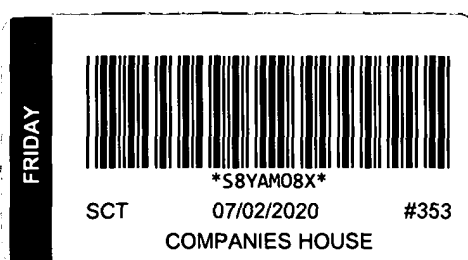


**SEANAMIC GROUP LIMITED**

**AMENDED ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 DECEMBER 2018**

**Company Registration No. SC486006 (Scotland)**



# SEANAMIC GROUP LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr David Cooper Mr Colin Zak Mr Ross McLellan Mr Jeffrey Corray Mr Alan Brunnen Mr David Hutchinson	(Appointed 24 January 2018) (Appointed 7 September 2018)
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<b>Company number</b>	SC486006
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<b>Registered office</b>	Units 8-9 Technology Centre Claymore Drive Aberdeen Science and Energy Centre Bridge of Don Aberdeen AB23 8GD
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<b>Auditor</b>	William Duncan + Co Ltd 30 Miller Road Ayr Ayrshire KA7 2AY
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<b>Business address</b>	Units 8-9 Technology Centre Claymore Drive Aberdeen Science and Energy Centre Bridge of Don Aberdeen AB23 8GD
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<b>Bankers</b>	Royal Bank of Scotland Glasgow Burnside Branch 272 Stonelaw Road Rutherglen Glasgow G73 3SB
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<b>Solicitors</b>	Burness Paull LLP 120 Bothwell Street Glasgow G2 7JL
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# SEANAMIC GROUP LIMITED

## CONTENTS

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	Page
Strategic report	1 - 2
Directors' report	3
Directors' responsibilities statement	4
Independent auditor's report	5 - 7
Income statement	8
Group statement of comprehensive income	9
Group statement of financial position	10
Company statement of financial position	11
Group statement of changes in equity	12
Company statement of changes in equity	13
Group statement of cash flows	14
Company statement of cash flows	15
Notes to the financial statements	16 - 39

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# SEANAMIC GROUP LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 DECEMBER 2018

The directors present the strategic report and financial statements for the year ended 30 December 2018.

#### Fair review of the business

The Group has been under the ownership of specialist SME oil and gas investor Simmons Private Equity II L.P. since 2014 as part of a "buy and build" strategy to deliver a niche marine services group focused on floating assets. Following acquisitions in each of the four preceding years the Group has devoted the current year to further integrating the businesses under the Seanamic banner, rationalising the cost base and also pursuing growth initiatives such as entering the Renewables market, further expansion into the international Defence market and expansion of products and geographical markets in the Umbilicals business.

The shareholders remain fully supportive of the Group and post year-end have made a further £1.5m equity investment to augment the working capital position and so assist driving the business forward.

The Group continues its strategy of being diversified across a range of marine engineering industries with a focus on the Oil and Gas, Renewables, Defence, Oceanographic and Port-based sectors. As part of this, the Group delivers both specialist products and services. Although there is continuing diversification, a significant portion of the Group's customer base remains within the offshore oil and gas sector, which has experienced a slow recovery from the long recession and has thus impacted the consolidated revenue and profitability levels of the Group. The directors and wider management team are concentrating on improving the sales effort across the sectors to combat this ongoing slow recovery.

As in the prior year, one of the Group's subsidiaries is closing out a small number of poor performing contracts, which has required an onerous contract provision totalling £229,762 compared to £2m in the prior year, and has again required significant management time to address.

The directors are pursuing all avenues to improve the underlying performance and working hard to deliver an improved result in 2019. This includes further revenue diversification and continued tight control of the cost base.

#### Principal risks and uncertainties

The offshore oil and gas sector is one market within which the Group does business and this market has shown a slow recovery from the severe recession that commenced towards the end of 2014. Although activity levels within the wider Oil & Gas market showed some improvement in 2018 and continuing into 2019, confidence levels remain subdued in the offshore capital equipment markets in particular compared to historical levels. The Group continues to diversify its revenue streams both within oil and gas and across other sectors such as Defence and Renewables in particular. The Directors remain committed to covering the wide spectrum of marine industries to offset the uncertainties in the oil and gas sector.

The Oil and Gas Sector's long-term performance is linked heavily to market oil prices, which have remained generally stable in 2018, and into 2019, as part of a longer-term improving trend. Based on historical trends, there is expected to be some volatility in the oil price within this general trend and there remains some time lag before the effects of capital expenditure activity by the Oil and Gas Operators work their way down through the supply chain. The directors believe the outlook is more positive than in prior years.

#### Key performance indicators

The Group's key financial performance indicators for the period were;

	2018 £'000	2017 £'000
Turnover	18,932	20,033
Gross Margin	4,828	6,580
Gross Margin %	26%	33%

# SEANAMIC GROUP LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 DECEMBER 2018**

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### **Other information and explanations**

The coming financial year is expected to bring challenges as the oil and gas sector is forecast to continue its slow recovery, the Group delivers final execution on legacy contracts and seeks to deliver a more diversified sales and customer base. With a generally stable oil price, growing opportunities in the offshore Renewables markets and healthy demand in the Defence sectors, the directors remain positive on the outlook for the Group in the coming financial year and beyond to deliver consistently improving performance.

