



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 986 709 770
Organisasjonsform: Aksjeselskap
Foretaksnavn: KCA DEUTAG OFFSHORE AS
Forretningsadresse: Espehaugen 37
5258 BLOMSTERDALEN

Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

Konsern

Morselskap i konsern: Ja
Konsernregnskap lagt ved: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Johnny Yndesdal
Dato for fastsettelse av årsregnskapet: 23.06.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 30.07.2024



Resultatregnskap

Beløp i: USD	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
motatt utbytte		0	19 070 000
Sum inntekter		0	19 070 000
Kostnader			
Annen driftskostnad		18 000	46 000
Sum kostnader		18 000	46 000
Driftsresultat		-18 000	19 024 000
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		4 681 000	14 000
Annen finansinntekt		1 000	20 000
reversering av nedskrivning av investeringer	5	0	29 156 000
annten finansinntekt			0
Sum finansinntekter		4 682 000	29 190 000
Netto finans		4 682 000	29 190 000
Ordinært resultat før skattekostnad		4 664 000	48 214 000
Skattekostnad på ordinært resultat	4	-2 920 000	0
Ordinært resultat etter skattekostnad		7 584 000	48 214 000
Årsresultat		7 584 000	48 214 000
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		7 584 000	48 214 000
Sum overføringer og disponeringer		7 584 000	48 214 000



Balanse

Beløp i: USD	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel		1 622 000	
Sum immaterielle eiendeler		1 622 000	
Finansielle anleggsmidler			
Investering i datterselskap	5	0	0
Sum finansielle anleggsmidler		0	0
Sum anleggsmidler		1 622 000	0
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer		0	3 000
Konsernfordringer	7	186 977 000	176 402 000
Sum fordringer		186 977 000	176 405 000
Sum omløpsmidler		186 977 000	176 405 000
SUM EIENDELER		188 599 000	176 405 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	6	5 000	68 343 000
Overkurs	6	124 783 000	124 783 000
Annen innskutt egenkapital	6	7 690 000	8 989 000
Sum innskutt egenkapital		132 478 000	202 115 000
Opptjent egenkapital			
Annen egenkapital	6	50 206 000	-25 716 000



Balanse

Beløp i: USD	Note	2022	2021
Sum opptjent egenkapital		50 206 000	-25 716 000
Sum egenkapital		182 684 000	176 399 000
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Kortsiktig konserngjeld	7	5 903 000	0
Annen kortsiktig gjeld	8	12 000	6 000
Sum kortsiktig gjeld		5 915 000	6 000
Sum gjeld		5 915 000	6 000
SUM EGENKAPITAL OG GJELD		188 599 000	176 405 000



KCA DEUTAG Offshore AS
Annual Report and Financial Statements
for the year ended 31 December 2022

Registered Number: 986 709 770



KCA DEUTAG Offshore AS

Annual report and financial statements

for the year ended 31 December 2022

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KCA DEUTAG Offshore AS

Corporate Information

Board of Directors

O Maier

A Hogg

T Anhøj (appointed 23 February 2023)

T E Aasland (resigned 23 February 2023)

Independent Auditors

Ernst & Young AS

Thormohlens gate 53 D

NO-5006 Bergen

Norway

Business Address

Espehaugen 37

Blomsterdalen

5258 Bergen

Norway



KCA DEUTAG Offshore AS

Directors' report for the year ended 31 December 2022

The Directors submit their annual report to the members together with the audited accounts of the Company for the year ended 31 December 2022.

Directorate

The Directors in office at the date of this report and who served during the year are as follows:

O Maier

A Hogg

T Anhøj (appointed 23 February 2023)

T E Aasland (resigned 23 February 2023)

The business, operations and prospects

KCA DEUTAG Offshore AS was incorporated on 29 December 2003, but was inactive until February 2005. The Company's registered office is in Bergen, Norway.

