

Abbot Investments (North Africa) Limited
Annual report and financial statements
for the year ended 31 December 2009

Registered Number 5246036



Abbot Investments (North Africa) Limited
Annual report and financial statements
for the year ended 31 December 2009
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Abbot Investments (North Africa) Limited

Corporate Information

Board of Directors

N G Stevenson

B C Taylor

M J Walker

D Wiest

Company Secretary

L Cameron

Auditors

PricewaterhouseCoopers LLP

32 Albyn Place

Aberdeen

AB10 1YL

Registered Office

3 Colmore Circus

Birmingham

B4 6BH

Abbot Investments (North Africa) Limited

Directors' report for the year ended 31 December 2009

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2009

Business review and principal activities

The Company is a wholly owned subsidiary undertaking of Abbot Group Limited

The Company's principal activity is a holding company whose principal subsidiary undertakings provide drilling and related well and facilities engineering services to the energy industry. The Company will continue as a holding company for the foreseeable future.

The principal subsidiary undertakings are set out in note 17 to the financial statements.

As shown in the Company's Income Statement on page 7, the Company's loss after tax has decreased by 54% compared to the previous period due to there being an impairment of an investment in the previous period and also a lower tax charge in the current year.

On page 8 of the financial statements, the Balance Sheet shows net liability position of \$5,673,000, a movement from a net liability position in the previous year of \$2,352,000. This is due to the loss in the year offset by a favourable movement in the hedging reserve associated with a decrease in the derivative liability.

Principal risks and uncertainties

The principal risks and uncertainties are discussed within note 11 on page 20.

Key performance indicators (KPIs)

The directors of Turbo Cayman 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 Investments (North Africa) Limited.

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.

Employees

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

Results and dividends

The loss for the financial year was \$4,509,000 (2008: \$9,765,000) and has been transferred from reserves.

The directors do not recommend the payment of a dividend.

Abbot Investments (North Africa) Limited

Directors' report for the year ended 31 December 2009 (continued)

Directors

The directors who served during the year were as follows

P J Milne (resigned 11 August 2010)

N G Stevenson (appointed 22 October 2009)

B C Taylor (appointed 22 October 2009)

M J Walker

M A White (resigned 30 April 2009)

D Wiest (appointed 20 August 2010)

Statement of directors' responsibility

The directors are responsible for preparing the Director's report and 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the accounts 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.

Director's statement as to Disclosure of Information to Auditors

- 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

Abbot Investments (North Africa) Limited

Directors' report for the year ended 31 December 2009 (continued)

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

After making enquiries, 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 accounts. Refer to Note 1 of Notes to the Financial Statements

By order of the Board

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

L. Cameron

Secretary

23 September 2010

Abbot Investments (North Africa) Limited

Independent auditors' report to the members of Abbot Investments (North Africa) Limited

We have audited the financial statements of Abbot Investments (North Africa) Limited for the year ended 31 December 2009 which comprise the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on page 3, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and 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.

Scope of the audit of the financial statements

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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Abbot Investments (North Africa) Limited

Independent auditors' report to the members of Abbot Investments (North Africa) Limited (continued)

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures set out in note 1 to the financial statements concerning the Company's ability to continue in operational existence for the foreseeable future

The Group in which the Company is a part breached one of its financial covenants during 2010 and the Group's directors have commenced discussions with its lenders to agree amended borrowing terms. This indicates the existence of material uncertainty that may cast significant doubt on the Group and the Company's ability to continue as a going concern. Should this uncertainty not be successfully resolved the going concern basis of preparation may no longer be applicable and adjustments to the financial statements may be required to record additional liabilities and write down assets to their recoverable amounts.

