Company Registration Number: 7672698

MAERSK DRILLING UK LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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DIRECTORS AND ADVISORS
Maersk Drilling UK Limited
Company number: 7672698

Directors

Carolyn Fiona Cosgrove	Appointed on 3 August 2020
Claus Bachmann	Appointed on 20 January 2020
Predrag Berlafa	
Christine Brennet	Appointed on 5 January 2021

Secretary

Karthika Mohan	Resigned on 4 January 2021
Nicolaj Raagaard Sorensen	Appointed on 4 January 2021

Independent auditors
PricewaterhouseCoopers LLP
The Capitol, 431 Union Street
Aberdeen, AB11 6DA

Bank
Citibank
Canada Square, Canary Wharf
London, E14 5LB
United Kingdom

Registered office
Eversheds House, 70 Great Bridgewater Street
Manchester, M1 5ES
United Kingdom

STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2020.

Business Review
During the year the Company operated two drilling units Maersk Gallant and Maersk Innovator in the North Sea. Maersk Gallant was stacked through all of 2020. Maersk Innovator was on contract with CNOOC until 6 May 2020 and stacked for the rest of the year.

The performance for the year shows a profit for the financial year of USD 3,267k (2019: USD 3,632k) and a gross profit of USD 9,305k (2019: USD 11,518k).

Total equity at the end of year was USD 18,171k (2019: USD 14,904k).

Total assets at the end of the year are USD 20,746k (2019: USD 34,561k). The decrease in total assets is primarily due to the movement in right-of-use assets.

The key factors by which management monitors overall performance are operating profit margin, return on equity and operational uptime. The Company is committed to conducting its activities in a manner that protects the health and safety of all personnel working under its direction. Performance is measured based on lost-time incidents and a number of other parameters, in line with the industry norm in the particular market. These measures permit a focus on reduction and mitigation of health and safety risks at work.

The operating profit margin for the Company was 12.2% in 2020 (2019: 7.4%), and return on equity was 19.8% (2019: 23.3%). Operational uptime from contract commencement in UK sector to 31 December 2020 was 34.5% (2019: 65.7%). There were no lost-time incidents in UK sector in 2020 (2019: zero). The Company continues to focus on improving safety levels to ensure these incidents are kept to a minimum.

Streamlined Energy and Carbon Reporting
The table below sets out total energy consumption and resulting GHG emissions by Scope arising from business operations of the Company. The methodology used are:

- Our GHG scope 1 emissions are calculated indirectly via default conversion factors for fuel consumption from our rigs. The conversion factors for 2020 have been based on the UK DBEIS (Department of Business, Energy & Industrial Strategy) Greenhouse gas reporting conversion factors for 2020.
- Greenhouse gas emissions that occur at the point of energy generation (owned or operated by a third party) for electricity, heat or steam imported (i.e. purchased) for use on site. Indirect GHG emissions from imported energy correspond to Scope 2 emissions as defined by the GHG Protocol and WRI/WBCSD.

ESG Performance
Environmental Performance Summary

Environmental Performance		**2020**
Energy Consumption	**UoM**	
Fuel Oil	1,000 tonnes	1.82
Electricity - shore power for rigs	1,000 MWh	0.04
Electricity	1,000 MWh	
GHG emissions (rigs on contract)		
Direct GHG emissions (Scope 1)	1,000 CO2 eq.	5.93
Indirect GHG emissions (Scope 2)	1,000 CO2 eq.	0.01
Total	1,000 CO2 eq.	5.94
Carbon intensity		
CO2/Revenue	tonnes CO2 eq/Million USD.	0.12
Economic & Operational Performance		
Revenue	Million USD	48,865

STRATEGIC REPORT (continued)

Streamlined Energy and Carbon Reporting (continued)

In 2020, our business activities in the UK were impacted by the Covid-19 pandemic with focus on maintaining safe and reliable operations. No major energy saving initiatives were initiated in the UK companies during the year, but on corporate level a new Climate Action plan was launched in September, setting a 50% reduction target by 2030 for scope 1 and 2 emissions intensities. The UK based companies will be part of realizing these targets.

Further details on how environmental issues are addressed can be obtained from Maersk Drilling's website at www.maerskdrilling.com where the MD Sustainability Report 2020 is also available.

Principal risks and uncertainties

The Company actively reviews and manages risk. The main risks facing the Company are customer reliance, ongoing compliance with environmental legislation to ensure best practice is incorporated within key processes and productivity downtime which directly impacts revenue. The Company's risk management includes entering into long-term agreements where possible, continually reviewing processes and ensuring ongoing health and safety training and assessment is provided to staff.

The overall handling of crisis is defined in the "Group Crisis Management Plan". The activities are governed by the three Group Rules on Crisis Management, Crisis Communication and Information Security.

