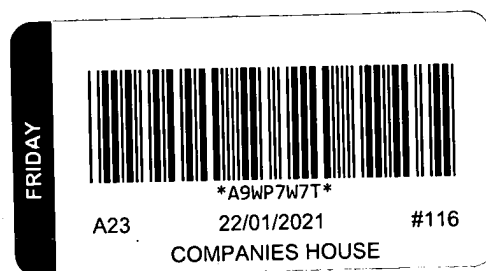


**SHELF SUBSEA HOLDINGS UK LIMITED**

**No. 10286951**

**(AMENDED)**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**



# **SHELF SUBSEA HOLDINGS UK LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	Marshall Allen James O'Mahony Colin Welsh
<b>Company number</b>	10286951
<b>Registered office</b>	8th Floor 20 Farringdon Street London EC4A 4AB
<b>Auditor</b>	Hall Morrice LLP 6 & 7 Queens Terrace Aberdeen AB10 1XL

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# **SHELF SUBSEA HOLDINGS UK LIMITED**

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# **SHELF SUBSEA HOLDINGS UK LIMITED**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present the strategic report for the year ended 31 December 2018.

### **Principal activities**

The principal activity of the Group continued to be that of the provision of diving services and equipment hire to the oil and gas and offshore industries.

### **Fair review of the business**

The Group focuses on providing diving services and hire of equipment for specific purposes in offshore industries including the energy sector.

The directors review the business of the Group on a regular basis and have taken such steps as they consider appropriate to match market requirements. Since the reduction in the oil price began there has been a reduction in the level of business available to companies engaged in the oil and gas sector, but the directors have taken steps to reduce costs and this has continued since the period end. However, the Group has also been successful in obtaining work from both new and existing customers and the directors are, in the circumstances, satisfied with the results and consider that the company is well placed to benefit from recovery in the energy sector as well as from such new opportunities as may arise. Although satisfied with the performance the directors are not complacent.

### **Principal risks and uncertainties**

#### **Financial risk management**

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, market risk, foreign currency risk, interest rate risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance. The directors believe the Group manages its risk satisfactorily in regard to market conditions.

The management is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management continually monitors the risk management process to ensure that an appropriate balance between risk and control risks is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The directors believe that the Group's exposure associated with these risks is minimal.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the identified risks.

#### **Credit risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group's exposure to credit risk arises primarily from trade and other receivables, including amount due from immediate holding company and cash and bank balances.

The Group seeks to minimise its credit risk by being selective regarding counterparties and seeking to structure contract terms to minimise credit risk to the Group. The Group performs ongoing credit evaluation of its counterparties' financial condition.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the internal and/or external information indicates that the financial asset is unlikely to be received, which could include default when there is significant difficulty of the counterparty.

## **SHELF SUBSEA HOLDINGS UK LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **Development and performance**

##### ***Credit risk (cont'd)***

To minimise credit risk, the Group has developed and maintained the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the Group and changes in the operating results of the debtor.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty.

Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

##### **Trade receivables and contract assets**

For trade receivables and contract assets, the Group has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Group determines the ECL based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Trade receivables and contract assets that are neither past due nor impaired are substantially debtors with good collection track record with the Group. Management believes that no loss allowance is necessary in respect of trade receivables and contract assets as these are substantially companies with good collection track record and no recent history of default, hence the expected credit losses is not material.

##### **Amount due from immediate holding company and other receivables**

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

##### **Cash and bank balances**

Cash and bank balances are mainly deposits with creditworthy financial institutions with minimum risk of default. Impairment loss allowance on cash and bank balances has been measured using 12-month ECL and reflects the short maturities of the exposure. The Group considers that its cash and bank balances have low credit risk based on the external credit ratings of the counterparties and determines that the ECL is insignificant.

##### ***Market risk***

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates but do not expose it to significant risk to changes in interest rates.

##### ***Foreign currency risk***

The Group's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Group does not have any formal policy for hedging against currency risk.

The Group transacts business in various foreign currencies other than the functional currency of the Group, including mainly Singapore dollar (SGD), Indonesian Rupiah (IDR), Malaysian Ringgit (MYR), United States dollar (USD) and Pound Sterling (GBP) and therefore, is exposed to foreign currency risks.

## SHELF SUBSEA HOLDINGS UK LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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#### **Market risk (cont'd)**

##### *Fair value and cash flow interest rate risk*

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

The Group is not exposed to market risk for changes in interest rates as the amount due from immediate holding company is interest-free. Interest rate charged for lease liabilities is fixed at 5.22% to 6.70% per annum. Therefore, the Group is not exposed to any significant interest bearing financial assets and liabilities. As such, the Group's income is substantially independent of changes in market interest rate.

