Abbot Group Limited

Annual report and financial statements

for the year ended 31 December 2014

Registered Number 00623285

Abbot Group Limited

Annual report and financial statements

for the year ended 31 December 2014

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Abbot Group Limited

Corporate Information

Board of Directors
N McKay
N Gilchrist
G Paver
A Byrne

Registered office
3 Colmore Circus
Birmingham
B4 6BH

Independent Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
32 Albyn Place
Aberdeen
AB10 1YL

Abbot Group Limited

Strategic Report

The Directors present their Strategic Report of the Company for the year ended 31 December 2014.

Review of the Business

The Company is a wholly owned subsidiary of KCA Deutag Alpha Limited. The ultimate parent Company is KCAD Holdings I Limited. References to the Group are in relation to KCA Deutag Alpha Limited and KCAD Holdings I Limited, which consolidate the smallest and largest groups respectively as explained in note 23.

The Company's principal activities are the provision of drilling and related well and facilities engineering services, both offshore and onshore, on a worldwide basis. In the future we expect the Company to continue operations as described above.

Market Dynamics and Positioning

As shown in the Company's Profit and Loss Account on page 10, the Company made a loss of $50,770k (2013: $22,779k) during the year. This is largely due to additional interest and finance costs in the year arising from the Group refinancing which took place in May 2014.

Turnover and cost of sales have both increased in the year. Additional rental income was received due to the purchase of two rigs from a fellow subsidiary of the KCAD Holdings I Limited group in February 2014, a full year's income from the operation of the T322 rig which commenced operations in July 2013 and additional income due to the operation of the new rig T506 which commenced operations in October 2014. This was offset by some reductions in rental charges for various rigs operating in Russia and Europe. Cost of sales has increased mainly as a result of higher depreciation charged in 2014, with more depreciating assets being held at the year end.

Principal Risks and Uncertainties

The undernoted principal risks and uncertainties are monitored at Group level and are not specific to Abbot Group Limited.

Market risk

The Group operates in the Oil & Gas sector which is a market driven, cyclical industry where activity is closely correlated with the market price for oil and gas. Changes in such prices may lead to an increase or decrease in our activity levels. Towards the end of 2014 we saw a rapid and sustained reduction in market prices for oil and gas which may lead to a reduced workload in the future.

We mitigate the impact of this risk through endeavouring to secure longer term contracts with our clients where possible together with contractual protection for early termination. Many of our clients own oil and gas assets where the lifting costs are at the lower end of the spectrum and hence are still able to make positive returns even at lower energy prices. Most of our activity is in the eastern hemisphere where the economic cycles have historically been less severe than in the western hemisphere. Where possible we employ a flexible cost model such that we are able to change manning levels as activity changes. Each of our five business units has different exposure and sensitivity to changes in energy prices.

Financial risk
Our operations and growth plans require access to capital to allow the Group to grow and to manage the changes in business activity levels over time. The Group is financed through a combination of equity and debt.

Where possible the Group seeks to secure long term debt financing which provides access to funds for a number of years into the future. Current secured debt facilities for example have no significant capital repayments required until 2018. The Group has sought to diversify its access to debt markets away from wholly traditional bank debt towards institutional debt by way of the corporate bond markets. The Group will seek to refinance these debt facilities as repayment dates get closer and to take advantage of market conditions. The Group also seeks to secure debt facilities with a light covenant structure and monitors these closely. Periodic reviews of interest rate exposures are also made looking at fixed rate and variable rate exposures with the aim of maintaining a balance between fixed and variable rates.

The Group also works closely with its principal shareholders to discuss potential future financing requirements. All significant growth capital expenditure is approved by the Board. In the past our shareholders have supported the Group through the injection of additional equity to support growth plans.

Subsequent to the Balance Sheet date, it has been agreed with the Group's shareholders that they will provide additional funding of up to $100 million during 2015.

Currency related risks
Recent conditions in Russia, and the stronger US Dollar against a basket of other currencies, particularly those linked to economies with a heavy reliance on oil and gas, have resulted in a higher level of business risk from currency volatility. The Group's financial results are presented in US Dollars and these results are sensitive to either a relative strengthening or weakening of the major currencies against the US Dollar. We have a significant exposure to Russia in both our land operation as well as our Platform Services operations in Sakhalin.

The Group employs a number of mechanisms to manage elements of exchange risk at a transaction, translation and economic level. Where possible we will seek to naturally hedge our exposures through matching currency revenue and expenditure which we are able to do by contracting our revenues in either US Dollar or local currency. In some situations, such as in Russia, we have been able to hedge our balance sheet exposure by matching local currency assets with local currency liabilities. Where this is not possible we may seek to hedge our currency exposures through the purchase of forward contracts. In terms of the overall economic risk we monitor our exposure to all of the key markets in which we operate. We aim to maintain a diversified geographical exposure without being overly reliant on any single country of operation.

Business continuity risk
Many of the key markets in which the Group operates are potentially at a higher risk of political upheaval. Over the past three years we have witnessed the impact of war and civil unrest in Libya, a terrorist incident in Algeria and the threat of terrorism in North Iraq.

Abbot Group Limited

Strategic Report (continued)

Business continuity risk (continued)

To mitigate these risks we have a robust emergency response system to ensure that we are able to move our personnel rapidly and safely in the event of an unplanned incident. We work with specialist third parties to maintain a good understanding of the security risks and how to react in each set of circumstances. Where possible we seek to limit our exposure to higher risk regions such that an emergency in one location does not have a material impact on the ability of the Group to continue operating. In the past we have been able to rapidly redeploy personnel when required and reduce costs in impacted countries to a minimum.

