



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

DEEP DRILLING INVEST PTE. LTD.
(Incorporated in Singapore. Registration Number: 200400177M)
AND ITS SUBSIDIARY CORPORATIONS

FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

DEEP DRILLING INVEST PTE. LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARY CORPORATIONS

FINANCIAL STATEMENTS
For the financial year ended 31 March 2023

Contents

	Page
Directors' Statement	1
Independent Auditor's Report	3
Consolidated Statement of Comprehensive Income	7
Balance Sheets	8
Consolidated Statement of Changes in Equity	9
Consolidated Statement of Cash Flows	10
Notes to the Financial Statements	12

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

DIRECTORS' STATEMENT

For the financial year ended 31 March 2023

The directors present their statement to the members 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 pages 7 to 40 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 <u>name of director</u>		Holdings in which director is deemed to have an <u>interest</u>	
At	At	At	At
<u>31.03.2023</u>	<u>01.04.2022</u>	<u>31.03.2023</u>	<u>01.04.2022</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
---	--------	--------	--------	--------

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

DIRECTORS' STATEMENT

For the financial year ended 31 March 2023

Share options

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

No share 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
Director



Rout Ashok Kumar
Director

11 September 2023

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DEEP DRILLING INVEST PTE. LTD.**

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of Deep Drilling Invest 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 40.

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 has considered the operations of the Group as a going concern notwithstanding that the Group incurred a net loss of US\$3,353,000 for the financial year ended 31 March 2023, and as at that date, the Group was in a net current liabilities position of US\$60,036,000.

As disclosed in Note 20 to the financial statements, the intermediate holding corporation, Aban Holdings Pte. Ltd. ("AHPL") and its subsidiary corporations ("AHPL Group"), as well as the Group 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 Group and the Group. These borrowings of AHPL Group and the Group, with original repayment terms beyond 12 months from the balance sheet date, have been classified as current liabilities as at 31 March 2023.

The above conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Nevertheless, the Board of Director believes that the use of the going concern assumption in the preparation of the financial statements of the Group 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 six rigs. Additionally, AHPL Group is currently in discussions with its lenders to obtain approval for and implementation of an appropriate debt resolution plan.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DEEP DRILLING INVEST PTE. LTD. (continued)**

Bases for Disclaimer of Opinion (continued)

1. *Going concern (continued)*

The ability of the Group 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. Therefore, we were unable to satisfy ourselves by alternative means 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 is appropriate.

If the Group is unable to continue in operational existence in the foreseeable future, it 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 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 sheet. Additionally, the Group 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 bank borrowings of US\$34,749,000 and the Company's bank balances of US\$16,000 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 borrowings and bank balances. Additionally, we were unable to verify the completeness of the Group's and the Company's transactions with the banks related to these bank borrowings and bank balances. 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 MEMBERS OF
DEEP DRILLING INVEST PTE. LTD. (continued)**

Bases for Disclaimer of Opinion (continued)

3. *Investments in subsidiary corporations and amounts due from subsidiary corporations and the immediate holding corporation*

As disclosed in Note 16 to the financial statements, the Company's carrying amount of the investments in subsidiary corporations as at 31 March 2023 amounted to US\$51,312,000. Management has determined that there are no objective evidence or indication that the carrying amounts of the investments in subsidiary corporations are impaired. Therefore, no impairment assessment was performed.

As disclosed in Notes 16 and 17 to the financial statements, the amounts due from subsidiary corporations and the immediate holding corporation amounted to US\$17,166,000 and US\$521,644,000 respectively. 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 and the immediate holding corporation, 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 and the immediate holding corporation 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 investment in subsidiary corporations and the amount due from subsidiary corporations and the immediate holding corporation 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DEEP DRILLING INVEST PTE. LTD. (continued)**

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.

