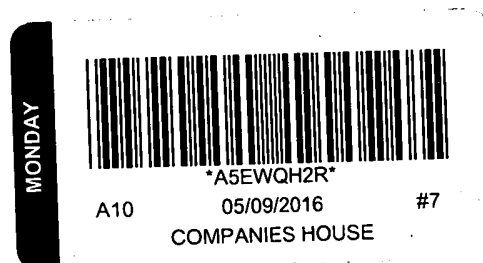


Abbot Holdings Limited

**Annual report and financial statements
for the year ended 31 December 2015**

Registered Number 02682916



Abbot Holdings Limited
Annual report and financial statements
for the year ended 31 December 2015

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Abbot Holdings Limited

Corporate Information

Board of Directors

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 Holdings Limited

Strategic and Operating Review

The Directors present their Strategic and Operating Review of the Company for the year ended 31 December 2015.

Review of the Business

The Company is a wholly owned subsidiary undertaking of Abbot Group Limited. The ultimate parent company is KCAD Holdings I Limited.

References to the Group are in relation to KCAD Holdings I Limited. Please refer to note 15 for further information on group structure.

The Company's principal activity is a holding company whose principal subsidiary undertakings provide drilling and related well and facilities engineering services both offshore and onshore on a worldwide basis, principally to the energy industry. The Company will continue to operate as a holding company in the future.

The principal subsidiary undertakings are set out in note 14 to the financial statements

Market Dynamics and Positioning

As shown in the Company's Profit and Loss Account on page 11, the Company made a profit of £65k (2014: loss of £326,149k). The current year profit relates solely to bank interest receivable.

On page 12 of the financial statements, the Balance Sheet shows that the net asset position of the Company at the year end has increased slightly to £448,115k (2014: £448,050k).

Principal Risks and Uncertainties

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

Market risk

The Group operates in the oil and 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. From mid-2014 and continuing through 2015 we saw a rapid and sustained reduction in market prices for oil and gas which has reduced activity throughout the industry as new projects are cancelled or delayed. Often in these circumstances we also see an increase in litigation and customer claims as clients attempt to minimise their costs and manage budgets.

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 volatile 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 with RDS and Bentec being the most susceptible to reduced activity as their work is generally linked to new capex spend by our clients.

We operate a governance structure which should help to ensure that potential risks on contracts and projects are identified through review and challenge prior to execution. Our internal commercial and legal processes ensure that deviation to standard contracting principles must have the appropriate review and approval. This, together with robust record retention processes, provides us with the ability to rigorously defend commercial claims as and when they arise.

Abbot Holdings Limited

Strategic and Operating Review (continued)

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. At the year end the Group has total net debt of \$1,216 million which requires to be refinanced periodically.

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. \$50 million was injected into the KCAD Holdings I Group by our shareholders via a rights issue during 2015. This was pushed into the KCA Deutag Alpha Limited Group via the purchase of 2 new rigs by the parent.

Subsequent to the Balance Sheet date we secured additional loan funding of \$80 million secured against certain assets and contract cash flows in Oman. This provides the Group with significant additional flexibility and liquidity headroom to help navigate through the current market downturn and period of uncertainty. At year end available liquidity under undrawn facilities was \$115 million.

Currency related risks

We carry out our operations in a number of countries and are exposed to currency risk as those currencies become stronger or weaker against the US Dollar. Some of the countries in which we operate are heavily reliant on oil and gas and have historically seen significant exchange rate volatility as a result of commodity price variations. Our financial results are presented in US Dollars and these results are sensitive to either a relative strengthening or weakening of the major currencies we are exposed to against the US Dollar.

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, 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.

Abbot Holdings Limited

Strategic and Operating Review (continued)

Business continuity risk

Many of the key markets in which we operate are potentially at a higher risk of political upheaval. Over the past four years we have witnessed the impact of war and civil unrest in Libya, a terrorist incident in Algeria and the threat of terrorism in Kurdistan. In addition there is the potential threat of political and economic sanctions against certain sovereign states which by their very nature can be both unpredictable and potentially highly disruptive. Over the past 18 months, for example, we have seen certain sanctions imposed against specific types of business activities in Russia.

