

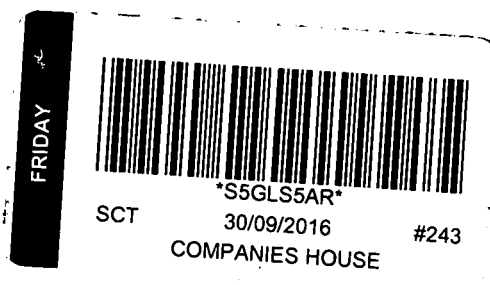
Registered number: SC483951



RIGMAR GROUP (HOLDINGS) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2015



RIGMAR GROUP (HOLDINGS) LIMITED



COMPANY INFORMATION

Directors

J A Wilson (appointed 8 August 2014)
A Poddar (appointed 8 August 2014)
K W Nelson (appointed 17 September 2014)
M J Fleming (appointed 31 July 2015)

Company secretary

Burness Paull LLP

Registered number

SC483951

Registered office

Union Plaza (6th Floor)
1 Union Wynd
Aberdeen
AB10 1DQ

Independent auditor

Anderson Anderson & Brown LLP
Kingshill View
Prime Four Business Park
Kingswells
Aberdeen
AB15 8PU

CONTENTS

| | Page |
|--|---------|
| Group strategic report | 1 - 2 |
| Directors' report | 3 - 4 |
| Directors' responsibilities statement | 5 |
| Independent auditor's report | 6 - 7 |
| Consolidated statement of comprehensive income | 8 |
| Consolidated statement of financial position | 9 |
| Company statement of financial position | 10 |
| Consolidated statement of changes in equity | 11 |
| Company statement of changes in equity | 12 |
| Consolidated Statement of cash flows | 13 - 14 |
| Notes to the financial statements | 15 - 39 |

INTRODUCTION

Rigmar Group (Holdings) Limited ("the group") was incorporated on 8 August 2014 with the aim of providing market leading engineering works, marine consultancy and offshore services to the Worldwide oil and gas industry.

BUSINESS REVIEW

The group acquired Rigmar Services Limited, Interocean Marine Services Limited and Rigmar Fabrication Limited on 17 September 2014.

The group has progressed its strategy to become the market leader in its fields and has leveraged from cross selling opportunities in the period despite being faced with a significant and prolonged reduction in the oil price.

As a result of this the group endured a drop in activity levels in both rig and fabrication markets, which resulted in a restructuring of its operations and in turn a significant decrease in the cost base. The directors believe that this restructuring will position the group better in withstanding the current economic downturn in these sectors and in returning to profitability.

Despite the adverse market conditions, the group has benefitted from two unexpected and substantial rig service jobs in Q3 2015, which contributed to Revenue of £38.1m for the period. The group has further strengthened its service offering through the launch of a marine survey division. In Q4 2015 the group was awarded contracts in the North Sea for new customers that could provide significant future income as capital expenditure increases in the oil and gas market.

The group has taken advantage of this period in order to take significant steps to integrate and align reporting processes. An important part of this process, accelerated by the current environment, was to discontinue the operations of Rigmar Fabrication Limited.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal business risks and uncertainties affecting the group are considered to relate to competition from similar business, activity levels within the oil and gas sector and the volatility in the oil price.

FINANCIAL KEY PERFORMANCE INDICATORS

The directors monitor turnover, gross profit and EBITDA as financial key performance indicators. In the period under review these were as follows:

Turnover from continuing operations - £36.4m
Gross Profit from continuing operations - £8.9m
Gross Profit Margin from continuing operations – 24.4%
EBITDA from continuing operations - £1.9m
EBITDA Margin from continuing operations – 5.2%

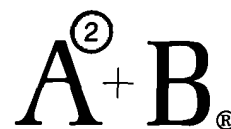
The group will continue to monitor performance against these metrics going forward.

OTHER KEY PERFORMANCE INDICATORS

Operational key performance indicators are personnel utilisation and asset utilisation. The directors believe that these combined with the key financial performance indicators provide sufficient information with which to assess performance.

RIGMAR GROUP (HOLDINGS) LIMITED

GROUP STRATEGIC REPORT (continued)
FOR THE PERIOD ENDED 31 DECEMBER 2015



This report was approved by the board and signed on its behalf.

A handwritten signature in black ink, appearing to read 'K W Nelson'.

.....
K W Nelson
Director

Date: 21 September 2016

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2015**



The directors present their report and the financial statements for the period ended 31 December 2015.

Results and dividends

The loss for the period, after taxation, amounted to £5,131,988.

