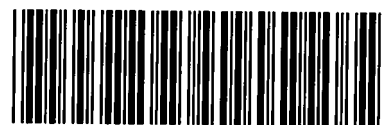


**STAT MARINE LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2017**

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STAT MARINE LIMITED

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STAT MARINE LIMITED

COMPANY INFORMATION

for the year ended 31 December 2017

DIRECTORS:

L G Delclos
G R Facon
P Y Burban
F L M Carmigniani
N F Parsloe
J S Raffaelli

SECRETARY:

D M Love

REGISTERED OFFICE:

4 Churchill Court
58 Station Road
North Harrow
Middlesex
HA2 7ST

BUSINESS ADDRESS:

Innovation House
Innovation Way
Sandwich
Kent
CT13 9FF

REGISTERED NUMBER:

02804879 (England and Wales)

AUDITORS:

ADAMS MOORHOUSE, Chartered Accountants
Statutory Auditors
4 Churchill Court
58 Station Road
North Harrow
Middlesex
HA2 7ST

BANKERS:

National Westminster Bank PLC

BNP Paribas

STAT MARINE LIMITED

STRATEGIC REPORT

for the year ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

REVIEW OF BUSINESS

As stated in the 2016 Strategic Report, the company's contract in Angola concluded during the year. This, together with the depression in price of oil and gas has led to significant reduction in turnover from £32.1m in 2016 to £18.1m in 2017. The profit after taxation has declined from £3.3m to £2.1m. Although, there has been a slight improvement in oil prices post the balance sheet date, there is normally a lag between increase in oil price and commissioning of new projects, and therefore the Board expects the results for the ensuing year to be in line with 2017.

Therefore the continuous business growth that the company has experienced in the last few years is unlikely to be repeated for some time, certainly not until such time as the international demand for oil and the resultant increase in price becomes a regular feature. The Board is actively engaged in seeking new markets as well as diversification in the range of services offered to improve the company's prospects.

The turnover of the company and profitability can be summarised as follows:

	2016	2016	2015	2014	2013
	£	£	£	£	£
Turnover	18.1m	32.1m	31.6m	25.2m	17.2m
Gross profit	3.1m	6.7m	5.7m	5.2m	3.6m
Net profit before taxation	3.1m	4.8m	5.3m	3.7m	2.5m

ABOUT THE COMPANY

The company is a wholly owned subsidiary of Stat Holding International Limited, which in turn is a wholly owned subsidiary of Doris Engineering SA, a company incorporated in France.

COMPANY'S ACTIVITIES

The company's activities encompass a multi-disciplinary expertise through technical consultancy & engineering services applicable to offshore subsea systems, in both classical and deep water field developments, for example:

Subsea Umbilical, Riser and Flowline Systems (SURF/URF/UFL)

Subsea Production Systems (SPS)

Mooring Systems & Floating Units interface equipment

Jacket /Pipeline Systems & Terminals interface equipment

KEY SERVICE POINTS

Several factors contribute to our success, but the following key values are the foundations of the company:

People

The company's employees are the most important asset. Our human resources policy aims at a lasting relationship with our personnel. This allows us to develop processes for the benefit of our clients' development projects.

Integrity

A lot of emphasis is made on ethical values both with our clients as well as personnel which has ensured long term relationships which are essential to the growth of the company.

STAT MARINE LIMITED

STRATEGIC REPORT

for the year ended 31 December 2017

PRINCIPAL RISKS AND UNCERTAINTIES

The company's business around the world is exposed to a number of risks and uncertainties, which could, either on their own or in combination with others, potentially have a material adverse effect on the company's strategy, business, performance, results, financial or trading condition, and/or reputation. In turn, these may impact shareholder returns, including dividends.

The company faces a range of political risks. For instance, governments may alter fiscal or other terms governing oil and gas industry operations, especially where they face financial pressures, or may act (or fail to act) in a way that delays project schedules or increases costs, thus eroding value. In addition, in such cases, political considerations can influence decision making. In recent years, some governments and state-owned enterprises have exercised greater authority over, and imposed more stringent conditions on, companies pursuing activities in oil and gas industries, thereby increasing the costs and uncertainties of business operations. Previously disenfranchised or disengaged populations have also become more active and are able, using new channels like social media, to mobilise to pressurise governments in a way that was impossible in the past. These developments have increased the possibility of unforeseen regime, as well as legal or regulatory, changes as governments and authorities respond to public pressure.

