

DDI HOLDING AS

ANNUAL REPORT

01.04.2009 – 31.03.2010

DDI Holding AS

DDI Holding AS

Board report 2009-10

Nature and place of business

The Company is a long term financial and strategic investor in the oil- and offshore industry. Through its subsidiaries, the Company owns and operates eight newbuild jack-up rigs (built in 2006 or later). The main office has its registered address at Gyldenloeves gate in Kristiansand.

Going concern

In accordance with the Accounting law's § 3-3, it is hereby confirmed that the going concern assumption is fulfilled, and forms the basis for the preparation of the annual accounts.

Working environment and gender equality

The Group believes that employees' performance can only flourish in a sound work environment. DDI Holding AS ("DDIH") Group is committed to supporting its working environment through systems and policies that foster open communication, maintain employee and partner privacy, and assure employee equality. The group's objective is to be a working place where there is full equality between genders. There shall be no discrimination between genders on issues such as salary, promotions and recruitment.

Environment

Operating drilling rigs is a business that is associated with risks for negatively impacting the environment, especially during accidents. The rigs operated by the company comply with all international regulations aimed at limiting and reducing the risks for polluting the environment. The company is aiming at being a frontrunner in relation to safety and reliable operations.

The company's activities in the year 2009-10 have not caused pollution or released substances harmful to the external environment beyond what is normal for this type of activity.

Financials

Group

The group had total income of USD 271 Million for the year ending March 2010 as compared to USD 380 Million in 2009. This was a 29% decrease in contract drilling revenue as 4 of the rigs completed their previous contracts at the beginning of financial year 2009-10 and were re-deployed in the middle of the

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financial year 2009-10. The operating profit was USD 125 Million for the year ending 31.03.2010.

The Group's capital investments during 2009-10 were USD 3 Million. The last delivery of the Deep Driller rigs was in March 2009.

The Group's current liabilities as of 31.03.2010 constituted 22% of the Group's total liabilities, compared to 19% as of 31.03.2009.

The Group's financial position is sound, and it is likely to pay off short-term debt as of 31.03.2010 with its liquid assets. The Group is likely to repay the installments of bonds falling due in the year ending March 2011 from the operational cash flows.

Total Assets at year end amounted to USD 1.4 Billion, which is similar to prior year. Equity as a percentage of Total Assets was 30% as of 31.3.2010 as compared to 26% as of 31.3.2009.

The retained earnings for the year is net loss of USD 88 Million as compared to previous year of USD 109 Million. The Board of Directors proposes the net loss in DDI Holding Group allocated to other equity. The Group's distributable equity as of 31.03.2010 is 0.

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DDI Holding AS had net loss of USD 67 Million for the year ending March 2010 compared to USD 56 Million loss in 2009. The Board of Directors proposes the net loss in DDIH AS to be booked as Loss brought to Other equity.

Short-term liabilities as of 31.03.2010 constituted 13% of the total liabilities, compared to 14% as of 31.03.2009.

Financial Risk

Currency Risk

The Group's functional currency is USD. All the contracts entered into for deployment of rigs are in USD. Most of the Group's borrowings are also in USD, except for some bond loans, which are denominated in NOK. The Management is monitoring the currency fluctuations closely to minimize exposure to the currency risk.

Liquidity Risk

The Board has ensured adequate funds to meet its operating and debt obligations in the form of continuing credit facilities with financial institutions.

Interest rate risk

DDI Holding AS

One of the bond loan is based on floating rates. Almost all of the Group's bank loans are based on floating rates with USD LIBOR as the benchmark. The Group is actively considering hedging the resultant floating rate risk at an appropriate time.

Market outlook

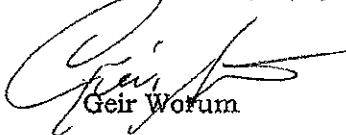
We have successfully negotiated for contracts for the remaining 3 rigs that were stacked as of the balance sheet date. The average contractual period for the rigs within the group is about 2-3 years from balance sheet date.

Presently, the day rate for special capability jack-up rig is around USD 100,000-130,000.

We confirm that, to the best of our knowledge, the financial statements for the period from 1 April 2009 to 31 March 2010 has been prepared in accordance with approved accounting standards and gives a true and fair view of the Group and the Company's consolidated assets, liabilities, financial position and results of operations, and

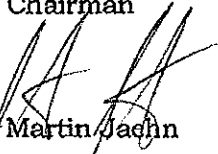
the Report of the Board of directors provides a true and fair view of the development and performance of the business and the position of the Group and the Company together with a description of the key risks and uncertainty factors that is faced by the Company.

Kristiansand, 5 July 2010



Geir Worum

Chairman



Martin Jaehn

Board member



P. Venkateswaran

Board member



Tom Mikkelsen

CEO

DDI Holding Group
Consolidated Income Statement

<i>All figures in USD 1 000</i>	From To	01.04.2009 31.03.2010	01.04.2008 31.03.2009
	NOTE	2009/2010	2008/2009
OPERATING INCOME AND OPERATING COSTS			
Contract drilling revenues	20	264 469	364 094
Reimbursables		6 565	15 386
Total revenues		271 034	379 480
Other gains/(losses) - net		29	353
Rig operating expenses	21	88 042	108 219
Reimbursables	21	5 291	12 134
Depreciation and amortization	5,21	47 854	32 782
Sales, General and Administration expenses	21	4 728	7 653
Total operating expenses		145 915	160 788
Operating income		125 148	219 044
Share of income (loss) in joint ventures	6	(7 962)	(3 924)
Financial income	23	1 037	22 932
Financial expenses	23	(87 465)	(57 554)
Net financial income (loss)		(86 428)	(34 622)
Income (loss) before income tax		30 758	180 498
Income tax expense	19	(9 519)	(19 193)
Net income (loss)		21 239	161 305
Net income attributable to:			
Owners of the company		21 239	161 305
Basic and diluted earnings USD per share	24	0.73	5.51
Weighted average shares outstanding ('000')		29 251	29 251

Consolidated statement of comprehensive income

<i>All figures in USD 1 000</i>	NOTE	2009/2010	2008/2009
Net income (loss)		21 239	161 305
Other comprehensive income		-	-
Total comprehensive income		21 239	161 305
Total comprehensive income attributable to:			
Owners of the company		21 239	161 305

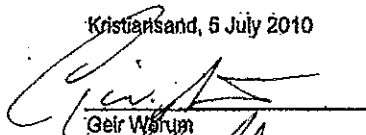
The notes on pages 5 to 28 are an integral part of these consolidated financial statements

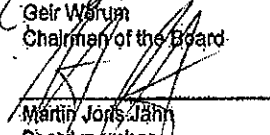
DDI Holding Group
Consolidated Balance Sheet


All figures in USD 1 000

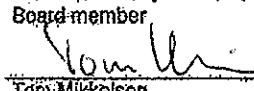
	NOTE	31 March 2010	31 March 2009
ASSETS			
Rigs & rigs under construction	5	1 137 897	1 181 868
Other non-current assets	7	100 988	155 925
Total non-current assets		1 238 885	1 337 793
Trade receivables	8	69 502	42 028
Inventory	10	24 774	22 544
Prepayments and other receivables	8	12 058	20 722
Cash and cash equivalents	11	6 953	23 742
Total current assets		113 287	109 036
Total assets		1 352 173	1 446 827
EQUITY AND LIABILITIES			
Share capital	12	433 188	433 188
Share premium	12	61 889	61 889
Retained earnings	13	(67 781)	(109 030)
Total shareholders equity		427 296	386 047
Deferred income tax	18	2 440	2 440
Bond loans	14	416 601	480 160
Bank borrowings	16	262 556	302 852
Other non-current liabilities	16	59 281	92 357
Total non-current liabilities		740 878	877 819
Trade creditors	17	16 220	5 032
Bond loans (current portion)	14,17	75 000	75 000
Short term bank loan	15,17	72 946	55 737
Current tax liability	17	12 793	10 838
Other current liabilities	17	27 050	36 554
Total current liabilities		204 008	183 161
Total equity and liabilities		1 352 173	1 446 827

Kristiansand, 5 July 2010


Geir Wærum
Chairman of the Board


Martin Jøns Jahn
Board member


Venkateswara Iyer Parameswaran
Board member


Tom Mikkelsen
CEO

The notes on pages 5 to 28 are an integral part of these consolidated financial statements.

DDI Holding Group
Consolidated statement of changes in equity

	Attributable to the owners of the parent			
	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 April 2008	433 188	61 889	(270 335)	224 742
Net income for the year	-	-	161 305	161 305
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	161 305	161 305
Transactions with owners	-	-	-	-
Balance at 31 March 2009	433 188	61 889	(109 030)	386 047
Balance at 1 April 2009	433 188	61 889	(109 030)	386 047
Net income for the year	-	-	21 239	21 239
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	21 239	21 239
Transactions with owners	-	-	-	-
Balance at 31 March 2010	433 188	61 889	(87 791)	407 286

The notes on pages 5 to 28 are an integral part of these consolidated financial statements

DDI Holding Group
Consolidated Cash flow statement

All figures in USD 1 000	From	01.04.2009	01.04.2008
	To	31.03.2010	31.03.2009
	NOTE	2009/2010	2008/2009
Cash flow from operating activities			
Net income (loss)		21 239	161 305
<i>Adjustments for:</i>			
Depreciation and amortization	5	47 854	32 782
Loss on disposals of fixed assets		-	253
Unrealised foreign exchange gain/(loss)		8 930	(19 525)
Fair value loss on receivables/debt to Aban Singapore Pte.		10 135	-
Interest expense	23	68 401	51 904
Income tax expense	19	9 519	19 193
Share of income in joint ventures	6	7 962	3 924
		174 039	249 837
Changes in working capital			
Inventory		(2 230)	(6 062)
Change in trade and other receivables		(18 811)	76 135
Change in trade/ other payables and other current liabilities		166	12 651
Change in other non current liabilities		(41 037)	14 199
		112 127	346 759
Cash generated from operations			
Interest paid		(61 752)	(47 441)
Tax paid		(7 564)	(12 712)
		42 810	286 606
Net cash generated from (used in) operating activities			
Cash flow from investing activities			
Purchase of fixed assets	5	(4 032)	(181 996)
Debt/(Receivables) on Group and joint venture companies		55 037	(165 801)
Sale of fixed assets	5	47	225
		51 052	(347 572)
Net cash generated from (used in) investing activities			
Cash flow from financing activities			
New loans		-	111 896
Repayment of bond loans and bank borrowings		(110 651)	(90 795)
		(110 651)	21 101
Net cash from financing activities			
Net increase (decrease) in cash and cash equivalents		(16 789)	(39 865)
Cash and cash equivalents at beginning of period		23 742	63 607
Cash and cash equivalents at end of period	11	6 953	23 742

The notes on pages 5 to 28 are an integral part of these consolidated financial statements.