Ethics and violation of applicable anti-corruption laws

We are an international business with operations in developing countries and in countries which are high on the Corruption Perceptions Index published by Transparency International. Violation of anti-corruption laws may result in criminal and civil sanctions and could subject us to other liabilities in the UK, the US and elsewhere.

We have policies and procedures designed to assist our compliance with applicable law and regulations and have trained our employees to comply with such laws and regulations. We have enshrined business integrity as one of our six core values and foster a compliance culture within our operations. We have put in place appropriate governance processes to monitor compliance and seek to continuously improve our systems of internal controls to remedy any weaknesses.

Asset integrity & Compliance regime

The Group is subject to increasingly stringent laws and regulations relating to environmental protection as well as being exposed to potentially substantial liability claims due to the hazardous nature of our business. An accident or a service failure can cause personal injury, loss of life, damage to property, equipment or the environment, consequential losses or the suspension of operations or possibly the termination of a contract. Furthermore we may be liable for damages resulting from pollution both on land and in offshore waters.

The Group has put in place robust processes and procedures to support each of the principal activities which it undertakes. We seek to employ personnel with the relevant experience, qualifications and competencies and have the appropriate tracking mechanisms to ensure that our staff have demonstrable competencies for each of the tasks that they perform. We have a governance structure which ensures that our compliance with processes is validated periodically and reinforces a culture of continuous improvement. We have robust reporting mechanisms to report safety and environmental data at each operating unit and escalation processes to investigate incidents. We have a pre-defined contracting strategy with our clients setting out what exposures are acceptable and escalation mechanisms where we are asked to agree to contractual positions which fall out with these set parameters. We have a comprehensive package of insurance coverage to further protect us from potential claims or incidents.

Key performance indicators

The Directors of KCAD Holdings I Limited manage the group's operations on a divisional basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Abbot Group Limited. See note 23 for details of where copies of the Group's financial statements can be obtained.

G Paver
Director
25 **August 2015**

Directors' report for the year ended 31 December 2014

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2014.

Further information regarding the Company, including important events and its progress during the year, events since the year end and likely future development is contained in the Strategic Report on pages 2 to 4. The information that fulfils the requirements of the Strategic Report (as required the Companies Act 2006), which is incorporated in this Directors' Report by reference, can be found on the following pages of this Annual Report:

Information	Location	Pages
Development and performance during the financial year	Strategic Report	2
Position at the year end including analysis and key performance indicators	Strategic Report	2, 4
Other performance including environmental and employee matters	Strategic Report	4
Principal risks and uncertainties facing the business	Strategic Report	2
Explanation of amounts included in the financial statements	Notes to the Financial Statements	13

Results and dividends
The loss for the year from continuing operations deducted from reserves was $50,770k (2013: loss $22,779k). The Directors do not propose the payment of a final dividend (2013: $nil).

Principal risks and uncertainties
The principal risks and uncertainties are discussed within the Strategic Report on page 2. The Company's operational risks are aligned with those faced by the rest of the Group and are disclosed in the Strategic Report.

Environment
The Company provides drilling and related well and facilities engineering services both onshore and offshore. In the execution of these services they undertake environmental risk assessments and site appraisals as standard. These assessments are discussed with the clients to improve the environmental performance of the operation as a whole, through the preparation and implementation of site specific environmental plans.

Employees
The Company is committed to involving employees in the business through a policy of communication and consultation. Arrangements have been established for the regular provision of information to all employees through internal newsletters, briefings and well-established formal consultation procedures.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes and abilities of the applicant. If employees become disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Details of the number of employees and related costs can be found in note 17 to the financial statements on page 26.

Directors' report for the year ended 31 December 2014 (continued)

Directors
The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

L Andrew	(resigned 31 March 2014)
N McKay	
N Gilchrist	
L Thomson	(appointed 31 March 2014, resigned 18 November 2014)
G Paver	(appointed 7 April 2014)
A Byrne	(appointed 18 November 2014)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- Notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statement; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' report for the year ended 31 December 2014 (continued)

Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving this report are listed on page 1. Having made enquiries of fellow Directors, each of these Directors confirm that:

a) So far as each Director is aware, there is no relevant audit information of which the auditors are unaware; and
b) Each of the Directors has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and the Directors continue to adopt the going concern basis in preparing the financial statements. Further details are provided in Note 2 to the financial statements.

On behalf of the Board

G Paver
Director
25 **August 2015**

Independent auditors' report to the members of Abbot Group Limited

Report on the financial statements

Our opinion

In our opinion, Abbot Group Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Abbot Group Limited's financial statements comprise:

- the Balance Sheet as at 31 December 2014;
- the Profit and Loss Account and Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Kevin Reynard (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
25 August 2015

Abbot Group Limited

Profit and Loss Account for the year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Turnover		**31,320**	26,805
Cost of Sales		**(28,042)**	(18,651)
Gross Profit		**3,278**	8,154
Administrative expenses		**(1,922)**	(2,464)
Operating Profit		**1,356**	5,690
Interest receivable and similar income	5	**16,554**	20,747
Interest payable and similar charges	6	**(68,680)**	(33,381)
Exceptional items	7	**-**	(15,543)
Share of loss from associate undertakings	12	**-**	(292)
Loss on ordinary activities before taxation	8	**(50,770)**	(22,779)
Tax on loss on ordinary activities	9	**-**	-
Loss for the financial year		**(50,770)**	(22,779)

The results have been derived wholly from continuing operations.