Before we enter a new country we carry out risk assessments and third party security reviews. To mitigate risks once operating in each country 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.

We have access as required to specific legal and compliance expertise associated with export compliance and adherence to sanctions. We work with the various governmental authorities to assist with ensuring compliance and the appropriate awareness of rules and regulations.

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 laws 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

We are 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.

Abbot Holdings Limited

Strategic and Operating Review (continued)

Asset integrity & Compliance regime (continued)

We have put in place robust processes and procedures to support each of the principal activities which we undertake. 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 reinforce 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.

Credit related risk

Although many of our customers have historically been blue chip international oil companies we also work for national oil companies, as well as independent operators. Because of the significant capital expenditure requirements for our clients to develop oil and gas assets, and the cyclical nature of commodity prices, some of our clients can become financially distressed, particularly in a sustained downturn which we have experienced over the past 18 months. We have also seen some sovereign states heavily dependent upon oil and gas struggling to balance their budgets and consequently being unable to access sufficient foreign currencies such as US Dollars to settle liabilities. In some cases local currencies have become illiquid and very difficult to convert to other currencies. During the course of 2015 we have experienced difficulty in Angola in particular from the build up of local currency balances which we have been unable to convert to US Dollars. This has resulted in an increased level of trapped cash.

We seek to mitigate these risks through continuous monitoring of exposures to individual clients as well as overall exposure to particular geographies. Where possible we will seek payments in advance of services and protection via bank guarantee and similar mechanisms. We have robust escalation processes to chase overdue accounts with regular reviews with our senior management team. In some cases we are able to leverage our position on a client well to release payments but where this is not possible early and robust legal processes are used to accelerate a conclusion to the process. We also structure contracts to be paid out of country in US Dollars where possible.

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 Holdings Limited. See note 15 for details of where copies of the Group's financial statements can be obtained.

On behalf of the Board



G Paver
Director

29 August 2016

Abbot Holdings Limited

Directors' Report for the year ended 31 December 2015

The Directors present their Directors' report and the audited financial statements of the Company for the year ended 31 December 2015.

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 and Operating Review on pages 2 to 5. The information that fulfils the requirements of the Strategic and Operating Review (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 and Operating Review	2
Position at the year end including analysis and key performance indicators	Strategic and Operating Review	2, 5
Other performance including environmental and employee matters	Strategic and Operating Review	2
Principal risks and uncertainties facing the business	Strategic and Operating Review	2
Explanation of amounts included in the financial statements	Notes to the Financial Statements	14

Results and dividends

The profit for the financial year was £65k (2014: loss of £326,149k) and has been transferred to reserves. No dividends were paid in the year (2014: £nil).

The Company has net assets of £448,115k (2014: £448,050k). The Directors are satisfied that this is sufficient to support the future operations of the Company.

Principal risks and uncertainties

The principal risks and uncertainties are discussed within the Strategic and Operating Review 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 and Operating Review.

Directors and their interests

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:

N Gilchrist
G Paver
A Byrne

Abbot Holdings Limited

Directors' Report for the year ended 31 December 2015 (continued)

Substantial Shareholdings

The Company's 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 2015, the Company's ordinary shares were wholly owned by Abbot Group Limited.

Employees

The Company had no employees at any time during the current or prior year.

Environment

The Company has various subsidiaries that provide 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.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic and Operating Review 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.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Abbot Holdings Limited

Directors' Report for the year ended 31 December 2015 (continued)

Directors' statement as to disclosure of information to independent 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 independent 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.

On behalf of the Board



G Paver
Director

29 August 2016

Independent auditors' report to the members of Abbot Holdings Limited

Report on the financial statements

Our opinion

In our opinion, Abbot Holdings 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 2015 and of its profit 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

The financial statements, included within the Annual Report and financial statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2015;
- the Profit and Loss Account 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 United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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.