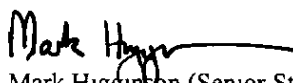
Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 require us to report to you if, in our opinion:

- 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 or returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Mark Higginson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen

23 September 2010

Abbot Investments (North Africa) Limited

Income statement for the year ended 31 December 2009

	Note	2009 \$'000	2008 \$'000
Continuing operations			
Other operating (expenses)/income		(26)	38
Impairment loss		-	(2,374)
Operating loss		(26)	(2,336)
Income from shares in group undertakings	3	572	1,035
Finance costs	4	(5,033)	(5,683)
Finance income	4	-	71
Loss before taxation	5	(4,487)	(6,913)
Taxation	6	(22)	(2,852)
Loss for the year from continuing operations		(4,509)	(9,765)

There is no material difference between the loss before taxation and the loss for the year from continuing operations and their historical cost equivalents

Statement of comprehensive income for the year ended 31 December 2009

	2009 \$'000	2008 \$'000
Loss for the year	(4,509)	(9,765)
Net movement on cashflow hedges	1,188	(3,837)
Total comprehensive loss for the year	(3,321)	(13,602)

Abbot Investments (North Africa) Limited

Balance sheet as at 31 December 2009

	Note	2009 \$'000	2008 \$'000
Assets			
Non-current assets			
Investments	7	94,412	86,947
		94,412	86,947
Current assets			
Cash and cash equivalents		-	2,452
Trade and other receivables	8	-	4,349
		-	6,801
Total assets		94,412	93,748
Liabilities			
Current liabilities			
Trade and other payables	9	(185)	(97)
Financial liabilities – borrowings	10	(5,080)	-
Financial assets - derivative financial instrument	11	(4,105)	(5,288)
		(9,370)	(5,385)
Non-current liabilities			
Financial liabilities – borrowings	10	(90,715)	(90,715)
Total liabilities		(100,085)	(96,100)
Net liabilities		(5,673)	(2,352)
Capital and reserves attributable to Company's equity shareholder			
Share capital	13	-	-
Hedging reserve		(4,096)	(5,284)
Other reserves		20,000	20,000
Retained (deficit)		(21,577)	(17,068)
Total shareholders' (deficit)		(5,673)	(2,352)

The financial statements on pages 7 to 25 were approved by the board of directors on 23 September 2010 and signed on its behalf by



M Walker
Director
23 September 2010

Registered Number 5246036

Abbot Investments (North Africa) Limited

Statement of changes in shareholders' equity as at 31 December 2009

Attributable to equity holders of the Company

	Share Capital \$'000	Hedging Reserve \$'000	Other reserves \$'000	Retained earnings \$'000	Total equity \$'000
At 1 January 2009	-	(5,284)	20,000	(17,068)	(2,352)
Comprehensive income					
Loss for the year	-	-	-	(4,509)	(4,509)
Other comprehensive income					
Net movement on cashflow hedges	-	1,188	-	-	1,188
Total other comprehensive income	-	1,188	-	-	1,188
Total comprehensive income	-	1,188	-	(4,509)	(3,321)
At 31 December 2009	-	(4,096)	20,000	21,577	(5,673)

	Share Capital \$'000	Hedging Reserve \$'000	Other reserves \$'000	Retained earnings \$'000	Total equity \$'000
At 1 January 2008	-	(1,447)	-	(7,303)	(8,750)
Comprehensive income					
Loss for the year	-	-	-	(9,765)	(9,765)
Other comprehensive income					
Net movement on cashflow hedges	-	(3,837)	-	-	(3,837)
Total other comprehensive income	-	(3,837)	-	-	(3,837)
Total comprehensive income	-	(3,837)	-	(9,765)	(13,602)
Transactions with owners					
Capital contribution	-	-	20,000	-	20,000
At 31 December 2008	-	(5,284)	20,000	(17,068)	(2,352)

The retained earnings are distributable

The capital contribution relates to an additional investment in Abbot Investments (North Africa) Limited by Abbot Group Limited its parent undertaking

Abbot Investments (North Africa) Limited

Cash flow statement for the year ended 31 December 2009

	Note	2009 \$'000	2008 \$'000
Cash flows generated from (used in) operating activities	14	4,416	(4,230)
Tax paid		(22)	-
Net cash generated from (used in) operating activities		4,394	(4,230)
Cash flows from investing activities			
Acquisition of subsidiaries	7	(7,465)	(22,120)
Dividends received		572	1,035
Interest received		-	71
Interest paid		(5,033)	(6,066)
Net cash used in investing activities		(11,926)	(27,080)
Cashflow from financing activities			
Capital Contribution		-	20,000
Repayment of borrowings		-	(76,000)
Net proceeds from borrowings		-	90,715
Net cash inflow from financing activities		-	34,715
Net (decrease) increase in cash and cash equivalents		(7,532)	3,405
Cash and cash equivalents at start of period		2,452	(953)
Cash and cash equivalents at 31 December	10	(5,080)	2,452

