

Nexia TS

Listening, Thinking, Growing, Asia.

In association with



ABAN PEARL PTE. LTD.

(Incorporated in Singapore. Registration Number: 200718564E)

FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

Nexia TS Public Accounting Corporation

UEN: 200507237N / Incorporated with limited liability

Singapore • China • Malaysia • Myanmar

Nexia TS Public Accounting Corporation is a member of Nexia International, a worldwide network of independent accounting and consulting firms.
80 Robinson Road, #25-00, Singapore 068898 Tel: (65) 6534 5700 Fax: (65) 6534 5765 Website: www.nexiats.com.sg



ABAN PEARL PTE. LTD.

(Incorporated in Singapore)

FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

Contents

	Page
Directors' Statement	1
Independent Auditor's Report	3
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10

ABAN PEARL PTE. LTD.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2020

The directors present their statement to the shareholder together with the audited financial statements of the Company for the financial year ended 31 March 2020.

In the opinion of the directors,

- (a) the financial statements of the Company as set out on pages 6 to 16 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and financial performance, changes in equity and cash flows of the Company for the financial year covered by the 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 Company's ability to continue as a going concern, there are reasonable grounds to believe that the Company will be able to pay its debt as and when they fall due, as the intermediate holding corporation Aban Holdings Pte. Ltd. ("AHPL") and its subsidiary corporations ("AHPL Group") is in discussions with its lenders to obtain approval for and implementation of an appropriate debt resolution plan.

Directors

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

Mr. Chakkungal Pathayapura Gopalakrishnan

Mr. Venkataramaiyer Sivaramakrishnan

Mr. Rout Ashok Kumar

(appointed on 9 March 2020)

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 <u>name of director</u>		Holdings in which director is deemed to have an <u>interest</u>	
At	At	At	At
<u>31.03.2020</u>	<u>01.04.2019</u>	<u>31.03.2020</u>	<u>01.04.2019</u>

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
Mr. Parameswaran Venkateswara Iyer ⁽¹⁾	-	20,805	-	-

⁽¹⁾ The director resigned with the effect from 1 April 2020

ABAN PEARL PTE. LTD.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2020

Share options

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

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

There were no unissued shares of the Company under option at the end of the financial year.

Independent Auditor

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

On behalf of the directors



Chakkungal Pathayapura Gopalakrishnan
Director



Rout Ashok Kumar
Director

31 August 2020

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

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of Aban Pearl Pte. Ltd. (the "Company") which comprise the balance sheet as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 16.

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matters described in the *Basis for 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.

Basis for Disclaimer of Opinion

Going concern

As disclosed in Note 2.1 to the financial statements, in preparing the financial statements, the Board of Directors has considered the operations of the Company as a going concern notwithstanding that the Company incurred a net loss of US\$6,000 (2019: US\$10,000), and the Company has net cash used in operating activities of US\$32,000 (2019: net cash provided by operating activities of US\$18,000) for the financial year ended 31 March 2020, and as at that date, the Company is in net current liabilities and net liabilities position of US\$27,000 and US\$13,986,000 (2019: US\$53,000 and US\$13,980,000) respectively.

In addition, the intermediate holding corporation Aban Holdings Pte. Ltd. ("AHPL") and its subsidiary corporations ("AHPL Group") had defaulted on payment of their borrowings which have fallen due and have breached the covenants of their borrowings which give the lenders the right to demand the related borrowings be due and payable immediately. The lenders had issued recall notices to AHPL Group. As of the date of this report, AHPL Group is in discussions with its lenders to obtain approval for and implementation of an appropriate debt resolution plan.

The above conditions indicate the existence of material uncertainties which may cast significant doubt on the Company's ability to continue as going concern. Nevertheless, the Board of Directors believe that the use of the going concern assumption on the preparation of the financial statements of the Company for the financial year ended 31 March 2020 is still appropriate after taking into consideration of the above actions and measures.

The ability of the Company to continue in operational existence in the foreseeable future and to meet its financial obligations as and when they fall due are dependent on whether the lenders will approve of an appropriate debt resolution plan and it is uncertain whether AHPL will raise further funds through any fund raising exercises. Therefore, we were unable to satisfy ourselves by alternative means to obtain sufficient audit evidence to be able to form an opinion as to whether the going concern basis of preparation of the accompanying financial statements of the Company is appropriate.