Independent auditors' report to the members of Abbot Holdings Limited (continued)

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 7, 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 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

29 August 2016

Abbot Holdings Limited

Profit and Loss Account for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Exceptional items	9	-	(326,170)
Interest receivable and similar income	5	65	21
Profit (loss) on ordinary activities before taxation	6	65	(326,149)
Tax on profit (loss) on ordinary activities	8	-	-
Profit (Loss) for the financial year		65	(326,149)

The results have been derived wholly from continuing operations.

The Company has no recognised gains and losses during the year other than those included in the Profit and Loss Account.

Abbot Holdings Limited

Balance Sheet as at 31 December 2015

	Note	2015 £'000	2014 £'000
Assets			
Fixed Assets			
Investments	9	435,030	435,030
		435,030	435,030
Current assets			
Debtors	10	43	43
Cash at bank and in hand		13,042	12,977
Net current assets		13,085	13,020
Net assets		448,115	448,050
Capital and reserves			
Called up share capital	11	273,373	273,373
Share premium account		8,968	8,968
Capital redemption reserve		517	517
Capital contribution reserve		490,594	490,594
Profit and loss account		(325,337)	(325,402)
Total shareholders' funds		448,115	448,050

The financial statements on pages 11 to 21 were approved by the Board of Directors on 2nd August 2016 and signed on its behalf by:



G Paver
Director

Registered number: 02682916

Abbot Holdings Limited

Statement of changes in equity for the year ended 31 December 2015

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital contribution reserve £'000	Profit and Loss account £'000	Total Shareholders ' funds £'000
At 1 January 2015	273,373	8,968	517	490,594	(325,402)	448,050
Comprehensive income						
Profit for the financial year	-	-	-	-	65	65
Total comprehensive income	-	-	-	-	65	65
At 31 December 2015	273,373	8,968	517	490,594	(325,337)	448,115
At 1 January 2014	273,373	8,968	517	164,424	747	448,029
Comprehensive expense						
Loss for the financial year	-	-	-	-	(326,149)	(326,149)
Total comprehensive expense	-	-	-	-	(326,149)	(326,149)
Transactions with owners						
Capital contribution (note 9)	-	-	-	326,170	-	326,170
At 31 December 2014	273,373	8,968	517	490,594	(325,402)	448,050

The notes on pages 14 to 21 are an integral part of these financial statements.

Abbot Holdings Limited

Notes to the financial statements for the year ended 31 December 2015

1 General information

Abbot Holdings Limited's ('the Company') principal activity is a holding company whose principal subsidiary undertakings provide drilling and related well and facilities engineering services both offshore and onshore on a worldwide basis, principally to the energy industry.

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 financial statements have been prepared under the historic cost convention.

The Company is a qualifying entity for the purposes of FRS 101. Note 15 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 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*.

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.

Abbot Holdings Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

3 Summary of significant accounting policies

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

Investments in subsidiary undertaking

Investments in subsidiary undertakings comprise of shares (at cost) and loans, net of provisions for impairment. Investments are considered for impairment when there are indicators that impairment may exist.

Impairment

The Company performs impairment reviews in respect of investments 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 to sell and its value in use, is less than its carrying amount.

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.

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.

Abbot Holdings Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

3 Summary of significant accounting policies (continued)

Foreign currencies

(i) Functional and presentation currency

These financial statements are presented in Sterling (GBP) which is also the functional currency of the Company and the primary economic environment in which it operates.

(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.

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. Where significant estimates or assumptions have been applied in estimating balances in the financial statements, these have been disclosed in the relevant notes to those balances.

5 Interest receivable and similar income

	2015 £'000	2014 £'000
Bank interest receivable	65	21
	65	21

6 Profit (Loss) on ordinary activities before taxation

Audit fees are borne by another group company. For the purposes of disclosure, a fair allocation of the Company's audit fee would be £5,000 (2014: £5,000). There were no non-audit fees incurred during the current or prior year.

Abbot Holdings Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

7 Directors and employees

The Directors neither received nor waived any emoluments during the year from the Company (2014: £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.

The Company had no employees at any time during the current and prior year.