Directors

The directors who served during the period were:

J A Wilson (appointed 8 August 2014)
A Poddar (appointed 8 August 2014)
K W Nelson (appointed 17 September 2014)
R Dalziel (appointed 17 September 2014, resigned 4 March 2015)
M J Fleming (appointed 31 July 2015)

Future developments

The directors expect that the year ending 31 December 2016 will show a decline in trading levels from 2015 with a sustained oversupply in the oil market leading to a lower average oil price over the course of the year. This has resulted in lower pricing and margins being achieved, which has been experienced throughout the industry in 2015 and in the first half of 2016. The group is further impacted by a lower level of maintenance expenditure by oil and gas operators.

To address this the business has undertaken significant restructuring exercises to ensure the resources within and available to the business are aligned to current market volatility and pricing, therefore minimising the impact on EBITDA.

The directors continue to explore new acquisitions, expansion into new geographical territories and increasing market presence by way of winning new customers.

Disclosure of information to auditor

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

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

Post balance sheet events

As part of the group restructuring process, the group placed Rigmar Fabrication Limited into a members voluntary liquidation in February 2016. During the period, the company made a pre-tax loss of £1,605,715.

Auditors

The auditor, Anderson Anderson & Brown LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

RIGMAR GROUP (HOLDINGS) LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2015**



This report was approved by the board and signed on its behalf.

A handwritten signature in black ink, appearing to read 'K W Nelson', written over a dotted line.

K W Nelson
Director

Date: 21 September 2016

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2015**

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

- select suitable accounting policies for the group financial statements 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 will continue in business.

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

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
RIGMAR GROUP (HOLDINGS) LIMITED**



We have audited the financial statements of Rigmar Group (Holdings) Limited for the period ended 31 December 2015, set out on pages 8 to 39. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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, 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 Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 2015 and of the group's loss for the period 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.

Emphasis of matter

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures in Note 2.3 to the financial statements in relation to going concern. Financial projections have been prepared for the group which the company is a member, showing the working capital requirements. The financial statements have been prepared on a going concern basis, due to the continuing availability of existing bank facilities. The financial statements do not include any adjustments that would result if the group was unable to continue as a going concern. Details of the circumstances relating to this matter are described in Note 2.3.

RIGMAR GROUP (HOLDINGS) LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
RIGMAR GROUP (HOLDINGS) LIMITED**



Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Group strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements and the directors' report has been prepared in accordance with applicable legal requirements.

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 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.

Anderson Anderson & Brown LLP

John Black (Senior statutory auditor)

for and on behalf of

Anderson Anderson & Brown LLP

Statutory Auditor

Kingshill View
Prime Four Business Park
Kingswells
Aberdeen
AB15 8PU

Date: 21 SEPTEMBER 2016

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2015**

| | | Continuing operations Period ended 31 December 2015 £ | Discontinued operations Period ended 31 December 2015 £ | Total Period ended 31 December 2015 £ |
|--|------|---|---|--|
| | Note | | | |
| Turnover | 4 | 36,382,757 | 1,682,222 | 38,064,979 |
| Cost of sales | | (27,374,222) | (2,199,325) | (29,573,547) |
| Gross profit | | 9,008,535 | (517,103) | 8,491,432 |
| Administrative expenses | | (9,907,027) | (1,137,725) | (11,044,752) |
| Exceptional administrative expenses | | (277,592) | (886,696) | (1,164,288) |
| Operating (loss)/profit | 5 | (1,176,084) | (2,541,524) | (3,717,608) |
| Impairment of goodwill | | (1,250,000) | - | (1,250,000) |
| Interest receivable and similar income | 9 | 56 | - | 56 |
| Interest payable and expenses | 10 | (335,484) | (2,018) | (337,502) |
| (Loss)/profit before taxation | | (2,761,512) | (2,543,542) | (5,305,054) |
| Tax on (loss)/profit | 11 | 173,066 | - | 173,066 |
| (Loss)/profit for the period | | (2,588,446) | (2,543,542) | (5,131,988) |

There were no recognised gains and losses for 2015 other than those included in the consolidated income statement.

There was no other comprehensive income for 2015.