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 ITS Public Accounting Corporation
Public Accountants and Chartered Accountants**

Singapore

11 September 2023

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2023

	Note	2023 US\$'000	2022 US\$'000
Revenue	4	2,260	16,483
Other income	5	*	634
Other (losses)/gains – net	6	(19)	4,141
Expenses			
- Consumables and spare parts		-	(438)
- Rig operating expenses	7	(1,792)	(7,253)
- Depreciation of property, plant and equipment	18	-	(12,182)
- Employee compensation	8	(196)	(1,382)
- Finance expenses	9	(3,565)	(100,680)
- Impairment loss on property, plant and equipment - net	18	-	(108,026)
- Inventory write-down		-	(7,796)
- Other operating expenses	10	(58)	(5,011)
Total expenses		<u>(5,611)</u>	<u>(242,768)</u>
Loss before income tax		(3,370)	(221,510)
Income tax credit/(expense)	11	<u>17</u>	<u>(61)</u>
Total comprehensive loss, representing net loss		<u>(3,353)</u>	<u>(221,571)</u>

* Amount is less than US\$1,000

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

BALANCE SHEETS

As at 31 March 2023

	Note	Group		Company	
		2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
ASSETS					
Current assets					
Cash and cash equivalents	12	134	279	111	74
Trade and other receivables	13	1	1,999	1	11
Other current assets	14	116	308	116	101
		251	2,586	228	186
Non-current assets held-for-sale	15	-	162,030	-	-
		251	164,616	228	186
Non-current assets					
Investments in subsidiary corporations	16	-	-	51,312	502,026
Amounts due from subsidiary corporations (non-trade)	16	-	-	17,166	24,412
Amount due from immediate holding corporation (non-trade)	17	521,644	671,259	521,644	391,855
Property, plant and equipment	18	-	-	-	-
		521,644	671,259	590,122	918,293
Total assets		521,895	835,875	590,350	918,479
LIABILITIES					
Current liabilities					
Trade and other payables	19	25,538	22,346	22	27
Borrowings	20	34,749	48,008	-	-
		60,287	70,354	22	27
Non-current liabilities					
Amounts due to subsidiary corporations (non-trade)	16	-	-	-	412,360
Amount due to immediate holding corporation (non-trade)	17	17,999	318,559	-	-
		17,999	318,559	-	412,360
Total liabilities		78,286	388,913	22	412,387
NET ASSETS		443,609	446,962	590,328	506,092
EQUITY					
Share capital	21	642,841	642,841	642,841	642,841
Merger reserves	22	-	-	84,114	-
Accumulated losses		(199,232)	(195,879)	(136,627)	(136,749)
Total equity		443,609	446,962	590,328	506,092

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

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2023

	Share capital US\$'000	Accumulated losses US\$'000	Total equity US\$'000
Balance as at 1 April 2022	642,841	(195,879)	446,962
Total comprehensive loss for the financial year	-	(3,353)	(3,353)
Balance as at 31 March 2023	642,841	(199,232)	443,609
Balance as at 1 April 2021	642,841	25,692	668,533
Total comprehensive loss for the financial year	-	(221,571)	(221,571)
Balance as at 31 March 2022	642,841	(195,879)	446,962

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

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2023

	Note	2023 US\$'000	2022 US\$'000
Cash flows from operating activities			
Net loss		(3,353)	(221,571)
Adjustments for:			
- Amortisation of amount due from immediate holding corporation (non-trade)	6	-	(4,201)
- Depreciation of property, plant and equipment	18	-	12,182
- Impairment loss on property, plant and equipment - net	18	-	108,026
- Interest expense	9	3,565	100,680
- Income tax (credit)/expense	11	(17)	61
- Inventory write-down		-	7,796
		<u>195</u>	<u>2,973</u>
Change in working capital:			
- Trade and other receivables		1,998	12,385
- Inventories		-	(13,555)
- Other current assets		192	354
- Trade and other payables		(373)	(7,517)
Cash generated from/(used in) operations		<u>2,012</u>	<u>(5,360)</u>
- Income tax refunded/(paid)		17	(61)
Net cash provided by/(used in) operating activities		<u>2,029</u>	<u>(5,421)</u>
Cash flows from investing activities			
Disposal of property, plant and equipment and inventories		-	43,771
Disposal of non-current assets held-for-sale		13,259	-
Repayment to immediate holding corporation (non-trade)		(2,174)	(27,208)
Net cash provided by investing activities		<u>11,085</u>	<u>16,563</u>
Cash flows from financing activities			
Repayment of borrowings		(13,259)	(9,313)
Interest paid for borrowings		-	(1,777)
Net cash used in financing activities		<u>(13,259)</u>	<u>(11,090)</u>
Net (decrease)/increase in cash and cash equivalents		(145)	52
Cash and cash equivalents			
Beginning of financial year		<u>279</u>	<u>227</u>
End of financial year	12	<u>134</u>	<u>279</u>