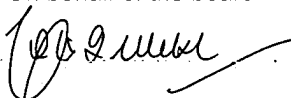
#### **Liquidity risk**

Liquidity risk refers to the risk that the Group will encounter difficulties in meeting its short term obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manages liquidity risk by maintaining a level of cash at bank and bank overdraft to meet its working capital requirements. In addition, the Company (being the ultimate holding company of the Group) has provided an undertaking in writing to certain subsidiaries that it will not demand payment of amounts due to it amounting to AUD 9,489,718 for at least a 12 month period from the date of such undertakings (which were provided at the time of approval of the subsidiaries' financial statements for the year ended 31 December 2019), except in so far as the funds of the Group permit repayment and such repayment will not adversely affect the ability of the Group to meet its financial obligations as they fall due.

#### **Development and performance**

The Group's balance sheet position as at 31 December 2018 shows net assets of 13,893,104 AUD (2017 - 30,336,816 AUD). Turnover of the Group has increased to 52,439,701 AUD (2017 - 40,191,549 AUD), with a loss before taxation for the year of 16,112,778 AUD (2017 - 3,084,392 AUD).

On behalf of the board



Colin Welsh

**Director**

19 January 2021

# **SHELF SUBSEA HOLDINGS UK LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present their report and audited financial statements for the year ended 31 December 2018.

### **Post balance sheet events**

After the closure of the 2018 financial year, there were no events that could have significant effects on the financial statements.

However, due to the uncertainty regarding the effects of the spread of Coronavirus and the consequent measures that have been put in place by the UK Government to combat it, the group has undertaken and continues to monitor the activity of reviewing the scenario and evaluating the management actions to mitigate the impact to the business. The group has adopted initiatives to safeguard the health of its people and actions aimed at maintaining operational activity. The effects of any adjustments to the financial statements are currently not determinable in light of the volatility of the scenario. These will be reflected in the 2020 results.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Marshall Allen  
James O'Mahony  
Colin Welsh  
Peter Stuart

(Resigned 17 July 2020)

### **Results and dividends**

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### **Auditor**

Hall Morrice LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic report, 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company, 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 and then apply them consistently;
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

## **SHELF SUBSEA HOLDINGS UK LIMITED**

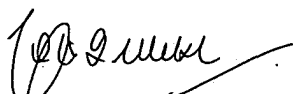
### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

On behalf of the board



Colin Welsh  
**Director**

19 January 2021



## **SHELF SUBSEA HOLDINGS UK LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHELF SUBSEA HOLDINGS UK LIMITED**

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#### **Opinion**

We have audited the financial statements of Shelf Subsea Holdings UK Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, 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 FRS 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 the parent company's affairs as at 31 December 2018 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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.

#### **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.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Strategic report and the Directors' 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.

## **SHELF SUBSEA HOLDINGS UK LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SHELF SUBSEA HOLDINGS UK LIMITED**

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

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

- the information given in the 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 Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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

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 Strategic report and the Directors' report.

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 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.

#### **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement, set out in the Directors' report, 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **SHELF SUBSEA HOLDINGS UK LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SHELF SUBSEA HOLDINGS UK LIMITED**

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#### **Use of our report**

This report is made solely to the group'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 group'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 group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Robert J C Bain MA CA CTA**

**Senior Statutory Auditor**

For and on behalf of Hall Morrice LLP

Statutory Auditor

Aberdeen

19 January 2021

# SHELF SUBSEA HOLDINGS UK LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 AUD	2017 AUD
Turnover	3	52,439,701	40,191,549
Cost of sales		(44,835,275)	(35,334,709)
<b>Gross profit</b>		<b>7,604,426</b>	<b>4,856,840</b>
Administrative expenses		(22,558,879)	(8,410,184)
Other operating income		4,845	665,650
<b>Operating loss</b>	<b>4</b>	<b>(14,949,608)</b>	<b>(2,887,694)</b>
Interest receivable and similar income	8	158,614	154,276
Interest payable and similar expenses	9	(1,321,784)	(350,974)
<b>Loss before taxation</b>		<b>(16,112,778)</b>	<b>(3,084,392)</b>
Tax on loss	10	(443,922)	284,469
<b>Loss for the financial year</b>		<b>(16,556,700)</b>	<b>(2,799,923)</b>
<b>Other comprehensive income</b>			
Actuarial (loss)/gain on defined benefit pension schemes		(92,149)	70,390
Currency translation differences		221,172	486,408
<b>Total comprehensive income for the year</b>		<b>(16,427,677)</b>	<b>(2,243,125)</b>

Total comprehensive income for the year is all attributable to the owners of the parent company.

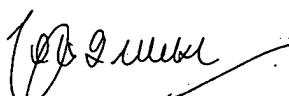
The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

