Telford Finco

Directors' report and consolidated financial statements for the year ended 31 December 2024

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Telford Finco

Directors' report

The Directors submit their report together with the audited consolidated financial statements of Telford Finco (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 December 2024.

Incorporation and registered office

Telford Finco was incorporated as an exempted limited liability company in the Cayman Islands on 30 September 2024.

The registered office of the Company is c/o Appleby Global Services (Cayman) Limited, 71 Fort Street, PO Box 500, Grand Cayman, KYl-1006, Cayman Islands.

The registered office of the Group is Mazaya Business Avenue AAl, Jumeirah Lake Towers, Dubai, United Arab Emirates.

Principal activities

The Group is an owner and operator of a fleet of DP3 multipurpose support vessels (MPSV's) providing Accommodation, Construction and Pipelay services to the offshore oil & gas Industry.

Results for the year

During the year 2024, the Group reported revenue of USD 135,586 thousand (2023: USD 151,909 thousand) and profit for the year was USD 23,836 thousand (2023: USD 25,947 thousand).

Directors

The directors who served on the Board of Directors of the Company during the year and up to date of this report are:

Mr. Andrew John Robertson (appointed on 30 September 2024)
Mr. Robert William Duncan (appointed on 30 September 2024)

Auditors

The consolidated financial statements have been audited by PricewaterhouseCoopers Limited Partnership Dubai Branch who retire and, being eligible, offer themselves for reappointment.

On behalf of the Board of Directors

……………………………………….
Robert William Duncan
Director
Dubai, United Arab Emirates

21 April 2025

Independent auditor's report to the shareholder of Telford Finco

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Telford Finco (the "Company") and its subsidiaries (together, the "Group") as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated 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 are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other information

The directors are responsible for the other information. The other information comprises the Directors' report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Independent auditor's report to the shareholder of Telford Finco (continued)

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

PricewaterhouseCoopers Limited Partnership Dubai Branch

PricewaterhouseCoopers

Dubai, United Arab Emirates
21 April 2025

Telford Finco

Consolidated statement of financial position

	Note	31 December 2024 USD'000	31 December 2023 USD'000	1 January 2023 USD'000
ASSETS				(Restated)*
Non-current assets				
Property, plant and equipment	5	199,153	194,124	216,293
Intangible assets	6	18	95	190
Right of use assets	7(a)	214	299	602
		199,385	194,518	217,085
Current assets				
Inventories	8	1,664	2,183	669
Trade receivables	9.1	20,591	26,319	23,046
Other current assets	9.2	9,927	939	1,392
Unbilled revenue and other receivables	9.3	12,317	1,928	5,646
Cash at bank – restricted	10.1	9,675	-	-
Cash and cash equivalents	10.2	30,463	38,333	7,533
		84,637	69,702	38,286
Total assets		284,022	264,220	255,371
EQUITY AND LIABILITIES				
EQUITY				
Share capital	11.1	-	-	-
Additional capital contribution*	11.2	101,008	321,008	-
Accumulated losses		(65,295)	(90,947)	(116,894)
Total equity		35,713	230,061	(116,894)
LIABILITIES				
Non-current liabilities				
Borrowing	13	163,548	-	-
Provision for employees' end-of-service benefits	14	571	550	803
Lease liabilities	7(b)	-	135	292
		164,119	685	1,095
Current liabilities				
Trade and other payables	15	43,041	32,071	30,152
Borrowing	13	32,755	-	-
Loan from a related party*	17	-	-	338,619
Due to a related party	17	7,488	-	-
Lease liabilities	7(b)	147	100	244
Income tax liabilities	16	759	1,303	2,155
		84,190	33,474	371,170
Total liabilities		248,309	34,159	372,265
Total equity and liabilities		284,022	264,220	255,371

** For restatement refer to Note 26.*

The consolidated financial statements were approved for issue by the Board of Directors on **21 April 2025**
and signed on its behalf by:

Robert William Duncan
Director

Andrew John Robertson
Director

Telford Finco

Consolidated statement of comprehensive income

	Note	Year ended 31 December 2024 USD'000	2023 USD'000
Revenue	18	135,586	151,909
Cost of sales	19	(80,824)	(97,849)
Gross profit		54,762	54,060
General and administrative expenses	20	(18,279)	(22,425)
Marketing expenses		(97)	(87)
Impairment losses on financial assets	9.1	(5,678)	(883)
Operating profit		30,708	30,665
Finance income	22	256	707
Finance costs	22	(4,360)	(1,320)
Finance costs – net		(4,104)	(613)
Profit before income taxes		26,604	30,052
Income tax expense	16	(2,768)	(4,105)
Profit for the year		23,836	25,947
Other comprehensive income		-	-
Total comprehensive income for the year		23,836	25,947

Consolidated statement of changes in equity

	Share capital (Note 11.1) USD'000	Additional capital contribution USD'000	Accumulated losses USD'000	Total USD'000
Balance at 1 January 2023	-	338,619	(116,894)	221,725
Restatement (Note 26)	-	(338,619)	-	(338,619)
Restated balance at 1 January 2023 *	**-**	**-**	**(116,894)**	**(116,894)**
Additional capital contribution (Note 11.2) *	-	338,669	-	338,669
Distribution (Note 11.2)	-	(17,661)	-	(17,661)
Total comprehensive income for the year	-	-	25,947	25,947
As at 31 December 2023	**-**	**321,008**	**(90,947)**	**230,061**
Distribution (Note 11.2)	-	(220,000)	-	(220,000)
Share based payment (Note 12)		-	1,816	1,816
Total comprehensive income for the year	-	-	23,836	23,836
As at 31 December 2024	**-**	**101,008**	**(65,295)**	**35,713**

* *For restatement refer to Note 26.*

Telford Finco

Consolidated statement of cash flows

	Note	Year ended 31 December 2024 USD'000	2023 USD'000
Cash flows from operating activities			
Profit before income taxes		26,604	30,052
Adjustments to reconcile profit before income taxes to net cash provided by operating activities			
Depreciation of property, plant and equipment	5	41,442	35,282
Depreciation of right-of-use assets	7	186	303
Amortisation charge on intangible assets	6	99	95
Employees end of service benefits	14	439	199
Interest on loan from parent company	17	-	1,227
Borrowing cost	13	3,769	-
Interest expense on lease liability	7	34	93
Share based payments	12	1,816	-
Impairment losses on financial assets	9.1	5,678	883
Finance income	22	(256)	(707)
Operating profit before working capital changes		79,811	67,427
Decrease/(increase) in inventories		519	(1,514)
Decrease/(increase) in trade receivables		50	(4,156)
(Increase)/decrease in other current assets		(8,988)	453
(Increase)/decrease in unbilled revenue and other receivables		(10,389)	3,718
Increase in trade and other payables		10,970	1,969
Cash generated from operating activities		71,973	67,897
Income tax paid	16	(3,312)	(4,957)
Finance income received	22	256	707
Employees' end-of-service benefits paid	14	(418)	(452)
Net cash generated from operating activities		68,499	63,195
Cash flows from investing activities			
Payment for property, plant and equipment	5	(46,471)	(13,113)
Payment for intangible assets	6	(22)	-
Net cash used in investing activities		(46,493)	(13,113)
Cash flows from financing activities			
Deposit to restricted bank account	10.1	(9,675)	-
Proceeds from bonds borrowing	13	192,534	-
Distribution to shareholder	11.2	(212,512)	(17,661)
Loan from related party received		-	14,500
Repayment of loan to related party		-	(15,727)
Payment of lease liabilities	7(b)	(223)	(394)
Net cash used in financing activities		(29,876)	(19,282)
(Decrease)/increase in cash and cash equivalents		(7,870)	30,800
Cash and cash equivalents at the beginning of the year		38,333	7,533
Cash and cash equivalents as at end of the year	10.2	30,463	38,333

Non-cash transactions:

	2024 USD'000	2023 USD'000
Additional capital contribution (Note 11.2) *	-	338,619

1 General information

Telford Finco (the "Company"), an exempted company with limited liability was incorporated on 30 September 2024 in the Cayman Islands. The Company is wholly owned subsidiary of MAM Telford Holdings Ltd. (the "Parent Company"), a limited liability company, incorporated in the Cayman Islands. The Company and its subsidiaries are together referred as "the Group".

Merced Partners Limited Partnership (the "ultimate parent company") is a private investment firm based in the United States of America. Before 10 February 2023, it held a 23.60% stake in Telford Offshore Holdings Limited, Cayman Islands (TOHL), while the remaining ownership was distributed among other shareholders, none of whom held more than a 20% stake. TOHL was the sole owner of its subsidiary, Telford Offshore Limited, Cayman Islands (TOL), which in turn fully owned Telford Offshore International Limited, Cayman Islands (TOIL). These entities had multiple direct and indirect subsidiaries, as listed in table below.

TOL had issued senior secured bonds in the year 2018, with the ultimate parent company holding the majority of these bonds. As security for the bonds, all assets of the Group, including the shares of TOIL, were pledged. In 2022, TOL defaulted on the bond repayment, leading the security agent to take control of TOIL's shares, as per the bond agreement between the security agent and TOL.

Through a bidding process, the ultimate parent company acquired TOIL's shares and transferred their ownership to its newly created entity, MAM Telford Holding Limited, Cayman Islands. The restructuring was completed in 2023 after the legal transfer of TOIL's ownership on 10 February 2023. Since then, the Group has been 100% controlled by Merced Partners Limited Partnership, the ultimate parent company.