The Company owns 100% of the shares of KCA DEUTAG PTE Limited which owns two land rigs. In addition, the Company owns 100% of the shares of KCA DEUTAG Drilling Offshore Services AS which is an offshore drilling service provider.

KCA DEUTAG PTE Limited continued to hold two Land drilling rigs during 2022; the T222 and T223. Both of which were based in Algeria.

KCA DEUTAG Drilling Offshore Services AS is an offshore drilling service provider. During 2022 the Company had 3 contracts for the provision of drilling services and all of these continue into 2022.

Going concern

The Company has net assets of \$189 million (2021: \$176 million), and its funding is dependent upon the overall funding position of the KCA DEUTAG Alpha Group ("the Group"). The Group regularly monitors its funding position throughout the year to ensure that it has access to sufficient funds to meet its forecast cash requirements. Forecasts are regularly produced to give management's best estimates of forward liquidity, leverage and forecast covenant compliance as defined in the Group's loan documentation. This is done to identify risks to liquidity and covenant compliance and to enable management to formulate appropriate and timely mitigation strategies.

The Company participates in a notional Cash Pooling arrangement with a number of other Group Companies. Cash and overdraft balances included within the cash pool are treated as intercompany receivables and payables respectively for the purposes of disclosure in these financial statements.

Bank borrowings, senior secured notes and guarantee facilities available to KCA DEUTAG Alpha Limited and certain subsidiaries, including the Company, of US\$ 1,025,000,000 are secured inter alia by a cross guarantee from the Company, by a floating charge over the assets of the Company and by a share pledge over the shares of the Company.

At the year end the Group has a strong liquidity position and has headroom under its financial covenants which form a part of these facilities. The Directors have reviewed the most recent projections and forecasts as prepared as part of its budgeting and strategic planning process, along with assessing severe but plausible downside sensitivity scenarios and their potential impacts on Group profitability and cash generation over the same period. By completing this analysis, these projections indicate that the Group's liquidity and covenant headroom is adequate. Therefore, the Directors are confident that the Group has sufficient covenant headroom as well as adequate cash resources to meet all of its liabilities as they fall due for at least the next 12 months. For these reasons the Directors consider it appropriate to prepare the Group's financial statements on a going concern basis. Further details are provided in Note 10 to the financial statements.



KCA DEUTAG Offshore AS

Directors' report for the year ended 31 December 2022 (continued)

Financial/market related risk

Principal risk to the Company's future activities is mainly connected to the durability of the contract portfolio, in the form of option performance and award of new contracts. For further information on risk see note 2.

Health, security, environmental and corporate governance

The Company has no employees; all employees are subcontracted from other companies. The Board and management will work to establish equal positions and opportunities for men and women on the Board.

During the year there were no incidents involving the Company or its subsidiaries having an adverse environmental impact.

Income statement and balance sheet

The profit for the year is \$7,584k (2021: \$48,214k). Of the Company's liabilities, \$5,915k (2021: \$6k) are due within one year from balance sheet date.

There was no cash outflow during the year.

Annual result and year-end appropriations

In 2022, the Company made a profit after tax of \$7,584k (2021: \$48,214k). The Board proposes this be allocated as follows:

Transferred to other equity profit of \$7,584k. After the above mentioned allocation, the Company's free equity totals \$nil.

At 31 December 2022 the Company has total equity of \$182,684k (2021: \$176,399k).

Bergen, 23 June 2023

Alisdair Hogg
Member of the Board

Ole Maier
Chairman of the Board

Thorbjørn
Anhøj

Thorbjørn Anhøj
Member of the Board

Digitalt signeret af
Thorbjørn Anhøj
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Statsautoriserte revisorer
Ernst & Young AS

Thormøhlens gate 53 D, 5006 Bergen
Postboks 6163, 5892 Bergen

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of KCA Deutag Offshore AS

Opinion

We have audited the financial statements of KCA Deutag Offshore AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement, the statement of comprehensive income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The financial statements for the year ended 31 December 2021, were audited by another auditor who expressed an unmodified opinion on those statements on 8 July 2022.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the general manager) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion 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 board of directors' report contains the information required by legal requirements and 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, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.



Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and for such internal control as management determines 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's 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 auditor's 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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Bergen, 23 June 2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Øyvind Nore
State Authorised Public Accountant (Norway)

Penneo Dokumentnøkkel: FIGC8-IXXOC-5IY11-BUJQG8-U6EZU-7AWJQG



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Øyvind Nore

Statsautorisert revisor

På vegne av: Ernst & Young AS

Serienummer: 9578-5994-4-485745

IP: 83.241.xxx.xxx

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KCA DEUTAG Offshore AS

Income statement for the year ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
Operating income			
Dividend received		-	19,070
Operating expenses			
Other operating expenses		(18)	(46)
Operating (loss)/profit		(18)	19,024
Financial income and financial expenses			
Other financial income		1	20
Interest income from group companies		4,681	14
Reversal of investment impairment	5	-	29,156
Net financial items		4,682	29,190
Profit before tax charge		4,664	48,214
Tax credit			
Tax credit on ordinary loss	4	2,920	-
Profit for the year		7,584	48,214
Applications:			
Transferred to other equity		7,584	48,214
Total applications		7,584	48,214

Statement of comprehensive income for the year ended 31 December 2022

	2022 \$'000	2021 \$'000
Profit for the year	7,584	48,214
Total other comprehensive income for year	-	-
Total comprehensive profit for the year	7,584	48,214



KCA DEUTAG Offshore AS

Balance Sheet as at 31 December 2022

	Note	2022 \$'000	2021 \$'000
Non-current assets			
<i>Financial assets</i>			
Investments in subsidiaries	5	-	-
Deferred tax		1,622	-
Total non-current assets		1,622	-
Current assets			
<i>Receivables</i>			
Amounts due from group companies	7	186,977	176,402
Other receivables		-	3
Total receivables		186,977	176,405
Cash and cash equivalents		-	-
Total current assets		186,977	176,405
Total assets		188,599	176,405
Equity			
<i>Paid-in capital</i>			
Share capital	6	5	68,343
Share premium	6	124,783	124,783
Other paid in capital	6	7,690	8,989
Total paid-in equity		132,478	202,115
<i>Earned equity</i>			
Other equity	6	50,206	(25,716)
Total equity	6	182,684	176,399
Liabilities			
<i>Current liabilities</i>			
Amounts due to group companies	7	5,903	-
Other current liabilities	8	12	6
Total current liabilities		5,915	6
Total liabilities		5,915	6
Total equity and liabilities		188,599	176,405

Bank balances within the Group's cash pooling arrangements are now shown within amounts due from/to Group companies.

Bergen, 23 June 2023

Alisdair Hogg
Member of the Board

Ole Maier
Chairman of the Board

Thorbjørn
Anhøj

Thorbjørn Anhøj
Member of the Board

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Anhøj
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KCA DEUTAG Offshore AS

Cash flow statement for the year ended 31 December 2022

	2022	2021
	\$'000	\$'000
Profit (loss) before tax charge	4,664	48,215
Change in receivables	(10,573)	(167,005)
Change in payables	5,909	(19)
Reversal of investment impairment	-	(29,156)
Dividend income	-	(19,070)
Tax paid	-	-
Net cash flow used in operations	-	(167,035)
Proceeds from long term inter-company loans	-	(917)
Net cash flow from financing	-	(917)
Dividends received	-	19,070
Return of capital	-	148,882
Net cash flow from investing	-	167,952
Net change in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	-	-

Bank balances within the Group's cash pooling arrangements are now shown within amounts due from/to Group companies.