Statement of comprehensive income for the year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Loss for the financial year		**(50,770)**	(22,779)
Other comprehensive (expense) income:			
Exchange adjustments		**(7,599)**	-
Remeasurements on defined benefit pension schemes	18	**(709)**	440
Total other comprehensive (expense) income for the year		**(8,308)**	440
Total comprehensive expense for the year		**(59,078)**	(22,339)

All items, with the exception of the remeasurements on defined benefit pension schemes, may subsequently be reclassified to the Profit and Loss Account.

The notes on pages 13 to 32 are an integral part of these financial statements.

Abbot Group Limited

Balance Sheet as at 31 December 2014

	Note	2014 $'000	2013 $'000
Fixed Assets			
Tangible assets	10	**295,410**	150,963
Intangible assets	11	**2,375**	4,230
Investments	12	**1,135,663**	595,706
Retirement benefit obligations	18	**384**	289
		1,433,832	751,188
Current Assets			
Debtors	13	**769,429**	539,025
Cash at bank and in hand		**56,043**	1,002
		825,472	540,027
Creditors: amounts falling due within one year	14	**(1,333,752)**	(576,783)
Net current liabilities		**(508,280)**	(36,756)
Total assets less current liabilities		**925,552**	714,432
Creditors: amounts falling due after more than one year	15	**(450,372)**	(180,174)
Net assets		**475,180**	534,258
Capital and reserves			
Called up share capital	16	**66,288**	66,288
Share premium account		**456,619**	456,619
Currency translation reserve		**(116,160)**	(108,561)
Capital contribution reserve		**110,000**	110,000
Profit and loss account		**(41,567)**	9,912
Total shareholders' funds		**475,180**	534,258

The notes on pages 13 to 32 are an integral part of these financial statements.

The financial statements on pages 10 to 32 were approved by the Board of Directors on 25 August 2015 and signed on its behalf by:

Gavin Paver

G Paver
Director

Registered number 00623285

Abbot Group Limited

Statement of changes in equity for the year ended 31 December 2014

	Called up share capital	Share premium account	Currency translation reserve	Capital contribution reserve	Profit and loss account	Total Shareholders' funds
	$'000	$'000	$'000	$'000	$'000	**$'000**
At 1 January 2014	66,288	456,619	(108,561)	110,000	9,912	**534,258**
Comprehensive expense						
Loss for the financial year	-	-	-	-	(50,770)	**(50,770)**
Other comprehensive expense						
Exchange adjustments	-	-	(7,599)	-	-	**(7,599)**
Remeasurements on defined benefit pension schemes	-	-	-	-	(709)	**(709)**
Total other comprehensive expense	-	-	(7,599)	-	(709)	**(8,308)**
Total comprehensive expense	-	-	(7,599)	-	(51,479)	**(59,078)**
At 31 December 2014	**66,288**	**456,619**	**(116,160)**	**110,000**	**(41,567)**	**475,180**

At 1 January 2013	66,288	456,619	(108,561)	110,000	32,251	556,597
Comprehensive expense						
Loss for the financial year	-	-	-	-	(22,779)	(22,779)
Other comprehensive income						
Remeasurements on defined benefit pension schemes	-	-	-	-	440	440
Total other comprehensive income	-	-	-	-	440	440
Total comprehensive expense	-	-	-	-	(22,339)	(22,339)
At 31 December 2013	66,288	456,619	(108,561)	110,000	9,912	534,258

The notes on pages 13 to 32 are an integral part of these financial statements.

Abbot Group Limited

Notes to the financial statements for the year ended 31 December 2014

1 General information

Abbot Group Limited's ('the Company') principal activities are the provision of drilling and related well and facilities engineering services, both offshore and onshore, on a worldwide basis.

The Company is a limited company incorporated in England and Wales and domiciled in Scotland. The address of its registered office is 3 Colmore Circus, Birmingham, B4 6BH.

2 Basis of preparation

These financial statements of the Company have been prepared in accordance with United Kingdom Accounting Standards - in particular FRS 101 and the Companies Act 2006 ("the Act"). FRS 101 sets out a reduced disclosure framework for a "qualifying entity", as defined in the Standard, which addressed the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ("IFRSs").

The Company is a qualifying entity for the purposes of FRS 101. Note 23 gives details of the Company's ultimate parent and from where the consolidated financial statements prepared in accordance with IFRS may be obtained.

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of KCAD Holdings I Limited, which prepares consolidated financial statements that are publicly available.

