Company number: 06491951

EXPRO HOLDINGS UK 2 LIMITED

Report and Financial Statements

Year to 31 March 2018

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Financial Summary

Full year performance compared to prior year	Year to 31 March 2018 $'000	Year to 31 March 2017 $'000	Change
Revenue	651,700	678,625	(4.0%)
Adjusted operating profit[1]	97,713	130,644	(25.2%)
Adjusted operating margin[2]	15.0%	19.3%	(4.3pts)
Operating loss[3]	(118,728)	(776,882)	84.7%

Financial position, liquidity and capital resource	31 March 2018 $'000	31 March 2017 $'000	Change
Cash	211,461	73,303	138,158
Working capital percentage[4]	22.6%	21.9%	0.7 pts
Net (cash) debt[4]	(189,017)	1,268,561	(1,457,578)
LTM leverage[4]	(1.9)x	9.7 x	(11.6)x
Liquidity headroom[4]	198,528	154,502	44,026

[1] "Adjusted operating profit" is defined as operating profit excluding depreciation and amortisation and other similar non-cash items, together with other items that either distort the underlying trends of the business or are not considered by management to be part of the core operations of the Group. Further details are set out in Note 3.

[2] "Adjusted operating margin" is the ratio of adjusted operating profit over revenue.

[3] "Operating loss" includes intangible asset impairment charges of $ 0.3m, goodwill impairment charges of $Nil and JV impairment charges of $3.9m (2017: $257.3m, $362.2m and $3.0m respectively).

[4] "Working capital percentage", "Net (cash) debt", "LTM (last twelve months) leverage" and "Liquidity headroom" are defined within the strategic report.

Strategic report

Year Ended 31 March 2018

Expro's business

Overview

Established over 40 years ago, Expro[5] is a global market leading provider of well flow management services to the land, offshore and deepwater oil and gas industry.

We[5] offer a range of mission critical services designed to measure, improve, control and process flow from high value oil and gas wells, from exploration through to abandonment including:

- well test and appraisal services;
- subsea completion and intervention services; and
- production services.

These services allow our customers to optimise production, maximise reservoir recoveries and increase cost efficiency. Our capabilities span the full lifecycle of the well, including a specific expertise in technology driven solutions for both mature field and frontier environments.

We employ the industry's best people to deliver the highest standards of safety, quality and personalised customer service in all major offshore and onshore oil and gas basins. In the deepwater market, we face fewer competitors as a result of advanced technology and the safety, operational capability and track record requirements that create higher barriers to entry.

Our principal customers are the major international oil companies ("IOC"), key national oil companies ("NOC") and independent exploration and production ("E&P") companies located throughout the world. We are active in all major offshore oil and gas markets globally and have, as at 31 March 2018, 4,100 employees working from over 100 locations in approximately 50 countries.

Well test and appraisal services

Well test services constituted 47% of our revenues for the year ended 31 March 2018. This include services to provide:

- The safe production, measurement and analysis of hydrocarbons from a new well during the appraisal testing;
- The flowback and clean-up of a new well prior to production; and
- In-line testing of a well during its production life.

Appraisal testing

Appraisal testing typically involves the measurement of production rates, the recording of transient pressure data from the reservoir and the sampling of reservoir fluids. By analysing this information, it is possible for the operator to estimate hydrocarbon reserves and determine rock properties, reservoir size and connectivity. We can provide our appraisal testing services on land or offshore, in shallow or deepwater environments, including for critical, high rate, sour or high pressure high temperature ("HPHT") wells. As an integrated services provider, we offer our customers customised appraisal testing packages that include surface well testing services, exploration and appraisal ("E&A") subsea landing strings, drill stem testing ("DST") services, fluid sampling and analysis services, wireless well solutions ("WWS") and Expro PowerChoke® services.

[5] "We", "Expro" or "the Group" refers to Expro Holdings UK 2 Limited ('Parent Company') and its consolidated subsidiaries.

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Flowback and clean-up

For well flowback and clean-up applications we provide a range of bespoke onshore or offshore customised frac flowback and well clean-up packages. We have a particular focus on the safe provision of high rate gas well clean-up and flow measurement services. Flowback packages can include Expro PowerChoke® manifolds, hydraulic control systems and portable flare stack services. Our clean-up packages incorporate surface production and pre-production equipment, high rate gas flow rate measurement, water handling and treatment and solids handling systems.

In-line testing

Some of our customers require surface well testing services to measure production rates from wells during the production phase of the field. This is common in old fields where there may not be a test separator or existing means of measuring flow rates from the well. Production testing usually comprises a surface well testing package only, as the well has already been completed, with fluid sampling and potentially well intervention services. Production data obtained from our in-line testing services is typically used to identify underperforming wells and potential production enhancement or optimisation opportunities.

Within our Well Test and Appraisal Services segment we provide the following products and services:

Surface well testing

Our surface well testing packages include all equipment, sensors and measurement devices to safely receive, control, process and measure production from the well. Included within the well testing package will be surface test trees and choke manifolds, pipework, sand management systems, heaters, production separators, multiphase flow meters and other ancillaries such as tanks, pumps, burner booms and flares.

E&A subsea landing strings

As part of our appraisal package for deepwater reservoirs we can provide a range of direct hydraulic or electro-hydraulic, subsea test trees for standard, high debris and high pressure applications up to 15K psi. These systems facilitate the control and isolation of the subsea well in the event that it needs to be secured for the emergency disconnect of the drilling rig during the appraisal test. Since 1984, our E&A subsea landing strings have been deployed on over 1,000 appraisal well tests.

Drill Stem Testing

For exploration and appraisal testing, we can provide a range of DST tools to control flow from the well during the testing programme. Our core highly specified DST tools are respected across the industry and have a proven track record of almost 30 years. We have vast operational experience both onshore and offshore, with an annual run rate of approximately 250 DST jobs per year. To date we've now worked for over 60 clients in more than 20 countries worldwide.

Fluid sampling, metering and analysis services

Our well site and laboratory fluid sampling, metering and analysis services are critical for effective appraisal of a field and can be used as part of an appraisal testing programme or to support open hole logging operations. We seek to address the challenges in reservoir engineering and pressure, volume, temperature ("PVT") analysis techniques with a complete range of sampling services. These services include tubing conveyed bottom hole sampling, wireline, wellhead, separator sampling and also sample transfer systems. Our analysis services provide complex analysis of produced hydrocarbons, water and solids, alongside specialist analysis services including mercury speciation.

Wireless Well Solutions

Our CaTS™ wireless well systems use electromagnetic ("EM") data communications technology to transmit low frequency EM signals from downhole to surface, or surface to downhole, using the well's tubing or casing as the transmission medium. Our CaTS Exchange™ wireless surface readout ("SRO") system is run with the DST string and provides real time bottom hole pressure and temperature data on demand throughout the appraisal test. Having access to this data provides confidence in data quality and quantity and facilitates early decision making and real-time optimisation of the appraisal testing programme. The same CaTS™ technology can be used to instrument abandoned wells for post-abandonment reservoir monitoring. Our gauges can also be used for advanced reservoir testing ("ART") during field appraisal, where the customer is looking for communication between offset wells.

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PowerChokes

Our Expro PowerChokes® product line designs and manufactures automated chokes, relief valves, drilling rig controls and multiple other products for drilling, well test, flowback and production applications. With advanced material, design and engineering technology, we have become the industry leader for reliable severe service choke applications.

Subsea completion and intervention services

A well completion consists of providing the in-well tubulars and equipment needed for the safe production of hydrocarbons from the reservoir to the surface production facilities. Completion services are required to install the completion string in the well. Intervention services are used to subsequently service and monitor the performance of the well. Our subsea, completion and intervention services segment accounted for approximately 43% of our revenues in the year to 31 March 2018.

Within our subsea, completion and intervention services segment we provide the following products and services:

Subsea Completion Landing Strings

Expro's subsea landing strings and control systems deliver critical well control functions in challenging completion and intervention operations. Our subsea safety systems (ELSA) and subsea control systems (EXPRESS) are specifically designed to minimise risk in subsea completion and intervention operations and to achieve secure well status in the event of an emergency. These completion and intervention solutions can be used with both horizontal and vertical tree systems and we can provide a number of specialist large bore, high pressure, high debris and coiled tubing cutting capabilities.

Our subsea systems have unique functional and technical advantages. Our dual redundant control technology has been specifically designed for completions where safety and reliability is the highest priority. Our systems have been successfully deployed on over 900 subsea completion operations since 1998 allowing us to build a depth of experience unique in this market segment. Given the technical challenges of most subsea wells, we have built a strong team with an exemplary track record of delivering complex projects.

Well Integrity and Intervention Services

We support our customers in delivering hydrocarbons safely throughout the life of their wells through our range of well integrity and intervention services. We are the world's largest independent wireline service company, performing around 6,000 wireline runs every month. Our experience, technical excellence and innovation allow us to deliver tailor-made solutions to meet our customers' well data needs. We can provide multi-functional deployment equipment suitable for rapid deployment on land, platform and deepwater subsea conditions globally.

Our most common intervention service is slickline. We provide every slickline capability from basic completion intervention applications to advanced services with highly trained competent experts. In addition to slickline we can provide a braided line service for both heavy duty wireline fishing, electric line and fibre optic services that allow our customers to understand and optimise their well and reservoir production on a real-time basis.

Perforating Services

Expro is one of the largest global providers of perforating services; providing slickline, electric line and tubing conveyed explosives services, for production and injection wells and well abandonments, employing an operational workforce of highly trained and qualified personnel across our global bases for field operations and onshore support. We provide a wide range of in-house designed and engineered firing heads, which maintained a historical success rate of greater than 98%, and offer a wide selection of gun sizes, charge types, explosive types, shot densities and phasing, and system configurations.

Permanent Downhole Monitoring

In 2017 the Group also launched a new Permanent Downhole Monitoring (PDM) business to provide high value, long-term reservoir data that allows operators to analyse and improve production. This technology is also ideally positioned to complement existing product lines, including Subsea and Wireless Well Solutions, and was successfully deployed for a major international operator – providing a track record for securing three further contracts.

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Production services

We offer our customers a range of production services that allow them to accelerate first oil, optimise production from existing fields and enhance production from mature, declining fields. Our Production Services segment accounted for approximately 10% of our revenue in the year to 31 March 2018.