On behalf of the board



Mr David Hutchinson

**Director**

9 December 2019

# SEANAMIC GROUP LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 DECEMBER 2018

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The directors present their annual report and financial statements for the year ended 30 December 2018.

#### Principal activities

The principal activity of the company and group continued to be that of the design and maintenance of lifting and handling equipment and other special purpose machinery, the manufacture of specialist cable systems along with in-house servicing, repair and life cycle management solutions for flexible pipe.

#### Directors

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

Mr David Cooper

Mr Colin Zak

Mr Ross McLellan

Mr Robert Connors

(Resigned 8 March 2018)

Mr Martin Barnes

(Resigned 26 June 2018)

Mr Jeffrey Corray

Mr Alan Brunnen

(Appointed 24 January 2018)

Mr David Hutchinson

(Appointed 7 September 2018)

#### Results and dividends

The results for the year are set out on page 8.

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

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

#### Statement of disclosure to auditor

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

On behalf of the board



Mr David Hutchinson

Director

9 December 2019

# **SEANAMIC GROUP LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 DECEMBER 2018***

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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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

# SEANAMIC GROUP LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SEANAMIC GROUP LIMITED

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#### Opinion

We have audited the financial statements of Seanamic Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 December 2018 which comprise the group income statement, the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Going concern

Material Uncertainty related to Going concern

We draw attention to note 1.4 in the financial statements which indicates that the group incurred a net loss of £4,135,031 during the year ended 30 December 2018. As stated in note 1.4, these results, along with other matters set forth in note 1.4, indicate a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.4 to the financial statements concerning the company's and the group's ability to continue as a going concern. The group is dependent upon continued economic improvement in the Oil and Gas sector and the development of diversified services as well as the continuing support of the investors. As evidence of their support the group has received additional funding of £1.5m to assist with working capital requirements subsequent to the year end. The Investor has provided a letter of comfort to the company in respect of the provision of ongoing financial support for a period of 12 months from the date of approval of the financial statements and, on this basis, the directors have continued to prepare financial statements on a going concern basis. The financial statements do not include adjustments that would result if the group was unable to continue as a going concern.

#### Conclusions relating to going concern

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

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



# **SEANAMIC GROUP LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF SEANAMIC GROUP LIMITED**

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#### **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.

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

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

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

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

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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.

# SEANAMIC GROUP LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SEANAMIC GROUP LIMITED

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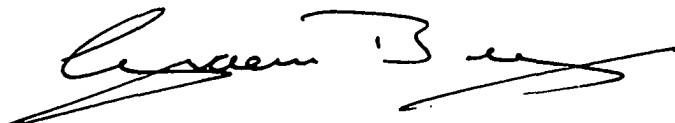
### Auditor's responsibilities for the audit of the financial statements

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

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

### 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.



Graeme Bryson CTA (Senior Statutory Auditor)  
for and on behalf of William Duncan + Co Ltd

24 December 2019

Chartered Accountants  
Statutory Auditor

30 Miller Road  
Ayr  
Ayrshire  
KA7 2AY

**william duncan + co**  
Chartered Accountants  
& Business Advisers

# SEANAMIC GROUP LIMITED

## GROUP INCOME STATEMENT

FOR THE YEAR ENDED 30 DECEMBER 2018

	Notes	2018 £	2017 £
Revenue	3	18,932,048	21,814,723
Cost of sales		(14,103,900)	(15,234,410)
<b>Gross profit</b>		<b>4,828,148</b>	<b>6,580,313</b>
Administrative expenses		(10,869,029)	(10,521,069)
Other operating income		15,216	318,772
Exceptional items	4	(750,766)	(2,037,875)
<b>Operating loss</b>	<b>5</b>	<b>(6,776,431)</b>	<b>(5,659,859)</b>
Investment income	9	808	335
Finance costs	10	(99,322)	(125,157)
<b>Loss before taxation</b>		<b>(6,874,945)</b>	<b>(5,784,681)</b>
Tax on loss	11	2,739,914	(110,403)
<b>Loss for the financial year</b>		<b>(4,135,031)</b>	<b>(5,895,084)</b>

Loss for the financial year is all attributable to the owners of the parent company

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

# SEANAMIC GROUP LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 DECEMBER 2018

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	2018 £	2017 £
Loss for the year	(4,135,031)	(5,895,084)
Other comprehensive income		
Currency translation differences	(18,097)	319,134
Total comprehensive income for the year	<u>(4,153,128)</u>	<u>(5,575,950)</u>

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

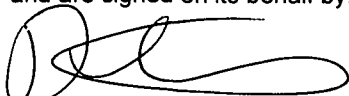
# SEANAMIC GROUP LIMITED

## GROUP STATEMENT OF FINANCIAL POSITION

AS AT 30 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Goodwill	13	10,363,556		12,821,395	
Other intangible assets	13	3,264,199		3,483,594	
Total intangible assets		13,627,755		16,304,989	
Property, plant and equipment	14	3,622,701		3,714,453	
		17,250,456		20,019,442	
<b>Current assets</b>					
Inventories	18	1,689,940		1,732,476	
Trade and other receivables	19	9,139,220		7,822,149	
Cash and cash equivalents		493,567		1,256,876	
		11,322,727		10,811,501	
<b>Current liabilities</b>	20	(11,019,631)		(10,916,990)	
<b>Net current assets/(liabilities)</b>		303,096		(105,489)	
<b>Total assets less current liabilities</b>		17,553,552		19,913,953	
<b>Non-current liabilities</b>	21	(560,782)		(1,245,252)	
<b>Provisions for liabilities</b>	24	(157,423)		(319,544)	
<b>Net assets</b>		16,835,347		18,349,157	
<b>Equity</b>					
Called up share capital	27	24,681,676		23,850,066	
Share premium account		7,833,954		6,146,636	
Capital redemption reserve		256,402		136,012	
Retained earnings		(15,936,685)		(11,783,557)	
<b>Total equity</b>		16,835,347		18,349,157	

