordance with the accounting policy described in Note 2.5(c) to the financial statements, the gain on disposal will be recognise in the statement of comprehensive income when the consideration is received.

(b) Exploration and evaluation ("E&E") assets

	Group	
	2023	2022
	US$'000	US$'000
Cost representing net book value		
Beginning and end of financial year	**6,663**	6,663
Representing:		
Farm-out interest	**4,997**	4,997
Retained interest	**1,666**	1,666
	6,663	6,663

23. Trade and other payables

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Trade payables				
- Non-related parties	**1,404**	3,181	**2,484**	2,977
- Ultimate holding corporation	**1,121**	-	**-**	-
- Subsidiary corporations	**-**	-	**5,543**	3,025
	2,525	3,181	**8,027**	6,002
Accrued interest payable				
- Bonds and bank borrowings	**73,016**	60,988	**4,570**	3,849
Social security, withholding and other taxes	**1,743**	827	**1,251**	825
Accruals for operating expenses	**10,069**	3,461	**10,215**	3,039
	87,353	68,457	**24,063**	13,715

24. Borrowings

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Current				
Bank borrowings	**120,157**	135,070	**7,288**	7,288

Movements in borrowings are analysed as follows:

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Beginning of financial year	**135,070**	144,383	**7,288**	7,288
Repayments of borrowings	**(14,913)**	(9,313)	**-**	-
End of financial year	**120,157**	135,070	**7,288**	7,288

Bank borrowings of the Group and the Company of US$120,157,000 and US$7,288,000 (2022: US$135,070,000 and US$7,288,000) respectively comprise of several individual loans, which are secured by (i) assets of the Group and/or assets of the ultimate holding corporation; or (ii) standby letters of credit, which in turn are secured by the assets of the Group and/or assets of the ultimate holding corporation.

These borrowings mature during the financial year (2022: mature over the period of 1 year from year 2022 to year 2023) and have an effective interest rate of 4% to 10% (2022: 3.3% to 7%) per annum at the balance sheet date.

During the financial year ended 31 March 2018, due to default on repayment of principal and interest payables, the Group and the Company have breached the covenants and recall notices have been received from the banks. The carrying amount of the Group's and the Company's borrowings in default as at 31 March 2023 are US$120,157,000 and US$7,288,000 (2022: US$135,070,000 and US$7,288,000) respectively.

The entire bank borrowings are presented as current liabilities as at 31 March 2023 and 2022 respectively.

25. Lease liabilities

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Current	**5,018**	8,335	**11,071**	8,335
Non-current	**-**	5,018	**14,793**	5,018
Total	**5,018**	13,353	**25,864**	13,353

The Group leases rigs from the ultimate holding corporation to support its drilling and drilling related contracts. The lease agreements run for periods of up to 3 years.

The Company leases rigs from the ultimate holding corporation and its subsidiary corporations to support its drilling and drilling related contracts. The lease agreements run for periods from 3 years and up to 4 years (2022: 3 years and up to 5 years).

26. Immediate and ultimate holding corporation

The immediate holding corporation is Aban Holdings Pte. Ltd., incorporated in Singapore. The ultimate holding corporation is Aban Offshore Limited, incorporated in India and listed in Bombay Stock Exchange and National Stock Exchange.

The amount due to immediate holding corporation is non-trade in nature, unsecured and bears interest at 7% (2022: 7%) per annum and not repayable within the next 12 months.

The management is of the opinion that the fair value of amount due to immediate holding corporation approximates its carrying amount.

27. Provision for retirement benefits

The Company operates an unfunded defined benefit plan in India. This plan is operated in accordance with Payment of Gratuity Act. All employees with more than 5 years of service are entitled to post-retirement benefits at a rate of 15 days of final salary upon termination of service, including retirement, withdrawal and resignation with vesting period of 5 years of service, or in the event of death and disability without any vesting period.

The present value of defined benefit obligations are as follows:

	Group and Company
	2023
	US$'000
Present value of obligations – non-current	**40**

The movements in the defined benefit obligations are as follows:

	2023
	US$'000
Beginning of financial year	**-**
Amount recognised in profit or loss:	
- Current service cost	**40**
End of the financial year	**40**

The principal actuarial assumptions used were as follows:

	2023
Normal retirement	60 years
Discount rate	7.45%
Salary growth rate	5.00%

28. Share capital

	No. of shares Issued share capital US$'000	Amount Issued share capital US$'000
2023 and 2022		
Beginning and end of financial year	**3,098,627**	**2,850,000**

During the financial year ended 31 March 2021, the Company has issued 150,000,000 ordinary shares through the capitalisation of US$150,000,000 on amount due to the immediate holding corporation. The newly issued shares rank pari passu in all respects with the previously issued shares.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

All issued shares are fully paid. There is no par value for these ordinary shares.