The notes on pages 15 to 39 form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

| | Note | 2015 £ |
|---|------|--------------------------|
| Fixed assets | | |
| Intangible assets | 13 | 13,072,037 |
| Tangible assets | 15 | 5,178,868 |
| | | <u>18,250,905</u> |
| Current assets | | |
| Debtors: amounts falling due within one year | 18 | 5,707,157 |
| Cash at bank and in hand | 19 | 777,408 |
| | | <u>6,484,565</u> |
| Creditors: amounts falling due within one year | 20 | (6,920,934) |
| Net current (liabilities)/assets | | <u>(436,369)</u> |
| Total assets less current liabilities | | <u>17,814,536</u> |
| Creditors: amounts falling due after more than one year | 21 | (7,799,999) |
| Net assets | | <u><u>10,014,537</u></u> |
| Capital and reserves | | |
| Called up share capital | 25 | 17,654 |
| Share premium account | | 15,128,871 |
| Profit and loss account | | (5,131,988) |
| | | <u><u>10,014,537</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



.....
K W Nelson
Director

Date: 21 SEPTEMBER 2016

The notes on pages 15 to 40 form part of these financial statements.

RIGMAR GROUP (HOLDINGS) LIMITED
REGISTERED NUMBER: SC483951

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015



| | Note | 2015 £ |
|---|------|--------------------------|
| Fixed assets | | |
| Investments | 16 | 10,963,690 |
| | | <u>10,963,690</u> |
| Current assets | | |
| Debtors: amounts falling due after more than one year | 18 | 4,179,874 |
| Debtors: amounts falling due within one year | 18 | 148,101 |
| | | <u>4,327,975</u> |
| Total assets less current liabilities | | <u>15,291,665</u> |
| Net assets | | <u><u>15,291,665</u></u> |
| Capital and reserves | | |
| Called up share capital | 25 | 17,654 |
| Share premium account | | 15,128,871 |
| Profit and loss account | | 145,140 |
| | | <u>15,291,665</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


.....
K W Nelson
Director

Date: 21 SEPTEMBER 2016

RIGMAR GROUP (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2015



| | Share capital £ | Share premium £ | Retained earnings £ | Total equity £ |
|--|--------------------|-----------------------|---------------------------|-------------------|
| Comprehensive income for the period | | | | |
| Loss for the period | - | - | (5,131,988) | (5,131,988) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total comprehensive income for the period | - | - | - | - |
| Shares issued during the period | 17,654 | 15,128,871 | - | 15,146,525 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 2015 | <u>17,654</u> | <u>15,128,871</u> | <u>(5,131,988)</u> | <u>10,014,537</u> |

The notes on pages 15 to 39 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2015**



| | Share capital £ | Share premium £ | Retained earnings £ | Total equity £ |
|--|--------------------|-----------------------|---------------------------|-------------------|
| Comprehensive income for the period | | | | |
| Profit for the period | - | - | 145,140 | 145,140 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total comprehensive income for the period | - | - | 145,140 | 145,140 |
| Shares issued during the period | 17,654 | 15,128,871 | - | 15,146,525 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 2015 | <u>17,654</u> | <u>15,128,871</u> | <u>145,140</u> | <u>15,291,665</u> |

The notes on pages 15 to 39 form part of these financial statements.

RIGMAR GROUP (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2015



2015
£

Cash flows from operating activities

Loss for the financial period (5,131,988)

Adjustments for:

Amortisation of intangible assets 1,952,504

Depreciation of tangible assets 841,688

Impairment of fixed asset investments 1,250,000

Interest paid 337,502

Interest received (56)

Taxation (173,066)

Increase in debtors (2,102,837)

Increase in creditors 3,863,486

Net cash generated from operating activities 837,233

Cash flows from investing activities

Purchase of tangible fixed assets (4,478,877)

Sale of tangible fixed assets 214,367

Purchase of subsidiary companies (19,865,383)

Interest received 56

Net cash from investing activities (24,129,837)

RIGMAR GROUP (HOLDINGS) LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
FOR THE PERIOD ENDED 31 DECEMBER 2015**



2015
£

Cash flows from financing activities

| | |
|---|------------|
| Issue of ordinary shares | 15,146,525 |
| New secured loans | 5,000,000 |
| Other new loans | 2,799,999 |
| Movement in finance leases | 25,744 |
| Interest paid | (337,502) |
| Bank overdraft acquired on purchase of subsidiaries | (662,372) |

| | |
|--|-------------------|
| Net cash used in financing activities | 21,972,394 |
|--|-------------------|

| | |
|---|--------------------|
| Net increase / (decrease) in cash and cash equivalents | (1,320,210) |
|---|--------------------|

| | |
|---|--------------------|
| Cash and cash equivalents at the end of period | (1,320,210) |
|---|--------------------|

Cash and cash equivalents at the end of period comprise:

| | |
|--------------------------|--------------------|
| Cash at bank and in hand | 777,408 |
| Bank overdrafts | (2,097,618) |
| | (1,320,210) |

The notes on pages 15 to 39 form part of these financial statements.