The company works with governments and national and international oil companies in order to minimise such risks.

A significant portion of our revenue is derived from operations in third world countries which exposes us to

- risks inherent in doing business in underdeveloped nations in which we operate.
- unsettled political and economic conditions in certain areas;
- exposure to possible expropriation of our assets or other governmental actions;
- social unrest, acts of terrorism, war or other armed conflict;
- confiscatory taxation or other adverse tax policies;
- deprivation of contract rights;
- trade restrictions or embargoes imposed by national governments;
- restrictions on the repatriation of income or capital;
- currency exchange controls;
- inflation; and
- currency exchange rate fluctuations and devaluations.

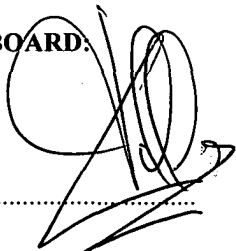
Also, the company's revenue is dependent upon the price of oil which has a direct impact on the company's profitability.

If any of the risks described above materialise it could reduce our earnings and our cash available for operations.

FUTURE DEVELOPMENTS

The directors anticipate the business environment will remain competitive. They believe that the company is in a satisfactory financial position and that the risks that have been identified are being well managed. With careful focus on appropriate diversification and development of new products, as well as continuing review of the state of the market and the activities of competitors, the directors are confident in the company's ability to maintain and build on this position, albeit with cautious growth expectations.

ON BEHALF OF THE BOARD:



.....
L G Delclos - Director

Date:

7 March 2018

STAT MARINE LIMITED

REPORT OF THE DIRECTORS for the year ended 31 December 2017

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of Consultant Engineers.

DIVIDENDS

Interim dividends paid during the year amounted to £3.1m (2016 - £3.4). In order to conserve the company's resources for future expansion, the board does not recommend the payment of a final dividend.

FUTURE DEVELOPMENTS

As stated in the Strategic Report, the current sentiment in oil market is having a significant negative impact on the company's prospects in the short to medium term. The board is taking active steps to limit the impact on the company's resources, should the present negativity continue in the foreseeable future.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

L G Delclos
G R Facon
P Y Burban
F L M Carmigniani
N F Parsloe
J S Raifaelli

Other changes in directors holding office are as follows:

R Noguerra - resigned 25 October 2017

FINANCIAL INSTRUMENTS

The company uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material payments in a foreign currency.

Derivative financial instruments are recognised at fair value with any gains or losses being reported in profit or loss.

Outstanding derivatives at balance sheet date are included under the appropriate format heading depending on the nature of the derivative.

PRINCIPAL RISKS AND UNCERTAINTIES

These have been disclosed in the Strategic Report.

GOING CONCERN

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

PRINCIPAL PLACE OF BUSINESS

Stat Marine Limited is a company incorporated and domiciled in England and has its principal place of business at Innovation House, Innovation Way, Sandwich, CT13 9FF.

The registered office of the company is at 4 Churchill Court, 58 Station Road, North Harrow, HA2 7ST.

STAT MARINE LIMITED

REPORT OF THE DIRECTORS for the year ended 31 December 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

Adams Moorhouse, Chartered Accountants will be deemed to continue in office under the Companies Act 2006, s. 487(2).

ON BEHALF OF THE BOARD:



.....
L G Delclos - Director

Date:

7 March 2018

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF STAT MARINE LIMITED

Opinion

We have audited the financial statements of Stat Marine Limited (the 'company') for the year ended 31 December 2017 on pages 8 to 25. 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).

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an Auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors but does not include the financial statements and our Auditors' Report thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF STAT MARINE LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

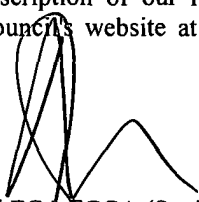
As explained more fully in the Statement of Directors' Responsibilities set out on page five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to 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 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 company or to cease operations, or have no realistic alternative but to do so.

