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Registered number: SC483951

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RIGMAR GROUP (HOLDINGS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

RIGMAR GROUP (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors	J A Wilson K W Nelson M J Fleming
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 Audit LLP Kingshill View Prime Four Business Park Kingswells Aberdeen AB15 8PU

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

INTRODUCTION

Rigmar Group (Holdings) Limited ("the group") was incorporated on 8 August 2014 with the aim of providing market leading technical services for marine operations and asset integrity. The Group has relocated over 830 MODUs in the last 6 years and is one of a few companies to have comprehensive accreditation for the provision of NDT services and Class-approved procedures on marine and fixed assets. During 2017 the Group saw a significant increase in it's civil engineering business where it was the primary access contractor on a prominent £1.3bn infrastructure project.

BUSINESS REVIEW

The Group's financial performance reflected the ongoing deterioration in the oil and gas market activity with the investment programmes of international oil companies, national companies and independents having now generally declined for four consecutive years, an event that has not occurred since the 1980's.

The directors are, however , confident in the Group's strategic focus on technical services with actions being taken during the course of the year to ensure the Group remained competitive within the low oil price environment and is now able to take advantage of increased demand as a result of the continuing increase in the oil price during 2018 and expected into 2019:

a)Operational efficiencies: the implementation of a new ERP system in 2016 has enabled the Group to continue to maintain a high level of control over man hours and significantly improve the level of controls.

b)Integrated Services: The Group continues to investigate partnerships with third parties to offer innovative and integrated technical solutions to clients reducing the cost of their operations and has seen significant benefit from those already in place to date.

c)Balance Sheet Restructuring: The company received a working capital injection in June 2018 as a result of shareholder's support which has enabled the company to renegotiate it's banking facilities, the banking covenants have been revised and loan repayments due to be paid in 2018 have been postponed until 2020 which has given the company the working capital required to take advantage of the increased prospects in 2018 and into 2019.

The directors are of the opinion that the Group is both highly competitive in the oil and gas sector and in other industrial sectors in particular building on it's reputation gained in the prominent infrastructure project it completed during 2017. The Group has already seen a significant increase in activity during 2018 in particular for it's Marine and Survey and Positioning divisions and is seeing an increase in tender activity in the UK and in the overseas locations that the Group has the ability to operate in.

PRINCIPAL RISKS AND UNCERTAINTIES

The key business risk and uncertainties affecting the company are considered to relate to competition from similar business and activity levels within the oil and gas sector.

FINANCIAL KEY PERFORMANCE INDICATORS

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

Turnover - £13.4m (2016 - £8.4m)
Gross Profit - £3.89m (2016 - £3.34m)
Gross Profit Margin – 29.1% (2016 - 39.7%)
EBITDA excluding exceptional costs - £(0.4)m (2016 - £(1.7)m)

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

OTHER KEY PERFORMANCE INDICATORS

Operational key performance indicators are billable man hours, asset utilisation and tender volumes. The directors believe that these combined with the key financial performance indicators provide sufficient information with which to assess performance.

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

Keith W Nel

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K W Nelson
Director

Date: 26 September 2018

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

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

Results and dividends

The loss for the year, after taxation, amounted to £3,235,884 (2016 - loss £6,590,078).

Directors

The directors who served during the year were:

J A Wilson
K W Nelson
M J Fleming

Future developments

While the market for offshore oil and gas activity will remain challenged, it is the directors' impression that 2018 and 2019 will be pivotal for the industry with oil companies taking advantage of strengthened balance sheets and low unit costs to conduct incremental projects (workovers, infill drilling, step-out wells). The Group has already witnessed an increase in inquiries, tenders and awards, and with the actions taken in 2016, the Group is well placed to extend its market share delivering cost effective yet profitable technical services, while also continuing its diversification in to other sectors.

Disclosure of information to auditor

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

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

Post balance sheet events

The group banking facilities were renegotiated in June 2018. Part of the renegotiation involved amending the repayment terms for the Clydesdale Bank loans and revising the related covenants. Loan repayments of £600k due to be paid in 2018 have been postponed until 2020. The renegotiation also included additional funding of $600k injected into the group by issuing 442 £1 preference shares at a premium in June 2018. This funding will be used to provide additional working capital funds to the group.