Adoption of Financial Reporting Standard 101 has enabled the Company to take advantage of certain disclosure exemptions, most notably in respect of financial instruments (IFRS 7 requirements) and related party transactions with fellow 100% subsidiaries of KCAD Holdings I Limited. Furthermore the Company is no longer required to prepare a cash flow statement. The below provides a summary of the disclosure exemptions adopted in the preparation of these financial statements, in accordance with FRS 101:

- *IFRS 7: Financial Instruments: Disclosures;*
- *IFRS 13: Fair value measurement in respect of the disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities;*
- *IAS 1: Presentation of financial statements' comparative information requirements in respect of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets;*
- *IAS 1: Presentation of financial statements in respect of: statement of cash flows including comparatives and statement of compliance with all IFRS;*
- *IAS 8: Accounting policies, changes in accounting estimates and errors' for the disclosure of new standards not yet effective;*
- *IAS 24: Related party disclosures in respect of key management compensation;*
- *IAS 24: Related party disclosures' to disclose related party transactions entered into between two or more wholly owned members of a group; and*
- *IAS 36: Impairment of assets in respect of the assumptions involved in estimating recoverable amounts of cash generating units containing goodwill or intangible assets with indefinite useful lives and management's approach to determining these amounts.*

2 Basis of preparation (continued)

The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the Company in these financial statements.

The Company had net current liabilities at the Balance Sheet date of $508,280k (2013: $36,756k) principally due to the net amounts owed to fellow group undertakings at the Balance Sheet date of $566,995k (2013: $9,624k). The Company owns 100% of the operating subsidiaries within the Group which are currently forecast to generate sufficient cash to support the Company if required. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and the Directors continue to adopt the going concern basis in preparing the financial statements.

3 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Foreign currency translation

(i) Functional and presentation currency
These financial statements are presented in US Dollars (USD) which is also the functional currency of the Company and the primary economic environment in which it operates. Management believe that this currency is more useful for the users of the financial statements as it is consistent with the presentation currency of the KCAD Holdings I Limited consolidated financial statements.

(ii) Transactions and balances
Transactions denominated in a foreign currency are converted to the functional currency at rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the Balance Sheet date. The resulting exchange gains and losses are dealt with through the Profit and Loss Account for the period, except where hedge accounting is applied.

Investments
Investments held as fixed assets are shown at cost less appropriate provision where the Directors consider that impairment in value has occurred.

Intangible assets
Intangible assets are recognised at cost less accumulated amortisation. Amortisation is provided to write off the cost of each asset over its estimated useful life, using the straight-line method, on the following basis:

Technology - computer software	up to 10 years

3 Summary of significant accounting policies (continued)

Tangible Fixed Assets

Tangible fixed assets held for use in the Company's operations, or for administrative purposes, are stated in the Balance Sheet at cost, net of depreciation and any provision for impairment. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset over their estimated useful lives using the straight line method on the following basis:

Plant, machinery and vehicles	2 - 10 years

Assets in the course of construction are not depreciated until brought into use.

The depreciation for drilling rigs and equipment is calculated by dividing the total number of days a rig is operational in any period over the total estimated number of operational days in the life of the asset. This equates to a useful life of between 3 and 25 years. Should a rig not be operational for an extended period, a charge to depreciation will be made based on its estimated useful life remaining.

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Profit and Loss Account.

Impairment

The Company performs impairment reviews in respect of investments, tangible fixed assets and intangible assets when circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs of disposal and its value in use, is less than its carrying amount.

Trade debtors

Trade debtors are recognised initially at fair market value and subsequently measured at amortised cost using the effective interest method, less provision of impairment, if applicable. A provision of impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due.

Taxation

The tax charge represents the sum of tax currently payable and deferred tax. Tax currently payable is based on the taxable profit for the year. Taxable profit differs from the profit reported in the Profit and Loss Account due to items that are not taxable or deductible in any period and also due to items that are taxable or deductible in a different period. The Company's liability for current tax is calculated using tax rates enacted or substantively enacted at the Balance Sheet date.

Deferred tax is provided, using the full liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on tangible fixed assets, tax losses carried forward and, in relation to acquisitions, the difference between the fair values of the net assets acquired and their tax base. Tax rates enacted, or substantially enacted, by the Balance Sheet date are used to determine deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

3 Summary of significant accounting policies (continued)

Employee benefits - pension obligations

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The interest income on scheme assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in finance income/expense.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Financial assets and liabilities

Financial assets and financial liabilities are recognised on the Company's Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially recorded at fair value including directly attributable transaction costs. Such transaction costs are subsequently amortised over the remaining term associated with the borrowings. Borrowings are subsequently measured at amortised cost net of the residual transaction costs.

3 Summary of significant accounting policies (continued)

Turnover
Turnover is recognised based on the gross amount received or receivable for services provided in the normal course of business, net of value-added tax and other sales related taxes.

Turnover from land drilling operations is recognised in the accounting period in which the services are rendered, typically based on a day rate for rigs or manpower provided to the customer. In land drilling, the Company typically provides the drilling rig and crew to the customer on a day rate which fluctuates dependent on activity.

Mobilisation income on significant contracts is recognised over the period of the contract to which it relates. Other mobilisation income is credited to income as received.

Mobilisation costs which are incurred in relation to the mobilisation of new rigs are capitalised and depreciated over the life of the rig. Any subsequent transportation costs for moving the rigs to new locations are expensed as incurred.

Interest income is accrued on a time basis, by reference to the principal amount outstanding and the effective interest rate applicable.

Operating leases
Rentals payable on operating leases are charged to the Profit and Loss Account on a straight line basis over the term of the relevant lease.

Trade creditors
Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as creditors falling due within one year if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as creditors due within more than one year. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Exceptional items
Exceptional items are those significant non-recurring items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the financial performance of the Company. Transactions which may give rise to exceptional items include write-downs or impairments of assets including goodwill, refinancing costs, restructuring costs and litigation settlements.