1. GENERAL INFORMATION

Rigmar Group (Holdings) Limited is a company incorporated in Scotland. The registered office is Union Plaza, 6th Floor, 1 Union Wynd, Aberdeen, Aberdeenshire, AB10 1DQ.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

FRS 102 is mandatory for accounting periods beginning on or after 1 January 2015, but may be applied early to periods ending on or after 31 December 2012. Rigmar Group (Holdings) Limited has taken the option to apply the standard early in the preparation of these financial statements.

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 08 August 2014.

2.3 Going concern

After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, subject to market conditions which are uncertain just now and outcome of the discussion with Clydesdale Bank Plc which is mentioned below. In May 2016 the group successfully renegotiated the terms of their banking facilities with Clydesdale Bank Plc to allow the group to continue to meet their financing obligations following a sustained period of low activity and pricing pressures in the Oil and Gas service industry. In addition to this the group received a further equity injection of £1.5m from their investors to effect the orderly wind-down of Rigmar Fabrication Limited and provide additional working capital for the group. The group is currently in further negotiations with Clydesdale Bank Plc due to a likely covenant breach in September 2016.

2. ACCOUNTING POLICIES (continued)

2.4 Revenue

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

Rendering of services

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

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

Long term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

2.5 Intangible assets

Goodwill

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

Other intangible assets

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

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

2. ACCOUNTING POLICIES (continued)**2.6 Tangible fixed assets**

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

Depreciation is provided on the following basis:

| | |
|-------------------------------|---------------------|
| Land & buildings | - 1% on cost |
| Short-term leasehold property | - 20% on cost |
| Plant and machinery | - 10 - 33% on cost |
| Motor vehicles | - 50% on cost |
| Fixtures and fittings | - 20% - 50% on cost |
| Office equipment | - 50% on cost |

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Consolidated statement of comprehensive income.

2.7 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2. ACCOUNTING POLICIES (continued)

2.8. Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated income statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of financial position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.9 Stocks

Consumable supplies ("consumables"), in the form of material or supplies to be consumed in the rendering of services, are expensed to income as and when they are purchased. Such supplies have no resale value and are used, for no consideration, by the company in the rendering of services. Such consumables are used in the rendering of services when they are acquired and are not recognised as stocks as they are not used for more than one accounting period.

When such consumables are held and expected to provide future economic benefits they are recognised as stocks and valued at the lower of cost and realisable value.

2.10 Debtors

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

2.11 Cash and cash equivalents

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2015**



2. ACCOUNTING POLICIES (continued)

2.12 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- i) at fair value with changes recognised in the Income statement if the shares are publicly traded or their fair value can otherwise be measured reliably;
- ii) at cost less impairment for all other investments.

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.13 Creditors

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

2.14 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

Exchange gains and losses are recognised in the Statement of Comprehensive Income.

2.15 Finance costs

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

2.16 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

2. ACCOUNTING POLICIES (continued)

2.17 Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Financial liabilities within the scope of IAS 39 are initially classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequently, the measurement of financial liabilities depends on their classification as follows:

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Derecognition of financial liabilities

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification is treated as a derecognition of the original liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

2.18 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

The group contributes to a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund.

2.19 Interest income

Interest income is recognised in the Income statement using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2015



2. ACCOUNTING POLICIES (continued)

2.20 Borrowing costs

All borrowing costs are recognised in the Income statement in the period in which they are incurred.

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income statement in the year that the group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.22 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

2.23 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the group but are presented separately due to their size or incidence.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements, requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of financial position date and the amounts reported during the year for revenue and costs. However, the nature of estimation means that actual outcomes could differ from those estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following judgements and estimates have had the most significant impact on amounts recognised in the financial statements.

Taxation

The group establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions are based on various factors, such as experience with previous tax authorities and differing interpretations of tax regulations by the company and the tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Operating lease commitments

The group has entered into commercial property leases and as a lessee it obtains use of property, plant and equipment. The classification of such leases as operating or finance lease requires the group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Statement of financial position.

Impairment of debtors

The group makes an assessment of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management consider various factors including the ageing profile of debtors and historical experience. See Note 18 for the net carrying amount of the debtors and associated impairment provisions.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the useful economic lives and residual values of the assets. Useful lives and residual values are reassessed annually. They are assessed where necessary to reflect current estimates based on economic utilisation and physical condition.