KCA DEUTAG Offshore AS

Notes to the financial statements for the year ended 31 December 2022

1 Accounting policies

The financial statements have been prepared in accordance with simplified International Financial Reporting Standards (IFRS) allowed by § 3-9 of the Norwegian accounting Act, under which the Company's accounting policies are in accordance with IFRS while notes to the financial statements are prepared in accordance with chapter 7 of the Norwegian Accounting Act.

Group affiliation

In accordance with the Accounting Act § 3-7 the Company does not prepare consolidated financial statements. The Company constitutes part of the consolidated financial statements of the KCA DEUTAG Alpha Limited, a company registered in England. The consolidated financial statements of KCA DEUTAG Alpha Limited have been filed with the UK Register of Company Accounts.

Use of estimates

The preparation of the financial statements is subject to management using estimates and assumptions that influence the income statement and the assessment of assets and liabilities, and information related to insecure assets and liabilities at the balance sheet date.

Conditional losses that are probable and quantifiable are recognised in the current income statement.

Foreign currency

The Company's functional currency is US\$ and the Company makes use of US\$ as accounting and presentation currency. Monetary items in foreign currency have been translated at the exchange rate prevailing at the year end.

Taxes

The financial statements are presented in the Company's functional currency US\$. The Company is liable to taxation according to Norwegian tax legislation and the basis for taxes has to be stated in NOK. Current transactions are translated to NOK using the average exchange rate. Basis for depreciation of operating equipment is translated at the exchange rate prevailing at the transaction date while carrying monetary items are translated at the exchange rate of the balance sheet date. Payable tax calculated in NOK is translated to US\$ using the exchange rate of the balance sheet date. Temporary difference for property, plant and equipment is calculated by comparing tax related value in NOK translated to US\$ at the balance sheet date with recognised value in US\$.

The tax charge in the income statement comprises both payable tax of the period and change in deferred tax. Deferred tax is calculated at 22% based on the temporary differences existing between accounting and tax related values, and carry forward losses for tax purposes at year end. Tax enhancing and tax reducing temporary differences that are reversed or may be reversed in the same period have been eliminated. Net deferred tax asset is recognised in the balance sheet to the extent that it is probable that it will be utilized.

Classification and valuation of balance sheet items

Current assets and current liabilities comprise items falling due within one year. Remaining items are classified as non-current assets/non-current liabilities.

Current assets are valued at the lower of acquisition cost and net realisable value. Current liabilities are recognised in the balance sheet at nominal value at the date of establishment of the liability.

Non-current assets are valued at acquisition cost but depreciated to recoverable amount if lower than carrying amount. Recoverable amount is the higher of net sales value and utility value. Non-current liabilities are recognised in the balance sheet at nominal value at the date of establishment.



KCA DEUTAG Offshore AS

Notes to the financial statements for the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

Investment in and return from investment in other companies

Shares, including shares in subsidiary and associated companies are valued according to the cost method in the Company accounts. The investment is valued at acquisition cost for the shares unless impairment has been necessary. Impairment to fair value has been made when a loss in value is considered not to be temporary and it is required according to generally accepted accounting principles. The impairment is reversed when the reason for impairment is no longer present.

Dividend and other distributions are recognised as income in the same year as being allocated in the subsidiary. In case the dividend exceeds share of retained result after the acquisition, the excess amount represents repayment of invested capital and the distributions have been deducted the value of the investment in the balance sheet.

Inventory

Spares which are held for use in the Company's operations are stated at cost less a provision in respect of those spares attaching to older equipment.

Borrowings

Interest bearing loans are initially recorded at fair value including directly attributable transaction costs. Such transaction costs are amortised over the remaining term associated with the borrowings. Borrowings are stated net of the residual transaction costs.

Receivables

Trade receivables and other receivables are recognised in the balance sheet at nominal value less provision for bad debts. Provision for bad debts is based on individual assessment of each receivable.

