Abbot Investments (North Africa) Limited

Annual report and financial statements

for the year ended 31 December 2017

Registered Number 05246036

Abbot Investments (North Africa) Limited

Annual report and financial statements

for the year ended 31 December 2017

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Abbot Investments (North Africa) Limited

Corporate Information

Board of Directors
N Gilchrist
G Paver
A Byrne

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1 Park Row
Leeds
England
LS1 5AB

Independent Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7th Floor
The Capitol
431 Union Street
Aberdeen
AB11 6DA

Strategic and Operating Review

The Directors present their Strategic and Operating Review of the Company for the year ended 31 December 2017.

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 to the energy industry principally in the Far East and Asia. During 2017 a $4,754k provision was booked in relation to an adverse court decision in Mexico not to award repayment of funds paid under a standby letter of credit in 2014, associated with a contract entered into by the Global Tender Barges business which was acquired in 2011 and subsequently sold. This was partially offset by the release of certain accruals which are no longer required. The Company will continue as a holding company for the forseeable future.

The loss for the financial year was $4,387k (2016: profit $83k) and the Company has net liabilities of $247,266k (2016: $242,879k).

Market Dynamics and Positioning

In 2017 the Group continued to deliver a high quality service to our clients through focussing on service delivery and maintaining safe, effective, trouble free operations. Market conditions have remained challenging, however in the second half of the year oil prices did recover steadily and if sustained should increase confidence levels. Our focus during 2017 has been to continue to work on those things that as a business we are in a position to control, and to mitigate risks where we can.

Despite the ongoing challenges of the market we continue to believe that the fundamentals of our business remain strong in the long term. Our overall strategy has not changed despite the difficult decisions that have had to be made over the past few years. We remain one of the world's leading engineering and drilling contractors who strive for best in class service delivery with exceptional safety performance, whilst working with our employees and other stakeholders to be as efficient and cost effective as we can.

Principal Risks and Uncertainties

The undernoted principal risks and uncertainties are monitored at Group level and are not specific to Abbot Investments (North Africa) Limited. During the year the Group initiated the implementation of an enterprise risk management framework which supports identifying the principal risks which the Group faces and is also developing an ongoing monitoring and governance process to both manage existing risks as well as identify new risks.

Strategic and Operating Review (continued)

Oil & gas 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 prices for oil and gas. Changes in these prices may lead to an increase or decrease in our activity levels. From mid-2014 and continuing through 2015 and 2016 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. Oil prices have recovered somewhat through 2017 but confidence levels remain relatively low and will require a sustained period of energy price stability before many of our customers will invest in longer term projects. 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 resourcing model so that we are able to change manning levels as activity changes. Each of our 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 aims 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 deviations to standard contracting principles must have the appropriate review and approval prior to commitment. This, together with robust contract assurance programs and effective record retention, provides us with the ability to rigorously defend commercial claims as and when they arise.

Changes in the market for Drilling & Engineering Services

Our core operations continue to be around drilling and well engineering services to the oil & gas industry. We believe we provide a high quality service to our clients supported by a skilled workforce and high quality assets. However the technology, commercial models and ways of delivering services continues to evolve.

In North America in particular there has been an increasing commoditisation of drilling services with consequent reductions in pricing and increased competition from providers offering very similar services. Although the position in North America is different to the rest of the world given the relative ease of access to oil & gas reserves through good transport infrastructure, certain markets may move in a similar direction in the future. In the eastern hemisphere we have seen increasing competition from lower cost providers such as Chinese companies who are able to offer low cost services and over time have provided improving quality of assets and personnel.

In a number of markets we are also seeing the way in which our customers are procuring services change. Increasingly the integrated service companies, who are able to provide a full spectrum of service offerings, are securing contracts as a one stop shop for their clients. Other service companies are broadening the scope of their offerings potentially threatening work which KCA Deutag may have traditionally provided in the past.