# SHELF SUBSEA HOLDINGS UK LIMITED

## GROUP BALANCE SHEET AS AT 31 DECEMBER 2018

	Notes	AUD	2018 AUD	AUD	2017 AUD
<b>Fixed assets</b>					
Goodwill	12		5,574,687		5,574,687
Tangible assets	13		23,608,752		27,396,954
Investments	14		1,807,397		1,657,397
			<u>30,990,836</u>		<u>34,629,038</u>
<b>Current assets</b>					
Stocks	16	1,000,817		158,365	
Debtors	17	16,881,221		11,045,120	
Cash at bank and in hand		5,686,948		9,624,927	
		<u>23,568,986</u>		<u>20,828,412</u>	
<b>Creditors: amounts falling due within one year</b>	18	(23,301,216)		(14,278,850)	
<b>Net current assets</b>			<u>267,770</u>		<u>6,549,562</u>
<b>Total assets less current liabilities</b>			<u>31,258,606</u>		<u>41,178,600</u>
<b>Creditors: amounts falling due after more than one year</b>	19		(16,308,963)		(9,451,286)
<b>Provisions for liabilities</b>	22		(1,056,539)		(1,390,498)
<b>Net assets</b>			<u>13,893,104</u>		<u>30,336,816</u>
<b>Capital and reserves</b>					
Called up share capital	25		34,975,451		34,975,451
Other reserves			685,821		556,798
Profit and loss reserves			(21,768,168)		(5,195,433)
<b>Total equity</b>			<u>13,893,104</u>		<u>30,336,816</u>

The financial statements were approved by the board of directors and authorised for issue on 19 January 2021 and are signed on its behalf by:



Colin Welsh  
Director

# **SHELF SUBSEA HOLDINGS UK LIMITED**

## **COMPANY BALANCE SHEET AS AT 31 DECEMBER 2018**

	Notes	2018 AUD	2017 AUD
<b>Fixed assets</b>			
Investments	14	1	1
Debtors	17	34,975,450	34,975,450
<b>Net assets</b>		<u>34,975,451</u>	<u>34,975,451</u>
<b>Capital and reserves</b>			
Called up share capital	25	<u>34,975,451</u>	<u>34,975,451</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was nil (2017 - nil).

The financial statements were approved by the board of directors and authorised for issue on 19 January 2021 and are signed on its behalf by:



Colin Welsh  
Director

Company Registration No. 10286951

# SHELF SUBSEA HOLDINGS UK LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital AUD	Other reserves AUD	Profit and loss reserves AUD	Total AUD
<b>Balance at 1 January 2017</b>		25,636,369	-	(2,395,510)	23,240,859
<b>Year ended 31 December 2017:</b>					
Loss for the year		-	-	(2,799,923)	(2,799,923)
Other comprehensive income:					
Actuarial gains (net of tax)		-	70,390	-	70,390
Exchange differences on translation of foreign operations		-	486,408	-	486,408
Total comprehensive income for the year		-	556,798	(2,799,923)	(2,243,125)
Issue of share capital	<b>25</b>	9,339,082	-	-	9,339,082
<b>Balance at 31 December 2017</b>		34,975,451	556,798	(5,195,433)	30,336,816
<b>Year ended 31 December 2018:</b>					
Loss for the year		-	-	(16,556,700)	(16,556,700)
Other comprehensive income:					
Actuarial losses (net of tax)		-	(92,149)	-	(92,149)
Exchange differences on translation of foreign operations		-	221,172	-	221,172
Total comprehensive income for the year		-	129,023	(16,556,700)	(16,427,677)
Transfers		-	-	(16,035)	(16,035)
<b>Balance at 31 December 2018</b>		34,975,451	685,821	(21,768,168)	13,893,104

# **SHELF SUBSEA HOLDINGS UK LIMITED**

## **COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018**

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	Notes	Share capital AUD
<b>Balance at 1 January 2017</b>		25,636,369
		<hr/>
<b>Year ended 31 December 2017:</b>		
Profit and total comprehensive income for the year		-
Issue of share capital	25	9,339,082
		<hr/>
<b>Balance at 31 December 2017</b>		34,975,451
		<hr/>
<b>Year ended 31 December 2018:</b>		
Profit and total comprehensive income for the year		-
		<hr/>
<b>Balance at 31 December 2018</b>		34,975,451
		<hr/> <hr/>



# SHELF SUBSEA HOLDINGS UK LIMITED

## GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	AUD	2018 AUD	AUD	2017 AUD
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	30		(12,323,288)		10,810,625
Interest paid			(378,373)		(500,974)
Income taxes paid			(379,149)		(620,734)
<b>Net cash (outflow)/inflow from operating activities</b>			<b>(13,080,810)</b>		<b>9,688,917</b>
<b>Investing activities</b>					
Purchase of intangible assets		-	(5,574,687)		
Purchase of tangible fixed assets		(885,838)	(10,521,064)		
Proceeds on disposal of tangible fixed assets		1,324,120	2,407,140		
Purchase of subsidiaries		-	(5,997,452)		
Interest received		8,614	4,276		
Other investment income received		150,000	150,000		
<b>Net cash generated from/(used in) investing activities</b>			<b>596,896</b>		<b>(19,531,787)</b>
<b>Financing activities</b>					
Proceeds from issue of shares		-	9,339,082		
Proceeds from borrowings		5,474,124	9,315,135		
Payment of finance leases obligations		(236,776)	5,334		
<b>Net cash generated from financing activities</b>			<b>5,237,348</b>		<b>18,659,551</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>			<b>(7,246,566)</b>		<b>8,816,681</b>
Cash and cash equivalents at beginning of year			8,586,245		255,972
Effect of foreign exchange rates			(221,172)		(486,408)
<b>Cash and cash equivalents at end of year</b>			<b>1,118,507</b>		<b>8,586,245</b>
<b>Relating to:</b>					
Cash at bank and in hand			5,686,948		9,624,927
Bank overdrafts included in creditors payable within one year			(4,568,441)		(1,038,682)

# **SHELF SUBSEA HOLDINGS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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### **1 Accounting policies**

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in Australian Dollars which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest AUD.

