

Registered number: 08079257

**DREW MARINE UK HOLDINGS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**DREW MARINE UK HOLDINGS LIMITED**

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**COMPANY INFORMATION**

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|---------------------|--|
| Directors           | T Cessario<br>F W Quinn  |
| Registered number   | 08079257   |
| Registered office   | First Floor 26/33 Building 6000,<br>Langstone Technology Park<br>Langstone Road<br>Havant<br>Hampshire<br>PO9 1SA                        |
| Independent auditor | Grant Thornton UK LLP<br>Chartered Accountants & Statutory Auditor<br>5 Benham Road<br>Southampton Science Park<br>Chilworth<br>SO16 7QJ |

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**DREW MARINE UK HOLDINGS LIMITED**

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**CONTENTS**

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|  | Page           |
|--|----------------|
| <b>Group strategic report</b>                      | <b>1 - 3</b>   |
| <b>Directors' report</b>                           | <b>4 - 5</b>   |
| <b>Independent auditor's report</b>                | <b>6 - 8</b>   |
| <b>Consolidated profit and loss account</b>        | <b>9</b>       |
| <b>Consolidated balance sheet</b>                  | <b>10</b>      |
| <b>Company balance sheet</b>                       | <b>11</b>      |
| <b>Consolidated statement of changes in equity</b> | <b>12</b>      |
| <b>Company statement of changes in equity</b>      | <b>13</b>      |
| <b>Consolidated statement of cash flows</b>        | <b>14 - 15</b> |
| <b>Notes to the financial statements</b>           | <b>16 - 39</b> |

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**DREW MARINE UK HOLDINGS LIMITED**

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**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Introduction**

The strategic report for the year ended 31 December 2017 is set out below.

**Business review**

As shown in the group's profit and loss account, sales increased by 20.4% over the prior year following the acquisition of two new subsidiary undertakings in the year, United Moulders Limited, a company registered in England and Wales, and Skytrac Systems Limited, a company registered in Canada.

Operating profit for the year was £1,264,058 (2016: £1,367,425), with the company paying a dividend of £nil (2016: £nil) during the year.

The group's key measurement of the effectiveness of its operations is return on sales. The company achieved a return on sales of 2.8% (2016: 3.6%).

The directors remain optimistic for the trading prospects of the business in 2018 and expect to grow the Drew Marine Group as a whole and increase market share where possible despite as the issue affecting earlier years with the availability of Linethrowing Rockets now being resolved.

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## **DREW MARINE UK HOLDINGS LIMITED**

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### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **Principal risks and uncertainties**

The Drew Marine Group Board is responsible for the Group's system of internal control and its risk management systems. The Drew Marine senior management team meet weekly, to review the key risks associated with the achievement of the annual budget, five year plan, the top five health and safety risks identified and continued compliance to the rules and regulations of all countries operated in and product is distributed to.

#### **Health and safety risks**

Responsibility for the delivery of world class safety standards is an integral part of the operational management accountability and the group's management are therefore expected to embrace a positive safety culture and to demonstrate leadership and commitment in the workplace. Drew Marine Group's stated aim is to achieve zero injuries and to reduce health and safety risks, where they cannot be eliminated altogether, to a level which is "as low as reasonably practicable". Technology and automation roadmaps support the group's strategy for risk reduction through increased automation and remote operations.

#### **Timing of orders**

The majority of the group's contracts are of a relatively short duration and, with the exception of framework contracts with key customers, do not usually cover multi-year requirements. This means that an unmitigated delay in the receipt of key orders could affect earnings. Maximising order intake is therefore a key priority for the company.

#### **Product development**

Drew Marine Group's approach to innovation and continued research and development activity ensures the product range is continually refreshed and updated. In 2017 the new fully automated hand flare production line in Wescom Signal and Rescue Germany was completed, and is now operating at full capacity which reduces cost in the product and safety to the end user and production staff. The day and night product has been redesigned to further increase safety and will be in operation in 2018. The introduction of a new non Solas Aurora aimed at the local leisure market was well received in 2017 with sales significantly over the budgeted expectations.

#### **Economic risks**

Fortunately, the Group has not been greatly affected by the difficult economic conditions prevailing in many countries around the world and the Board continues to believe that the future prospects for the group are very good. The worldwide decline in the commercial marine market due to the slowing of the oil and gas industry has been felt but growth in the liferaft business has gone some way to compensate for this. The Board will continue to closely monitor the group's potential exposure to further economic changes.

#### **Exceptional items**

A decision was taken in 2017 to rename the previous Drew Marine Signal and Safety businesses to Wescom Signal and Rescue. This has produced some costs which will also affect 2018.

#### **Financial risks**

The group's financing arrangements are included within Drew Marine's overall facilities. Drew Marine UK Holdings Limited and its subsidiaries are part of a larger group with its ultimate parent entity in the US. This larger group has shared financing arrangements of which Drew Marine UK Holdings Ltd is a party to.

#### **Financial key performance indicators**

The key performance indicators measured by the group have been noted above in the business review.

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**DREW MARINE UK HOLDINGS LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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This report was approved by the board on *September 27, 2018* and signed on its behalf.

  
**F W Quinn**  
Director

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**DREW MARINE UK HOLDINGS LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present their report and the financial statements for the year ended 31 December 2017.

**Principal activity**

The company's principal activity is a holding company. The principal activity of its subsidiaries is the sale of marine pyrotechnics and the design and manufacture of maritime and land terrestrial/satellite communications products used in the Search and Rescue ecosystem.

**Results and dividends**

The loss for the year, after taxation, amounted to £1,209,701 (2016: loss £1,553,756).

No dividend was paid during the year (2016: £Nil).