The financial statements were approved by the board of directors and authorised for issue on 9 December 2019 and are signed on its behalf by:



Mr David Hutchinson  
Director

# SEANAMIC GROUP LIMITED

## COMPANY STATEMENT OF FINANCIAL POSITION

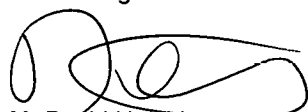
AS AT 30 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
<b>Non-current assets</b>					
Investments	15		28,438,881		24,971,690
<b>Current assets</b>					
Trade and other receivables	19	15,605,533		16,173,935	
Cash and cash equivalents		46,949		836,724	
		15,652,482		17,010,659	
<b>Current liabilities</b>	20	(9,197,934)		(9,998,539)	
<b>Net current assets</b>			6,454,548		7,012,120
<b>Total assets less current liabilities</b>			34,893,429		31,983,810
<b>Non-current liabilities</b>	21		-		(500,000)
<b>Net assets</b>			34,893,429		31,483,810
<b>Equity</b>					
Called up share capital	27		24,681,676		23,850,066
Share premium account			7,833,954		6,146,636
Capital redemption reserve			256,401		136,012
Retained earnings			2,121,398		1,351,096
<b>Total equity</b>			34,893,429		31,483,810

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's profit for the year was £770,302 (2017 - £618,208 loss).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 9 December 2019 and are signed on its behalf by:



Mr David Hutchinson  
Director

Company Registration No. SC486006

## SEANAMIC GROUP LIMITED

### GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 DECEMBER 2018

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Own shares £	Retained earnings £	Total £
<b>Balance at 1 January 2017</b>		22,201,078	2,927,802	-	(243,134)	(6,207,607)	18,678,139
<b>Year ended 30 December 2017:</b>							
Loss for the year		-	-	-	-	(5,895,084)	(5,895,084)
Other comprehensive income:							
Currency translation differences		-	-	-	-	319,134	319,134
Total comprehensive income for the year		-	-	-	-	(5,575,950)	(5,575,950)
Issue of share capital	27	1,785,000	3,461,968	-	-	-	5,246,968
Redemption of shares	27	(136,012)	(243,134)	136,012	-	-	(243,134)
Other movements		-	-	-	243,134	-	243,134
<b>Balance at 30 December 2017</b>		23,850,066	6,146,636	136,012	-	(11,783,557)	18,349,157
<b>Year ended 30 December 2018:</b>							
Loss for the year		-	-	-	-	(4,135,031)	(4,135,031)
Other comprehensive income:							
Currency translation differences		-	-	-	-	(18,097)	(18,097)
Total comprehensive income for the year		-	-	-	-	(4,153,128)	(4,153,128)
Issue of share capital	27	952,000	1,840,108	-	-	-	2,792,108
Redemption of shares	27	(120,390)	(152,790)	120,390	-	-	(152,790)
<b>Balance at 30 December 2018</b>		24,681,676	7,833,954	256,402	-	(15,936,685)	16,835,347

## SEANAMIC GROUP LIMITED

### COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 DECEMBER 2018

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Own shares £	Retained earnings £	Total £
<b>Balance at 1 January 2017</b>		22,201,078	2,927,802	-	(243,134)	1,969,304	26,855,050
<b>Year ended 30 December 2017:</b>							
Loss and total comprehensive income for the year		-	-	-	-	(618,208)	(618,208)
Issue of share capital	27	1,785,000	3,461,968	-	-	-	5,246,968
Redemption of shares	27	(136,012)	(243,134)	136,012	-	-	(243,134)
Other movements		-	-	-	243,134	-	243,134
<b>Balance at 30 December 2017</b>		23,850,066	6,146,636	136,012	-	1,351,096	31,483,810
<b>Year ended 30 December 2018:</b>							
Profit and total comprehensive income for the year		-	-	-	-	770,302	770,302
Issue of share capital	27	952,000	1,840,108	-	-	-	2,792,108
Redemption of shares	27	(120,390)	(152,790)	120,389	-	-	(152,791)
<b>Balance at 30 December 2018</b>		24,681,676	7,833,954	256,401	-	2,121,398	34,893,429