Strategic and Operating Review (continued)

Changes in the market for Drilling & Engineering Services (continued)
In response to these threats we have to ensure that we offer a compelling reason for our customers to procure our products and services through providing excellent service quality, which is cost competitive and industry leading. We have to be a company that is easy to do business with and which has a flexible commercial model and to form new alliances which can be mutually beneficial. We also have to continually challenge ourselves to look at new ways of working, new service offering and to look at new sourcing models as markets continue to mature and evolve.

Local market risk
All of the markets in which we operate continue to change and evolve as local political and economic influences impact the industry in which we operate. In certain markets, such as in West Africa, we have seen an increasing trend and pressure from governments to increase the local content of the services which we provide, both in terms of the provision of local skilled personnel as well as the focusing upon in country value through the use of local suppliers or supply chain for the provision of goods or services. Where this can be achieved in a planned and structured way this can have benefits both for the local economies in which we operate, as well as allowing us to provide a more efficient and effective service to our clients.

We have a good track record of training and developing local staff in many of the countries in which we operate and so far as possible sourcing equipment locally, where this is cost effective and quality can be assured. In Russia, for example, we have a very high rate of nationalisation and virtually all of our rig crews are Russian. We seek to replicate this process in other markets and have training and development programmes for local staff.

In some of our markets we have seen increasing influence from National Oil Companies where governments have sought to secure greater control and increased future participation in the economic benefits of their oil & gas assets. These companies have started to change the nature of the relationships with service companies and increasingly look to work through joint ventures or alliances which are also often closely aligned to local content. We will have to be prepared to work with these new models if we are to retain and grow our future business in these locations.

In the UK in 2017 we saw the decision by the UK government to trigger Article 50 of the Lisbon Treaty to start the exit process from the European Union following the referendum in 2016. This has introduced a number of additional risks and uncertainties around exchange rate volatility, uncertainty over the future free movement of goods, personnel and services as well as the overall political uncertainty around such a major change to future trading relationships. Whilst the longer term impact of this decision to exit the EU remains uncertain, the Group does not expect the impact to be significant given the wide geographical exposure we have with a strong presence in each of the local markets in which we operate.

Financial risk
Our operations and growth plans require access to capital to allow the Group to grow and 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 had total net debt of $1,177 million which requires to be refinanced periodically.

Strategic and Operating Review (continued)

Financial risk (continued)
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 2020. 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 opportunities arise 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 fixed rate and variable rate interest rate exposures are also made with the aim of maintaining a balance between the two.

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.

During the year we announced the successful issuance of an offering of $535 million of 9.875% Senior Secured Notes due 2022. The proceeds from this offering were used to redeem in full $500 million of Senior Secured Notes due May 2018. In addition the Group also obtained consents from lenders under the Senior Facilities Agreement to amend certain terms including the resetting of certain financial covenant levels, as well as a maturity extension of the Revolving Credit Facility tenor and an increase in the size of the Revolving Credit Facility.

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 against the US Dollar of the major currencies we are exposed to.

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.

Business continuity risk
Many of the key markets in which we operate are potentially at a higher risk of political upheaval. Over the past few 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 few years, for example, we have seen certain sanctions imposed against specific types of business activities in Russia from the EU and US.

Strategic and Operating Review (continued)

Business continuity risk (continued)
Certain markets in which we operate are also susceptible to governmental and political influence around contract award, local content requirements and bidding processes which may not always be transparent. We maintain robust processes to ensure that we always follow our own approved guidelines and ethical practices.

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 advisory expertise to support regulatory compliance in all our operations across disciplines such as export control 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. Legislation in the areas of ethics, bribery and tax evasion continue to evolve and place increasing responsibility on businesses to behave to a very high standard supported by the appropriate processes, controls and other safeguards.

We have developed an ethics & compliance program which is supported by 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 assurance processes to monitor compliance and seek to continuously improve our systems of internal controls and 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. With the fall in commodity prices and increased competition in the market we have also seen many of our customers seek to pass on risk to their suppliers which may have historically been borne by the operator.

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 that

Strategic and Operating Review (continued)

Asset integrity and Compliance regime (continued)
a culture of continuous improvement is reinforced. 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.