DDI Holding Group

Notes to the financial statements

for the year ended 31 March 2010

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - GENERAL INFORMATION

DDI Holding AS ('the company') and its subsidiaries (collectively 'the Group' or 'DDI Group') is a long-term financial and strategic investor in the oil and offshore industry. The Group's activities involve construction and operations of jack-up drilling rigs and drill ships. DDI Holding AS is registered and domiciled in Norway with its' headquarter based in Kristiansand.

Sinvest AS owns 100% of DDI Holding AS. DDI Holding AS listed 4 bond loans at Oslo Stock Exchange on 26 February 2007.

These consolidated financial statements have been approved for issue by the Board of Directors on 5 July 2010.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies used to prepare the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 – Basis of preparation

The Group prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss.

The financial statements are presented in USD, rounded to the nearest thousand (1 000).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

New or revised accounting standards and interpretations:

Standards, amendment and interpretations effective in 2009 and adopted by the Group

IFRS 7 (amendment), 'Financial instruments – Disclosures' (effective from 1 January 2009)

The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosures of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

IAS 1 (revised), 'Presentation of financial statements' (effective from 1 January 2009)

The revised standard prohibits the presentation of items of income and expenses ('non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

IFRS 8, 'Operating segments'

IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group has applied IFRS 8 from 1 January 2009. The Group has concluded that the operating segments determined in accordance with IFRS 8 are in all material aspects the same as the business segments previously identified under IAS 14. The number of reportable segments, as well as the manner in which the segments are reported, will not change as this is consistent with the current internal reporting provided to the chief operating decision-maker.

IAS 23 (amendment), 'Borrowing costs' (effective from 1 January 2009)

The amendment requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. As the Group already capitalized the relevant borrowing costs, the revised standard had no impact on the Group's financial statements.

Standards, interpretations and amendments effective in 2009 but not relevant

The following amendment to published standards is mandatory for 2009 but is not relevant to the Group's operations:

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IFRS 2 (amendment), 'Share-based payment' (effective from 1 January 2009), as the Group has no share-based payment schemes.

IAS 1 (amendment) 'Presentation of financial statements' which clarifies that debt that may be converted to equity within twelve months still are to be classified as long term debt, as the Group has no convertible debt.

Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted
The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2010 or later periods, but the Group has not early adopted them:

IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009)

The standard continues to apply the acquisition methods to business combinations, with some significant changes. The standard will generally only affect new acquisitions. The Group will apply IFRS 3 (revised) prospectively to all business combinations from 1 April 2010.

IAS 27 (revised), 'Consolidated and separate financial statements' (effective from 1 July 2009)

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The Group will apply the revised standard from 1 April 2010.

IAS 38 (amendment), 'Intangible assets' (effective from 1 January 2010)

The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The Group will apply IAS 38 (amendment) from 1 April 2010.

IFRIC 17, 'Distribution of non-cash assets to owner' (effective from 1 November 2009)

The interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The Group will apply IFRIC 17 from 1 April 2010. It is not expected that the implementation will have a material impact on the Group's financial statement, unless such distributions take place which is expected to be rare.

IFRS 8 (amendment) 'Operating segments' (effective from 1 January 2010)

The amendment removes the requirement to show a measure of segment assets unless it is regularly reported to the chief operating decision-maker.

IAS 39 (amendment), 'Financial instruments: recognition and measurement' (effective from 1 July 2009)

The amendment clarifies that pre-payment options need not be separated if the exercise price compensates the lender for loss of interest and reinvestment risk.

Standards, amendments and interpretations to existing standards that are not yet effective and not deemed relevant for the Group's operations

IFRS 2 (amendments), 'Group cash-settled and share-based payment transactions' (effective from 1 January 2010)

IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held for sale' (effective from 1 January 2010)

IAS 17 (amendment) 'Leases' (effective from 1 January 2010)

IAS 36 (amendment) 'Impairment of assets' (effective from 1 January 2010)

IAS 38 (various amendments) 'Intangible assets' (effective from 1 January 2010)

IFRIC 9 (amendment) 'Reassessment of embedded derivatives' (effective from 30 June 2009)

IFRIC 12 (new), 'Service concession arrangements' (effective from 29 March 2009)

IFRIC 15 (new), 'Agreements for the construction of real estate' (effective from 1 January 2010)

IFRIC 16 (new), 'Hedging of a net investment in a foreign operation' (effective from 1 July 2009)

IFRIC 18 (new), 'Transfers of Assets from Customers' (effective from 1 July 2009)

In addition there are standards/interpretations that have been issued, but not described above. These amendments are unlikely to have an impact on the Group's accounts and have therefore not been analyzed in detail.

2.2 - Consolidation

(a) Subsidiaries

The subsidiaries are all entities (including special purpose entities) where the Group has controlling interest in the entity's financial and operational strategy, usually through ownership of more than half the voting capital. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries will be consolidated from the date control has been transferred to the Group. They are de-consolidated when control ceases.

The purchase method is used to account for the acquisition of subsidiaries that contain a business. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of

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for the year ended 31 March 2010

exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement (see Note 2.6).

Inter-company transactions, inter-company balances and unrealized profit between group companies have been eliminated. Unrealized loss is eliminated, but considered an impairment indicator of the asset transferred. Accounting principles in subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. In the event of sale of shares in subsidiaries to minority interests, the Group's loss or gain is recorded in the income statement. Goodwill arises in the event of purchase of shares in subsidiaries from minority interests. The additional goodwill will be the difference between the consideration paid and the relevant share of the book equity of the subsidiary.

(c) Joint venture

A joint venture is a company where the Group has significant influence, but not control and where the business is run in co-operation with another investor. Interest in a joint venture is recognized using the same method as associated companies (the equity method as described above).

2.3 - Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors in DDI Holding AS.

According to the Group's internal financial reporting systems, each rig or vessel constitute an operating segment. As the risks and rewards of the rigs have similar economic characteristics, they are nevertheless aggregated into one reportable segment. This is based on the fact that all jack-up rigs are almost identical and operate in the same waters.

2.4 - Foreign currency translation

(a) Functional and presentation currency

All entities of the Group have US dollars ("USD") as their functional currency since substantially all revenues and a significantly portion of expenses are denominated in USD. In addition, material assets are valued and mainly financed in USD. Accordingly, the financial statements are reported in USD and all figures in this report are stated in USD unless otherwise specified.

(b) Transactions and Balance Sheet items

Transactions in foreign currency are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses that arises from the settlement of such transactions and when translating monetary items (assets and liabilities) in foreign currency at year-end to the exchange rate on the Balance Sheet date are recognized in the Income Statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in other comprehensive income.

(c) Group companies

The results and financial position for Group entities (none with hyper-inflation) with a functional currency different from the presentation currency are translated as follows:

- i.) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- ii.) income and expenses for each income statement are translated at average exchange rates (the transaction rate is used, if the average does not give a fair estimate of the accumulated effects of using the transaction rate)
- iii.) all resulting exchange differences are recognized as other comprehensive income.

On consolidation, the differences when translating net investment in foreign entities, and financial instruments designated as hedging of such investments, are presented as other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in other comprehensive income are recognized in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 - Tangible fixed assets

Tangible fixed assets are carried at the acquisition cost, less accumulated depreciation. The acquisition cost includes costs directly associated with acquiring the fixed asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Other repair and maintenance are charged to the income statement as incurred.

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for the year ended 31 March 2010

Fixed assets are depreciated on a straight-line basis over the estimated useful life, adjusted for residual values and asset recycling costs. The estimated useful lives are as follows:

Machinery, equipment and systems	30 years
Loose drilling equipment	5 years
Fixture and office equipment	3-10 years
Jack – up rigs (primary portion)	30 years

The cost of rigs has been categorized separately by its main components, and useful lives have been determined for each component. The primary portion of the rig is depreciated over 30 years, while other components are depreciated over their useful lives. That part of the rig's cost which relates to special periodic surveys, which take place every 5 years, is depreciated over the 5 year period.

The estimated useful life of machinery, equipment and systems and jack-up rigs is an estimate by management based on a variety of factors like historical experience and expectations regarding future operations, performance and utilization of assets. The equipment and machinery on board work in conjunction with entire rig and form a part of the composite drilling unit. The DDI Group's experience with existing earlier generation jack-up rigs is used as a platform for estimating useful life of the jack-up rigs. All the rigs have been subjected to regular maintenance programs like planned overhauling of critical equipment like the engines, mud pumps, top-drive systems and the draw works. The rigs owned by the Group are all ultra-modern, state-of-the-art technology rigs with the most sophisticated equipment and machinery. The experience of the DDI Group and the supporting data based on market information adequately justifies the view of the management that the new-built jack-up rigs DD1 to DD8 (both hull & structure as well as machinery and equipment components) will have an estimated useful life of 30 years.

Upgrades on leased assets are capitalized and expensed on a straight line basis over the lease period.

The assets' residual values and useful lives are re-assessed at each balance sheet date and are adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

2.6 - Intangible fixed assets

(a) Goodwill

Goodwill is the difference between the purchase cost when purchasing the enterprise and the actual value of the Group's share of the net identifiable assets in the entity on the acquisition date. Goodwill when purchasing subsidiaries is classified as an intangible fixed asset. Goodwill when purchasing a share of associated companies is included in investments in associated companies. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill to each business segment in each country in which they operate.

(b) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

2.7 - Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 - Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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Notes to the financial statements

for the year ended 31 March 2010

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date.