**Directors**

The directors who served during the year were:

T Cessario  
F W Quinn

**Directors' responsibilities statement**

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**DREW MARINE UK HOLDINGS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Going concern**

The directors have taken consideration of the current uncertain economic climate, and the possibility that this could have an adverse impact on the future trading of the group.

*After making due enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.*

Further details regarding the adoption of the going concern basis can be found by contacting the ultimate parent company, Drew Marine Partners LP (US).

**Matters covered in the strategic report**

Key performance indicators, future developments and a business review for the year ended 31 December 2017 are disclosed in the Strategic Report as required by s414C(11).

**Post balance sheet events**

On 23 April 2018, the ultimate parent company, entered into an agreement to purchase Flight Data Systems, based in Melbourne, Australia. Flight Data Systems provides flight data management services and related hardware. The purchase price consists on fixed consideration of \$30 million AUD, and contingent consideration of up to a maximum of \$13 million AUD, payable over three years.

The ownership of the Australia and UK based companies of Flight Data Systems have since been transferred to Drew Marine UK Holdings Limited.

No other post balance sheet events have been identified.

**Disclosure of information to auditor**

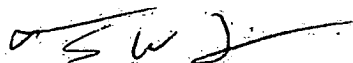
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

**Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on September 27, 2018 and signed on its behalf.



**F W Quinn**  
Director





## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DREW MARINE UK HOLDINGS LIMITED**

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### **Opinion**

We have audited the financial statements of Drew Marine UK Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017, which comprise the Consolidated Statement of comprehensive income, the Consolidated and Company Balance sheets, the Consolidated Statement of cash flows, the Consolidated and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2017 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Who we are reporting to**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Conclusions relating to going concern**

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

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DREW MARINE UK HOLDINGS LIMITED  
(CONTINUED)**

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**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DREW MARINE UK HOLDINGS LIMITED  
(CONTINUED)**

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**Responsibilities of directors for the financial statements**

As explained more fully in the Directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.



Amanda James  
Senior statutory auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor  
Chartered Accountants  
Southampton  
Date: 27 September 2018

**DREW MARINE UK HOLDINGS LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

|  | Note | 2017<br>£          | 2016<br>£          |
|--|------|--------------------|--------------------|
| Turnover                                       | 4    | 45,348,360         | 37,672,856         |
| Cost of sales                                  |      | (20,692,777)       | (14,271,652)       |
| <b>Gross profit</b>                            |      | <b>24,655,583</b>  | <b>23,401,204</b>  |
| Administrative expenses                        |      | (24,933,837)       | (22,033,779)       |
| Other operating income                         |      | 1,542,312          | -                  |
| <b>Operating profit</b>                        | 6    | <b>1,264,058</b>   | <b>1,367,425</b>   |
| Interest receivable and similar income         | 9    | 128,601            | -                  |
| Interest payable and expenses                  | 10   | (1,848,643)        | (1,586,857)        |
| <b>Loss before taxation</b>                    |      | <b>(455,984)</b>   | <b>(219,432)</b>   |
| Tax on loss                                    | 11   | (753,717)          | (1,334,324)        |
| <b>Loss for the financial year</b>             |      | <b>(1,209,701)</b> | <b>(1,553,756)</b> |
| Foreign exchange movements on translation      |      | 4,684,220          | 2,745,370          |
| <b>Other comprehensive income for the year</b> |      | <b>4,684,220</b>   | <b>2,745,370</b>   |
| <b>Total comprehensive income for the year</b> |      | <b>3,474,519</b>   | <b>1,191,614</b>   |
| <b>Loss for the year attributable to:</b>      |      |                    |                    |
| Owners of the parent Company                   |      | <b>(1,209,701)</b> | <b>(1,553,756)</b> |

There were no recognised gains and losses for 2017 or 2016 other than those included in the consolidated profit and loss account.

The notes on pages 16 to 39 form part of these financial statements.

**DREW MARINE UK HOLDINGS LIMITED**  
**REGISTERED NUMBER:08079257**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

|  | Note | 2017<br>£           | 2016<br>£           |
|--|------|---------------------|---------------------|
| <b>Fixed assets</b>                            |      |                     |                     |
| Intangible assets                              | 13   | 53,859,669          | 18,087,074          |
| Tangible assets                                | 14   | 5,436,502           | 4,478,056           |
|  |      | <u>59,296,171</u>   | <u>22,565,130</u>   |
| <b>Current assets</b>                          |      |                     |                     |
| Stocks   | 16   | 6,992,581           | 5,275,947           |
| Debtors: amounts falling due within one year   | 17   | 12,635,448          | 9,070,365           |
| Cash at bank and in hand                       |      | 4,417,951           | 4,182,834           |
|  |      | <u>24,045,980</u>   | <u>18,529,146</u>   |
| Creditors: amounts falling due within one year | 18   | (75,068,411)        | (40,996,884)        |
| <b>Net current liabilities</b>                 |      | <u>(51,022,431)</u> | <u>(22,467,738)</u> |
| <b>Net assets</b>                              |      | <u>8,273,740</u>    | <u>97,392</u>       |
| <b>Capital and reserves</b>                    |      |                     |                     |
| Called up share capital                        | 22   | 4,701,830           | 1                   |
| Profit and loss account                        | 21   | 3,571,910           | 97,391              |
|  |      | <u>8,273,740</u>    | <u>97,392</u>       |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
September 27, 2018

  
**F W Quinn**  
Director


The notes on pages 16 to 39 form part of these financial statements.