Carrying value of goodwill

The group assesses annually whether goodwill has been impaired. Management assess the carrying value of goodwill using a number of factors including the trading performance of the company's which generated the goodwill on acquisition and the company's future cash flow projections discounted appropriately. See note 13 for the net carrying amount of goodwill and associated impairment provisions.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2015**

**4. ANALYSIS OF TURNOVER**

An analysis of turnover by class of business is as follows:

| | Period ended 31 December 2015 £ |
|---|---|
| Provision of engineering works | 18,077,537 |
| Provision of marine consultancy and offshore services | 18,305,218 |
| Provision of fabrication works | 1,682,224 |
| | <u>38,064,979</u> |

Analysis of turnover by country of destination:

| | Period ended 31 December 2015 £ |
|-------------------|---|
| United Kingdom | 24,855,697 |
| Rest of Europe | 5,259,734 |
| Rest of the world | 7,949,548 |
| | <u>38,064,979</u> |

5. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging/(crediting):

| | Period ended 31 December 2015 £ |
|---|---|
| Depreciation of tangible fixed assets | 841,688 |
| Amortisation of intangible assets, including goodwill | 1,952,504 |
| Exchange differences | (280,488) |
| Operating lease rentals | 662,502 |
| Defined contribution pension cost | 143,007 |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2015

6. AUDITOR'S REMUNERATION

Period ended
31
December
2015
£

Fees payable to the group's auditor and its associates for the audit of the group's annual accounts

38,500

7. EMPLOYEES

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

Period ended
31
December
2015
£

Wages and salaries

9,421,953

Social security costs

1,146,805

Pension costs

143,007

10,711,765

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

Period
ended
31
December
2015
No.

Management

5

Administration

29

Engineering, onshore and mooring

120

Towmaster

6

160

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2015**

**8. DIRECTORS' AND KEY MANAGEMENT REMUNERATION**

| | Period ended 31 December 2015 £ |
|---|---|
| Directors' emoluments | 701,536 |
| Company contributions to defined contribution pension schemes | 230 |
| | <u>701,766</u> |

During the period retirement benefits were accruing to 1 director in respect of defined contribution pension schemes.

The highest paid director received remuneration of £225,000.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL.

9. INTEREST RECEIVABLE

| | Period ended 31 December 2015 £ |
|--|---|
| Interest receivable from group companies | 56 |
| | <u>56</u> |

10. INTEREST PAYABLE AND SIMILAR CHARGES

| | Period ended 31 December 2015 £ |
|-----------------------------|---|
| Bank interest payable | 241,612 |
| Other loan interest payable | 95,890 |
| | <u>337,502</u> |

RIGMAR GROUP (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2015**



11. TAXATION

Period ended
31
December
2015
£

FOREIGN TAX

Foreign tax on income for the year

49,707

49,707

TOTAL CURRENT TAX

49,707

DEFERRED TAX

Origination and reversal of timing differences

(222,773)

TOTAL DEFERRED TAX

(222,773)

TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

(173,066)

11. TAXATION (continued)**FACTORS AFFECTING TAX CHARGE FOR THE PERIOD**

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 20.25%. The differences are explained below:

| | Period ended 31 December 2015 £ |
|--|---|
| Profit on ordinary activities before tax | (5,305,054) |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% | (1,074,273) |
| EFFECTS OF: | |
| Expenses not deductible for tax purposes | 493,019 |
| Capital allowances for period in excess of depreciation | (3,972) |
| Fixed asset differences | 19,134 |
| Adjustments to tax charge in respect of prior periods | (5) |
| Short term timing difference leading to an increase (decrease) in taxation | 284,943 |
| Non-taxable income | (195,406) |
| Differences in tax rates leading to an increase (decrease) in the tax charge | (1,658) |
| Double taxation relief | 49,707 |
| Unrelieved tax losses carried forward | 240,637 |
| Adjustments to deferred tax rates | 14,808 |
| TOTAL TAX CHARGE FOR THE PERIOD | (173,066) |

12. EXCEPTIONAL ITEMS

| | Period ended 31 December 2015 £ |
|---|---|
| Redundancy costs | 326,806 |
| Premises costs arising from early termination | 454,172 |
| Write off fixed assets on termination of fabrication business | 214,367 |
| Write off costs associated with closure of subsidiary | 57,991 |
| Write off related party balance | 53,245 |
| Exceptional legal fees | 43,509 |
| Other exceptional items | 14,198 |
| | <hr/> |
| | 1,164,288 |
| | <hr/> |

13. INTANGIBLE ASSETS**Group**

| | Goodwill arising on acquisition £ |
|-------------------------|--|
| COST | |
| Additions (see note 26) | 16,274,541 |
| At 31 December 2015 | <u>16,274,541</u> |
| AMORTISATION | |
| Charge for the period | 1,952,504 |
| Impairment charge | 1,250,000 |
| At 31 December 2015 | <u>3,202,504</u> |
| NET BOOK VALUE | |
| At 31 December 2015 | <u><u>13,072,037</u></u> |

14. PARENT COMPANY PROFIT FOR THE YEAR

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent company for the period was £145,140.