The company is a qualifying entity for the purposes of FRS 102, being the parent of a group that prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.

#### **1.2 Basis of consolidation**

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated financial statements incorporate those of Shelf Subsea Holdings UK Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

# **SHELF SUBSEA HOLDINGS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018**

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### **1 Accounting policies (continued)**

#### **1.3 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

After the closure of the 2018 financial year, there were no events that could have significant effects on the company's financial statements.

However, due to the uncertainty regarding the effects of the spread of Coronavirus and the consequent measures that have been put in place by the UK Government to combat it, the company has undertaken and continues to monitor the activity of reviewing the scenario and evaluating the management actions to mitigate the impact to the business. The company has adopted initiatives to safeguard the health of its people and actions aimed at maintaining operational activity. The effects of any adjustments to the financial statements are currently not determinable in light of the volatility of the scenario. These will be reflected in the 2020 results.

#### **1.4 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

#### **1.5 Intangible fixed assets - goodwill**

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Based on management's review, no impairment charge was recognised for goodwill during the financial year.

# SHELF SUBSEA HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies (continued)

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Renovations	4 years
Office equipment, furniture and fittings	2-3 years
Vessels	15-20 years
Diving equipment	3-12 years
Motor vehicles	5-8 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

#### 1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

## SHELF SUBSEA HOLDINGS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies (continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.9 Stocks

Stocks consist of fuel for vessels, diving gases and miscellaneous spare parts. Stocks are valued at the lower of cost and net realisable value. Cost is determined using the weighed average method. Net realisable value is the price at which stocks can be realised in the normal course of business, less estimated selling expenses.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.10 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# **SHELF SUBSEA HOLDINGS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018**

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### **1 Accounting policies (continued)**

#### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

#### ***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

# SHELF SUBSEA HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies (continued)

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

#### **1.12 Equity instruments**

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### **1.13 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### ***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.14 Provisions**

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

## **SHELF SUBSEA HOLDINGS UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **1 Accounting policies (continued)**

##### **1.15 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **1.16 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Defined benefit plans are post employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependant on one of more factors such as age, years of service and compensation.

The asset or liability recognised in the statement of financial position in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in other comprehensive income in the period in which they arise. Actuarial gains or losses are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised immediately in profit or loss.

Current service costs and interest costs are recognised immediately in profit or loss when incurred.

Gains or losses on curtailment or settlement of a defined benefit plan are recognised when the curtailment or settlement occurs, which comprise change in the present value of the defined obligation and any related actuarial gains and losses and past service cost that had not been recognised previously.

##### **1.17 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.



# **SHELF SUBSEA HOLDINGS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018**

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### **1 Accounting policies (continued)**

#### **1.18 Foreign exchange**

Transactions in currencies other than Australian dollars are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings are taken to the foreign exchange reserve.

#### **1.19 Amended financial statements**

These financial statements are the amended statutory consolidated financial statements for the year ended 31 December 2018 and replace the original financial statements submitted on 16 December 2019. Subsequent to the financial statements being submitted, it was determined that the company was the parent of a medium sized group and should have been subject to consolidation and audit.

### **2 Judgements and key sources of estimation uncertainty**

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### ***Trade receivables from third parties***

Management determines the expected loss arising from default for trade receivables, by categorising them based on its historical loss pattern, historical payment profile. Historical credit loss rates were adjusted to reflect the effects of the current conditions and its forecast of future economic conditions taking into accounts the credit risk profile of customers. Notwithstanding the above, the group evaluates the expected credit loss on customers in financial difficulty separately.

##### ***Impairment of goodwill***

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units ("CGU") to which goodwill has been allocated. the value in use calculation requires the entity to estimate the future cashflows expected to arise from the CGU and a suitable discount rate in order to calculate present value.

##### ***Deferred tax assets***

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies.

## SHELF SUBSEA HOLDINGS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

#### 2 Judgements and key sources of estimation uncertainty (continued)

##### *Measurement of lease liabilities*

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The group has determined the discount rate by reference to the respective lessee's incremental borrowing rate when the rate inherent in the lease is not readily determinable. The group obtains the relevant market interest rate after considering the applicable geographical location where the lessee operates as well as the term of the lease. Management considers its own credit spread information from its recent borrowings, industry data available as well as any security available in order to adjust the market interest rate obtained from similar economic environment, term and value of the lease.

The weighted average incremental borrowing rate applied to the lease liabilities as at 31 December 2018 was 6.40%.

##### *Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of each asset and note 1.6 for the useful economic lives for each class of asset.