Cash flow statement

The statement of cash flows has been prepared according to the indirect method. Cash and cash equivalents comprise cash, bank deposits and other short term, liquid investments.

Foreign currency transactions

Foreign currency transactions are translated at the exchange rate prevailing at the transaction date. Monetary items in foreign currency are translated into US\$ using the exchange rate of the balance sheet date. Non-monetary items that are measured at historical exchange rate in foreign currency, are translated to US\$ using the exchange rate prevailing at the transaction date. Non-monetary items that are measured at fair value in foreign currency are translated at the exchange rate prevailing at the balance sheet date. Exchange rate changes are recognised currently in the income statement in the accounting period.

Items at fair value in foreign currency are translated at the exchange rate prevailing at the time for valuation of fair value.



KCA DEUTAG Offshore AS

Notes to the financial statements for the year ended 31 December 2022 (continued)

2 Financial market risk

Interest risk

The Company has interest rate risk only on interest receivable on a loan of US\$167,952k which is owing from an indirect parent company as at 31 December 2022 (see note 7 for further detail). The Company has no interest payable as at 31 December 2022.

Exchange risk

The Company's transactions are mainly in US\$. In order to protect the Company's balance sheet from movements in exchange rates, whenever practical, the Company seeks to achieve natural hedging by ensuring that expenses are borne in the same currency as related income. Where this is not possible, the Company has entered, to an extent, into exchange contracts to hedge its foreign currency exposure. Basis for taxes is settled in NOK and involves an element of exchange risk.

3 Wages, number of employees, remunerations, loans to employees and auditors' fee

The Company has no employees. No loan or guarantees have been rendered to employees in other group companies. No remuneration has been rendered to the members of the Board. \$10k excluding VAT (2021: \$10k) is recognised as auditors' fee.

4 Tax credit on ordinary result

The financial statements are presented in the Company's functional currency US\$. The Company is liable to taxation according to Norwegian tax legislation and the basis for taxes has to be stated in NOK. Current transactions are translated to NOK using the average exchange rate. Basis for depreciation of operating equipment is translated at the exchange rate prevailing at the transaction date while carrying monetary items are translated at the exchange rate of the balance sheet date. Payable tax calculated in NOK is translated to US\$ using the exchange rate of the balance sheet date. Temporary difference for property, plant and equipment is calculated by comparing tax related value in NOK translated to US\$ at the balance sheet date with recognised value in US\$.

	2022	2021
	\$'000	\$'000
Calculation of tax credit for the year		
Profit on operations before taxes	4,664	48,214
Taxable currency impact by translation of basis for taxes to NOK	(232)	256
Non taxable income	-	(48,227)
Group contribution	6,089	-
Timing difference	7,610	(17)
Tax losses utilised	(10,758)	(226)
Basis for taxes	7,373	-
Tax rate	22%	22%
Tax credit (charge)	1,621	-
Tax on group contribution	1,299	-
Total tax credit (charge)	2,920	-
Deferred tax asset		
At 1 January and 31 December	(1,622)	-



KCA DEUTAG Offshore AS

Notes to the financial statements for the year ended 31 December 2022 (continued)

4 Tax credit on ordinary result (continued)

	2022	2021
	\$'000	\$'000
Calculation of deferred tax asset		
Other timing differences	(3,048)	-
Tax losses	(7,373)	(20,555)
Deferred interest deduction brought forward, and other	-	(3,420)
Deferred tax assets not recognized	3,048	23,975
Basis for deferred tax asset	(7,373)	-
Tax rate	22%	22%
Deferred tax asset	(1,622)	-

5 Investments in subsidiaries

	Business address	Owner's share voting share	Equity \$'000	Result \$'000	Book Value \$'000
KCA DEUTAG PTE. Ltd.	United Kingdom	100%	9,554	2,447	-
KCA DEUTAG Drilling Offshore Services AS	United Kingdom	100%	(142,151)	(157)	-
KCA DEUTAG Offshore UK Ltd.	United Kingdom	100%	-	-	-
			(132,597)	2,290	-

The Company owns 100% of the share capital and voting rights.