Subsequent to the transfer of TOIL's ownership to MAM Telford Holdings Limited (the "parent company"), TOHL and TOL were liquidated in 2023. Consequently, all past loans provided by TOL to its subsidiary (TOIL) prior to the restructuring were extinguished by the parent company. As a result, these loans were converted into equity as an additional capital contribution (Note 11.2) in the TOIL consolidated financial statements.

In September 2024, the Company was incorporated as fully owned subsidiary of MAM Telford Holdings Limited with the sole objective to raise funds through the bond market and holding 100% interest in TOIL. In October 2024, the shares of TOIL held by MAM Telford Holdings Limited was transferred to the Company at book value.

The Company's registered office is c/o Appleby Global Services (Cayman) Limited, 71 Fort Street, P.O. Box 500, Grand Cayman KY1-1106, Cayman Islands. The Group's head office is in Mazaya Business Avenue AAl, Jumeirah Lake Towers, Dubai, United Arab Emirates.

In November 2024, the Company has issued 11% USD 200 million senior secured bonds, payable semi-annually from the Norway Capital Market (Note 13). The funds were utilised for distribution to its shareholder and general corporate purposes (Note 11.2). As per the bond agreement between the Company and bond trustee (Nordic Trustee, Norway), the bonds shall be listed with Nordic ABM within six months from issuance of the bonds.

1 General information (continued)

The Group is an owner and operator of a fleet of DP3 multipurpose support vessels (MPSV's) providing Accommodation, Construction and Pipelay services to the offshore oil &gas Industry.

The consolidated financial statements are composed of subsidiaries as on 31 December 2024 and 31 December 2023, as detailed in the table below:

Entity Legal Name	Principal activity	Country of incorporation	Shareholding
Telford Offshore International Ltd	Intermediate holding company	Cayman Islands	100%
Telford Offshore Support Ltd	Intermediate holding company	Cayman Islands	100%
Telford Offshore Global Ltd	Intermediate holding & contracting company	Cayman Islands	100%
Telford Offshore Contracting Ltd	Intermediate holding company and contracting	Cayman Islands	100%
Telford Offshore Marine Ltd	Intermediate holding Company of DP3 fleet	Cayman Islands	100%
Telford 25 Ltd	Owner of Telford 25	Cayman Islands	100%
Telford 28 Ltd	Owner of Telford 28	Cayman Islands	100%
Telford 30 Ltd	Owner of Telford 30	Cayman Islands	100%
Telford 31 Ltd	Owner of Telford 31	Cayman Islands	100%
Telford 34 Ltd	Owner of Telford 34	Cayman Islands	100%
Telford Offshore FZE	Project management services & contracting company	United Arab Emirates	100%
Telford Marine DMCC	Project management services & contracting company	United Arab Emirates	100%
Telford Offshore Nigeria Ltd	Project management company	Nigeria	100%
Telford Offshore Netherlands Cooperatie UA	Project management company	The Netherlands	100%
Telford Offshore Contracting BV	Project management company	The Netherlands	100%
Telford Offshore Contracting de México, S. de R.L. de C.V	Project management services & contracting company	Mexico	100%
BUT Telford Offshore FZE	Project management company	Indonesia	100%
Telford Offshore Australia Pty Ltd	Project management company	Australia	100%
Telford Offshore Trading and Services Middle East LLC	Project management services & contracting company	Qatar	100%
Telford Offshore QFC LLC	Project management company	Qatar	100%
Telford Offshore (Angola), LDA	Project management services & contracting company	Angola	100%
Offshore Ghana LTD	Project management company	Ghana	100%

2 Material accounting policy information

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements are prepared under the historical cost convention.

As described in Note 1, Telford Finco is a newly incorporated entity which became the parent of the existing group of entities headed by TOIL. The incorporation of the new parent is a transaction under common control accounted for by applying capital reorganisation principles. Therefore, these consolidated financial statements of the Group represent the continuation of the consolidated financial statements of TOIL as there is no change in the substance of the reporting entity as a result of the reorganisation. The consolidated financial statements of the new entity Telford Finco are presented using the values from the consolidated financial statements of the TOIL Group for all periods presented. The issued share capital as of 31 December 2024 reflects that of Telford Finco (Note 11.1), with other amounts (additional capital contribution and accumulated losses) being those from the consolidated financial statements of the previous holding entity TOIL.

The most recent previous consolidated financial statements of TOIL Group in accordance with IFRS were presented for the year ended 31 December 2022. For the year ended 31 December 2023, consolidated financial statements in accordance with IFRS were presented by MAM Telford Holding Limited (the parent company). Therefore, these consolidated financial statements for the year ended 31 December 2024, which are prepared on a capital reorganisation basis as a continuation of TOIL Group consolidated financial statements, are prepared by applying IFRSs retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, as if TOIL Group has never stopped applying IFRSs. There were no changes in the accounting policies applied in these consolidated financial statements for the year ended 31 December 2024 as compared to those applied in the consolidated financial statements of TOIL Group for the year ended 31 December 2022.

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

2 Material accounting policy information (continued)

2.1 Basis of preparation (continued)

(a) New standards and interpretations adopted by the Group

The following standards and amendments apply for the first time to financial reporting periods commencing on or after 1 January 2024:

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024)
- Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024)
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023)

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

(b) New standards and interpretations issued by not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

- Amendments to IAS 21 - Lack of Exchangeability (Effective for annual reporting periods beginning on or after 1 January 2025)
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (Effective for annual reporting periods beginning on or after 1 January 2026)
- IFRS 18, ‘Presentation and Disclosure in Financial Statements’ (Effective for annual reporting periods beginning on or after 1 January 2027)
- IFRS 19, ‘Subsidiaries without Public Accountability: Disclosures’ (Effective for annual reporting periods beginning on or after 1 January 2027)

2 Material accounting policy information (continued)

2.2 Basis of consolidation

Subsidiaries are all entities (Note 1) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date when control ceases.

If the Company loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated.

2.3 Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.4 Capital work-in-progress

Properties and vessels under the course of construction, are carried at cost, less any recognised impairment loss. Cost includes materials, supervision fees, professional fees and related expenses. Depreciation of the assets commences when the assets are ready for their intended use and transferred to either fleet or other class of assets depending on the nature of property and equipment.

Dry-docking

Upon acquisition of a vessel, the significant components of the vessel which are required to be replaced at the next dry-docking are identified and these costs are depreciated over the period to the next estimated dry-docking date. Material costs incurred on the subsequent dry-docking of vessels are capitalised within the fleet and depreciated over four to five years to the next estimated dry-docking date. When significant dry-docking costs are incurred prior to the expiry of the depreciation period, the remaining costs of the previous dry-docking are written off immediately. The cost incurred for periodical dry docking or major overhauls of the vessels are identified as a separate inherent component of the vessels.

2 Material accounting policy information (continued)

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of property and equipment to their residual values over their estimated useful lives, as follows:

	Years
Fleet	20
Dry docking (included within fleet in Note 5)	4-5
Office equipment	3 to 10
Leaseholds improvements	3 to 10

Major dry docking is capitalised when incurred and is depreciated over the period until the next dry docking, which is normally four to five years. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting 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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

Where the carrying amount of property and equipment is greater than its recoverable amount, it is written down immediately to its recoverable amount (Note 2.3).

2.6 Inventories

Inventories comprises of bunker fuel and are valued at the lower of cost and net realisable value. Cost is determined on the weighted average basis and the cost of inventory comprises purchase price, other direct costs and related overheads in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to make the sale.

2 Material accounting policy information (continued)

2.7 Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain a significant financing component when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are amounts due from customers for goods sold and services performed 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.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash at bank with original maturities of three months or less.

2.9 Provision for employees' end of service benefits

Provision for employees' end of service benefits for employees of the Group is made in accordance with local labour laws. The provision is calculated in accordance with the projected unit method as per IAS 19 'Employee Benefits' taking into consideration the local labour laws.

The present value of defined benefit obligations is calculated using assumptions on the average annual rate of increase in salaries, average period of employment and an appropriate discount rate. The assumptions used are calculated on a consistent basis for each period and reflects management's best estimates. The discount rates are set in line with best available estimates of market yields currently available at the reporting date with reference to high quality corporate bonds or other basis, if applicable. Provision is also made for the estimated liability for employees' unused entitlements to annual leave, performance related bonus and air fare as a result of services rendered by eligible employees up to the reporting date.

The provision relating to these aspects is disclosed as current liability and included in trade and other payables, while that relating to end of service benefits is disclosed as a non-current liability

The provision relating to the annual leave and leave passage is disclosed as a current liability and included in “Trade and other payables,” while that relating to end of service benefits is disclosed as a non-current liability.

2 Material accounting policy information (continued)

2.10 Share based payments

MAM Telford Holdings Limited (the "Parent Company) introduced a share-based payment for the eligible employees of the Group. In exchange for the services received from the employees, the plan awards the employees with equity instruments (non-voting Class B Shares) in the parent company. These shares are awarded directly by the parent company and provide eligible employees with the right to receive dividends on the vested shares and upon the occurrence of certain events (Tag-along & Drag-along Sale and Public Offering/Reorganization) receive the fair value of the vested shares. The eligible employees will ultimately receive cash for holding the Class B shares only on the occurrence of the event.