Given the complex nature of Cyber Attacks, the diversity and extent of IT Infrastructure in use to support Business processes within Maersk Drilling and the Maersk Group, it is not possible to cover the detailed response by one single plan or team. This plan is intended to provide the headlines and coordination for activities owned by Maersk Drilling functions and roles across the business unit to effective ensure the limitation of further spreading, communication to stakeholders and re-establishment of functionality. The detailed instructions on how to handle and coordinate the situation if escalated within the Group is covered by Group Cyber Incident Response Plan.

On 31 January 2020, the UK left the EU and entered a transition period until the end of 2020. During this period, the UK Government negotiated the terms of the UK's future relationship with the EU. After Brexit on 31 December 2020, small challenges with regard to crew visas and travel were seen. Impact on supply chain and logistics have been negligible. Management will continue to monitor the situation closely and adapt.

COVID-19

In close cooperation with customers, Maersk Drilling has since March 2020 implemented a number of measures to reduce the risk of transmission of COVID-19. Generally, the organisation has managed to navigate the increased complexity related to crew changes, supply chain and logistics and has thereby kept operations largely unaffected.

FINANCIAL RISK MANAGEMENT

Financial Instruments held by the Company comprise of trade and other receivables, cash and cash equivalents, and trade and other payables. The Company's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk. The Maersk group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by a central treasury department (group treasury) under policies approved by the board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

CREDIT RISK

Credit risk is managed on a group basis, except for credit risk relating to accounts receivable balances. Credit risk arises from cash and cash equivalents with banks and financial Institutions, as well as credit exposures to customers including outstanding receivables and committed transactions.

Trade and other receivables

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Company does not require collateral in respect of financial assets.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. There were no assets past due at the balance sheet date and therefore no aged analysis has been presented.

STRATEGIC REPORT (continued)

Cash and cash equivalents
The Company's credit risk attributed to amounts deposited with Maersk Drilling A/S in Copenhagen is managed by assessing the nature of the funds and by ensuring that no restrictions are applicable on any monies deposited. The Directors are of the view that such credit risk is minimal in view of Maersk Drilling A/S' financial position.

LIQUIDITY RISK
Cash flow forecasting is performed by the Company and aggregated by group finance. The Company monitors rolling forecasts of the liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements, for example currency restrictions.

Surplus cash held by the Company over and above the balance required for working capital management is transferred to the group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above mentioned forecasts.

Current financial assets and liabilities
The carrying amounts of cash and cash equivalents, trade and other receivables and prepayments, trade and other payables and accruals, approximate fair values due to the relatively short-term nature of these financial instruments.

Capital management
The Board's policy is to maintain a strong capital base so as to sustain future operations of the business. Capital consists of share capital and retained earnings. The Company regularly reviews its capital structure and is not subject to external controls on its capital structure. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, reduce capital to shareholders, issue new shares or sell assets to reduce debt. The board monitors the return on capital as well as the level of dividends to ordinary shareholders.

Section 172 Statement
The revised UK Corporate Governance Code ('2018 Code') was published in July 2018 and applies to accounting periods beginning on or after January 1, 2019. The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company.

The Board welcomes the direction of the UK Financial Reporting Council (the 'FRC'). This S172 statement, which is reported for the first time, explains how Maersk Drilling UK Directors continuously supported the overall Maersk Drilling strategy by:

- having engaged with employees, suppliers, customers and others; and
- having taken in to account employee interests, the need to foster the company's business relationships with suppliers, customers and other, and the effect of that regards, including on the principal decisions taken by the company during the financial year.

The S172 statement focuses on matters of strategic importance to Maersk Drilling, and the level of information disclosed is consistent with the size and the complexity of the business.

Maersk Drilling's principal goal is to create long-term value for shareholders by growing cash flow generation, maintaining a robust balance sheet and exercising disciplined capital allocation. To achieve this, Maersk Drilling's strategy – Smarter Drilling for Better Value – focuses on optimising the Group's service delivery and operational effectiveness, developing and implementing new service and business models and exploring attractive investment opportunities. Maersk Drilling aims to continuously enhance its value proposition of providing safe, high-quality, reliable and efficient offshore drilling rig services to address the total cost of a drilling campaign. This can also help unlock marginal oil and gas projects that would otherwise not be explored or developed. Regarding the UK operations, the members of the Maersk Drilling UK organisation, led by and including the Directors, have daily dialogues with the clients regarding operational effectiveness, and during these dialogues it has also been possible on occasion to promote additional services and thereby the strategic ambition for the Maersk Drilling business model.