RIGMAR GROUP (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

15. TANGIBLE FIXED ASSETS

Group

| | Freehold property £ | Short-term leasehold property £ | Plant and machinery £ | Motor vehicles £ | Fixtures and fittings £ | Office equipment £ | Total £ |
|-------------------------------|---------------------------|--|-----------------------------|------------------------|-------------------------------|--------------------------|------------|
| COST OR VALUATION | | | | | | | |
| Additions | - | 287,238 | 4,055,323 | - | 27,510 | 108,806 | 4,478,877 |
| Acquisition of subsidiary | 224,022 | 244,216 | 1,715,252 | 197,195 | 282,814 | 634,721 | 3,298,220 |
| Disposals | - | (217,628) | (181,240) | (176,478) | (14,836) | (42,225) | (632,407) |
| At 31 December 2015 | 224,022 | 313,826 | 5,589,335 | 20,717 | 295,488 | 701,302 | 7,144,690 |
| DEPRECIATION | | | | | | | |
| Charge for the period - owned | 2,240 | 75,767 | 493,420 | 23,522 | 71,796 | 174,943 | 841,688 |
| Acquisition of subsidiary | 10,700 | 47,353 | 814,690 | 136,105 | 122,534 | 410,792 | 1,542,174 |
| Disposals | - | (49,921) | (177,996) | (138,910) | (9,847) | (41,366) | (418,040) |
| At 31 December 2015 | 12,940 | 73,199 | 1,130,114 | 20,717 | 184,483 | 544,369 | 1,965,822 |
| NET BOOK VALUE | | | | | | | |
| At 31 December 2015 | 211,082 | 240,627 | 4,459,221 | - | 111,005 | 156,933 | 5,178,868 |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2015

16. FIXED ASSET INVESTMENTS

Company

Investments
in subsidiary
£

COST OR VALUATION

Additions

10,963,690

At 31 December 2015

10,963,690

At 31 December 2015

-

NET BOOK VALUE

At 31 December 2015

10,963,690

17. DEBTORS: Amounts falling due after more than one year

| Group 2015 £ | Company 2015 £ |
|--------------------|----------------------|
|--------------------|----------------------|

Amounts owed by group undertakings

- 4,179,874

The amounts owed by group undertakings relate to unsecured intercompany loan notes. Interest is charged at 3.5% per annum. The loan notes are repayable at par on 31 December 2019. The loan note holders can request repayment at certain specified dates prior to 31 December 2019. These loan notes are subject to an inter creditor agreement between the bank lender and group companies, the terms of which prevent any repayment of loan notes if such payment would constitute a breach of the terms of the inter creditor agreement.

18. DEBTORS: Amounts falling due within one year

| Group 2015 £ | Company 2015 £ |
|--------------------|----------------------|
|--------------------|----------------------|

Trade debtors

3,412,604

-

Other debtors

589,064

148,101

Prepayments and accrued income

1,482,716

-

Deferred taxation

222,773

-

5,707,157

148,101

19. CASH AND CASH EQUIVALENTS

| | Group 2015 £ | Company 2015 £ |
|--------------------------|--------------------|----------------------|
| Cash at bank and in hand | 777,408 | - |
| Less: bank overdrafts | (2,097,618) | - |
| | <u>(1,320,210)</u> | <u>-</u> |

20. CREDITORS: Amounts falling due within one year

| | Group 2015 £ | Company 2015 £ |
|---|--------------------|----------------------|
| Bank overdrafts | 2,097,618 | - |
| Trade creditors | 2,848,568 | - |
| Taxation and social security | 579,808 | - |
| Obligations under finance lease and hire purchase contracts | 25,744 | - |
| Other creditors | 729,249 | - |
| Accruals and deferred income | 639,947 | - |
| | <u>6,920,934</u> | <u>-</u> |

Hire purchase creditors are secured against the assets concerned.