(b) Loans and receivables

Loans and receivables are non-derivate financial assets with fixed payments that are not sold in an active market. These are classified as current assets, unless they fall due for payment more than 12 months after the balancing date. If so, they are classified as fixed assets. Loans and receivables are classified as 'trade debtors and other receivables' in the balance sheet (Note 2.11).

(c) Financial assets available for sale

Financial assets available for sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular purchases and sales of investments are recognized on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognized at fair value and transaction costs are expensed in the income statement. Investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category, including interest and dividend income, are presented in the income statement within financial income/(expenses) in the period in which they arise.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analyzed between translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. The translation differences are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income are included in the income statement as financial income/(expenses). Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement. Dividends on available-for-sale equity instruments are recognized in the income statement when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a Group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged (20% or 6 months) decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from comprehensive income and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in Note 2.11.

2.9 - Derivates and hedging

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. To the extent the Group uses hedging, the policies described below are used.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

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

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The

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gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognized in the income statement within 'finance costs'. The gain or loss relating to the ineffective portion is recognized in the income statement within financial income/(expenses). Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognized in the income statement within 'finance costs'.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedge item for which the effective interest method is used is amortized to profit or loss over the period to maturity.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement within financial income/(expenses).

Amounts accumulated in other comprehensive income are recycled in the income statement in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognized in the income statement within 'finance costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognized in the income statement within 'sales'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory), the gains and losses previously recognized in other comprehensive income are reversed from other comprehensive income and included in the initial measurement of the cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognized in other comprehensive income at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in comprehensive income is immediately transferred to the income statement.

(c) Net investments hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Gains and losses accumulated in other comprehensive income are included in the income statement when the foreign operation is disposed of or sold.

(d) Derivates that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in the income statement within 'other gains/(losses) – net'.

2.10 - Inventories

Inventories and spare parts are valued at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.11 - Trade receivables/Other current assets

Short term trade receivables are recorded at their fair value less provisions for bad debts, as this is a reasonable approximation of amortized cost less any impairment of the receivables. The Company regularly reviews its accounts and estimates the amount of uncollectible receivables each period and establishes an allowance for uncollectible amounts when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is based on the age of unpaid amounts (days overdue), information about the financial capacity of the customers, and other relevant information. The amount of the change in the allowance for impairment is recognized in the income statement.

2.12 - Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.13 - Share capital and premium

Ordinary shares are classified as equity.

Costs associated directly with issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

In the event of purchase of own shares, the payment, including any transaction costs less tax, is carried as a reduction in equity (assigned to the company's shareholders) until the shares are cancelled, reissued or sold. If own shares are subsequently sold or reissued, the payment, less direct transaction costs and associated tax effect, is entered as an increase in equity assigned to the Company's shareholders.

2.14 - Loans

Loans (borrowings) are recognized initially at fair value, net of transaction costs incurred. Loans are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

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In case of establishment of a convertible loan, the fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortized cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognized and included in shareholders' equity, net of income tax effects.

On repayment of the convertible loan, the repayment amount (including premium) is divided between equity and liabilities in the same ratio as the initial division of the convertible loan between equity and liabilities. The difference between book debt ratio and allocated debt ratio on repayment is entered as financial costs in the income statement.

Loans are classified as short-term debt, unless there is an unconditional right to defer payment of the debt for more than 12 months from the balance sheet date.

2.15 - Income taxes

Current income tax liabilities (and assets) for current and prior periods are recognized at the amounts expected to be paid to (or recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax assets/liabilities are recognized for all deductible/taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements except for goodwill and when the deferred income tax assets/liabilities arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred income tax is recognized on temporary differences arising on investments in subsidiaries, joint ventures and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are measured at:

- (i) the tax rates that are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date; and
- (ii) the tax consequence that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Income tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

2.16 - Pension obligations, bonus schemes and other employee compensation schemes

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

2.17 - Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.18 - Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of value-added tax, returns, rebates, and discounts, and after eliminating sales within the Group. Revenue is recognized as follows:

(a) Drilling contracts

Revenue is derived mainly from drilling and drilling related contracts at rates established in the relevant contracts. For each contract, the Company will assess if the contract is a multiple element arrangement.

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Certain contracts may include fees payable at the start of the contract whereby:

- In cases where the fee covers a general upgrade of a rig or equipment which increases the value of the rig or equipment beyond the contract period, the fee is recognized as revenue over the firm contract period whereas the investment is depreciated over the remaining lifetime of the asset; or
- In case where the fee covers specific upgrades or equipment specific to the contract, the fees are recognized as revenue over the firm contract period. The related investment is depreciated over the firm contract period.

(b) Other incidental services

Other incidental services relates to supplies, equipment, personnel services and other services provided and are recognized as revenue in the period that services are rendered.

For projects that are assumed to result in a loss the total estimated loss is recognized immediately.

(c) Reimbursables

Customer "out-of-pocket" expenses are recorded as revenues under a separate accounting line, Reimbursables. The related direct cost is classified as an operating expense. Changes in the amount of these reimbursables do not have a material effect on our financial position, results of operation or cash flows.

(d) Interest income

Interest income is recognized in the income statement proportionally over time in accordance with the effective interest rate method. Interest income is classified as financial income.

(e) Dividend Income

Dividend income is recognized when the right to receive payment is established.

2.19 - Lease agreements

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Financial leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

2.20 - Dividend

Dividends are recognized as a liability in the period in which the dividends are approved by a Shareholder's meeting.

2.21 - Borrowing costs

Borrowing costs incurred to finance the construction of qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are recognized in the income statement using the effective interest method.

Where funds are borrowed specifically for the purpose of obtaining a qualifying asset, the borrowing costs capitalized on that asset is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

Where funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs capitalized is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate represents the weighted average of the borrowing costs applicable to the borrowings of the entities in the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset during the period it is under construction.

2.22 - Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

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NOTE 3 – FINANCIAL RISK FACTORS

3.1 – Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The demand for drilling rigs is, among other things, sensitive to changes in energy prices, oil production level and level of exploration drilling.

a) Market risk

(i) Currency risk

The Group operates globally. However, balances and transactions are mainly denominated in United States Dollars, which is the functional currency of the Group companies. Currency risk arises mainly from borrowings denominated in foreign currencies as well as certain operating costs and capital expenditures in the local currency of operations of each of the rigs of the Group. The Group uses currency forwards and swaps where necessary, to hedge the currency risks if the exposure is assessed to be significant.

The Group's currency exposure based on the information provided to key management is as follows:

	NOK US\$'000	SGD US\$'000	INR US\$'000	Other US\$'000	Total US\$'000
31 March 2010					
Financial assets:					
Cash and cash equivalents	25	65	28	96	214
Restricted bank deposits and escrow accounts	-	-	-	54	54
Trade and other receivables	-	224	-	-	224
Other current assets	-	521	48	363	932
	<u>25</u>	<u>810</u>	<u>76</u>	<u>513</u>	<u>1 424</u>
Financial liabilities:					
Borrowings	(66 627)	-	-	-	(66 627)
Trade and other payables	(710)	(3 427)	(9 287)	(6 888)	(20 312)
	<u>(67 337)</u>	<u>(3 427)</u>	<u>(9 287)</u>	<u>(6 888)</u>	<u>(86 939)</u>
Net financial liabilities	<u>(67 312)</u>	<u>(2 617)</u>	<u>(9 211)</u>	<u>(6 375)</u>	<u>(85 515)</u>
Currency exposure	<u>(67 312)</u>	<u>(2 617)</u>	<u>(9 211)</u>	<u>(6 375)</u>	<u>(85 515)</u>
31 March 2009					
Financial assets:					
Cash and cash equivalents	71	64	2 983	286	3 404
Restricted bank deposits and escrow accounts	-	43	-	-	43
Trade and other receivables	7	138	-	20	165
Other current assets	2	6	-	-	8
	<u>80</u>	<u>251</u>	<u>2 983</u>	<u>306</u>	<u>3 620</u>
Financial liabilities:					
Borrowings	(58 197)	-	-	-	(58 197)
Trade and other payables	(281)	(2 790)	-	(1 343)	(4 414)
	<u>(58 478)</u>	<u>(2 790)</u>	<u>-</u>	<u>(1 343)</u>	<u>(62 611)</u>
Net financial liabilities	<u>(58 398)</u>	<u>(2 539)</u>	<u>2 983</u>	<u>(1 037)</u>	<u>(58 991)</u>
Currency exposure	<u>(58 398)</u>	<u>(2 539)</u>	<u>2 983</u>	<u>(1 037)</u>	<u>(58 991)</u>

Sensitivity to currency risk excluding foreign currency structured products

If the NOK change against the USD by 5% (31 March 2009: 5%) for the Group with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

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	2010		2009	
	Profit		Profit	
	after tax	Equity	after tax	Equity
	US\$'000	US\$'000	US\$'000	US\$'000
Group				
NOK against USD				
- strengthened	(3 543)	(3 543)	(3 074)	(3 074)
- weakened	3 205	3 205	2 781	2 781

(ii) *Interest rate risk*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The primary source of the Group's interest rate risk relates to interest-bearing borrowings with fixed/variable interest rates and derivative financial instruments. Interest income on the Group's bank deposits is insignificant.

The Group monitors the interest rate on borrowings closely to ensure that the Group's borrowings are maintained at favorable rates. The Group considers the use of interest rate swaps where necessary, if the exposure to interest rate risk is assessed to be significant.

The Group's borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in USD and NOK and pegged to LIBOR and NIBOR rates. If interest rates increase/decrease by 1.00 percentage point with all other variables including tax rate being held constant, the profit after tax will be lower/higher by TUSD 4 628 (2008/2009: TUSD 4 827) as a result of higher/lower interest expense on these borrowings.

The exposure of the interest-bearing borrowings of the Group to interest rate changes at the balance sheet dates are as follows:

	2010	2009
	US\$'000	US\$'000
Variable rates	456 983	516 391
Fixed rates	370 119	397 168
	<u>827 102</u>	<u>913 559</u>

All variable rate borrowings have a re-pricing period of 6 months or less (31 March 2009: 6 months or less).

b) Credit risk

Credit risk refers to the risk that a Counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are bank deposits and trade receivables. For bank deposits, the Group maintains its cash deposits primarily with lenders of the Group or financial institutions with high credit quality to minimize their exposure to the banks.