Auditor

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

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

Keith W Nelson
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K W Nelson
Director

Date: 26 September 2018

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF RIGMAR GROUP (HOLDINGS) LIMITED

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 2.3 in the financial statements, which indicates that there remains uncertainty over whether the market will improve as anticipated in the financial projections which will enable the group to achieve budgeted EBITDA and thus meet their bank covenants. As stated in note 2.3, these events or conditions, along with the other matters as set forth in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Group's or the parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF RIGMAR GROUP (HOLDINGS) LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

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

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 Group strategic report or the Directors' report.

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

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

Responsibilities of directors

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF RIGMAR GROUP (HOLDINGS) LIMITED (CONTINUED)

Use of our report

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.

Anderson Anderson & Brown Audit LLP

John Black (Senior statutory auditor)

for and on behalf of
Anderson Anderson & Brown Audit LLP

Statutory Auditor

Kingshill View
Prime Four Business Park
Kingswells
Aberdeen
AB15 8PU
Date: 26 SEPTEMBER 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Turnover	4	13,381,172	8,381,548
Cost of sales		(9,487,412)	(5,041,297)
Gross profit		3,893,760	3,340,251
Administrative expenses		(6,160,976)	(7,289,064)
Exceptional administrative expenses		(515,760)	(2,174,243)
Operating loss	5	(2,782,976)	(6,123,056)
Interest payable and expenses	9	(369,618)	(319,562)
Loss before taxation		(3,152,594)	(6,442,618)
Tax on loss	10	(83,290)	(147,460)
Loss for the financial year		(3,235,884)	(6,590,078)

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 14 to 37 form part of these financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note		2017 £		2016 £
Fixed assets					
Intangible assets	12		10,067,129		11,569,583
Tangible assets	13		724,293		3,752,421
			10,791,422		15,322,004
Current assets					
Debtors: amounts falling due within one year	16	4,920,368		2,957,775	
Cash at bank and in hand	17	306,093		404,172	
		5,226,461		3,361,947	
Creditors: amounts falling due within one year	18	(3,436,452)		(2,659,493)	
Net current assets			1,790,009		702,454
Total assets less current liabilities			12,581,431		16,024,458
Creditors: amounts falling due after more than one year	19		(10,601,345)		(11,099,999)
Provisions for liabilities					
Other provisions		(291,511)		-	
			(291,511)		-
Net assets			1,688,575		4,924,459
Capital and reserves					
Called up share capital	24		19,656		19,656
Share premium account			16,626,869		16,626,869
Profit and loss account			(14,957,950)		(11,722,066)
			1,688,575		4,924,459

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

Keith W Nelson

K W Nelson
Director

Date: 26 September 2018

The notes on pages 14 to 37 form part of these financial statements.

RIGMAR GROUP (HOLDINGS) LIMITED
REGISTERED NUMBER:SC483951

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COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note		2017 £		2016 £
Fixed assets					
Investments	14		10,963,690		10,963,690
			10,963,690		10,963,690
Current assets					
Debtors: amounts falling due after more than one year	15	7,717,103		7,265,014	
Debtors: amounts falling due within one year	16	2,961		2,961	
		7,720,064		7,267,975	
Creditors: amounts falling due within one year	18	(87,089)		-	
Net current assets			7,632,975		7,267,975
Total assets less current liabilities			18,596,665		18,231,665
Creditors: amounts falling due after more than one year	19		(1,525,000)		(1,300,000)
Net assets			17,071,665		16,931,665
Capital and reserves					
Called up share capital	24		19,656		19,656
Share premium account			16,626,869		16,626,869
Profit and loss account			425,140		285,140
			17,071,665		16,931,665

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

Keith W Nelson

K W Nelson
Director

Date: 26 September 2018

The notes on pages 14 to 37 form part of these financial statements.