#### 3 Turnover and other revenue

	2018 AUD	2017 AUD
<b>Turnover analysed by class of business</b>		
Diving services and equipment hire	52,287,513	40,191,549
Sale of goods	152,188	-
	<u>52,439,701</u>	<u>40,191,549</u>
	2018 AUD	2017 AUD
<b>Other significant revenue</b>		
Interest income	158,614	154,276
Gain on disposal of plant & equipment	233,923	329,624
GST refund	-	243,986
Insurance claim	-	89,990
	<u></u>	<u></u>
	2018 AUD	2017 AUD
<b>Turnover analysed by geographical market</b>		
Asia	<u>52,439,701</u>	<u>40,191,549</u>

# SHELF SUBSEA HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 4 Operating loss

	2018 AUD	2017 AUD
Operating loss for the year is stated after charging:		
Exchange losses	803,881	320,453
Depreciation of owned tangible fixed assets	3,601,052	2,508,965
Impairment of owned tangible fixed assets	413,637	-
Operating lease charges	3,887,449	701,320

### 5 Auditor's remuneration

	2018 AUD	2017 AUD
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	21,180	8,446
Audit of the financial statements of the company's subsidiaries	133,562	98,154
	154,742	106,600

### 6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Directors/Management	12	13	4	4
Administrative	46	37	-	-
Project/others	54	39	-	-
	112	89	4	4

Their aggregate remuneration comprised:

	Group 2018 AUD	2017 AUD	Company 2018 AUD	2017 AUD
Wages and salaries	8,509,880	3,091,623	-	-
Pension costs	536,098	184,235	-	-
	9,045,978	3,275,858	-	-

# SHELF SUBSEA HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 7 Directors' remuneration

	2018 AUD	2017 AUD
Remuneration for qualifying services	50,000	-

### 8 Interest receivable and similar income

	2018 AUD	2017 AUD
<b>Interest income</b>		
Interest receivable	8,614	4,276
Other interest income	150,000	150,000
Total income	158,614	154,276

### 9 Interest payable and similar expenses

	2018 AUD	2017 AUD
Interest on bank overdrafts and loans	213,373	349,836
Interest on finance leases and hire purchase contracts	15,000	1,138
Interest payable to related parties	1,093,411	-
Total finance costs	1,321,784	350,974

### 10 Taxation

	2018 AUD	2017 AUD
<b>Current tax</b>		
UK corporation tax on profits for the current year	372,090	456,655
Adjustments in respect of prior periods	(25,522)	191,382
Total current tax	346,568	648,037
<b>Deferred tax</b>		
Origination and reversal of timing differences	97,354	(932,506)
Total tax charge/(credit)	443,922	(284,469)

# SHELF SUBSEA HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 10 Taxation (continued)

The actual charge/(credit) for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2018 AUD	2017 AUD
Loss before taxation	(16,112,778)	(3,084,392)
Expected tax credit based on the standard rate of corporation tax in the UK of 19% (2017: 19%)	(2,980,864)	(570,613)
Tax effect of expenses that are not deductible in determining taxable profit	2,743,996	878,174
Gains not taxable	(49,715)	(2,576)
Unutilised tax losses carried forward	-	8,974
Effect of overseas tax rates	(650,016)	(95,936)
Under/(over) provided in prior years	(25,522)	191,382
Deferred tax adjustments in respect of prior years	50,666	(762,353)
Others	(218,763)	256,770
Movement in deductible temporary difference not recognised	1,801,242	(188,291)
Deferred tax liabilities not recognised	(227,102)	-
Taxation charge/(credit)	443,922	(284,469)

### 11 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2018 AUD	2017 AUD
In respect of:			
Property, plant and equipment	13	413,637	-
Recognised in:			
Administrative expenses		413,637	-

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

# SHELF SUBSEA HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 12 Intangible fixed assets

Group	Goodwill AUD
<b>Cost</b>	
At 1 January 2018 and 31 December 2018	5,574,687
<b>Amortisation and impairment</b>	
At 1 January 2018 and 31 December 2018	-
<b>Carrying amount</b>	
At 31 December 2018	5,574,687
At 31 December 2017	5,574,687

The company had no intangible fixed assets at 31 December 2018 or 31 December 2017.

### 13 Tangible fixed assets

Group	Renovations AUD	Vessels and diving equipment AUD	Office equipment, furniture and fittings AUD	Motor vehicles AUD	Total AUD
<b>Cost</b>					
At 1 January 2018	12,158	37,618,329	969,616	547,012	39,147,115
Additions	16,524	967,345	198,276	-	1,182,145
Disposals	-	(1,230,261)	-	(136,227)	(1,366,488)
Exchange adjustments	1,221	176,557	35,167	18,742	231,687
At 31 December 2018	29,903	37,531,970	1,203,059	429,527	39,194,459
<b>Depreciation and impairment</b>					
At 1 January 2018	8,123	10,725,247	641,743	375,048	11,750,161
Depreciation charged in the year	1,483	3,412,430	143,802	43,337	3,601,052
Impairment	-	413,637	-	-	413,637
Eliminated in respect of disposals	-	(140,065)	-	(136,226)	(276,291)
Exchange adjustments	385	58,216	26,494	12,053	97,148
At 31 December 2018	9,991	14,469,465	812,039	294,212	15,585,707
<b>Carrying amount</b>					
At 31 December 2018	19,912	23,062,505	391,020	135,315	23,608,752
At 31 December 2017	4,035	26,893,082	327,873	171,964	27,396,954

# SHELF SUBSEA HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 13 Tangible fixed assets (continued)

The company had no tangible fixed assets at 31 December 2018 or 31 December 2017.