As the Company and its underlying subsidiaries are only receiving services from the employees and has no obligation to settle the awards either in its own shares or in cash, the arrangement is accounted for as an equity settled share-based payment in the Company's consolidated financial statements. The grant date fair value of share-based payments awards granted to the employees is recognised as an employee expense within "Staff Costs", with a corresponding credit recognised within "Accumulated losses" in the statement of changes in equity. The credit to the "Accumulated losses" is accounted as a contribution from the parent company as the parent company is compensating the Company's and its underlying subsidiaries' employees with share-based payment award with no recharge to the Company.

The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. Non market vesting conditions such as the occurrence of an event, will impact the vesting of the expense.

As such, if no event is expected to occur, the expenses will be reversed but only to the extent of dividends paid. Adjustments to the original estimates, if any, are recognised in the profit or loss over the remaining vesting period, so that the cumulative expense reflects the revised estimate.

For more details on the share-based payment refer to Note 12.

2 Material accounting policy information (continued)

2.11 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Transaction costs include loan processing fee, legal cost, discount, premium payable on repayment, etc. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires) by the lenders. If the Group has the unconditional right to avoid settlement of the loan in cash, by another financial asset, or in a variable number of equity instruments, such loan from the parent company meets the definition of an equity instrument. Loan extinguished by the parent company is recognised as additional capital contribution under equity.

Borrowings are classified as current liabilities unless the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.12 Share capital

Ordinary shares are classified as equity.

2.13 Additional capital contribution

Any capital contribution by the parent company over and above share capital is classified as additional capital contribution. Additional capital contribution has arisen out of extinguishment of loan by the shareholder – see Note 2.20. The balance of additional capital contribution is interest-free, unsecured, and repayable at the discretion of the Board of Director of the Group. Accordingly, any distribution made by the Group is recognised as reduction of additional capital contribution.

2.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade payables and amount due to a related party are classified as current liabilities if payment is due within one year or less. Trade and other payables and amount due to a related party are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 Material accounting policy information (continued)

2.14 Trade and other payables (continued)

Amount due to/from related parties arise from transactions between the Group and its related parties conducted in the ordinary course of business. These may include the purchase or sale of goods and services, as well as the transfer of funds between entities within the Group or to/from other related parties. Such balances are typically unsecured, interest-free (unless stated otherwise), and are settled in cash, depending on the agreed terms between the parties.

2.15 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognised in the consolidated statement of comprehensive income to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and the revenue and costs, if applicable, can be measured reliably.

Revenue of the Group includes operating lease income, catering revenue and other revenue

(a) Operating lease income

The Group operates the fleet of vessels which are contracted out to customers on a charter hire day rate basis. The charter hire of the vessels includes the crew and equipment being supplied by the Group, whereby they operate under the instruction of the customer. Alongside the day rates, these contracts have mobilisation and demobilisation fees which are priced and charged separately. Mobilisation is the process which is undertaken by a vessel in order for it to be readied for work and delivered to the site where operations are to take place. Demobilisation happens after the contract is completed, and is when the vessel is transported back to port and is stripped back from operational readiness.

The contracts tend to vary from 1 month to 12 months in length but have extension options which are specifically detailed in the contract. The day rates are billed to the customers monthly, and the mobilisation and demobilisation fees are billed as and when occurred.

Operating lease income from chartered vessels is charged on a daily rate and recognised based on the number of days vessels are used over the lease term. When the Group provides incentives to its customers, the cost of the incentives are recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Operating lease income from the charter hire is recognised on a straight line basis over the course of the contract period. Mobilisation and demobilisation activities do not constitute delivery of a separate service to the customers but are necessary to fulfill the above services mentioned. Accordingly, mobilisation and demobilisation fees are recognised over the course of the lease contract using the straight line method.

2 Material accounting policy information (continued)

2.15 Revenue recognition (continued)

(b) Catering revenue

The catering services relate to food and beverages provided to the customer's personnel onboard during the charter hire contract period, as agreed between the customer and the Group. The Group's performance obligation is to supply food and beverages at a fixed unit price determined at the time of signing the agreement. The Group acts as the principal in this arrangement, as it is the primary obligor, exercises discretion in selecting suppliers, and is involved in defining product and service specifications.

Revenue is recognised at a point in time when the performance obligation is satisfied, i.e., upon the supply of food and beverages to the customer. Average payment term for invoice billed to the customer is 30 to 60 days.

(c) Other revenue

Included in other revenue are recharges of fuel costs, port charges, equipment handling charges, communication charges and other ancillary services provided onboard, which represent costs initially incurred and paid by the Group and subsequently recharged to the customer. Revenue from these recharges is recognised overtime when the services are provided, as this is when the performance obligation is satisfied, and control of the services is considered to have transferred to the customer. The Group acts as the principal in this arrangement, as it is the primary obligor, exercises discretion in selecting suppliers, and is involved in defining product and service specifications. These revenue are invoiced to the customer on monthly basis as per agreement. Average payment term for invoice billed to the customer is 30 to 90 days.

Deferred revenue and unbilled revenue

Unbilled revenue represents the accrued operating lease rental not yet billed to the customers at the reporting date. Customers are typically billed on the last day of specific periods that are contractually agreed upon for the above services provided to the customer. Where there is delay in billing, accrued and unbilled revenue is recognised and presented as part of 'Unbilled revenue and other receivables' for any services rendered where clients have not yet been billed (see *Note 9.3)*.

Lump sum payments are sometimes received at the outset of a contract for equipment moves or modifications (i.e. during vessel mobilisation). These lump sum payments give rise to deferred revenue which is recognised as part of 'Trade and other payables' (see *Note 15*).

2.16 Foreign Currency translation

(a) Functional and presentation currency

The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries, and the Group's presentation currency, is USD. The consolidated financial statements are presented in USD, which is the Group's presentation currency.

2 Material accounting policy information (continued)

2.16 Foreign Currency translation (continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are generally recognised in consolidated statement of comprehensive income under finance cost.

(c) Subsidiary

The majority of the Group's transactions take place in United States Dollar ("USD"), as significantly all revenue contracts are denoted in this currency. There are some transactions and balances that are held in foreign currency as disclosed in Note 3.1.1(a).

Management have analysed each subsidiary's economic environment and determined that the functional currency of all subsidiaries is USD. As such, there is no foreign currency translation reserve, and gains and losses on foreign currency movements are recognised directly to the consolidated statement of comprehensive income.

2.17 Leases

The Group as lessee

The Group leases office space. Rental contracts are typically made for fixed period of 1 year to 5 years.

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for certain short-term leases (defined as leases with a lease term of 12 months or less).

Payment associated with property lease of low-value assets and short-term leases are recognised on a straight-line basis as an expense in profit or loss.

Assets and liabilities arising from a lease are initially measured on present value. Lease liabilities include the net present value of the fixed annual rent payable as per lease agreement.

The right-of-use assets comprise the initial measurement of the corresponding lease liability. They are subsequently measured at cost less accumulated depreciation and impairment losses. It is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

2 Material accounting policy information (continued)

2.17 Leases (continued)

The Group as lessor

The Group is a lessor in a lease (charter contracts) which does not transfers substantially all the risks and rewards incidental to ownership to the lessee (i.e. operating lease). Lease payments from operating leases are recognised as operating lease income on a straight-line basis based on the daily rates over the term of the relevant lease (Note 2.15).

The lease contracts tend to vary from 1 month to 12 months in length but have extension options which are specifically detailed in the contract. There is no performance guarantee issued to the customers and billing to the customers are collected with 30 to 60 days.

2.18 Income taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances based on the most likely amount of the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Tonnage tax

In certain countries corporate taxes are levied based on a tonnage tax regime, computed on the total revenue generated in each respective country by reference to the net tonnage of the fleet.

2.19 Financial assets

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss.

The Group has the following financial assets: cash and cash equivalents, trade receivables, and other receivables (excluding prepayments, unbilled revenue and advances to suppliers). These financial assets are classified at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

2 Material accounting policy information (continued)

2.19 Financial assets (continued)

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

2.20 Financial liabilities

The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value and in the case of borrowings, at fair value of the consideration received less directly attributable transaction costs and subsequently carried at amortised cost using the effective interest method.

The Group's financial liabilities include bonds borrowing, trade and other payables (excluding deferred revenue, VAT payables), lease liabilities and due to related party.

After initial recognition, bonds borrowing are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the consolidated statement of comprehensive income when the financial liabilities are derecognised as well as through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

When a loan payable to the parent company is extinguished without any consideration, such that the parent company formally waives their right to repayment, the loan is derecognised in the consolidated financial statements. The corresponding amount is recognised as an equity contribution by the parent company, representing an additional capital contribution, whereby the parent company are providing financial support to the Group without expecting repayment – see Note 2.13.

2 Material accounting policy information (continued)

2.21 Reorganisation under common control

Reorganisation is a common control transaction involving a new company set up by the group to effect the combination of the entities under common control. The new company's consolidated financial statements include the existing entity's full results (including comparatives), even though the re-organisation might have occurred part of the way through the year. This reflects the view that the transaction involves two entities controlled by the same controlling party – they reflect the period over which that party has had control. The assets and liabilities of the existing entity are incorporated at their pre-combination carrying amounts without fair value uplift. This is on the basis that there is no substantive economic change.