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2016	17,654	15,128,871	(5,131,988)	10,014,537
Loss for the year	-	-	(6,590,078)	(6,590,078)
Shares issued during the year	2,002	1,497,998	-	1,500,000
At 1 January 2017	19,656	16,626,869	(11,722,066)	4,924,459
Loss for the year	-	-	(3,235,884)	(3,235,884)
At 31 December 2017	19,656	16,626,869	(14,957,950)	1,688,575

The notes on pages 14 to 37 form part of these financial statements.

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2016	17,654	15,128,871	145,140	15,291,665
Profit for the year	-	-	140,000	140,000
Shares issued during the year	2,002	1,497,998	-	1,500,000
At 1 January 2017	19,656	16,626,869	285,140	16,931,665
Profit for the year	-	-	140,000	140,000
At 31 December 2017	19,656	16,626,869	425,140	17,071,665

The notes on pages 14 to 37 form part of these financial statements.

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

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	(3,235,884)	(6,590,078)
Adjustments for:		
Amortisation of intangible assets	1,502,454	1,502,454
Depreciation of tangible assets	391,697	698,775
Gain on disposal of tangible assets	(37,961)	-
Interest paid	369,618	319,562
Taxation charge for year	83,290	147,460
Increase in debtors	(2,204,416)	2,768,432
Increase in creditors	176,959	(2,160,543)
Increase in provisions	291,511	-
Impairment of fixed assets	-	1,017,530
Corporation tax received/paid	158,533	(166,510)
Net cash generated from operating activities	(2,504,199)	(2,462,918)
Cash flows from investing activities		
Purchase of tangible fixed assets	(64,144)	(312,729)
Sale of tangible fixed assets	2,738,536	22,871
Net cash from investing activities	2,674,392	(289,858)

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

	2017 £	2016 £
Cash flows from financing activities		
Issue of ordinary shares	-	1,500,000
Secured loans	-	2,000,000
Repayment of loans	(123,654)	-
Loan notes issued	225,000	1,300,000
Movement in finance leases	-	(3,280)
Interest paid	(369,618)	(319,562)
Net cash used in financing activities	(268,272)	4,477,158
Net increase / (decrease) in cash and cash equivalents	(98,079)	1,724,382
Cash and cash equivalents at beginning of year	404,172	(1,320,210)
Cash and cash equivalents at the end of year	306,093	404,172
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	306,093	404,172
	306,093	404,172

The notes on pages 14 to 37 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.

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.

2.3 Going concern

The directors, having made due and careful enquiry including the preparation of detailed forecasts, review of the order book and anticipated market conditions, are of the opinion that the company has adequate working capital to execute their operations over the next 12 months.

Financial projections have been prepared for the group until 2021 which anticipate improving market conditions and the group achieving EBITDA of £0.5m in 2018 and £1.7m in 2019. The financial statements have been prepared on a going concern basis due to the continuing availability of existing bank facilities and the support of investors. These funders have provided additional financial support earlier in 2018 through restructure of bank debt repayment obligations and an injection of equity to finance working capital (see note 29). Despite this, there remains uncertainty over whether the market will improve as anticipated which will enable the group to achieve the budgeted EBITDA and thus meet their bank covenants. Accordingly it may be that further financial support from shareholders is required.

The directors, therefore, have made the informed judgement, at the time of approving the financial statements, that there is reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

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 Consolidated statement of comprehensive income over its useful economic life of ten years.

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.

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Tangible fixed assets (continued)

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 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.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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. ACCOUNTING POLICIES (CONTINUED)

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 Group's cash management.

2. ACCOUNTING POLICIES (CONTINUED)

2.12 Financial instruments

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

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

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

- at fair value with changes recognised in the Consolidated statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- 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 Consolidated statement of comprehensive income.

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the 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 Consolidated statement of comprehensive income 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 Consolidated statement of comprehensive income 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: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

2. ACCOUNTING POLICIES (CONTINUED)

2.17 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated statement of comprehensive income 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.

2.18 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

2.19 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 Consolidated statement of comprehensive income 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. ACCOUNTING POLICIES (CONTINUED)

2.20 Taxation

Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the 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.

2.21 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. One of the key assumptions which underpins this assessment is the group achieving EBITDA of £0.5m in 2018 and £1.7m in 2019. See note 2.3 for management's judgement on the uncertainty of these assumptions and note 12 for the net carrying amount of goodwill and associated impairment provisions.