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

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

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	31 March 2023 US\$'000
			Interest expense	
Bank borrowings	48,008	(13,259)	-	34,749
Accrued interest payable	21,927	-	3,565	25,492

	1 April 2021 US\$'000	Principal and interest payments US\$'000	Non-cash changes	31 March 2022 US\$'000
			Interest expense	
Bank borrowings	48,008	-	-	48,008
Bonds	9,313	(9,313)	-	-
Accrued interest payable	19,812	(1,777)	3,892	21,927

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

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

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

1. General information

Deep Drilling Invest Pte. Ltd. (the “Company”) was incorporated in Singapore on 6 January 2004 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.

Deep Drilling Invest Pte. Ltd. is an investment holding company. Deep Drilling Invest 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 16 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 assumptions and estimates. 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 has considered the operations of the Group as a going concern notwithstanding that the Group incurred a net loss of US\$3,353,000 (2022: US\$221,571,000) for the financial year ended 31 March 2023, and as at that date, the Group was in a net current liabilities position of US\$60,036,000 (2022: net current assets position of US\$94,262,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Going concern (continued)

As disclosed in Note 20 to the financial statements, the intermediate holding corporation, Aban Holdings Pte. Ltd. ("AHPL") and its subsidiary corporations ("AHPL Group"), as well as the Group 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 Group and the Group. These borrowings of AHPL Group and the Group, with original repayment terms beyond 12 months from the balance sheet date, have been classified as current liabilities as at 31 March 2023.

The above conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Nevertheless, the Board of Director believes that the use of the going concern assumption in the preparation of the financial statements of the Group 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 six rigs. Additionally, AHPL 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.

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 cases 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.

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(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.

(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 corporations 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.

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) *Subsidiary Corporations* (continued)

(ii) Acquisitions (continued)

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.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. Significant accounting policies (continued)

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 2.7).

(ii) Component 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 2.5 on borrowing costs).

(b) *Depreciation*

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

	<u>Useful lives</u>
Rigs (includes machinery and equipment installed on the rigs)	40 years
Loose drilling equipment (included on the rigs)	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".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. Significant accounting policies (continued)

2.5 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 borrowing 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.

2.6 Investments in subsidiary corporations

Investments in subsidiary corporations 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 the profit or loss.

2.7 Impairment of non-financial assets

Property, plant and equipment and investments in subsidiary corporations

Property, plant and equipment and investments in subsidiary corporations 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 cash-generating unit ("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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. Significant accounting policies (continued)

2.8 Financial assets

(a) Classification and measurement

The Group classifies its financial assets as amortised cost.

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.

At subsequent measurement

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, and amounts due from subsidiary corporations and immediate holding corporation.

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.

(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 - *Financial Instruments*, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. Significant accounting policies (continued)

2.9 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.

2.10 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.

2.11 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.

2.12 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.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of short-term and low value leases. 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 a related party and immediate holding corporation.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. Significant accounting policies (continued)

2.13 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.

2.14 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, 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 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 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 expenses in the 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.

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. Significant accounting policies (continued)

2.15 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.

2.16 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) 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.

(c) 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.

2.17 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).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. Significant accounting policies (continued)

2.17 Currency translation (continued)

(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 rate 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 that are 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 this 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.

2.18 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. Significant accounting policies (continued)

2.19 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.

2.20 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.

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.

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.

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

4. Revenue

All the sales are recognised over time.