**DREW MARINE UK HOLDINGS LIMITED**  
**REGISTERED NUMBER:08079257**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

|  | Note | 2017<br>£               | 2016<br>£               |
|--|------|-------------------------|-------------------------|
| <b>Fixed assets</b>                            |      |                         |                         |
| Investments                                    | 15   | 71,797,886              | 35,074,217              |
| <b>Current assets</b>                          |      |                         |                         |
| Debtors: amounts falling due within one year   | 17   | 582,067                 | 1,171,847               |
| Cash at bank and in hand                       |      | 256,198                 | 180,685                 |
|  |      | <u>838,265</u>          | <u>1,352,532</u>        |
| Creditors: amounts falling due within one year | 18   | (67,211,698)            | (34,842,244)            |
| <b>Net current liabilities</b>                 |      | <u>(66,373,433)</u>     | <u>(33,489,712)</u>     |
| <b>Net assets</b>                              |      | <u><u>5,424,453</u></u> | <u><u>1,584,505</u></u> |
| <b>Capital and reserves</b>                    |      |                         |                         |
| Called up share capital                        | 22   | 4,701,830               | 1                       |
| Profit and loss account brought forward        |      | 1,584,504               | 302,116                 |
| Loss for the year                              |      | (861,881)               | 1,282,388               |
| Profit and loss account carried forward        |      | 722,623                 | 1,584,504               |
|  |      | <u><u>5,424,453</u></u> | <u><u>1,584,505</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
September 27, 2018

  
**F W Quinn**  
Director

The notes on pages 16 to 39 form part of these financial statements.

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**DREW MARINE UK HOLDINGS LIMITED**

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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|   | Called up<br>share capital | Profit and<br>loss account | Total equity     |
|---|----------------------------|----------------------------|------------------|
|   | £                          | £                          | £                |
| At 1 January 2017                         | 1                          | 97,391                     | 97,392           |
| Loss for the year                         | -                          | (1,209,701)                | (1,209,701)      |
| Foreign exchange movements on translation | -                          | 4,684,220                  | 4,684,220        |
| Shares issued during the year             | 4,701,829                  | -                          | 4,701,829        |
| <b>At 31 December 2017</b>                | <b>4,701,830</b>           | <b>3,571,910</b>           | <b>8,273,740</b> |

The notes on pages 16 to 39 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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|   | Called up<br>share capital | Profit and<br>loss account | Total equity  |
|---|----------------------------|----------------------------|---------------|
|   | £                          | £                          | £             |
| At 1 January 2016                         | 1                          | (1,094,223)                | (1,094,222)   |
| Loss for the year                         | -                          | (1,553,756)                | (1,553,756)   |
| Foreign exchange movements on translation | -                          | 2,745,370                  | 2,745,370     |
| <b>At 31 December 2016</b>                | <b>1</b>                   | <b>97,391</b>              | <b>97,392</b> |

The notes on pages 16 to 39 form part of these financial statements.

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**DREW MARINE UK HOLDINGS LIMITED**

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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|                               | <b>Called up<br/>share capital</b> | <b>Profit and<br/>loss account</b> | <b>Total equity</b> |
|-------------------------------|------------------------------------|------------------------------------|---------------------|
|                               | <b>£</b>                           | <b>£</b>                           | <b>£</b>            |
| At 1 January 2017             | 1                                  | 1,584,504                          | 1,584,505           |
| Loss for the year             | -                                  | (861,881)                          | (861,881)           |
| Shares issued during the year | 4,701,829                          | -                                  | 4,701,829           |
| <b>At 31 December 2017</b>    | <b>4,701,830</b>                   | <b>722,623</b>                     | <b>5,424,453</b>    |

The notes on pages 16 to 39 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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|                            | <b>Called up<br/>share capital</b> | <b>Profit and<br/>loss account</b> | <b>Total equity</b> |
|----------------------------|------------------------------------|------------------------------------|---------------------|
|                            | <b>£</b>                           | <b>£</b>                           | <b>£</b>            |
| At 1 January 2016          | 1                                  | 302,116                            | 302,117             |
| Profit for the year        | -                                  | 1,282,388                          | 1,282,388           |
| <b>At 31 December 2016</b> | <b>1</b>                           | <b>1,584,504</b>                   | <b>1,584,505</b>    |

The notes on pages 16 to 39 form part of these financial statements.



**DREW MARINE UK HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

|   | 2017<br>£           | 2016<br>£          |
|---|---------------------|--------------------|
| <b>Cash flows from operating activities</b>         |                     |                    |
| Loss for the financial year                         | (1,209,701)         | (1,553,756)        |
| <b>Adjustments for:</b>                             |                     |                    |
| Amortisation of intangible assets                   | 2,047,916           | 1,503,494          |
| Depreciation of tangible assets                     | 923,826             | 753,032            |
| Loss on disposal of tangible assets                 | -                   | 184                |
| Interest paid                                       | 1,848,643           | 1,586,857          |
| Interest received                                   | (128,601)           | -                  |
| Taxation charge                                     | 753,717             | 1,471,448          |
| (Increase) in stocks                                | (1,716,634)         | (771,861)          |
| (Increase) in debtors                               | (3,427,362)         | (1,351,458)        |
| Increase in creditors                               | 352,890             | 1,394,122          |
| Corporation tax (paid)                              | (471,736)           | (1,514,230)        |
| Foreign exchange movements on translation           | 4,811,202           | 2,206,843          |
| <b>Net cash generated from operating activities</b> | <b>3,784,160</b>    | <b>3,724,675</b>   |
| <b>Cash flows from investing activities</b>         |                     |                    |
| Purchase of intangible fixed assets                 | (37,789,081)        | (1,178,430)        |
| Purchase of tangible fixed assets                   | (999,463)           | (1,266,326)        |
| Purchase of tangible fixed assets on acquisition    | (1,041,227)         | -                  |
| Interest received                                   | 128,601             | -                  |
| <b>Net cash from investing activities</b>           | <b>(39,701,170)</b> | <b>(2,444,756)</b> |