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

Basis for Disclaimer of Opinion (continued)

Going concern (continued)

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

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 Act and 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with Singapore Standards of Auditing and to issue an auditor's report. However, because of the matter described in the *Basis 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 Company 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 PEARL PTE. LTD. (continued)**

Report on Other Legal and Regulatory Requirements

In our opinion, except for the matter described in the *Basis for Disclaimer of Opinion* section of our report, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



**Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants**

Singapore
31 August 2020

ABAN PEARL PTE. LTD.**STATEMENT OF COMPREHENSIVE INCOME***For the financial year ended 31 March 2020*

	Note	2020 US\$'000	2019 US\$'000
Other losses - net		6	*
Expenses			
- Amortisation of amount due to immediate holding corporation (non-trade)		-	*
- Other operating expenses	3	<u>(12)</u>	<u>(10)</u>
		<u>(12)</u>	<u>(10)</u>
Loss before income tax		(6)	(10)
Income tax expense	4	-	-
Total comprehensive loss, representing net loss		<u>(6)</u>	<u>(10)</u>

* Amount is less than US\$1,000

ABAN PEARL PTE. LTD.**BALANCE SHEET***For the financial year ended 31 March 2020*

	Note	2020 US\$'000	2019 US\$'000
LIABILITIES			
Current liabilities			
Trade and other payables	5	<u>27</u>	<u>53</u>
Non-current liability			
Amount due to immediate holding corporation (non-trade)	6	<u>13,959</u>	<u>13,927</u>
Total liabilities		<u>13,986</u>	<u>13,980</u>
NET LIABILITIES		<u>(13,986)</u>	<u>(13,980)</u>
EQUITY			
Share capital	7	58,000	58,000
Accumulated losses		<u>(71,986)</u>	<u>(71,980)</u>
Total equity		<u>(13,986)</u>	<u>(13,980)</u>

ABAN PEARL PTE. LTD.**STATEMENT OF CHANGES IN EQUITY***For the financial year ended 31 March 2020*

	Share capital US\$'000	Accumulated losses US\$'000	Total equity US\$'000
Balance as at 1 April 2019	58,000	(71,980)	(13,980)
Total comprehensive loss for the financial year	-	(6)	(6)
Balance as at 31 March 2020	58,000	(71,986)	(13,986)
<hr/>			
Balance as at 1 April 2018	58,000	(71,970)	(13,970)
Total comprehensive loss for the financial year	-	(10)	(10)
Balance as at 31 March 2019	58,000	(71,980)	(13,980)

ABAN PEARL PTE. LTD.

STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2020

	2020 US\$'000	2019 US\$'000
Cash flows from operating activities		
Net loss	(6)	(10)
Adjustments for:		
- Amortisation of amount due to immediate holding corporation (non-trade)	-	*
	<u>(6)</u>	<u>(10)</u>
Change in working capital:		
- Trade and other payables	(26)	28
Net cash (used in)/provided by operating activities	<u>(32)</u>	<u>18</u>
Cash flows from financing activity		
Proceeds from/(repayment to) immediate holding corporation (non-trade)	32	(18)
Net cash provided by/(used in) financing activity	<u>32</u>	<u>(18)</u>
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents		
Beginning of financial year	-	-
End of financial year	<u>-</u>	<u>-</u>

Reconciliation of liabilities arising from financing activity

	1 April 2019 US\$'000	Proceeds from immediate holding corporation US\$'000	Non-cash changes	31 March 2020 US\$'000
			Amortisation US\$'000	
Amount due to immediate holding corporation (non-trade)	13,927	32	-	13,959

	1 April 2018 US\$'000	Principal repayments US\$'000	Non-cash changes	31 March 2019 US\$'000
			Amortisation US\$'000	
Amount due to immediate holding corporation (non-trade)	13,945	(18)	*	13,927

* Amount is less than US\$1,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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

1. General information

Aban Pearl Pte. Ltd. (the “Company”) is incorporated and domiciled in Singapore. The address of its registered office and primary place of business is at 9 Temasek Boulevard, #19-02, Suntec Tower Two, Singapore 038989.

The principal activities of the Company are that of ownership and operations of offshore jack-up drilling rigs.

The Company’s immediate holding corporation is Aban Singapore Pte. Ltd., incorporated in Singapore. The intermediate holding corporation is Aban Holdings Pte Ltd, incorporated in Singapore. The ultimate holding corporation is Aban Offshore Limited, incorporated in India.

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 Company’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Interpretations and amendments to published standards effective in 2019

On 1 January 2019, the Company adopted the new or amended FRSs and Interpretations of FRS (“INT FRSs”) that are mandatory for application for the financial year. Changes to the accounting policies of the Company have been made as required, in accordance with the transitional provisions in the respective FRSs and INT FRSs.

The adoption of these new or amended FRSs and INT FRSs did not result in substantial changes to the accounting policies of the Company 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 has considered the operations of the Company as a going concern notwithstanding that the Company incurred a net loss of US\$6,000 (2019: US\$10,000), and the Company has net cash used in operating activities of US\$32,000 (2019: net cash provided by operating activities of US\$18,000) for the financial year ended 31 March 2020, and as at that date, the Company is in net current liabilities and net liabilities position of US\$27,000 and US\$13,986,000 (2019: US\$53,000 and US\$13,980,000) respectively.

In addition, the intermediate holding corporation Aban Holdings Pte. Ltd. (“AHPL”) and its subsidiary corporations (“AHPL Group”) had defaulted on payment of their borrowings which have fallen due and have breached the covenants of their borrowings which give the lenders the right to demand the related borrowings be due and payable immediately. The lenders had issued recall notices to AHPL Group. As of the date of this report, AHPL Group is in discussions with its lenders to obtain approval for and implementation of an appropriate debt resolution plan.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Going concern (continued)

The above conditions indicate the existence of material uncertainties which may cast significant doubt on the Company's ability to continue as going concern. Nevertheless, the Board of Directors believe that the use of the going concern assumption on the preparation of the financial statements of the Company for the financial year ended 31 March 2020 is still appropriate after taking into consideration of the above actions and measures.