Cash and cash equivalents as set out above on the cash flow statement include overdraft facilities which form part of the Company's cash management

Abbot Investments (North Africa) Limited

Notes to the financial statements for the year ended 31 December 2009

1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. A summary of the more important accounting policies is set out below.

The consolidated financial statements are presented in US dollars. Items included in the financial statements are measured using the currency of the primary economic environment in which it operates (the functional currency). The exchange rate used in respect of the major currencies in which the company operates, compared to the US dollar, are:

	Average rate for period	Closing rate
GBP	0.6444	0.6246

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 Turbo Alpha Limited, its UK ultimate parent company which prepares consolidated financial statements that are publicly available.

The Company had net liabilities at the balance sheet date of \$5,673,000. However, the directors have obtained confirmation from the Company's parent undertaking that it will provide the necessary support to enable the Company to meet its obligations as they fall due. This confirmation is valid for a minimum of 12 months from the date of approval of the financial statements.

Basis of accounting

The Company's ultimate UK parent company which prepares consolidated financial statements that are publicly available is Turbo Alpha Limited ("the Group"). The Directors of the Company are aware of the disclosure in the Group accounts for the year ended 31 December 2009 with regards to the significant uncertainty surrounding the going concern status of the Group, and have taken this into account when assessing the going concern basis of preparation of these financial statements.

The Group is funded through its Senior and Mezzanine lending facilities, which incorporate a working capital facility. The Group's facility agreements include a number of financial covenants which are measured on a quarterly basis. If any of these covenants are breached, the facilities could be cancelled and the debt would be repayable on demand. If these facilities were cancelled, the Group would have insufficient funds to meet its debts as they fall due and therefore would be unable to continue as a going concern. The working capital facility of the Company is dependent on the availability of the Group facility.

Due to the tightening of the Group's debt covenants in 2010, the Group deferred its Senior debt covenant of Net Debt to EBITDA for quarter 2 2010, by obtaining a covenant waiver for a period of 3 months until mid-November 2010. One of the conditions of the waiver is that further potential draw downs on the working capital facility during the 3 month period are reduced from \$ 40 mm to \$ 20 mm.

Abbot Investments (North Africa) Limited

Management have engaged Morgan Stanley to assist with the restructuring of the Group's finances and have commenced discussions with its lenders and shareholders to agree amended terms. In the view of the Directors there are no fundamental issues which would prevent such amended terms from being agreed.

The Directors have reviewed the Group's revenue, EBITDA, cashflow projections and resultant debt levels, as a consequence they are of the view that a satisfactory conclusion to these negotiations will be reached and are confident that the Group will have adequate resources to meet all its liabilities as they fall due for the foreseeable future. For these reasons the Directors consider it appropriate to continue to prepare the Group's financial statements on a going concern basis.

As a result, these financial statements have been prepared on a going concern basis and do not contain any adjustments that would result from the going concern basis not being appropriate.

2 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 periods presented, unless otherwise stated.

Investments

Investments held as non-current assets are shown at cost less appropriate provision where the directors consider that impairment in value has occurred.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits with maturities of less than three months held with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Trade receivables

Trade receivables are recognised initially at fair market value and subsequently less provision for impairment, if applicable. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due.

Foreign currencies

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 have been translated at the rates ruling at the balance sheet date. The resulting exchange gains and losses are dealt with through the income statements.

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 period. Taxable profit differs from the profit reported in the income statement 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.

Abbot Investments (North Africa) Limited

2 Summary of significant accounting policies (continued)

Taxation (continued)

Deferred income 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 property, plant and equipment, 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 income 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.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Bank Borrowings

Interest-bearing bank loans and overdrafts are initially recorded at fair value including directly attributable transaction costs. Subsequent measurement is at amortised cost using the effective interest method.