STRATEGIC REPORT (continued)

Section 172 Statement (continued)

Improve service delivery and operational effectiveness of drilling services are a key component of the overall economics of oil and gas projects. The total cost of a drilling campaign is a direct result of its overall duration and the variable costs per day, therefore, critical factors determining the overall project economics are safety, quality, reliability and efficiency in the drilling operation. During the daily operations mentioned above the Directors and their teams specifically within the Maersk Drilling UK office are very focused on continuously improving relationships with clients, suppliers and Authorities, and in support of the strategy strongly encouraging the awareness and responding to the clients' needs and opportunities at all levels.

Safe operations remain the foundation of Maersk Drilling's business, both in terms of its license to operate and its ability to generate backlog and convert that into earned day rates. Maersk Drilling continues to invest in the elimination of risk as well as capacity to reduce the likelihood that any incident will escalate into a serious accident. Within Maersk Drilling globally there is a strong drive towards all elements of sustainability including safety for employees and operations, and for the North Sea and the UK in particular the directors and their teams are focusing on delivering to the highest standards. This also includes implementation of the latest safety philosophy "Safety as Capacity".
The value of time efficiency and variable cost efficiency is at the center of Maersk Drilling's value proposition to our customers. For oil and gas companies, efficiency and reliability of drilling operations improve the overall project economics and certainty,

Maersk Drilling will continue to explore investment opportunities that support long-term shareholder value creation. The screening of opportunities is based on an assessment of the attractiveness of the different market segments combined with Maersk Drilling's relative competitive strengths. Given the market attractiveness and Maersk Drilling's competitive strength within harsh environment operations, example within the North Sea, Maersk Drilling will continue to explore the potential within the harsh environment segments, including harsh environment floaters.

The *investment criteria are that investments generally should be contract-backed with an attractive, immediate cash* return and pay back.

Additionally, specific towards Customers:

Maersk Drilling regularly measures customer satisfaction in various dimensions, including safety and operational metrics, skills assessment and overall impact on well construction. On a scale from 1–7 with seven being highest level of satisfaction, Maersk Drilling's global average customer satisfaction score was 6.7 in 2020 (2019: 6.5), reflecting a high level of service delivery across the rig fleet and customer portfolio.

Maersk Drilling UK continuously aim to remain preferred drilling contractor for UK based offshore oil and gas projects while maintaining a competitive cost base. Maersk Drilling targets further innovative cost reduction measures without compromising safety. Examples of this include: (i) within overhead and administration, pursuing standardisation, simplification and automation; (ii) within operational expenditures, revisiting crew composition and digitalisation efforts; and (iii) within capital expenditures, investing in on-rig sensor networks and condition based preventive maintenance to reduce maintenance expenditure on rigs.

STRATEGIC REPORT (continued)

Section 172 Statement (continued)

Additionally, specific towards Employees:
Maersk Drilling has a global footprint with offices on four continents supporting our 22 drilling rigs. Globally Maersk Drilling's offshore and onshore organisations comprise 2,852 employees of more than 65 nationalities with 2,069 working offshore and 783 working onshore.

In Maersk Drilling, we strive to uphold a supportive and productive working environment that stimulates the growth and development of our people. While our business involves operating the world's largest offshore drilling rigs in technically complex scenarios, Maersk Drilling's core asset is its people.

We believe that diversity and inclusion can contribute to increased performance and high quality decision-making and are essential to innovation and organisational learning which are critical elements to maintaining our position as a leading service provider in the offshore drilling industry.

Our quarterly people survey, Compass, was launched in September 2018 and fully implemented throughout 2019. With Compass, we aim to improve the employee experience by using continuous conversations to drive development, a step-change compared to the annual employee satisfaction surveys that were used before. Compass has increased the frequency with which employees and leaders engage, and this has so far been well received by employees as well as leaders on- and offshore.

Additionally, specific towards suppliers:

In our daily operation we also rely on our network of suppliers which consist of typically carefully selected preferred suppliers. This selection is not only driven by pricing, but also by quality, reliability and to a larger and larger degree sustainability. In our daily operations we aim to build close relations also with our suppliers to achieve continuous learnings and improvements in quality and pricing across the value chain.

Approved by the Board of Directors on 21 December 2021 and signed on its behalf by:

Predrag Berlafa

Predrag Berlafa
Director

Eversheds House
70 Great Bridgewater Street
Manchester, M1 5ES
United Kingdom

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 December 2020.

Principal activities
The principal activities of the Company are the provision of drilling rigs and associated services.

Directors
The Directors in office during the year ended 31 December 2020 and to the date of approval of these financial statements were:

Predrag Berlafa	
Carolyn Fiona Cosgrove	Appointed on 3 August 2020
Claus Bachmann	Appointed on 20 January 2020
Christine Brennet	Appointed on 5 January 2021
Peter Anthony Dansen	Resigned on 1 February 2020
Christopher Mark Rennie	Resigned on 3 August 2020
Jesper Ridder Olsen	Resigned on 5 January 2021

No Director had a beneficial interest at the shares of the Company at any time during the year.