Due to the nature of the Group's operations, revenue and receivable are typically concentrated amongst a relatively small customer base of oil and gas companies. The Group has policies in place to ensure that drilling contracts are with customers of adequate financial standing and appropriate credit history, and where necessary, certain guarantees either from bank or parent company may be requested.

The trade receivables of the Group comprise 7 debtors respectively that individually represented 5-21% of trade receivables.

The credit risk for trade receivables based on the information provided to key management is as follows:

	2010	2009
	\$'000	\$'000
By geographical areas:		
Asia	23 474	42 761
Middle East	31 121	-
North America	14 907	-
	<u>69 502</u>	<u>42 761</u>

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Customers are mainly government-linked oil and gas corporations in the Asian region.

(i) *Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) *Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade receivables. The age analysis of trade receivables past due but not impaired is as follows:

	2010 \$'000	2009 \$'000
Past due < 3 months	9 240	3 504
Past due 3 to 6 months	-	47
Past due over 6 months	12 869	-
	22 109	3 551

There is no trade receivables individually determined to be impaired.

c) Liquidity risk

The drilling operations of the Group require substantial investments and are dependent on its ability to finance its rig construction and acquisitions and service its bank borrowings as well as other capital and operating requirements and commitments. The Group ensures that arrangements have been made to obtain adequate funds to meet all its operating and capital obligations in the form of continuing committed credit facilities with financial institutions as well as continuing financial support from the ultimate holding company to enable the Group to meet its debts and liabilities as and when they fall due for at least 12 months from the balance sheet date (Note 2.1).

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows (including estimated interest costs using 4.88%) at the balance sheet date.

	Within <u>1 year</u> US\$'000	Between <u>1 and 2 years</u> US\$'000	Between <u>2 and 5 years</u> US\$'000	Over 5 <u>years</u> US\$'000
<u>31 March 2010</u>				
Trade and other payables	50 804	-	-	-
Bond borrowings	117 847	382 635	88 176	-
Bank borrowings	84 108	47 715	168 209	85 269
Amount due to holding companies (non-trade)	-	2 392	-	-
	252 759	432 742	256 385	85 269
<u>31 March 2009</u>				
Trade and other payables	55 272	-	-	-
Bond borrowings	75 000	75 000	405 160	-
Bank borrowings	55 737	112 825	163 661	26 175
Amount due to holding companies (non-trade)	-	81 870	-	-
	186 009	269 695	568 821	26 175

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d) Capital risk

The Group's objectives when managing capital are to ensure Group's ability to continue as a going concern and to maintain an optimal capital structure by issuing or redeeming additional equity, borrowings and other instruments when necessary. The Group considers capital to comprise of its equity, amount due from immediate holding company, bond loans and bank borrowings, as follows:

	2010 \$'000	2009 \$'000
Equity	407 286	377 641
Amount due from immediate holding company	54 133	155 925
Bond loans	491 601	555 160
Bank borrowings	827 102	913 559
Total capital	1 780 122	2 002 285

As the Group is mainly funded through external bank borrowings, the objectives of the Board of Directors when managing capital is to ensure that the Group continues to enjoy the use of funds from borrowings by ensuring that the holding company and the subsidiaries within the Group continue to service their debt obligations in the form of interests and principal repayments on due dates in accordance with the borrowing agreements, and to ensure that they remain in compliance with the financial and non-financial covenants in relation to their borrowings.

The Group was in compliance with externally imposed capital requirements for the financial year ended 31 March 2010.

NOTE 4 – CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are evaluated continuously and are based on historical experience and other factors, including expectations regarding future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Revenue recognition

The Group assesses for each drilling contract if it is a multiple element arrangement. Where an arrangement is determined to contain a lease, revenue relating to the lease component is recognised on straight-line basis over the period of the lease contract and revenue relating to the service component is recognised over the period during which the services are rendered on a straight line basis.

The total revenue for each drilling contract requires estimations of the average daily rates chargeable as the daily rates vary with the level of activities and services provided for each day of the contract in accordance with that set out in the respective agreements.

A sensitivity analysis was performed by Management for the critical accounting estimates for the year ended 31 March 2010 and is summarised as follows:

	Effect of percentage change in Management's estimated Revenue	
	-3%	+3%
31 March 2010	US\$'000	US\$'000
<u>Impact on Group's consolidated income statement</u>		
Increase/(decrease) in revenue	(7 934)	7 934
Increase/(decrease) in profit after tax	(7 934)	7 934

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(b) Income taxes

The Group is subject to income taxes in different jurisdictions, comprising foreign withholding taxes or taxes on net profits attributable to a permanent establishment in accordance with the tax jurisdictions of the respective countries where drilling operations are conducted. Significant judgment by Management is required in determining the global provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business or as a result of new tax laws or revised interpretations of existing tax laws and precedents. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due; and for uncertain tax positions of certain subsidiaries in the Group, based on the single best estimate of the most likely outcomes. Where the final tax outcome of these matters is different from the amounts that were initially recorded (changes in tax rules in different jurisdictions, revised interpretations of existing tax laws and precedents etc.), the difference will impact the income tax provisions in the corresponding periods.

Deferred taxation

- (i) The Group is subjected to income taxes in numerous jurisdictions. In determining the deferred income tax liabilities arising from differences on accelerated tax depreciation, Management is required to estimate the amount of capital allowances claimed in each jurisdiction as well as to form judgments on the tax consequence that will follow from the manner in which the management expects, at the balance sheet date, to recover the carrying amounts of its assets. These judgments include, but are not limited to, the jurisdictions in which the Management expects to operate its rigs in the future and the effects on the tax bases of these assets.

The Group has TUSD 33 473 (2008/2009: TUSD 40 010) of accelerated tax depreciation for which deferred tax liabilities of TUSD 31 033 (31 March 2009: TUSD 37 570) has not been provided. Management has made an assessment and concluded that there will be no resulting tax impact on these differences and accordingly, the Group has not recognized any deferred income tax liabilities arising from differences on accelerated tax depreciation.

(c) Useful lives of property, plant and equipment

The Group's business is fairly capital intensive and the annual depreciation of property, plant and equipment forms a significant component of total costs charged to the income statement. Management reviews, and adjusts as appropriate, the useful lives of property, plant and equipment at each balance sheet date in accordance with the accounting policy. The estimation of the useful lives involves significant judgement. The net book value of completed rigs at 31 March 2010 was TUSD 1 137 997 (31 March 2009: TUSD 1 181 866) and the depreciation charge for the year ended 31 March 2010 was TUSD 47 854 (2008/2009: TUSD 32 782), Note 5.

The estimated useful life of rigs (inclusive of installed equipment on rigs) machinery and equipment is an estimate by Management based on a variety of factors such as historical experience and expectations regarding future operations, performance and utilisation of assets. The machinery and equipment on board works in conjunction with entire rig and forms a part of the composite drilling unit. All the rigs are subjected to regular maintenance programs such as dry-docking, planned overhauling of critical equipment like the engines, mud pumps, top-drive systems and the draw-works. Management believes that the experience of the Group and supporting data based on market information support the view that the new-built jack-up rigs (both hull and structure as well as machinery and equipment components) will have estimated useful lives of up to 30 years.

(d) Impairment of property, plant and equipment

Property, plant and equipment are tested for impairment whenever there is an objective evidence or indication that the assets may be impaired. Jack-up rigs with a total carrying amount of TUSD 1 137 997 (31 March 2009: TUSD 1 181 866) were subject to an impairment test in the financial year ended 31 March 2010. The recoverable amounts of these assets have been determined based on value-in-use calculations, which require the use of key estimates, as follows:

Terminal year day-rate for jack-up rigs	TUSD 170
Discount rate	11.5%
Average utilisation rate	96%
Gross margins	66%-69%
Growth rate	0.5%

Based on the assumptions above, management has determined that there is no impairment of rigs.

(e) Impairment of trade receivables

Management reviews its trade receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgment as to whether there is observable data indicating there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates.

DDI Holding Group
Notes to the financial statements
for the year ended 31 March 2010

Where there is objective evidence of impairment, management makes judgment as to whether an impairment loss should be recorded in the income statement. In determining this, management uses estimates based on available information as at the balance sheet date. At 31 March 2010 and 31 March 2009, management is of the view that no provision for impairment of trade receivables is required, Note 3 (b).

DDI Holding Group
Notes to the financial statements
for the financial year ended 31 March 2010

Note 5 - Tangible fixed assets

Year ended 31 March 2009	Rigs under construction	Rigs	Total
Opening net book amount	374 763	658 367	1 033 130
Additions	-	166 227	166 227
Capitalised borrowing costs	15 769	-	15 769
Disposals	-	(477)	(477)
Transfer	(390 532)	390 532	-
Depreciation and amortisation	-	(32 782)	(32 782)
Closing net book amount at 31 March 2009	-	1 181 866	1 181 866
Cost	-	1 257 840	1 257 840
Accumulated depreciation	-	(75 973)	(75 973)
Net book amount at 31 March 2009	-	1 181 866	1 181 866
Capitalized borrowing costs included in the numbers above			80 389

Year ended 31 March 2010	Office equipment	Rigs	Total
Opening net book amount	-	1 181 866	1 181 866
Additions	563	2 843	3 406
Capitalised borrowing costs	-	626	626
Disposals	-	(47)	(47)
Transfer	-	-	-
Depreciation and amortization	-	(47 854)	(47 854)
Closing net book amount at 31 March 2010	563	1 137 434	1 137 997
Cost	563	1 261 262	1 261 824
Accumulated depreciation	-	(123 828)	(123 828)
Net book amount at 31 March 2010	563	1 137 434	1 137 997
Capitalized borrowing costs included in the numbers above			77 914

Rigs under construction

All rigs have been delivered as of 31 March 2010. There is no depreciation until the rigs are ready for its intended use.

Bank borrowings are secured on rigs of the Group with carrying amounts of USD 1 138,0 million at the balance sheet date (see note 14 and 15).