4. TURNOVER

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

	2017 £	2016 £
Provision of engineering works	7,110,037	4,588,681
Provision of marine consultancy and offshore services	4,750,514	3,394,729
Provision of fabrication works	1,520,621	398,138
	13,381,172	8,381,548

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	9,188,811	7,369,784
Rest of Europe	2,162,468	15,842
Rest of the world	2,029,893	995,922
	13,381,172	8,381,548

5. OPERATING LOSS

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

	2017 £	2016 £
Depreciation of tangible fixed assets	391,697	698,775
Impairment of tangible fixed assets	-	1,017,530
Amortisation	1,502,454	1,502,454
Exchange differences	(132)	29,223
Operating lease rentals	476,124	382,441
Defined contribution pension cost	80,464	88,360

6. AUDITOR'S REMUNERATION

	2017 £	2016 £
Fees payable to the Group's auditor for the audit of the Group's annual accounts	40,000	35,000

7. EMPLOYEES

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Wages and salaries	3,852,831	3,535,685	-	-
Social security costs	439,467	267,526	-	-
Cost of defined contribution scheme	92,394	88,360	-	-
	4,384,692	3,891,571	-	-

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

	2017 No.	2016 No.
Management	5	5
Administration	16	20
Engineering, onshore and mooring	99	49
Towmaster	6	6
	126	80

8. DIRECTORS' AND KEY MANAGEMENT REMUNERATION

During the year retirement benefits were accruing to 2 directors (2016 - NIL) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £111,351 (2016 - £151,833).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £352 (2016 - £NIL).

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £	2016 £
Bank interest payable	276,558	172,665
Other loan interest payable	93,060	146,897
	369,618	319,562

10. TAXATION

	2017 £	2016 £
CORPORATION TAX		
Adjustments in respect of previous periods	83,290	7,296
	83,290	7,296
FOREIGN TAX		
Foreign tax on income for the year	-	32,930
TOTAL CURRENT TAX	83,290	40,226
DEFERRED TAX		
Origination and reversal of timing differences	-	(69,555)
Adjustment in respect of prior periods	-	180,880
Effect of tax rate change on opening balance	-	(4,091)
TOTAL DEFERRED TAX	-	107,234
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	83,290	147,460

10. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is the same as (2016 - the same as) the standard rate of corporation tax in the UK of 20% (2016 - 20%) as set out below:

	2017 £	2016 £
Profit on ordinary activities before tax	(3,152,594)	(6,442,618)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	(630,519)	(1,288,524)
EFFECTS OF:		
Expenses not deductible for tax purposes	343,729	389,381
Other permanent differences	(1,015)	(8,419)
Fixed asset differences	25,538	7,363
Foreign tax credits	5,540	32,930
Adjustments to tax charge in respect of prior periods	77,750	188,176
Short term timing difference leading to an increase (decrease) in taxation	-	(8,727)
Deferred tax not recognised	231,654	703,032
Adjustments to deferred tax rates	30,613	132,248
TOTAL TAX CHARGE FOR THE YEAR	83,290	147,460

11. EXCEPTIONAL ITEMS

	2017 £	2016 £
Impairment of fixed assets	-	1,017,530
Redundancy costs	4,927	100,468
Costs associated with closure of subsidiary	-	130,077
Exceptional legal fees	99,812	188,814
Settlement of claims	112,800	135,234
Exceptional accountancy costs	-	71,524
Other exceptional items	6,710	28,758
Costs associated with start up of overseas subsidiaries	-	145,508
Exceptional bad debt provision	-	356,330
Provision for onerous lease	291,511	-
	515,760	2,174,243

In April 2017, a subsidiary Interocean Marine Services Limited agreed a collaboration with a third party. Part of the collaboration involved selling its mooring equipment for £2.5m. An impairment was recognised at the prior year end on the assets sold of £1,017,530, representing the difference between net book value and sales proceeds.