As well as our personnel, the provision of assets such as drilling rigs is a key component of our product and service offering. We offer a range of drilling rigs from new state of the art rigs designed for specific climates or for speed of movement, through to older assets which have been in operation for a number of years. These assets need to be regularly maintained and key components replaced over time in order to maintain the asset integrity of our equipment. We maintain a team of personnel specialised in maintaining these assets to ensure that they provide our clients with safe, effective and trouble free operations with low levels of non-productive time.

The level of new compliance requirements continues to increase across the broad range of territories in which we operate with this year alone seeing the implementation of new legislation around Modern Slavery and Tax Evasion. The coming year will see increasingly new data privacy and data protection rules which are becoming more onerous with large potential fines and other sanctions for non compliance. We seek to address these new requirements proactively using both our own internal resources as well as external advice.

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 two years. 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, 2016 and through 2017 we have experienced difficulty in Angola in particular from the build-up of local currency cash balances which we have been unable to convert to US Dollars and delays in collection of amounts receivable in US Dollars. This has resulted in an increased level of trapped cash and aged receivables at year end. Subsequent to the year end, the Group reached a commercial settlement with one of its customers in respect of significantly overdue receivable balances related to a drilling contract offshore Angola, with $41.9 million collected in February 2018. The Group also received $2.7 million from a customer in Nigeria in relation to a Land Drilling contract for which the balance was fully provided at the Balance Sheet date.

In some markets, particularly those where we may have a low level of activity or only a single rig operating, it can be difficult to consistently make acceptable levels of return. We also experience in some markets that tax and other local laws and rules may be inconsistently applied which can result in additional and unexpected costs of doing business.

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 to push for the release

Strategic and Operating Review (continued)

Credit related risk (continued)
of 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 in US Dollars where possible. We seek appropriate professional advice before entering new markets and have internal review and approval mechanisms to challenge the returns we expect on new contracts. In some cases we have decided to exit markets where we have been unable to make a consistent level of acceptable return.

Human capital risk
All of the services and operations which we perform require a highly skilled and well trained work force to provide the front line services, as well as to support the fundamental business processes and control mechanisms. Across the oil & gas industry generally there has been an aging of the workforce which has been compounded in the past three years by the industry downturn and a large reduction in the number of new recruits entering the sector. Continued access to a pipeline of talent to be able to provide skilled staff and future management resources for the Company are critical.

Over the past few years the Group has invested significantly in enhancing our processes and systems around human resources whilst maintaining valuing all people as one of our key Core Values. We seek to provide our staff with a dynamic and supportive work environment and to remunerate them fairly in each of the markets in which we operate. Where the employees have the appropriate skills, ability and desire to progress we have put in place the necessary management tools to help them pursue their career ambitions with KCA Deutag. We have succession planning tools to assist in identifying and developing future talent and to help to ensure that we have the appropriate future management resources to lead the Group in the future.

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 Investments (North Africa) Limited. See note 15 for details of where copies of the Group's financial statements can be obtained.

On behalf of the Board

Graham Paver

G Paver
Director
6 **September 2018**

Directors' report for the year ended 31 December 2017

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2017.

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 8. 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	Page(s)
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, 8
Other performance including environmental and employee matters	Strategic and Operating Review	3 - 8
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	17 - 25

Results and dividends
The loss for the financial year from continuing operations transferred from reserves was $4,387k (2016: profit $83k). During the year the Company did not receive a dividend from subsidiaries (2016: $nil). The Directors do not propose the payment of a final dividend (2016: $nil).

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.

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 2017, the Company's ordinary shares were wholly owned by Abbot Group Limited.

Employees
The Company had no employees at any time during the current year (2016: nil).

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

N Gilchrist
G Paver
A Byrne

Directors' report for the year ended 31 December 2017 (continued)

Statement of Directors' responsibilities in respect of the financial statements
The Directors are responsible for preparing the Annual 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and accounting estimates that are reasonable and prudent; 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.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

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

Directors' report for the year ended 31 December 2017 (continued)

Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors have obtained confirmation from a fellow group 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. On this basis, the Directors consider that it is appropriate to prepare these financial statements on a going concern basis. Further details are provided in Note 2 to the financial statements.