During the the prior year the investment value was written down to \$1 as a result of a return of capital received from the Company's subsidiary KCAD DEUTAG PTE Ltd as part of an ongoing corporate reorganisation project. As a result of this transaction, an exceptional gain of \$29k was reflected in the 2021 Income Statement which represents the value of the Company's investment in KCA DEUTAG PTE which had been impaired in previous periods.



KCA DEUTAG Offshore AS

Notes to the financial statements for the year ended 31 December 2022 (continued)

6 Equity

	Share capital \$'000	Share premium \$'000	Other paid in capital \$'000	Other equity \$'000	Total \$'000
At 1 January 2022	68,343	124,783	8,989	(25,716)	176,399
Other paid in capital	-	-	(1,299)	-	(1,299)
Profit for the year	-	-	-	7,584	7,584
Capital reductions	(68,338)	-	-	68,338	-
At 31 December 2022	5	124,783	7,690	50,206	182,684

During 2022 the share capital of the company was reduced by way of a capital reduction.

The share capital decreased from 67,676,891 ordinary shares to 4,609 ordinary shares of NOK 6.51. At 31 December 2022 the share capital was NOK 30,004.59. The paid-in share capital was translated to US\$ at the currency exchange rate prevailing at the transaction date.

Increase in other paid capital reflects the group contribution received from another group company.

7 Intercompany balances with group companies

	2022 \$'000	2021 \$'000
Amounts owed by group companies		
Abbot Group - loan receivable	167,952	167,952
Abbot Group - short term receivable	2,530	-
Abbot Holdings Norge - short term receivable	1,795	-
KCA DEUTAG Drilling Norge AS - short term receivable	3,295	-
KCA DEUTAG Modu Operations AS - short term receivable	817	-
Other short term receivables	10,588	8,450
	186,977	176,402

There is a loan receivable of \$167,952k plus accrued interest of \$2,530k owing from an indirect parent company, Abbot Group Limited, as at 31 December 2022. The loan is repayable on demand, and is repayable within one year. Interest is charged at the underlying USD base rate plus a margin of 1.0%.

The other short term receivables balance relates wholly to the Group cash pooling arrangement.

	2022 \$'000	2021 \$'000
Amounts owed to group companies		
Abbot Holdings Norge - short term payable	1,795	-
KCA DEUTAG Drilling Norge AS - short term payable	3,291	-
KCA DEUTAG Modu Operations AS - short term payable	817	-
	5,903	-



KCA DEUTAG Offshore AS

Notes to the financial statements for the year ended 31 December 2022 (continued)

8 Other Current Liabilities

	2022 \$'000	2021 \$'000
Other	12	6
	<u>12</u>	<u>6</u>

9 Financial institutions

As at 31 December 2022 and 2021, the Company has no non-current liabilities owing to financial institutions.

Bank borrowings, senior secured notes and guarantee facilities available to KCA DEUTAG Alpha Limited and certain subsidiaries, including the Company, of US\$ 1,025,000,000 are secured inter alia by a cross guarantee from the Company, by a floating charge over the assets of the Company and by a share pledge over the shares of the Company.

10 Basis of preparation

The Company has net assets of \$189 million (2021: \$176 million), and its funding is dependent upon the overall funding position of the KCA DEUTAG Alpha Group ("the Group"). The Group regularly monitors its funding position throughout the year to ensure that it has access to sufficient funds to meet its forecast cash requirements. Forecasts are regularly produced to give management's best estimates of forward liquidity, leverage and forecast covenant compliance as defined in the Group's loan documentation. This is done to identify risks to liquidity and covenant compliance and to enable management to formulate appropriate and timely mitigation strategies.