21. CREDITORS: Amounts falling due after more than one year

| | Group 2015 £ | Company 2015 £ |
|-------------|--------------------|----------------------|
| Bank loans | 5,000,000 | - |
| Other loans | 2,799,999 | - |
| | <u>7,799,999</u> | <u>-</u> |

The bank loans are secured by a bond and floating charge over the assets of the company and are repayable in instalments until 17 September 2019. Interest is charged at Libor + 2.75% per annum.

Included in other loans are unsecured loan notes of £2.5m and £299k which are due to be repaid by 31 December 2019. The loan note holders are entitled to demand payment on certain specified dates prior to 31 December 2019 but any such payment request will not be made if it constitutes a breach of the inter creditor agreement between the company and its bank lender. Interest is charged on these loan notes at 3.5% per annum.

22. LOANS

| | Group 2015 £ | Company 2015 £ |
|--------------------------------------|--------------------|----------------------|
| AMOUNTS FALLING DUE 1-2 YEARS | | |
| Bank loans | 187,500 | - |
| | <u>187,500</u> | <u>-</u> |
| AMOUNTS FALLING DUE 2-5 YEARS | | |
| Bank loans | 4,812,500 | - |
| Other loans | 2,799,999 | - |
| | <u>7,612,499</u> | <u>-</u> |

23. FINANCIAL INSTRUMENTS

| | Group 2015 £ | Company 2015 £ |
|---|--------------------|----------------------|
| FINANCIAL ASSETS | | |
| Financial assets measured at fair value through profit or loss | 777,408 | - |
| Financial assets that are debt instruments measured at amortised cost | 5,283,511 | 4,327,975 |
| | <u>6,060,919</u> | <u>4,327,975</u> |
| FINANCIAL LIABILITIES | | |
| Financial liabilities measured at amortised cost | (14,115,381) | - |

Financial assets measured at fair value through the profit and loss consist of cash at bank.

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

Financial Liabilities measured at amortised cost comprise trade creditors, accruals, other creditors, amounts owed to group undertakings and bank overdrafts.

24. DEFERRED TAXATION**Group**Deferred tax
£

Charged to the profit or loss

222,773

AT 31 DECEMBER 2015

222,773

The deferred tax asset is made up as follows:

Group
2015
£

Fixed asset timing differences

(51,913)

Tax losses carried forward

273,386

Short term timing differences

1,300

222,773

25. SHARE CAPITAL2015
£**Allotted, called up and fully paid**

10,964 A Ordinary shares of £1 each

10,964

2,680 B Ordinary shares of £1 each

2,680

550 D Ordinary shares of £1 each

550

1,218 M1 shares of £1 each

1,218

743 M2 shares of £1 each

743

1,499 Preferred shares of £1 each

1,499

17,654

25. SHARE CAPITAL (continued)

On 8 August 2014, one ordinary A share of £1 was issued at par.

On 17 September 2014, 10,963 ordinary A shares of £1 were issued at a premium of £10,952,727. 2,680 ordinary B shares of £1 were issued at a premium of £2,677,194 and 550 ordinary D shares were issued at a premium of £450.

On 11 June 2015, 1,499 preferred shares were issued at a premium of £1,498,501.

On 4 November 2015, 743 M2 shares of £1 were issued at par.

On 27 November 2015, 1,218 M1 shares of £1 were issued at par.

All ordinary shares rank *pari passu* and have full voting, dividend and capital distribution (including on winding up) rights. There is no right of redemption.

The preferred shares rank *pari passu* with the ordinary shares on full voting and dividend rights. There is no right of redemption. On winding up of the company, these shares have a priority right up to the amount paid up.

The M2 shares have no dividend or voting rights. The shares may be redeemed within 90 days of issue otherwise there is no right of redemption. A return of capital (including on winding up) can occur if the total proceeds exceed the M2 Hurdle Rate.

The M1 shares have no dividend, voting or redemption rights. A return of capital (including on winding up) can occur if the total proceeds exceed the M1 Hurdle Rate.

26. BUSINESS COMBINATIONS

Acquisition of Rigmar Services Limited, Rigmar Fabrication Limited and Interocean Marine Services Limited

On 17th September 2014, the group acquired the entire share capital of Rigmar Services Limited, Rigmar Fabrication Limited and Interocean Marine Services Limited, based in Aberdeen and Dundee for the total consideration of £19,865,383.