29. Other reserves

	Group	
	2023	2022
	US$'000	US$'000
(a) Other reserve		
Asset revaluation reserve		
Beginning and end of financial year	**29,238**	29,238

The amount in the asset revaluation reserve represent the increase in the fair value of identifiable net assets and liabilities of a previous acquisition in 2007 and is not distributable.

(b) Accumulated losses

Movement in accumulated losses for the Company is as follows:

	Company	
	2023	2022
	US$'000	US$'000
Beginning of financial year	**(2,771,983)**	(2,768,230)
Net loss for the financial year	**(2,569)**	(3,753)
End of financial year	**(2,774,552)**	(2,771,983)

30. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effect from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. They review and agree on the policies for managing each of these risks and are summarised as follows:

(a) Market risk

(i) Currency risk

The Group operates globally, but the balances and transactions are substantially denominated in United States Dollar (US$), which is the functional currency of the Company. Accordingly, the Group and the Company do not have significant exposure to currency risk.

(ii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The primary source of the Group's and the Company's interest rate risk relates to interest-bearing borrowings with variable interest. Interest income on the Group's and the Company's bank deposits is insignificant.

The Group monitors the interest rate on borrowings closely to ensure that the Group's and the Company's borrowings are maintained at favorable rates. The Group will consider the use of interest rate swaps where necessary, if the exposure to interest rate risk is assessed to be significant.

The Group's and the Company's borrowings at variable rates, on which effective hedges have not been entered into, are denominated mainly in US$. If interest rates increase/decrease by 1% (2022: 1%) with all other variables including tax rate being held constant, the loss after tax will be higher/lower by US$1,202,000 and US$73,000 (2022: higher/lower by US$1,351,000 and US$73,000) respectively as a result of higher/lower interest expense on these borrowing.

The exposure of the interest-bearing borrowings of the Group and the Company to interest rate changes at the balance sheet dates are as follows:

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Variable rates	**120,157**	135,070	**7,288**	7,288

All variable rate borrowings have a repricing period of 6 months or less (2022: 6 months or less).

30. Financial risk management (continued)

(a) *Market risk* (continued)

(iii) Price risk

The Group has no significant exposure to price risk as its revenue are based on contractual rates, and the Group does not have any equity securities as at 31 March 2023 and 2022.

(b) *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and the Company are bank deposits, trade receivables, amount due from associated companies and amount due from subsidiary corporations (Company only). For bank deposits, the Group and the Company maintain its cash deposits primarily with lenders of the Group or financial institutions with high credit quality to minimise their exposure to the banks.

Due to the nature of the Group's operations, revenue and receivable are typically concentrated amongst a relatively small customer base of oil and gas companies. The Group has policies in place to ensure that drilling contracts are with customers of adequate financial standing and appropriate credit history, and where necessary, certain guarantees either in form of bank or parent company may be requested. Additionally, the customers' payment profile and credit exposure are continuously monitored at the entity level and Group level by the management. The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial assets on the balance sheet.

The trade receivables of the Group and of the Company comprise 7 and 7 debtors (2022: 4 and 3 debtors) respectively.

The credit risk for trade receivables (net of expected credit loss allowance) based on the information provided by key management is as follows:

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
By geographical areas				
Asia	**7,103**	14,223	**7,103**	14,056

Customers are mainly government-linked oil and gas corporations.

The movement in expected credit loss allowance for trade receivables of the Group and the Company is set out as follows:

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Beginning and end of the financial year (Note 12)	**78,280**	78,280	**46,131**	46,131

30. Financial risk management (continued)

(b) *Credit risk* (continued)

The Group and the Company use a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

In measuring the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due.

In calculating the expected credit loss rates, the Group and the Company purely consider historical loss rates which management is of the view that the historical conditions are representative of the conditions prevailing at the balance sheet date.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group and the Company. The Group and the Company consider a financial asset as in default if the counterparty fails to make contractual payments within 180 days when they fall due, and writes off the financial asset after attempted all enforcement activity to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Group's and the Company's credit risk exposure in relation to trade receivables under FRS 109 as at 31 March 2023 and 2022 are set out in the provision matrix as follows:

		Past due			
	Not past due US$'000	**Less than 3 months US$'000**	**3 to 6 months US$'000**	**More than 180 days US$'000**	**Total US$'000**
Group					
31 March 2023					
Trade receivables	5,089	1,608	265	78,421	85,383
Expected credit loss allowance	-	-	-	(78,280)	(78,280)
31 March 2022					
Trade receivables	7,907	4,492	237	79,867	92,503
Expected credit loss allowance	-	-	-	(78,280)	(78,280)
Company					
31 March 2023					
Trade receivables	5,089	1,608	265	46,272	53,234
Expected credit loss allowance	-	-	-	(46,131)	(46,131)
31 March 2022					
Trade receivables	7,740	4,492	237	47,718	60,187
Expected credit loss allowance	-	-	-	(46,131)	(46,131)

Cash and cash equivalents, other receivables, amount due from immediate and ultimate holding corporation, amount due from associated company and amount due from subsidiary corporations (Company only) are considered to have low risk of default. The balances are measured on 12-month expected credit losses. The credit loss is immaterial.

30. Financial risk management (continued)

(c) Liquidity risk

The drilling operations of the Group require substantial investment and are dependent on its ability to finance its rig construction and acquisitions and service its bank borrowings as well as other capital and operating requirements and commitments. The Group ensures that arrangements have been made to obtain adequate funds to meet all its operating and capital obligations in the form of continuing committed credit facilities with financial institutions as well as continuing financial support from the ultimate holding company to enable the Group to meet its debts and liabilities as and when they fall due for at least 12 months from the balance sheet date.

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows (including interest payable in the future) at the balance sheet date.

Group	Within 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000
2023			
Trade and other payables	87,353	-	-
Bank borrowings	128,568	-	-
Lease liabilities	5,216	-	-
	221,137	**-**	**-**
2022			
Trade and other payables	68,457	-	-
Bank borrowings	144,525	-	-
Lease liabilities	9,073	5,216	-
	222,055	5,216	-
Company			
2023			
Trade and other payables	24,063	-	-
Bank borrowings	7,798	-	-
Lease liabilities	12,536	7,300	8,700
	44,397	**7,300**	**8,700**
2022			
Trade and other payables	13,715	-	-
Bank borrowings	7,798	-	-
Lease liabilities	9,073	5,216	-
	30,586	5,216	-

The Board of Directors does not regard the amount due to immediate holding corporation (non-trade) of the Group and the Company of US$106,588,000 (2022: US$249,525,000) and amounts due to subsidiary corporations (non-trade) of the Company of US$535,639,000 (2022: US$671,363,000) as part of their consideration of liquidity risk in view that these amounts have no fixed repayment terms and continuing financial support from the immediate and ultimate holding corporation has been provided to the Group and the Company has 100% control of the subsidiary corporations.

30. Financial risk management (continued)

(d) Capital management

The Group's objectives when managing capital are to ensure the Group's ability to continue as a going concern and to maintain an optimal capital structure by issuing or redeeming additional equity, borrowings and other instruments when necessary.

As the Group and the Company are mainly funded through external borrowings and immediate holding corporation, the objectives of the Board of Directors when managing capital is to ensure that the Group and the Company continue to enjoy the use of funds from borrowings by ensuring that the immediate holding corporation undertake not to demand repayment on the amount due to them for the next twelve months.

The Group considers total capital to comprise of its total equity, amount due to immediate holding corporation and bank borrowings, as follows:

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Total equity	**(178,408)**	(154,337)	**75,448**	78,017
Amount due to immediate holding corporation (non-trade)	**106,588**	249,525	**106,588**	249,525
Bonds and bank borrowings	**120,157**	135,070	**7,288**	7,288
Total capital	**48,337**	230,258	**189,324**	334,830

(e) Fair value measurement

The carrying amount less impairment provision of trade and other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amounts of current borrowings approximate their fair values.

(f) Financial instrument by category

The carrying amount of the different categories of financial instruments is as follows:

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Financial assets at amortised cost	**38,840**	41,035	**257,402**	554,201
Financial liabilities at amortised cost	**321,775**	469,072	**702,005**	957,814

31. Related party transactions

In addition to information shown elsewhere in the financial statements, the following transactions took place between the Group and related parties during the financial year at terms agreed between the parties:

(a) Sales and purchases of goods and services

	Group	
	2023	2022
	US$'000	US$'000
Rendering of service to an associated company	**-**	37
Payments of lease liabilities to immediate and ultimate holding corporation	**9,073**	10,950
Interest charged by immediate and ultimate holding corporation	**9,602**	127,171

Outstanding balances as at 31 March 2023 and 2022, arising from services rendered and payments of lease liabilities is disclosed in Notes 12 and 23 to the financial statements. For outstanding balances which are unsecured and not repayable within the next 12 months from the balance sheet date is disclosed in Notes 17, 18 and 26 to the financial statements.