Within our Production Services segment we provide the following products and services:

Production Systems

Production systems are used to provide a safe and efficient means of processing produced oil, gas and water. Solids control equipment is used to remove sand or debris from the well, followed by a separation system to split the three different well streams. Gas is usually separated from the well stream for either export, flaring or re-injection into the well or reservoir. Water is typically separated, treated and either disposed of overboard or re-injected into the reservoir for pressure maintenance. Oil is separated, treated as necessary, and pumped to storage facilities or an export pipeline.

Our production systems are designed bespoke to our customers' requirements and include early production facilities, production enhancement packages and well unloading units, mobile offshore production units, permanent production systems, water handling and treatment plants, seawater injection packages and gas compression and injection packages.

These solutions provide our customers with the ability to bring new developments on stream quickly, ahead of permanent facilities being installed, and thus offer compelling financial and operational benefits. In addition, our early production facility solutions can be used for small reserves that would otherwise not meet acceptable risk criteria or would be uneconomic to produce with a permanent facility; thereby our early production facility in effect becomes the permanent "life of field" solution.

Through the experience of our team, we have an established track record for delivery of early production facility projects in timescales that are unrivalled. Expro achieve this by constructing our early production facilities around modular, prefabricated equipment with reconfiguration flexibility for production optimisation. In the field our systems are operated by experienced personnel, with state-of-the-art control and safety systems, including real-time monitoring and data acquisition services.
The Production Systems business also utilises their facilities project management skillset to design, build and sell a range of well test equipment and burner boom systems that meet the highest industry standards. Within our burner boom product line we offer king posts, horizontal and vertical burner booms and head configurations that incorporate our "clean burner technology".

Metering

Expro is the only company to provide clamp-on sonar measurement products that provide non-intrusive, real-time surveillance of flow on production and injection wells or flow lines. These surveillance services are used to help optimise our customer's injection, artificial lift and production systems with the end result of increasing production rates, increasing reservoir recovery and reducing production costs.

Market overview

We operate in the global well test, subsea completion, well intervention and production systems market.

The market dynamics that affect our business are driven by the following underlying factors:

- **Global demand for oil and gas.** The primary driver of our business is our customers' capital and operating expenditure, which is closely tied to the global demand for oil and gas. While the current market cycle has resulted in a significant reduction to E&A expenditure, demand for intervention and production services has remained robust as operators focus on extracting value from existing assets. Over the longer term, the oil and gas industry is expected to rebalance as global consumption and demand for hydrocarbons increases;

- **Reserve replacement.** Without E&A activity to replace reserves, this will reduce production levels and restrict future growth. To counter the decline it is essential that IOCs, NOCs and independent E&P companies replace reserves through the discovery and development of new fields. While the current market cycle has changed the profile of our customers' investments, leading to reduced exploration and appraisal frontier programs, this will return in line with the long-term demand for reserves replacement;

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- **Long-term deepwater development activity.** We have seen a reduction in deepwater activity, as new project sanctions were deferred and activities on existing developments scaled back. However we are now seeing operators revisit their future budgets following a reduction in oil and gas extraction costs, combined with the oil price stabilising. We remain positive about the sector as IOC companies, in particular, will continue to invest in deepwater for production and reserve growth. Hence, we believe that both the subsea equipment and subsea services market segments will continue to be strong, long-term growth segments in the oilfield services industry;

- **Demand for early production and production enhancement solutions.** In the current market cycle, IOCs, NOCs and independent E&P companies remain focused on finding solutions for accelerating production from recent discoveries and enhancing production from existing fields - while optimising cash expenditure.

Business strategy

We strive to be the market leader in well flow management and deliver the highest standards of safety, quality and personalised customer service. Our business strategy comprises the following objectives:

- **To extend and enhance our reputation as a trusted service provider.** We are focused on delivering the highest standards of safety, quality and service to our customers. We focus on structured investments in people, equipment, technology, infrastructure and our robust performance management system to create a continuous improvement culture to deliver to these high standards. We seek to adopt a partnership approach to working with our customers by carefully understanding their requirements so that we may adapt our services and technologies to satisfy them.

- **To focus on our core markets and competencies.** We continue to focus our capital and resources on projects where we believe our capabilities, technology and quality of service will make a difference to our customers and shareholders. We have avoided expanding into market segments that do not contribute to our core business or that dilute our competitive advantage. We focus on high growth market segments where technical demands present high barriers to entry. We believe our ability and track record of providing reliable, time sensitive services in these challenging environments differentiates us from many of our competitors.

- **To maintain and strengthen our leadership positions in well testing, intervention and subsea landing string markets.** We are the leading provider of large bore subsea completion landing strings and associated services in the deepwater development market sector. We are also a market leader in the provision of offshore well test and wireline intervention services. We intend to maintain and strengthen these positions through continued operational excellence, deeper customer partnerships and technological advances that further improve the functionality, technical limits and reliability of our offering. We intend to build on our successes in these markets by offering customers complementary services and technologies and continuing to focus on quality, service and safety.

- **To generate profitable growth.** While maintaining our disciplined approach to operational planning and execution, we intend to profitably expand our business by:

  - Increasing our geographic presence through the selective expansion of our business into new markets where we are currently either not present or currently operating on a smaller scale;
  - Increasing customer penetration by expanding the number of high value-added services used by our key customers and enhancing our status as a preferred supplier among our customers;
  - Continuing to develop new markets for our proprietary new technologies; and
  - Identifying complementary acquisitions that are consistent with our general strategy.

Throughout the challenging market conditions, we have proactively managed our strategy and delivered a broad suite of business initiatives including:

- Rigorously managing the cost base;
- Optimising revenue from the existing asset fleet;
- Managing customer relationships and long term contracts;
- Leveraging extensive global footprint; and
- Seeking new revenue generation opportunities.

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Business structure

We manage our operations on a geographical basis. These segments comprise the following regions: Europe CIS; Sub-Saharan Africa; Asia, Middle East and North Africa; and North and Latin America. We operate in both onshore and offshore environments in each of our regions, with a particular focus in the offshore and deepwater markets where we hold market leading positions. These operating regions are supported by a product line organisation, which is primarily responsible for allocating and building capacity on a global basis and identifying and developing new products and services.

Europe CIS

Activity in Europe CIS is focused primarily in the United Kingdom and Norwegian sectors of the North Sea, Continental Europe, Kazakhstan and the Mediterranean. Our business in this segment is predominantly offshore with a large proportion of this activity associated with subsea field development. We are the market leader in well testing and subsea completion landing strings in both the United Kingdom and Norway. We have a broad customer base in this segment, underpinned by long standing relationships with a number of major IOCs and NOCs with whom we have long-term contracts for our services.

The UK and Norway are fairly mature markets, therefore exploration and appraisal activity has been lower compared to other geographical areas. However, E&A activity and smaller field development projects in the UK and Norway have shown some signs of increase. The UK continues to see a range of significant asset transfers which will assist in rejuvenating the basin, alongside continued support from the UK Oil and Gas and Oil and Gas Technology Centre, to maximise the economic potential from this sector. This includes a focus on production and optimisation and well abandonment, which offers short and long-term opportunities for Expro.

Sub-Saharan Africa

Within this region we serve a number of unique markets including Angola, Chad, Congo, East Africa, Gabon, Senegal, Mozambique, Ghana and Nigeria. Activity in this segment is in particular being driven by deepwater development activity in offshore Angola and Nigeria with demand for our large bore subsea completion landing strings and wellbore clean-up services, onshore early production systems, integrated exploration and appraisal packages and onshore intervention services.

Within Sub-Saharan Africa we have a large number of long-term deepwater development contracts for offshore projects in West Africa for well clean-up and subsea completion landing strings that typically require the supply of dedicated equipment packages on fixed monthly rates. These contracts provide us with stable revenue and long-term revenue visibility. We also hold a number of well intervention, early production and production enhancement contracts where we assist our customers in accelerating and optimising production from their reservoirs. This includes a focus on broadening our onshore wireline presence, in order to extend our market share.

Asia, Middle East and North Africa

In Asia, Middle East and North Africa we have a high proportion of NOC customers and we focus on our core markets of Algeria, Australia, Brunei, Egypt, India, Indonesia, Iraq, Malaysia, Saudi Arabia and Thailand.

Our Asia business is largely focused offshore, including the development of new deepwater fields or the production enhancement of existing brownfields. Our deepwater development activity, largely through long-term contracts held in India, Indonesia and Australia, typically comprises well clean-up packages, large bore subsea completion landing strings and well intervention services. A large number of these are gas fields and as a result we have developed a strong track record and recognised technical capability in the clean-up, fluid sampling and metering of high flow rate gas wells. Offshore production enhancement services include our well unloading units, water injection and gas compression facilities in the Gulf of Thailand and offshore Malaysia, including extensive production wireline and well intervention services, well surveillance services using our wet gas and clamp-on sonar metering technology.

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Our Middle East and North Africa activity is largely land based, including Algeria, Egypt, Iraq and Saudi Arabia. In Algeria and Saudi Arabia we have a strong rigless land based well test and intervention business as a result of long-term NOC contractual relationships. In Iraq and Algeria we have strong metering business where there is a clear value proposition for non-intrusive, clamp-on metering services to optimise production. In Egypt, where our clients are typically land based IOC and independents, we offer a broader range of well test, intervention, fluid sampling and analysis and production system services.

Within Asia we have non-consolidated interests in two joint venture companies through partnerships with PV Drilling Expro International Company Limited in Vietnam and COSL – Expro Testing Services (Tianjin) Company Limited in China.

North and Latin America

Our North and Latin America business is focused on core markets comprising Brazil, US Gulf of Mexico, US Land and Alaska. We also have a smaller presence in Mexico, Bolivia, Argentina and Canada.

Activity within Brazil comprises mainly well testing and clean-up services, well intervention and wireless reservoir monitoring contracts. This includes a combination of deepwater and land based work, the latter comprising appraisal and fiscal metering activities.

Our North America business is primarily driven by the US Gulf of Mexico market where we have continued demand for our subsea landing string and well testing services with major IOC and independents. In Alaska our activity is land based, comprising well testing and intervention services. Our United States land business is largely tied to unconventional tight oil and shale gas activity for which we provide a range of well clean-up, Expro PowerChoke® and well testing services.