2.22 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's top Management [being the chief operating decision maker (CODM)] to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. The CODM assesses the financial performance and position of the operating segments and makes strategic decisions based on a measure of revenue and cost of sale (i.e. Gross profit/(loss)). Refer to Note 27 for further details.

3 Financial risk management

3.1 Financial risk factors

The activities of the Group expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The overall risk management programme of the Group seeks to minimise potential adverse effects of these risks on their financial performance.

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risk, and the Group’s management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors have overall responsibility for the establishment and oversight of the Group’s risk management framework. The Board of Directors are responsible for developing and monitoring the Group’s risk management policies.

The Group’s risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group’s Board of Directors oversees how management monitors compliance with the Group’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(i) Market risk

(a) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency.

Foreign exchange risk is limited to currencies set out in the table below. With respect to the transactions of the Group which are denominated in UAE Dirham (AED) and Qatari Riyal (QAR) the Group is not exposed as AED and QAR are pegged to the US Dollar.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(i) Market risk (continued)

The table below summarises the Group's exposure to foreign currency exchange rate risk at the end of the reporting period:

	31 December 2024			**31 December 2023**		
In thousands of USD	Monetary financial assets	Monetary financial liabilities	Net position	Monetary financial assets	Monetary financial liabilities	Net position
Euro	355	-	355	71	(545)	(474)
Mexican Peso	26	(524)	(498)	1,112	(1,484)	(372)
Nigerian Naira	1	(52)	(51)	6	(215)	(209)
Angola Kwanza	2,078	(462)	1,616	998	(626)	372
	2,460	(1,038)	1,422	2,187	(2,870)	(683)

(b) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Group does not have any price sensitive financial instruments and hence, is not exposed to any price risk that impacts the measurement of its financial assets and financial liabilities.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from the possibility that changes in interest rates will affect the Group's future profitability, cash flows or fair values of financial assets and liabilities.

The Group does not have any variable interest-bearing financial assets and financial liabilities as at reporting date.

(ii) Credit risk

The Group is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

The Group is exposed to credit risk on the following financial instruments:

Class	2024 USD'000	2023 USD'000	Impairment model
Trade receivables	20,591	26,319	Simplified
Unbilled revenue	11,952	1,422	Simplified
Other financial assets	365	506	General model
Cash at bank – restricted	9,675	-	General model
Cash and cash equivalents	30,463	38,333	General model

Risk management

Credit risk arises from cash and cash equivalents and restricted balance with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and unbilled balances.

(a) Trade receivables and unbilled revenue

The board receives regular reporting from the credit department who manage the performance of the trade receivables.

The credit department has set out policies and procedures for managing credit risk on the trade receivables.

- The Group structures the levels of credit risk it undertakes by placing limits on the amount of credit risk accepted in relation to a customer. Limits on the level of credit risk are approved regularly by management. Such limits are monitored on a revolving basis and are subject to an annual, or more frequent, review.
- On granting of credit, an assessment is performed of the credit worthiness of the debtor and the ability to pay.
- After granting the credit, the credit department, on a monthly basis, reviews the aging analysis of individual customers and follows up on all outstanding payments.
- Management of the credit department determines the appropriate receivables that should be handed over for collection, the amount of provision that should be recorded in these receivables and amounts that should be written off. The directors approve the procedures for managing credit risk, the amount of provision to be recognised and amounts to be written off.
- Write offs are monitored and approved by the management.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

(a) Trade receivables and unbilled revenue (continued)

During the current and previous year there have been no modifications to the payment terms and also the Group does not hold any collateral against these financial assets.

As at 31 December 2024, USD 16,061 thousand (2023: USD 18,950 thousand) which represents 78% (2023: 72%) of the total trade receivables, is due from the three major customers of the Group. Management believes that this concentration of credit risk is mitigated as these customers are reputable international and regional oil and gas companies, have an established track record and reputed brand in the oil and gas market. Management constantly monitors the payments to be able to take action early if the credit risk increases.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables and unbilled revenue balances. Based on nature of business and limited number of customers, management performs ECL assessment on individual customer basis and no grouping is done for the assessment. The unbilled revenue balances relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts.

Trade receivable is considered to be in default when the counterparty fails to make contractual payments within 180 days of the due date, or when there is objective evidence of financial difficulty (such as bankruptcy, significant financial distress, or a breach of contract). The Group considers both quantitative and qualitative factors in assessing default, consistent with historical experience and forward-looking information. These receivables become credit impaired when these are 180 days past due, or it becomes probable that a customer will enter bankruptcy.

The expected loss rates are based on the payment profiles of the respective customer, market reputation and number of days that an asset is past due, adjusted for creditworthiness of the respective customer as estimated by the management. While assessing the recoverability of each customer balance, management considers historical collection patterns, and recent updates on collectability based on discussions held with the customer and other sources of information.

Trade receivables and unbilled revenue balances are written off when there is no reasonable expectation of recovery either based on discussion with the debtor, or where the debtor is failing to engage in a repayment plan with the Group. The Group considers categorising a trade receivable for write-off when a debtor fails to make contractual payments more than 365 days past due. Where these have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due.

The management do not provide ECL on balance outstanding for less than 180 days, as the amount due within this period is not considered to be default based on the fact that the Group is dealing with international and regional oil and gas companies who have an established track record and reputed brand in the oil and gas market, and have low risk of default.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

(a) Trade receivables and unbilled revenue (continued)

Management constantly monitors the payments to be able to take action early if the credit risk increases and make the ECL, if required.

As at 31 December 2024, specific provision of USD 5,678 thousand (2023: USD 10,779 thousand) has been recognised against certain receivables that were overdue for more than 180 days. These provisions were determined based on individual assessments of customers whose recoverability was considered uncertain at the reporting date.

The aging of the trade receivables and its loss allowance as at 31 December 2024 and 31 December 2023 were determined as follows:

	As at 31 December 2024				
	Current	**30 - 90 days**	**91 - 120 days**	**More than 120 days**	**Total**
	USD'000	USD'000	USD'000	USD'000	USD'000
Gross carrying amount for					
Lease receivable	9,962	5,597	-	5,678	21,237
Other trade receivable	4,269	763	-	-	5,032
	14,231	6,360	-	5,678	26,269
Specific provision	-	-	-	5,678	5,678

	As at 31 December 2023				
	Current	**30 - 90 days**	**91 - 120 days**	**More than 120 days**	**Total**
	USD'000	USD'000	USD'000	USD'000	USD'000
Gross carrying amount for					
Lease receivable	22,571	400	-	11,049	34,020
Other trade receivable	3,078	-	-	-	3,078
	25,649	400	-	11,049	37,098
Specific provision	-	-	-	10,779	10,779

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

(a) Trade receivables and unbilled revenue (continued)

Aging of unbilled revenue ranges is up to 30 days as these represents the revenue for the month of December which was not billed on the reporting date. The management has performed the ECL assessment on unbilled revenue and concluded that amount of ECL is immaterial and accordingly, not recorded in the consolidated financial statements.

(b) Cash and cash equivalents

Cash and cash equivalents represent low credit risk as the policy of the Group is to place cash and cash equivalents with reputable banks and financial institution where the treasury department has the following policies and procedures:

- All bank accounts are held with reputable financial institutions with an appropriate credit rating acceptable to the group.
- Where appropriate the board sets limits on exposures to credit risk.

For measuring credit risk and grading financial instruments by the amount of credit risk, the Group applies an approach based on risk grades estimated by an external international rating agency (Moody's) as disclosed in the table below:

	2024 USD'000	2023 USD'000
Cash at bank – restricted (Note 10.1)		
Aa1	9,675	-
Cash and cash equivalents (Note 10.2)		
A2	7,522	10,897
Aa2	-	24,279
A3	21,865	-
Aa3	44	2,817
Baa1	-	22
Caa1	11	15
Cash at bank – unrated	1,021	303
	30,463	38,333

As at 31 December 2024, 97% (2023: 99%) of the Group's cash balance was held with three financial institutions (2023: three financial institution). These financial institutions are highly regulated by the central banks of the respective countries and have global repute.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

(c) Other financial assets

Other financial assets include refundable deposits and other receivables, do not have a material expected credit loss. As such, no loss allowance was made for such financial assets at 31 December 2024 and 2023.

During the current and previous year there have been no modifications to the payment terms and also the Group does not hold any collateral against these financial assets.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations primarily being the bond borrowing as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses risking damage to the Group's reputation.

Management prepares short-term and long-term cash and cash equivalents (Note 10.2) forecasts on a regular basis to assess liquidity requirements. Periodic monitoring of cash flows is conducted, and forecasts are updated regularly to account for anticipated changes in operating, investing, and financing activities. The management regularly review a range of financial metrics of the Group to manage capital structure and liquidity position. This monitoring is performed at the Group level on a monthly basis to ensure that sufficient funds are available to meet the required monthly payments into the Debt Service Reserve Account (Note 10.1).