Fixed assets are depreciated on a straight-line basis over the estimated useful life, adjusted for residual values and asset recycling costs. The estimated useful lives are as follows:

Machinery, equipment and systems	30 years
Loose drilling equipment	5 years
Fixture and office equipment	3-10 years
Jack - up rigs	30 years

DDI Holding Group
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The cost of rigs has been categorized separately by its main components, and useful lives have been determined for each component. The primary portion of the rigs is depreciated over 30 years, while other components are depreciated over their useful lives. The part of the rig's cost which relates to special periodic surveys, which take place every 5 years, is depreciated over the 5 year period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Note 6 - Investments in joint venture

The Group owns 50% of Premium Drilling AS. Premium Drilling is a joint venture with COSL and is recognized using the equity method in the Group accounts. Shares in Premium Drilling AS are owned by DDI Holding AS.

During the current financial year, the Group provided funding to the joint venture to finance the obligations of the joint venture. The funding in excess of the liability is recorded as amount due from joint venture (note 8).

Amounts in USD 1 000

Name	Country	Assets	Liabilities	Revenues	Profit / (loss)	% interest held
2008/2009						
Premium Drilling AS	Norway	29,622	40,109	14,114	(3,924)	50%
2009/2010						
Premium Drilling AS	Norway	727	19,176	2,065	(7,962)	50%

Note 7 - Other non-current assets

Amounts in USD 1 000	31 March 2010	31 March 2009
Receivables Aban Singapore Private Limited (see Note 26)	100,888	155,925
Total	100,888	155,925

Note 8 - Trade receivables and other short-term receivables

Amounts in USD 1 000	31 March 2010	31 March 2009
Trade receivables	69,502	42,028
Less: provision for impairment of receivables	-	-
Trade receivables - net	69,502	42,028
Prepayments and accruals	3,130	10,184
Security deposits	149	700
Receivables related parties	8,521	8,637
Other receivables	258	1,201
Total prepayments and other receivables	12,058	20,722
Total	81,561	62,750

Fair value of receivables and other short-term receivables are approximately equal to book value. Credit risk related to account receivables is considered immaterial.

DDI Holding Group
Notes to the financial statements
for the financial year ended 31 March 2010

Note 9 - Derivative financial instruments

Forward exchange contracts

There are no open contracts as of 31 March 2010 or 31 March 2009.

Note 10 - Inventory

Amounts in USD 1 000	31 March 2010	31 March 2009
Spares and consumables	24 774	22 544
In transit - consumable	-	-
Total	24 774	22 544

Note 11 - Cash and cash equivalents

Amounts in USD 1 000	31 March 2010	31 March 2009
Cash at bank and on hand denominated in NOK	25	71
Cash at bank and on hand denominated in USD	1 266	13 526
Cash at bank and on hand denominated in other currencies	189	3 333
Restricted bank deposits and escrow accounts (USD)	5 419	6 769
Restricted bank deposits and escrow accounts (other currencies)	54	43
Cash and cash equivalents	6 953	23 742

TUSD 5 432 (31 March 2009: TUSD 6 790) held in escrow accounts to finance loan principal instalment and interest payable to a bank for borrowings of a subsidiary.

Note 12 - Share capital and share premium

Amounts in USD 1 000	Number of A-shares	Share capital	Share premium	Total
At 31 March 2009	29 251 000	433 188	61 889	495 077
At 31 March 2010	29 251 000	433 188	61 889	495 077

As of 31 March 2010 there is only one class of shares in the parent company.

The total number of issued shares are 29 251 thousands shares with a par value of NOK 100 per share. All issued shares are fully paid.

Note 13 - Other equity

Amounts in USD 1 000	Retained earnings	Total
Balance at 1 April 2008	(270 335)	(270 335)
Income/(loss) for the period	161 305	161 305
Balance at 31 March 2009	(109 030)	(109 030)
Balance at 1 April 2009	(109 030)	(109 030)
Income/(loss) for the period	21 239	21 239
Balance at 31 March 2010	(87 791)	(87 791)

DDI Holding Group
Notes to the financial statements
for the financial year ended 31 March 2010

Note 14 - Bond loans

Amounts in USD 1 000	Effective interest rate	Maturity	Carrying amount	
			31 March 2010	31 March 2009
10,0% bond loan - face value NOK 400 million	10,6 %	2012	66 627	58 197
9,3% bond loan - face value USD 110 million	10,5 %	2010-2012	108 044	121 985
6 months LIBOR + 4,75% bond loan - face value USD 130 million	Libor + 5,4%	2011-2012	128 792	157 992
9,3% bond loan - face value USD 190 million	10,0 %	2011-2012	188 138	216 985
Total			491 601	555 160
Current portion			75 000	75 000
Non-current portion			416 601	480 160

The exposure of the Group's bond loans to interest rate changes and the contractual reprising dates at the balance sheet dates are as follows:

	31 March 2010	31 March 2009
6 months or less	128 792	157 992
6 - 12 months	-	-
1 - 5 years	362 809	397 168
Over 5 years	-	-
Total	491 601	555 160

Maturity for non-current bond loans debt are as follows:

	31 March 2010	31 March 2009
Between 1 and 2 years	342 289	75 000
Between 2 and 5 years	80 000	414 034
Total	422 289	489 034
Capitalized borrowing costs	(5 688)	(8 874)
Total	416 601	480 160

The carrying amount and fair value of the bond loans are as follows:

	Carrying amount		Fair value	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
Bond loans	491 601	555 160	475 167	274 327
Total	491 601	555 160	475 167	274 327

DDI Holding Group
Notes to the financial statements
for the financial year ended 31 March 2010

Call options on bond loans

The Company has future call options to buy back the bonds (with a premium) before the bond loans mature.

	Termination 2010	Termination 2011
10,0% bond loan - face value NOK 400 million	1,08	0
9,3% bond loan - face value USD 110 million	1,05	1,04
6 month LIBOR + 4,75% bond loan - face value USD 130 million	1,08	0
9,3% bond loan - face value USD 190 million	1,05	1,04

The bond borrowings of the Group included the following:

a) Bond of TUSD 188 138 (31. mars 2009: TUSD 216 985) which is secured by a mortgage over two rigs (Note 5) of a subsidiary company and an assignment of insurances relating to those rigs. The Group has rights to early redeem the borrowings at predetermined price of 103% of the face value of the bond on certain date. The borrowings have a dividend covenant whereby a maximum of 50% of prior years' net consolidated income of a subsidiary can be paid out as dividends. The bond matures on 19 January 2012, has a face value of TUSD 190 000 on maturity and an effective interest rate of 10.0% (2009: 10.0%) at the balance sheet date.

b) Bond of TUSD 108 044 (31. mars 2009: TUSD 121 985) which is secured by a mortgage over a rig (Note 5) of a subsidiary company and an assignment of insurances relating to that rig. The Group has rights to early redeem the borrowings at predetermined price of 103% of the face value of the bond on certain date. The borrowings have a dividend covenant whereby a maximum of 50% of prior years' net consolidated income of a subsidiary can be paid out as dividends. The bond matures on 26 April 2012, has a face value of TUSD 110 000 on maturity and an effective interest rate of 10.5% (2009: 10.5%) at the balance sheet date.

c) Bonds of TUSD 128 792 (31. mars 2009: TUSD 157 992) and TUSD 66 627 [TNOK 396 063] (31. mars 2009: TUSD 61 200 [TNOK 386 063]) which are secured by a mortgage over two rigs (Note 5) of subsidiaries and assignment of insurances relating to those rigs. The borrowings have a dividend covenant whereby a maximum of 50% of prior years' net consolidated income of a subsidiary can be paid out as dividends. The bond of TUSD 128 792 has a first priority security over the assets specified in this clause whereas the bond of TUSD 66 627 has a second priority security over such assets. The bond of TUSD 128 792 matures on 15 March 2012, has a face value of TUSD 130 000 on maturity and an effective interest rate of 5.7% (2009: 7.2%) at the balance sheet date. The bond of TUSD 66 627 matures on 15 March 2012, has a face value of TNOK 400 000 (approximately TUSD 59 034) on maturity and an effective interest rate of 10.6% (2009: 10.6%) at the balance sheet date.

Borrowing covenants and other conditions

As at 31 March 2010, the Group and the Company were in compliance with the covenants and other conditions relating to its borrowings.

Note 15 - Bank borrowings

Amounts in USD 1 000	31 March 2010	31 March 2009
Bank borrowings - current portion	72 945	55 737
Bank borrowings - non-current portion	262 556	302 662
Total	335 501	358 399

Maturity for bank borrowings are as follows:	31 March 2010	31 March 2009
Within 1 year	73 859	57 182
Between 1 and 2 years	38 778	114 034
Between 2 and 5 years	149 042	166 384
Over 5 years	78 400	26 327
Total	340 079	363 927
Capitalized borrowing costs	(4 578)	(5 528)
Total	335 501	358 399

DDI Holding Group
Notes to the financial statements
for the financial year ended 31 March 2010

The bank borrowings of the Group include the following:

a) Borrowings of TUSD 7 310 (31 March 2009: TUSD 10 965) guaranteed by a bank. This guarantee is in turn secured by cash deposits held in a pledged account with the same bank (Note 11). The borrowings mature in December 2011 and have an effective interest rate of 3.20% (2009: 3.20%) at the balance sheet date.

b) Borrowings of TUSD 122 257 (31 March 2009: TUSD 140 909) which is secured by a first and second priority mortgage on a rig (Note 5), a pledge over 100% of the shares in a subsidiary held by the Company, assignment of insurances; and a charge over revenues and bank accounts to be maintained by the Borrower in respect of the rig. The borrowings mature on 30 August 2014 and have an effective interest rate of 4.66% (2009: 3.21%) at the balance sheet date.

c) Borrowings of TUSD 110 183 (31 March 2009: TUSD 109 988) which is secured by a first priority mortgage on a rig (Note 5) of a subsidiary, a first charge by way of hypothecation of moveable assets and receivables of a subsidiary of the Company that owns this rig and a corporate guarantee of the Company. The borrowings mature on 24 March 2019 and have an effective interest rate of 4.17% (2009: 3.42%) at the balance sheet date.

d) Borrowings of TUSD 45 000 (31 March 2009: TUSD 44 874) which is secured by a first priority mortgage on a rig (Note 5), first charge by way of hypothecation of moveable assets and receivables of a subsidiary of the Company that owns this rig and a corporate guarantee of the Company. The borrowings mature on 1 March 2015 and have an effective interest rate of 4.86% (2009: 3.52%) at the balance sheet date.

e) Borrowings of TUSD 50 750 (31 March 2009: 51 664) secured by third mortgage on two rigs (Note 5) of two subsidiary companies. The borrowings mature between 3 September 2010 and 12 March 2011 and have an effective interest rate of 6.18% (2009: 3.08%) at the balance sheet date.