Health and safety

The health and safety of our personnel remains our critical priority. Commitment from all levels of the business ensures we deliver the highest standards of safety performance, demonstrated by a thirteenth consecutive award from the Royal Society for the Prevention of Accidents (RoSPA). In 2017 Expro received the President's Award for its commitment to continuous improvement in health and safety management, including the ongoing Champion Safety initiative that delivers a range of campaigns including hand, driving and process safety. As a result, the Group once again achieved a number of key milestones, in particular, one year LTI free globally – the first time in 20 years. Several regions also delivered continued success in this area, including three years in ECIS and two in Sub Saharan Africa. By carefully analysing our safety data, Expro continues to target and minimise any potential areas of concern. Next year, this includes a dedicated focus on hand and driving safety in the Middle East, while continuing to embed the process safety initiative globally. This is supported by ongoing occupational health and safety management initiatives, including systems, leadership and workforce engagement outlined in the annual CSR report.

This is underpinned by our long-term Excellence in Operations programme, a strategic focus to drive safety and quality across the business with three main themes: safety, service quality and customer care. This is embedded within the organisation through established objectives and targets; which, along with the Expro "House Rules" are the foundation for our working environment.

The chart below shows our lost time injury frequency ("LTIF"), or the number of lost-time injuries requiring more than one day away from work per million hours worked over a period of the preceding twelve months, as compared against our internal target and the International Oil and Gas Producers ("IOGP") average performance index.

	31 March 2018			31 March 2017		
	Actual	Target	IOGP average performance index	Actual	Target	IOGP average performance index
LTIF	0.1	0.46	0.46	0.34	0.5	0.55

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Employees

We employ approximately 4,100 employees and 700 contractors. Of our employees, approximately 29% are employed in Europe CIS, approximately 10% in Sub Saharan Africa, approximately 20% in North and Latin America, and approximately 41% in Asia, Middle East and North Africa. We utilise contract personnel to maintain the necessary flexibility to address the requirements of specific project needs, such as a peak during a shutdown or turnaround, short-term project demands or gaps and the ability to realign our needs and customers' requirements during fluctuations in economic conditions.

We provide our services in industries with needs that are constantly evolving and place great importance on maintaining and developing the knowledge of our employees through training tools, competency processes, and structured development programmes. We manage competency frameworks for the vast majority of our operational employees. Training and on-the job development are the primary means through which we seek to adapt or enhance the competencies and expertise of our employees.

We have two key processes through which we promote a performance based culture. The Employee Development Plan (EDP) empowers employees to succeed in their current job and to develop for the future with the career aspiration discussion enhancing our leadership succession planning. The End of Grade Assessment (EOGA) in our competency programme incorporates a review of the behaviours and individual performance of our operational employees. We have also created a suite of programmes to facilitate training and development in a number of key areas. This includes ADVANCE; a series of intensive accelerated learning programmes which are aimed at different levels of personnel. It enables new and existing employees to develop, and add value to the business at a much quicker rate. We have also implemented a multi-skilling programme aimed at cross-training a number of our personnel to allow us to increase efficiency.

One of Expro's strategic goals is to create a motivated and prepared workforce, which is proud to join and be part of the company and to be the employer of choice in our sector. To achieve this, we attract and develop talent that embraces Expro's values and ensure that we engage with our employees at all levels. When recruiting, we believe that we benefit from our reputation both as a high quality service provider and a global employer, combining varied career opportunities with tailored training, development and competitive compensation. Our sourcing tools increase our global footprint in recruitment marketing activities, providing channels to place our vacancies across multiple sources such as the Expro website, job boards and social media, allowing us to build and maintain talent pools in key disciplines and thereby pro-actively respond to our recruiting needs.

A minority of our employees are subject to collective bargaining agreements and are unionised. We work closely, and maintain good relationships, with the unions in all locations and with any relevant Works Councils. Where we have collective labour agreements they are reviewed regularly with relevant parties. We have the standard representative bodies (union representatives, personnel representatives, employee committee, health, safety and working conditions committee) as required by local legislation.

Reputation

The Expro Code of Conduct operates across the business to provide a framework for responsible, innovative and ethical yet commercial business practices. Structures for accountability through operating units to executive management to the Board of Directors of the Group, are clearly defined. The proper operation of the supporting processes and controls are regularly reviewed.

Everyone who works for Expro is expected to comply with the Expro Code of Conduct. Relevant contractors and service providers are also expected to comply with those parts of the Expro Code that relate to them, or to have adopted similar codes of conduct. The Board considers compliance to be at the forefront of the business' responsibilities and one of the cornerstones of delivering operational excellence. Expro's commitment to compliance is absolute. It maintains its reputation as a trustworthy and reliable organisation and protects the international operating reputations of its customers.

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Social responsibility

Expro strives to have a positive impact on the communities in which it operates and is committed to conducting its business with integrity at all times. The relationship with our employees and suppliers is key to this, as we position ourselves as the 'employer of choice' while maintaining a valued and supportive extended supply chain network.

Beyond these direct impacts, Expro remains committed to delivering a diverse and active community engagement programme. We have embraced our Group values and behaviours to develop a framework of activity including charitable, sporting, environmental and community based events. Full details of this can be found in our Corporate Social Responsibility Report published on https://www.exprogroup.com/about-us/corporate-social-responsibility.

To continually meet the expectations of the communities in which we operate and to maintain our reputation as a trustworthy and reliable organisation, we aim to conduct our business as a responsible corporate member of the community. We achieve this by complying with the law of the countries in which we operate, supporting the United Nations' Universal Declaration of Human Rights, giving proper regard to health, safety and the environment, and adhering to the Expro Code of Conduct.

Anti-bribery and anti-corruption

We have a zero tolerance approach to bribery and corruption and commit to acting professionally, fairly with integrity in all our business dealings and relationships. We have in force effective systems to counter bribery wherever we operate and continue to monitor those systems.

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Principal risks and uncertainties

Oil price

The market conditions for upstream well flow management services are closely linked to the price for oil and gas. Price is a factor of supply and demand, and in the short-term this is impacted by immediate issues such as the global economic and geopolitical environments. The prevailing price for oil, as well as the expectations in respect of future prices, will therefore directly impact our revenues, adjusted operating profit and cash flows.

Political

We operate in a number of locations that are susceptible to political, social or economic instability. In such locations we may be exposed to increased risk of discriminatory adverse changes to relevant regulations or taxation policy and in some cases may not be able to effectively enforce our contractual rights through an independent legal system. In such locations we can also be exposed to slower collection of accounts receivable balances compared to more developed markets. Extreme periods of instability may result in an increased risk of disruption to our operations, security threats to our employees or expropriation of our assets. We seek to structure our operations and contractual arrangements to mitigate these risks where possible.

Regulatory

The general upstream oil and gas sector is subject to significant regulation which aims to ensure that the exploration, development and production of hydrocarbons are achieved in a safe and responsible manner. As a service provider, we are impacted by both regulation on our customers and regulations which impact us directly. Regulations on customers will impact where and how hydrocarbons could be developed and this in turn will impact the demand for our well testing and commissioning segments. Regulation on the sector and service companies can be positive as it limits the amount of direct competition we experience in a number of our product and service offerings.

Foreign currency

We transact in a number of different currencies and therefore our revenue, costs and cash flows are exposed to transactional foreign exchange risk. We are also exposed to translational risk from the revaluation of net monetary assets and liabilities.

Revenues earned during the year were 70.8% in US Dollar, 11.0% in Pound Sterling, 6.0% in Norwegian Kroner, 3.1% in Euros, 2.8% in Brazilian Real, and the balance of 6.3% was spread across a variety of other currencies. We present our results in US Dollar and therefore revenue will be subject to the relative strength or weakness of the US Dollar against prevailing foreign exchange rates.

Risk management

Disclosures in respect of financial risk management have been included in Note 25.

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Financial results and operating performance

Introduction

This business review presents the financial and operating results for Expro Holdings UK 2 Limited ("EHUK2") and its consolidated subsidiaries for the year ended 31 March 2018 compared to the year ended 31 March 2017.

Key points arising

In order to facilitate an understanding of our performance and progression over prior periods, segmental revenue and adjusted measures have been provided to identify key trends over the periods under review. We would like to highlight the following points in this report:

Use of Adjusted measures

Items adjusted to arrive at the adjusted operating profit are those which are not considered by management to be part of our core operations. Full details are set out in Note 3.

Market Conditions

Following OPEC's two production cuts, which have been extended to December 2018, oil inventories have significantly reduced into calendar year 2018 – the largest decline since 2003. The market also experienced some short-term uncertainty, including production outages in the Forties pipeline, political unrest in Iran, the economic crisis in Venezuela and an extended cold snap in the US. This combination of factors has led to an increase in the oil price, which has stabilised over $60/bbl in early 2018.

While we have seen an increase in activity associated with US domestic shale production, in the first half of 2017, there is no immediate visibility of a shale boom that would trigger a collapse in price recovery. The general optimism and positive sentiment remains in favour of a return to activity in the remainder of 2018. This includes key early indicators, such as increased infill drilling and opex activity and a return to final investment decisions as operators review capital expenditure for longer-term, offshore and deepwater development.

On that basis, we are confident that in the mid-term, we will see a strong demand for our services as oil and gas companies maintain their reserve base, develop new fields and counter production decline in order to provide future growth.

Restructuring

On 18 December 2017, the Group filed a consensual pre-packaged plan of re-organisation under Chapter 11 of the United States Bankruptcy Code (the "Plan"), which was approved by the Court on 25 January 2018. Under the Plan, the Group's Term Loan, Revolving Credit Facility and Mezzanine lenders exchanged all of their outstanding principal and accrued interest for equity in the reorganised Group. As part of the restructuring, the Group's former ultimate holding company, Expro International Group Holdings Ltd, transferred all of its interest in the Group to Expro Group Holdings International Limited ('EGHIL'), a company incorporated in the Cayman Islands, in exchange for share warrants in EGHIL. The Group emerged from Chapter 11 (the "Emergence"), on 5 February 2018 (the "Effective date"), at which point EGHIL became the Ultimate Parent Company of the Group and also, the immediate parent company of EHUK2. As a result, $1,418.1m of debt was cancelled, which resulted in a net gain of $563.9m (Refer note 9 and 23 for further details).

Additionally, on 5 February 2018, Expro Group Holdings International Limited, which is our ultimate parent company, injected $205.5m into the Group.

Strategic report

Year Ended 31 March 2018

Financial results and operating performance (continued)

Goodwill and Intangible Asset impairment

As required by IAS 36, Goodwill and intangible assets with indefinite lives are reviewed annually for impairment whenever facts and circumstances indicate that their carrying amounts may not be recoverable. At 31 March 2018, we recorded an intangible asset impairment charge of $0.3m.

