



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

DEEP DRILLING 6 PTE. LTD.

(Incorporated in Singapore. Registration Number: 200510531R)

FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

DEEP DRILLING 6 PTE. LTD.

(Incorporated in Singapore)

FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

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DEEP DRILLING 6 PTE. LTD.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2023

The directors present their statement to the shareholder together with the audited financial statements of the Company for the financial year ended 31 March 2023.

In the opinion of the directors,

- (a) the financial statements of the Company as set out on pages 6 to 25 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2023 and the 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 penultimate 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. 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
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DEEP DRILLING 6 PTE. LTD.

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.

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, 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 SHAREHOLDER OF
DEEP DRILLING 6 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 6 Pte. Ltd. (the "Company") which comprise the balance sheet as at 31 March 2023, 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 25.

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

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 Company as a going concern notwithstanding that the Company incurred a net loss of US\$2,715,000 for the financial year ended 31 March 2023, and as that date, the Company was in net current liabilities position and net liabilities position of US\$60,243,000 and US\$95,408,000 respectively.

As disclosed in Note 14 to the financial statements, the penultimate holding corporation, Aban Holdings Pte. Ltd. ("AHPL") and its subsidiary corporations ("AHPL Group"), as well as the Company have defaulted on the payment of their borrowings, which have fallen due, and have breached the covenants of their borrowings, giving the lenders the right to demand the related borrowings be due and payable immediately. The lenders have issued recalled notices to AHPL Group and the Company. These borrowings of AHPL Group and the Company, 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 Company's ability to continue as a going concern. Nevertheless, the Board of Directors believes that the use of the going concern assumption in the preparation of the financial statements of the Company for the financial year ended 31 March 2023 is still appropriate. This consideration is made after taking account that, as of the date of this report, AHPL Group has sold and delivered to its buyers a total of seven rigs, with the exception of one rig that was under operation during the financial year ended 31 March 2023. Additionally, 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 SHAREHOLDER OF
DEEP DRILLING 6 PTE. LTD. (continued)**

Bases for Disclaimer of Opinion (continued)

1. Going concern (continued)

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

If the Company is unable to continue in operational existence in the foreseeable future, it may be unable to discharge its liabilities in the normal course of business. As a result, adjustments may have to be made to reflect the situation that liabilities may need to be settled other than in the normal course of business and at amounts that could differ significantly from their current recorded values in the balance sheet. In addition, the Company may have to reclassify non-current liabilities as current liabilities. 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 Company's bank borrowings of US\$34,749,000 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. In addition, we were unable to verify the completeness of the Company's transactions with the banks related to these bank borrowings. Consequently, we were unable to determine whether any adjustments and disclosures might have been found necessary in respect of unrecorded and/or undisclosed transactions, facilities and information with the banks in the financial statements.

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 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.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
DEEP DRILLING 6 PTE. LTD. (continued)**

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 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 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.

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 have been properly kept in accordance with the provisions of the Act.

**CLA Global TS Public Accounting Corporation
Public Accountants and Chartered Accountants**

Singapore
11 September 2023

DEEP DRILLING 6 PTE. LTD.**STATEMENT OF COMPREHENSIVE INCOME***For the financial year ended 31 March 2023*

	Note	2023 US\$'000	2022 US\$'000
Revenue	3	920	7,300
Other (losses)/gains – net	4	(2)	439
Expenses			
- Consumables and spare parts		-	(1)
- Rig operating expenses	5	(44)	(366)
- Depreciation of property, plant and equipment		-	(1,741)
- Finance expenses	6	(3,564)	(14,376)
- Inventory write-down		-	(1,229)
- Impairment loss on property, plant and equipment		-	(20,999)
- Other operating expenses	7	(25)	(585)
Total expenses		(3,633)	(39,297)
Loss before income tax		(2,715)	(31,558)
Income tax expense	8	-	-
Total comprehensive loss, representing net loss		(2,715)	(31,558)