Results and dividends
The Company recognised a profit for the financial year of USD 3,267k (2019: USD 3,632k). Dividends of USD nil were paid in the financial year (2019: USD 5,000k). The Directors do not recommend the payment of a final dividend. Transfers to reserves are shown in the reconciliation of movements in shareholders' funds within Statement of Changes in Equity on page 16 of these financial statements.

Future developments
The Directors consider the Company to be well positioned to address the continued volatility within the oil services sector, and are confident that the Company remains competitive in the market.

To adapt the cost structure to the changed business environment, Maersk Drilling took precautionary measures in the form of stacking of rigs and adjusting maintenance programmes to the revised activity levels. Maersk Drilling also took steps to adapt the offshore crew pool to the lower activity in the offshore drilling market. Further, the need for onshore support was expected to be adversely impacted by the reduced offshore activity and Maersk Drilling has therefore reduced its onshore organisation in the Danish headquarters and offices globally by around 150 positions.

Supported by the recovery of the oil and gas prices and based on bilateral customer dialogues, Maersk Drilling expects the demand pipeline in its key markets to further build in 2021, partly due to projects originally scheduled for execution in 2020 being postponed to 2021.

Brexit
On 31 January 2020, the UK left the EU and entered a transition period until the end of 2020. During this period, the UK Government negotiated the terms of the UK's future relationship with the EU. After Brexit on 31 December 2020, small challenges with regard to crew visas and travel were seen. Impact on supply chain and logistics have been negligible. Management will continue to monitor the situation closely and adapt.

Going concern
The Company has sufficient funds to meet its future commitments and liabilities as they fall due, and participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent, Maersk Drilling A/S.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2-6. The Company meets its day-to-day working capital requirements through access to funds as part of the cash pooling arrangement that is administered through Maersk Drilling A/S, a fellow group company, which acts as an internal bank for the group. The Company has access to its own funds plus an overdraft limit on each account set as part of the contractual cash pooling terms and conditions.

Under the cash pooling arrangements, there is no cash held by the Company - all balances are 'swept' to Maersk Drilling A/S at the end of each business day. The Company therefore has a £nil cash balance and is wholly dependent on the cash pooling arrangements for access to the cash flows necessary for the day-to-day running of the Company and to support the going concern assertion.

DIRECTORS' REPORT (continued)

Going concern (continued)
The Company's forecasts and projections, which extend for a period of 12 months from the date of approval of these financial statements, taking account of reasonably possible changes in trading performance including the impact of COVID-19, show that the Company should be expected to be a net depositor into, rather than borrower from, the group cash pooling facility.

The Company has received confirmation from the Ultimate Parent Company – The Drilling Company of 1972 A/S that it will continue to provide financial support to the Company such that the Company is able to operate as a going concern and to settle its liabilities as they fall due for at least the next 12 months from the date of signing of the financial statements.

However, as detailed in note 17, the Ultimate Parent Company recently announced that it has entered into a definitive agreement to combine with Noble Corporation ("Noble") in a primarily all-stock transaction. The combined company will be named Noble Corporation, and its shares will be listed on the New York Stock Exchange and Nasdaq Copenhagen. The transaction is targeted to close in mid-2022.

The impact of such a transaction on the Group's financing arrangements is unknown to the company's Directors and a future change in control which is outside of the Directors' control indicates a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

On this basis, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis of accounting in preparing the annual financial statements. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

Principle risks and uncertainties
For the principal risks and uncertainties refer to the Strategic Report on page 3.

Employment policies
The Company is committed to ensuring that no discrimination is practised against any employee or prospective employee on the grounds of colour, race, creed, sexual orientation or gender. In particular the Company has a policy of giving full and fair consideration to applications for employment from registered disabled people. In cases where disablement occurs whilst in service, Company policy is, as far as possible, to continue employment and to arrange for any necessary re-training facilities. Opportunities for training, career development and promotion apply equally across the Company to disabled and non-disabled alike.

The Company has developed harmonised arrangements for communication and consultation with employees including an intranet web site, electronic mail for the announcement of key issues, staff newsletters and magazines and senior management briefings to staff.