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**DREW MARINE UK HOLDINGS LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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|   | 2017<br>£         | 2016<br>£          |
|---|-------------------|--------------------|
| <b>Cash flows from financing activities</b>                   |                   |                    |
| Issue of ordinary shares                                      | 4,701,829         | -                  |
| Other new loans   | 33,298,941        | 196,186            |
| Interest paid   | (1,848,643)       | (1,586,857)        |
| <b>Net cash used in financing activities</b>                  | <b>36,152,127</b> | <b>(1,390,671)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   | <b>235,117</b>    | <b>(110,752)</b>   |
| Cash and cash equivalents at beginning of year                | 4,182,834         | 4,293,586          |
| <b>Cash and cash equivalents at the end of year</b>           | <b>4,417,951</b>  | <b>4,182,834</b>   |
| <b>Cash and cash equivalents at the end of year comprise:</b> |                   |                    |
| Cash at bank and in hand                                      | 4,417,951         | 4,182,834          |

The notes on pages 16 to 39 form part of these financial statements.

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## DREW MARINE UK HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1. General information

Drew Marine UK Holdings Limited is a limited liability company incorporated in England and Wales. The registered office is First Floor 26/33 Building 6000, Langstone Technology Park, Langstone Road, Havant, Hampshire, PO9 1SA.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

##### Parent Company disclosure exemptions

In preparing the separate financial statements of the parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent Company as their remuneration is included in the totals for the Company as a whole.

The following principal accounting policies have been applied:

##### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The parent has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Drew Marine Intermediate II B.V. as at 31 December 2017 and these financial statements may be obtained from Pesetastraat 5, 2991 Xt Barendrecht, Netherlands.

##### 2.3 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

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**DREW MARINE UK HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**2. Accounting policies (continued)**

**2.4 Going concern**

The financial statements have been prepared on a going concern basis, which assumes that the Group and company will continue in operational existence for the foreseeable future. The directors are aware of their duty to present a balanced assessment of the Group and company's financial position and prospects and in concluding that it is appropriate to adopt the going concern basis they have had regard to the fact that the group has reported a loss of £1,209,701 and there are net current liabilities of £51,022,431 at 31 December 2017.

The Group and company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 1. The Group and company are able to meet their day-to-day working capital requirements and the directors believe, with the support of its parent undertaking, that adequate funding will be available to meet liabilities as they fall due. The directors have prepared forecasts covering the next twelve months which are based on prudent market data and past experience, taking account of reasonably foreseeable changes in market conditions and company performance. The parent company has also confirmed the loan facility will not be called upon for repayment for a period of at least 12 months from the date of approval of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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**2. Accounting policies (continued)**

**2.5 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**2.6 Intangible assets**

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated profit and loss account over its useful economic life.

**Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

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**DREW MARINE UK HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**2. Accounting policies (continued)**

**2.7 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

|                              |                   |
|------------------------------|-------------------|
| Long term leasehold property | - over 8-10 years |
| Plant and machinery          | - over 5 years    |
| Motor vehicles               | - over 5 years    |
| Fixtures and fittings        | - over 8-10 years |
| Computer equipment           | - over 3-5 years  |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated profit and loss account.

**2.8 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to the Consolidated profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**2.9 Investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.10 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

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## DREW MARINE UK HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 2. Accounting policies (continued)

##### 2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

##### 2.13 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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## DREW MARINE UK HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 2. Accounting policies (continued)

##### 2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 2.15 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is GBP.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated profit and loss account within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

##### 2.16 Finance costs

Finance costs are charged to the Consolidated profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.



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**DREW MARINE UK HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**2. Accounting policies (continued)**

**2.17 Pensions**

**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

**2.18 Interest income**

Interest income is recognised in the Consolidated profit and loss account using the effective interest method.

**2.19 Borrowing costs**

All borrowing costs are recognised in the Consolidated profit and loss account in the year in which they are incurred.

**2.20 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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**DREW MARINE UK HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of these financial statements requires management to note judgements and estimates that affect the reported amount of assets and liabilities at the balance sheet date and the reported profits during the financial year.

The following judgements and estimates have been made in these financial statements:

**Useful economic life of intangible assets**

Management have provided in these financial statements the estimated life of the acquired intangible assets and Goodwill.

**Useful economic life of tangible assets**

Management have provided in these financial statements the estimated residual value and useful economic life of tangible fixed assets.

**Provision for doubtful debts**

Management have provided in these financial statements the estimated allowance for doubtful debts.

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**DREW MARINE UK HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**4. Turnover**

All turnover arose from one class of business, being the sale of pyrotechnic products and marine communication products.

Analysis of turnover by country of destination:

|                   | 2017<br>£         | 2016<br>£         |
|-------------------|-------------------|-------------------|
| United Kingdom    | 10,950,566        | 6,250,039         |
| Rest of Europe    | 9,785,891         | 27,650,912        |
| Rest of the World | 24,611,903        | 3,771,905         |
|                   | <u>45,348,360</u> | <u>37,672,856</u> |

**5. Other operating income**

|                        | 2017<br>£        | 2016<br>£ |
|------------------------|------------------|-----------|
| Other operating income | <u>1,542,312</u> | <u>-</u>  |

**6. Operating profit**

The operating profit is stated after charging:

|   | 2017<br>£      | 2016<br>£      |
|---|----------------|----------------|
| Depreciation of tangible fixed assets                       | 923,826        | 753,032        |
| Amortisation of intangible fixed assets, including goodwill | 2,047,916      | 1,503,494      |
| Exchange differences  | 758,743        | (164,079)      |
| Operating lease rentals                                     | <u>409,859</u> | <u>245,338</u> |

During the year, no director received any emoluments (2016: £nil).