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

DEEP DRILLING 6 PTE. LTD.**BALANCE SHEET***As at 31 March 2023*

	Note	2023 US\$'000	2022 US\$'000
ASSETS			
Current assets			
Cash and cash equivalents	9	22	14
Trade and other receivables	10	*	1,800
Other current assets	11	-	36
		<u>22</u>	<u>1,850</u>
Non-current assets held-for-sale	12	-	27,000
		<u>22</u>	<u>28,850</u>
Total assets		<u>22</u>	<u>28,850</u>
LIABILITIES			
Current liabilities			
Other payables	13	25,516	21,952
Borrowings	14	34,749	48,009
		<u>60,265</u>	<u>69,961</u>
Non-current liabilities			
Amount due to immediate holding corporation (non-trade)	15	17,166	17,168
Amount due to intermediate holding corporation (non-trade)	15	17,999	34,414
		<u>35,165</u>	<u>51,582</u>
Total liabilities		<u>95,430</u>	<u>121,543</u>
NET LIABILITIES		<u>(95,408)</u>	<u>(92,693)</u>
EQUITY			
Share capital	16	51,312	51,312
Accumulated losses		(146,720)	(144,005)
Total equity		<u>(95,408)</u>	<u>(92,693)</u>

* Amount is less than US\$1,000

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

DEEP DRILLING 6 PTE. LTD.

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	51,312	(144,005)	(92,693)
Total comprehensive loss for the financial year	<u>-</u>	<u>(2,715)</u>	<u>(2,715)</u>
Balance as at 31 March 2023	<u>51,312</u>	<u>(146,720)</u>	<u>(95,408)</u>
Balance as at 1 April 2021	51,312	(112,447)	(61,135)
Total comprehensive loss for the financial year	<u>-</u>	<u>(31,558)</u>	<u>(31,558)</u>
Balance as 31 March 2022	<u>51,312</u>	<u>(144,005)</u>	<u>(92,693)</u>

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

DEEP DRILLING 6 PTE. LTD.**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		(2,715)	(31,558)
Adjustments for:			
- Amortisation of amount due to immediate holding corporation (non-trade)	4	-	34
- Amortisation of amount due to intermediate holding corporation (non-trade)	4	-	(473)
- Interest expense	6	3,564	14,376
- Impairment loss on property, plant and equipment		-	20,999
- Depreciation of property, plant and equipment		-	1,741
- Inventory write-down		-	1,229
		<u>849</u>	<u>6,348</u>
Change in working capital:			
- Trade and other receivables		1,800	1,180
- Inventories		-	(2,722)
- Other current assets		36	(1)
- Other payables		-	(618)
		<u>2,685</u>	<u>4,187</u>
Net cash provided by operating activities			
Cash flows from investing activity			
Disposal of non-current assets held-for-sale		13,260	-
		<u>13,260</u>	<u>-</u>
Net cash provided by investing activity			
Cash flows from financing activities			
Repayment of borrowings		(13,260)	-
Repayment to immediate holding corporation (non-trade)		(2)	(562)
Repayment to intermediate holding corporation (non-trade)		(2,675)	(3,628)
		<u>(15,937)</u>	<u>(4,190)</u>
Net cash used in financing activities			
Net increase/(decrease) in cash and cash equivalents			
		8	(3)
Cash and cash equivalents			
Beginning of financial year		14	17
End of financial year	9	<u>22</u>	<u>14</u>

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

DEEP DRILLING 6 PTE. LTD.

STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2023

Reconciliation of liabilities arising from financing activities

			Non-cash changes		
	1 April 2022	Repayment made	Interest expense	Proceeds from the disposal of non-current assets held-for-sale received on behalf	31 March 2023
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Bank borrowings	48,009	(13,260)	-	-	34,749
Accrued interest payable	21,927	-	3,564	-	25,491
Amount due to immediate holding corporation (non-trade)	17,168	(2)	-	-	17,166
Amount due to intermediate holding corporation (non-trade)	34,414	(2,675)	-	(13,740)	17,999

			Non-cash changes		
	1 April 2021	Repayment made	Amortisation	Interest expense	31 March 2022
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Bank borrowings	48,009	-	-	-	48,009
Accrued interest payable	19,047	-	-	2,880	21,927
Amount due to immediate holding corporation (non-trade)	17,696	(562)	34	-	17,168
Amount due to intermediate holding corporation (non-trade)	27,019	(3,628)	(473)	11,496	34,414

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

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 6 Pte. Ltd. (the "Company") is incorporated and domiciled in Singapore. The address of its registered office is at 10 Jalan Besar #11-06 Sim Lim Tower, Singapore 208787.