2.2 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (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.

2.3 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. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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 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 except where the Company 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 at:

- (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 substantially enacted by the balance sheet date; and
- (ii) based on the tax consequence that would follow from the manner in which the Company 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 expenses in the profit or loss, except to the extent that the tax arises from transaction which is recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.4 Provisions

Provisions are recognised when the Company 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.

2.5 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company 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 also 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 and financial liabilities.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within “Finance expense”. All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within “Other losses - net”.

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

2.6 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.

3. Other operating expenses

	2020	2019
	US\$’000	US\$’000
Consultancy and advisory fees	<u>12</u>	<u>10</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

4. Income tax

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

	2020 US\$'000	2019 US\$'000
Loss before income tax	<u>(6)</u>	<u>(10)</u>
Tax calculated at tax rate of 17% (2019: 17%)	(1)	(2)
Effects of:		
- Expenses not deductible for tax purposes	<u>1</u>	<u>2</u>
Tax charge	<u>-</u>	<u>-</u>

5. Trade and other payables

	2020 US\$'000	2019 US\$'000
Trade payables		
- Non-related parties	7	33
Accruals for operating expenses	<u>20</u>	<u>20</u>
	<u>27</u>	<u>53</u>

6. Amount due to immediate holding corporation (non-trade)

The amount due to immediate holding corporation is non-trade in nature, unsecured, interest-free and not repayable within the next 12 months.

Management is of the opinion that the fair value of non-trade amount due to immediate holding corporation approximates its carrying amount.

7. Share capital

The Company's share capital comprises fully paid-up 58,000,000 (2019: 58,000,000) ordinary shares with no par value amounting to a total of US\$58,000,000 (2019: US\$58,000,000).

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.

8. Financial risk management

Financial risk factors

The Company's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management strategy seeks to minimise adverse effect from the unpredictability of financial markets on the Company's financial performance. The financial risk management of the Company is handled by the immediate holding corporation as part of the operations of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

8. Financial risk management (continued)

(a) Market risk

(i) *Currency Risk*

The Company transacts mainly in United States Dollar (US\$), which is the functional currency of the Company. Accordingly, the Company does 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 Company has no exposure to interest rate risk as it has no significant interest-bearing financial assets or liabilities.

(iii) *Price risk*

The Company has no significant exposure to price risk as it does not hold equity securities as at 31 March 2020 and 2019 respectively.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company has no significant exposure to credit risk as it does not have any financial assets as at 31 March 2020 and 2019 respectively.

(c) Liquidity risk

The drilling operations of the Company require substantial investment and are dependent on its ability to finance its capital and operating requirements and commitments. The Company ensures that arrangements have been made to obtain adequate funds and continued financial support from the immediate holding corporation to meet all its operating and capital obligations to enable the Company to meet its liabilities and obligations 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 Company's financial liabilities based on contractual undiscounted cash flow at the balance sheet date.

	Within <u>1 year</u> US\$'000
2020	
Trade and other payables	<u>27</u>
2019	
Trade and other payables	<u>53</u>

The Board of Directors does not regard the amount due to immediate holding corporation (non-trade) of the Company of US\$13,959,000 (2019: US\$13,927,000) as part of their consideration of liquidity risk in view that the amount has no fixed repayment terms and continuing financial support from the immediate holding corporation has been provided to the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

8. Financial risk management (continued)

(d) Capital management

The Company's objectives when managing capital are to ensure the Company'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.

The Board of Director's monitors its capital based on total debt and total capital. Total debt is calculated as trade and other payables plus amount due to immediate holding corporation. Total capital is calculated as equity plus total debt.

	2020	2019
	US\$'000	US\$'000
Net debt	13,986	13,980
Total equity	(13,986)	(13,980)
Total capital	-	-

The Company is not subject to any externally imposed capital requirements for the financial years ended 31 March 2020 and 2019 respectively.

(e) Fair value measurements

The carrying amount of trade and other payables are assumed to approximate their fair values.

(f) Financial instrument by category

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

	2020	2019
	US\$'000	US\$'000
Financial liabilities at amortised costs	13,986	13,980

9. Related party transaction

No transactions took place between the Company and related parties other than those disclosed elsewhere in the financial statements.

There are no key management personnel compensation incurred for the financial years ended 31 March 2020 and 2019 respectively.

10. Events occurring after balance sheet date

The emergence of COVID-19 subsequent to the financial year end may impact the financial performance and operating environment of the Company in 2021. The Company is aware of the challenges posed by these developing events. As the situation is still evolving and remains uncertain, the Company is unable to quantify the full magnitude of the outbreak and has not considered the impact, if any, on the financial performance of the Company in 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

11. New or revised accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2020 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

12. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Aban Pearl Pte. Ltd. on 31 August 2020.