**7. Auditor's remuneration**

|   | 2017<br>£      | 2016<br>£      |
|---|----------------|----------------|
| Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts | <u>129,402</u> | <u>121,220</u> |

Auditor's remuneration for the company was £22,500 (2016: £17,000).

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**DREW MARINE UK HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**8. Employees**

Staff costs, including directors' remuneration, were as follows:

|                                     | <b>Group<br/>2017<br/>£</b> | <b>Group<br/>2016<br/>£</b> |
|-------------------------------------|-----------------------------|-----------------------------|
| Wages and salaries                  | <b>7,699,680</b>            | <b>7,534,117</b>            |
| Social security costs               | <b>1,280,601</b>            | <b>1,343,644</b>            |
| Cost of defined contribution scheme | <b>228,705</b>              | <b>55,567</b>               |
|                                     | <b><u>9,208,986</u></b>     | <b><u>8,933,328</u></b>     |

The average monthly number of employees, including the directors, during the year was as follows:

| <b>2017<br/>No.</b> | <b>2016<br/>No.</b> |
|---------------------|---------------------|
| <b><u>196</u></b>   | <b><u>196</u></b>   |

**9. Interest receivable**

|                           | <b>2017<br/>£</b>     | <b>2016<br/>£</b> |
|---------------------------|-----------------------|-------------------|
| Other interest receivable | <b><u>128,601</u></b> | <b><u>-</u></b>   |

**10. Interest payable and similar expenses**

|                               | <b>2017<br/>£</b>       | <b>2016<br/>£</b>       |
|-------------------------------|-------------------------|-------------------------|
| Bank interest payable         | <b>115,585</b>          | <b>-</b>                |
| Loans from group undertakings | <b>1,733,058</b>        | <b>1,586,857</b>        |
|                               | <b><u>1,848,643</u></b> | <b><u>1,586,857</u></b> |

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**DREW MARINE UK HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**11. Taxation**

|  | 2017<br>£      | 2016<br>£        |
|--|----------------|------------------|
| <b>Corporation tax</b>                           |                |                  |
| Current tax on profits for the year              | 891,439        | 1,471,448        |
| <b>Deferred tax</b>                              |                |                  |
| Origination and reversal of timing differences   | (137,722)      | (137,124)        |
| <b>Taxation on profit on ordinary activities</b> | <b>753,717</b> | <b>1,334,324</b> |

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2016: *higher than*) the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

|  | 2017<br>£      | 2016<br>£        |
|--|----------------|------------------|
| Loss on ordinary activities before tax   | (455,984)      | (219,432)        |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%) | (87,777)       | (43,886)         |
| <b>Effects of:</b>   |                |                  |
| Non-tax deductible amortisation of goodwill and impairment   | 611,936        | 369,569          |
| Capital allowances for year in excess of depreciation  | (4,515)        | (6,269)          |
| Other timing differences leading to an increase (decrease) in taxation                                     | 371,795        | 1,157,652        |
| Tax losses brought forward   | -              | (5,618)          |
| Deferred taxation  | (137,722)      | (137,124)        |
| <b>Total tax charge for the year</b>   | <b>753,717</b> | <b>1,334,324</b> |

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**12. Parent company profit for the year**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £861,881 (2016: *profit* £1,282,388).

**DREW MARINE UK HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**13. Intangible assets**

**Group and Company**

|                           | Patents<br>£     | Goodwill<br>£     | Trade<br>names &<br>trademarks<br>£ | Developed<br>technology<br>£ | Total<br>£        |
|---------------------------|------------------|-------------------|-------------------------------------|------------------------------|-------------------|
| <b>Cost</b>               |                  |                   |                                     |                              |                   |
| At 1 January 2017         | 1,626,780        | 21,787,481        | -                                   | -                            | 23,414,261        |
| Additions                 | 16,534           | 30,893,571        | 2,552,148                           | 4,326,828                    | 37,789,081        |
| Disposals                 | (17,967)         | -                 | -                                   | -                            | (17,967)          |
| Foreign exchange movement | 222,655          | -                 | -                                   | -                            | 222,655           |
| At 31 December 2017       | <u>1,848,002</u> | <u>52,681,052</u> | <u>2,552,148</u>                    | <u>4,326,828</u>             | <u>61,408,030</u> |
| <b>Amortisation</b>       |                  |                   |                                     |                              |                   |
| At 1 January 2017         | 683,455          | 4,643,732         | -                                   | -                            | 5,327,187         |
| Charge for the year       | 232,842          | 1,706,692         | 26,268                              | 82,114                       | 2,047,916         |
| On disposals              | (17,967)         | -                 | -                                   | -                            | (17,967)          |
| Foreign exchange movement | 191,225          | -                 | -                                   | -                            | 191,225           |
| At 31 December 2017       | <u>1,089,555</u> | <u>6,350,424</u>  | <u>26,268</u>                       | <u>82,114</u>                | <u>7,548,361</u>  |
| <b>Net book value</b>     |                  |                   |                                     |                              |                   |
| At 31 December 2017       | <u>758,447</u>   | <u>46,330,628</u> | <u>2,525,880</u>                    | <u>4,244,714</u>             | <u>53,859,669</u> |
| At 31 December 2016       | <u>943,325</u>   | <u>17,143,749</u> | <u>-</u>                            | <u>-</u>                     | <u>18,087,074</u> |