Our 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 Auditors' 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 Auditors' Report.



S R Mamdani FCA/FCCA (Senior statutory auditor)
for and on behalf of ADAMS MOORHOUSE, Chartered Accountants
Statutory Auditors
4 Churchill Court
58 Station Road
North Harrow
Middlesex
HA2 7ST

Date:

10th March 2018

STAT MARINE LIMITED**INCOME STATEMENT****for the year ended 31 December 2017**

	Notes	2017 £	2016 £
TURNOVER	3	18,105,487	32,102,069
Cost of sales		<u>15,025,238</u>	<u>25,433,626</u>
GROSS PROFIT		3,080,249	6,668,443
Administrative expenses		<u>86,674</u>	<u>1,347,997</u>
OPERATING PROFIT		2,993,575	5,320,446
Interest receivable and similar income		<u>20,734</u>	<u>4,126</u>
		3,014,309	5,324,572
Interest payable and similar expenses	5	<u>(111,934)</u>	<u>563,473</u>
PROFIT BEFORE TAXATION	6	3,126,243	4,761,099
Tax on profit	7	<u>992,562</u>	<u>1,460,232</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>2,133,681</u></u>	<u><u>3,300,867</u></u>

The notes on pages 14 to 25 form part of these financial statements

STAT MARINE LIMITED**OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2017**

	Notes	2017 £	2016 £
PROFIT FOR THE YEAR		2,133,681	3,300,867
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,133,681</u>	<u>3,300,867</u>

The notes on pages 14 to 25 form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 December 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	9	-	13,103
CURRENT ASSETS			
Debtors	10	5,257,438	16,488,550
Investments	11	4,262,037	-
Cash at bank and in hand		<u>2,861,354</u>	<u>3,849,604</u>
		12,380,829	20,338,154
CREDITORS			
Amounts falling due within one year	12	<u>3,082,136</u>	<u>9,804,272</u>
NET CURRENT ASSETS		<u>9,298,693</u>	<u>10,533,882</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,298,693	10,546,985
CREDITORS			
Amounts falling due after more than one year	13	(799,183)	(1,103,369)
PROVISIONS FOR LIABILITIES	17	-	(2,621)
NET ASSETS		<u>8,499,510</u>	<u>9,440,995</u>
CAPITAL AND RESERVES			
Called up share capital	18	1,000	1,000
Retained earnings	19	<u>8,498,510</u>	<u>9,439,995</u>
SHAREHOLDERS' FUNDS		<u>8,499,510</u>	<u>9,440,995</u>

The financial statements were approved by the Board of Directors on and were signed on its behalf by:

.....
L G Delclos - Director

.....
G R Facon - Director

The notes on pages 14 to 25 form part of these financial statements

STAT MARINE LIMITED**STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2017**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2016	1,000	9,539,501	9,540,501
Changes in equity			
Dividends	-	(3,400,373)	(3,400,373)
Total comprehensive income	<u>-</u>	<u>3,300,867</u>	<u>3,300,867</u>
Balance at 31 December 2016	<u>1,000</u>	<u>9,439,995</u>	<u>9,440,995</u>
Changes in equity			
Dividends	-	(3,075,166)	(3,075,166)
Total comprehensive income	<u>-</u>	<u>2,133,681</u>	<u>2,133,681</u>
Balance at 31 December 2017	<u>1,000</u>	<u>8,498,510</u>	<u>8,499,510</u>