On behalf of the Board

G Paver
Director
6 **September 2018**

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

Report on the audit of the financial statements

Opinion

In our opinion, Abbot Investments (North Africa) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance Sheet, the Profit and Loss Account, the Statement of comprehensive income, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements set out on page 10, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Kevin Reynard (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
6 September 2018

Profit and Loss Account for the year ended 31 December 2017

	Note	**2017**	2016
		$'000	$'000
Administrative expenses - exceptional items	5	**(4,387)**	134
Operating (loss) profit	5	**(4,387)**	134
Interest payable and similar expenses	6	**-**	(51)
(Loss) profit before taxation		**(4,387)**	83
Tax on (loss) profit	7	**-**	-
(Loss) profit for the financial year		**(4,387)**	83

The results have been derived wholly from continuing operations.

Statement of comprehensive income for the year ended 31 December 2017

	2017	2016
	$'000	$'000
(Loss) profit for the financial year	**(4,387)**	83
Total comprehensive (expense) income for the year - net of tax	**(4,387)**	83

Balance Sheet as at 31 December 2017

	Note	2017 $'000	2016 $'000
Fixed Assets			
Investments	8	**8,635**	8,635
		8,635	8,635
Current Assets			
Debtors	10	**611**	5,320
Cash at bank and in hand		**1**	8
		612	5,328
Creditors: amounts falling due within one year	11	**(256,513)**	(256,842)
Net current liabilities		**(255,901)**	(251,514)
Total assets less current liabilities		**(247,266)**	(242,879)
Net liabilities		**(247,266)**	(242,879)
Capital and reserves			
Other reserves		**20,000**	20,000
Profit and loss account		**(267,266)**	(262,879)
Total shareholders' deficit		**(247,266)**	(242,879)

The financial statements on pages 14 to 25 were approved by the Board of Directors on 6 September 2018 and signed on its behalf by:

Gavin Paver.

G Paver
Director

Registered number 05246036

Statement of changes in equity for the year ended 31 December 2017

	Called up share capital	Other reserve	Profit and loss account	Total Shareholders' funds
	$'000	$'000	$'000	$'000
At 1 January 2017	-	**20,000**	**(262,879)**	**(242,879)**
Comprehensive expense				
Loss for the financial year	-	-	**(4,387)**	**(4,387)**
Total comprehensive expense	-	-	**(4,387)**	(4,387)
At 31 December 2017	-	**20,000**	**(267,266)**	**(247,266)**

At 1 January 2016	-	20,000	(262,962)	(242,962)
Comprehensive income				
Profit for the financial year	-	-	83	83
Total comprehensive income	-	-	83	83
At 31 December 2016	-	20,000	(262,879)	(242,879)

The Notes on pages 17 to 25 are an integral part of these financial statements.

1 General information

Abbot Investments (North Africa) Limited ('the Company') is a holding company whose principal subsidiary undertakings provide drilling and related well and facilities engineering services to the energy industry principally in the Far East and Asia.

The Company is a private company, limited by shares, incorporated in England and Wales and domiciled in Scotland. The address of its registered office is 1 Park Row, Leeds, England, LS1 5AB.

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' comparative information requirements in respect of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets;*
- *IAS 1: Presentation of financial statements in respect of: statement of cash flows including comparatives and statement of compliance with all IFRS;*
- *IAS 8: Accounting policies, changes in accounting estimates and errors' for the disclosure of new standards not yet effective;*
- *IAS 24: Related party disclosures in respect of key management compensation;*

2 Basis of preparation (continued)

- *IAS 24: Related party disclosures' to disclose related party transactions entered into between two or more wholly owned members of a group; and*
- *IAS 36: Impairment of assets in respect of the assumptions involved in estimating recoverable amounts of cash generating units containing goodwill or intangible assets with indefinite useful lives and management's approach to determining these amounts.*