**DREW MARINE UK HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**14. Tangible fixed assets**

**Group**

|  | Long term<br>leasehold<br>property<br>£ | Plant and<br>machinery<br>£ | Motor<br>vehicles<br>£ | Fixtures and<br>fittings<br>£ | Computer<br>equipment<br>£ |
|--|---|-----------------------------|------------------------|-------------------------------|----------------------------|
| <b>Cost or valuation</b>               |   |                             |                        |                               |                            |
| At 1 January 2017                      | 4,765,044                               | 5,834,561                   | 78,929                 | 3,194,840                     | 327,419                    |
| Additions                              | 103,245                                 | 688,059                     | 18,200                 | 188,794                       | 1,165                      |
| Acquisition of subsidiary              | 383,390                                 | 1,678,746                   | -                      | 802,525                       | -                          |
| Disposals                              | (174,539)                               | (269,519)                   | -                      | (132,876)                     | -                          |
| Exchange adjustments                   | 176,596                                 | 74,305                      | -                      | (12,277)                      | (202)                      |
| At 31 December 2017                    | 5,253,736                               | 8,006,152                   | 97,129                 | 4,041,006                     | 328,382                    |
| <b>Depreciation</b>                    |   |                             |                        |                               |                            |
| At 1 January 2017                      | 3,630,431                               | 3,428,692                   | 37,350                 | 2,553,451                     | 72,813                     |
| Charge for the year on owned<br>assets | 106,107                                 | 590,024                     | 1,820                  | 193,087                       | 32,788                     |
| Transfers intra group                  | 224,735                                 | 1,019,924                   | -                      | 578,776                       | -                          |
| Disposals                              | (174,539)                               | (269,519)                   | -                      | (132,876)                     | -                          |
| Exchange adjustments                   | 126,274                                 | 174,183                     | -                      | 96,607                        | (225)                      |
| At 31 December 2017                    | 3,913,008                               | 4,943,304                   | 39,170                 | 3,289,045                     | 105,376                    |
| <b>Net book value</b>                  |   |                             |                        |                               |                            |
| At 31 December 2017                    | 1,340,728                               | 3,062,848                   | 57,959                 | 751,961                       | 223,006                    |
| At 31 December 2016                    | 1,134,613                               | 2,405,869                   | 41,579                 | 641,389                       | 254,606                    |

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DREW MARINE UK HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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14. Tangible fixed assets (continued)

|                                     | Total<br>£ |
|-------------------------------------|------------|
| <b>Cost or valuation</b>            |            |
| At 1 January 2017                   | 14,200,793 |
| Additions                           | 999,463    |
| Acquisition of subsidiary           | 2,864,661  |
| Disposals                           | (576,934)  |
| Exchange adjustments                | 238,422    |
| At 31 December 2017                 | 17,726,405 |
| <b>Depreciation</b>                 |            |
| At 1 January 2017                   | 9,722,737  |
| Charge for the year on owned assets | 923,826    |
| Transfers intra group               | 1,823,435  |
| Disposals                           | (576,934)  |
| Exchange adjustments                | 396,839    |
| At 31 December 2017                 | 12,289,903 |
| <b>Net book value</b>               |            |
| At 31 December 2017                 | 5,436,502  |
| At 31 December 2016                 | 4,478,056  |



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**DREW MARINE UK HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**15. Fixed asset investments**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

| <b>Name</b>                                    | <b>Class of shares</b> | <b>Holding</b> | <b>Principal activity</b>   |
|--|------------------------|----------------|---|
| Wescom Signal and Rescue UK Limited            | Ordinary               | 100 %          | Marine Pyrotechnics   |
| Wescom Signal and Rescue Germany GmbH          | Ordinary               | 100 %          | Marine Pyrotechnics   |
| Wescom Signal and Rescue Spain SL              | Ordinary               | 100 %          | Marine Pyrotechnics   |
| Wescom Signal and Rescue Australia Pty Limited | Ordinary               | 100 %          | Marine Pyrotechnics   |
| Drew Defense Germany GmbH                      | Ordinary               | 100 %          | Specialised pyrotechnic products for military and civil applications  |
| Drew Marine Germany Holding GmbH               | Ordinary               | 100 %          | Intermediate holding company  |
| Ocean Signal Limited                           | Ordinary               | 100 %          | Design and production of marine communication products                |
| United Moulders Limited                        | Ordinary               | 100 %          | Plastic moulding and assembly of components for the sea safety market |
| Skytrac Systems Limited                        | Ordinary               | 100 %          | Flight data and communication technology                              |

| <b>Name</b>                                    | <b>Registered office</b> |
|--|--------------------------|
| Wescom Signal and Rescue UK Limited            | England and Wales        |
| Wescom Signal and Rescue Germany GmbH          | Germany                  |
| Wescom Signal and Rescue Spain SL              | Spain                    |
| Wescom Signal and Rescue Australia Pty Limited | Australia                |
| Drew Defense Germany GmbH                      | Germany                  |
| Drew Marine Germany Holding GmbH               | Germany                  |
| Ocean Signal Limited                           | England and Wales        |
| United Moulders Limited                        | England and Wales        |
| Skytrac Systems Limited                        | Canada                   |

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**DREW MARINE UK HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**15. Fixed asset investments (continued)**

**Company**

|                          | <b>Investments<br/>in<br/>subsidiary<br/>companies<br/>£</b> |
|--------------------------|--|
| <b>Cost or valuation</b> |  |
| At 1 January 2017        | <b>35,074,217</b>  |
| Additions                | <b>36,723,669</b>  |
| At 31 December 2017      | <b>71,797,886</b>  |
| <b>Net book value</b>    |  |
| At 31 December 2017      | <b>71,797,886</b>  |
| At 31 December 2016      | <b>35,074,217</b>  |

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**DREW MARINE UK HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**16. Stocks**

|                                     | <b>Group<br/>2017<br/>£</b> | <i>Group<br/>2016<br/>£</i> | <b>Company<br/>2017<br/>£</b> | <i>Company<br/>2016<br/>£</i> |
|-------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Raw materials and consumables       | 993,240                     | 2,591                       | -                             | -                             |
| Finished goods and goods for resale | 5,999,341                   | 5,273,356                   | -                             | -                             |
|                                     | <u>6,992,581</u>            | <u>5,275,947</u>            | <u>-</u>                      | <u>-</u>                      |

Stock recognised in cost of sales during the year as an expense was £15,122,035 (2016: £3,156,960).