Statement of disclosure of information to auditors
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make them aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Statement of Directors' responsibilities
The Directors are responsible for preparing the Annual Report and Audited Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

DIRECTORS' REPORT (continued)

Statement of Directors' responsibilities (continued)
The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

Directors' confirmations
In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors
Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

Approved by the Board of Directors on 21 December 2021 and signed on its behalf by:

Predrag Berlafa

Predrag Berlafa
Director

Eversheds House
70 Great Bridgewater Street
Manchester, M1 5ES
United Kingdom

Independent auditors' report to the members of Maersk Drilling UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Maersk Drilling UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Audited Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2020; the Statement of Profit and Loss and Other Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the company's ability to continue as a going concern. As recently publicly disclosed, the company's ultimate parent company, the Drilling Company of 1972, announced that it has entered into a definitive agreement to combine with Noble Corporation. The transaction is targeted to close in mid-2022. The impact of such a transaction on the Group's financing arrangements is unknown to the Company's Directors and a future change in control which is outside of the Directors' control indicates a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

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

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

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Tax legislation and Health and Safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal to increase revenue and profitability and management bias in estimates. Audit procedures performed by the engagement team included:

- Enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims and litigation, and instances of fraud;
- Understanding management's controls designed to prevent and deter irregularities;
- Review of board minutes;
- Challenging management on assumptions and judgements made in their significant accounting estimates; and
- Identifying and testing journal entries with specific focus on entries containing unusual account combinations in response to the risk of management override of controls

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

David R Morrice (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
21 December 2021

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2020

	Note	2020 $000	2019 $000
Continuing operations			
Turnover	3	**48,865**	76,729
Cost of sales		**(39,560)**	(65,211)
GROSS PROFIT		**9,305**	11,518
Administrative expenses		**(3,348)**	(5,808)
OPERATING PROFIT BEFORE NET FINANCE EXPENSES	4	**5,957**	5,710
Interest receivable and similar income	6	**45**	197
Interest payable and similar expenses	7	**(1,888)**	(1,409)
PROFIT BEFORE INCOME TAX		**4,114**	4,498
Income tax charge	8	**(847)**	(866)
PROFIT FOR THE FINANCIAL YEAR		**3,267**	3,632
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**3,267**	3,632

The notes on pages 17 to 28 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
as at 31 December 2020

	Note	2020 $000	2019 $000
ASSETS			
Non-current assets			
Right-of-use assets	9	**118**	11,112
Deferred tax	10	**130**	175
		248	11,287
Current assets			
Amounts owed by group undertakings	11	**19,533**	10,875
Trade debtors	11	**50**	5,707
Other debtors	11	**549**	1,363
Prepayments and accrued income	11	**366**	5,329
		20,498	23,274
TOTAL ASSETS		**20,746**	34,561
CAPITAL RESERVES AND LIABILITIES			
Capital and reserves			
Called up share capital	12	**1,000**	1,000
Profit and loss account		**17,171**	13,904
Total equity		**18,171**	14,904
Creditors: falling due after more than one year			
Lease liabilities	14	**109**	109
Other Provisions		**105**	106
		214	215
Creditors: falling due within one year			
Tax payables		**84**	193
Other Provisions		**72**	-
Trade creditors	13	**232**	795
Amounts owed to group undetakings	13	**108**	6,956
Other creditors including taxation and social security	13	**1,389**	507
Accruals and deferred income	13	**426**	2,039
Lease liabilities	14	**50**	8,952
		2,361	19,442
Total liabilities		**2,575**	19,657
TOTAL CAPITAL RESERVES AND LIABILITIES		**20,746**	34,561

STATEMENT OF FINANCIAL POSITION (continued)
as at 31 December 2020

The notes on pages 17 to 28 are an integral part of these financial statements.

The financial statements on pages 13 to 28 were approved by the Board of Directors on 21 December 2021 and were signed on its behalf by:

Predrag Berlafa

Predrag Berlafa
Director
Company registration number: 7672698

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2020

	Attributable to owners of the parent		
	Share capital $000	Retained earnings $000	Total equity $000
Balance at 1 January 2019	1,000	15,272	16,272
Profit for the financial year and total comprehensive income	-	3,632	3,632
Dividends to members ($5 per share)	-	(5,000)	(5,000)
Balance at 31 December 2019	**1,000**	**13,904**	**14,904**
Balance at 1 January 2020	**1,000**	**13,904**	**14,904**
Profit for the financial year and total comprehensive income	**-**	**3,267**	**3,267**
Balance at 31 December 2020	**1,000**	**17,171**	**18,171**

The notes on pages 17 to 28 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Maersk Drilling UK Limited (the "Company") is a private Company limited by shares incorporated and registered in England and Wales and domiciled in the United Kingdom. The registered office is Eversheds House, 70 Great Bridgewater Street, Manchester, M1 5ES and principal place of business is Aberdeen.

2 SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation
The financial statements of Maersk Drilling UK Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1 , 'Presentation of financial statements' comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1 :
  - paragraph 73(e) of IAS 16 Property, plant and equipment
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flow),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum or two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures)
- IAS 7, 'Statement or cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases

New standard and amendments and IFRIC interpretations
The Company has applied where applicable the following standards and amendments for the first time

for their annual reporting period commencing 1 January 2020:

Amendments to IAS 1 and IAS 8: Definition of Material

Amendments to IFRS 3: Definition of a Business

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

Amendments to References to the Conceptual Framework in IFRS Standards

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern

The Company has sufficient funds to meet its future commitments and liabilities as they fall due, and participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent, Maersk Drilling A/S.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2-6. The Company meets its day-to-day working capital requirements through access to funds as part of the cash pooling arrangement that is administered through Maersk Drilling A/S, a fellow group company, which acts as an internal bank for the group. The Company has access to its own funds plus an overdraft limit on each account set as part of the contractual cash pooling terms and conditions.