8 Tax on profit (loss) on ordinary activities

(a) Analysis of charge in year

	2015 £'000	2014 £'000
Current tax	-	-
Total tax charge (note 8(b))	-	-

(b) Factors affecting tax charge in year

The tax assessed for the year is lower (2014: higher) than the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%).

The differences are explained below

	2015 £'000	2014 £'000
Profit (loss) on ordinary activities before taxation	65	(326,149)
Profit (loss) on ordinary activities before taxation at standard rate of corporation tax in the UK at 20.25% (2014: 21.49%)	13	(70,100)
Effects of:		
Other permanent differences	-	70,172
Group relief for nil consideration	(13)	(72)
Total tax charge for the year (note 8(a))	-	-

The Finance Act 2013, enacted on 17 July 2013, reduced the main rate of UK corporation tax from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015.

Further changes to the UK corporation tax rates were enacted on 26 October 2015 in the Finance (No. 2) Bill 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2018.

Abbot Holdings Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

9 Investments

Investments comprise the cost of shares in subsidiary undertakings as follows:

	2015 £'000	2014 £'000
At 1 January	435,030	435,030
Capital contribution	-	326,170
Impairment of investments	-	(326,170)
At 31 December	435,030	435,030

A list of principal subsidiary undertakings is given in note 14.

10 Debtors

	2015 £'000	2014 £'000
Other debtors	6	6
Called-up share capital not paid	37	37
	43	43

The fair value of debtors are approximate to carrying amounts given that they are short term in nature.

11 Called up share capital

	2015 £'000	2014 £'000
Authorised		
298,600,000 (2014: 298,600,000) ordinary shares of £1 each	298,600	298,600
140,000,000 (2014: 140,000,000) preference shares of 1p each	1,400	1,400
1,500,000 (2014: 1,500,000) redeemable cumulative preference shares of £100	150,000	150,000

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Notes to the financial statements for the year ended 31 December 2015 (continued)

11 Called up share capital (continued)

	2015 £'000	2014 £'000
Issued and fully paid		
273,373,672 (2014: 273,373,672) ordinary shares of £1 each	273,373	273,373

If issued, the preference shares shall entitle the holders to attend but not to vote at any general meetings of the Company and on a winding up, the redeemable cumulative preference shareholders rank above the ordinary shares but below the preference shares of 1p each.

12 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 are publicly available.

13 Capital commitments

The Company had no capital commitments at 31 December 2015 and 31 December 2014.

14 Principal subsidiary undertakings

The Company's principal subsidiary undertakings are as follows:

Principal subsidiary undertaking	Country of incorporation	Principal activity	% of equity interest
KCA DEUTAG Drilling Group Limited	Great Britain	Investment in oil and gas service companies	100
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	Drilling rig design, construction and components	100
Oman KCA DEUTAG Drilling Company LLC *	Oman	Drilling services	70
KCA DEUTAG Drilling Inc *	USA	Design engineering, fabrication of drilling and workover rigs	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

An asterisk denotes an investment held indirectly.

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Notes to the financial statements for the year ended 31 December 2015 (continued)

15 Ultimate parent undertaking

The Company is a wholly owned subsidiary undertaking of Abbot Group 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 2015 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.

16 Subsidiaries and joint ventures

Name	Relationship to Company	Country of Incorporation
Global Tender Barges Labuan Limited	Direct subsidiary	Labuan
KCA DEUTAG Drilling Group Limited	Direct subsidiary	Great Britain
Abbot Verwaltungsgesellschaft 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
SET Drilling Company Limited	Indirect subsidiary	Great Britain
KCA DEUTAG Tiefbohrergesellschaft mbH	Indirect subsidiary	Germany
KCA DEUTAG Drilling GmbH	Indirect subsidiary	Germany
Oman KCA DEUTAG Drilling Company (LLC)	Indirect subsidiary	Oman
KCA DEUTAG Nigeria Limited	Indirect subsidiary	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

Abbot Holdings Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

16 Subsidiaries and joint ventures (continued)

Name	Relationship to Company	Country of Incorporation
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 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