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.

(i) Derivative financial instruments and hedge accounting

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures. The Company does not use derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge), hedges of highly probable forecast transactions (cash flow hedges), or hedges of net investments in foreign operation (net investment hedges). The Company currently only uses cash flow hedges and did not enter into any fair value or net investment hedges during the reporting period.

Where hedging is to be undertaken, the Company documents at the inception of the transactions the relationship between the hedging instrument and the hedged item, as well as its risk management objective and strategy for undertaking the hedge transaction.

The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The Company performs effectiveness testing on an annual basis.

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2 Summary of significant accounting policies (continued)

Financial assets and liabilities (continued)

(ii) Derivative financial instruments and hedge accounting (continued)

Changes in the fair value of cash flow hedges that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income and the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability.

For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects net profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in the measurements, according to the following levels:

- The fair value of the interest rate swaps is estimated based on the discounting of expected future cashflows at prevailing interest rates at the balance sheet date, which is classified as level 2.

Disclosure of impact of accounting standards

The following standards and interpretations were mandatory for the year ended 31 December 2009 and had no significant impact on the financial statements:

- IAS 1 (revised) Presentation of financial statements: The standard prescribes the basis for presentation of financial statements and aims to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. Comparative information has been re-presented so that it also is in conformity with the revised standard. This has only a presentational impact on the financial statements.
- IFRS 7 Financial Instruments Disclosures' (amendment): The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. This amendment does not have a material impact of the financial statements.
- IAS 23 (revised) Borrowing Costs: The revision to this standard removes the option of immediately recognising borrowing costs as an expense where borrowing costs relate to qualifying assets that take a substantial period of time to get ready for use. This revision has not had any impact on the Company's financial statements because such borrowing costs have not historically been expensed.

Abbot Investments (North Africa) Limited

2 Summary of significant accounting policies (continued)

The future accounting standards that may affect the Company in 2010 and 2011 are as follows:

- IFRS 3 (revised), Business combinations (effective from 1 July 2009) The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Company will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.
- IAS 38 (amendment), Intangible Assets The amendment is part of the IASB's annual improvements project published in April 2009 and the Company will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the Company's financial statements.
- IFRS 5 (amendment), Non-current assets held for sale and discontinued operations The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The Company will apply IFRS 5 (amendment) from 1 January 2010. It is not expected to have a material impact on the Company's financial statements.
- IAS 1 (amendment), Presentation of financial statements The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Company will apply IAS 1 (amendment) from 1 January 2010. It is not expected to have a material impact on the Company's financial statements.

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.

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3 Income from shares in subsidiary undertakings

	2009 \$'000	2008 \$'000
Dividends received from subsidiary undertaking	572	1,035

4 Finance costs - net

	2009 \$'000	2008 \$'000
Finance costs		
Interest payable to group undertakings	(9)	(1,570)
Interest payable on bank borrowings	(5,024)	(4,113)
Finance costs	(5,033)	(5,683)
Finance income		
Other interest receivable	-	71
Finance income	-	71
Finance costs – net	(5,033)	(5,612)

Interest payable to group undertakings includes amounts totalling \$9,000 (2008 \$82,000) which relate to bank interest payable on the Company's share of interest applied on the aggregated balances of the Group's current accounts as distributed by a parent undertaking

5 Loss before taxation

The following items have been included in arriving at loss before taxation

	2009 \$'000	2008 \$'000
Impairment of investment	-	2,374
Foreign exchange loss/(gain)	11	(38)

Audit fees are borne by another group company For the purposes of disclosure, a fair allocation of the Company's audit fee would be \$10,000 (2008 \$10,000)

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6 Taxation

(a) Analysis of charge in year

	2009 \$'000	2008 \$'000
Current tax		
Overseas tax	22	12
Deferred tax		
Prior year deferred tax	-	2,840
Total tax charge (note 6(b))	22	2,852

(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 28% (2008 28.5%)