An impairment gain of £238,652 (2016: £nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

**17. Debtors**

|                                    | <b>Group<br/>2017<br/>£</b> | <i>Group<br/>2016<br/>£</i> | <b>Company<br/>2017<br/>£</b> | <i>Company<br/>2016<br/>£</i> |
|------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Trade debtors                      | 9,186,333                   | 4,771,107                   | -                             | -                             |
| Amounts owed by group undertakings | -                           | -                           | 582,067                       | 1,171,847                     |
| Other debtors                      | 2,883,992                   | 3,820,324                   | -                             | -                             |
| Prepayments and accrued income     | 290,277                     | 341,810                     | -                             | -                             |
| Deferred taxation                  | 274,846                     | 137,124                     | -                             | -                             |
|                                    | <u>12,635,448</u>           | <u>9,070,365</u>            | <u>582,067</u>                | <u>1,171,847</u>              |

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DREW MARINE UK HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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18. Creditors: Amounts falling due within one year

|                                 | Group<br>2017<br>£ | Group<br>2016<br>£ | Company<br>2017<br>£ | Company<br>2016<br>£ |
|---------------------------------|--------------------|--------------------|----------------------|----------------------|
| Loans due to parent undertaking | 67,187,429         | 33,888,488         | 67,211,698           | 34,842,244           |
| Trade creditors                 | 2,639,441          | 2,348,269          | -                    | -                    |
| Corporation tax                 | 466,129            | 46,436             | -                    | -                    |
| Taxation and social security    | 458,925            | 242,400            | -                    | -                    |
| Other creditors                 | 3,092,757          | 1,471,382          | -                    | -                    |
| Accruals and deferred income    | 1,223,730          | 2,999,909          | -                    | -                    |
|                                 | <u>75,068,411</u>  | <u>40,996,884</u>  | <u>67,211,698</u>    | <u>34,842,244</u>    |

The majority of the loans due to parent undertaking comprise loans received of £32 million in August 2015; and £35 million in August 2017, from its immediate parent undertaking, for the purchase of subsidiaries.

The loan is unsecured and has no fixed repayment date. The loan attracts an interest rate of 8.5%.

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**DREW MARINE UK HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**19. Financial instruments**

|   | Group<br>2017<br>£ | Group<br>2016<br>£ | Company<br>2017<br>£ | Company<br>2016<br>£ |
|---|--------------------|--------------------|----------------------|----------------------|
| <b>Financial assets</b>   |                    |                    |                      |                      |
| Financial assets measured at fair value through profit or loss        | 4,417,951          | 4,182,834          | 256,198              | 180,685              |
| Financial assets that are debt instruments measured at amortised cost | 11,910,027         | 8,591,431          | 582,067              | 1,171,847            |
|   | <u>16,327,978</u>  | <u>12,774,265</u>  | <u>838,265</u>       | <u>1,352,532</u>     |
| <b>Financial liabilities</b>  |                    |                    |                      |                      |
| Financial liabilities measured at amortised cost                      | (73,765,835)       | (40,708,048)       | (67,211,696)         | (34,842,244)         |

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade and other debtors, amounts owed by group undertakings and accrued income.

Financial liabilities measured at amortised cost comprise bank overdrafts, loans due to parent undertaking, trade and other creditors and deferred income.

**20. Deferred taxation**

**Group**

|                           | 2017<br>£      | 2016<br>£      |
|---------------------------|----------------|----------------|
| At beginning of year      | 137,124        | -              |
| Charged to profit or loss | 137,722        | 137,124        |
| <b>At end of year</b>     | <u>274,846</u> | <u>137,124</u> |

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**DREW MARINE UK HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**20. Deferred taxation (continued)**

**At end of year**

The deferred tax asset is made up as follows:

|                    | <b>Group<br/>2017<br/>£</b> | <b>Group<br/>2016<br/>£</b> |
|--------------------|-----------------------------|-----------------------------|
| Timing differences | <b>274,846</b>              | <b>137,124</b>              |

**21. Reserves**

**Profit and loss account**

Profit and loss account includes all current and prior period retained profits and losses.

**22. Share capital**

|  | <b>2017<br/>£</b> | <b>2016<br/>£</b> |
|--|-------------------|-------------------|
| <b>Allotted, called up and fully paid</b>      |                   |                   |
| 4,701,830 (2016: 1) Ordinary shares of £1 each | <b>4,701,830</b>  | <b>1</b>          |

4,701,829 £1 ordinary shares were issued following the acquisition of Skytrac Systems Limited.