The Group's liquidity management policy includes projecting cash flows while considering the level of liquid assets required to meet DSRA funding obligations, monitoring liquidity ratios on the statement of financial position against both internal benchmarks and external party requirements, and maintaining appropriate debt financing plans. The Group is required to comply with bond covenant with respect to the leverage ratio and minimum cash and cash equivalents (Note 13). The Group management aims to maintain a leverage ratio of below 2.0 for the next 2 years and always maintain cash and cash equivalents above the threshold set out in bond term as set out in note 13.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses for a short-term period, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(iii) Liquidity risk (continued)

During the year 2024, the Company has issued bonds and net proceeds were used for distribution to the parent company and general corporate purpose as disclosed in Note 1 to the consolidated financial statements. The liquidity risk is concentrated to bonds borrowing and the term and conditions of bonds issued are set forth in Note 13.

Ultimate responsibility for managing liquidity risk rests with the Board of Directors, and this is monitored on a quarterly basis. The Group manages its liquidity risk by maintaining adequate levels of cash and cash equivalents and ensuring timely access to funds. The Group's cash flow requirements are primarily met through cash generated from operations. In addition, management has the option to seek financial support from the ultimate parent company to meet any contingent funding needs, if required.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(iii) Liquidity risk (continued)

The table below summarises the maturity profile of the Group's undiscounted financial liabilities. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

	Less than 6 months USD' 000	6 to 12 months USD' 000	Between 1 to 2 years USD' 000	Between 2 to 5 years USD' 000	Over 5 years USD' 000	Total contractual cash flow USD' 000	Carrying amount USD' 000
31 December 2024							
Borrowing (Note 13)	29,025	28,223	53,558	167,928	-	278,734	196,303
Trade and other payables (excluding deferred revenue and VAT payable) (Note 15)	39,510	-	-	-	-	39,510	39,510
Due to a related party (Note 17)	7,488	-	-	-	-	7,488	7,488
Lease liabilities (Note 7(b))	157	-	-	-	-	157	147
	76,180	28,223	53,558	167,928	-	325,889	243,448

	Less than 6 months USD' 000	6 to 12 months USD' 000	Between 1 to 2 years USD' 000	Between 2 to 5 years USD' 000	Over 5 years USD' 000	Total contractual cash flow USD' 000	Carrying amount USD' 000
31 December 2023							
Trade and other payables (excluding deferred revenue and VAT payable) (Note 15)	26,262	-	-	-	-	26,262	26,262
Lease liabilities (Note 7(b))	-	101	156	-	-	257	235
	26,262	101	156	-	-	26,519	26,497

3 Financial risk management (continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Board of Directors have overall responsibility for the establishment and oversight of the Group's capital risk management framework. The Board of Directors are responsible for developing and monitoring the Group's capital risk management policies.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends (or distribution) paid to shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debt.

In managing capital, the aim of the management is to comply with the bond covenant with respect to the leverage ratio. As of reporting date, the Group has complied with the financial covenants as set out in Note 13 to the consolidated financial statements.

No changes were made in the objectives, policies or processes during the year ended 31 December 2024.

Consistent with other companies in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of consolidated financial position plus net debt.

	2024 USD'000	2023 USD'000
Borrowing	196,303	-
Lease liabilities	147	235
Less: cash and cash equivalents	(30,463)	(38,333)
Net debt *	165,987	(38,098)
Total equity	35,713	230,061
Total capital	201,700	191,963
Gearing ratio	82%	*

* As of 31 December 2023, gearing ratio is not applicable as the Group was debt free as it had no borrowing at that date.

3 Financial risk management (continued)

3.3 Fair value estimation

The fair values of the Group's financial assets and liabilities as at 31 December 2024 and 2023 approximate their carrying amounts as reflected in these consolidated financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The initial fair value of the liability portion of the financial obligation was determined using a market interest rate for an equivalent non-convertible loan at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the financial obligation.

4 Critical accounting estimates and judgements

The preparation of consolidated financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4 Critical accounting estimates and judgements (continued)

The following are the significant accounting judgements concerning the future and sources of estimation uncertainty at the financial reporting date that have a risk of causing a material adjustment to the net profit or net assets as reported in these consolidated financial statements:

(a) Useful lives and residual value of fleet

The estimation of the useful lives and residual value of items of fleet (i.e. vessels) is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group. The following primary factors are considered: (a) the expected usage of the assets; (b) the expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) the technical or commercial obsolescence arising from changes in market conditions.

Management determines the residual value of its vessels to be immaterial considering the total useful life of these assets of 20 years and currently estimated amount from disposal, after deducting the estimated cost of disposal at the end of the useful life.

A 10% increase or decrease in the estimated useful lives of vessels from management's estimates would result in an increase or decrease in depreciation for the year ended 31 December 2024 of USD 3,767 thousand or USD 4,605 thousand, respectively (2023: USD 3,207 thousand or USD 3,920 thousand, respectively).

(b) Functional currencies of different entities of the Group.

Different entities within the Group have different functional currencies, based on the underlying economic conditions of their operations. This determination, of what the specific underlying economic conditions are, requires judgement. In making this judgement, the Group evaluates among other factors, the location of activities, the sources of revenue, risks associated with activities and denomination of currencies of operations of different entities.

(c) Share based payment

MAM Telford Holdings Limited (the "Parent Company) introduced a share-based payment for the eligible employees of the Group. In exchange for the services received from the employees, the plan awards the employees with equity instruments (non-voting Class B Shares) in the parent company. These shares are awarded directly by the parent company and provide eligible employees with the right to receive dividends on the vested shares, and upon the occurrence of certain exit events (Tag-along & Drag-along Sale and Public Offering/Reorganization) receive the fair value of the vested shares. The eligible employees will ultimately receive cash for holding the Class B shares on the occurrence of the event.

The fair value of equity instruments granted to employees is recognised as an expense over the vesting period. Determination of the vesting period is complex as the employees receive the fair value of the shares on an exit event (e.g., public offering, trade sale, or reorganisation), and management is required to apply judgment to determine if and when such event will occur. The exit event is considered a non market vesting condition.

4 Critical accounting estimates and judgements (continued)

(c) Share based payment (continued)

As at the reporting date, management have applied their judgement and have assessed there will not be a planned or probable exit event (Tag-along & Drag-along Sale and Public Offering/Reorganisation) in the foreseeable future. This assessment significantly impacts the accounting treatment of the Management Incentive Plan – MIP.

Based on this significant judgment that the exit event is not probable, the fair value of the shares will not be recognized as an expense. As such, the Group has accounted for the dividends paid by the parent company on vested shares as a staff cost in the statement of comprehensive income, similar to a bonus award each year.

Management reassesses the probability of an exit event at each reporting period. If an exit event becomes probable in the future, the accounting for the Management Incentive Plan – MIP will change significantly as the fair value the eligible employees would receive would need to be expensed over the vesting period (until the date the exit event is expected). This may result in a catch up in the share based payment expense.

5 Property, plant and equipment

	Fleet USD'000	Office equipment USD'000	Leasehold improvements USD'000	Capital work-in-progress * USD'000	Total USD'000
Cost					
At 1 January 2023	368,291	433	467	2,092	371,283
Additions	-	-	-	13,113	13,113
Transfers from capital work-in-progress	12,131	113	-	(12,244)	-
Disposal	-	(86)	-	-	(86)
As at 31 December 2023	380,422	460	467	2,961	384,310
Additions	-	60	-	46,411	46,471
Transfers from capital work-in-progress	40,636	-	-	(40,636)	-
As at 31 December 2024	421,058	520	467	8,736	430,781
Accumulated depreciation					
As at 1 January 2023	154,223	300	467	-	154,990
Charge for the year	35,210	72	-	-	35,282
Disposal	-	(86)	-	-	(86)
As at 31 December 2023	189,433	286	467	-	190,186
Charge for the year	41,349	93	-	-	41,442
As at 31 December 2024	230,782	379	467	-	231,628
Net carrying amount:					
31 December 2024	190,276	141	-	8,736	199,153
31 December 2023	190,989	174	-	2,961	194,124

*Capital work-in-progress (CWIP) includes USD 5,708 thousand (2023: USD 2,094 thousand) related to dry docking expenses incurred for the Telford 34 vessel (2023: Telford 25).

5 Property, plant and equipment (continued)

The carrying value of fleet amounting to USD 190,276 thousand (2023: USD 190,989 thousand) consists of five Dynamic Positioning (DP3) vessels owned by the Group and leased out under operating leases - Telford 25, Telford 28, Telford 30, Telford 31, and Telford 34. All these vessels, including the equipment therein, serve as collateral against the bonds issued by the Company (Note 15).

Depreciation costs are included in the statement of comprehensive income as follows:

	2024 USD'000	2023 USD'000
Cost of sales (Note 19)	41,349	35,210
General and administrative expenses (Note 20)	93	72
	41,442	35,282

6 Intangible assets

Intangible assets comprise of computer software, amortised on straight-line-basis over their estimated useful lives of 3 to 5 years:

	Computer software USD'000
Cost	
As at 1 January 2023	476
As at 31 December 2023	476
Additions	22
As at 31 December 2024	498
Accumulated amortisation	
As at 1 January 2023	286
Charge of the year (Note 20)	95
As at 31 December 2023	381
Charge of the year (Note 20)	99
As at 31 December 2024	480
Net carrying amount:	
As at 31 December 2024	18
As at 31 December 2023	95

7 Leases

The Group as a lessee

The Group has leased its head office and other regional office premises for lease term ranging from two to five years, expiring until 2026. The lease is renewable based on mutually agreed terms and conditions between the Group and the lessor.