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

The Company had net current liabilities at the Balance Sheet date of $255,901k (2016: $251,514k). The Company's working capital largely comprised of amounts owed to and from Group undertakings, which are unsecured, interest free and repayable on demand. Management have performed an assessment of the collectability of amounts due from Group undertakings, for any instance where there was doubt as to the recoverability of such amounts, Abbot Group Limited has confirmed to the directors its present intention to meet the obligations of these undertakings as and when they fall due. The accounts are prepared on a going concern basis on the grounds that Abbot Group Limited has confirmed to the directors that its present intention is to provide financial support for at least twelve months from the date of these accounts to enable the Company to continue to meet its financial obligations

3 Summary of significant accounting policies

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

Investments
Investments held as fixed assets are shown at cost less appropriate provision where the directors consider that impairment in value has occurred. Investments are considered for impairment at least annually.

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 of disposal and its value in use, is less than its carrying amount.

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

3 Summary of significant accounting policies (continued)

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 year and also due to items that are taxable or deductible in a different year. 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.

Provisions
Provisions are measured at the present value of the Directors' best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. A discount is applied to the provision for the time value of money where this is significant. Provisions are provided where there is a present obligation based on past events that it is probable that an outflow will be required and the financial outcome can be reliably measured.

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

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.

Foreign currency translation

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

3 Summary of significant accounting policies (continued)

(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.

Dividends

Dividend distributions on ordinary shares are recognised as a liability in the Company's financial statements when they have been approved by the Company's shareholders or paid in the case of interim dividends. Dividend income is recognised when the right to receive payment is established.

Exceptional items

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

4 Significant accounting judgments and estimates

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Significant judgements and estimates in these financial statements have been made with regard to tax balances (note 7). An explanation of key uncertainties or assumptions used by the management in accounting for these items is explained, where material, in the respective notes.

5 Operating (loss) profit

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

	2017	2016
	$'000	$'000
Exceptionals, net	**(4,387)**	134

During 2016 a credit of $134k resulted due to the reduction of payroll taxes potentially owing to former employees who worked on the disposed assets. During 2017 a $4,754k provision arose from an adverse court decision in Mexico not to award repayment of funds paid under a standby letter of credit in 2014, associated with a contract entered into by the Global Tender Barges business which was acquired in 2011 and subsequently sold. There was also a credit of $367k relating to further reduction of payroll taxes potentially owing to former employees who worked on the disposed assets.

5 Operating (loss) profit (continued)

Audit Remuneration

The audit fees are borne by another group company. For the purpose of disclosure, a fair allocation of the audit fee to the Company would be $10k (2016: $10k)

6 Interest payable and similar expenses

	2017 $'000	2016 $'000
Interest payable to group undertakings	-	(51)
	-	(51)

7 Tax on (loss) profit

(a) Analysis of charge in year

	2017 $'000	2016 $'000
Current tax		
Overseas tax - current year	-	-
Overseas tax - adjustment in respect of prior periods	-	-
Adjustments in respect of prior years	-	-
Total current tax charge (note 8 (b))	-	-

(b) Factors affecting tax charge in year

The tax assessed for both years is lower than the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%). The differences are explained below:

	2017 $'000	2016 $'000
(Loss) profit before taxation	**(4,387)**	83
(Loss) profit before taxation at standard rate of corporate tax in the UK 19.25% (2016: 20.00%)	**(844)**	17
Effects of:		
Group relief for nil consideration	**2,521**	2,330
Expenses not deductible for tax purposes	**844**	(27)
Other permanent differences	**(2,521)**	(2,320)
Total tax charge for the year (note 8 (a))	-	-

7 Tax on (loss) profit (continued)

The Company has not recognised potential deferred tax assets at 17% of $566,000 (2016: at 17% of $nil) on the tax effect of unused tax credits as it may not be possible to utilise the potential benefit in future years.

The Finance Act 2015 (No2) reduced the main rate of UK corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. The Finance Act 2016 which was enacted on 15 September 2016, reduced the main rate further to 17% from 1 April 2020.