At 31 March 2017 we recorded a goodwill and intangible asset impairment charge of $619.5m. This included a goodwill impairment charge of $362.2m, which arose in Europe CIS, ($52.5m), in Sub-Saharan Africa ($79.9m), in Asia ($75.5m) and North America ($154.3m) and an intangible asset impairment charge of $257.3m.

PPE impairment

As required by IAS 36, assets are reviewed for impairment whenever facts and circumstances indicate carrying amounts may not be recoverable. As a result of unfavourable market conditions in the oil and gas industry, the Group tested the recoverability of its property, plant and equipment at 31 March 2018 and concluded that certain assets were no longer recoverable and certain assets were no longer utilized. As a result we recorded a PPE impairment charge of $18.7m (31 March 2017:$26.9m).

See Notes 12, 13 and 14 for further details.

Strategic report

Year Ended 31 March 2018

Full Year performance compared to prior year

	Year to 31 March 2018 $'000	Year to 31 March 2017 $'000	Change
Revenue	651,700	678,625	(4.0%)
Adjusted operating profit[1]	97,713	130,644	(25.2%)
Adjusted operating margin[2]	15.0%	19.3%	(4.3pts)
Operating loss[3]	(118,728)	(776,882)	84.7%

Overall trading performance

Revenue for the year to 31 March 2018 of $651.7m was down 4.0% compared to the same period last year, reflecting reduced activity in Sub-Sahara Africa and North and Latin America, partly offset by growth in ECIS and Asia, Middle East and North Africa. In addition, the effect of foreign exchange fluctuations negatively impacted revenue.

The adjusted operating margin was 4.3pts down on the prior year, through a combination of the leverage impact from the reduced revenue, unfavorable product mix and lower utilization in certain segments.

Segmental revenue

	Year to 31 March 2018 $'000	Year to 31 March 2017 $'000	Change
Europe CIS	174,278	162,774	7.1%
Sub-Saharan Africa	76,051	129,665	(41.3%)
Asia, Middle East and North Africa	264,641	246,197	7.5%
North and Latin America	136,730	139,989	(2.3%)
Revenue	**651,700**	**678,625**	**(4.0%)**

Strategic report

Year Ended 31 March 2018

Europe CIS

Revenue for the year to 31 March 2018 increased by 7.1% to $174.3m, primarily due to strong well testing and subsea activity across the region.

The UK continued to see strong demand for well test and intervention, alongside opex-led decommissioning services. Norway increased year-on-year due to additional subsea activity, including new entrants to the Norwegian Continental.

The Group maintained steady performance in the Commonwealth of Independent States until the final quarter of the fiscal year, when activity fell in Kazakhstan. Continental Europe was down compared to fiscal 2017, primarily due to lower levels of completion, intervention and well testing revenues in Eastern Mediterranean, partially offset by increased well intervention related activities.

Sub-Saharan Africa

Revenue for Sub-Saharan Africa for the fiscal year 2018 was $76.1m, down 41.3% compared to the previous fiscal year, largely attributed to the decline in the deepwater market.

Angola experienced a fall in new subsea activity, alongside the deferral or suspension of development projects in Ghana and Nigeria. However the region did achieve higher revenues in Gabon, Cameroon and Mozambique.

Well test revenue was lower in Angola and Mozambique following a reduction in demand and pricing pressures. Development activity in the Ivory Coast was also lower than previous fiscal year. The decrease was partially offset by higher well test activity year on year, in Congo and Cameroon.

Revenue from production services increased following the successful startup of two early production facilities in Nigeria.

Asia, Middle East and North Africa

Strong well test performance across Asia, Middle East and North Africa resulted in a 7.5% rise in revenue for the fiscal year 2018 to $264.6m.

Asia's well testing activity increased in India and Malaysia, marginally offset by lower levels in Australia. Production services remained robust, including long term activity in Thailand alongside the commencement of a new contract in India. Subsea, completion and intervention activity declined following the non-repeat of some subsea contracts in Indonesia and India. However wireline revenue remained higher in Australasia, alongside a significant new contract secured in Thailand.

Revenue in the Middle East and North Africa also increased during the fiscal 2018 following strong performance from well test activities in Algeria and Saudi Arabia. Production revenue reduced after a major production facility lease was concluded in Kurdistan, however demand for the Group's optimization technology continued, specifically sonar metering in Iraq and Algeria.

Strategic report

Year Ended 31 March 2018

North and Latin America

Revenue for the fiscal year 2018 was $136.7m, down 2.3% compared to the previous year, due to lower activity in the Gulf of Mexico, Trinidad and Alaska. Revenue increased for US Land, Canada, Argentina, Brazil and Bolivia.

Subsea revenue fell in line with lower activity in the Gulf of Mexico, while well testing revenue declined after some long-term contracts were not extended past their original term.

Similarly, in Trinidad and Alaska, revenue reduced after major contracts were completed. The above reduction was partially offset by increased perforating and wireline revenue.

US Land revenue increased due to higher pipeline, TCP and completion and intervention services, along with higher sales of Expro PowerChokes™. Canada increased due to higher subsea and well test activity, as well as higher sales of Expro PowerChokes™ and Automatic Back Pressure (ABP) systems.

In Latin America, Brazil saw higher levels of Wireless Well Solutions Cableless Telemetry Systems (CaTS™) activity year on year. Revenue in Argentina increased due to higher well test, perforating and intervention services. Revenue in Bolivia increased due to higher well testing revenue.

Strategic report

Year Ended 31 March 2018

Foreign exchange rates

The following table sets out the foreign exchange rates used to translate monetary assets and liabilities held in foreign currencies in our closing balance sheet.

	31 March 2018 $1 equals	31 March 2017 $1 equals
AUD (Australian Dollar)	1.3020	1.3099
BRL (Brazilian Real)	3.3238	3.1684
EUR (Euro)	0.8114	0.9355
GBP (Pound Sterling)	0.7137	0.8000
NOK (Norwegian Kroner)	7.8419	8.5933

The following table sets out the average foreign exchange rates used to translate foreign currency denominated transactions that occurred during the year.

Average foreign exchange rates

	Year to 31 March 2018 $1 equals	Year to 31 March 2017 $1 equals
AUD (Australian Dollar)	1.2919	1.3319
BRL (Brazilian Real)	3.2213	3.3104
EUR (Euro)	0.8598	0.9108
GBP (Pound Sterling)	0.7555	0.7620
NOK (Norwegian Kroner)	8.1597	8.3543

Working capital

	31 March 2018 $'000	31 March 2017 $'000	Change $'000
Revenue	651,700	678,625	(26,925)
Working capital[6]	147,259	129,980	17,279
Add back accrued interest (note 19)	-	18,858	(18,858)
Adjusted working capital	147,259	148,838	(1,579)
Working capital percentage[7]	22.6%	21.9%	0.7 pts

One of our key performance indicators is adjusted working capital as a percentage of annual actual sales. This measure has marginally increased from 21.9% to 22.6%.

[6] "Working capital" is defined as Inventories, plus Trade and other receivables plus Other non-current assets, less Trade and other payables and Other non-current liabilities as set out within the consolidated statement of financial position.

[7] "Working capital percentage" is the ratio of adjusted working capital over last 12 month revenue.

Strategic report

Year Ended 31 March 2018

Capital expenditure

Capital expenditure for the fiscal years ended 31 March 2018 and 2017 was as follows.

	Year to 31 March 2018 $'000	Year to 31 March 2017 $'000	Change $'000
Capital expenditure [8]	(46,004)	(39,624)	(6,380)

For the year capital expenditure amounted to $46.0m, an increase of $6.4m on the previous year. The current year spend was primarily related to equipment required for new contract awards and was primarily focused on our large bore subsea landing string offering.

Net (cash) debt

At 31 March 2018 we held net cash of $189.0m as set out below (31 March 2017: net debt of $ 1,268.6m).

	31 March 2018 $'000	31 March 2017 $'000	Change $'000
Finance leases	22,444	20,026	2,418
Term loans	-	1,241,332	(1,241,332)
Revolving Credit Facility	-	64,385	(64,385)
Mezzanine loan	-	16,121	(16,121)
Less: cash	(211,461)	(73,303)	(138,158)
Total net (cash) debt	**(189,017)**	**1,268,561**	**(1,457,578)**

The above reflects the position after the completion of our debt for equity restructuring in February 2018, please refer to Note 9 for further information on this transaction.

Leverage

At 31 March 2018, our leverage ratio was (1.9)x as set out below (31 March 2017: 9.7x).

	31 March 2018 $'000	31 March 2017 $'000	Change $'000
Net (cash) debt	(189,017)	1,268,561	(1,457,578)
Adjusted operating profit	97,713	130,644	(32,931)
LTM leverage	(1.9)x	9.7 x	(11.6)x

[8] "Capital expenditure" is the equivalent of cash outflow on the purchase of property, plant and equipment as set out within the cash flow statement.

Strategic report

Year Ended 31 March 2018

Liquidity

At 31 March 2018, we had total liquidity headroom of $198.5m as set out below (31 March 2017: $154.5m).

	31 March 2018	31 March 2017	Change
	$'000	$'000	$'000
Cash	211,461	73,303	138,158
Undrawn loan facilities	-	84,730	(84,730)
Restricted cash	(12,933)	(3,531)	(9,402)
Liquidity headroom	**198,528**	**154,502**	**44,026**

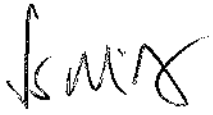
Covenants

As more fully discussed in Note 1, upon Emergence, the Group does not have any external debt facilities and accordingly, we are not subject to any covenants as at the reporting date. During the period under review and at 31 March 2017, we were in compliance with all relevant covenants.

Future developments

The recent market conditions have created certain challenges to our overall financial performance in the short-term to mid-term. However the Group has maintained a strong focus on proactively managing its business throughout this period and is confident in the continued demand for its products and services. Operators have significantly reduced their lifting costs in order to maintain marginal field developments and remained committed to longer cycle, deepwater development projects that will meet future production growth demands. The Group continues to work closely with these customers in order to carefully monitor and adjust our business to these evolving market demands. While the duration of the current market downturn is uncertain, we continue to focus on controlling our costs and have already restructured and resized our business to match the expected reduced activity levels. We will make further adjustments as required to adjust to market conditions.

By order of the Board



John McAlister
Secretary
14-16 Cross Street
Reading
Berkshire
RG1 1SN
8 June 2018

Expro Holdings UK 2 Limited
Registered in England & Wales with number 6491951
Registered office: Third Floor, 14-16 Cross Street, Reading, Berkshire RG1 1SN.