Borrowing covenants and other conditions, see Note 14.

Note 16 - Other non current liabilities

	31 March 2010	31 March 2009
Amounts in USD 1 000		
Long term liabilities to related parties	59 281	81 870
Net liabilities in Premium Drilling, joint venture (note 6)	-	10 487
Total	59 281	92 357

The Company owns 50% of Premium Drilling AS. Premium Drilling is a joint venture with Awilco Offshore ASA, and is recognized using the equity method in the Group accounts. Shares in Premium Drilling AS are owned by DDI Holding AS.

During the current financial year, the Group provided funding to the joint venture of finance the obligations of the joint venture. The funding in excess of the liabilities are recorded as amount due from the joint venture (note 8).

Note 17 - Trade creditors and other current liabilities

	31 March 2010	31 March 2009
Amounts in USD 1 000		
Trade creditors	16 220	5 032
Bond loans (current portion)	75 000	75 000
Short term bank loan	72 945	55 737
Current tax liability	12 793	10 838
Amount due to joint venture and related parties	-	7 226
Social security, withholding tax	10 501	-
Accrued interest	9 530	11 049
Accrued expenses	7 020	18 279
Total other current liabilities	187 768	178 129
Total trade creditors and other current liabilities	204 008	183 161

DDI Holding Group
Notes to the financial statements
for the financial year ended 31 March 2010

Note 18 - Deferred income tax

Deferred income tax assets and liabilities are offset when the deferred income taxes relate to the same fiscal authority. Net deferred tax in the balance sheet:

Amounts in USD 1 000	31 March 2010	31 March 2009
Deferred income tax assets	-	-
Deferred tax liabilities	2 440	2 440
Deferred income tax liabilities (net)	2 440	2 440

Movement in deferred tax:

	31 March 2010	31 March 2009
Beginning of the year	2 440	-
Income statement charge	-	2 440
End of the year	2 440	2 440

	31 March 2010	31 March 2009
Deferred tax assets and liabilities not recorded in the balance sheet		
<i>Deferred tax assets</i>		
Tax loss carried forward in Norway	79 376	60 949
Temporarily differences in Norway	(12 868)	2 936
Total deferred tax asset	66 508	63 886
<i>Deferred tax liabilities</i>		
Accelerated tax depreciation in Singapore	31 033	37 570

Deferred income tax liabilities of TUSD 31 033 (31 March 2009: TUSD 37 570) have not been provided as management has made an assessment and concluded that there will be no resulting tax consequence on these differences [Note 3(c)].

Deferred tax asset on tax loss carried forward and is capitalized when it is probable that the group can offset the tax loss against future taxable profit. At year end the group has un-capitalised tax asset of USD 66.5 million (31 March 2009: USD 63.9 million). The tax loss relates to temporary differences and tax losses carried forward in DDI Holding AS. It is not expected that operation in these companies will generate taxable profit in the future, and deferred tax asset is therefore not capitalized. These unutilized tax losses do not have an expire date.

Note 19 - Income tax expense

Amounts in USD 1 000	2009/2010	2008/2009
Current tax	9 519	16 753
Changes in deferred tax (Note 18)	-	2 440
	9 519	19 193

Guarantee - parent company Sinvest AS

Sinvest AS has received a letter from the county revenue office in Norway, dated 10 August 2007, where the county revenue office states that they are considering changing the assessment of a drop-down transaction in 2005. This drop-down concerns the shares in Deep Drilling Invest Pte. Ltd. that were transferred from Sinvest AS to DDI Holding AS in December 2005.

In a decision from the tax office (Skatt Sør) dated 28 October 2009, the tax office found that the realisation of shares in Deep Drilling Invest Pte. Ltd. into DDI Holding AS in December 2005 was taxable, and that the intra-group transfer rules were not applicable. The gain is app. NOK 3 345 million and the tax claim is app. NOK 726 million. Sinvest AS has filed a complaint to the Tax Assessment Board in relation to both tax matters. Sinvest AS has reached an agreement with the Tax Collection Office implying that no recovery of the claim will be initiated until the complaint has been finally decided. As part of this agreement DDI Holding AS has guaranteed the payment obligations of Sinvest AS.

DDI Holding Group
Notes to the financial statements
for the financial year ended 31 March 2010.

Note 20 - Contract Drilling Revenues

Revenue generated for the period (amounts in USD 1 000)	2009/2010	2008/2009
Deep Driller 1	11 239	71 478
Deep Driller 2	36 518	61 889
Deep Driller 3	60 052	69 008
Deep Driller 4	41 450	73 581
Deep Driller 5	49 174	65 171
Deep Driller 7	23 340	22 966
Deep Driller 8	42 686	-
Total contract drilling revenues	264 469	364 094

Included in revenue in 2009/2010 is operating lease income derived from drilling contracts amounting to TUSD 91 775 (2008/2009: TUSD 187 795).

See note 2.18 - Revenue recognition

Note 21 - Operating expenses

Expense by nature for the period ended (amounts in USD 1 000)	2009/2010	2008/2009
Rig operating expenses		
Crew	28 287	44 718
Purchase of consumables and change in inventories	6 631	12 823
Repair and maintenance	6 599	6 879
Insurance	7 764	7 691
Travel	4 942	6 317
Training	437	2 748
Equipment rental	1 328	1 594
Other rig operating expenses	30 102	12 854
Management fees to joint venture	1 952	12 595
Total rig operating expenses	86 042	108 219
Reimbursable expenses	5 291	12 134
Depreciation, amortisation and impairment charges (Note 5)	47 854	32 782
Sales, General and Administration expenses		
Bank charges and commissions	3 319	980
Consultancy and advisory fees	662	5 139
Legal expenses	5	109
Rent	241	320
Loss on asset disposal	-	376
Other sales, general and administration expenses	501	729
Total sales, general and administration expenses	4 728	7 653
Total operating expenses	145 915	160 788

DDI Holding Group
Notes to the financial statements
for the financial year ended 31 March 2010

Note 22 - Employee benefit expenses

The Group has hired CEO and management for the Deep Drilling investment.
There are no employees in the company.
There are no remuneration to CEO and the board of Directors.

Note 23 - Financial income and expenses

Amounts in USD 1 000	2009/2010	2008/2009
Financial income:		
Interest income	1,037	3,161
Net exchange gain	-	19,771
Total financial income	1,037	22,932
Financial expenses:		
Coupon interest	(63,271)	(47,747)
Amortization of debt issue cost of issued bond loans	(5,130)	(4,157)
Net exchange loss	(8,930)	-
Fair value loss on receivables and debt	(10,135)	-
Other financial expenses	-	(5,649)
Total financial expenses	(87,465)	(57,554)

Note 24 - Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2009/2010	2008/2009
Profit attributable to equity holders of the Company	21,239	161,305
Ordinary shares in issue (thousands)	29,251	29,251
Basic and diluted earnings per share (USD per share)	0.73	5.51

Note 25 - Contracted minimum lease payments receivable

Drilling contracts

As at the balance sheet date, the Group has committed five (2008/2009: five) of its rigs under drilling contracts to customers for a period not exceeding 31 months subsequent to the balance sheet date (2008/2009: 43 months). Based on Management's best estimates, the future estimated aggregate receivables related to the lease portion which are non-cancellable and contracted for at the balance sheet date but not recognised as receivables are analysed as follows:

Lease commitments as of 31 March 2010

Amounts in USD 1 000	Total
Within 1 year	155,125
1 - 5 years	243,029
	398,154

Lease commitments as of 31 March 2009

Amounts in USD 1 000	Total
Within 1 year	44,942
1 - 5 years	85,100
	130,042

DDI Holding Group
Notes to the financial statements
for the financial year ended 31 March 2010

Note 26 - Related-party transactions

The Group is 100 percent owned by Sinvest AS. Related parties are all companies in the Sinvest Group, in the Aban Singapore Group (ultimate holding company) and joint ventures. Purchases and transactions with these parties are based on an arm's length pricing.

	31 March 2010	31 March 2009
The Group has the following liabilities to related parties:		
(Amounts in USD 1 000)		
Long-term liability to Aban Singapore Pte. Ltd.	56,890	-
Long-term liability to Sinvest AS	2,392	81,806
Long-term liability to Beta Drilling Pte. Ltd.	-	63
	<u>59,281</u>	<u>81,870</u>
Short-term liability to Beta Drilling Pte. Ltd.	-	393
Short-term liability to Premium Drilling	-	8,637
	<u>-</u>	<u>9,030</u>

The Group has the following receivables from related parties:
(Amounts in USD 1 000)

Long-term receivable from Venture Drilling AS	16	-
Long-term receivable from Aban Singapore Pte. Ltd.	100,888	155,925
	<u>100,905</u>	<u>155,925</u>
Short-term receivable from Beta Drilling Pte. Ltd.	2	-
Short-term receivable from Premium Drilling	8,489	205
Short-term receivable from Venture Drilling Pte. Ltd.	30	26

Long-term receivable from Aban Singapore Pte. Ltd. ('ASPL') consists of loans from Deep Drilling 4 Pte. Ltd. ('DD4'), Deep Drilling 5 Pte. Ltd. ('DD5') and DD Invest Pte. Ltd. ('DD Invest') with the carrying amount of TUSD 68 963 (31 March 2009: TUSD 68 300), TUSD 31 925 (31 March 2009: TUSD 18 600) and TUSD 0 (31 March 2009: TUSD 60 069) respectively.

Long-term liability consist of loan from Aban Singapore Pte. Ltd. to DD Invest with the carrying amount of TUSD 56 890 (31 March 2009: TUSD 0).

For DD4 and DD5 loans to ASPL:

Interest-free for the financial year ended 31 March 2010 and 31 March 2009. To be repaid on or before 5 years from the date of first disbursement (DD4: August 2007, DD5: March 2009).

There was no interest for the loan from ASPL to DD Invest for the financial year ended 31 March 2010. The loan is to be repaid on or before 4 years from the date of first disbursement (DD Invest.: March 2007).