Under the cash pooling arrangements, there is no cash held by the Company - all balances are 'swept' to Maersk Drilling A/S at the end of each business day. The Company therefore has a £nil cash balance and is wholly dependent on the cash pooling arrangements for access to the cash flows necessary for the day-to-day running of the Company and to support the going concern assertion.

The Company's forecasts and projections, which extend for a period of 12 months from the date of approval of these financial statements, taking account of reasonably possible changes in trading performance including the impact of COVID-19, show that the Company should be expected to be a net depositor into, rather than borrower from, the group cash pooling facility.

The Company has received confirmation from the Ultimate Parent Company – The Drilling Company of 1972 A/S that it will continue to provide financial support to the Company such that the Company is able to operate as a going concern and to settle its liabilities as they fall due for at least the next 12 months from the date of signing of the financial statements.

However, as detailed in note 17, the Ultimate Parent Company recently announced that it has entered into a definitive agreement to combine with Noble Corporation ("Noble") in a primarily all-stock transaction. The combined company will be named Noble Corporation, and its shares will be listed on the New York Stock Exchange and Nasdaq Copenhagen. The transaction is targeted to close in mid-2022.

The impact of such a transaction on the Group's financing arrangements is unknown to the company's Directors and a future change in control which is outside of the Directors' control indicates a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

On this basis, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis of accounting in preparing the annual financial statements. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

Functional and presentation currency

These financial statements are presented in US dollar, which is also the Company's functional currency. All financial information presented in US dollar has been rounded to the nearest thousand.

Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded in the functional currency using the exchange rates prevailing at the date of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and other comprehensive income. Foreign exchange gains and losses are presented in the Statement of Profit or Loss and other comprehensive income within 'Administrative expenses'.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases
At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Assets acquired under finance leases, being leases that transfer substantially all the risks and rewards of ownership of an asset to the lessee, are capitalised and the outstanding future lease obligations are shown in liabilities. Operating lease rentals are charged to the Statement of Profit or Loss and other comprehensive income on a straight-line basis over the period of the lease. acquired under finance leases, being leases that transfer substantially all the risks and rewards of ownership of an asset to the lessee, are capitalised and the outstanding future lease obligations are shown in liabilities. Operating lease rentals are charged to the Statement of Profit or Loss and other comprehensive income on a straight-line basis over the period of the lease.

As a Lessee
The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

As a Lessee (continued)
The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Short-term leases and leases of low-value assets
The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

COVID-19 related rent concessions
The Company has applied COVID-19-Related Rent Concessions — Amendment to IFRS 16. The Company applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Company applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Company chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Company assesses whether there is a lease modification.

For contracts where the Company has chosen to apply the practical expedient, rent waivers granted have been treated as variable lease payments, and therefore a credit has been recognised in the profit and loss account.

As a Lessor
At inception or on modification of a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Impairment charges
The carrying amounts of the Company's assets, other than deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit or Loss and other comprehensive income.

Trade and other receivables
Trade receivables are amounts due from customers in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Overdrafts are reported in current liabilities. For the purposes of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Impairment of financial assets
The Company recognises impairment by calculating the expected credit losses (where applicable) using one of the following two approaches:

- For assets where the credit risk has not significantly changed since initial recognition, a credit loss allowance is calculated by assessing the credit risk for the next twelve months.
- For assets where the credit risk has significantly changed since initial recognition, a credit loss allowance is calculated by assessing the lifetime credit risk.

Credit risk allowances are recognised directly in the income statement.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the year. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the Statement of Financial Position.

Provisions
A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

Employee benefits
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the Statement of Profit or Loss and other comprehensive income when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. An asset or liability may result from advance payments or payments due, respectively, to a defined contribution fund.

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

Turnover recognition
Turnover represents the amount receivable in respect of day rate and tariff from rig operations and management and is recognised on an accruals basis on delivery of the related services. Turnover is measured at the fair value of the consideration received or receivable.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses
Operating lease payments:
Payments made under operating leases are recognised in the Statement of Profit or Loss and other comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Profit or Loss and other comprehensive income as an integral part of the total lease expense.

Where the Company has a legal obligation arising under the terms of an operating lease, provision is made for maintenance and dry dock overhauls. The provisions are discounted to present value, calculated on current factors including the lease terms and latest yard costs.