	<u>Group</u>	
	2023	2022
	US\$'000	US\$'000
Revenue from drilling and drilling related contracts		
- Middle East Asia	2,260	12,370
- South Asia	-	1,980
- South East Asia	-	1,405
	<u>2,260</u>	<u>15,755</u>
Income from incidental services relating to drilling contracts		
- South East Asia	-	728
	<u>-</u>	<u>728</u>
Total	<u>2,260</u>	<u>16,483</u>

5. Other income

	<u>Group</u>	
	2023	2022
	US\$'000	US\$'000
Interest income	*	-
Insurance premium rebate	-	634
	<u>*</u>	<u>634</u>

* Amount is less than US\$1,000

6. Other (losses)/gains – net

	<u>Group</u>	
	2023	2022
	US\$'000	US\$'000
Amortisation of amount due from immediate holding corporation (non-trade)	-	4,201
Currency exchange loss - net	(19)	(60)
	<u>(19)</u>	<u>4,141</u>

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

7. Rig operating expenses

	<u>Group</u>	
	2023	2022
	US\$'000	US\$'000
Catering	31	238
Clearing and forwarding	110	201
Communications	18	81
Equipment rental for drilling	532	256
Expenses relating to incidental services rendered	-	560
Insurance	98	1,587
Mobilisation	-	682
Port fees	262	1,453
Repair and maintenance	334	713
Rig fuel	281	1,033
Subcontractor and agency fees	25	210
Training	18	10
Travelling and transportation	57	129
Other	26	100
Total rig operating expenses	<u>1,792</u>	<u>7,253</u>

8. Employee compensation

	<u>Group</u>	
	2023	2022
	US\$'000	US\$'000
Wages and salaries	195	1,355
Employers' contribution to defined contribution plans	-	1
Other benefits	1	26
	<u>196</u>	<u>1,382</u>

9. Finance expenses

	<u>Group</u>	
	2023	2022
	US\$'000	US\$'000
Interest expenses		
- Bonds	-	1,012
- Bank borrowings	3,565	2,880
- Immediate holding corporation	-	96,788
	<u>3,565</u>	<u>100,680</u>

Finance expenses of the Group of US\$Nil (2022: US\$96,788,000) charged by the immediate holding corporation has been allocated to the Group based on the assets offered as security by the Group for the facility availed by the intermediate holding corporation (Note 18).

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

10. Other operating expenses

	<u>Group</u>	
	2023	2022
	US\$'000	US\$'000
Management fees	-	4,416
Consultancy and advisory fees	55	311
Professional and legal	-	85
Rig move	-	168
Other	3	31
Total other operating expenses	58	5,011

11. Income tax

	<u>Group</u>	
	2023	2022
	US\$'000	US\$'000
Tax expense attributable to loss is made up of:		
(Over)/under provision in prior financial years		
- Current income tax - Foreign	(17)	61
	(17)	61

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.

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

	<u>Group</u>	
	2023	2022
	US\$'000	US\$'000
Loss before income tax	(14,866)	(221,510)
Tax calculated at a tax rate of 17% (2022: 17%)	(2,527)	(37,657)
Effects of:		
- Expenses not deductible for tax purposes	2,527	40,388
- Income not subjected to tax	-	(2,731)
- (Over)/under provision in prior financial years	(17)	61
Tax (credit)/charge	(17)	61

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

12. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Cash at bank and on hand	134	279	111	74

13. Trade and other receivables

	<u>Group</u>		<u>Company</u>	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Trade receivables				
- Non-related parties	-	167	-	-
- Immediate holding corporation ⁽¹⁾	7,037	54,968	-	-
Less: Loss allowance (Note 24(b))	(7,037)	(53,168)	-	-
	-	1,967	-	-
Advances to employees	*	1	*	1
VAT receivables	1	31	1	10
	1	1,999	1	11

* Amount is less than US\$1,000

⁽¹⁾ The Group has contracted its rigs through its immediate holding corporation as contracting party to non-related party operators.

14. Other current assets

	<u>Group</u>		<u>Company</u>	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Deposits	116	122	116	101
Prepayments	-	186	-	-
	116	308	116	101

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

15. Non-current assets held-for-sale

	<u>Group</u>	
	2023	2022
	US\$'000	US\$'000
Details of the assets classified as held-for-sale were as follows:		
Property, plant and equipment	-	153,246
Inventories	-	8,784
	<u>-</u>	<u>162,030</u>

During financial year ended 31 March 2022, the Group has received instructions from the lenders to sell certain 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\$116,306,000 and US\$7,796,000 respectively.