# SEANAMIC GROUP LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	33	(4,428,040)		(3,637,960)	
Interest paid		(99,322)		(125,157)	
Income taxes refunded		4,460		376,780	
<b>Net cash outflow from operating activities</b>		<u>(4,522,902)</u>		<u>(3,386,337)</u>	
<b>Investing activities</b>					
Purchase of business		-		100,652	
Purchase of intangible assets		(85,623)		(27,116)	
Proceeds on disposal of intangibles		-		(659)	
Purchase of property, plant and equipment		(300,222)		(1,518,916)	
Proceeds on disposal of property, plant and equipment		9,171		3,990	
Interest received		808		335	
<b>Net cash used in investing activities</b>		<u>(375,866)</u>		<u>(1,441,714)</u>	
<b>Financing activities</b>					
Proceeds from issue of shares		2,800,000		5,246,968	
Share issue costs		(7,892)		-	
Redemption of shares		(152,790)		-	
Repayment of convertible loans		-		(392,807)	
Repayment of borrowings		157,362		-	
Repayment of bank loans		-		(34,558)	
Payment of finance leases obligations		(4,229)		9,938	
<b>Net cash generated from financing activities</b>		<u>2,792,451</u>		<u>4,829,541</u>	
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(2,106,317)</u>		<u>1,490</u>	
Cash and cash equivalents at beginning of year		1,256,876		1,094,014	
Effect of foreign exchange rates		(150,494)		161,372	
<b>Cash and cash equivalents at end of year</b>		<u><u>(999,935)</u></u>		<u><u>1,256,876</u></u>	
<b>Relating to:</b>					
Cash at bank and in hand		<u><u>(999,935)</u></u>		<u><u>1,256,876</u></u>	

# SEANAMIC GROUP LIMITED

## COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	34	(2,589,297)		(5,264,563)	
Interest paid		(47,412)		(39,543)	
<b>Net cash outflow from operating activities</b>		(2,636,709)		(5,304,106)	
<b>Investing activities</b>					
Purchase of subsidiaries		(18,707)		(647,692)	
Interest received		-		389,294	
<b>Net cash used in investing activities</b>		(18,707)		(258,398)	
<b>Financing activities</b>					
Proceeds from issue of shares		2,800,000		5,246,968	
Share issue costs		(7,892)		-	
Redemption of shares		(152,790)		-	
Repayment of convertible loans		-		(392,807)	
Proceeds from borrowings		-		2,528,956	
Repayment of borrowings		(1,591,390)		-	
<b>Net cash generated from financing activities</b>		1,047,928		7,383,117	
<b>Net (decrease)/increase in cash and cash equivalents</b>		(1,607,488)		1,820,613	
Cash and cash equivalents at beginning of year		836,724		6,733	
Effect of foreign exchange rates		817,713		(990,622)	
<b>Cash and cash equivalents at end of year</b>		46,949		836,724	

# SEANAMIC GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 DECEMBER 2018

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### 1 Accounting policies

#### Company information

Seanamic Group Limited ("the company") is a private limited company domiciled and incorporated in Scotland. The registered office is Units 8-9 Technology Centre, Claymore Drive, Aberdeen Science and Energy Centre, Bridge of Don, Aberdeen, AB23 8GD.

The group consists of Seanamic Group Limited and all of its subsidiaries.

#### 1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Amended accounts

The accounts lodged at Companies House have been amended due to an administration error whereby the stand alone company accounts were filed rather than the group consolidated accounts. There have been no changes to the results of any part of the group and were prepared at the date of the original accounts. These accounts replace the original filed accounts and are now the statutory accounts of the company.

#### 1.3 Basis of consolidation

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

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

# SEANAMIC GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2018

### 1 Accounting policies

(Continued)

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

All financial statements are made up to 30 December 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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

#### 1.4 Going concern

Based on the Group's financial projection, it is expected that both the Company and the Group will have adequate cash to enable them to meet their liabilities in the ordinary course of business as they fall due for the next 12 months.

The group is reliant on improved operational returns and are diversifying into new areas such as renewables to help generate those additional returns although the ongoing slow recovery may lead to additional funding requirements.

Nevertheless, in the event of a short-term working capital need, controlling shareholder Simmons Private Equity II L.P has indicated willingness to provide the necessary financial support should it be necessary to allow the company and its subsidiaries to meet their liabilities as they fall due for the 12 months following the approval of the financial statements. Therefore, at the time of approving the financial statements the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The accompanying financial statements have been prepared assuming the group will continue as a going concern.

#### 1.5 Revenue

Turnover represents amounts receivable for the design of lifting and handling equipment and other special purpose machinery and the manufacture of special cable systems net of VAT.

Revenue from contracts is recognised by reference to the stage of completion when the stage of completion and overall contract value can be estimated reliably. The stage of completion is calculated by reviewing work completed in comparison to contract milestones and the directors' assessment based on their expertise within that market. Due to the nature of the contracts undertaken, many major costs are incurred later in the contract during the build and fabrication stage and an estimate of accrued costs is required when reaching contract milestones. The estimate for accrued costs is judgemental and based upon proportion of turnover recognised as income and expected gross margin such that profit accrues evenly throughout the term of the contract.

#### 1.6 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### 1.7 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life, which is deemed to be 10 years.

# SEANAMIC GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2018

### 1 Accounting policies

(Continued)

#### 1.8 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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

Development Costs

Development Costs are not amortised

Trade name & backlog

Trade name is not amortised, Backlog is written off in year of acquisition.

Trade Name, which is not amortised is tested each year for impairment against the Strategic Plan average 4 year revenue against revenue on acquisition.