The group's diving equipment with a carrying amount of AUD1,155,407 (2017 - AUD nil) were pledged for the vessel charter by a subsidiary.

More information on impairment movements in the year is given in note 11.

### 14 Fixed asset investments

	Notes	Group 2018 AUD	2017 AUD	Company 2018 AUD	2017 AUD
Investments in subsidiaries	15	-	-	1	1
Loans		1,807,397	1,657,397	-	-
		<u>1,807,397</u>	<u>1,657,397</u>	<u>1</u>	<u>1</u>

#### Movements in fixed asset investments

Group	Other investments AUD
<b>Cost</b>	
At 1 January 2018	1,657,397
Interest receivable	150,000
At 31 December 2018	<u>1,807,397</u>
<b>Carrying amount</b>	
At 31 December 2018	<u>1,807,397</u>
At 31 December 2017	<u>1,657,397</u>

#### Movements in fixed asset investments

Company	Shares in group undertakings AUD
<b>Cost</b>	
At 1 January 2018 and 31 December 2018	<u>1</u>
<b>Carrying amount</b>	
At 31 December 2018	<u>1</u>
At 31 December 2017	<u>1</u>

## SHELF SUBSEA HOLDINGS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

#### 15 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Shelf Subsea Services UK Limited	United Kingdom	Holding company	Ordinary	100.00	-
Shelf Subsea Services Pte. Ltd	Singapore	Holding company	Ordinary	-	100.00
Shelf Subsea Solutions Pte. Ltd	Singapore	Provision of diving services, vessel charter hire and other related services	Ordinary	-	100.00
Bintang Subsea (S) Pte. Ltd	Singapore	Provision of subsea surveying, inspection services, technology and equipment supply, subsea personnel agency and consultancy services	Ordinary	-	100.00
Shelf Subsea Pty Ltd	Australia	Diving services and vessel charter hire supply chain services	Ordinary	-	100.00
Shelf Subsea Australia Pty Ltd	Australia	Diving services and vessel charter hire supply chain services	Ordinary	-	100.00
PT Bintang Subsea Indonesia	Indonesia	Provision of petroleum, mining and information management consulting services and supporting services of water transportation, petroleum and natural gas	Ordinary	-	100.00
Bintang Subsea Ventures (m) Sdn. Bhd.	Malaysia	Provision of subsea engineering and seismic survey activities for the oilfields industry	Ordinary	-	100.00

The Group holds a 49% direct equity interest in PT Bintang Subsea Indonesia and a 30% direct equity interest in Bintang Subsea Ventures (M) Sdn Bhd. However, pursuant to various contractual mechanisms, the Group has effective control of these entities and as such consolidates them from a financial perspective.

#### 16 Stocks

	Group 2018 AUD	2017 AUD	Company 2018 AUD	2017 AUD
Raw materials and consumables	<u>1,000,817</u>	<u>158,365</u>	<u>-</u>	<u>-</u>



# SHELF SUBSEA HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 17 Debtors

		Group 2018 AUD	2017 AUD	Company 2018 AUD	2017 AUD
<b>Amounts falling due within one year:</b>					
Trade debtors		12,687,998	5,963,538	-	-
Amounts owed by group undertakings		-	-	34,975,450	34,975,450
Other debtors		632,829	693,670	-	-
Prepayments and accrued income		1,834,103	2,283,191	-	-
		<u>15,154,930</u>	<u>8,940,399</u>	<u>34,975,450</u>	<u>34,975,450</u>
Deferred tax asset (note 23)		1,725,291	2,098,721	-	-
		<u>16,880,221</u>	<u>11,039,120</u>	<u>34,975,450</u>	<u>34,975,450</u>
<b>Amounts falling due after more than one year:</b>					
Other debtors		1,000	6,000	-	-
		<u>1,000</u>	<u>6,000</u>	<u>-</u>	<u>-</u>
<b>Total debtors</b>		<u>16,881,221</u>	<u>11,045,120</u>	<u>34,975,450</u>	<u>34,975,450</u>

### 18 Creditors: amounts falling due within one year

	Notes	Group 2018 AUD	2017 AUD	Company 2018 AUD	2017 AUD
Bank loans and overdrafts	20	4,568,441	1,038,682	-	-
Obligations under finance leases	21	253,041	146,993	-	-
Trade creditors		10,628,489	4,429,365	-	-
Gross amounts owed to contract customers		527,740	-	-	-
Corporation tax payable		22,404	27,304	-	-
Other taxation and social security		229,702	361,857	-	-
Other creditors		796,328	4,474,163	-	-
Accruals and deferred income		6,275,071	3,800,486	-	-
		<u>23,301,216</u>	<u>14,278,850</u>	<u>-</u>	<u>-</u>