(a) Right of use assets

	2024 USD'000	2023 USD'000
Gross		
As at 1 January	758	1,372
Addition during the year	101	-
Disposal	-	(614)
	859	758
Accumulated depreciation		
As at 1 January	459	770
Charge for the year (Note 20)	186	303
Disposal	-	(614)
	645	459
Net carrying amount	214	299

(b) Lease liability

	2024 USD'000	2023 USD'000
As at 1 January	235	536
Additions during the year	101	-
Remeasurement	35	-
Accretion on interest (Note 22)	34	93
Payment during the year	(258)	(394)
	147	235

(c) Classification

	2024 USD'000	2023 USD'000
Current lease liability	147	100
Non-current lease liability	-	135
	147	235

Undiscounted cash flow for lease liability is disclosed in Note 3.1.(iii)

8 Inventories

	2024 USD'000	2023 USD'000
Fuel bunkers	1,664	2,183

The cost of inventories recognised as expense and included in 'Cost of sales' (Note 19) amounted to USD 1,072 thousand (2023: USD 9,544 thousand).

9.1 Trade receivables

	2024 USD'000	2023 USD'000
Trade receivables	26,269	37,098
Less: loss allowance	(5,678)	(10,779)
	20,591	26,319

The carrying value of trade receivables includes USD 15,559 thousand (2023: USD 22,971 thousand) related to the operating lease receivables and the remaining balance of USD 5,032 thousand (2023: USD 3,078 thousand) pertains to trade receivables for revenue recorded as per IFRS 15.

The average credit period allowed to the customer is 60 days (2023: 60 days). The Group does not hold any collateral or other credit enhancements over any of its trade receivables. Refer to Note 3.1.(ii) for the expected credit loss disclosures.

The movement in loss allowance is as follows:

	2024 USD'000	2023 USD'000
As at 1 January	10,779	11,276
Charge for the year	5,678	883
Written-off	(10,779)	(1,380)
As at 31 December	5,678	10,779

9.2 Other current assets

	2024 USD'000	2023 USD'000
Advances to suppliers	5,771	-
Mobilisation and demobilisation costs	3,718	-
Prepayments	438	939
	9,927	939

Mobilisation and demobilisation costs are incurred as part of the activities which do not constitute a separate service to customers but are necessary to provide the services under the time charter agreements. Mobilisation and demobilisation are amortised over the contract period on a straight-line basis.

9.3 Unbilled revenue and other receivables

	2024 USD'000	2023 USD'000
Unbilled revenue (operating lease)	7,024	-
Unbilled revenue (IFRS 15 revenue)	4,928	1,422
Refundable deposits	52	383
Other receivables	313	123
	12,317	1,928

Unbilled revenue represents the accrued operating lease and other services revenue not yet billed to the customers at the reporting date. These are billed and collected from customers within two to three months from the reporting date.

Movement in unbilled revenue (IFRS 15 revenue) is as follows:

	2024 USD’000	2023 USD’000
As at 1 January	1,422	5,139
Revenue recognised during the year	4,928	5,402
Billings during the year	(1,422)	(9,119)
As at 31 December	4,928	1,422

Refundable deposits and other receivables do not contain impaired assets. Unbilled revenue relate to unbilled operating lease and other services have substantially the same risk characteristics as the trade receivables for the same types of contracts. Refer to Note 3.1 (ii) for the expected credit loss disclosures.

Refer to Note 3.1.(ii) for the expected credit loss disclosures.

10.1 Cash at bank - restricted

As per the bond agreement under which the Group has raised funds from the bond market, the Group is required to maintain a Debt Service Retention Account (DSRA), a bank account established jointly with the Bond Trustee. Each month, the Group must transfer an amount equal to one-sixth of the interest, principal, and call premium payable on the upcoming bond repayment date. The funds held in the DSRA account can only be used for repayment of bonds. The DSRA account is pledge as collateral for bonds borrowing (Note 13).

10.2 Cash and cash equivalents

	2024 USD'000	2023 USD'000
Cash in hand	4	4
Cash at bank	30,459	38,329
Cash and cash equivalents	30,463	38,333

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates – refer Note 3.1 for assessment of credit quality of financial assets.

Cash at bank includes USD 43 thousand (2023: USD 24,279 thousand) held in current accounts, which earn an average interest rate of 4.50% (2023: 4.20%). In February 2024, the current accounts of the bank generating interest income was closed.

All bank accounts of the group are pledged as collateral for bond borrowings (Note 13).

11.1 Share capital

	2024 (Telford Finco share capital) USD	2023 (TOIL share capital) USD
Authorised		
50,000 ordinary shares of USD 1 each	50,000	-
50,000 ordinary shares of USD 1 each	-	50,000
	50,000	50,000
Allotted, issued and unpaid		
1 ordinary share of USD 1 each	1	-
6 ordinary shares of USD 1 each	-	6
	1	6
Share capital amount in USD‘000	-	-

11.1 Share capital (continued)

The share capital for the year ended 31 December 2024 represents the share capital of the Company (i.e. Telford Finco) which became the new parent of the Group as a result of the reorganisation (Note 1). The share registered in the name of the parent company is pledged in favour of the security agent as collateral for the bonds issued by the Company (Note 13).

Share capital as of 31 December 2023 represents the share capital of TOIL, which was preparing the consolidated financial statements for the previous years (Note 2.1).

11.2 Additional capital contribution

	2024 USD'000	2023 USD'000
1 January (restated)	321,008	-
Contribution (Note 17)	-	338,669
Distribution	(220,000)	(17,661)
31 December	101,008	321,008

The additional capital contribution represents funds previously provided by the Parent Company as an interest-free, unsecured loan to support the Group's operations and meet working capital requirements (Note 17). The loan was originally repayable on demand. In 2023, following the acquisition of the Group's business by the Ultimate Parent Company (Note 1), the Parent Company resolved to waive its right to repayment. As a result of this resolution, the Group obtained an unconditional right to avoid settlement of the loan in cash, through another financial asset, or by issuing a variable number of equity instruments. Accordingly, the loan from the Parent Company was classified as additional capital contribution. This amount is interest free, unsecured and repayable at the Group's discretion.

During the year 2024, the Group's management decided to partially distribute the additional capital contribution to its parent company, amounting to USD 220,000 thousand (2023: USD 17,661 thousand). Out of the total amount, USD 212,512 thousand was paid during 2024, while the remaining USD 7,488 thousand (2023: nil) remains unpaid and is classified as due to related party (Note 17).

During the year 2023, the Group has funded for various expenses on behalf of its shareholder as part of restructuring (Note 1). Management has assessed that these expenses represent a distribution rather than a recoverable balance. Accordingly, the amount has been adjusted against additional capital contribution under equity.

12 Shared based payment

MAM Telford Holdings Limited (the "Parent Company) introduced a share-based payment (Management Incentive Plan – MIP) for the eligible employees of the Group. In exchange for the services received from the employees, the plan awards the employees with equity instruments (non-voting Class B Shares) in the parent company. These shares are awarded directly by the parent company and provide eligible employees with the right to receive dividends on the vested shares and upon the occurrence of certain events (Tag-along & Drag-along Sale and Public Offering/Reorganization) receive the fair value of the vested shares. The eligible employees will ultimately receive cash for holding the Class B shares only on the occurrence of the event.

Depending on the date of the occurrence of the events mentioned above, if the events occur within 5 years, the shares will vest over a 5-year vesting schedule. In case the events occur after the 5-year, entire shares will vest over period till the date of the event, as the employee needs to provide their service until the date of the event, the event has been accounted for as non-market performance condition. If it is expected that no event will occur, the employees will still receive dividends for the vested shares.

As the Company and its underlying subsidiaries do not have an obligation to settle the award, the arrangement is accounted for as an equity settled share-based payment in the Company's consolidated financial statements.

The fair value of MIP awards is estimated at the grant date using a Black-Scholes-Merton model. This model simulates share prices and incorporates the probabilities of the threshold return being met to determine the expected payoff. Market data, including share prices, interest rates, and volatility, are utilised in this fair value. Further, the valuations take into account the terms and conditions of the award, dividends to be received, etc.

The fair value of the non-voting Class B shares granted to the eligible employees at the grant date was USD 83.73 per share.

For the year ended 31 December 2024, the Group has recorded an expense amounting to USD 1,816 thousand related to the share-based payment (2023: nil) with a corresponding credit recognised within "Accumulated losses" in the statement of changes in equity. For critical accounting judgement is set out in Note 4(c).

13 Borrowing

	2024 USD'000	2023 USD'000
Senior secured bond	196,303	-

The Company issued 11% senior secured bonds amounting to USD 200 million under a 'bond agreement' dated 4 November 2024, with Nordic Trustee AS (Cayman) as the Bond Trustee. The bonds were issued at a 2% discount and are repayable semiannually over five years in installments, with a 3% premium on repayment. The net proceeds from the issuance were allocated toward an initial distribution to the shareholder (Note 11.2) and the Group's general corporate purposes.

	2024 USD'000	2023 USD'000
Bond value at par	200,000	-
Interest accrued but not due (Note 22)	3,769	-
Less: initial borrowing cost *	(7,466)	-
Carrying value of loan	196,303	-
Classification:		
Current	32,755	-
Non-current	163,548	-
	196,303	-

* The Group incurred initial borrowing costs related to the discount on bond and legal fees, amounting to USD 7,466 thousand (2023: nil). The effective interest rate (EIR) on the bond borrowing is 13%.