4 Significant accounting judgments and estimates

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Significant judgements and estimates in these financial statements have been made with regard to tax balances (note 9), depreciation on tangible fixed assets (note 10) and carrying value of investments (note 12). An explanation of key uncertainties or assumptions used by the management in accounting for these items is explained, where material, in the respective notes.

5 Interest receivable and similar income

	2014 **$'000**	2013 $'000
Bank interest receivable	**922**	4
Interest receivable from group undertakings	**15,318**	20,346
Other interest receivable	**-**	188
Other finance income	**314**	209
	16,554	20,747

6 Interest payable and similar charges

	2014 **$'000**	2013 $'000
Interest payable to group undertakings	**(35,215)**	(28,231)
Interest payable on borrowings	**(28,383)**	(1,548)
Less: amounts included in cost of tangible fixed assets	**6,190**	2,060
Other interest payable	**(305)**	(355)
Other finance costs	**(426)**	103
Amortisation of arrangement fees	**(7,095)**	(3,295)
Amortisation of discount asset	**(3,446)**	(2,115)
	(68,680)	(33,381)

The amortisation of the discount asset is applied on the original issue discount of $20 million which was deducted from the proceeds generated by a bond issue completed in May 2013.

7 Exceptional items

		2014 $'000	2013 $'000
Impairment of investments	(a)	-	15,543
		-	15,543

(a) During 2013, management performed a review of the carrying value of investments and as a result an impairment charge of $15,543k was made to the carrying value of the Company's investment in Abbot Investments (North Africa) Limited.

8 Operating Profit

The following items have been included in arriving at operating profit:

	2014 $'000	2013 $'000
Employee benefits expense (note 17)	**225**	345
Depreciation of tangible fixed assets (note 10)	**24,330**	17,661
Loss on disposal of tangible fixed assets	**9**	115
Amortisation of intangible assets (note 11)	**1,899**	2,363
Operating lease rentals on properties	**60**	75
Net foreign exchange gains	**(1,235)**	(3,901)

Auditors Remuneration

During the year the Company obtained the following services from the Company's auditors at the following cost:

	2014 $'000	2013 $'000
Audit services		
Fees payable to Company's auditors for the audit of Company financial statements	**30**	30

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Notes to the financial statements for the year ended 31 December 2014 (continued)

9 Tax on loss on ordinary activities

(a) Analysis of charge in year

	2014	2013
	$'000	$'000
Total current tax charge	**-**	-

(b) Factors affecting tax charge in year

The tax assessed for both years is higher than the standard rate of corporation tax in the UK of 21.49% (2013: 23.25%). The differences are explained below:

	2014	2013
	$'000	$'000
Loss on ordinary activities before taxation	**(50,770)**	(22,779)
Loss on ordinary activities before taxation at standard rate of corporate tax in the UK 21.49% (2013: 23.25%)	**(10,912)**	(5,295)
Effects of:		
Group relief for nil consideration	**7,500**	2,508
Expenses not deductible for tax purposes	**(152)**	245
Other permanent differences	**(129)**	2,177
Deferred tax not recognised	**3,693**	365
Total tax charge for the year (note 9 (a))	**-**	-

The Company has not recognised potential deferred tax assets at 20% of $8,468k (2013: at 20% of $5,910k) on the tax effect of deductible temporary difference, and unused tax credits as it may not be possible to utilise the potential benefit in future years.

The Finance Act 2012 reduced the UK Corporation tax rate from 24% to 23% with effect from 1 April 2013. Further changes to the UK Corporation tax rates were enacted on 17 July 2013 in the Finance Act 2013. These reduced the main rate to 21% from 1 April 2014 and to 20% from 1 April 2015.

10 Tangible fixed assets

	Drilling, rigs and equipment $'000	Plant, machinery and vehicles $'000	Total $'000
Cost			
At 1 January 2014	204,371	1,144	205,515
Additions	119,794	130	119,924
Transfers in	50,705	1,685	52,390
Disposals	(18)	-	(18)
At 31 December 2014	**374,852**	**2,959**	**377,811**
Accumulated depreciation			
At 1 January 2014	53,547	1,005	54,552
Charge for the year	23,642	688	24,330
Transfers in	3,387	140	3,527
On Disposals	(8)	-	(8)
At 31 December 2014	**80,568**	**1,833**	**82,401**
Net carrying amount			
At 31 December 2014	**294,284**	**1,126**	**295,410**
At 31 December 2013	150,824	139	150,963

Included in tangible fixed assets at 31 December 2014 is an amount of $89,747k (2013: $100k) in relation to assets in the course of construction. No depreciation has been charged in respect of these assets.

Included in transfers in during the year is the purchase of two rigs from a fellow subsidiary of the KCAD Holdings I Limited group.

11 Intangible assets

	Computer software $'000
Cost	
At 1 January 2014	15,607
Additions	44
At 31 December 2014	**15,651**
Accumulated amortisation	
At 1 January 2014	11,377
Charge for the year	1,899
At 31 December 2014	**13,276**
Net carrying amount	
At 31 December 2014	**2,375**
At 31 December 2013	4,230

Abbot Group Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

12 Investments

	2014 $'000	2013 $'000
a) Shares in Group undertakings		
At 1 January	**594,684**	610,227
Capital contribution	**540,979**	-
Impairment of investment (note 7)	-	(15,543)
At 31 December	**1,135,663**	594,684
b) Other investments - associates		
At 1 January	**123**	185
Disposals	**(123)**	(62)
At 31 December	**-**	123
c) Loan investments - joint ventures		
At 1 January	**899**	859
Write off during year	**(933)**	-
Interest on loans	**-**	278
Share of loss of joint venture	**-**	(292)
Exchange adjustments	**34**	54
At 31 December	**-**	899
Total		
At 31 December	**1,135,663**	595,706

The Company made a capital contribution to Abbot Holdings Limited in the year as part of a recapitalisation process which increased the investment value as shown in the table above.