### 19 Creditors: amounts falling due after more than one year

	Notes	Group 2018 AUD	2017 AUD	Company 2018 AUD	2017 AUD
Obligations under finance leases	21	89,634	136,151	-	-
Other borrowings	20	16,219,329	9,315,135	-	-
		<u>16,308,963</u>	<u>9,451,286</u>	<u>-</u>	<u>-</u>

# SHELF SUBSEA HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 20 Loans and overdrafts

	Group 2018 AUD	2017 AUD	Company 2018 AUD	2017 AUD
Bank overdrafts	4,568,441	1,038,682	-	-
Loans from related parties	15,882,671	9,221,540	-	-
Other loans	336,658	93,595	-	-
	<u>20,787,770</u>	<u>10,353,817</u>	<u>-</u>	<u>-</u>
Payable within one year	4,568,441	1,038,682	-	-
Payable after one year	<u>16,219,329</u>	<u>9,315,135</u>	<u>-</u>	<u>-</u>

The groups borrowings are secured as follows:

- A charge over the assets of subsidiaries, Shelf Subsea Services Pte. Ltd., Shelf Subsea Solutions Pte. Ltd., Bintang Subsea (S) Pte. Ltd., Shelf Subsea Pty Ltd., and Shelf Subsea Australia Pty Ltd.
- A charge over all present and after acquired property of Shelf Subsea Australia Pty Ltd.

The loans from related parties are split into 2 loans, A and B. Loan A was advanced in August 2017 by the shareholders of the ultimate holding company for the purpose to fund the purchase of assets. The interest rate is 8% (2017 8%) per annum and to be capitalised quarterly in arrears and treated as forming part of the principal outstanding or paid in cash on a quarterly basis. The term loan is repayable on the expiry date, which is 5 years from 29 August 2017.

Loan B was advanced between May 2018 and September 2018 by the shareholders and directors of the ultimate holding company for the purpose to fund the working capital of the company and its subsidiaries. The interest rate is 12% per annum and to be capitalised quarterly in arrears and treated as forming part of the principal outstanding or paid in cash on a quarterly basis. The term loan is repayable on the expiry date, which is 5 years from 31 May 2018.

### 21 Finance lease obligations

	Group 2018 AUD	2017 AUD	Company 2018 AUD	2017 AUD
Future minimum lease payments due under finance leases:				
Within one year	264,467	157,062	-	-
In two to five years	91,200	138,693	-	-
	<u>355,667</u>	<u>295,755</u>	<u>-</u>	<u>-</u>
Less: future finance charges	(12,992)	(12,611)	-	-
	<u>342,675</u>	<u>283,144</u>	<u>-</u>	<u>-</u>

# SHELF SUBSEA HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 21 Finance lease obligations (continued)

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery and motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease terms ranged from 2-5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 22 Provisions for liabilities

	Notes	Group 2018 AUD	2017 AUD	Company 2018 AUD	2017 AUD
Pension provision		198,981	224,283	-	-
Deferred tax liabilities	23	857,558	1,166,215	-	-
		<u>1,056,539</u>	<u>1,390,498</u>	<u>-</u>	<u>-</u>

Movements on provisions apart from deferred tax liabilities:

Group	Pension provision AUD
At 1 January 2018	224,283
Reversal of provision	(25,302)
At 31 December 2018	<u>198,981</u>

### 23 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2018 AUD	Liabilities 2017 AUD	Assets 2018 AUD	Assets 2017 AUD
Accelerated capital allowances	857,558	1,061,579	-	-
Tax losses	-	-	1,200,828	1,803,368
Unbilled revenue	-	104,636	-	-
Accruals and provisions	-	-	524,463	295,353
	<u>857,558</u>	<u>1,166,215</u>	<u>1,725,291</u>	<u>2,098,721</u>

The company has no deferred tax assets or liabilities.

# SHELF SUBSEA HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 23 Deferred taxation (continued)

	Group 2018 AUD	Company 2018 AUD
<b>Movements in the year:</b>		
Liability/(asset) at 1 January 2018	(932,506)	-
Charge to profit or loss	97,354	-
Credit to other comprehensive income	(30,716)	-
Foreign currency alignment	(1,865)	-
Liability/(asset) at 31 December 2018	(867,733)	-

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies.

### 24 Retirement benefit schemes

	2018 AUD	2017 AUD
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	428,801	87,934

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

#### Defined benefit schemes

A subsidiary, PT Bintang Subsea Indonesia recorded the defined benefit liabilities for severance pay, gratuity, years of service and compensation to employees amounting to AUD 336,658 (2017: AUD 93,595) (IDR 3,457,948,962 (2017: IDR 989,484,506)) as at 31 December 2018, based on calculations prepared by PT Sigma Prima Solusindo, and independent actuary, using the "Projected Unit Credit Method".