8 Investments

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

	2017	2016
	$'000	$'000
At 1 January and 31 December	**8,635**	8,635

During the year management performed a review of the carrying value of investments. In both 2017 and 2016, the reviews identified no impairment and therefore no write down to investments was required.

A list of subsidiary undertakings is given in Note 16.

9 Cash at bank and in hand

	2017	2016
	$'000	$'000
Cash at bank and in hand	1	8

The cash value wholly represents cash held on a bank account within the Group's working capital facility, and on which notional cash pooling is applied to determine the Group's overall utilisation of the facility. The facility is available to the Company and certain other companies within the KCA Deutag Alpha Group, and is secured by a cross guarantee from all the participant companies, including Abbot Investments (North Africa) Limited.

10 Debtors

	2017	2016
	$'000	$'000
Prepayments and accrued income	**611**	5,320
	611	5,320

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

11 Creditors: amounts falling due within one year

	2017	2016
	$'000	$'000
Amounts owed to group undertakings	**255,620**	255,593
Other creditors	**132**	120
Accruals and deferred income	**761**	1,129
	256,513	256,842

The fair value of creditors due within one year are approximate to carrying amounts given that they are short term in nature.
The amounts owed to Group undertakings are unsecured and repayable on demand. Interest is payable on a total of $nil (2016: $1,124k) of the amounts owing to Group undertakings as at 31 December 2017. The remaining amounts owed to Group undertakings are interest free.

12 Called up share capital

	2017	2016
	$'000	$'000
Authorised		
1,000 (2016: 1,000) ordinary shares of £1 each	**2**	2
Issued and fully paid		
1 (2016: 1) ordinary shares of £1 each	**-**	-

The shares rank pari passu and have the rights normally attaching to ordinary shares as prescribed by law - i.e. one share one vote with other matters being determined by the Companies Act, 2006.

13 Employees and directors

The directors neither received nor waived any emoluments during the year from the Company (2016: $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 or prior year.

14 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.

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 2017 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 Group Headquarters, Bankhead Drive, City South Office Park, Portlethen, Aberdeenshire, AB12 4XX.

16 Subsidiaries and associates

A full list of subsidiaries is shown below.

The Company's subsidiary registered at Unit No. 2301-2, 23rd Floor Rasa Tower I, 555 Paholyothin Road, Kwaeng Chatuchak, Khet Chatuchak, Bangkok is as follows:

Name	Relationship to Company	Country of Incorporation
KCA DEUTAG Drilling (Thailand) Limited (in liquidation)	Direct subsidiary	Thailand

The Company's subsidiaries registered at One Marina Boulevard # 28-00 Singapore 018989 are as follows:

Name	Relationship to Company	Country of Incorporation
KCA DEUTAG Tender Barges (Offshore) Pte Ltd	Direct subsidiary	Singapore

The Company's associate registered at 23B, Jalan 52/1, 46200 Petaling Jaya, Selangor, Malaysia is as follows:

Name	Relationship to Company	Country of Incorporation
Global Tender Barges Malaysia Sdn Bhd (in liquidation)	Direct subsidiary	Malaysia

The Company's subsidiary registered at San Blas 2 San Joaquin, Ciudad del Carmen, Campeche 24157 is as follows:

Name	Relationship to Company	Country of Incorporation
Global Tender Barges Mexico, S. de R.L. de C.V.	Direct subsidiary	Mexico

16 Subsidiaries and associates (continued)

The Company's subsidiary registered at 5-9 Main Street, Gibraltar, GX11 1AA is as follows:

Name	Relationship to Company	Country of Incorporation
International Air Drilling Company Limited	Direct subsidiary	Gibraltar

The Company's subsidiary registered at Caledonian House, PO Box 1043, George Town, Grand Cayman, KY1-1102 Cayman Islands is as follows:

Name	Relationship to Company	Country of Incorporation
ILI Corporation Limited	Indirect subsidiary	Cayman Islands