

**Company Registration No. SC340634
(Scotland)**

NESSCO Group Holdings Limited

Annual Report and Financial Statements

For the year ended 31 December 2014

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NESSCO Group Holdings Limited

Annual report and financial statements 2014

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NESSCO Group Holdings Limited

Annual report and financial statements 2014

Officers and professional advisers

Directors

G Gutierrez
K Stewart

Secretary

D.W. Company Services Limited

Registered Office

Nessco House
Discovery Drive
Arnhall Business Park
Westhill
Aberdeenshire
AB32 6FG

Solicitors

CMS Scotland
4th Floor Saltire Court
20 Castle Terrace
Edinburgh
Lothian
EH1 2EN

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Aberdeen
United Kingdom

NESSCO Group Holdings Limited

Strategic report

The directors present their Strategic report for the year ended 31 December 2014.

Principal activities

The principal activity of the company continues to be that of a holding company and this is expected to continue for the foreseeable future.

The principal activities of the subsidiary is the provision of telecommunication services to the global oil and gas industry.

Results

The profit for the year after taxation is £1,472,271 (2013: £202,401).

The directors are satisfied with the performance of the trading subsidiary. The directors remain confident of the prospects for the subsidiary despite a toughening of market conditions and lower activity levels following the reduction in the oil price towards the end of 2014.

Key performance indicators

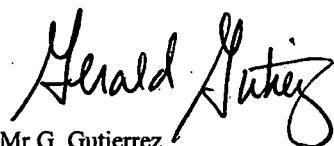
Given the nature of the company's activities, the directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

The key risks and uncertainties affecting the company are predominantly the recoverability of its subsidiary investment, Nesscolnvsat Limited. In order to mitigate this risk, the directors seek to ensure the investment trades profitably with a focus on returning value to the shareholder.

The company's financial risk management objectives and policies are discussed in the Directors' report on page 3.

Approved by the Board of Directors and signed on its behalf by



Mr G Gutierrez
Director

30 September 2015

NESSCO Group Holdings Limited

Directors' report

The directors present their annual report and financial statements for the year ended 31 December 2014.

Results for the year

The company achieved a profit for the year of £1,472,271 (2013: £202,401)

Directors

The directors, each of whom served throughout the year and up to the date of this report unless otherwise stated, are as follows:

M M Slaughter	(resigned 29 October 2014)
M Jimmerson	(resigned 29 October 2014)
G Gutierrez	(appointed 29 October 2014)
K Stewart	(appointed 29 October 2014)
S Davidson	(appointed 29 October 2014, resigned 15 June 2015)
S Watson	(appointed 29 October 2014, resigned 3 September 2015)

Dividends

No dividends were paid during the year (2013: £nil).

Going concern

At 31 December 2014 the company has net liabilities of £274,063 (2013: net liabilities of £1,746,334) and net current liabilities of £4,818,562 (2013: £4,639,772). The ultimate parent company, RigNet Inc., has provided the directors with a letter confirming that repayments due to group undertakings will not be sought at the expense of other creditors for a period of at least 12 months from the date of signing these financial statements. Furthermore, the ultimate parent company has also confirmed in writing that it will make available such funds as may be required to enable the company to meet its obligations for a period of at least 12 months from the date of signing these financial statements. The directors having made enquiries understand that the parent company has adequate resources to provide this financial support. Based on these enquiries and considerations, they continue to adopt the going concern basis in preparing the financial statements.

Financial risk management objectives and policies

The company's activities expose it to certain financial risks including credit and liquidity risk.

Credit risk

The company's principal financial assets are fixed asset investments, bank balances and cash and other receivables. The company continues to monitor the performance of the investments. Credit risk is primarily attributable to other receivables and is managed through monitoring of settlement periods. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The credit risk on liquid funds is considered limited because the counterparty is a bank with a recognised credit rating assigned by international credit rating agencies.