The Company participates in a notional Cash Pooling arrangement with a number of other Group Companies. Cash and overdraft balances included within the cash pool are treated as intercompany receivables and payables respectively for the purposes of disclosure in these financial statements.

Bank borrowings, senior secured notes and guarantee facilities available to KCA DEUTAG Alpha Limited and certain subsidiaries, including the Company, of US\$ 1,025,000,000 are secured inter alia by a cross guarantee from the Company, by a floating charge over the assets of the Company and by a share pledge over the shares of the Company.

At the year end the Group has a strong liquidity position and has headroom under its financial covenants which form a part of these facilities. The Directors have reviewed the most recent projections and forecasts as prepared as part of its budgeting and strategic planning process, along with assessing severe but plausible downside sensitivity scenarios and their potential impacts on Group profitability and cash generation over the same period. By completing this analysis, these projections indicate that the Group's liquidity and covenant headroom is adequate. Therefore, the Directors are confident that the Group has sufficient covenant headroom as well as adequate cash resources to meet all of its liabilities as they fall due for at least the next 12 months. For these reasons the Directors consider it appropriate to prepare the Group's financial statements on a going concern basis



KCA DEUTAG Offshore AS

Notes to the financial statements for the year ended 31 December 2022 (continued)

11 Ultimate parent undertaking

The Company is a wholly owned subsidiary of Abbot Holdings Norge AS.

The Company's ultimate controlling company is KCA DEUTAG International Limited, which is registered in Jersey.

At 31 December 2021, the smallest and largest group in which the results of the Company are consolidated are those headed by KCA DEUTAG International Limited. Copies of financial statements of KCA DEUTAG International Limited are available from Group Headquarters, Bankhead Drive, City South Office Park, Portlethen, Aberdeenshire, AB12 4XX.



Skattedirektoratet

Inquiries to Torstein Kinden Helleland	Your date 25.04.2007	Our date 08.08.2007
Telephone +47 22 07 81 39	Your reference Petter Pharo	Our reference 2007/177957 /RR-RE/TKH /812.1

Ernst & Young AS
P.O. Box 6163
5892 Bergen

**Application for a permission to keep accounts in Norway in English language,
including the annual report and statement**

Dear Mr Petter Pharo,

With reference to your letter of 25 April 2007, fax of 20 June 2007 and various phone calls with respect to the above matter.

The application in question concerns the following companies:

1. Abbot Holdings Norge AS (reg. no. 989 528 270)
2. KCA DEUTAG Offshore AS (reg. no. 986 709 770)
3. KCA DEUTAG Pte Ltd (reg. no. 990 440 832)
4. KCA DEUTAG (Ben Rinnes) AS (reg. no. 990 397 082)
5. KCA DEUTAG Holdings Norge AS (reg. no. 987 558 741)

The background for the application is that all of the above mentioned companies are part of the Abbot Group. Abbot Group Plc, the head company of the Abbot Group, is listed on the London Stock Exchange (LSE).

The activities of the Abbot Group are centred around its operating subsidiaries, KCA DEUTAG, and Benter Drilling & Oilfield Systems. KCA DEUTAG is the largest offshore platform drilling contractor in the North Sea and the Caspian Region. Further, it is one of the largest international land drilling contractors outside the Americas, and a world leader in engineering, rig design, construction and operation. The company has more than 6.000 employees worldwide and has operations in the North Sea, Europe, Russia, the Middle East, Caspian Region, North and West Africa, and Asia.

KCA DEUTAG's Headquarter is in Aberdeen, Scotland, and it operates through three Global Business Units.

The company's accounts are audited by PWC. Ernst & Young is elected as the company's preferred Tax Advisor worldwide.

The reason for the application is that the group in question is highly international in the sense that it operates throughout the world. The company group has several legal entities and companies in different countries. A number of these companies are taxable or will be

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taxable in other jurisdictions due to inter alia international rig operations. It follows that the accounts for these companies will have to be presented in different jurisdictions.