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

16. Investments in subsidiary corporations

	<u>Company</u>	
	2023	2022
	US\$'000	US\$'000
<u>Equity investments at cost</u>		
Beginning of financial year	652,578	652,578
Amalgamation (Note 22)	(601,266)	-
End of financial year	<u>51,312</u>	<u>652,578</u>
<u>Impairment loss</u>		
Beginning of financial year	150,552	150,552
Amalgamation (Note 22)	(150,552)	-
End of financial year	<u>-</u>	<u>150,552</u>
Carrying amount		
End of financial year	<u>51,312</u>	<u>502,026</u>

The Group's subsidiary corporations are all wholly owned and therefore there are no non-controlling interest in the Group.

During the financial year ended 31 March 2023, 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. ("amalgamated subsidiary corporations") have been amalgamated with the Company. The effect of the transaction is disclosed in Note 22 to the financial statements.

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

16. Investments in subsidiary corporations (continued)

Details of the subsidiary corporations are as follows:

<u>Name of companies</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>% equity held by the Group</u>	
			2023 %	2022 %
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 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

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 and 2022, accordingly impairment assessment is not required.

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

The non-trade amounts due from/(to) subsidiary corporations are unsecured, interest-free, have no fixed repayment terms and are not expected to be repaid/(settled) for the next 12 months from the balance sheet date. The amounts due from/(to) immediate holding corporation of the amalgamated subsidiary corporations were transferred to the Company and offset with the amounts due from/(to) subsidiary corporations of the Company on the date of amalgamation.

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

17. Amount due from/(to) immediate holding corporation (non-trade)

The immediate holding corporation is Aban Singapore Pte. Ltd., which is incorporated in Singapore.

The non-trade amounts due from/(to) immediate holding corporations are unsecured and have no fixed repayment date. The immediate holding corporation has undertaken not to demand repayment on amount due to them within 12 months from the balance sheet date.

The fair value of the amounts due from/(to) immediate and intermediate holding corporations approximate its carrying value.

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

18. Property, plant and equipment

<u>Group</u>	<u>Rigs*</u> US\$'000	<u>Leasehold improvements, furniture and office equipment</u> US\$'000	<u>Motor vehicles</u> US\$'000	<u>Total</u> US\$'000
2023				
<i>Cost</i>				
Beginning and end of financial year	-	1,374	258	1,632
<i>Accumulated depreciation and impairment losses</i>				
Beginning and end of financial year	-	1,374	258	1,632
Net book value				
End of financial year	-	-	-	-
2022				
<i>Cost</i>				
Beginning of financial year	1,250,524	1,374	258	1,252,156
Disposal	(282,783)	-	-	(282,783)
Reclassified to assets held-for-sale	(967,741)	-	-	(967,741)
End of financial year	-	1,374	258	1,632
<i>Accumulated depreciation and impairment losses</i>				
Beginning of financial year	937,087	1,374	258	938,719
Depreciation charge	12,182	-	-	12,182
Impairment charge - net	108,026	-	-	108,026
Disposal	(242,800)	-	-	(242,800)
Reclassified to assets held-for-sale	(814,495)	-	-	(814,495)
End of financial year	-	1,374	258	1,632
Net book value				
End of financial year	-	-	-	-

* Includes machinery and equipment installed on the rigs and loose drilling equipment

An impairment charge of US\$116,306,000 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.

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

18. Property, plant and equipment (continued)

	Leasehold improvement, furniture and office equipment	Motor vehicles	Total
	US\$'000	US\$'000	US\$'000
Company			
2023 and 2022			
<i>Cost</i>			
Beginning and end of financial year	467	58	525
<i>Accumulated depreciation</i>			
Beginning and end of financial year	467	58	525
Net book value			
End of financial year	-	-	-

19. Trade and other payables

	<u>Group</u>		<u>Company</u>	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Trade payables				
- Non-related parties	5	106	5	-
Accruals of interest payable				
- Bonds and bank borrowings	25,492	21,927	-	-
Accruals for operating expenses	41	313	17	27
	25,538	22,346	22	27