A list of principal subsidiary undertakings is given in note 22.

13 Debtors

	2014	2013
	$'000	$'000
Trade debtors	-	3
Amounts owed by group undertakings	704,700	535,354
Other debtors	3,586	2,453
Prepayments and accrued income	61,143	1,215
	769,429	539,025

The amounts owed by group undertakings are unsecured and repayable on demand. Interest is receivable on a total of $240,829k (2013: $457,474k) of the amounts owed by group undertakings as at 31 December 2014. Interest is charged based on base rates plus appropriate margins. The remaining amounts owed by group undertakings are interest free. All group trading balances are settled on a monthly basis, therefore no impairment provision is required.

14 Creditors: amounts falling due within one year

	2014 $'000	2013 $'000
Trade creditors	481	2,192
Amounts owed to group undertakings	1,271,695	544,978
Bank overdrafts	32,644	18,764
Bank loans - secured	15,000	-
Accruals and deferred income	13,904	10,842
Other creditors	28	7
	1,333,752	576,783

The amounts owed to group undertakings are unsecured and repayable on demand. Interest is payable on a total of $857,652k (2013: $381,242k) of the amounts owed to group undertakings as at 31 December 2014. Interest is charged on base rates plus appropriate margins. The remaining amounts owed to group undertakings are interest free.

The bank overdrafts bear interest based on LIBOR or foreign equivalents appropriate to the currency denomination of each borrowing.

The average interest rates of the Company's overdraft facility as at 31 December 2014 was 4.6% (2013: 0.4%).

15 Creditors: amounts falling due after more than one year

	2014	2013
	$'000	$'000
Senior secured notes	**500,000**	219,445
Bank loans - secured	**-**	32
	500,000	219,477
Less: net capitalised arrangement fees (senior secured notes)	**(35,188)**	(21,418)
Less: net discount assets (senior secured notes)	**(14,440)**	(17,885)
	450,372	180,174

The average rate of the Company's non-current borrowings at the Balance Sheet date was 9.6% (2013: 9.6%). The non-current borrowings are wholly denominated in US dollars.

The liabilities in relation to the senior secured notes arose on completion of a bond issue in May 2013. The bond was issued by a Luxembourg entity over which the Group has control. As such, legally the sums due by the Company are owed to Globe Luxembourg SCA rather than third party investors. However, the obligations arising under the bond fall on members of the KCA Deutag Alpha Group to make capital and interest repayments as they fall due. As such the bond is accounted for as if it was a liability of the Company. The arrangement fees and the discount assets have been capitalised accordingly in Abbot Group Limited's financial statements and will be amortised over the period of the bond.

An original issue discount of $20 million was deducted from the proceeds and this discount asset is being amortised over the term of the senior secured notes. The senior secured notes bear interest at a fixed rate of 9.625% payable every 6 months and the maturity dates of the notes is in May 2018.

16 Called up share capital

	2014 $'000	2013 $'000
Authorised		
306,666,666 (2013: 306,666,666) ordinary shares of 15p each	**85,100**	85,100
Issued and fully paid		
232,371,671 (2013: 232,371,671) ordinary shares of 15p each	**66,288**	66,288

17 Directors and employees

Directors' emoluments (including pension contributions) in respect of their services to the Company were as follows:

Director/Highest paid Director	2014 $'000	2013 $'000
Remuneration was as follows:		
Aggregate emoluments	**167**	292

The other Directors neither received nor waived any emoluments during the year from the Company (2013: £nil). Their remuneration is allocated to companies in the Group as part of an overall management charge and therefore it is not possible to determine the elements of Directors' remuneration relevant to this Company in a practical manner.

Retirement benefits are accruing to no (2013: no) Directors under a defined benefit scheme and no (2013: one) Directors under a money purchase scheme.

Employee remuneration

The aggregate remuneration of all employees, including Directors, of the Company comprised:

	2014 $'000	2013 $'000
Wages and salaries	**184**	283
Social security costs	**31**	36
Other pension costs – defined contribution scheme	**10**	26
	225	345

The average monthly number of persons employed by the Company was:

	2014 Number	2013 Number
Administration	**1**	2

18 Retirement benefit obligations

The Company is responsible for the ongoing funding of the closed OIS Teesside Ltd defined benefit scheme.

At 31 December 2014 there were 9 deferred members and 12 pensioners.

The most recent actuarial valuation of the scheme was carried out at 31 December 2014 by the Company's pension advisers and the principal assumptions made by the actuaries were:

	2014	2013
	%	%
Rate of increases in pensions in payment and deferred pensions	**3.0**	3.4
Discount rate	**3.7**	4.6
Inflation assumption	**3.1**	3.4

The life expectancy of a male member currently aged 45, retiring at age 65 is 90 years. There are no female plan members.