A defined benefit plan provides exposure to the Group against actuarial risks such as interest rate risk, life expectancy risk and salary risk.

#### Interest rate risk

The decline in interest rates would increase the liability bond program; however, most will be offset by an increase in the yield on investment debt instruments.

#### Life expectancy risk

The present value of the defined benefit obligation is calculated by reference to the best estimate of mortality program participants both during and after employment contract. Increases in life expectancy of the program participants will increase the liability program.

#### Salary risk

The present value of the defined benefit obligation is calculated by reference to the salary of the future program participants. Thus, a salary increase for program participants will increase the liability program.

# SHELF SUBSEA HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 24 Retirement benefit schemes (continued)

Some of the assumptions used for the actuarial calculations are as follows:

	2018 AUD	2017 AUD
Discount rate	8.46% per annum	7.12% per annum
Salary increment rate	10% per annum	10% per annum
Mortality rate	Tabel Mortalita Indonesia III	Tabel Mortalita Indonesia III
Retirement age	55	55

Analysis of estimated liabilities for employee benefits and employee benefits expense as of 31 December 2018 are recorded in the group balance sheet and group statement of comprehensive income for the years then ended are as follows:

	2018 AUD	2017 AUD
Balance at beginning of year	93,595	-
Acquisition of subsidiaries	-	41,097
Employee benefits expense for the current year	107,297	87,394
Other comprehensive income	92,149	(35,436)
Tax for actuarial loss	30,716	-
Foreign currency alignment	12,901	-
Balance at end of year	336,658	93,055

### 25 Share capital

	Group and company	
	2018 AUD	2017 AUD
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
34,974,501 Ordinary shares of AUD1 each	34,974,501	34,974,501
600,000 B shares of 1 cent each	600	600
350,000 C shares of 1 cent each	350	350
	34,975,451	34,975,451

## SHELF SUBSEA HOLDINGS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

#### 25 Share capital (continued)

The Ordinary shareholders are entitled to vote at general meetings and receive dividends. They do not confer any rights of redemption.

The B Class shareholders are not entitled to vote at general meetings unless to approve the buyback or cancellation of B class shares or a proposal that affects the rights attached to B shares but have the same rights, title and benefits as are attached to the Ordinary shares.

The C Class shareholders are not entitled to vote at general meetings unless to approve the buyback or cancellation of C class shares or a proposal that affects the rights attached to C shares but have the same rights, title and benefits as are attached to the Ordinary shares.

#### 26 Contingent liabilities

##### Performance guarantees

As at 31 December 2018, the group's subsidiary had given performance guarantees amounting to AUD 184,676 (2017: AUD 119,446) to its office premises landlord and customer. Such guarantees are in the form of performance guarantees as they require the subsidiary to reimburse the counterparty if the subsidiary to which the guarantee were extended fail to fulfil its obligations in accordance with the terms of contract.

#### 27 Operating lease commitments

##### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2018 AUD	2017 AUD	Company 2018 AUD	2017 AUD
Within one year	9,847,399	955,325	-	-
Between two and five years	16,961,079	2,332,349	-	-
	<u>26,808,478</u>	<u>3,287,674</u>	<u>-</u>	<u>-</u>

#### 28 Related party transactions

##### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 AUD	2017 AUD
Aggregate compensation	<u>721,350</u>	<u>730,838</u>

##### Transactions with related parties

During the year the group entered into the following transactions with related parties:

# SHELF SUBSEA HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 28 Related party transactions (continued)

	2018	Interest paid 2017
	AUD	AUD
<b>Group</b>		
Entities with control, joint control or significant influence over the company	1,093,411	-

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2018	2017
	AUD	AUD
<b>Group</b>		
Entities with control, joint control or significant influence over the group	15,882,671	9,221,540

### 29 Controlling party

The company does not have an ultimate controlling party as no shareholder owns more than 50% of the voting rights.

### 30 Cash generated from group operations

	2018	2017
	AUD	AUD
Loss for the year after tax	(16,556,700)	(2,772,621)
Adjustments for:		
Taxation charged/(credited)	443,922	(311,772)
Finance costs	1,321,784	350,974
Investment income	(158,614)	(154,276)
Gain on disposal of tangible fixed assets	(233,923)	(312,933)
Depreciation and impairment of tangible fixed assets	4,014,689	2,508,965
Foreign exchange gains on cash equivalents	221,172	486,408
Pension scheme non-cash movement	(92,149)	70,390
(Decrease) in provisions	(25,302)	(92,492)
Movements in working capital:		
(Increase) in stocks	(842,452)	(158,365)
(Increase)/decrease in debtors	(6,209,531)	2,438,613
Increase in creditors	5,793,816	8,757,734
<b>Cash (absorbed by)/generated from operations</b>	<b>(12,323,288)</b>	<b>10,810,625</b>

### 31 Company information

Shelf Subsea Holdings UK Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 8th Floor, 20 Farringdon Street, London, EC4A 4AB.

The group consists of Shelf Subsea Holdings UK Limited and all of its subsidiaries.