Liquidity risk

In order to maintain liquidity and to ensure sufficient funds are available for ongoing operations, the company monitors the timing of expected cash flows. Further cash resources are available from the group, however the company's primary source of finance is the operating cash flows it generates.

NESSCO Group Holdings Limited

Directors' report (continued)

Auditor

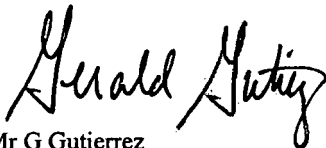
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Johnston Carmichael LLP resigned as auditors in the year and Deloitte LLP were appointed. Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by



Mr G Gutierrez
Director

30 September 2015

NESSCO Group Holdings Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of NESSCO Group Holdings Limited

We have audited the financial statements of NESSCO Group Holdings Limited for the year ended 31 December 2014 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of financial statements

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

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.

Opinion on matter prescribed in the Companies Act 2006

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

Independent auditor's report to the members of NESSCO Group Holdings Limited (continued)

Matters on which we are required to report by exception

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

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



Graeme Sheils, CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Aberdeen, United Kingdom
30 September 2015

NESSCO Group Holdings Limited

Profit and loss account For the year ended 31 December 2014

	Notes	2014 £	2013 £
Administrative expenses		(38,413)	(558,875)
Operating loss	2	(38,413)	(558,875)
Investment income	4	1,539,534	618,507
Profit on ordinary activities before taxation		1,501,121	59,632
Tax on profit on ordinary activities	5	(28,850)	142,769
Profit for the year	13	1,472,271	202,401

The result for the current and prior year all relate to continuing operations.

There are no recognised gains and losses in the current or prior year other than as included in the profit and loss account. Accordingly no statement of total recognised gains and losses is presented.

NESSCO Group Holdings Limited

Balance sheet

As at 31 December 2014

	Notes	2014 £	2013 £
Fixed assets			
Tangible assets	6	-	4,652
Investments	7	14,009,441	14,009,441
		<u>14,009,441</u>	<u>14,014,093</u>
Current assets			
Debtors	8	1,999	47,464
Cash at bank and in hand		24,882	18,712
		<u>26,881</u>	<u>66,176</u>
Creditors: amounts falling due within one year	9	(4,845,443)	(4,705,948)
Net current liabilities		<u>(4,818,562)</u>	<u>(4,639,772)</u>
Total assets less current liabilities		<u>9,190,879</u>	<u>9,374,321</u>
Creditors: amounts falling due after more than one year	10	(9,464,942)	(11,120,655)
Net liabilities		<u>(274,063)</u>	<u>(1,746,334)</u>
Capital and reserves			
Called up share capital	12	1,462,765	1,462,765
Profit and loss account	13	(1,736,828)	(3,209,099)
Shareholders' deficit	14	<u>(274,063)</u>	<u>(1,746,334)</u>

The financial statements of NESSCO Group Holdings Limited, registered number SC340634, were approved by the Board of Directors and authorised for issue on 30 September 2015.

Signed on behalf of the Board of Directors



Mr G Gutierrez
Director

NESSCO Group Holdings Limited

Notes to the financial statements For the year ended 31 December 2014

1. Accounting policies

The principal accounting policies are summarised below.

Basis of preparation

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention.

Going concern

At 31 December 2014 the company has net liabilities of £274,063 (2013: net liabilities of £1,746,334) and net current liabilities of £4,818,562 (2013: £4,639,772). The ultimate parent company, RigNet Inc., has provided the directors with a letter confirming that repayments due to group undertakings will not be sought at the expense of other creditors for a period of at least 12 months from the date of signing these financial statements. Furthermore, the ultimate parent company has also confirmed in writing that it will make available such funds as may be required to enable the company to meet its obligations for a period of at least 12 months from the date of signing these financial statements. The directors having made enquiries understand that the parent company has adequate resources to provide this financial support. Based on these enquiries and considerations, they continue to adopt the going concern basis in preparing the financial statements.