The notes on pages 14 to 25 form part of these financial statements

STAT MARINE LIMITED

STATEMENT OF CASH FLOWS for the year ended 31 December 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	12,305,963	4,274,133
Interest paid		(49,986)	(250,097)
Tax paid		<u>(1,036,012)</u>	<u>(1,676,409)</u>
Net cash from operating activities		<u>11,219,965</u>	<u>2,347,627</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		-	(5,157)
Purchase of current asset investments		(4,422,499)	-
Sale of tangible fixed assets		-	343
Interest received		<u>20,734</u>	<u>4,126</u>
Net cash from investing activities		<u>(4,401,765)</u>	<u>(688)</u>
Cash flows from financing activities			
New loans in year		-	1,669,199
Loan repayments in year		(295,876)	(218,948)
Changes in group balances		(4,435,408)	(3,325,860)
Equity dividends paid		<u>(3,075,166)</u>	<u>(3,400,373)</u>
Net cash from financing activities		<u>(7,806,450)</u>	<u>(5,275,982)</u>
Decrease in cash and cash equivalents		<u>(988,250)</u>	<u>(2,929,043)</u>
Cash and cash equivalents at beginning of year	2	<u>3,849,604</u>	<u>6,778,647</u>
Cash and cash equivalents at end of year	2	<u><u>2,861,354</u></u>	<u><u>3,849,604</u></u>

The notes on pages 14 to 25 form part of these financial statements

STAT MARINE LIMITED

NOTES TO THE STATEMENT OF CASH FLOWS for the year ended 31 December 2017

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2017 £	2016 £
Profit before taxation	3,126,243	4,761,099
Depreciation charges	13,103	14,165
Change in fair value of derivatives	161,920	(313,376)
Impairment in value of investments	160,462	-
Finance costs	(111,934)	563,473
Finance income	(20,734)	(4,126)
	<u>3,329,060</u>	<u>5,021,235</u>
Decrease in trade and other debtors	11,271,941	1,877,694
Decrease in trade and other creditors	<u>(2,295,038)</u>	<u>(2,624,796)</u>
Cash generated from operations	<u>12,305,963</u>	<u>4,274,133</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2017

	31.12.17 £	1.1.17 £
Cash and cash equivalents	<u>2,861,354</u>	<u>3,849,604</u>

Year ended 31 December 2016

	31.12.16 £	1.1.16 £
Cash and cash equivalents	<u>3,849,604</u>	<u>6,778,647</u>

The notes on pages 14 to 25 form part of these financial statements

STAT MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

1. STATUTORY INFORMATION

Stat Marine Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Critical accounting judgements and key sources of estimation uncertainty

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

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

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The company recognises revenue when the amount can be reliably measured, and it is probable economic benefits will flow. Services provided to clients, which at the balance sheet date have not been billed, are recognised as unbilled revenue.

Unbilled revenue on individual client assignments is included as unbilled income within trade and other receivables.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment - 33.3% on cost

Financial instruments

The company uses forward foreign currency contracts to reduce its exposure to risk arising from changes in foreign exchange rates.

Derivative financial instruments are initially recognised at fair value on the date the contract is entered into. Such instruments are then subsequently measured at fair value with changes in fair value being recognised in profit and loss account within finance income or expense as appropriate. The company does not use hedge accounting for foreign exchange derivative financial instruments.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2017

2. ACCOUNTING POLICIES - continued

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible timing differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

The company's functional currency is the Euro. For the purposes of the presentation of the annual reports, the presentational currency is Sterling (£).

Transactions in currencies other than the presentational currency of the Company are recorded at the rate of exchange on the date the transaction occurred. Monetary items denominated in other currencies are translated at the rate prevailing at the end of the reporting period. All differences are taken to the statement of comprehensive income. Non-monetary items that are measured at historic cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2017**

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Going concern

The financial statements have been prepared on a going concern basis which assumes that the company will continue receiving support from group undertakings.

In addition to the above, and after taking into account current and future developments and principal risks and uncertainties, the Board has a reasonable expectation that the company is well placed to manage its business risks adequately and have adequate resources to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt going concern basis in preparing the financial statements.

Related parties

Related parties are accounted for and disclosed in the financial statements under Section 33 'Relative Parties' of FRS 102. To comply with that section of FRS 102, a party is considered to be related to the company if that party:

- a) has control, or joint control, over the entity;
- b) has significant influence over the entity; or
- c) is a member of the key management personnel of the entity.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2017

2. ACCOUNTING POLICIES - continued

Impairment of financial assets

Financial assets, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 50 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

95% (2016 - 97%) of turnover relates to export services. Geographical analysis of the turnover has not been provided as providing this information would be prejudicial to company's interests.