	2009/2010	2008/2009
The Group has the following transactions with related parties:		
(Amounts in USD 1 000)		
Interest charged by Sinvest AS to DDI Holding AS	5,466	5,649
Interest charged by DDI Holding AS to Sinvest AS	1,004	-
Interest charged by Deep Drilling Invest Pte Ltd. to Aban Singapore Pte. Ltd.	-	2,404

In addition the Group has in 2008/2009 recognised an impairment loss amounting to TUSD 8 046 related to receivables in Beta Drilling AS.

Note 27 - Contingent events

DDI Holding AS has guaranteed the payment obligations of parent company Sinvest AS potential tax issue of NOK 728 million, see further description in note 19.

Note 28 - Events after the balance sheet date

There are no significant events after the balance sheet date.

DDI Holding AS

INCOME STATEMENT 1.4. - 31.3

Amounts in USD 1000

	Note	1.4.09-31.3.10	1.4.08-31.3.09
Other operating expenses		<u>233</u>	<u>310</u>
Total operating expenses		<u>233</u>	<u>310</u>
Result of operations		<u>-233</u>	<u>-310</u>
Other interest received		1 004	601
Other financial income	13	4 085	22 538
Write-down on financial fixed assets		-3 800	-13 472
Other interest expense		-52 389	-58 553
Other financial expense	13	<u>-15 548</u>	<u>-6 697</u>
Profit before taxes		<u>-66 881</u>	<u>-55 893</u>
Tax on ordinary result	9	<u>0</u>	<u>0</u>
Result of the year		<u>-66 881</u>	<u>-55 893</u>
<i>Disclosures:</i>			
Transferred to carryforward losses		<u>66 881</u>	<u>55 893</u>
Total transfers		<u>-66 881</u>	<u>-55 893</u>


DDI Holding AS
BALANCE SHEET AT 31.3
 Amounts in USD 1000

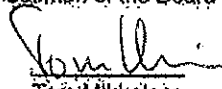
	Note	31.3.10	31.3.09
ASSETS			
Fixed assets			
<i>Financial fixed assets</i>			
Investments in subsidiaries	2	1 007 390	1 007 390
Loans to associated and joint venture companies		16 186	13 686
Total financial fixed assets		<u>1 023 576</u>	<u>1 021 076</u>
Total non-current assets		<u>1 023 576</u>	<u>1 021 076</u>
Current assets			
<i>Debtors</i>			
Other debtors		103	41
Total debtors		<u>103</u>	<u>41</u>
Bank, deposits, cash in hand etc.		30	218
Total current assets		<u>132</u>	<u>259</u>
Total assets		<u>1 023 708</u>	<u>1 021 335</u>

DDI Holding AS
BALANCE SHEET AT 31.3
 Amounts In USD 1000

	Note	31.3.10	31.3.09
EQUITY AND LIABILITIES			
EQUITY			
<i>Paid in capital</i>			
Share capital (29251000 shares à NOK 100)	7	372 027	372 027
Share premium reserve	7	61 889	61 889
Total paid in equity		433 916	433 916
<i>Retained earnings</i>			
Uncovered loss		-203 155	-136 275
Total retained earnings		-203 155	-136 275
Total equity	7	230 761	297 642
LIABILITIES			
<i>Other long-term liabilities</i>			
Bonds	4, 8	416 601	480 160
Liabilities to financial institutions	4	3 565	7 310
Long-term intercompany debts	4	271 061	137 135
Total long-term liabilities		691 227	624 606
<i>Current liabilities</i>			
Current part of long-term debts	8	78 745	78 655
Trade creditors		59	19
Public duties payable		7	0
Other short-term liabilities		22 911	20 414
Total current liabilities		101 721	99 088
Total liabilities		792 947	723 693
Total equity and liabilities		1 023 708	1 021 335

Kristiansand, den 05.07.2010


 Geir Worum
 Chairman of the Board


 Torin Mikkelsen
 General Manager


 P. Venkateswaran
 Member of the Board


 Martin Jaehn
 Member of the Board

Cash flow statement

DDI Holding AS

	2010	2009
Cash flow from operations		
Result before taxes	-66,881	-55,893
Writedown of fixed assets	0	2,985
Change in trade creditors	40	17
Changes in other provisions	2,442	-1
Net cash flow from operations	-64,399	-52,892
Cash flow from investments		
Proceeds from intra-group loan	0	10,595
Payments from intra-group loan	-2,500	0
Payments from loan	0	-8,572
Net cash flow from investments	-2,500	2,023
Cash flow from financing		
Proceeds from intra-group loan	133,926	74,115
Payments from intra-group loan	0	0
Proceeds from loans	0	0
Payments from loan	-67,215	-55,220
Net cash flow from financing	66,711	18,895
Net change in cash and cash equivalents	-188	-31,974
Cash and cash equivalents at the beginning of the period	218	32,192
Cash and cash equivalents at the end of the period	30	218
Specification of cash and cash equivalents at the end of the period		
Bank deposits, cash, etc.	30	218

Accounting principles

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Revenue recognition

Revenue from the sales of services is recognised when the services are executed. The share of sales revenue associated with future service is recorded in the balance sheet as deferred sales revenue, and is recognized as revenue at the time of execution.

Area of operations

The company is a long term financial and strategic investor in oil and offshore industry. The company is through its subsidiary engaged in activities related to the building and operation off jack up drilling rigs and drilling vessels. DDI Holding is registered and domiciled in Norway, with headquarters in Kristiansand. The company quoted their bond loans at Oslo Stock Exchange 26 February 2007

Aban Singapore Pte Ltd. (ASPL) has completed their obliged purchase of the remaining shares in Sinvest AS. ASPL and Aban International Norway AS (AIN) owns together 100 % of the shares in Sinvest AS

The parent company Sinvest AS is taken off the stock exchange effecting from 30.03.2007. This is a result of the acquisition of 100 % of the shares in Sinvest, bought by Aban Singapore Pte Ltd. (ASPL). ASPL accounting period stretches from the 1st of April to the 31st of March. All companies in the Sinvest group therefore have to change their accounting period. This is done to simplify the preparing of the group accounts in the ASPL group. As a consequence the annual accounts for 2007/2008 includes the period from 1st of April 2007 to the 31st of March 2008. The presented comparison figures for the accounting period 2006 includes the period from 1 January 2006 to 31 March 2007. Therefore the income statement, cash flow analysis and appurtenant notes will not be fully comparable.

Classification and valuation of balance sheet items

Assets intended for long term ownership or use have been classified as fixed assets. Assets expected to be realised in, or is intended for sale or consumption in, the entity's normal operating cycle have been classified as current assets. Receivables are classified as current assets if they are expected to be realised within twelve months after the the transaction date. Similar criteria apply to liabilities.

Current assets are valued at the lower of cost and fair value. Short term liabilities are reflected at nominal value.

Fixed assets are carried at historical cost. Fixed assets whose value will deteriorate are depreciated on a straight line basis over the asset's estimated useful life. Fixed assets are written down to net realisable value if a value reduction occurs which is not expected to be temporary. Except for accruals, long term liabilities stated in Norske Kroner are reflected in the balance sheet at nominal value on the establishment date. Accruals are discounted to present value if the time value of money is material.

Intangible assets

Research and development costs, and other intangible assets are recognised in the balance sheet providing that probable future economic benefits associated with development of the intangible asset can be identified and the costs can be measured reliably. Otherwise, the costs are expensed as incurred. Research and development costs and other intangible assets recognised in the balance sheet are amortised on a straight-line basis over their useful economic life.

Costs relating to other intangible assets are recognised in the balance sheet when it is probable that the expected future economic benefits attributable to the asset will flow to the entity, and the cost of the asset can be measured reliably.

Fixed assets

Fixed assets are recognised in the balance sheet and depreciated over the estimated useful economic life, providing the asset has an expected useful life of more than 3 years and a cost price which exceeds NOK 15 000. Maintenance costs are expensed as incurred as other operating expenses, whereas improvements and additions are added to the acquisition cost and depreciated with the asset. The distinction between maintenance and improvements is made with regard to the asset's relative condition at the original purchase date.

Leased assets is recognised as fixed assets if the lease contract is considered to be a financial lease.

Long-term trade investments

The shares are entered into the books using original cost, and received dividend are entered as income. The investments become written down to actual value if they are subject to decrease in value

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Finished goods and work in progress are valued at full absorption cost. Impairments charges are made if fair value less cost to sell is lower than the cost price. Sales costs includes all remaining sales-, administrative- and storage costs.

Trade and other receivables

Trade and other receivables are recognised in the balance sheet at nominal value after deduction of provision for bad debts. The provision for bad debts is estimated on the basis of an individual assessment of each major receivable. In addition, for the remainder of the receivables, a general provision is made based on estimated expected losses.

Cost on emission and loan raising

The cost on emission are entered directly against equity. The cost on loan raising are entered into the balance sheet, and are charged as an expense over the term of the loan

Foreign currencies

Items denominated in foreign currencies are translated into the exchange rate on the balance sheet date. Buying and selling of foreign currencies are translated at the exchange rate on the transaction point. Hedging that are made to ensure that contractual cash flows are to be seen in relation to these, and unrealised profit or loss is not taken into the accounts. Other instruments are valued and unrealised loss bring an allocation in the balancesheet with an contra entry to financial expenses in the PL.

The company has changed their presentation currency from NOK to USD from 01.01.2006. The exchange rate that have been used in conversion of the balance sheet is the dayrate at 31.12.05 on 6,7525. The income statement for 2005 are converted at an average exchange rate on 6,4404. The company's functional currency was in the period til 31.12.2005 NOK then USD

Taxes

The tax expense in the income statement consists both of taxes payable for the accounting period, and the period's changes in deferred tax. Deferred tax is calculated as 28% of the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences, both positive and negative, are offset within the same period. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized. Deferred tax assets and deferred tax liabilities are presented net in the balance sheet.

Tax on group contributions given, booked as an increase in the purchase price of shares in other companies, and tax on group contribution received booked directly to equity, have been booked directly against tax items in the balance sheet (offset against tax payable if the group contribution has affected tax payable, and offset against deferred taxes if the group contribution has affected deferred taxes).