Preparation of consolidated financial statements

Under the provisions of section 401 of the Companies Act 2006, the company is exempt from preparing consolidated financial statements by virtue of the fact that the company is a subsidiary of another company which prepares group accounts which are publicly available (note 17). These financial statements therefore present information about the company as an individual undertaking and not as a group.

Cashflow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of a group which prepares consolidated financial statements including a consolidated cashflow statement which the company is included which are publicly available (note 17).

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	25-33% per annum
Fixtures, fittings and equipment	25-33% per annum

Investments

Fixed asset investments are stated at cost less any provision for diminution in value.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rules and laws that have been enacted or substantively enacted by the balance sheet date.

NESSCO Group Holdings Limited

Notes to the financial statements For the year ended 31 December 2014

1. Accounting policies (continued)

Taxation (continued)

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Deferred tax assets and liabilities are not discounted.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

2. Operating loss

	2014 £	2013 £
Operating loss is stated after charging:		
Depreciation of tangible assets	16,955	9,385
(Gain) / loss on foreign exchange transactions	(13,442)	12,244
Auditors' remuneration		
- audit services	-	28,500

The 2014 audit fee was borne by another group company, Rignet UK Holdings Limited.

3. Information regarding directors and employees

Each of the directors who served during the current and prior year were remunerated by other group undertakings. The directors do not consider it practical to meaningfully estimate the proportion of their remuneration that relates to their services as directors of the company.

The company had no employees in the current or prior year.

4. Investment income

	2014 £	2013 £
Income from shares in group undertakings	1,539,534	618,507

NESSCO Group Holdings Limited

Notes to the financial statements For the year ended 31 December 2014

5. Taxation

	2014 £	2013 £
Current tax		
UK corporation tax	-	(14,519)
Receipt in respect of group relief	-	(130,906)
Adjustments in respect of prior periods	14,519	-
Total current tax	14,519	(145,425)
Deferred tax		
Deferred tax change current year (note 11)	14,331	2,656
Total tax credit on profit on ordinary activities	28,850	(142,769)

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

Factors affecting the tax charge for the year

Profit on ordinary activities before taxation	1,501,121	59,632
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.49 % (2013: 23.25%)	322,638	13,864
Effects of:		
Expenses non deductible for tax purposes	935	-
Capital allowances in excess of depreciation	(15,401)	(347)
Group relief surrendered	22,722	130,887
Receipt of group relief	-	(130,906)
Income not taxable	(330,894)	(143,782)
Adjustments in respect of prior periods	14,519	-
Other tax adjustments	-	(15,141)
	(308,119)	(159,289)
Current tax charge/(credit) for the year	14,519	(145,425)

The Finance Act 2013 announced a reduction in the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015. The tax law was subsequently enacted in the House of Commons on 17 July 2013. Deferred tax as at 31 December 2014 has been calculated at the enacted rate on the balance sheet date of 20%.

On 8 July 2015, the summer Budget announced further reductions in the main rate of UK corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020. As these rate changes were not substantively enacted at the balance sheet date, the new rates have not been reflected in these financial statements but are expected to affect the company's deferred tax assets and liabilities in the future.

NESSCO Group Holdings Limited

Notes to the financial statements For the year ended 31 December 2014

6. Tangible fixed assets

	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 January 2014	1,705	19,452	21,157
Disposals	(1,705)	(19,452)	(21,157)
At 31 December 2014	-	-	-
Depreciation			
At 1 January 2014	284	16,221	16,505
Charge for the year	(395)	(16,560)	(16,955)
Disposals	111	339	450
At 31 December 2014	-	-	-
Net book value			
At 31 December 2014	-	-	-
At 31 December 2013	1,421	3,231	4,652

7. Fixed asset investments

	Shares in subsidiary undertakings £
At 1 January 2014 and at 31 December 2014	14,009,441

The company has the following subsidiaries:

Subsidiary undertakings	Country of incorporation	Class	Shares held %	Principle activity
NesscoInvsat Limited	England	Ordinary	100	Provision of telecommunication services
Countryflow Limited	Scotland	Ordinary	100	Dormant

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Notes to the financial statements For the year ended 31 December 2014

8. Debtors

	2014 £	2013 £
Other debtors	1,999	3,852
Prepayments and accrued income	-	29,281
Deferred tax asset (see note 11)	-	14,331
	<u>1,999</u>	<u>47,464</u>

9. Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	-	27,264
Amounts owed to group undertakings	4,830,924	4,675,019
Accruals and deferred income	-	3,665
Corporation tax payable	14,519	-
	<u>4,845,443</u>	<u>4,705,948</u>

Amounts owed to group undertakings have no set repayment dates and do not bear interest.

10. Creditors: amounts falling due after more than one year

	2014 £	2013 £
Amounts owed to group undertakings	9,464,842	11,120,555
Preference shares classed as a financial liability	100	100
	<u>9,464,942</u>	<u>11,120,655</u>
Preference shares classified as financial liabilities		
In more than five years	<u>100</u>	<u>100</u>

Amounts owed to group undertakings have no set repayment dates and do not bear interest.

The preference shares (note 10) have a right to a cumulative dividend of 10p per annum in respect of each share held.

NESSCO Group Holdings Limited

Notes to the financial statements For the year ended 31 December 2014

11. Provisions for liabilities

The deferred tax asset (note 8) comprises:

	2014 £	
Balance at 1 January 2014	(14,331)	
Profit and loss account	14,331	
Balance at 31 December 2014	-	
	2014 £	2013 £
Decelerated capital allowances	-	(14,331)
	-	(14,331)

A deferred tax asset of £20,740 (2013: £20,740) in respect of unused losses and non trading losses is not recognised as its recoverability is dependent on suitable profits emerging in future periods and hence uncertain. The 2013 deferred tax asset calculated at 20 % was wholly in respect of decelerated capital allowances.

12. Share capital

	2014 £	2013 £
Allotted, issued and fully paid		
422,765 A Ordinary shares of £1 each	422,765	422,765
440,000 B Ordinary shares of £1 each	440,000	440,000
600,000 C Ordinary shares of £1 each	600,000	600,000
	<u>1,462,765</u>	<u>1,462,765</u>

On a sale or return of capital, the A ordinary and B ordinary shares are paid £1 per share. The C ordinary shares are paid £1 per share plus a 10% return for every complete year since date of issue of C ordinary shares. Any remaining surplus is then distributed to the A Ordinary and B Ordinary shares on a pro rata basis. None of the shares have a right of redemption. The preference shares (note 10) have a right to a cumulative dividend of 10p per annum in respect of each share held. The other shares have no fixed entitlement to a dividend.

13. Profit and loss account

	£
Deficit 1 January 2014	(3,209,099)
Profit for the year	<u>1,472,271</u>
Deficit at 31 December 2014	<u>(1,736,828)</u>

NESSCO Group Holdings Limited

Notes to the financial statements For the year ended 31 December 2014

14. Reconciliation of movements in shareholders' deficit

	2014 £	2013 £
Profit for the financial year	1,472,271	202,401
Opening shareholders' deficit	(1,746,334)	(1,948,735)
Closing shareholders' deficit	<u>(274,063)</u>	<u>(1,746,334)</u>

15. Related party relationship and transactions

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertakings.

16. Control

The company's immediate parent company is RigNet Scotland Limited, a company registered in Scotland.

The company's ultimate parent company and the company which heads the largest and smallest group of undertakings to which the results of the company are consolidated is RigNet Inc, a company incorporated in Delaware, United States of America. RigNet Inc is listed on the NASDAQ Global Select Market. Copies of the financial statements may be requested from Investor Relations, RigNet Inc., 1880 S. Dairy Ashford Dr., Suite 300, Houston, TX 77077.