Directors' report

Year Ended 31 March 2018

The directors present their annual report on the affairs of Expro Holdings UK 2 Limited (the "Company") and its consolidated subsidiaries for the year ended 31 March 2018.

Ultimate parent company

At 1 April 2017, the Company's ultimate parent company and ultimate controlling party was Expro International Group Holdings Limited ("EIGHL"). On 18 December 2017, the Group filed a consensual pre-packaged plan of re-organisation under Chapter 11 of the United States Bankruptcy Code (the "Plan"), which was approved by the Court on 25 January 2018. Under the Plan, the Group's Term Loan, Revolving Credit Facility and Mezzanine lenders exchanged all of their outstanding principal and accrued interest for equity in the reorganised Group. As part of the restructuring, the Group's former ultimate holding company, Expro International Group Holdings Ltd, transferred all of its interest in the Group to Expro Group Holdings International Limited ('EGHIL'), a company incorporated in the Cayman Islands, in exchange for share warrants in EGHIL. The Group emerged from Chapter 11 (the "Emergence"), on 5 February 2018 (the "Effective date"), at which point EGHIL became the Ultimate Parent Company of the Group and also, the immediate parent company of EHUK2. As a result, $1,418.1m of debt was cancelled.

The Company's subsidiaries and associated undertakings are listed in Note 4 to the Company's financial statements.

Results and dividend

The Group profit for the year, after taxation, amounted to $356.3m (31 March 2017: loss of $605.7m). The directors do not recommend payment of a final dividend.

Business review and future developments

The information contained in the Strategic report constitutes the review of the Group's business. It also contains details of expected future developments in the business of the Group, information about expenditure, and key performance indicators used by management.

Going concern

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of not less than twelve months from the date of signature of the accounts. In making this assessment, the directors considered the Group's principal risks and uncertainties, the current market conditions and future expectations, including financial forecasts for the next twelve months. Accordingly, the directors have determined it is appropriate to prepare and issue these financial statements on a going concern basis.

Events after the reporting date

Events between the reporting date and the date the financial statements were authorised for issue that require disclosure are set out in Note 32.

Directors

The directors who served during the year were:

John McAlister	
Michael Bentham	(appointed 10 July 2017)
Jean Vernet	(resigned 30 June 2017)

Share capital

During the current year, the Company issued 1 share to EGHIL for a total consideration of $1,000m. Additionally, the Company received a capital contribution of $9.0m from EGHIL.

Directors' report

Year Ended 31 March 2018

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the requirements of the position and the aptitudes of the applicant concerned. Opportunities are available to disabled employees for training, development and promotion. In the event of individuals becoming disabled while employed by the Group, every effort is made to ensure that their employment with the Group continues, either by the provision of reasonable adjustments to their role or provision of an alternative position and, where appropriate, the provision of training. There may, however, be circumstances in which it will not be reasonably practicable for the Group to accommodate such adjustments or to provide an alternative position.

Employment policies

The Group's employment policies are regularly reviewed and updated to ensure that they remain effective. The policies are designed to promote a working environment which supports the recruitment and retention of effective employees, improves productivity and fosters relationships free of discrimination. Providing all employees with access to training remains a priority.

Employee consultation and communication

Effective communication with employees is an important part of Expro's culture and employees are encouraged to become involved through a range of internal communication methods. Methods of employee communication are in place throughout Expro, including webcasts, one-to-one meetings, department meetings and team briefings, notice boards, e-mail, Expro intranet, Expressions magazine, business newsletters, employee forums and works councils.

Pensions

Details about the Group's pension arrangements are contained in Note 28.

Disclosure of information to the auditor

So far as each person who was a director at the date of this report was aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor was unaware. Having made enquiries of fellow directors and the auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of auditor

Ernst & Young LLP has been appointed as auditor by resolution of the Company's sole shareholder and has expressed its willingness to continue in office as auditor.

Directors' report

Year Ended 31 March 2018

Directors' Responsibilities Statement

The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. The directors have chosen to prepare financial statements for the Group in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and for the Company in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice including FRS 101 "Reduced Disclosure Framework"). 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 the Company and of the profit or loss of the Group for that period.

In the case of IFRS financial statements, IAS 1 requires that the directors are required to prepare Group financial statements for each financial year, which present fairly the financial position of the Group and the financial performance and cash flows of the Group for that year. In preparing the Group financial statements, the directors are required to:

- select suitable accounting policies in accordance with *IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors* and apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures, when compliance with specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- state that the Group has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements.

In the case of UKGAAP financial statements, the directors are required to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company. 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 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 taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

John McAlister
Company Secretary
14-16 Cross Street
Reading
Berkshire
RG1 1SN
8 June 2018

Expro Holdings UK 2 Limited. Registered in England & Wales with number 6491951
Registered office: Third Floor, 14-16 Cross Street, Reading, Berkshire RG1 1SN

Independent auditor's report

Year Ended 31 March 2018

Independent auditor's report to the Members of Expro Holdings UK 2 Limited

Opinion

We have audited the financial statements of Expro Holdings UK 2 Limited ('the Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2018 which comprise of the Consolidated Statement of Profit or Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, the Company's Statement of Financial Position, the Company's Statement of Changes in Equity and the related notes 1 to 32 for the Group accounts and notes 1 to 7 for the Company accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the Group's and of the Parent Company's affairs as at 31 March 2018 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance in with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 below. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

Independent auditor's report

Year Ended 31 March 2018

Other information

The other information comprises the information included in the Strategic Report and the Directors' Report set out on pages 2 to 22, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the 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 the 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 Directors' report have been prepared in accordance with applicable legal requirements.

Other Matter

The corresponding figures for the year ended 31 March 2017 are unaudited.

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 or directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 22, 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.

Independent auditor's report

Year Ended 31 March 2018

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 https://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.

Ernst & Young LLP

David Hales (Senior statutory auditor)
for and on behalf of Ernst &Young LLP, Statutory Auditor
Reading
8 June 2018

Consolidated statement of profit or loss

Year Ended 31 March 2018

	Notes	Year to 31 March 2018 Adjusted $'000	Year to 31 March 2018 Adjustments[10] $'000	Year to 31 March 2018 Total $'000	Year to 31 March 2017[9] Adjusted $'000	Year to 31 March 2017[9] Adjustments[10] $'000	Year to 31 March 2017[9] Total $'000
Operations							
Revenue	4	651,700	-	651,700	678,625	-	678,625
Cost of sales		(525,585)	(149,517)	(675,102)	(521,566)	(235,832)	(757,398)
Intangible asset impairment	13	-	(319)	(319)	-	(257,347)	(257,347)
Gross profit (loss)		**126,115**	**(149,836)**	**(23,721)**	**157,059**	**(493,179)**	**(336,120)**
Impairment of investment in joint venture	8	-	(3,893)	(3,893)	-	(3,009)	(3,009)
Goodwill impairment	12	-	-	-	-	(362,200)	(362,200)
Administration and other expenses		(33,546)	(62,712)	(96,258)	(27,925)	(49,138)	(77,063)
Post tax share of results from joint ventures	8	5,144	-	5,144	1,510	-	1,510
Operating profit (loss)	3	**97,713**	**(216,441)**	**(118,728)**	**130,644**	**(907,526)**	**(776,882)**
Gain on restructuring and extinguishment of debt	9			563,883			291,088
Net finance costs	10			(87,582)			(136,425)
Profit (loss) before tax				**357,573**			**(622,219)**
Tax (expense) credit	11			(1,232)			16,511
Profit (loss) for the year				**356,341**			**(605,708)**

[9]Comparative information is unaudited as described in Note 2.1 Basis of preparation.
[10]Details of adjustments are included in Note 3.

Consolidated statement of comprehensive income

Year Ended 31 March 2018

	Notes	Year to 31 March 2018 $'000	Year to 31 March 2017[9] $'000
Profit (loss) for the year		356,341	(605,708)
Items that will not be reclassified to profit or loss			
Re-measurement profit (loss) on defined benefit pension	28	4,891	(25,986)
Income taxes on pension re-measurement profit or loss	11	(137)	(9,259)
		4,754	**(35,245)**
Total comprehensive income (loss) for the year, net of tax		**361,095**	**(640,953)**

Consolidated statement of financial position

As at 31 March 2018

	Notes	31 March 2018 $'000	31 March 2017[9] $'000
Non-current assets			
Goodwill	12	138,508	138,508
Intangible assets	13	129,066	160,299
Property, plant and equipment	14	291,312	364,075
Interests in joint ventures	8	33,076	34,947
Deferred tax assets	24	12,732	17,600
Other non-current assets	15	4,138	5,613
		608,832	**721,042**
Current assets			
Inventories	16	45,126	66,307
Trade and other receivables	17	277,118	230,222
Tax receivables		27,945	29,861
Cash		211,461	73,303
Other assets	14	-	7,230
		561,650	**406,923**
Current liabilities			
Trade and other payables	19	173,412	164,861
Finance leases	20	1,076	281
Tax liabilities		49,758	52,274
Provisions	22	12,599	9,869
		236,845	**227,285**
Non-current liabilities			
Finance leases	20	21,368	19,745
Term loan	23	-	1,241,332
Mezzanine loans	23	-	16,121
Revolving credit facility	23	-	64,385
Provisions	22	1,503	1,892
Deferred tax liabilities	24	29,533	47,982
Pension deficit	28	70,024	66,544
Other non-current liabilities	26	5,711	7,301
		128,139	**1,465,302**
Total assets less total liabilities		**805,498**	**(564,622)**
Equity			
Share capital	27	333,283	333,283
Share premium		1,575,941	566,916
Other reserves		(50,256)	(50,256)
Accumulated loss		(1,053,470)	(1,414,565)
Total equity (deficit)		**805,498**	**(564,622)**

The financial statements were approved by the board of directors and authorised for issue on 8 June 2018 They were signed on its behalf by:

Michael Bentham
Director

John McAlister
Director

Consolidated cash flow statement

Year Ended 31 March 2018

	Notes	Year to 31 March 2018 $'000	Year to 31 March 2017[9] $'000
Operating loss	3	**(118,728)**	**(776,882)**
Non-cash items before movements in working capital	29	152,522	861,076
Operating cash flow before movements in working capital		**33,794**	**84,194**
Changes in inventories		21,180	(13)
Changes in receivables		(38,576)	32,362
Changes in payables		15,859	(7,949)
Changes in provisions, and defined benefit contributions		1,014	1,199
Cash generated by operations		**33,271**	**109,793**
Income taxes paid		(15,555)	(24,686)
Interest paid		(54,461)	(116,626)
Net cash flow used in operating activities		**(36,745)**	**(31,519)**
Investing activities			
Interest received		276	298
Purchase of property, plant and equipment		(46,004)	(39,624)
Proceeds on disposal of intangibles and property, plant and equipment		447	270
Purchase of intangible assets		(6,619)	(5,301)
Payment of deferred consideration	22	(38)	(30)
Dividend received from joint ventures		3,021	2,667
Net cash flow used in investing activities		**(48,917)**	**(41,720)**
Financing activities			
Drawing of revolving credit facility		60,000	50,000
Repayment of revolving credit facility		-	(55,000)
Issue of share capital		200,000	-
Cash contributed by parent company		5,725	100,000
Repayment of term loan		(6,500)	(13,000)
Payment of loan issue and transaction costs		(32,411)	(7,904)
Repayment of finance leases		(2,665)	(3,731)
Net cash flow from financing activities		**224,149**	**70,365**
Net cash flow		138,487	(2,874)
Cash at beginning of year		73,303	77,851
Effect of foreign exchange		(329)	(1,674)
Cash at end of year		**211,461**	**73,303**

Consolidated statement of changes in equity

Year Ended 31 March 2018

Year Ended 31 March 2018	Share capital $'000	Share premium $'000	Translation reserve[11] $'000	Hedging reserve $'000	Equity reserve[12] $'000	Accumulated loss $'000	Total equity $'000
At 1 April 2017	333,283	566,916	(53,404)	(6)	3,154	(1,414,565)	(564,622)
Profit during the year	-	-	-	-	-	356,341	356,341
Other comprehensive income	-	-	-	-	-	4,754	4,754
Share issue (note 27)	-	1,000,000	-	-	-	-	1,000,000
Capital contribution by parent company (note 27)		9,025	-	-	-	-	9,025
At 31 March 2018	**333,283**	**1,575,941**	**(53,404)**	**(6)**	**3,154**	**(1,053,470)**	**805,498**

Year Ended 31 March 2017[9]	Share capital $'000	Share premium $'000	Translation reserve[11] $'000	Hedging reserve $'000	Equity reserve[12] $'000	Accumulated profit (loss) $'000	Total deficit $'000
At 1 April 2016	333,283	-	(53,404)	(6)	3,154	(773,612)	(490,585)
Loss during the year	-	-	-	-	-	(605,708)	(605,708)
Other comprehensive loss	-	-	-	-	-	(35,245)	(35,245)
Mezzanine debt cancellation	-	466,916	-	-	-	-	466,916
Capital contribution by parent company	-	100,000	-	-	-	-	100,000
At 31 March 2017	**333,283**	**566,916**	**(53,404)**	**(6)**	**3,154**	**(1,414,565)**	**(564,622)**

[11] The translation reserve arose prior to the Group redenominating all entities' functional currency to US Dollar. On consolidation, the assets and liabilities of each individual entity were translated into US Dollar at the rate of exchange ruling at the balance sheet date. Income and expenses were translated at monthly average rates. The resulting exchange differences were taken directly to the translation reserve as a separate component of equity.

[12] Where a share-based payment charge is incurred in relation to an equity settled scheme, the corresponding credit is recognised within the equity reserve.

Notes to the consolidated financial statements

Year Ended 31 March 2018

1. Corporate information

The consolidated financial statements of the Group which comprise Expro Holdings UK 2 Limited (the "Company"), as the Parent Company, and its subsidiaries (the "Group") for the year ended 31 March 2018 were authorised for issue in accordance with a resolution of the directors on 8 June 2018.

The Group provides services and products that measure, improve, control and process flow from high value oil and gas wells, from exploration and appraisal through to mature field production optimisation and enhancement.

At 1 April 2017, the Company's ultimate parent company and ultimate controlling party was Expro International Group Holdings Limited ("EIGHL"). On 18 December 2017, the Group filed a consensual pre-packaged plan of re-organisation under Chapter 11 of the United States Bankruptcy Code (the "Plan"), which was approved by the Court on 25 January 2018. Under the Plan, the Group's Term Loan, Revolving Credit Facility and Mezzanine lenders exchanged all of their outstanding principal and accrued interest for equity in the reorganised Group. As part of the restructuring, the Group's former ultimate holding company, Expro International Group Holdings Ltd, transferred all of its interest in the Group to Expro Group Holdings International Limited ('EGHIL'), a company incorporated in the Cayman Islands, in exchange for share warrants in EGHIL. The Group emerged from Chapter 11 (the "Emergence"), on 5 February 2018 (the "Effective date"), at which point EGHIL became the Ultimate Parent Company of the Group and also, the immediate parent company of EHUK2. As a result, $1,418.1m of debt was cancelled.

A list of the Group's investments in subsidiaries, including the name, country of incorporation and address of registered office, is given in Note 4 to the Company's financial statements. The Company is a limited company incorporated in Great Britain with its registered office situated in England and Wales. The registered office is located at Third Floor, 14-16 Cross Street, Reading, Berkshire RG1 1SN, United Kingdom.

2. Basis of preparation and accounting policies

2.1 Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union as they apply to the financial statements of the Group for the year ended 31 March 2018 and applied in accordance with the Companies Act 2006. The accounting policies which follow set out those policies which apply in preparing the financial statements. The Group's financial statements have been prepared on a historical cost basis, except for defined benefit pension plan assets and share based payments which have been measured at fair value. The Group's financial statements are presented in US Dollars and all values are rounded to the nearest thousand US Dollars ($'000) except where otherwise indicated.

Due to the reorganisation of the Group as described in Note 1 above, the consolidated financial statements have been prepared for the first time for EHUK2. The comparative information for the year ended 31 March 2017 have been carved out from the FY 2017 audited financial statements of EIGHL, the erstwhile immediate parent company of EHUK2, by eliminating the entity specific transactions of EIGHL and consolidation adjustments between EIGHL and EHUK2. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial period.

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of not less than twelve months from the date of signature of the accounts. In making this assessment, the directors considered the Group's principal risks and uncertainties, the current market conditions and future expectations, including financial forecasts for the next twelve months. Accordingly, the directors have determined it is appropriate to prepare and issue these financial statements on a going concern basis.

Notes to the consolidated financial statements

Year Ended 31 March 2018

2.1 Basis of preparation (continued)

Gain on debt extinguishment represents a gain recorded as a result of a capital restructuring where the Group's Term Loan, Revolving Credit Facility and Mezzanine lenders exchanged all of their outstanding principal and accrued interest for equity in the reorganised Group. As a result, $1,418.1m of debt was cancelled in return for equity in EGHIL. The transaction resulted in a net gain on the restructuring of debt of $563.9m included in Gain on restructuring and extinguishment of debt in our Consolidated Statements of Operations.

2.2 Basis of consolidation

The Group's financial statements consolidate the financial statements of Expro Holdings UK 2 Limited and its subsidiaries drawn up to 31 March each year. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities, and is achieved through direct or indirect ownership of voting rights, currently exercisable or convertible potential voting rights, or by way of contractual agreement.

The financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting year as the Company and are based on consistent accounting policies. All intragroup balances and transactions, including unrealised profits arising from them, are eliminated.

The Group recognises its interest in the assets and liabilities of joint ventures using the equity method of accounting. Under the equity method, the interest in the joint venture is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of its net assets, less distributions received and less any impairment in value of individual investments. The Group's income statement reflects the share of the jointly controlled entity's results after tax.

The goodwill arising on the acquisition of the jointly controlled entity, representing the excess of the cost of the investment compared to the Group's share of the net fair value of the entity's identifiable net assets, is included in the carrying amount of the jointly controlled entity and is not amortised.

The results of jointly controlled entities are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies used into line with those of the Group, to take into account fair values assigned at the date of acquisition and to reflect impairment losses where appropriate. Adjustments are also made in the Group's financial statements to eliminate the Group's share of unrealised gains and losses on transactions between the Group and its jointly controlled entity.

2.3 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements in conformity with IFRS as adopted by the EU requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date of the consolidated financial statements, and the amounts reported for revenues and expenses during the year.

Estimates and judgments are reviewed on an ongoing basis and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The key assumptions concerning the future and other key judgments at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition

The Group enters into contracts to design and build equipment on behalf of our customers. Revenue on such contracts is recognised by reference to the stage of completion of the contract. In applying the percentage-of-completion method, stage of completion is estimated using an appropriate measure according to the nature of the contract, such as the achievement of contract milestones. The percentage-of-completion method also requires estimation of costs to complete.

Notes to the consolidated financial statements

Year Ended 31 March 2018

2.3 Significant accounting judgments, estimates and assumptions (continued)

Where contractual arrangements contain multiple deliverables, the customer consideration is allocated to each unit of accounting based on relative fair value principles. Determining the fair value of each deliverable can require complex estimates. The Group generally determines the fair value of individual elements based on the relative selling price at which the deliverable would be sold on a standalone basis.

Impairment assessment and testing

IFRS requires management to perform impairment tests annually for indefinite lived assets and, for finite lived assets, if events or changes in circumstances indicate that their carrying amounts may not be recoverable. Such impairment tests include, but are not limited to goodwill, intangible assets and property, plant and equipment. Impairment testing requires management to assess whether the carrying value of assets can be supported by the net present value of future cash flows that they generate. Calculating the net present value of future cash flows requires assumptions to be made with respect to appropriate discount rates and future financial results. Changes in the assumptions selected by management, especially discount rates used in the cash flow projections, could significantly affect the Group's impairment evaluations and therefore reported assets and financial results.

For example, determining whether or not goodwill is impaired requires an estimation of the recoverable amount of the cash generating units ("CGUs") to which goodwill has been allocated. The recoverable amount calculation requires management to estimate future cash flows from the CGU and a suitable discount rate to calculate the present value. It also requires management to determine an appropriate basis of allocation of corporate and other similar assets which are not specifically attributable to a CGU. The carrying value of goodwill, intangible assets and property, plant and equipment and the further details of the calculations are provided in Notes 12, 13 and 14.

Pensions

The pension deficit for the Group's defined benefit schemes is determined using the projected unit method and requires assumptions to be made around future mortality rates, rates of inflation and discount rates. Key estimates in calculating the Group's pension deficit are further described in Note 28.