20.76% (2016 - 20.76%) of turnover related to sales to group companies. Sales to group companies are on arm's length basis.

STAT MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2017

4. EMPLOYEES AND DIRECTORS

	2017 £	2016 £
Wages and salaries	7,910,905	10,600,615
Social security costs	223,897	452,395
Other pension costs	396,336	541,011
	<u>8,531,138</u>	<u>11,594,021</u>

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

	2017	2016
Office and Management	4	5
Production	<u>79</u>	<u>101</u>
	<u>83</u>	<u>106</u>

	2017 £	2016 £
Directors' remuneration	<u>282,267</u>	<u>345,037</u>

Information regarding the highest paid director is as follows:

	2017 £	2016 £
Emoluments etc	<u>119,788</u>	<u>115,081</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017 £	2016 £
Bank loan interest	9,184	7,781
Other interest	40,802	242,316
Change in fair value of derivatives	<u>(161,920)</u>	<u>313,376</u>
	<u>(111,934)</u>	<u>563,473</u>

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the statement of comprehensive income over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

STAT MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2017

6. PROFIT BEFORE TAXATION

The profit is stated after charging/(crediting):

	2017	2016
	£	£
Depreciation - owned assets	13,102	14,165
Auditors' remuneration	20,495	20,315
(Profit)/loss on translation of foreign currencies	606,955	(1,682,572)
Operating lease payments in respect of land and buildings	<u>18,350</u>	<u>28,041</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2017	2016
	£	£
Current tax:		
UK corporation tax	94,171	85,225
Foreign withholding tax	<u>901,012</u>	<u>1,376,410</u>
Total current tax	995,183	1,461,635
Deferred tax	<u>(2,621)</u>	<u>(1,403)</u>
Tax on profit	<u>992,562</u>	<u>1,460,232</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2017	2016
	£	£
Profit before tax	<u>3,126,243</u>	<u>4,761,099</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.246% (2016 - 20%)	601,677	952,220
Effects of:		
Depreciation in excess of capital allowances	2,462	1,802
Movement on provision for deferred tax	(2,621)	(1,403)
(Income)/Expense not allowable for tax purposes	(320,401)	333,784
Foreign taxes relieved as expense	832,538	217,286
Tax effect of foreign tax relieved as expense	(160,230)	(43,457)
Unrelieved foreign taxes	<u>39,137</u>	<u>-</u>
Total tax charge	<u>992,562</u>	<u>1,460,232</u>

STAT MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2017

7. TAXATION - continued

Income tax expenses represent the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable timing differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible timing differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is recognised in other comprehensive income or directly in equity respectively.

8. DIVIDENDS

	2017 £	2016 £
Ordinary shares of £1 each		
Interim	<u>3,075,166</u>	<u>3,400,373</u>

STAT MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2017

9. TANGIBLE FIXED ASSETS

	Computer equipment £
Cost	
At 1 January 2017	42,500
Disposals	<u>(1,074)</u>
At 31 December 2017	<u>41,426</u>
Depreciation	
At 1 January 2017	29,397
Charge for year	13,102
Eliminated on disposal	<u>(1,073)</u>
At 31 December 2017	<u>41,426</u>
Net book value	
At 31 December 2017	<u>-</u>
At 31 December 2016	<u>13,103</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade debtors	5,084,867	16,342,806
Other debtors	1,800	1,800
UK Corporation Tax	68,378	27,549
VAT	79,627	85,978
Prepayments and accrued income	<u>22,766</u>	<u>30,417</u>
	<u>5,257,438</u>	<u>16,488,550</u>

Trade and other debtors that are receivable within one year and do not constitute a financing transaction are recorded at the undiscounted amount expected to be received, net of impairment. Those that are receivable after more than one year or that constitute a financing transaction are recorded initially at fair value less transaction costs and subsequently at amortised cost, net of impairment.

In the opinion of the directors, the effects of discounting trade and other debtors is immaterial, and therefore the debtors are stated at cost less impairment losses in respect of bad/doubtful debts.