Net financing costs:
Net financing costs comprise interest payable, interest receivable on funds invested and foreign exchange gains and losses on financial assets and financial liabilities that are recognised in the Statement of Profit or Loss and other comprehensive income.

Interest income and interest payable is recognised in the Statement of Profit or Loss and other comprehensive income as it accrues, using the effective interest method.

Income taxes
Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of Profit or Loss and other comprehensive income except to the extent that it relates to items recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Dividend paid
Dividends are recognised as a liability in the Statement of Financial Position in the year in which they are declared.

Critical accounting estimates and judgements
The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are detailed below.

Recoverability of certain assets/impairment calculations:
All assets are reviewed to assess their recoverable value. Where the book value of the asset is believed to be higher than the recoverable value, an impairment of the asset is immediately recognised and a charge made to the Statement of Profit or Loss and other comprehensive income.

Finance and operating leases:
Each lease, when entered into, is assessed using the guidelines in IFRS 16 'Leases', to determine whether the lease is a finance or operating lease. The lease is then accounted for in the appropriate manner.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting estimates and judgements (continued)

Recoverability of amounts owned by group undertakings:
The Company assesses the recoverability of intercompany debtors on an annual basis, as well as assessing the need to raise expected credit losses on these financial assets. The recoverability of amounts owned by group undertakings is also assessed by comparing the value of the debtor to the net assets of the company which owes the debt. If these net assets are not sufficient then a comparison to the forecast discounted future cash flows of the entity is performed to assess whether this is sufficient to support the level of the asset. In cases where the full amount of the asset is not supported by this forecasted amount then a provision is recorded for the value of the asset that is not supportable. The forecast future cash flows are based on various recovery scenarios available to the parent and subsidiaries.

3 TURNOVER

	2020 $000	2019 $000
Analysis of turnover by geography:		
United Kingdom	**48,865**	38,627
Netherlands	**-**	38,102
	48,865	76,729
Analysis of turnover by category:		
Rendering of services	**39,962**	51,989
Lease revenue	**8,903**	24,740
	48,865	76,729

Revenue from drilling activities, is recognised in accordance with the agreed day rates for the work performed to date. The day rates include both lease revenue and service fees related to the activities of the Company.

4 OPERATING PROFIT BEFORE NET FINANCE EXPENSES

Expenses by nature The operating profit before net finance expenses is stated after charging/(crediting):	2020 $000	2019 $000
Bareboat and management fees	**9,200**	18,958
Net foreign exchange (gain)/loss	**(45)**	74

Auditors' remuneration

Included in administrative expenses are the following:

	2020	2019
Audit fee payable to the Company's auditors	**50**	31

Bareboat and management fees include recharges of operational expenses related to stacked rigs during the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 STAFF COSTS

The monthly average number of persons employed by the Company during the year, analysed by category, was as follows;

	2020 No.	2019 No.
Administration	**26**	27

	2020 $000	2019 $000
Wages and salaries	**3,037**	4,195
Social security costs	**334**	416
Other pension costs	**331**	441
	3,702	5,052

Directors

The Directors neither received nor waived any emoluments during the year from the Company (2019: nil). Their remuneration is allocated to companies in the A.P.Moller-Maersk group as part of an overall management charge and therefore it is not possible to determine the elements of Directors' remuneration relevant to this Company in a practical manner.

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 $000	2019 $000
Other borrowing interest income	**45**	197
	45	197

7 INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 $000	2019 $000
Net foreign exchange loss on liquid funds and cash pool	**1,610**	417
Other interest expense	**190**	33
Bank charges	**10**	10
Interest on lease liability	**78**	949
	1,888	1,409

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 INCOME TAX CHARGE

Tax charge included in profit or loss	2020 $000	2019 $000
Current tax:		
Current year	**770**	879
Tax provision, prior year adjustments	**(13)**	(32)
	757	847
Double taxation relief	**-**	(114)
After double taxation relief	**757**	733
Foreign taxation	**45**	139
	802	872
Deferred tax:		
Current year tax adjustment	**66**	(6)
Effect of tax rate change on opening balance	**(21)**	-
Income tax charge	**847**	866

Tax expense for the year is higher (2019: tax charge was higher) than the standard rate of corporation tax in UK for the year ended 31 December 2020 of 19% (2019: 19%). The differences are explained below:

	2020 $000	2019 $000
Profit before income tax	**4,114**	4,498
Profit before income tax multiplied by the standard rate of tax in the UK of 19% (2019: 19%)	**782**	854
Effects of:		
- Expenses and income not deductible for tax purposes	**6**	(3)
- Foreign tax credits	**45**	25
- Adjustments in respect of prior years	**2**	(28)
- Adjust deferred tax to average rate of 19%	**(21)**	1
- Current tax (current & prior period) exchange difference arising on movement between opening and closing spot rates	**33**	17
Total tax charge	**847**	866

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the Company's future current tax charge accordingly.