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 Deep Drilling Invest Pte. Ltd., incorporated in Singapore. The intermediate holding corporation is Aban Singapore Pte. Ltd., incorporated in Singapore. The penultimate 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 Financial Reporting Standards in Singapore ("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 estimates and assumptions are significant to the financial statements.

Interpretations and amendments to published standards effective in 2022

On 1 April 2022, 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\$2,715,000 (2022: US\$31,558,000) for the financial year ended 31 March 2023, and as at that date, the Company was in net current liabilities position and net liabilities position of US\$60,243,000 and US\$95,408,000 (2022: US\$41,111,000 and US\$92,693,000) respectively.

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 14 to the financial statements, the penultimate holding corporation, Aban Holdings Pte. Ltd. ("AHPL") and its subsidiary corporations ("AHPL Group"), as well as the Company have defaulted on the payment of their borrowings, giving the lenders the right to demand the related borrowings be due and payable immediately. The lenders have issued recalled notices to AHPL Group and the Company. These borrowings of AHPL Group and the Company, 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 Company's ability to continue as a going concern. Nevertheless, the Board of Directors believes that the use of the going concern assumption in the preparation of the financial statements of the Company for the financial year ended 31 March 2023 is still appropriate. This consideration is made after taking account that, as of the date of this report, AHPL Group has sold and delivered to its buyers a total of seven rigs, with the exception of one rig that was under operation during the financial year ended 31 March 2023. Additionally, 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 Company's activities. Revenue is presented, net of value-added tax ("VAT"), returns, rebates, and discounts.

The Company 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 specific criteria for each of the Company'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 Company 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.

(b) *Other incidental services*

Other incidental services relates 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 Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. Significant accounting policies (continued)

2.3 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.4 Financial assets

(a) Classification and measurement

The Company classifies its financial assets as amortised cost.

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

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

At initial recognition

At initial recognition, the Company 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 and trade and other receivables.

Subsequent measurement of debt instruments depends on the Company'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 Company 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 Company 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. Significant accounting policies (continued)

2.4 Financial assets (continued)

(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 Company has transferred substantially all risks and rewards of ownership.

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

2.5 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.

2.6 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company 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.

2.7 Lease

When the Company is the lessor

The Company leases its rig under operating leases to intermediate holding corporation.

Leases of property, plant and equipment where the Company 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 Company 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.

The accounting policy applicable to the Company as a lessor in the comparative period were the same under FRS 116.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

2. Significant accounting policies (continued)

2.8 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 Company 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 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:

- (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 profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

2.9 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.

2.10 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements 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)2.10 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 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 gains or 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.

2.11 Cash and cash equivalents

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

2.12 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.

2.13 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. Revenue

	2023	2022
	US\$'000	US\$'000
Revenue from drilling and drilling related contracts		
- South East Asia	920	7,300

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

4. Other (losses)/gains – net

	2023 US\$'000	2022 US\$'000
Amortisation of amount due to intermediate holding corporation (non-trade)	-	473
Amortisation of amount due to immediate holding corporation (non-trade)	-	(34)
Currency exchange loss - net	(2)	*
	<u>(2)</u>	<u>439</u>

5. Rig operating expenses

	2023 US\$'000	2022 US\$'000
Communications	-	2
Insurance	44	353
Repair and maintenance	-	2
Other	-	9
Total rig operating expenses	<u>44</u>	<u>366</u>

6. Finance expenses

	2023 US\$'000	2022 US\$'000
Interest expense		
- Bank borrowings	3,564	2,880
- Intermediate holding corporation	-	11,496
	<u>3,564</u>	<u>14,376</u>

Finance expenses of US\$Nil (2022: US\$11,496,000) charged by the intermediate holding corporation to the Company has been allocated based on the assets offered as security by the Company for the facility availed by the intermediate holding corporation.

7. Other operating expenses

	2023 US\$'000	2022 US\$'000
Consultancy and advisory fees	25	29
Management fee	-	552
Other	-	4
Total other operating expenses	<u>25</u>	<u>585</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

8. Income tax

The Maritime and Port Authority of Singapore (“MPA”) awarded the “Approved International Shipping Enterprise” (“AIS”) status to the Company with effect from 1 June 2016 for a period of 10 years. During the financial year ended 31 March 2023, the intermediate holding corporation, Aban Singapore Pte. Ltd. (“ASPL”) and its subsidiary corporations (“ASPL Group”) had submitted a request for withdrawal to MPA from the AIS scheme with effect from 1 June 2021 as ASPL Group was unable to meet the qualifying conditions under AIS scheme. On 7 July 2023, MPA has approved ASPL Group’s request for withdrawal from the AIS scheme.