12. INTANGIBLE ASSETS

Group

	Goodwill £
COST	
At 1 January 2017	15,024,541
At 31 December 2017	15,024,541
AMORTISATION	
At 1 January 2017	3,454,958
Charge for the year	1,502,454
At 31 December 2017	4,957,412
NET BOOK VALUE	
At 31 December 2017	10,067,129
At 31 December 2016	11,569,583

13. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
COST OR VALUATION							
At 1 January 2017	224,022	313,826	5,776,712	20,717	295,488	803,783	7,434,548
Additions	-	4,539	22,172	-	-	37,433	64,144
Disposals	(224,022)	(112,359)	(3,959,441)	-	-	(1,267)	(4,297,089)
At 31 December 2017	-	206,006	1,839,443	20,717	295,488	839,949	3,201,603
DEPRECIATION							
At 1 January 2017	15,174	113,492	2,626,734	20,717	227,090	678,920	3,682,127
Charge for the year on owned assets	2,237	40,369	253,993	-	25,146	69,952	391,697
Disposals	(17,411)	(32,231)	(1,546,872)	-	-	-	(1,596,514)
At 31 December 2017	-	121,630	1,333,855	20,717	252,236	748,872	2,477,310
NET BOOK VALUE							
At 31 December 2017	-	84,376	505,588	-	43,252	91,077	724,293
At 31 December 2016	208,848	200,334	3,149,978	-	68,398	124,863	3,752,421

14. FIXED ASSET INVESTMENTS

Company

	Investments in subsidiary companies £
COST OR VALUATION	
At 1 January 2017	10,963,690
At 31 December 2017	10,963,690
NET BOOK VALUE	
At 31 December 2017	10,963,690
At 31 December 2016	10,963,690

A list of subsidiary undertakings is detailed in note 31.

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Amounts owed by group undertakings	-	-	7,717,103	7,265,014
	-	-	7,717,103	7,265,014

The amounts owed by group undertakings relate to unsecured intercompany loan notes. Interest is charged at 5% per annum. The loan notes are repayable at par on 31 December 2021. The loan note holders can request repayment at certain specified dates prior to 31 December 2021. 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.

16. DEBTORS: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	2,071,026	1,912,509	-	-
Other debtors	1,726,959	504,372	2,961	2,961
Prepayments and accrued income	1,122,383	299,071	-	-
Tax recoverable	-	241,823	-	-
	4,920,368	2,957,775	2,961	2,961

17. CASH AND CASH EQUIVALENTS

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	306,093	404,172	-	-
	306,093	404,172	-	-

18. CREDITORS: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans	600,000	-	-	-
Trade creditors	871,417	1,080,593	-	-
Other taxation and social security	346,718	105,930	-	-
Obligations under finance lease and hire purchase contracts	22,464	22,464	-	-
Other creditors	410,477	578,205	-	-
Accruals and deferred income	1,185,376	872,301	87,089	-
	3,436,452	2,659,493	87,089	-

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans	6,276,346	7,000,000	-	-
Other loans	4,324,999	4,099,999	1,525,000	1,300,000
	10,601,345	11,099,999	1,525,000	1,300,000

Bank loan A of £3m is repayable in quarterly instalments commencing March 2019 until 30 November 2021. Interest is charged at Libor plus 3.75% per annum.

The other bank facility, bank loan B of £3.9m, is repayable in full on 30 November 2021. Interest is charged at Libor plus 3% per annum.

Both loans are secured by a bond and floating charge over all assets of the company.

Included in other loans are unsecured loan notes of £2.5m and £299k which are due to be repaid by 31 December 2021. The loan note holders are entitled to demand payment on certain specified dates prior to 31 December 2021 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 5% per annum.

£1,525,000 of convertible 6.5% fixed rate secured loan notes, which are included in other loans, were issued during 2016 and 2017 and are repayable on 31 December 2021.