The amounts recognised in the Balance Sheet are determined as follows:

	2014	2013
	$'000	$'000
Present value of funded obligations	**(12,389)**	(11,314)
Fair value of scheme assets	**12,773**	11,603
Net asset	**384**	289

The amounts recognised in the Profit and Loss Account are as follows:

	2014	2013
	$'000	$'000
Interest cost	**513**	440
Interest income	**(498)**	(425)
Total included within the Profit and Loss Account	**15**	15

Changes in the present value of the defined benefit obligation are as follows:

	2014	2013
	$'000	$'000
Present value of obligations, 1 January	**11,314**	10,641
Interest cost	**513**	440
Remeasurements: loss from change in financial assumptions	**1,525**	152
Benefits paid	**(197)**	(186)
Exchange difference	**(766)**	267
Present value of obligations, 31 December	**12,389**	11,314

Notes to the financial statements for the year ended 31 December 2014 (continued)

18 Retirement benefit obligations (continued)

Changes in the fair value of plan assets are as follows:

	2014	2013
	$'000	$'000
Fair value of plan assets, 1 January	**11,603**	9,733
Interest income	**498**	425
Employers contributions	**789**	751
Benefits paid	**(197)**	(186)
Remeasurement: return on plan assets, excluding amounts included in interest expense/income	**816**	592
Exchange difference	**(736)**	288
Fair value of plan assets, 31 December	**12,773**	11,603

Analysis of the movement in the Balance Sheet asset:

	2014	2013
	$'000	$'000
1 January	**289**	(908)
Total expense as above	**(15)**	(15)
Contributions	**789**	751
Remeasurements	**(709)**	440
Exchange difference	**30**	21
31 December	**384**	289

Contributions expected to be paid to the plan during the year beginning after the Balance Sheet date is $230,000 (2013: $775,000).

Average life expectancy:

	2014	2013
Longevity at age 65 for current pensioners		
- Men	**25**	22
- Women	**n/a**	n/a
Longevity at age 65 for future pensioners		
- Men	**25**	25
- Women	**27**	27

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Notes to the financial statements for the year ended 31 December 2014 (continued)

18 Retirement benefit obligations (continued)

The sensitivity of the defined obligation to changes in the weighted principle assumption is:

		Impact on obligations	
	Change in assumption	Increase in assumption $'000	Decrease in assumption $'000
Discount rate	0.25%	756	700
Inflation rate	0.25%	660	713

The above sensitivity analyses are based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the pension liability recognised within the Balance Sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous year.

The fair value of the plan assets was:

	2014	2013
	$'000	$'000
Cash	**758**	802
Equity	**5,709**	5,604
Debt	**6,306**	5,197
	12,773	11,603

19 Operating lease commitments – minimum lease payments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Land and Buildings	
	2014	2013
	$'000	$'000
Lease payments:		
- within one year	**60**	75
- between one and five years	**60**	151
	120	226

20 Related party transactions

The Company has taken advantage of the exemptions within Financial Reporting Standard 101 not to disclose transactions and balances with KCAD Holdings I Limited and its wholly owned subsidiaries, for which consolidated financial statements of are publicly available.

21 Capital commitments

The Company had no capital commitments at 31 December 2014 and 31 December 2013.

22 Principal subsidiary undertakings

The Company's principal subsidiary undertakings, which are indirectly held through its 100% investment in Abbot Holdings Limited, are as follows:

			% of ordinary shares or equity interest held by:	
Principal subsidiary undertakings	**Country of Incorporation**	**Principal activity**	**Company %**	**Subsidiaries %**
KCA DEUTAG Drilling Limited	Great Britain	Drilling services	-	100
KCA DEUTAG Caspian Limited	Great Britain	Drilling services	-	100
KCA DEUTAG Tiefbohrgesellschaft mbH	Germany	Drilling services	-	100
KCA DEUTAG Drilling GmbH	Germany	Drilling services	-	100
Bentec GmbH Drilling & Oilfield Systems	Germany	Design engineering, fabrication of drilling and workover rigs	-	100
Oman KCA DEUTAG Drilling Company LLC	Oman	Drilling services	-	*60
KCA DEUTAG Drilling (Ben Rinnes) AS	Norway	Drilling services	-	100
KCA DEUTAG Drilling Norge AS	Norway	Drilling services	-	100
KCA DEUTAG Offshore AS	Norway	Drilling services	-	100
KCA DEUTAG PTE Limited	Singapore	Drilling services	-	100

*By virtue of shareholder agreements, 100% of the results of this entity are for the account of the Group.

23 Ultimate parent undertaking

The Company is a wholly owned subsidiary undertaking of KCA Deutag Alpha Limited. The Company's ultimate parent undertaking is KCAD Holdings I Limited, which is registered in England and Wales and the ultimate controlling company, is PHM Holdco 14 S.a.r.l., which is registered in Luxembourg. PHM Holdco 14 S.a.r.l. is in turn controlled by Pamplona Capital Partners II L.P.

At 31 December 2014 the smallest and largest groups in which the results of the Company are consolidated are those headed by KCA Deutag Alpha Limited and KCAD Holdings I Limited respectively. Copies of financial statements of KCAD Holdings I Limited and KCA Deutag Alpha Limited are available from Minto Drive, Altens, Aberdeen, AB12 3LW, United Kingdom.