The differences are explained below

	2009 \$'000	2008 \$'000
Loss before taxation	(4,487)	(6,913)
Loss before taxation at standard rate of corporation tax in the UK at 28% (2008 28.5%)	(1,256)	(1,970)
Effects of		
Dividends received from subsidiary undertakings not taxable	(62)	-
Adjustment in respect of foreign taxes	13	9
Adjustment in respect of impairment of investment	-	676
Deferred tax not recognised	1,327	1,297
Adjustment in respect of prior years	-	2,840
Current tax charge for the year (note 6(a))	22	2,852

The company has not recognised potential deferred tax assets at 28% of \$3,452,000 (2008 \$3,319,000) on the tax effect of unused tax losses as it may not be possible to utilise the potential benefit in future years

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7 Investments

Investments comprise the cost of shares in subsidiary undertakings and associates as follows

	2009 \$'000	2008 \$'000
At start of period	86,947	67,201
Additions	7,465	22,120
Impairment	-	(2,374)
At 31 December	94,412	86,947

During 2008 the company wrote down its investment in its wholly owned subsidiary International Air Drilling Company Limited

Associated Undertakings

During the year the company provided Marlin Offshore International Limited and Global Tender Barges Pte Limited with cash funding to finance their operations. The company's shareholding remains at 10% in both

2009

Name	Country of incorporation	Nature of activities	Assets \$m	Liabilities \$m	Revenues \$m	Loss \$m	% Interest held
Marlin Offshore International Limited	British Virgin Islands	Drilling services	413.6	48.9	81.6	(0.6)	10
Global Tender Barges Pte Limited	Singapore	Drilling services	342.7	224.8	88.6	(9.7)	10

2008

Name	Country of incorporation	Nature of activities	Assets \$m	Liabilities \$m	Revenues \$m	(Loss) Profit \$m	% Interest held
Marlin Offshore International Limited	British Virgin Islands	Drilling services	342.9	33.8	69.5	(8.6)	10
Global Tender Barges Pte Limited	Singapore	Drilling services	317.3	226.8	64.8	2.1	10

8 Trade and other receivables

	2009 \$'000	2008 \$'000
Amounts owed by group undertakings	-	4,349

The amounts owed by group undertakings are unsecured, interest free and repayable on demand. All trading group balances are settled on a monthly basis, therefore no impairment provision is required.

The fair value of trade and other receivables are approximate to their carrying amounts given that they are short term in nature.

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9 Trade and other payables

	2009 \$'000	2008 \$'000
Amounts owed to group undertakings	175	80
Accruals and deferred income	10	17
	185	97

The amounts owed to group undertakings are unsecured, interest free and repayable on demand

Management consider that there is no difference between the historical value and the fair value of the liabilities due to the short term nature of the balances

10 Financial liabilities - borrowings

	2009 \$'000	2008 \$'000
Current bank overdrafts		
Unsecured	5,080	-
	5,080	-
Non current liabilities		
Bank loan - secured	90,715	90,715
	90,715	90,715

The bank loans and overdrafts are predominantly denominated in US dollars and bear interest based on LIBOR or foreign equivalents appropriate to the currency denomination of each borrowing. All bank loans and overdrafts bear interest at floating rates with the exception of the interest rate swap, per note 11. These borrowings are generally rolled over for periods of three months or less, and as a result, their fair value is not deemed to be materially different from their book value.

The non-current bank loan which matures in March 2016, has been drawn from facilities which are available to Turbo Alpha Limited and certain subsidiaries including the Company.

As part of the interest rate management strategy, the Company has entered into an interest rate swap contract. Detail of the interest rate swap is included in note 11.