In the March 2021 Budget, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). As the proposal to increase the rate at 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 RIGHT-OF-USE ASSETS

	Maersk Rig $000	Land & Buildings $000	Total $000
Cost			
Opening balance as at 1 January 2020	32,630	354	32,984
Closing balance as at 31 December 2020	32,630	354	**32,984**
Accumulated depreciation			
Opening balance as at 1 January 2020	(21,754)	(118)	(21,872)
Charge for the year	(10,876)	(118)	(10,994)
Closing balance as at 31 December 2020	(32,630)	(236)	**(32,866)**
Net balance as at 31 December 2020	**-**	**118**	**118**
Net balance as at 31 December 2019	10,876	236	11,112

10 DEFERRED TAX

	2020 $000	2019 $000
Deferred tax assets are attributable to the following:		
Capital allowances	**130**	175

The deferred tax asset will be utilised against future taxable profits or through the surrender of group relief.

Movement in temporary differences during the year

	2020			2019		
	Balance Opening $000	Recognised in 2020 $000	Balance Closing $000	Balance Opening $000	Recognised in 2019 $000	Balance Closing $000
Capital allowances	175	**(45)**	**130**	169	**6**	**175**

11 TRADE AND OTHER RECEIVABLES

Amounts owed by group undertakings relates to cash pool and amounts relating to services provided.

The Company participates in a central cash management system maintained under the overall group treasury strategy. At the end of each day, funds in some of the Branch's own bank accounts are placed in a central bank account managed by its immediate holding, on behalf of the ultimate holding corporation. Funds under this arrangement have been classified as cash and cash equivalents (to changes to amount owed by/owed to group undertakings). The account balance with the immediate holding corporation is unsecured, interest-bearing and calculated based on a reference rate (e.g. Libor or Eonia) plus a spread (margin).

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 CALLED UP SHARE CAPITAL

	2020 $000	2019 $000
Allotted, called up and fully paid:		
1,000,000 (2019: 1,000,000) ordinary shares of $1 each	**1,000**	1,000

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital (2019: nil).

13 TRADE AND OTHER CREDITORS

Amount owed to group undertakings relates to payables for services received. Amount owed to group undertaking is unsecured, interest-bearings and calculated based on a reference rate (e.g. Libor or Eonia) plus a spread (margin).

14 LEASE LIABILITIES

The Company leases various plant and machinery under cancellable operating lease agreements. The lease expenditure charged to the Profit and Loss Account during the year was $nil (2019: $112k).

At the Balance Sheet date, the Company has outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Leases under IFRS 16

Maturity analysis - contractual undiscounted cash flows	2020 $000	2019 $000
Less than one year	**50**	8,952
More than five years	**109**	109
Total undiscounted lease liabilities at 31 December 2020	**159**	9,061

Lease liabilities included in the Balance Sheet at 31 December 2020

	2020	2019
Current	**50**	8,952
Non-current	**109**	109

NOTES TO THE FINANCIAL STATEMENTS (continued)

14 LEASE LIABILITIES (CONTINUED)

As a lessor

Operating leases

The Company sub-leases the Bare-boat charter in the Right-of-use assets which is classified as an operating lease.

During the year $8,903k (2019: $24,740k) was recognised as rental income by the Company and was included in turnover in the Profit and Loss Account.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

Finance leases under IFRS 16	**31 December 2020 $000**	**31 December 2019 $000**
Less than one year	-	8,904
Total undiscounted lease payments receivable	-	8,904

15 PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to $nil (2019: $441k). Contributions totalling $5k (2019: $nil) were payable to the fund at the balance sheet date.

16 CONTROLLING PARTIES

Immediate holding company
Maersk Drilling UK Limited's immediate holding company is Maersk Drilling Services A/S, a company incorporated in Denmark. The registered address for Maersk Drilling Services A/S is 50 Esplanaden, 1098 Copenhagen, Denmark.

Ultimate holding company
On 4th April 2019, Maersk Drilling A/S demerged from the A.P.Moller-Maersk Group and was listed on Nasdaq Copenhagen independently. The ultimate holding company at 31 December 2020 was The Drilling Company of 1972 A/S, a company incorporated in Denmark. The registered address for The Drilling Company of 1972 A/S, is Lyngby Hovedgade 85, 2800 Kgs. Lyngby.

Copies of the consolidated financial statements can be obtained from the Company's website at www.maerskdrilling.com.

17 POST BALANCE SHEET EVENT

During November 2021, the Ultimate Parent Company announced that it has entered into a definitive agreement to combine with Noble Corporation ("Noble") in a primarily all-stock transaction. The combined company will be named Noble Corporation, and its shares will be listed on the New York Stock Exchange and Nasdaq Copenhagen. The transaction is targeted to close in mid-2022.