(b) Key management personnel compensation

Key management personnel compensation is analysed as follows:

	Group	
	2023	2022
	US$'000	US$'000
Salaries and other short-term employee benefits	**1,009**	1,426

Included in the above is total compensation to one (2022: one) director of the Company amounting to US$720,000 (2022: US$833,000). There is no other compensation made to other directors of the Company as these directors also have employment relationships with the ultimate holding company.

32. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 31 March 2023 and which the Group has not early adopted.

Effective for annual periods beginning on or after 1 January 2023
- FRS 117 Insurance Contracts
- Amendments to FRS 117
- Amendments to FRS 1 Classification of Liabilities as Current or Non-current
- Amendments to FRS 1 and FRS Practice Statement 2 Disclosure of Accounting Policies
- Amendments to FRS 8 Definition of Accounting Estimates
- Amendments to FRS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

32. New or revised accounting standards and interpretations (continued)

Effective date: to be determined*

- Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* *The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore ("ASC") in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.*

33. Listing of companies in the Group

	Name of companies	Principal activities	Country of incorporation/ business	Equity holdings 2023 %	Equity holdings 2022 %
	Held by the Company				
+	Aban 7 Pte Ltd	Offshore drilling	Singapore	100	100
+	Aban 8 Pte Ltd	Offshore drilling	Singapore	100	100
+++	Aban 8 Pte Ltd (Malaysia branch)	Offshore drilling	Malaysia		
+	Aban Abraham Pte Ltd	Offshore drilling	Singapore	100	100
@,Δ	Aban International Norway AS ("AIN")	Investment holding	Norway	100	100
□	Aban Pearl Pte Lt d	Offshore drilling	Singapore	100	100
#	Deep Drilling MexicoS DE R L DE CV	Offshore drilling	Singapore	100	100
○	Aban Labuan Pvt Ltd	Offshore drilling	Labuan, Malaysia	100	100
*, Δ	Caldera Petroleum (UK) Ltd	Oil exploration and production business	United Kingdom	100	100
+	Deep Drilling Invest Pte Ltd	Investment holding and offshore drilling	Singapore	34	34
	Held by subsidiary corporation of the Company				
	Subsidiary corporations				
+	Deep Drilling Invest Pte Ltd	Investment holding and offshore drilling	Singapore	66	66
++	Deep Drilling 1 Pte Ltd	Offshore drilling	Singapore	-	100
++	Deep Drilling 2 Pte Ltd	Offshore drilling	Singapore	-	100
++	Deep Drilling 3 Pte Ltd	Offshore drilling	Singapore	-	100
++	Deep Drilling 4 Pte Ltd	Offshore drilling	Singapore	-	100
+++	Deep Drilling 4 Pte Ltd (Malaysia branch)	Offshore drilling	Malaysia	-	
++	Deep Drilling 5 Pte Ltd	Offshore drilling	Singapore	-	100
+	Deep Drilling 6 Pte Ltd	Offshore drilling	Singapore	100	100
++	Deep Drilling 7 Pte Ltd	Offshore drilling	Singapore	-	100
++	Deep Drilling 8 Pte Ltd	Offshore drilling	Singapore	-	100
	Associated company				
+++, Δ	Belati Oilfield Sdn Bhd	Offshore drilling	Malaysia	49	49

33. Listing of companies in the Group (continued)

+ Audited by CLA Global TS Public Accounting Corporation, Singapore
++ On 1 December 2022, the subsidiary corporations - Deep Drilling 1 Pte Ltd, Deep Drilling 2 Pte Ltd, Deep Drilling 3 Pte Ltd, Deep Drilling 4 Pte Ltd, Deep Drilling 5 Pte Ltd, Deep Drilling 7 Pte Ltd and Deep Drilling 8 Pte Ltd have been amalgamated with its immediate holding corporation, Deep Drilling Invest Pte Ltd. On the date of the amalgamation, all the assets of these subsidiary corporations are transferred and vest in their immediate holding corporation, and all the liabilities and obligations of these subsidiary corporations are transferred to and become the liabilities and obligations of their immediate holding corporation.
+++ Audited by Soong & Associates, Malaysia
Δ For the purpose of the consolidated financial statements, theses financial statements are reviewed by and/or audited by CLA Global TS Public Accounting Corporation, Singapore
@ Audited by PricewaterhouseCoopers, Norway
# Not required to be audited
* Audited by SRLV Accountants, London
○ Applied for strike off on 30 March 2023
☐ Struck off on 8 May 2023

34. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Aban Singapore Pte. Ltd. on 11 September 2023.