#### 1.9 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Land and buildings Freehold

2% p.a. straight line

Land and buildings Leasehold

10% p.a. straight line

Plant and machinery

25% p.a. straight line

Fixtures, fittings & equipment

25% p.a. straight line

Computer equipment

33% p.a. straight line

Motor vehicles

25% p.a. straight line

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

#### 1.10 Non-current investments

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

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

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

# SEANAMIC GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2018

### 1 Accounting policies

(Continued)

#### 1.11 Impairment of non-current assets

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

#### 1.12 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

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

#### 1.13 Cash and cash equivalents

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

# SEANAMIC GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2018

### 1 Accounting policies

(Continued)

#### 1.14 Financial instruments

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

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

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

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

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

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

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

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

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

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

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

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

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

# SEANAMIC GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2018

### 1 Accounting policies

(Continued)

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

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

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

#### 1.15 Equity instruments

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

#### 1.16 Taxation

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

##### **Current tax**

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

##### **Deferred tax**

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

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



# SEANAMIC GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2018

### 1 Accounting policies

(Continued)

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which each entity operates ('the functional currency'). The consolidated financial statements are presented in Pound Sterling, which is the group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation (where items are remeasured). At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date.

The results and financial position of all of the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of each transaction);

(c) all resulting exchange differences are recognised in other comprehensive income.

### 2 Judgements and key sources of estimation uncertainty

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

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

### 3 Revenue

An analysis of the group's revenue is as follows:

	2018 £	2017 £
<b>Revenue analysed by class of business</b>		
Sales	18,932,048	21,814,723
	<u>                    </u>	<u>                    </u>
	2018 £	2017 £
<b>Other significant revenue</b>		
Interest income	808	335
	<u>                    </u>	<u>                    </u>

# SEANAMIC GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2018

### 3 Revenue (Continued)

	2018 £	2017 £
<b>Revenue analysed by geographical market</b>		
United Kingdom	6,992,908	8,353,017
Asia	3,477,583	4,662,327
Australasia	311,138	73,249
North America	5,783,815	3,316,469
Europe	596,120	3,617,324
Middle East	125,318	738,874
South America	1,218,498	962,737
Africa	426,668	90,726
	<u>18,932,048</u>	<u>21,814,723</u>

4 Exceptional items	2018 £	2017 £
Exceptional professional costs	437,000	-
Provision for onerous contracts	229,762	2,037,875
Exceptional termination of lease costs	57,000	-
Exceptional bad debt	27,004	-
	<u>750,766</u>	<u>2,037,875</u>

Exceptional items relate to one off professional fee's, lease termination costs, a bad debt and losses incurred on two significant contracts that encountered additional unexpected costs to complete.

5 Operating loss	2018 £	2017 £
Operating loss for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(89,787)	89,495
Research and development costs	-	1,729
Depreciation of owned property, plant and equipment	524,371	480,656
Profit on disposal of property, plant and equipment	(9,171)	(3,990)
Amortisation of intangible assets	2,099,789	1,729,108
Impairment of intangible assets	607,919	700,259
(Profit)/loss on disposal of intangible assets	-	51,925
Operating lease charges	<u>1,065,436</u>	<u>832,289</u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £89,787 (2017 - £89,495).

# SEANAMIC GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2018

### 6 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	35,000	35,000

### 7 Employees

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

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Direct & Engineering	156	134	-	-
Administration	9	36	-	-
Directors	6	6	6	6
	171	176	6	6

Their aggregate remuneration comprised:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Wages and salaries	8,200,499	7,118,858	362,453	219,303
Social security costs	730,819	653,364	44,776	26,074
Pension costs	536,295	517,988	25,245	17,330
	9,467,613	8,290,210	432,474	262,707

### 8 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	529,966	623,291
Company pension contributions to defined contribution schemes	23,625	-
	553,591	623,291

# SEANAMIC GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 DECEMBER 2018

### 8 Directors' remuneration

(Continued)

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2018 £	2017 £
Remuneration for qualifying services	137,077	152,875
Company pension contributions to defined contribution schemes	10,125	-
	<u>147,202</u>	<u>152,875</u>

### 9 Investment income

	2018 £	2017 £
<b>Interest income</b>		
Interest on bank deposits	4	117
Other interest income	804	218
	<u>808</u>	<u>335</u>
<b>Total income</b>	<u>808</u>	<u>335</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	4	117
	<u>4</u>	<u>117</u>

### 10 Finance costs

	2018 £	2017 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	18,667	20,365
Other interest on financial liabilities	63,963	40,856
	<u>82,630</u>	<u>61,221</u>
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	987	1,217
Other interest	15,705	62,719
	<u>16,692</u>	<u>63,936</u>
<b>Total finance costs</b>	<u>99,322</u>	<u>125,157</u>

# SEANAMIC GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2018

### 11 Taxation

	2018 £	2017 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	(1,272,706)	1,791
Adjustments in respect of prior periods	(1,370,716)	(85,901)
Total UK current tax	(2,643,422)	(84,110)
Foreign current tax on profits for the current period	25,630	189,788
Total current tax	(2,617,792)	105,678
<b>Deferred tax</b>		
Origination and reversal of timing differences	(36,238)	4,725
Previously unrecognised tax loss, tax credit or timing difference	(85,884)	-
Total deferred tax	(122,122)	4,725
Total tax (credit)/charge	(2,739,914)	110,403

# SEANAMIC GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2018

### 11 Taxation

(Continued)