13 Borrowing (continued)

Bond repayment

As per the bond agreement, the Group may redeem bonds before maturity as follow:

Early redemption options	Repayment value
Before May 2027	100.00% of par value
Between May 2027 to Nov 2027	105.50% of par value
Between Nov 2027 to May 2028	104.40% of par value
Between May 2028 to Nov 2028	103.30% of par value
Between Nov 2028 to Maturity	103.00% of par value

As of reporting date, the management estimates that bond will be repaid on maturity date i.e. will not take the route of early redemption option.

The undiscounted cash out flow of the bonds are as follows:

Year	**Principal**	**Interest amount**	**Call premium**	**Total**
	USD'000	USD'000	USD'000	USD'000
2025	35,000	21,198	1,050	57,248
2026	35,000	17,508	1,050	53,558
2027	25,000	13,888	775	39,663
2028	25,000	11,092	750	36,842
2029	80,000	8,960	2,463	91,423
	200,000	72,646	6,088	278,734

Securities

The borrowing is secured as follows:
- mortgage over all vessels as collateral (Note 5);
- pledge over Debt Service Retention Account (DSRA) (Note 10.1);
- pledge over all bank accounts of the Group (Note 10.2);
- pledge over all the shares of the Company and its subsidiaries;
- an assignment of subordinated loan, if any;
- a guarantee from the parent company and all subsidiaries of the Company;
- an assignment of intercompany loan of the Group, if any;
- a floating charges over all assets of Group;
- an assignment of all charter contracts for all collateral vessels;
- a first priority assignment of all insurances relates to all collateral vessels.

13 Borrowing (continued)

Financial covenants

The Group is required to comply with the following financial covenants:

- Cash and cash equivalents of at least USD 15,000,000 during the tenure of the bondholding.
- Leverage ratio as follows:

Period of bond terms	Maximum leverage ratio
Between Nov 2024 to Nov 2025	3.50 times
Between Dec 2025 to Nov 2026	3.25 times
Between Dec 2026 to Nov 2027	3.00 times
Between Dec 2027 to Nov 2028	2.75 times
Between Dec 2028 to Nov 2029	2.50 times

The leverage ratio is defined as the ratio of the net interest-bearing debt (i.e. bond) to the earnings before interest, taxation, depreciation and amortisation (EBITDA) as defined in the bond term.

The group has complied with these covenants throughout the reporting period. As at 31 December 2024, the ratio of interest-bearing borrowing to adjusted EBITDA was 2.0 (2023: not applicable). There are no indications that the Group would have difficulties complying with the covenants throughout the next reporting period.

14 Provision for employees end of service benefits

	2024 USD'000	2023 USD'000
As at 1 January	550	803
Charge for the year (Note 21)	439	199
Paid during the year	(418)	(452)
As at 31 December	571	550

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its obligations at 31 December 2024, using the projected unit credit method, in respect of employees’ end of service benefits payable under the UAE Labour Law. Under this method, an assessment has been made of an employee’s expected service life with the Group and the expected basic salary at the date of leaving the service. Management has assumed average increment/promotion costs of 3% (2023: 3%). The expected liability at the date of leaving the service has been discounted to its net present value using a discount rate of 4.78% (2023: 4.83%).

15 Trade and other payables

	2024 USD'000	2023 USD'000
Trade payables	17,008	11,422
Accruals	21,179	14,103
Deferred revenue (operating lease)	2,396	2,342
VAT payables	1,135	3,467
Other payables	1,323	737
	43,041	32,071

16 Income tax

The Group is subject to taxation dependent on the taxation laws and rates applicable in the countries where the activity takes place.

The major components of tax expense for the year ended 31 December 2024 and 2023 are:

	2024 USD'000	2023 USD'000
Income tax	2,086	3,270
Tonnage tax	682	835
Total tax expenses	2,768	4,105

Movement in the tax balances during the year:

	2024 USD'000	2023 USD'000
As at 1 January	1,303	2,155
Provided during the year	2,768	4,105
Payments during the year	(3,312)	(4,957)
As at 31 December	759	1,303

Income tax

The Group operates in several jurisdictions with significantly different taxation systems. The major shipping and holding companies of the Group are incorporated in nil or low tax jurisdictions and income tax is computed depending on profit earned in the respective country of operation.

Generally, in most high tax rate jurisdictions the foreign legal entity may be required to pay income tax if it is a tax resident of such jurisdiction or if its activities constitute a permanent establishment in such a jurisdiction. Management believes that the Group's shipping and holding companies incorporated in NIL or low tax jurisdictions are not subject to taxes outside their countries of incorporation and this position is subject to their ongoing review.

16 Income tax (continued)

However, the concept of permanent establishment and tax residency for legal entities introduced by domestic and international law is subject to interpretations. As a result, there is a risk that the tax authorities of higher tax jurisdictions may attempt to subject the Group's earning to income taxes of a particular jurisdiction.

Management believes that the Group has accounted adequately for all tax liabilities based on its interpretations of applicable legislation, official pronouncements, court decisions and uncertain tax positions as at 31 December 2024 and 31 December 2023.

The Group does not have any material balances of deferred taxes to be recognised in these consolidated financial statements.

Tonnage tax

Shipping activity is subject to various tax regimes, including tonnage tax. During the year ended 31 December 2024, the Group also operated in Mexico, Qatar, and Angola, where corporate taxes are levied based on a tonnage tax regime, computed on the total revenue generated in each respective country by reference to the net tonnage of the fleet. These regimes apply to the vast majority of Telford's fleet activities depending upon the country of operation. Given that the liability to tonnage tax is not impacted by financial profits and is payable even in loss-making years, the effective tax rate can fluctuate significantly.

United Arab Emirates corporate tax

The Group is a qualifying free zone person as per the U.A.E. Corporate Tax law and is subject to taxation at 0%.

Global Minimum Taxation (OECD Pillar Two)

In an effort to end tax avoidance and to address concerns regarding the erosion of the global corporate tax base, a global framework for corporate taxation has been formed by the OECD/G20 Inclusive Framework and is supported by over 135 jurisdictions. One of the key elements is to introduce a global minimum tax rate of 15%, based on group accounting income per jurisdiction. The minimum tax rules are designed as a hierarchy of the right to claim income tax. If the income is not subject to a minimum effective tax rate of 15% in the country where it is earned, then the remaining tax payment (top-up tax) can be picked up by another jurisdiction where the Group is active.

On December 9, 2024, the UAE Ministry of Finance confirmed the introduction of a 15% Domestic Minimum Top-up Tax (DMTT) for large groups with consolidated revenues exceeding EUR 750 million (approximately USD 825 million) and operations in multiple jurisdictions, effective January 1, 2025. Federal Decree Law No. (47) will be amended to include DMTT provisions for multinationals.

The Group is currently not expected to qualify for pillar two requirement as they do not meet the revenue threshold set out above.

17 Related party transactions

Related parties represent shareholder, ultimate parent company, directors, key management personnel of the Group, and entities controlled or jointly controlled by shareholder and ultimate parent company (i.e. entities under common control) or directors over which they exercise significant management influence. The Group, in the normal course of business, carries out transactions with other business enterprises that fall within the definition of a related party per IAS 24. These transactions are performed at rates agreed between the parties.

(a) Related party transactions

	2024 USD'000	2023 USD'000
Parent Company:		
Distribution (Note 11.2)	220,000	17,661
Interest on loan from parent company (Note 22) *	-	1,227

* During the year 2023, the Group received a working capital loan of USD 10 million. The loan was unsecured, repayable on demand, and carried an interest rate of 15%. The principal amount, along with accrued interest, was fully repaid to the shareholder within the same year.

(b) Related party balance

(i) Due to related party

	2024 USD'000	2023 USD'000
Parent company:		
MAM Telford Holdings Limited, Cayman Islands	7,488	-

The balance is repayable towards additional capital contribution (Note 11.2). This balance is interest free, unsecured and repayable on demand.

(ii) Loan from a related party *(restated)*

Telford Offshore Limited provided an interest-free, on-demand loan to Telford Offshore International Limited to support the Group's operations and meet its working capital requirements amounted to USD 338,619 thousand as of 1 January 2023. Following the 100% acquisition of the Group by the ultimate parent company in February 2023 (Note 1), the parent company resolved to waive its right to repayment of the loan. Consequently, the loan was converted into an additional capital contribution and classified under equity (Note 11.2).

17 Related party transactions (continued)

(c) Key management remuneration

Key management personnel include Directors and Key Managers of the Group. The remuneration of key management personnel during the year was as follows:

	2024 USD'000	2023 USD'000
Short term benefits	3,961	4,920
End-of-service benefits	83	107
Share based payment (Note 12)	1,816	-
	5,860	5,027

18 Revenue

	2024 USD'000	2023 USD'000
Operating lease revenue		
Charter hire income	113,519	120,802
Revenue from contracts with customers:		
Catering revenue – at a point in time	17,124	14,199
Other revenue – over a period of time	4,943	16,908
	22,067	31,107
	135,586	151,909

All the operating lease agreements are for the period ranging from two to six months. This revenue is generated from 12 customers during the year (2023: 14 customers).