Inventory

Inventories are stated at the lower of cost or net realizable value, reduced by appropriate allowances for slow-moving, excess or obsolete inventories. The Group regularly reviews the available quantity and aging of its inventories and where an item is found to be either excess or obsolete its carrying value is written down accordingly. During FY 2018, improved tracking and management of inventory and slower than anticipated recovery of the oil and gas industry led to a change in the Group's provisioning methodology and consequently an incremental charge against the inventory provision. The incremental impact of this change (relative to had the old methodology been applied) has been reflected within adjusted items (Refer Note 3 for further details).

Provisions

Provisions primarily comprise management's best estimate of the potential costs that could be incurred in the event of adverse outcomes of various unfavourable (non-income) tax assessments in both the UK and foreign jurisdictions, deferred contingent consideration and restructuring.

Functional currency

In determining the functional currency for certain Group entities, management has made judgements regarding the currency of the primary economic environment in which the entity operates. Management's view is that the currency which mainly influences the global market for oilfield services is the US dollar and therefore has assessed the US dollar to be the functional currency of all Group entities.

Notes to the consolidated financial statements

Year Ended 31 March 2018

2.3 Significant accounting judgments, estimates and assumptions (continued)

Income taxation

An estimate must be made for taxation liabilities before tax returns are filed and review or audit of these returns by the local taxation authorities can take place several years later. Management makes provisions for taxation liabilities on what it believes to be a fair and reasonable calculation of the probable liability, which includes recognition of deferred tax assets or liabilities on temporary differences between accounting and taxable profit. The Group's income tax expense (benefit) is calculated based on management's interpretation of the tax laws in various jurisdictions where the Group conducts business. This requires an evaluation of current tax obligations and uncertain tax positions and an assessment of temporary differences.

Changes in the underlying assumptions regarding the reversal of these differences, or in the tax regime where the differences arise, could result in significant changes in the carrying value of tax assets or liabilities. Refer to Note 11 for further information regarding the Group's income taxes.

The Group operates worldwide in approximately 50 countries. In some of the jurisdictions tax is assessed using a measure not directly linked to accounting profit. In such cases, management accounts for these as income tax if these are primarily income tax in nature.

Gain on debt extinguishment

IFRS states that a gain on debt extinguishment be calculated as the difference between the carrying amount of the debt, and the fair value of the equity consideration paid. The fair value of the equity consideration is calculated as the net present value of future cash flows of the group, less the fair value of debt at the date of the transaction.

Calculating the net present value of future cash flows requires assumptions to be made with respect to appropriate discount rates and future financial results. Changes in the assumptions selected by management, especially discount rates used in the cash flow projections, could significantly affect the fair value of the equity granted and therefore reported gain on debt extinguishment.

The fair value of debt is determined with reference to a level 2 observable input, other than a quoted price in an active market.

Foreign currency translation

The reporting currency of the Group is the US Dollar. All Group entities are assessed to have a functional currency of the US Dollar, being the currency of the primary economic environment in which they operate. Prior to 2008, some Group entities had a functional currency other than the US Dollar. Therefore, a translation reserve was recorded during consolidation of these entities; this was recorded as separate component of equity. At the point the Group disposes of one or more of these entities, the corresponding component of the translation reserve will be reclassified to the consolidated statement of profit or loss.

At the individual entity level, transactions in foreign currencies are initially recorded in that entity's functional currency by applying the monthly average rate which is approximate to the actual rate for the relevant accounting period on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date with all differences taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the monthly average rate at the date of the transaction.

Notes to the consolidated financial statements

Year Ended 31 March 2018

2.4 Summary of significant accounting policies

Business combinations and goodwill

When a business combination occurs, the fair values of the identifiable assets and liabilities assumed, including intangible assets, are recognised. Intangible assets are recorded at fair value based on estimates as of the date of the acquisition. Contingent consideration, which represents an obligation of the acquirer to transfer additional assets or equity interests to the former owner as part of the exchange if specified future events occur or conditions are met, is accounted for at fair value on the acquisition date either as a liability or as equity depending on the terms of the acquisition agreement. Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable net assets of the acquiree.

After initial recognition, goodwill is stated at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired. Goodwill is not amortised and where the recoverable amount of a CGU is less than its carrying amount including goodwill, an impairment loss is recognised in the statement of profit or loss. For the purpose of impairment testing, goodwill is allocated to the related CGU monitored by management. The carrying amount of goodwill allocated to a CGU is taken into account when determining the gain or loss on disposal of a unit, or of an operation within it.

Provisions

The Group recognises provisions when it has a present obligation (legal or constructive) as a result of a past event where it is probable that the Group will be required to settle and a reliable estimate can be made of the amount of the obligation. Provisions are based on management's best estimate of the expenditure required to settle the obligation at the reporting date.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Where intangible assets are acquired through a business combination and no active market for the asset exists, the fair value of these assets is determined by discounting estimated future net cash flows generated by the asset. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Expenditure on research activities is recognised in the income statement as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in the income statement as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised on a straight-line basis over their estimated useful life. Useful life depends on management's estimate of the period over which economic benefit will be derived from the asset. Useful lives are periodically reviewed to ensure that they remain appropriate. Useful lives for intangible assets are as follows:

Software	-	between 3 and 5 years
Trademarks	-	between 10 and 19 years
Customer relationships and contracts	-	between 10 and 15 years
Technology and know-how	-	between 5 and 15 years

Notes to the consolidated financial statements

Year Ended 31 March 2018

2.4 Summary of significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Depreciation is provided once an asset is placed into operational service and, other than land, is on a straight-line basis over its expected useful life. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively. Useful economic lives are as follows:

Owned property	40 years
Leased property	over the lesser of the remaining useful life or period of the lease
Plant and equipment	3 to 12 years.

Costs related to the routine repair and maintenance of property, plant and equipment are expensed as incurred. Costs incurred as part of a major refurbishment of an asset are capitalised where the refurbishment either significantly prolongs the useful economic life of the asset or upgrades it for an enhanced use. The costs of replacing significant components are capitalised and depreciated over the useful economic life of the replaced component.

Impairment of non-financial assets

Goodwill is not subject to amortisation but is tested for impairment annually or whenever there is an indication that the asset may be impaired. For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units (CGUs). If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment losses recognised for goodwill are not reversible in subsequent periods. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment, investments in Joint ventures and finite lived 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, if any, of the impairment loss. 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 and an impairment loss is recognised immediately in the income statement.

Inventories

The Group's inventories primarily include low value items used to maintain its equipment. Inventories are recorded at cost less provision for obsolescence.

Cost comprises direct materials and, where applicable, direct labour costs and overheads that have been incurred in bringing the inventories to their current location and condition, these are calculated using the average cost method. The Group regularly reviews the available quantity and aging of its inventories and where an item is found to be either excess or obsolete its carrying value is written down accordingly.

Taxation

The tax expense represents the sum of the current tax and deferred tax.

The current tax is based on the taxable profit for the year. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management regularly evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the consolidated financial statements

Year Ended 31 March 2018

2.4 Summary of significant accounting policies (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available, against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiary undertakings and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting 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 when there is a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Uncertain tax positions generally occur where there is an uncertainty as to the meaning of the law, or to the applicability of the law to a particular transaction, or both. The Group determines whether it is more likely than not that its tax position will be sustained upon examination, based on the position's technical merits (this likelihood is the 'recognition threshold') and measures the amount of tax benefit that is to be recognized in the financial statements. A tax position that meets the recognition threshold is measured at the largest amount of benefit that has more than a fifty percent likelihood of being realized upon settlement. No benefit is recorded for tax positions that do not meet the recognition threshold.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group determines the classification of its financial assets and liabilities on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end. All financial assets and liabilities are recognised at fair value at the trade date and for financial assets and liabilities with short maturity periods, their fair value or amortised cost approximates to book value.

Cash

Cash comprises cash at bank, cash in hand and short term deposits with an original maturity date of three months or less.

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently carried at the lower of their original invoiced value and recoverable amount, which due to the short maturity period of trade receivables approximates to amortised cost. Provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Trade payables

Trade payables are measured at initial recognition at fair value and are subsequently carried at book value which, due to the short maturity period of trade payables, approximates to amortised cost.

Notes to the consolidated financial statements

Year Ended 31 March 2018

2.4 Summary of significant accounting policies (continued)

Interest bearing loans

Interest bearing loans are measured at initial recognition at fair value, net of direct issue costs. After initial recognition, they are subsequently measured at amortised cost using the effective interest method ("EIR"). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Costs incurred that are directly related to the raising of finance, together with any original issue discount or premium, are recognised over the term of the loan or facility, using the EIR. All other borrowing costs are expensed in the period they are incurred.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use, are capitalised as part of the asset cost.

Leases

Assets held under finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the commencement of the lease, with a corresponding liability being recognised at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Pensions and other post-retirement benefits

The Group operates both defined benefit and defined contribution pension arrangements as set out in Note 28 to the accounts.

Defined Benefit Plans

The present value of the Group's defined benefit obligations and the related current service cost and, where applicable, past service cost, is determined separately for each plan using actuarial technique, the projected unit credit method.

Current and prior period service costs are recognised in profit or loss as they arise.

The net interest cost is determined by applying the discount rate to the net defined benefit liability or asset at the start of each annual reporting period. The net interest cost is recognised in the income statement as either finance income or finance cost. Re-measurement gains and losses are recognised in full in other comprehensive income in the period in which they occur.

The defined benefit pension asset or liability in the statement of financial position comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price.

Defined Contribution Plans

Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

Notes to the consolidated financial statements

Year Ended 31 March 2018

2.4 Summary of significant accounting policies (continued)

Revenue recognition

Revenue is recognised when there is persuasive evidence of an arrangement that sets a fixed or determinable price for the contract, usually a contract or purchase order, services are performed or products delivered, and collectability is reasonably assured.

The majority of the Group's revenues arise on the provision of well flow management services to its customers. Contracts are typically structured on a time and materials basis and the associated revenue is recognised in the period in which services are performed.

The Group also enters into contracts to design and build equipment on behalf of its customers. Revenue on such contracts is recognised by reference to the stage of completion of the contract. Stage of completion is measured by reference to an assessment of the effort expended by the Group against the various components that comprise the equipment being built. Typically components would comprise design, engineering, procurement, assembly, testing and delivery. Contract costs are recognised as expenses in the period in which they are incurred according to the stage of completion. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense.

