ALS UK (Holdings) Limited

Annual report and financial statements

For the year ending 31 March 2016

Registered number 08632009

Contents

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 March 2016.

The Company has met the requirements in the Companies Act 2006 to obtain the exemption provided, based on its size, from the presentation of a strategic report.

Principal activities

The Company's principal activity is that of a holding Company.

Business review

The financial results of the Company are shown on page 5. The directors consider both the year end position and the result for the year to be satisfactory. The Company is expected to continue to act as a holding Company for the foreseeable future.

There are no key financial performance indicators specific to the Company.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors

The directors who held office during the year were as follows:

G Kilmister

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

G Kilmister
Director

19 December 2016

Caddick Road
Knowsley Business Park
Prescot
Liverpool
Merseyside
L34 9HP

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Directors' Report and the 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG

Independent auditor's report to the members of ALS UK (Holdings) Limited

We have audited the financial statements of ALS UK (Holdings) Limited for the year ended 31 March 2016 set out on pages 5 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to take advantage of the small companies exemption in not preparing a strategic report.

HW Jones.

Hywel Jones (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH

21 December 2016

Profit and Loss Account and Other Comprehensive Income
for year ended 31 March 2016

	Note	2016 $000	2015 $000
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses	2	(12)	(24)
Operating loss		(12)	(24)
Interest payable and similar charges	4	(3,160)	(4,376)
Amounts written off investments	2	(299,000)	-
Loss on ordinary activities before taxation		(302,172)	(4,400)
Tax on loss on ordinary activities	5	-	-
Loss and total comprehensive income for the financial year		(302,172)	(4,400)

Balance Sheet
at 31 March 2016

	Note	2016 $000	$000	2015 $000	$000
Fixed assets					
Investments	6		-		299,000
			-		299,000
Current assets					
Debtors		-		-	
		-		-	
Creditors: amounts falling due within one year	7	(140,510)		(257,338)	
Net current liabilities			(140,510)		(257,338)
Total assets less current liabilities			(140,510)		41,662
Net (liabilities)/assets			(140,510)		41,662
Capital and reserves					
Called up share capital	8		170,000		50,000
Profit and loss account			(310,510)		(8,338)
Shareholders' funds			(140,510)		41,662

These financial statements were approved by the board of directors on 19 December 2016 and were signed on its behalf by:

G Kilmister
Director

Company registered number: 05930723

Statement of Changes in Equity

	Called up Share capital	Profit and loss account	Total equity
	$000	**$000**	**$000**
Balance at 1 April 2014	50,000	(3,938)	46,062
Total comprehensive income for the period			
Loss	-	(4,400)	(4,400)
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	(4,400)	(4,400)
Balance at 31 March 2015	**50,000**	**(8,338)**	**41,662**
Balance at 1 April 2015	50,000	(8,338)	41,662
Total comprehensive income for the period			
Loss	-	(302,172)	(302,172)
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	(302,172)	(302,172)
Issue of shares	120,000	-	120,000
Total contributions by and distributions to owners	120,000	-	120,000
Balance at 31 March 2016	**170,000**	**(310,510)**	**(140,510)**

Notes
(forming part of the financial statements)

1 Accounting policies

ALS UK (Holdings) Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is US Dollars. All amounts in the financial statements have been rounded to the nearest $1,000.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Business combinations – Business combinations that took place prior to 1 April 2014 have not been restated.
- Separate financial instruments – carrying amount of the Company's cost of investment in subsidiaries and joint ventures is its deemed cost at 1 April 2014.

The Company's ultimate parent undertaking, ALS Limited includes the Company in its consolidated financial statements. The consolidated financial statements of ALS Limited are available to the public and may be obtained from the address in note 10. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons:

The company is dependent for its working capital on funds guaranteed by other group companies. ALS Limited, the ultimate parent company, has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds and guarantees as are needed by the company. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in subsidiaries, jointly controlled entities and associates

These are separate financial statements of the company. Investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 Impairment

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains. Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.7 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes *(continued)*

2 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2016 $000	2015 $000
Impairment loss on fixed asset investments	**299,000**	-

An impairment review was carried by ALS Limited in respect of its Oil and Gas operating segment. As a result the Company's investment in Reservoir Group LLC has been fully impaired.

Auditor's remuneration:

	2016 $000	2015 $000
Audit of these financial statements	**5**	11
Amounts receivable by the company's auditor and its associates in respect of:		
Other tax advisory services	**-**	3

3 Staff numbers and costs

The company does not have any employees. As a consequence there were no staff costs and no directors received any remuneration in respect of services to this company *(2015: $nil).*

4 Interest payable and similar charges

	2016 £000	2015 £000
Interest payable on financial liabilities at amortised cost	**3,158**	4,376
Net foreign exchange loss	**2**	-
Total other interest payable and similar charges	**3,160**	4,376

Interest payable and similar charges includes $3,158,000 *(2015: $4,376,000)* was payable to group undertakings.

Notes *(continued)*

5 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2016	2015
	£000	£000
Current tax		
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Total tax	-	-

Reconciliation of effective tax rate

	2016	2015
	$000	$000
Loss for the year	**(302,172)**	(4,400)
Total tax expense	-	-
Loss excluding taxation	**(302,172)**	(4,400)
Tax using the UK corporation tax rate of 20% *(2015: 21%)*	**(60,434)**	(924)
Non-deductible expenses	**60,177**	388
Group relief surrendered	**257**	536
Total tax expense included in profit or loss	-	-

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax liability at 31 December 2015 has been calculated based on these rates. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016.

Notes *(continued)*

6 Fixed asset investments

	Shares in group undertakings $000
Cost and net book value	
At beginning of year	299,000
Impairment charge	(299,000)
At end of year	-

The Company has the following investments in subsidiaries and jointly controlled entities:

Subsidiary undertakings	Aggregate of capital and reserves $000	Profit or loss for the year $000	Country of incorporation	Class of shares held	Ownership 2016 %	Ownership 2015 %
Reservoir Group LLC	120,644	(246)	United States	Ordinary	100	100

The write down of subsidiaries and joint ventures to net realisable value amounts to $299,000,000 *(2015: $nil)* (See note 2).

7 Creditors: amounts falling due within one year

	2016 $000	2015 $000
Amounts owed to group undertakings	**140,500**	257,324
Accruals and deferred income	**10**	14
	140,510	257,338

8 Capital and reserves

Share capital

	2016 $000	2015 $000
Allotted, called up and fully paid		
170,000,000 ordinary shares of $1 each *(2015: 50,000)*	**170,000**	50,000
	170,000	50,000

During the year the company issued $120,000,000 of additional share capital at $1 per share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes *(continued)*

9 Related parties

Other related party transactions

	Sales to 2016 $000	2015 $000	Administrative expenses incurred from 2016 $000	2015 $000
Other related parties	-	-	**17**	10
	-	-	**17**	10

	Receivables outstanding 2016 $000	2015 $000	Creditors outstanding 2016 $000	2015 $000
Entities over which Company has control, joint control or significant influence (subject to wholly owned exemption)	-	-	**100,455**	100,455
Other related parties	-	-	**40,045**	157,090
	-	-	**140,500**	257,545

10 Ultimate parent company and parent company of larger group

The immediate parent company is Australian Laboratory Services PTY Limited, a company incorporated in Australia. The ultimate parent company and ultimate controlling party is ALS Limited, a company incorporated in Australia.

The largest and smallest group in which the results of the Company are consolidated is that headed by ALS Limited, incorporated in Australia. No other group financial statements include the results of the Company. The consolidated financial statements of ALS Limited are available to the public and can be accessed from the company's website at www.alsglobal.com.