RIGMAR GROUP (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2015**



| | Book value £ | Fair value adjustment £ | Fair value £ |
|--|-------------------|-------------------------------|-------------------|
| Tangible | 1,884,630 | - | 1,884,630 |
| | <u>1,884,630</u> | <u>-</u> | <u>1,884,630</u> |
| Debtors | 7,587,223 | - | 7,587,223 |
| Cash at bank and in hand | (662,372) | - | (662,372) |
| TOTAL ASSETS | <u>8,809,481</u> | <u>-</u> | <u>8,809,481</u> |
| Due within one year | (5,218,639) | - | (5,218,639) |
| FAIR VALUE OF NET ASSETS | <u>3,590,842</u> | <u>-</u> | <u>3,590,842</u> |
| Goodwill | 16,274,541 | - | 16,274,541 |
| TOTAL PURCHASE CONSIDERATION | <u>19,865,383</u> | <u>-</u> | <u>19,865,383</u> |
| Purchase consideration settled in cash | 13,474,004 | - | 13,474,004 |
| Deferred consideration loan notes | 2,799,999 | - | 2,799,999 |
| Issue of shares | 2,680,874 | - | 2,680,874 |
| Deal fees settled in cash | 910,506 | - | 910,506 |
| TOTAL CONSIDERATION | <u>19,865,383</u> | <u>-</u> | <u>19,865,383</u> |

The results of Rigmar Services Limited, Rigmar Fabrication Limited and Interocean Marine Services Limited since its acquisition are as follows:

| | Current period since acquisition 2015 £ |
|-----------------------|---|
| Turnover | <u>38,064,979</u> |
| Profit for the period | <u>(2,074,626)</u> |

27. DISCONTINUED OPERATIONS

As part of the group restructuring process, the group placed Rigmar Fabrication Limited into a members voluntary liquidation in February 2016. During the period, the company made a pre-tax loss of £1,578,413.

28. CAPITAL COMMITMENTS

At 31 December 2015 the group had capital commitments as follows:

| | Group 2015 £ |
|---|--------------------|
| Contracted for but not provided in these financial statements | 135,732 |
| | <hr/> |
| | 135,732 |
| | <hr/> <hr/> |

The company had no capital commitments as at the reporting date.

29. PENSION COMMITMENTS

The group contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £55,146. Contributions of £5,149 were payable to the fund at the period end and are included in creditors.

30. SECURITIES

The company has provided a cross guarantee to Lionel Midco Limited, Lionel Bidco Limited, Rigmar Services Limited, Interocean Marine Services Limited and Rigmar Fabrication Limited which is supported by a bond and floating charge over all assets of the group in respect of indebtedness under the group banking facilities with Clydesdale Bank.

As 31 December 2015 the total indebtedness in respect of this guarantee was £7,098,423.

31. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2015 the group had future minimum lease payments under non-cancellable operating leases as follows:

| | Group 2015 £ |
|--|--------------------|
| Not later than 1 year | 600,975 |
| Later than 1 year and not later than 5 years | 1,764,265 |
| Later than 5 years | 700,125 |
| | <hr/> |
| TOTAL | 3,065,365 |
| | <hr/> <hr/> |

The company had no commitments under the non-cancellable operating leases as at the reporting date.

32. RELATED PARTY TRANSACTIONS**Control**

Throughout the year the company was controlled by the directors.

Transactions

The company has taken advantage of FRS 102 section 33 paragraph (a), which allows exemption from disclosure of related party transactions with other group companies.

33. CONTROLLING PARTY

The company's controlling party is First Reserve Momentum LLP, a company incorporated in England.

34. CONTINGENT LIABILITIES

A customer has raised a claim against subsidiary company Rigmar Fabrication Limited. The claim is in respect of rectification costs arising from alleged defective work. The claim has not been substantiated and the directors intend to defend the claim.

35. SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company:

| Name | Country of incorporation | Class of shares | Holding | Principal activity |
|------------------------------------|---------------------------------|------------------------|----------------|---|
| Lionel Midco Limited | Scotland | Ordinary | 100 % | Holding company |
| Lionel Bidco Limited | Scotland | Ordinary | 100 % | Holding company |
| Rigmar Services Limited | Scotland | Ordinary | 100 % | Supply of engineering works and non-destructive testing on oil rigs |
| Interocean Marine Services Limited | Scotland | Ordinary | 100 % | Marine consultancy and offshore services to the worldwide oil and gas renewables market |
| Rigmar Fabrication Limited | Scotland | Ordinary | 100 % | In liquidation |

All the above subsidiaries are included in the consolidated financial statements. The company's investment in Lionel Midco Limited is direct ownership. All other investments are indirectly held.