24 Subsidiaries and associates

Name	Relationship to Company	Country of Incorporation
KCA DEUTAG UK Finance Plc	Direct subsidiary	Great Britain
KCA DEUTAG US Finance LLC	Direct subsidiary	USA
Land Rig SPV Limited	Direct subsidiary	Great Britain
KCA DEUTAG Enterprises Limited	Direct subsidiary	Great Britain
Rig Design Services Holdings Limited	Direct subsidiary	Great Britain
Performance Drilling for Oil Services Limited	Indirect subsidiary	Iraq
Rig Design Services Limited	Indirect subsidiary	Great Britain
Abbot Investments (North Africa) Limited	Direct subsidiary	Great Britain
KCA DEUTAG Drilling (Thailand) Limited	Indirect subsidiary	Thailand
KCA DEUTAG Tender Barges (Offshore) Pte Ltd	Indirect subsidiary	Singapore
Global Tender Barges Malaysia Sdn Bhd	Associate	Malaysia
Global Tender Barges Mexico, S. de R.L. de C.V.	Indirect subsidiary	Mexico
International Air Drilling Company Limited	Indirect subsidiary	Gibraltar
ILI Corporation Limited	Indirect subsidiary	Cayman Islands
Abbot Holdings Limited	Direct subsidiary	Great Britain
Global Tender Barges Labuan Limited	Indirect subsidiary	Labuan
KCA DEUTAG Drilling Group Limited	Indirect subsidiary	Great Britain
Abbot Verwaltungsgesell shaft mbH	Indirect subsidiary	Germany
KCA European Holdings Limited	Indirect subsidiary	Great Britain
KCA DEUTAG Investments Limited	Indirect subsidiary	British Virgin Islands
KCA DEUTAG Overseas Limited	Indirect subsidiary	Cyprus
KCA DEUTAG Europe BV	Indirect subsidiary	Netherlands/Great Britain
KCA DEUTAG Nederland BV	Indirect subsidiary	Netherlands
KCA DEUTAG Investments BV	Indirect subsidiary	Netherlands
KCA DEUTAG GmbH	Indirect subsidiary	Germany

24 Subsidiaries and associates (continued)

Name	Relationship to Company	Country of Incorporation
SET Drilling Company Limited	Indirect subsidiary	Great Britain
KCA DEUTAG Tiefbohrgesellschaft mbH	Indirect subsidiary	Germany
KCA DEUTAG Drilling GmbH	Indirect subsidiary	Germany
Oman KCA DEUTAG Drilling Company (LLC)	Indirect subsidiary	Oman
KCA DEUTAG Nigeria Limited	Associate	Nigeria
KCA DEUTAG Drilling (Brunei) Sdn Bhd	Indirect subsidiary	Brunei
Bentec GmbH Drilling and Oilfield Systems	Indirect subsidiary	Germany/Great Britain
Bentec Personalservice GmbH	Indirect subsidiary	Germany
Bentec Drilling and Oilfield Systems LLC	Indirect subsidiary	Russia
Bentec Kazakhstan Limited Liability Partnership	Joint venture	Kazakhstan
International Drilling Technology LLC	Joint venture	Oman
KCA DEUTAG Holdings Limited	Indirect subsidiary	Cyprus
KCA DEUTAG Russia LLC	Indirect subsidiary	Russia
KCA DEUTAG Drilling LLC	Indirect subsidiary	Russia
Deutag Overseas (Curacao) NV	Indirect subsidiary	Netherlands Antilles
KCA DEUTAG Drilling Saudi Arabia Limited	Indirect subsidiary	Saudi Arabia
KCA DEUTAG Drilling Limited	Indirect subsidiary	Great Britain
KCA DEUTAG Holdings Norge AS	Indirect subsidiary	Norway
KCA DEUTAG Drilling Norge AS	Indirect subsidiary	Norway
KCA DEUTAG Drilling Services (UK) Limited	Indirect subsidiary	Great Britain
KCA DEUTAG Modular Rigs AS	Indirect subsidiary	Norway
KCA DEUTAG Drilling Korea Co. Limited	Indirect subsidiary	Korea
Abbot Holdings Norge AS	Indirect subsidiary	Norway
KCA DEUTAG Offshore AS	Indirect subsidiary	Norway
KCA DEUTAG PTE Limited	Indirect subsidiary	Singapore/Great Britain
KCA DEUTAG Drilling (Ben Rinnes) AS	Indirect subsidiary	Norway/Great Britain
KCA DEUTAG Offshore UK Limited	Indirect subsidiary	Great Britain
KCA DEUTAG LLC	Indirect subsidiary	USA
KCA DEUTAG Drilling Canada Inc.	Indirect subsidiary	Canada
KCA DEUTAG Iran Kish Drilling Company	Indirect subsidiary	Iran
KCA DEUTAG Technical Support Limited	Indirect subsidiary	Great Britain
KCA DEUTAG Rig Design Services Limited	Indirect subsidiary	Great Britain
KCA DEUTAG Perfuracoes Brasil Ltda	Indirect subsidiary	Brazil
KCA DEUTAG Caspian Limited	Indirect subsidiary	Great Britain
KCA DEUTAG Limited	Indirect subsidiary	Great Britain
KCA DEUTAG (Cyprus) Limited	Indirect subsidiary	Cyprus
KCA DEUTAG Drilling PTE Limited	Indirect subsidiary	Singapore
KCA DEUTAG Operations Services DMCC	Indirect subsidiary	UAE
ProRig Limited	Indirect subsidiary	Great Britain