20. Borrowings

	<u>Group</u>	
	2023	2022
	US\$'000	US\$'000
<i>Current</i>		
Bank borrowings	34,749	48,008

Movements in borrowings are analysed as follows:

	<u>Group</u>	
	2023	2022
	US\$'000	US\$'000
Beginning of financial year	48,008	57,321
Repayments of borrowings	(13,259)	(9,313)
Ending of financial year	34,749	48,008

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

20. Borrowings (continued)

Security granted

Bank borrowings of US\$34,749,000 (2022: US\$48,008,000) comprises of several individual loans, which are secured by (i) assets of the Group and/or assets of the immediate, intermediate and ultimate holding corporations; and (ii) standby letters of credit, which in turn are secured by the assets of the Group and/or assets of the immediate, intermediate and ultimate holding corporations. These borrowings have an effective interest rate of 4.1% to 8.9% (2022: 3.7% to 4.4%) 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 intermediate holding corporation, Aban Holdings Pte. Ltd. ("AHPL") and its subsidiary corporations ("AHPL Group"), as well as the Group have breached the covenants and recall notices have been received from the banks. The carrying amount of the Group's borrowings in default as at 31 March 2023 is US\$34,749,000 (2022: US\$48,008,000).

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

21. Share capital

	<u>Group and Company</u>	
	<u>No. of shares</u>	<u>Amount</u>
	Issued	Issued
	share capital	share capital
	'000	US\$'000
2023 and 2022		
Beginning and end of financial year	<u>642,841</u>	<u>642,841</u>

The share capital of the Company is divided into Class A shares of 424,274,756 (2022: 424,274,756) ordinary shares carrying one vote each and Class B shares of 218,565,783 (2022: 218,565,783) ordinary shares carrying two votes per share.

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

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

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

22. Merger reserve

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. ("amalgamated subsidiary corporations") have been amalgamated with the Company.

On the date of the amalgamation, all the assets of these amalgamated subsidiary corporations at their net realisable values are transferred and vest in the Company, and all the liabilities and obligations of these amalgamated subsidiary corporations at their expected settlement amounts are transferred to and become the liabilities and obligations of the Company.

The amalgamation is accounted for using pooling-of-interest method. No restatement was made to the comparatives.

The effect of amalgamation is set out below:

	Amalgamated subsidiary corporations on 1 December 2022 US\$'000
Cash and cash equivalents	85
Trade and other receivables	27
Other current assets	14
Amount due from immediate holding corporation (non-trade)	412,362
Amount due from intermediate holding corporation (non-trade)	348,651
Total assets	<u>761,139</u>
Trade and other payables	(322)
Amount due to immediate holding corporation (non-trade)	(7,245)
Amount due to intermediate holding corporation (non-trade)	(218,744)
Total liabilities	<u>(226,311)</u>
Net assets transferred	<u>534,828</u>

The merger reserve relates to the amalgamation of the amalgamated subsidiary corporations into the Company. It represents the difference between the total equity of the amalgamated subsidiary corporations and the Company's cost of investment (net of impairment loss). Merger reserve is non-distributable.

	2023 US\$'000
Total equity of the amalgamated subsidiary corporations	534,828
Less:	
Cost of investments in amalgamated subsidiary corporations (Note 16)	(601,266)
Impairment loss on investment in amalgamated subsidiary corporations (Note 16)	150,552
Cost of investment (net of impairment loss)	(450,714)
Excess amount recognised in merger reserve	<u>84,114</u>

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

23. Accumulated losses

Movement in accumulated losses for the Company is as follows:

	<u>Company</u>	
	2023	2022
	US\$'000	US\$'000
Beginning of financial year	(136,749)	(137,274)
Net profit/(loss) for the financial year	122	525
End of financial year	<u>(136,627)</u>	<u>(136,749)</u>

24. 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 interest rate risk relates to interest-bearing borrowings with variable interest. Interest income on the Group's bank deposits is insignificant.

The Group monitors the interest rate on borrowings closely to ensure that the Group'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 borrowings at variable rates, on which effective hedges have not been entered into, are denominated 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 lower/higher by US\$347,000 (2022: US\$480,000) as a result of higher/lower interest expense on these borrowings.