The average interest rates of the Company's borrowings at the balance sheet dates were as follows -

	2009 %	2008 %
Bank overdrafts	1.0%	-
Bank borrowings	5.5%	4.0%

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10 Financial liabilities - borrowings (continued)

The carrying amounts of the Company's borrowings and net overdrafts are denominated in the following currencies

	2009 \$'000	2008 \$'000
Pound Sterling	112	-
US dollar	95,683	90,715
	95,795	90,715

11 Financial instruments

Financial risk factors

a) Market risk

(i) Foreign exchange risk

The Company has negligible foreign exchange risk as the vast majority of its assets and liabilities are denominated in US dollars

A movement of 10% is considered to represent a material fluctuation of exchange rates. Movements in all of the Company's exchange rate pairings against the US dollar have been considered as each has the potential to impact on the reported US dollar profits and net assets

If the US dollar became 10% stronger against all other currencies of the Company, then revaluation of the balance sheet position as at 31 December 2009 would give rise to exchange gains of \$10,000 (2008 \$9,000)

If the US dollar became 10% weaker against all other currencies of the Company, then revaluation of the balance sheet position as at 31 December 2009 would give rise to exchange losses of \$11,000 (2008 \$10,000)

(ii) Interest rate risk

The Company is exposed to interest rate risk on its interest-bearing borrowings. The Company's policy is to maintain a significant percentage of its borrowings at fixed interest rates to generate the desired interest profile. This is, in part, achieved by using interest rate swaps to fix interest rate exposures on certain variable borrowings. At 31 December 2009, approximately 51% (2008 54%) of current and non-current bank loans and overdrafts were at secured rates after taking account of interest rate swaps

A movement of 1% is considered to represent a material fluctuation of interest rates

If the average interest rate had been 1% higher during 2009, then the profit before taxation would have been \$426,000 lower (2008 \$478,000)

If the average interest rate had been 1% lower during 2009 assuming a floor rate of 0%, then the profit before taxation would have been \$151,000 higher (2008 \$470,000)

(iii) Price risk

The Company is not exposed to any significant price risk in relation to its financial instruments

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11 Financial instruments (continued)

b) Credit risk

The Company is not exposed to any credit risk as it does not trade

c) Liquidity risk

Liquidity risk is monitored at a group level headed by the Company's ultimate parent company, Turbo Cayman Limited. The Group actively maintains a mixture of long-term and short-term committed facilities that are designed to ensure that the group and individual companies including the Company have sufficient funds for operations and planned expansions. At 31 December 2009, 95% (2008: 100%) of the Company's borrowing facilities were due to mature in more than one year.

d) Capital risk

The capital structure is monitored at a group level headed by Company's ultimate parent company, Turbo Cayman Limited, and disclosure is provided in the consolidated statutory accounts of Turbo Cayman Limited.

The table below analyses the Company's financial liabilities which will be settled on a net basis into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
At 31 December 2009				
Borrowings	-	-	-	122,715
Derivative financial instruments	959	1,209	1,937	-
Trade and other payables	185	-	-	-

At 31 December 2008				
Borrowings	-	-	-	126,307
Derivative financial instruments	752	1,026	3,510	-
Trade and other payables	97	-	-	-

The table below analyses the Company's derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
At 31 December 2009				
Interest rate swap				
Outflow - net settlement	959	1,209	1,937	-

At 31 December 2008				
Interest rate swap				
Outflow - net settlement	752	1,026	3,510	-

There were no forward foreign exchange contracts in place at either 31 December 2009 or 31 December 2008. The Company's interest rate swap is categorised as a cash flow hedge.

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11 Financial instruments (continued)

Fair value of non-derivative financial assets and financial liabilities

The fair value of short-term borrowings, trade and other payables, and trade and other receivables, and cash at bank and in hand approximates to the carrying amount because of the short maturity of interest rates in respect of these instruments. Long-term borrowings are generally rolled over for periods of three months or less, and as a result, book value and fair value are considered to be the same.

	2009		2008	
	Book value \$'000	Fair Value \$'000	Book value \$'000	Fair Value \$'000
Fair value of long-term borrowings				
Long-term borrowings (note 10)	90,715	90,715	90,715	90,715

Fair value of other financial assets and financial liabilities

Primary financial instruments held or issued to finance the Group's operations

	2009		2008	
	Book value \$'000	Fair Value \$'000	Book value \$'000	Fair Value \$'000
Trade and other receivables (note 8)	-	-	4,349	4,349
Cash at bank and in hand	-	-	2,452	2,452
Trade and other payables (note 9)	185	185	97	97
Short-term borrowings (note 10)	5,080	5,080	-	-

Derivative financial instruments

The fair value of the Company's derivative financial instruments at the balance sheet date were as follows

	2009		2008	
	Assets \$'000	Liabilities \$'000	Assets \$'000	Liabilities \$'000
Interest rate swap - cash flow hedge	-	4,105	-	5,288
Total derivative financial instruments – current	-	4,105	-	5,288

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current assets or liability if the maturity of the hedged item is less than 12 months.