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

	2018 £	2017 £
Loss before taxation	(6,874,945)	(5,784,681)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%)	(1,306,240)	(1,099,089)
Tax effect of expenses that are not deductible in determining taxable profit	(88,499)	(127,120)
Tax effect of income not taxable in determining taxable profit	(4,152)	-
Tax effect of utilisation of tax losses not previously recognised	(115,534)	-
Unutilised tax losses carried forward	34,587	476,076
Adjustments in respect of prior years	(1,462,436)	(85,901)
Effect of change in corporation tax rate	-	283,204
Depreciation on assets not qualifying for tax allowances	4,569	4,522
Amortisation on assets not qualifying for tax allowances	485,103	462,253
Research and development tax credit	(1,058,033)	-
Other permanent differences	167,224	-
Deferred tax adjustments in respect of prior years	(34,841)	-
Foreign exchange differences	(87,914)	-
Foreign tax adjustments	116,792	189,788
Other tax adjustments	(28,594)	-
Deferred tax movements	(11,036)	6,670
Change in valuation allowance	649,090	-
Taxation (credit)/charge	(2,739,914)	110,403

### 12 Impairments

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

	Notes	2018 £	2017 £
In respect of:			
Goodwill	13	607,919	700,259
Recognised in:			
Administrative expenses		607,919	700,259

# SEANAMIC GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 DECEMBER 2018**

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### 12 Impairments

(Continued)

The carrying value of the Group's goodwill balances has been reviewed at the year-end date. One of the Group's businesses, Umbilicals International Inc, has continued to experience adverse financial results due to the persisting offshore oil and gas industry recession. Following a detailed value-in-use review, the value of goodwill has been written down by a further £607,919 (2017; £700,259).

The remaining goodwill associated with Umbilicals International Inc is £2,635,418.

# SEANAMIC GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 DECEMBER 2018

### 13 Intangible fixed assets

Group	Goodwill	Development Costs	Trade name & backlog	Total
	£	£	£	£
<b>Cost</b>				
At 31 December 2017	18,807,648	800,840	3,855,002	23,463,490
Additions	18,707	66,916	-	85,623
Disposals	(55,149)	-	-	(55,149)
At 30 December 2018	18,771,206	867,756	3,855,002	23,493,964
<b>Amortisation and impairment</b>				
At 31 December 2017	5,986,253	57,017	1,115,231	7,158,501
Amortisation charged for the year	1,813,478	286,311	-	2,099,789
Impairment losses	607,919	-	-	607,919
At 30 December 2018	8,407,650	343,328	1,115,231	9,866,209
<b>Carrying amount</b>				
At 30 December 2018	10,363,556	524,428	2,739,771	13,627,755
At 30 December 2017	12,821,395	743,823	2,739,771	16,304,989

The company had no intangible fixed assets at 30 December 2018 or 30 December 2017.

More information on the impairment arising in the year is given in note 12.



## SEANAMIC GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 DECEMBER 2018

#### 14 Property, plant and equipment

Group	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Computer equipment £	Motor vehicles £	Total £
<b>Cost</b>							
At 31 December 2017	1,037,852	236,960	3,587,324	128,714	485,849	14,881	5,491,580
Additions	-	161,561	75,880	42,144	20,637	-	300,222
Exchange adjustments	-	4,224	183,085	2,827	1,679	-	191,815
At 30 December 2018	1,037,852	402,745	3,846,289	173,685	508,165	14,881	5,983,617
<b>Depreciation and impairment</b>							
At 31 December 2017	82,186	32,164	1,196,051	77,720	374,125	14,881	1,777,127
Depreciation charged in the year	20,717	14,572	400,312	23,707	65,063	-	524,371
Exchange adjustments	-	5,375	52,188	5,594	(3,739)	-	59,418
At 30 December 2018	102,903	52,111	1,648,551	107,021	435,449	14,881	2,360,916
<b>Carrying amount</b>							
At 30 December 2018	934,949	350,634	2,197,738	66,664	72,716	-	3,622,701
At 30 December 2017	955,666	204,796	2,391,273	50,994	111,724	-	3,714,453

The company had no property, plant and equipment at 30 December 2018 or 30 December 2017.

# SEANAMIC GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2018

### 15 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	16	-	-	28,438,881	24,971,690
<b>Movements in non-current investments</b>					
<b>Company</b>					<b>Shares in group undertakings £</b>
<b>Cost or valuation</b>					
At 31 December 2017					24,971,690
Additions					18,707
Capital Contributions					3,448,484
At 30 December 2018					28,438,881
<b>Carrying amount</b>					
At 30 December 2018					28,438,881
At 30 December 2017					24,971,690

### 16 Subsidiaries

Details of the company's subsidiaries at 30 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Caley Ocean Systems Limited	Scotland	Design of Equipment and Machinery	Ordinary	100.00	
Flexlife Angola Limited	Scotland	Inspection, maintenance and repair services	Ordinary	100.00	
Flexlife Group Inc	United States of America	Inspection, maintenance and repair services	Ordinary	100.00	
Flexlife Limited	Scotland	Inspection, maintenance and repair services	Ordinary	100.00	
Imes International Limited	Scotland	Inspection, Monitoring and Engineering	Ordinary	100.00	
Seanamic Limited	Scotland	Non-Trading	Ordinary	100.00	
Umbilicals International (UK) Limited	Scotland	Design & Manufacture of High Performance Cable	Ordinary	100.00	
Umbilicals International Inc.	United States of America	Design & Manufacture of High Performance Cable	Ordinary	100.00	

# SEANAMIC GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2018

### 16 Subsidiaries

(Continued)

Umbilicals International (UK) Limited, a company registered in Scotland (SC521650) was exempt from the requirements of the Act relating to the audit of individual accounts. Seanamic Group Limited has provided a guarantee on all outstanding liabilities to which the subsidiary company is subject at the end of the financial year.