The company KCA DEUTAG Pte Ltd is inter alia subject to statutory accounting also in Singapore (prepared in English language), which implies that it is a significant disadvantage if the company has to prepare the Norwegian accounts in Norwegian and the Singapore accounts in English.

For this reason alone the company group has a strong interest in using the English language as the accounting language for the above-mentioned companies.

The group headquarter is in Aberdeen, and the working language of the group is English. All the users of the accounts within the company group are also English, as well as the persons signing the accounts. All the above-mentioned companies covered by this application are 100 % owned by an English company. All company loan agreements etc. are entered into with foreign financial institutions (banks). Further, more or less all the contracting parties and customers of these companies are foreign companies. Contracting parties and customers, at a certain level, commonly want to extract information about the company from the accounts in English.

Permission to keep accounts in Norway in English language

It follows from the Norwegian Bookkeeping Act of 19 November 2004 nr 73 § 12 that the specifications of statutory financial reporting shall be in Norwegian, Swedish, Danish or English language. Hence, it is not necessary to apply for permission to keep accounts in Norway in English language.

Permission to make the annual report and statement in Norway in English language

According to the Norwegian Accounting Act § 3-4, third paragraph shall *“the annual report and annual statement ... be in Norwegian. The Ministry can in an individual decision decide that the annual report and/or annual statement may be in another language”*

Ot. prp. nr. 42 (1997-1998) *About Act about annual accounts etc.*, says the following about the purpose of the Accounting Act, refer section 1.1:

“The aim of the Government with respect to the Accounting Act is that it shall contribute towards providing informative accounts for different users of accounts. The users of accounts include investors and creditors which provide capital for the companies. Other groups include those who have an interest in knowing how the companies are operated, for example employees and the local community. The information to the capital market is an important basis for the correct pricing of financial instruments. The correct pricing of stocks is an important factor in securing the best possible allocation of resources in the economy. High quality accounts will also make it more difficult for market participants to obtain speculative gains as a result of non-publicly available information.”



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Hence, one of the main aims of the Accounting Act is to contribute to “*informative accounts for different users of accounts*” The users of the accounts will include investors, creditors, employees and the local community. The government (central and local) authorities must also be considered to be an important user of the accounts. For example, the tax authorities and other public authorities who are involved in controlling the activities in the private sector, use accounts as an important tool in their control activity.

Hence, it is the view of the Ministry that it is crucial that the question of dispensation from the general rule that the annual accounts and/or annual statement should be done in Norwegian, not in any significant way deviate from the consideration of users of the accounts. Further, the applicant must have a particular interest in having the opportunity to make the annual statement and/or annual statement in a language other than Norwegian.

The four applying companies are a part of the Abbot Group and are 100 % owned by an English company. Abbot Group Plc, the head company of the Abbot Group, is listed on the London Stock Exchange (LSE). The group headquarter is in Aberdeen, and the working language of the group is English. All the users of the accounts within the company group are also English, as well as the persons signing the accounts. All company loan agreements etc. are entered into with foreign financial institutions (banks). Further, more or less all the contracting parties and customers of these companies are foreign companies. Contracting parties and customers, at a certain level, commonly want to extract information about the company from the accounts in English.

Based on the above, and after a total evaluation, the view of The Directorate of Taxes is that the applying companies mentioned above may make the annual report and statement in English language.

Conclusion

The Directorate of Taxes gives Abbot Holdings Norge AS, KCA DEUTAG Offshore AS, KCA DEUTAG Pte Ltd, KCA DEUTAG (Ben Rinnes), KCA DEUTAG Holdings Norge AS permission to make the annual report and annual statement in English language according to the Norwegian Accounting Act § 3-4 third paragraph.

Yours sincerely,

Nina Hognes
underdirektør
Seksjon for revisjon
Retts- og revisjonsavdelingen

Torstein Kinden Helleland