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

24. Financial risk management (continued)

(a) *Market risk* (continued)

(ii) Cash flow and fair value interest rate risk (continued)

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

	2023	2022
	US\$'000	US\$'000
By geographical areas		
Variable rates	<u>34,749</u>	<u>48,008</u>

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

(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, amounts due from subsidiary corporations (Company only) and immediate holding corporation. 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. 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 comprise 1 debtor (2022: 3 debtors).

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

	2023	2022
	US\$'000	US\$'000
By geographical areas		
Asia	<u>-</u>	<u>1,967</u>

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

24. Financial risk management (continued)

(b) *Credit risk* (continued)

Customers are mainly government-linked oil and gas corporations.

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

	2023	2022
	US\$'000	US\$'000
Beginning of the financial year	53,168	53,168
Written off	(46,131)	-
End of the financial year (Note 13)	7,037	53,168

The Group uses 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 purely considers 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. The Group considers 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 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	Less than 3 months	3 to 6 months	More than 180 days	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
31 March 2023					
Trade receivables	-	-	-	7,037	7,037
Loss allowance	-	-	-	(7,037)	(7,037)
31 March 2022					
Trade receivables	787	1,180	-	53,168	55,135
Loss allowance	-	-	-	(53,168)	(53,168)

Cash and cash equivalents, other receivables, amount due from immediate holding corporation 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.

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

24. 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.

	Within 1 year US\$'000	Between 1 and 2 years US\$'000
Group		
2023		
Trade and other payables	25,538	-
Bank borrowings	37,181	-
	62,719	-
2022		
Trade and other payables	22,346	-
Bank borrowings	51,369	-
	73,715	-
Company		
2023		
Trade and other payables	22	-
2022		
Trade and other payables	27	-

The Board of Directors does not regard the amount due to immediate holding corporation (non-trade) of the Group of US\$17,999,000 (2022: US\$318,559,000) and the amounts due to subsidiary corporations (non-trade) of the Company of US\$Nil (2022: US\$412,360,000) 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.

(d) Capital management

The Group's objectives when managing capital are to ensure 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 is 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 continues 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.

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

24. Financial risk management (continued)

(d) Capital management (continued)

The Group considers total capital to comprise of its total equity and bank borrowings, as follows:

	<u>Group</u>		<u>Company</u>	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Equity	443,609	446,962	590,328	506,092
Bank borrowings	34,749	48,008	-	-
Total capital	478,358	494,970	590,328	506,092

(e) Fair value measurements

The carrying amount less impairment provision of trade 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 value.

(f) Financial instrument by category

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

	<u>Group</u>		<u>Company</u>	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets at amortised cost	521,895	673,659	539,038	416,453
Financial liabilities at amortised cost	78,286	388,913	22	412,387

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

25. 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 purchase of goods and services*

	2023	2022
	US\$'000	US\$'000
Management fees paid/payable to immediate holding corporation	-	4,416
Drilling income charged to immediate holding corporation*	2,260	14,350
Interest charged by immediate holding corporation	<u>-</u>	<u>96,788</u>

* The Group has contracted its rigs through its immediate holding corporation as contracting party to a non-related party operator.

Outstanding balances as at 31 March 2023 and 2022 are unsecured and not repayable within the next 12 months from balance sheet date and are disclosed in Notes 13, 16, and 17 to the financial statements.

(b) *Key management personnel compensation*

There are no key management personnel compensation incurred for the financial years ended 31 March 2023 and 2022 respectively.

26. Immediate, intermediate and ultimate holding corporations

The Company's immediate and intermediate holding corporations are Aban Singapore Pte. Ltd. and Aban Holdings Pte. Ltd., incorporated in Singapore respectively. The ultimate holding corporation is Aban Offshore Limited, incorporated in India and listed in Bombay Stock Exchange and National Stock Exchange.

27. 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

**DEEP DRILLING INVEST PTE. LTD.
AND ITS SUBSIDIARY CORPORATIONS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

27. 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.*

28. Authorisation of financial statements

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