Included in trade debtors is an amount of £1.7m (2016 - £2.5m) due from group companies.

STAT MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2017

11. CURRENT ASSET INVESTMENTS

	2017 £	2016 £
Dual Currency Option Bonds	<u>4,262,037</u>	<u>-</u>

Current investments have been stated at fair value as follows:

	£
Value at initial recognition	4,422,499
Impairment transferred to profit and loss account	<u>(160,462)</u>
	<u>4,262,037</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Bank loans and overdrafts (see note 14)	355,193	346,883
Trade creditors	1,243,565	2,317,962
Amounts owed to group undertakings	-	4,435,408
Social security and other taxes	16,209	10,295
Derivative instrument	151,456	313,376
Salaries payable	-	1,291
Pension contributions Payable	2,314	-
Accrued expenses	<u>1,313,399</u>	<u>2,379,057</u>
	<u>3,082,136</u>	<u>9,804,272</u>

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Included in creditors is an amount of £0.6m (2016 - £1.1m) due to group companies.

Other amounts owed to group companies relate to amounts borrowed under normal market conditions. Such borrowings do not have fixed dates for repayment and are unsecured. The effects of discounting such borrowings are considered by the directors to be immaterial.

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017 £	2016 £
Bank loans (see note 14)	<u>799,183</u>	<u>1,103,369</u>

STAT MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2017

14. LOANS

An analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due within one year or on demand:		
Bank loans	<u>355,193</u>	<u>346,883</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>355,194</u>	<u>203,369</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>443,989</u>	<u>900,000</u>

The directors consider that the carrying amount of bank loan approximates to its fair value at the balance sheet date. The loan is on an unsecured basis is repayable on an instalment basis to include capital and interest, with the final payment being on 15 March 2021.

15. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2017 £	2016 £
Within one year	18,000	18,000
Between one and five years	<u>18,000</u>	<u>36,000</u>
	<u>36,000</u>	<u>54,000</u>

Either the company or the landlord can terminate the lease by giving the other three months' notice. The above figures assume that such notice is unlikely to issued.

16. FINANCIAL INSTRUMENTS

Derivative financial instruments are recognised at fair value with any gains or losses being reported in profit or loss. Outstanding derivatives at reporting date are included under the appropriate format heading depending on the nature of the derivative.

17. PROVISIONS FOR LIABILITIES

	2017 £	2016 £
Deferred tax		
Accelerated capital allowances	<u>-</u>	<u>2,621</u>

STAT MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2017

17. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 January 2017	2,621
Utilised during year	<u>(2,621)</u>
Balance at 31 December 2017	<u>-</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal	2017	2016
Number:	Class:	value:	£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

19. RESERVES

	Retained earnings £
At 1 January 2017	9,439,995
Profit for the year	2,133,681
Dividends	<u>(3,075,166)</u>
At 31 December 2017	<u>8,498,510</u>

20. ULTIMATE PARENT COMPANY

At the balance sheet date, the company was a wholly owned subsidiary of Stat Holding International Limited, a company incorporated in England and Wales, which in turn was a 100% subsidiary of Doris Engineering SA, a company incorporated in France and registered at 58a Rue du Dessous des Berges, 75013 Paris, France

21. CONTINGENT LIABILITIES

A tax enquiry has been commenced by a foreign tax authority on the basis that the company's profits ought to be taxed in that country. At the time of the finalisation of these financial statements, there was uncertainty as to whether the enquiry could succeed. The financial statements do not include any provision for any potential tax payable but does include a provision for professional fees likely to be incurred in defending the claim.

22. RELATED PARTY DISCLOSURES

Included in turnover are amounts invoiced to group companies of £5.2m (2016 - £6m)

Included in direct costs is an amount £3m (2016 - £5.2m) paid for services to group companies.

All transactions have been at arm's length.

STAT MARINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2017

23. GOING CONCERN

The financial statements have been prepared on a going concern basis which assumes that the company will continue receiving the financial support of Stat Holding International Limited.

The Board believes that this basis is appropriate, and they are not aware of any reasons why the financial support should not continue in the near future.

24. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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