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:

	2023 US\$'000	2022 US\$'000
Loss before income tax	<u>(2,715)</u>	<u>(31,558)</u>
Tax calculated at tax rate of 17% (2022: 17%)	(462)	(5,365)
Effects of:		
- Expenses not deductible for tax purposes	462	6,531
- Income not subjected to tax	-	(1,166)
Tax charge	<u>-</u>	<u>-</u>

9. Cash and cash equivalents

	2023 US\$'000	2022 US\$'000
Cash at bank	<u>22</u>	<u>14</u>

10. Trade and other receivables

	2023 US\$'000	2022 US\$'000
Trade receivables		
- Non-related party	7,037	7,037
- Intermediate holding corporation ⁽¹⁾	-	1,800
Less: Loss allowance (Note 17(b))	<u>(7,037)</u>	<u>(7,037)</u>
	-	1,800
VAT receivables	*	*
	<u>*</u>	<u>1,800</u>

⁽¹⁾ The Company has contracted its rig through its intermediate holding corporation as contracting party to a third party operator

* Amount is less than US\$1,000

NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 31 March 2023***11. Other current assets**

	2023 US\$'000	2022 US\$'000
Prepayments	-	36

12. Non-current assets held-for-sale

Details of the assets classified as held-for-sale were as follows:

	2023 US\$'000	2022 US\$'000
Property, plant and equipment	-	25,507
Inventories	-	1,493
	<u>-</u>	<u>27,000</u>

During financial year ended 31 March 2022, the Company has received instructions from the lenders to sell its rig to repay the debts. The sale is highly probable and expected to be completed within one year. Accordingly, the Company classified its rig as held-for-sale and are presented separately in the balance sheet. As at 31 March 2022, the assets held-for-sale was stated at fair value less costs to sell. Consequently, the Company recognised an impairment loss on the rig and inventory write-down amounting to US\$20,999,000 and US\$1,229,000 respectively.

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

13. Other payables

	2023 US\$'000	2022 US\$'000
Accruals of interest payable		
- Bank borrowings	25,491	21,927
Accruals for operating expenses	25	25
	<u>25,516</u>	<u>21,952</u>

14. Borrowings

	2023 US\$'000	2022 US\$'000
<i>Current</i>		
Bank borrowings	<u>34,749</u>	<u>48,009</u>

Bank borrowings of US\$34,749,000 (2022: US\$48,009,000) are secured by a first priority mortgages on the rig owned by the Company, first charge by way of hypothecation of moveable assets and receivables of the Company and a corporate guarantee from the intermediate holding corporation. The borrowings have an interest rate of 5.6% per annum (2022: 3.8% per annum) at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

14. Borrowings (continued)

During the financial year ended 31 March 2018, due to default on repayment of principal and interest payables, the penultimate holding corporation, Aban Holdings Pte. Ltd. (“AHPL”) and its subsidiary corporations (“AHPL Group”), as well as the Company have breached the covenants and recall notices have been received from the banks. The carrying amount of the Company’s borrowings in default as at 31 March 2023 is US\$34,749,000 (2022: US\$48,009,000). The entire bank borrowings are presented as current liabilities as at 31 March 2023 and 2022 respectively.

15. Amounts due to immediate and intermediate holding corporations (non-trade)

The non-trade amounts due to immediate and intermediate holding corporations are unsecured, interest-free and have no fixed repayment date. These amounts are not expected to be paid within the next 12 months from the balance sheet date.

The management is of the opinion that the fair value of non-trade amounts due to immediate and intermediate holding corporations approximates its carrying amount.

16. Share capital

The Company’s share capital comprises issued and fully paid-up 51,312,000 (2022: 51,312,000) ordinary shares with no par value amounting to a total of US\$51,312,000 (2022: US\$51,312,000).

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

17. 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 intermediate holding corporation as part of the operations of the Group.