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**DREW MARINE UK HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**23. Business combinations**

**Acquisition of United Moulders Limited**

Drew Marine UK Holdings Limited acquired 100% of the issued share capital of United Moulders Limited on 11 August 2017. The results have been accounted for using acquisition accounting.

|                                      | <b>Book value<br/>£</b> | <b>Fair value<br/>£</b> |
|--------------------------------------|-------------------------|-------------------------|
| <b>Fixed assets</b>                  |                         |                         |
| Tangible                             | <b>654,488</b>          | <b>654,488</b>          |
|                                      | <b>654,488</b>          | <b>654,488</b>          |
| <b>Current assets</b>                |                         |                         |
| Stocks                               | <b>915,933</b>          | <b>915,933</b>          |
| Debtors                              | <b>666,089</b>          | <b>666,089</b>          |
| Cash at bank and in hand             | <b>127,023</b>          | <b>127,023</b>          |
| <b>Total assets</b>                  | <b>2,363,533</b>        | <b>2,363,533</b>        |
| <b>Creditors</b>                     |                         |                         |
| Due within one year                  | <b>(686,948)</b>        | <b>(686,948)</b>        |
| <b>Total identifiable net assets</b> | <b>1,676,585</b>        | <b>1,676,585</b>        |

Consideration of £7,628,113 was paid. Goodwill of £4,751,528 and Other intangibles of £1,200,000 have arisen on the purchase of United Moulders Limited.

The results of United Moulders Limited since its acquisition are as follows:

|                     | <b>Current<br/>period since<br/>acquisition<br/>£</b> |
|---------------------|---|
| Turnover            | <b>2,010,762</b>                                      |
| Profit for the year | <b>415,036</b>  |

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**DREW MARINE UK HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Acquisition of Skytrac Systems Limited**

Drew Marine UK Holdings Limited acquired 100% of the issued share capital of Skytrac Systems Limited on 31 October 2017. The results have been accounted for using acquisition accounting.

|                                      | Book value<br>£   | Fair value<br>£   |
|--------------------------------------|-------------------|-------------------|
| <b>Fixed assets</b>                  |                   |                   |
| Tangible                             | 386,741           | 386,741           |
| Intangible                           | 7,930,711         | 7,930,711         |
|                                      | <u>8,317,452</u>  | <u>8,317,452</u>  |
| <b>Current assets</b>                |                   |                   |
| Stocks                               | 198,633           | 198,633           |
| Debtors                              | 2,342,452         | 2,342,452         |
| Cash at bank and in hand             | 218,117           | 218,117           |
|                                      | <u>11,076,654</u> | <u>11,076,654</u> |
| <b>Total assets</b>                  | <u>11,076,654</u> | <u>11,076,654</u> |
| <b>Creditors</b>                     |                   |                   |
| Due within one year                  | (5,909,875)       | (5,909,875)       |
|                                      | <u>5,166,779</u>  | <u>5,166,779</u>  |
| <b>Total identifiable net assets</b> | <u>5,166,779</u>  | <u>5,166,779</u>  |

Consideration of £29,095,563 was paid. Goodwill of £18,249,808 and Other intangibles of £5,678,976 have arisen on the purchase of Skytrac Systems Limited.

The results of Skytrac Systems Limited since its acquisition are as follows:

|                     | Current<br>period since<br>acquisition<br>£ |
|---------------------|---|
| Turnover            | 1,508,884                                   |
| Profit for the year | 166,496                                     |

**24. Pension commitments**

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contribution payable are charged to the profit and loss accounts and amounts payable in the year were £228,705 (2016: £55,567). There were contributions outstanding of £7,588 (2016: £nil) at the year end.



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**DREW MARINE UK HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**25. Commitments under operating leases**

At 31 December 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

|  | Group<br>2017<br>£ | Group<br>2016<br>£ |
|--|--------------------|--------------------|
| <b>Land and buildings</b>                    |                    |                    |
| Not later than 1 year                        | 351,827            | 57,943             |
| Later than 1 year and not later than 5 years | 664,332            | 181,114            |
|  | <u>          </u>  | <u>          </u>  |
|  | Group<br>2017<br>£ | Group<br>2016<br>£ |
| <b>Other</b>                                 |                    |                    |
| Not later than 1 year                        | 79,166             | 41,943             |
| Later than 1 year and not later than 5 years | 146,055            | 97,757             |
|  | <u>          </u>  | <u>          </u>  |

**26. Related party transactions**

The group is exempt under FRS 102 paragraph 33.7 from disclosing any transactions or balances between wholly owned group entities that have been eliminated on consolidation.

|                         | Intra-group<br>charges and<br>interest<br>2017<br>£ | Balance due<br>from/(to)<br>Group<br>2017<br>£ | Intra-group<br>charges and<br>interest<br>2016<br>£ | Balance due<br>from/(to)<br>Group<br>2016<br>£ |
|-------------------------|---|--|---|--|
| Drew Marine Partners LP | 1,733,058   | (67,187,429)                                   | 1,559,154   | (33,888,488)                                   |
|                         | <u>          </u>                                   | <u>          </u>                              | <u>          </u>                                   | <u>          </u>                              |

**27. Post balance sheet events**

On 23 April 2018, the ultimate parent company, entered into an agreement to purchase Flight Data Systems, based in Melbourne, Australia. Flight Data Systems provides flight data management services and related hardware. The purchase price consists on fixed consideration of \$30 million AUD, and contingent consideration of up to a maximum of \$13 million AUD, payable over three years.

The ownership of the Australia and UK based companies of Flight Data Systems have since been transferred to Drew Marine UK Holdings Limited.

No other post balance sheet events have been identified.

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**DREW MARINE UK HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**28. Controlling party**

The group and company's immediate parent undertaking and controlling party is Drew Marine Intermediate II B.V. The ultimate parent undertaking and controlling party is Drew Marine Partners LP (US).

Drew Marine Intermediate II B.V. is the smaller group to consolidate, Drew Marine Partners LP (US) is the largest group to consolidate Drew Marine UK Holdings Limited.