20. LOANS

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
AMOUNTS FALLING DUE WITHIN ONE YEAR				
Bank loans	600,000	-	-	-
	600,000	-	-	-
AMOUNTS FALLING DUE 1-2 YEARS				
Bank loans	700,000	600,000	-	-
	700,000	600,000	-	-
AMOUNTS FALLING DUE 2-5 YEARS				
Bank loans	5,576,346	6,400,000	-	-
Other loans	4,324,999	4,099,999	1,525,000	1,300,000
	9,901,345	10,499,999	1,525,000	1,300,000

21. FINANCIAL INSTRUMENTS

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
FINANCIAL ASSETS				
Financial assets measured at fair value through profit or loss	306,093	404,172	-	-
Financial assets that are debt instruments measured at amortised cost	4,763,922	2,715,952	7,720,064	7,267,975
	5,070,015	3,120,124	7,720,064	7,267,975
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost	(13,668,615)	(13,631,098)	(1,612,089)	(1,300,000)

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

Financial assets that are 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 by group undertakings and bank overdrafts.

22. DEFERRED TAXATION

Group

	2017 £	2016 £
At beginning of year	-	222,773
Charged to profit or loss	-	(222,773)
At end of year	-	-

Tax losses are available to carry forward. The deferred tax asset on these losses has not been recognised due to uncertainty over its future recoverability.

23. PROVISIONS

Group

	Onerous Lease £
Charged to profit or loss	291,511
At 31 December 2017	291,511

The onerous lease provision relates to rent and ancillary costs of a yard at Invergordon. The lease expires in March 2019.

24. SHARE CAPITAL

	2017 £	2016 £
Allotted, called up and fully paid		
10,964 A Ordinary shares of £1 each	10,964	10,964
2,680 B Ordinary shares of £1 each	2,680	2,680
550 D Ordinary shares of £1 each	550	550
1,718 M1 shares of £1 each	1,718	1,718
743 M2 shares of £1 each	743	743
3,001 Preferred shares of £1 each	3,001	3,001
	19,656	19,656

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.

25. 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 £80,464 (2016 - £88,360). Contributions of £44,789 (2016 - £6,028) were payable to the fund at the period end and are included in creditors.

26. 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 2017 the total indebtedness in respect of this guarantee was £6,900,000 (2016 - £7,000,000).

The company has provided a second ranking floating charge over all assets of the group in respect of the indebtedness under the £1.5m of convertible loan notes issued during 2016 and 2017.

27. COMMITMENTS UNDER OPERATING LEASES

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

	Group 2017 £	Group 2016 £
Not later than 1 year	507,500	537,452
Later than 1 year and not later than 5 years	1,015,771	1,289,271
Later than 5 years	302,250	536,250
TOTAL	1,825,521	2,362,973

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

28. 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.

Related party	Transaction	£	Balance at year end £
Rigmar Training (Array Training), A company with common directors	Purchases	(20,096)	129,594
Leemoss Limited, A company in which K Nelson is a director	Purchases	(483,000)	(94,500)
Keith Nelson, Director	Loan		1,253

29. POST BALANCE SHEET EVENTS

The group banking facilities were renegotiated in June 2018. Part of the renegotiation involved amending the repayment terms for the Clydesdale Bank loans and revising the related covenants. Loan repayments of £600,000 due to be paid in 2018 have been postponed until 2020. The renegotiation also included additional funding of $600,000 into the group by issuing 442 £1 preference shares at a premium in June 2018. This funding will be used to provide additional working capital to the group.

30. CONTROLLING PARTY

The company's controlling party is EG Momentum L.P., a company incorporated in Guernsey.

31. SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company:

Name	**Class of shares**	Holding	**Principal activity**
Lionel Midco Limited	Ordinary	100 %	Holding company
Lionel Bidco Limited	Ordinary	100 %	Holding company
Rigmar Services Limited	Ordinary	100 %	Supply of engineering works and non-destructive testing on oil rigs
Interocean Marine Services Limited	Ordinary	100 %	Marine consultancy and offshore services to the worldwide oil and gas renewables market
Rigmar Fabrication Limited	Ordinary	100 %	In liquidation
Interocean Marine Services (Canada) Incorporated	Ordinary	100 %	Marine consultancy and offshore services to the worldwide oil and gas renewables market
Rigmar Middle East Oil Field Services L.L.C.	Ordinary	100 %	Marine consultancy and offshore services to the worldwide oil and gas renewables market

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.