(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’s interest rate risk relates to interest-bearing bank borrowings of US\$34,749,000 (2022: US\$48,009,000) with variable interest. The Company monitors the interest rate on bank borrowings closely to ensure that the borrowing rates are maintained at favourable rates. The Company will consider the use of interest rate swaps where necessary, if the exposure to interest rate risk is assessed to be significant.

NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 31 March 2023***17. Financial risk management** (continued)(a) Market risk (continued)*(ii) Cash flow and fair value interest rate risk* (continued)

The Company's borrowings at variable rates, on which effective hedges have not been entered into, are denominated mainly in US\$ and pegged to LIBOR rates. If interest rates increase/decrease by 1% (2022: 1%) with all other variables including tax rate being held constant, the loss after tax would have been higher/lower by US\$347,490 (2022: US\$480,090) as a result of higher/lower interest expense on these borrowings.

In addition, the Company has interest expense allocated from the intermediate holding corporation (Note 6). Changes in interest rate may affect the interest expense allocated to the Company which is at the discretion of the intermediate holding corporation.

(iii) Price risk

The Company has no significant exposure to price risk as its revenue is based on contractual rates and the Company does not hold equity securities as at 31 March 2023 and 2022 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 major classes of financial assets of the Company include bank balances, trade and other receivables and amount due from immediate holding corporation. For bank deposits, the Company maintain its cash deposits primarily with financial institutions with high credit quality to minimise their exposure to the banks.

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

The trade receivables of the Company comprise of 2 debtors (2022: 2 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	-	1,800

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

	2023	2022
	US\$'000	US\$'000
Beginning and end of the financial year	7,037	7,037

NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 31 March 2023***17. Financial risk management** (continued)(b) Credit risk (continued)

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

	← Past due →				Total US\$'000
	Not past due US\$'000	< 3 months US\$'000	3 to 6 months US\$'000	More than 180 days US\$'000	
31 March 2023					
Trade receivables	-	-	-	7,037	7,037
Loss allowance	-	-	-	(7,037)	(7,037)
31 March 2022					
Trade receivables	620	1,180	-	7,037	8,837
Loss allowance	-	-	-	(7,037)	(7,037)

Cash and cash equivalents and other receivables are considered to have low risk of default. The balances are measured on a 12-months expected credit losses. The credit loss is immaterial.

(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 financial support from intermediate 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

17. Financial risk management (continued)

(c) Liquidity risk (continued)

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 1 year US\$'000
2023	
Other payables	25,516
Borrowings	37,181
	<u>62,697</u>
2022	
Other payables	21,952
Borrowings	51,369
	<u>73,321</u>

The Board of Directors does not regard the amounts due to immediate and intermediate holding corporations (non-trade) of US\$17,166,000 and US\$17,999,000 (2022: US\$17,168,000 and US\$34,414,000) respectively as part of their consideration of liquidity risk in view that the amounts have no fixed repayment terms and continuing financial support from the intermediate holding corporation has been provided to the Company.

(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 Directors monitors its capital based on net debt and total capital. Net debt is calculated as trade and other payables plus borrowings and amount due to immediate and intermediate holding corporations (non-trade) less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	2023 US\$'000	2022 US\$'000
Net debt	95,408	121,529
Total equity	(95,408)	(92,693)
Total capital	<u>-</u>	<u>28,836</u>

(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 Company for similar financial instruments. The carrying amounts of current borrowings approximate their fair value.

NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 31 March 2023***17. Financial risk management (continued)**(f) Financial instrument by category

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

	2023	2022
	US\$'000	US\$'000
Financial assets at amortised cost	22	1,814
Financial liabilities at amortised cost	95,430	121,543

18. Related party transactions

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

(a) Sales and purchases of services

	2023	2022
	US\$'000	US\$'000
Management fees paid/payable to intermediate holding corporation	-	552
Drilling income charged to intermediate holding corporation*	920	7,300
Interest charged by intermediate holding corporation	-	11,496

* *The Company has contracted its rig through its intermediate holding corporation as contracting party to a third party operator.*

Outstanding balances as at 31 March 2023 and 2022 are unsecured and not repayable within the next 12 months from the balance sheet date and are disclosed in Notes 10 and 15 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.

19. 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 Company's accounting periods beginning on or after 31 March 2023 and which the Company 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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

19. 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.*

20. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Deep Drilling 6 Pte. Ltd. on 11 September 2023.