### 17 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	3,946,620	4,547,309	15,394,133	16,162,455
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	11,300,900	12,242,443	9,157,492	10,465,449

### 18 Inventories

	Group 2018 £	2017 £	Company 2018 £	2017 £
Raw materials and consumables	1,031,443	936,671	-	-
Work in progress	290,899	541,041	-	-
Finished goods and goods for resale	367,598	254,764	-	-
	1,689,940	1,732,476	-	-

# SEANAMIC GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2018

### 19 Trade and other receivables

	Group 2018	2017	Company 2018	2017
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Trade receivables	3,823,768	3,946,079	-	-
Gross amounts due from contract customers	2,143,945	2,941,417	-	-
Corporation tax recoverable	2,647,812	34,479	-	-
Amounts owed by group undertakings	-	-	7,897,157	9,039,777
Other receivables	281,971	620,143	-	36,898
Prepayments and accrued income	241,724	280,031	211,400	11,480
	<u>9,139,220</u>	<u>7,822,149</u>	<u>8,108,557</u>	<u>9,088,155</u>
<b>Amounts falling due after more than one year:</b>				
Amounts owed by group undertakings	-	-	7,496,976	7,085,780
	<u>-</u>	<u>-</u>	<u>7,496,976</u>	<u>7,085,780</u>
<b>Total debtors</b>	<u>9,139,220</u>	<u>7,822,149</u>	<u>15,605,533</u>	<u>16,173,935</u>

### 20 Current liabilities

		Group 2018	2017	Company 2018	2017
	Notes	£	£	£	£
Bank overdraft and invoice discounting facility	22	2,058,583	244,458	-	-
Obligations under finance leases	23	4,623	3,960	-	-
Other borrowings	22	224,811	208,494	7,884,579	9,475,969
Payments received on account		508,100	279,429	-	-
Trade payables		3,696,394	3,414,836	81,773	45,541
Amounts owed to group undertakings		-	-	7,978	16,933
Amounts owed by participating interest		345,000	250,000	345,000	250,000
Other taxation and social security		279,513	331,395	40,442	33,090
Other payables		950,525	278,298	761,084	78,354
Accruals and deferred income		2,952,082	5,906,120	77,078	98,652
		<u>11,019,631</u>	<u>10,916,990</u>	<u>9,197,934</u>	<u>9,998,539</u>

# SEANAMIC GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2018

### 21 Non-current liabilities

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Obligations under finance leases	23	1,086	5,978	-	-
Other borrowings	22	559,696	739,274	-	-
Other payables		-	500,000	-	500,000
		<u>560,782</u>	<u>1,245,252</u>	<u>-</u>	<u>500,000</u>

### 22 Borrowings

		Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans		565,081	244,458	-	-
Bank overdrafts		1,493,502	-	-	-
Loans from group undertakings		-	-	7,884,579	9,475,969
Other loans		784,507	947,768	-	-
		<u>2,843,090</u>	<u>1,192,226</u>	<u>7,884,579</u>	<u>9,475,969</u>
Payable within one year		2,283,394	452,952	7,884,579	9,475,969
Payable after one year		<u>559,696</u>	<u>739,274</u>	<u>-</u>	<u>-</u>

Long term loans are repayable by 25 January 2020 at 3.96% interest per annum.

### 23 Finance lease obligations

		Group 2018 £	2017 £	Company 2018 £	2017 £
Future minimum lease payments due under finance leases:					
Within one year		3,960	3,960	-	-
In two to five years		1,749	5,978	-	-
		<u>5,709</u>	<u>9,938</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery.

# SEANAMIC GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2018

### 24 Provisions for liabilities

		Group 2018 £	2017 £	Company 2018 £	2017 £
Warranty Provision		81,493	121,493	-	-
Deferred tax liabilities	25	75,930	198,051	-	-
		<u>81,493</u>	<u>198,051</u>	<u>-</u>	<u>-</u>

Movements on provisions:

Group	Warranty Provision £
At 31 December 2017	121,493
Other movements	(40,000)
At 30 December 2018	<u>81,493</u>

### 25 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Liabilities 2018 £	Liabilities 2017 £
Accelerated capital allowances	<u>75,930</u>	<u>198,051</u>

The company has no deferred tax assets or liabilities.

	Group 2018 £	Company 2018 £
Movements in the year:		
Liability at 31 December 2017	198,051	-
Credit to profit or loss	(122,121)	-
Liability at 30 December 2018	<u>75,930</u>	<u>-</u>

### 26 Retirement benefit schemes

Defined contribution schemes	2018 £	2017 £
Charge to profit or loss in respect of defined contribution schemes	<u>536,295</u>	<u>517,988</u>

# SEANAMIC GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2018

### 26 Retirement benefit schemes

(Continued)