19 Cost of sales

	2024 USD'000	2023 USD'000
Depreciation of property, plant and equipment (Note 5)	41,349	35,210
Staff costs (Note 21)	11,822	18,514
Catering expenses	9,128	8,575
Fuel expenses	1,072	9,544
Vessel running expenses	4,357	4,280
Mobilisation and demobilisation expenses	3,346	1,523
Repair and maintenance expenses	2,178	3,391
Subcontractor cost	1,621	3,936
Other operating expenses	5,951	12,876
	80,824	97,849

20 General and administrative expenses

	2024 USD'000	2023 USD'000
Staff costs (Note 21)	11,729	14,169
Legal and professional fees	4,420	5,024
Travel expenses	839	916
Office expenses	576	348
Bank charges	203	129
Depreciation on right-of-use assets (Note 7(a))	186	303
Communication expenses	108	121
Amortisation of intangible assets (Note 6)	99	95
Depreciation on property, plant, and equipment (Note 5)	93	72
Rent expenses	3	143
Others	23	1,105
	18,279	22,425

21 Staff costs

	2024 USD'000	2023 USD'000
Salaries and wages	18,621	26,593
Employees' end of service benefits (Note 14)	439	199
Other allowances and benefits	2,675	5,891
Shared based payments (Note 12)	1,816	-
	23,551	32,683

Staff costs are included in the statement of comprehensive income as follows:

	2024 USD'000	2023 USD'000
Cost of sales (Note 19)	11,822	18,514
General and administrative expenses (Note 20)	11,729	14,169
	23,551	32,683

22 Finance costs – net

	2024 USD'000	2023 USD'000
Interest on bond borrowing (Note 13)	3,769	-
Interest on loan from parent company (Note 17)	-	1,227
Interest expense on lease liability (Note 7(b))	34	93
Foreign exchange losses, net	557	-
Total finance costs	4,360	1,320
Finance income	(256)	(707)
Finance costs - net	4,104	613

23 Capital commitments and contingent liabilities

The group has no capital expenditure commitment as at the reporting date (2023: USD 4,421 thousand).

24 Financial instruments

	2024 USD'000	2023 USD'000
Financial assets at amortised cost		
Trade and other receivables (excluding accrued revenue, prepayments and advances to suppliers) (Note 9)	20,956	26,825
Cash and cash equivalents (Note 10.2)	30,463	38,333
Cash at bank - restricted (Note 10.1)	9,675	-
	61,094	65,158
Financial liabilities at amortised cost		
Borrowing (Note 13)	196,303	-
Trade and other payables (excluding deferred revenue and VAT payable) (Note 15)	39,510	26,262
Due to related party (Note 17)	7,488	-
Lease liabilities (Note 7(b))	147	235
	243,448	26,497

The carrying amount of financial assets and financial liabilities recorded in the consolidated financial statements approximate to their fair value.

25 Reconciliation of liabilities arising from financing activities

	2024 USD'000	2023 USD'000
Cash and cash equivalents	30,463	38,333
Borrowing – repayable within one year	(32,755)	-
Borrowing – repayable after one year	(163,548)	-
Lease liabilities – current	(147)	(100)
Lease liabilities – non-current	-	(135)
Net debt	(165,987)	38,098

Cash and cash equivalents	30,463	38,333
Borrowing– fixed interest rates	(196,303)	-
Lease liabilities	(147)	(235)
Net debt	(165,987)	38,098

25 Reconciliation of liabilities arising from financing activities (continued)

	Borrowings USD'000	Lease liabilities USD'000	Loan from related party USD'000
Net debt			
As at 1 January 2023	-	(536)	-
Interest expenses	-	(93)	(1,227)
Cash flows	-	394	1,227
As at 31 December 2023	-	(235)	-
Interest expenses	(3,769)	(34)	-
Cash flows	(192,534)	122	-
As at 31 December 2024	(196,303)	(147)	-

26 Restatement

During the year, the Group reconsidered the presentation of certain transactions and balances in the consolidated financial statements to ensure compliance with IFRS Accounting Standards. This resulted in errors noted in the consolidated financial statements. Accordingly, the comparative figures have been reclassified as presented below in accordance with International Accounting Standard 8 - Accounting policies, changes in accounting estimates and errors ("IAS 8").

For the year ended 31 December 2022, the ‘loan from a related party’ amount of USD 338.6 million was incorrectly derecognised as a financial liability and an ‘additional capital contribution’ was recognised in equity. The extinguishment criteria for this loan balance in accordance with IFRS 9, ‘Financial Instruments’ was only met during the year ended 31 December 2023, as such the amount requires reinstatement as at 31 December 2022 with the derecognition occurring during 2023. Accordingly, the amount of USD 338.6 million previously recognised in equity as ‘additional capital contribution’ as of 1 January 2023 has to be reversed and recognised as increase in ‘additional capital contribution’ for the year ended 31 December 2023 due to the changes in terms.

Extract of statement of financial position as at 1 January 2023:

	Balance as previously reported USD'000	Restatement USD'000	Balance as restated USD'000
Equity			
Additional capital contribution	338,619	(338,619)	-
Current Liabilities			
Loan due from a related party	-	338,619	338,619

26 Restatement (continued)

Extract of movement from the statement of changes in equity for the year ended 31 December 2023:

	Amount as previously reported	Restatement	Amount as restated
	USD'000	USD'000	USD'000
Additional capital contribution – 1 January 2023	338,619	(338,619)	-
Increase in additional capital contribution – changes in terms during year ended 31 December 2023	-	338,619	338,619

There was no impact on the consolidated statement of comprehensive income and consolidated statement of cash flow statements for the year ended 31 December 2023 due to this error.

27 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. The CODM assesses the financial performance and makes strategic decisions based on revenue and cost of sales. The Board of Directors has been identified as being the CODM in accordance with the requirements of IFRS 8 'Operating Segments'.

Segment results reported to the Group's CODM represent revenue and cost of revenue.

For management purposes, the Group is organised into five operating segments based on the Group's five Dynamic Positioning 3 (DP3) vessels, all of which are referred to as "business units':

Telford 25
Telford 28
Telford 30
Telford 31
Telford 34

All these operating segments earn revenue from charter of vessels and its mobilisation and demobilisation. Other revenue is generated from crew catering, reimbursement of fuel cost, communication expenses, port and custom charges and other project related cost. The accounting policies of the operating segments are the same as the Group's accounting policies.

27 Segment reporting (continued)

Country wise revenue for the Group is as follows:

	2024 USD'000	2023 USD'000
Ivory Cost	13,239	24,249
Angola	26,740	33,013
Kingdom of Saudi Arabia	11,087	3,696
Mexico	56,216	80,079
Qatar	17,340	9,051
United Arab Emirates	10,964	1,821
	135,586	151,909

27 Segment reporting (continued)

The following tables represent segment-wise element of statement of comprehensive income for the Group's operating and reportable segments as reviewed by the management:

	Telford 25 USD'000	Telford 28 USD'000	Telford 30 USD'000	Telford 31 USD'000	Telford 34 USD'000	Others USD'000	Total USD'000
31 December 2024							
Revenue	27,034	43,066	26,823	12,272	26,391	-	135,586
Less: operating costs	(6,693)	(11,902)	(8,805)	(6,045)	(6,030)	-	(39,475)
Less: depreciation on fleet	(8,950)	(7,868)	(8,184)	(7,971)	(8,376)	-	(41,349)
Gross margin/(loss)	11,391	23,296	9,834	(1,744)	11,985	-	54,762

The following tables represent segment assets for the Group's operating and reportable segments as reviewed by the management:

	Telford 25 USD'000	Telford 28 USD'000	Telford 30 USD'000	Telford 31 USD'000	Telford 34 USD'000	Others USD'000	Total USD'000
31 December 2024							
Fleet	38,243	18,242	45,168	38,964	49,659	-	190,276
Other property, plant and equipment	-	-	-	-	-	8,877	8,877
	38,243	18,242	45,168	38,964	49,659	8,877	199,153

All vessels are registered in Cayman Island.

27 Segment reporting (continued)

The following tables represent segment-wise element of statement of comprehensive income for the Group's operating segments as reviewed by the management:

	Telford 25 USD'000	Telford 28 USD'000	Telford 30 USD'000	Telford 31 USD'000	Telford 34 USD'000	Others USD'000	Total USD'000
31 December 2023							
Revenue	13,365	35,126	34,133	24,332	44,953	-	151,909
Less: operating costs	(11,741)	(15,126)	(14,152)	(7,179)	(14,441)	-	(62,639)
Less: depreciation on fleet	(7,527)	(6,698)	(6,643)	(6,062)	(8,280)	-	(35,210)
Gross margin/(loss)	(5,903)	13,302	13,338	11,091	22,232	-	54,060

The following tables represent segment assets for the Group's operating segments as reviewed by the management:

	Telford 25 USD'000	Telford 28 USD'000	Telford 30 USD'000	Telford 31 USD'000	Telford 34 USD'000	Others USD'000	Total USD'000
31 December 2023							
Fleet	37,789	22,100	41,112	42,666	47,322	-	190,989
Other property, plant and equipment	-	-	-	-	-	3,135	3,135
	37,789	22,100	41,112	42,666	47,322	3,135	194,124

All vessels are registered in Cayman Island.

27 Subsequent event

Subsequent to the reporting date, the Group entered into a long-term lease agreement for the Telford 33 vessel, with possession expected in April 2025. Management is currently assessing the measurement of the right-of-use asset and corresponding lease liability, which will be recognised in the financial year ending 2025.