There was no ineffectiveness recognised in the income statement from cash flow hedges in either the current or preceding year.

Interest rate swaps

The notional principal amounts of the Company's outstanding interest rate swaps at 31 December 2009 was \$49,214,000 (2008 \$49,214,000).

At 31 December 2009, the fixed interest rate excluding margin was 3.42% (2008 2.75%) and the floating rate was 0.23% (2008 0.47%).

The interest rate swap is for a period of 5 years in total and is due to expire in March 2013.

The fair value gains and losses relating to the interest rate swap which are deferred in equity at 31 December 2009 will reverse in the income statement over the term of the swap.

The Company currently only uses cash flow hedges and did not enter into any fair value or net investment hedges during either the reporting period or the preceding period.

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12 Deferred tax

	2009 \$'000	2008 \$'000
At 1 January	-	2,840
(Charge)/credit to income statement	-	(2,840)
At 31 December	-	-

The deferred tax asset is in respect of the tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable

13 Share capital

Authorised	2009 \$'000	2008 \$'000
1,000 ordinary shares of \$1 each	2	2

Issued	Shares	2009 \$'000	Shares	2008 \$'000
Ordinary shares of \$1 each				
At 1 January	1	-	1	-
At 31 December	1	-	1	-

14 Cash flows from operating activities

	2009 \$'000	2008 \$'000
Loss before taxation for the year	(4,487)	(6,913)
Adjustments for		
Income from shares in group undertakings	(572)	(1,035)
Net finance cost	5,033	5,612
Impairment of investment	-	2,374
Changes in working capital		
(Increase)/decrease in trade and other receivables	4,349	(4,342)
Decrease in trade and other payables	93	74
Cash flows from operating activities	4,416	(4,230)

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15 Employees and directors

None of the directors who served during the year received any emoluments in respect of their services to the Company (2008 nil)

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

16 Related party transactions

The following balances relate to transactions carried out with group undertakings

	2009 \$'000	2008 \$'000
Amounts owed by group undertakings (note 8)	-	4,349
Amounts owed to group undertakings (note 9)	175	80
Significant transactions within group undertakings		
	2009 \$'000	2008 \$'000
Interest payable	9	1,570
Interest receivable	-	71

Bank loans, overdraft and guarantee facilities available to Turbo Alpha Limited and certain subsidiaries, including the Company, of US\$1,615,000,000 (2008 \$1,625,000,000) are secured inter alia by a cross guarantee and by a security agreement covering the assets of the Company

No other significant related party transactions took place during the year

17 Principal subsidiary undertakings

Abbot Investments (North Africa) Limited is a company incorporated in England and Wales and domiciled in Scotland

The Company's principal subsidiary undertaking is as follows

Principal subsidiary undertaking	Country of Incorporation	Principal activity	% of equity interest
International Air Drilling Company Limited	Gibraltar	Drilling Services	100
KCA DEUTAG Drilling (Thailand) Limited	Thailand	Drilling Services	100

18 Capital commitments

The Company had no capital commitments at 31 December 2009 and 31 December 2008

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19 Ultimate parent undertaking

The Company is a wholly owned subsidiary undertaking of Abbot Group Limited. The Company's ultimate parent undertaking is Turbo Cayman Limited, which is registered in the Cayman Islands. The smallest and largest groups in which the results of the Company are consolidated are those headed by Turbo Alpha Limited and Turbo Cayman Limited respectively. Copies of the financial statements of Turbo Cayman Limited are available from Minto Drive, Altens, Aberdeen, AB12 3LW, United Kingdom.