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

### 27 Share capital

	Group and company	
	2018	2017
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
0 Ordinary A Shares of 1p each	-	296
1,634,053 Ordinary B Shares of 1p each	16,340	16,354
1,555,359 Ordinary C Shares of 1p each	15,553	15,673
4,866,700 Ordinary C1 Shares of 1p each	48,667	30,000
	<u>80,560</u>	<u>62,323</u>
<b>Preference share capital</b>		
<b>Issued and fully paid</b>		
9,398,042 (2017: 9,409,706) Preference D Shares of £1 each	9,398,042	9,409,706
12,519,741 (2017: 12,627,638) Preference E Shares of £1 each	12,519,741	12,627,638
0 (2017: 399) Preference F Shares of £1 each	-	399
1,750,000 (2017: 1,750,000) Preference G Shares of £1 each	1,750,000	1,750,000
933,333 (2017: 0) Preference H Shares of £1 each	933,333	-
	<u>24,601,116</u>	<u>23,787,743</u>
Preference shares classified as equity	<u>24,601,116</u>	<u>23,787,743</u>
<b>Total equity share capital</b>	<u>24,681,676</u>	<u>23,850,066</u>

During the year the company cancelled 29,601 Ordinary A Shares, 1,408 Ordinary B Shares, 12,103 Ordinary C Shares, 11,664 Preference D Shares, 107,897 Preference E Shares and 399 Preference F Shares.

During the year the company issued additional "C1" Ordinary Shares and Preference "H" Shares to provide additional investment and working capital for the company.

# SEANAMIC GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2018

### 28 Share premium account

	Group 2018 £	2017 £	Company 2018 £	2017 £
At beginning of year	6,146,636	2,927,802	6,146,636	2,927,802
Issue of new shares	1,848,000	3,461,968	1,848,000	3,461,968
Share capital redemption	(152,790)	(243,134)	(152,790)	(243,134)
Share issue expenses	(7,892)	-	(7,892)	-
At end of year	<u>7,833,954</u>	<u>6,146,636</u>	<u>7,833,954</u>	<u>6,146,636</u>

### 29 Financial commitments, guarantees and contingent liabilities

At the end of the period under review, performance bonds and guarantees totalling £67,618 (2017 £747,000) were in issue by Royal Bank of Scotland Plc. These guarantees are payable if the company fails to fulfil the terms of the contracts covered by them.

The bonds and guarantees are incorporated within the standard security over the premises and through the bond and floating charge over all the assets of the subsidiary, Caley Ocean Systems Limited.

In April 2019 the group entered into a revised bank facility with the Royal Bank of Scotland Plc for funding totalling £1.85m across the group.

### 30 Operating lease commitments

#### Lessee

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

	Group 2018 £	2017 £	Company 2018 £	2017 £
Within one year	1,222,170	1,127,230	-	-
Between two and five years	3,046,797	3,152,813	-	-
In over five years	2,251,740	2,969,910	-	-
	<u>6,520,707</u>	<u>7,249,953</u>	<u>-</u>	<u>-</u>

### 31 Events after the reporting date

In April 2019 the Group has received additional funding of £1,500,000 through further equity investment. The additional funding has been used to fund working capital requirements.

### 32 Controlling party

The majority of the equity of the company is owned by Simmons Private Equity II LP, a private equity fund registered in Guernsey. Simmons Private Equity II LP is controlled by its general partner, the ultimate controlling party, Parallel General Partner Limited, a non-cellular Guernsey limited company.



# SEANAMIC GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2018

### 33 Cash generated from group operations

	2018 £	2017 £
Loss for the year after tax	(4,135,031)	(5,895,084)
Adjustments for:		
Taxation (credited)/charged	(2,739,914)	110,403
Finance costs	99,322	125,157
Investment income	(808)	(335)
Gain on disposal of property, plant and equipment	(9,171)	(3,990)
(Gain)/loss on disposal of intangible assets	-	51,925
Amortisation and impairment of intangible assets	2,707,708	2,429,367
Depreciation and impairment of property, plant and equipment	524,371	480,656
(Gain)/loss on sale of investments	-	2,907
(Decrease) in provisions	(40,000)	-
Movements in working capital:		
Decrease/(increase) in inventories	42,536	(183,775)
(Increase) in trade and other receivables	(2,012,016)	(448,265)
Increase/(decrease) in trade and other payables	1,134,963	(306,926)
<b>Cash absorbed by operations</b>	<b>(4,428,040)</b>	<b>(3,637,960)</b>

### 34 Cash absorbed by operations - company

	2018 £	2017 £
Profit/(loss) for the year after tax	770,302	(618,208)
Adjustments for:		
Finance costs	47,412	39,543
Investment income	-	(389,294)
Other gains and losses	(817,713)	990,622
Movements in working capital:		
Increase in trade and other receivables	(2,880,083)	(6,141,357)
Increase in trade and other payables	290,785	854,131
<b>Cash absorbed by operations</b>	<b>(2,589,297)</b>	<b>(5,264,563)</b>

# SEANAMIC GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2018

### 35 Analysis of changes in net debt

	2018 £
<b>Opening net funds/(debt)</b>	
Cash and cash equivalents	1,256,876
Loans	(1,192,226)
Obligations under finance leases	(9,938)
	<u>54,712</u>
<b>Changes in net debt arising from:</b>	
Cash flows of the entity	(2,259,450)
Changes in market value and exchange rates	(150,494)
	<u>(2,355,232)</u>
Closing net debt as analysed below	<u>(2,355,232)</u>
 <b>Closing net debt</b>	
Cash and cash equivalents	(999,935)
Loans	(1,349,588)
Obligations under finance leases	(5,709)
	<u>(2,355,232)</u>