Cash flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short term highly liquid investments with maturities of three months or less from the purchase date.

Subsidiaries, associated companies, and joint ventures

Subsidiaries, associated companies, and joint ventures are evaluated after the cost method. The investments are evaluated by acquisition cost for the stocks if not depreciation has been necessary. Dividend and other distributions are entered as income the same year as the allocation in subsidiaries/associated companies. If the dividend exceed share of detained result after the purchase, the excess part are entered as a repayment off invested capital. and the distributions are taken away from the entered value ogg the investment in the balance sheet

Unsecured liabilities and contingent assets

Unsecure liabilities are entered into the books in accordance with Norwegian accounting standards no 13. Appropriation is entered into the books after best estimat if it is likely that the contingent will come to settlement. Contingent assets are informed i notes if it is likely that the company will recive settlement attached to the contingent asset

Note 2 Subsidiaries, associated companies, and joint ventures

(Amounts in USD 1 000)

Subsidiaries	Acquired	Cost price	Office	Ownership %	Voting rights
Deep Drilling Investment Pte. Ltd	21 December 2005	1,007,390	Singapore	100 %	100 %
Subsidiaries of Deep Drilling Investment Pte. Ltd.					
Deep Drilling 1 Pte. Ltd.	06 January 2004	135,434	Singapore	100 %	100 %
Deep Drilling 2 Pte. Ltd.	06 January 2004	145,760	Singapore	100 %	100 %
Deep Drilling 3 Pte. Ltd.	30 June 2004	129,952	Singapore	100 %	100 %
Deep Drilling 4 Pte. Ltd.	15 February 2005	37,735	Singapore	100 %	100 %
Deep Drilling 5 Pte. Ltd.	15 February 2005	68,146	Singapore	100 %	100 %
Deep Drilling 6 Pte. Ltd.	01 August 2005	51,312	Singapore	100 %	100 %
Deep Drilling 7 Pte. Ltd.	25 January 2006	56,177	Singapore	100 %	100 %
Deep Drilling 8 Pte. Ltd.	25 January 2006	28,056	Singapore	100 %	100 %
Joint ventures					
Premium Drilling AS	21 December 2005	2,985	Norway	50 %	50 %

Equity and net profit according to the latest annual accounts is respectively USD 3.815 and USD -800
The accounts of Premium Drilling are not finalized or audited, hence the figures are the best estimates.

DDI Holding AS

Alle tall / All figures USD 1000

Noter til regnskapet for 2010
Notes to the Financial Statements 2010

DDI H has booked the net liability (50%) of 14 287 USD

Note 3 Hedging Instruments

There are no open contracts at the 31st of March 2010

Note 4 Receivables and liabilities

(Amounts in USD 1000)

Liabilities to joint venture	0	0
Accrued loan costs*	5,990	8,875
*Of this cost due later than one year after the balance day	3,105	5,990

Long-term liabilities with maturity later than 5 years	31.03.2010	31.03.2009
Bond loan	0	0
Other long term liabilities	0	0
Total	0	0

	31.03.2010	31.03.2009
Liabilities secured by mortgage (see note 8)	504,992	599,734

Note 5 Restricted bank deposits, overdraft facilities etc.

(Amounts in USD 1000)

Restricted bank deposits	31.03.2010	31.03.2009
Escrow account	0	0

Overdraft facilities granted	31.03.2010	31.03.2009
Bank overdraft	0	0

Note 6 Share capital and shareholder information

The share capital of NOK 2 925 100 000 consists of 29 251 000 shares with a face value of NOK 100 each. All shares have equal rights.

List of major shareholders at 31.03.2010	Total	Ownership
Sinvest AS	29,251,000	100 %
Total number of shares	29,251,000	100 %

Non of the board members owns shares or share options in DDI Holding AS on the 31st of March 2010

Note 7 Equity

(Amounts in USD 1000)

	Share capital	Share premium reserve	Other equity	Total
Equity at 1 April*	372,027	61,889	-136,274	297,642
Movement during the year				
Profit and loss of the year			-66,881	-66,881
Equity at 31 March	372,027	61,889	-203,155	230,761

* Converted from NOK to USD with exchange rate at 31.12.2005 which was 6,7525

Note 8 Long term liabilities

(Amounts in USD 1000)

	31.03.2010	31.03.2009
Bond loans		
Loan - nominal value	552,568	526,344
Loan cost*	-18,864	-16,184
Sum	533,704	510,160

* includes accrued interest

Short term part of long term liabilities

Bonds	75,000	75,000
Export finance	3,745	3,655
Sum	78,745	78,655

Other long term liabilities

Liabilities to financial institutions	3,565	7,310
Long-term intercompany debts	271,061	137,135
Sum	274,626	144,445

Bond loans

	Date of disbursement	Loans - nominal value	Nominal liabilities 31.03.2010	Effective interest rate	Expiration date
9,3 % Bond loan	19.01.2006	280,000	190,000	9.97 %	19.01.2012
10,0 % Bond loan (The 10% bond loan is in Norwegian kroner 400.000)	15.03.2006	65,116	67,289	10.58 %	15.03.2012
6 mth NIBOR + 4,75%					
Bond loan	15.03.2006	160,000	130,000	8.42 %	15.03.2012
9,3 % Bond loan	24.04.2006	140,000	110,000	10.51 %	16.04.2012

Rigs in subsidiaries are held as deposit securities for bond loans

Covenants in the bond loans limits distribution of dividend. The company cannot pay higher dividend than maximum 50 % of last years result

DDI Holding AS holds call options to clear the bond loans before the date of redemption. A redemption will result in premium on shares.

	Nominal value	Redemption on year 4 (2010)	Redemption year 5 (2011)
9,3 % Bond loan	280,000		
10,0 % Bond loan	65,116	104 %	103 %
6 mth LIBOR + 4,75%	160,000		
9,3 % Bond loan	140,000	104 %	103 %

Note 9 Income taxes

(Amounts in USD 1000)

	31.03.2010	31.03.2009
Calculation of deferred tax/deferred tax asset:		
Temporary differences	-45,957	10,487
Tax losses carried forward	283,487	217,676
Basis for deferred tax asset (-debt)	237,529	228,163
28 % deferred tax	66,508	63,886
Deferred tax assets not recognised	66,508	63,886
Deferred tax in the balance sheet	-	-

Numbers in tax calculations are highly influenced by exchange rate changes USD/NOK. 31.03.09 the rate was 6,68 and 31.03.10 the rate was 5,98. First when calculating Norwegian Tax Returns changes in exchange rates gives direct consequences for tax calculations and temporary differences. And then when these numbers in NOK are translated to USD for the purpose of Financial Statements other changes occur.

Note 10 Other operating cost

(Amounts in USD 1000)

Other operating cost consist of the following postings among other things

	1.4.09 – 31.3.10	1.4.08 – 31.3.09
Legal assistance	0	20
Auditor fee and coadjutant lawyer firm	73	60
Fee to adviser	0	0
Cost at bond loans	160	193
Travel expenses	0	4
Other administration	0	34
Sum	233	310

Note 11 Employee benefits expense, number of employees, loans to employees and auditor's fee

(Amounts in USD 1000)

The number of man-labour years in the company during the financial year ended 31.03.10 has been 0.

No members of the board have share options in DDI Holding AS or the parent company Sinvest AS at 31.03.2010

No loans/sureties have been granted to the general manager, Board chairman or other related parties. No individual loan/surety amounts to more than 5% of the company's equity.

	1.4.09 – 31.3.10	1.4.08 – 31.3.09
Auditor		
The expensed fees to the company's auditor consist of the following (VAT included):		
-Statutory Audit*	21	17
-Other assurance services	0	0
-Tax advisory fee	0	0
-Other advisory services	5	5
Total fee	26	22

* Also includes assistance to technical preparation of annual accounts and tax assessment.

Note 12 Intercompany balances with group companies, associates and joint ventures

(Amounts in 1000 USD)

	Receivables	
	31.03.2010	31.03.2009
Group companies	0	0
Associated companies	0	0
Joint ventures (Premium Drilling AS)*	16,186	13,686
Total	16,186	13,686

* There is no interest calculation on the receivable. There are no specified sinking fund for the loan

	Payables	
	31.03.2010	31.03.2009
Group companies	268,669	60,069
Associated companies	0	0
Joint ventures	0	0
Total	268,669	60,069

Note 13 Items combined on the face of the balance sheet / profit and loss statement

(Amounts in USD 1000)

	1.4.09 – 31.3.10	1.4.08 – 31.3.09
Financial income		
Other interest income	1,004	601
Other financial income (exchange gain)	4,085	22,538
Total financial income	5,089	23,139
Financial expenses		
Depreciation activated loan cost	3,299	3,356
Exchange loss	12,249	3,341
Other financial expenses	3,800	13,472
Interest expenses	52,389	58,553
Total financial expenses	71,737	78,722

Note 14 Occurrence after balance-sheet date

The information given in the group note occurrence after balance-sheet date is considered to be adequate for DDI Holding AS.

Note 15 Financial market risk

The information given in the group note concerning financial market risk is considered to be adequate for DDI Holding AS

To the Annual Shareholders' Meeting of DDI Holding AS
Auditor's report for 2010 as of March 31, 2010

We have audited the annual financial statements of DDI Holding AS as of March 31, 2010, showing a loss of USD 66 881 000 for the parent company and a profit of USD 21 239 000 for the group. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The annual financial statements comprise the financial statements of the parent company and the group. The financial statements of the parent company comprise the balance sheet, the statements of income and cash flows, and the accompanying notes. The financial statements of the group comprise the balance sheet, the statement of income and cash flows, the statement of changes in equity and the accompanying notes. The regulations of the Norwegian accounting act and accounting standards, principles and practices generally accepted in Norway have been applied in the preparation of the financial statements of the parent company. International Financial Reporting Standards as adopted by the EU have been applied in the preparation of the financial statements of the group. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including standards on auditing adopted by The Norwegian Institute of Public Accountants. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements of the parent company have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the company as of March 31, 2010 and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the financial statements of the group have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the group as of March 31, 2010, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good bookkeeping practice in Norway

- the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Kristiansand, July 5, 2010
PricewaterhouseCoopers AS

Torstein S. Robstad
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.