Where contractual arrangements contain multiple deliverables, an analysis of each performance obligation within the sales arrangement is performed to ensure the Group adheres to the separation guidelines for multiple-elements arrangements. Revenue for any transaction involving multiple elements is allocated to each unit of accounting based on its relative selling price and the Group recognises revenue when all revenue recognition criteria for a unit of accounting have been met.

Notes to the consolidated financial statements

Year Ended 31 March 2018

2.4 Summary of significant accounting policies (continued)

Fair value measurement

The Group measures derivatives at fair value at each balance sheet date and, for the purposes of impairment testing, uses fair value less costs of disposal to determine the recoverable amount of some of its non-financial assets. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 25.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal accessible market for the asset or liability, or
- In the absence of a principal market, in the most advantageous accessible market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable.

Group management determines the policies and procedures for both recurring fair value measurements, such as derivatives, and non-recurring fair value measurements, such as impairment tests.

At each reporting date, Group management analyse the movements in the values of assets and liabilities which are required to be re-measured or reassessed as per the Group's accounting policies.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is either:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within 12 months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when either:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The Group classifies all other liabilities as non-current.

Notes to the consolidated financial statements

Year Ended 31 March 2018

2.5 New and amended standards and interpretations

Where they are relevant, the Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2017.

Amendments to IAS7 Statement of Cash Flows: Disclosure Initiative
The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group has provided the information for the current period in Note 30.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealized losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. These amendments do not have any impact on the Group's consolidated financial statements.

Annual Improvements Cycle-2014-2016: Amendments to IFRS 12Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12
The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. These amendments do not have any impact on the Group's consolidated financial statements.

Notes to the consolidated financial statements

Year Ended 31 March 2018

2.6 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's financial statements are disclosed below. These are the changes that the Group reasonably expects will have an impact on its disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards and interpretations, if applicable, when they become effective. The Group is in the process of assessing the impact of these new standards.

IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2
The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.
On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Group is assessing the potential effect of the amendments on its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers
The IASB issued IFRS 15 "Revenue from Contracts with Customers". The standard is a result of a convergence project between the IASB and the FASB. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations.

The core principle of the guidance is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts.

IFRS 15 must be applied in an entity's first annual IFRS financial statements for periods beginning on or after 1 January 2018. The Group has started determining the impacts of this new standard on its contract portfolio. The Group's approach includes performing a detailed review of key contracts representative of its different businesses and comparing historical accounting policies and practices to the new standard. Because the standard will impact its business processes, systems and controls, the Group has developed a comprehensive change management project plan to guide the implementation.

IFRS 9 Financial Instruments
The IASB has issued the final version of IFRS 9 *Financial Instrument.* The standard brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the standard on the required effective date. The Group is in the process of determining the effect of the standard on its ongoing financial reporting and results.

Notes to the consolidated financial statements

Year Ended 31 March 2018

2.6 Standards issued but not yet effective (continued)

IFRS 16 Leases

The IASB has issued IFRS 16 Leases. The standard specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. IFRS 16 is effective for annual reporting periods beginning after 1 January 2019 with earlier adoption permitted. IFRS 16 must be adopted using a modified retrospective approach for all leases existing at, or entered into after the date of initial adoption. We are currently evaluating the impact of this new standard.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the Interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the interpretation

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

The Interpretation is effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed. We are currently evaluating the impact of this new standard.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply interpretation from its effective date. Since the Group operates in a complex multinational tax environment, applying the Interpretation may affect its consolidated financial statements and the required disclosures. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

Notes to the consolidated financial statements

Year Ended 31 March 2018

3. Adjustments

Adjusted operating profit

Adjusted operating profit is defined as operating profit excluding impairment, depreciation, amortisation and other similar non-cash items, together with other items that either distort the underlying trends of the business or are not considered by management to be part of the core operations of the Group.

	Year to 31 March 2018 $'000	Year to 31 March 2017 $'000
Operating Loss	**(118,728)**	**(776,882)**
Intangible asset impairment	319	257,347
Amortisation of intangible assets (Note 13)	38,958	91,904
Depreciation on assets (Note 14)	91,727	117,430
Loss (gain) on disposal of intangibles and property, plant and equipment	86	(468)
Impairment of property, plant and equipment	18,746	26,966
Adjustments to gross profit	**149,836**	**493,179**
Goodwill impairment	-	362,200
Impairment of investment in joint ventures	3,893	3,009
Depreciation on corporate assets (Note 14)	4,616	3,525
Business rationalisation	11,514	15,759
Business improvement initiatives	405	1,129
Inventory provision	21,401	-
Shareholder expenses	-	8,398
Bad debts	18,956	17,900
Other costs	5,820	2,427
Adjustments to administration and other expenses	**66,605**	**414,347**
Adjusted operating profit	**97,713**	**130,644**

Business rationalisation

Business rationalisation costs for the Year to 31 March 2018 and 2017 include severance costs incurred as a result of a headcount reduction programme, exit costs including lease termination and relocation costs due to the closure of certain operations and the relocation of our headquarter office.

Business improvement initiatives

Costs for the Year to 31 March 2018 and 2017 are primarily related to business advisory services and third party consulting fees incurred on a postponed initial public offering.

Inventory provision

Improved tracking and management of inventory and slower than anticipated recovery of the oil and gas industry led to a change in the Group's provisioning methodology and consequently an incremental charge against the inventory provision. The incremental impact of this change (relative to had the old methodology been applied) has been reflected within adjusted items.

Shareholder expenses

Shareholder expenses for the Year to 31 March 2017 relate to discretionary bonuses that became payable to the senior management team following the amend and extend of our Mezzanine loan facility in July 2015 and the capital restructuring that was effective in October 2016, where consenting lenders of the mezzanine loan facility have exchanged their outstanding principal and accrued PIK interest for equity in EIGHL. These operating costs were one-time and non-recurring in nature.

Bad debts

Bad debts relate mainly to a provision recorded in the year in relation to a receivable in Venezuela and certain specific debts against customers in Sub-Saharan Africa, Egypt and Brazil. Consistent with the previous year and considering their nature and size, these items are classified as adjustments, so as to not distort the underlying trends of the business. Refer to Note 17 for further information.

Notes to the consolidated financial statements

Year Ended 31 March 2018

3. Adjustments (continued)

Other costs

Other Costs for the Year to 31 March 2018 and 2017 include legal and professional fees outside of the normal course of business, releases against provisions that were originally adjusted through adjusted items, costs connected to one-off equipment replacement claims, non-recurring costs recorded due to a natural disaster in our North and Latin America region, costs connected to one-off compliance issues, costs incurred with the amendment of our defined benefit pension plan and other one-time, non-recurring costs.

Notes to the consolidated financial statements

Year Ended 31 March 2018

4. Revenue

An analysis of the Group's revenue is provided below:

	Year to 31 March 2018 $'000	Year to 31 March 2017 $'000
Rendering of services	618,483	640,270
Sale of goods	33,217	16,104
Construction contracts	-	22,251
	651,700	**678,625**

5. Construction contracts

The following table provides an analysis of revenue accrued by the Group under construction contracts at 31 March 2018 and 31 March 2017.

	Year to 31 March 2018 $'000	Year to 31 March 2017 $'000
Accrued income related to construction contracts (presented as an asset)	2,755	11,821
Deferred income related to construction contracts (presented as a liability)	(130)	(1)
	2,625	**11,820**
Cumulative revenue recognised in respect of in-progress construction contracts	16,055	37,378
Less progress billings	(13,430)	(25,558)
	2,625	**11,820**

Notes to the consolidated financial statements

Year Ended 31 March 2018

6. Staff costs

The average monthly number of Group employees, including the Company's directors, was:

	Year to 31 March 2018	Year to 31 March 2017
Operational	3,923	3,946
Administrative	202	202
	4,125	**4,148**

Group employees' aggregate remuneration comprised:

	Year to 31 March 2018 $'000	Year to 31 March 2017 $'000
Wages and salaries	262,776	272,877
Social security costs	17,447	17,911
Pension costs	10,227	12,355
	290,450	**303,143**

The remuneration of the Company's directors and the Group's key management, is set out below in aggregate:

	Year to 31 March 2018 $'000	Year to 31 March 2017 $'000
Short-term employment benefits	3,022	14,380
	3,022	**14,380**

The remuneration of the highest paid director of the Company is set out below:

	Year to 31 March 2018 $'000	Year to 31 March 2017 $'000
Short-term employment benefits	506	2,715
	506	**2,715**

Notes to the consolidated financial statements

Year Ended 31 March 2018

7. Auditor remuneration

Amounts payable to Ernst & Young and their associates by the Company and its subsidiary undertakings in respect of non-audit services were $0.8m (31 March 2017: $1.0m).

A more detailed analysis of auditor's remuneration is provided below:

	Year to 31 March 2018 $'000	Year to 31 March 2017 $'000
Audit of the Group's annual financial statements	1,362	1,231
Audit of the Company's subsidiaries' financial statements pursuant to legislation	495	371
Audit related assurance services	-	100
Tax compliance services	227	230
Tax advisory services	470	622
Other services relating to corporate finance transactions	111	163
	2,665	**2,717**

8. Interests in joint ventures

The Group has equity accounted interests in two joint venture companies: PV Drilling Expro International Company Limited ("PVD-Expro") in Vietnam and COSL-Expro Testing Services (Tianjin) Co. Ltd ("CETS"), in China. Both of these joint venture companies are strategic to the Group's activities as they provide the Group access to the Asian markets that otherwise would be challenging to penetrate and develop effectively.

During the year, the Group held a 49% stake in the PVD-Expro joint venture, which offers the full suite of Expro products and services to the domestic Vietnam market and has a track record in the provision of offshore well testing and subsea completion landing string services.

Meanwhile, the stake held by the Group, during the year, in CETS amounted to a 50% holding. The CETS joint venture in China offers extensive offshore well testing capabilities and has a strong market share with national oil companies ("NOC"), international oil companies ("IOC") and independent clients.

Both companies are independently managed but with the full capabilities and technology of Expro.

Notes to the consolidated financial statements

Year Ended 31 March 2018

8. Interests in joint ventures (continued)

The following is an analysis of the Group's carrying value of the investment and a summarised statement of the profit and loss of the joint ventures:

	At 31 March 2018 $'000	At 31 March 2017 $'000
COSL - Expro Testing Services (Tianjin) Co. Ltd ("CETS")	28,585	26,383
PV Drilling Expro International Company Limited ("PVD-Expro")	4,491	8,564
	33,076	**34,947**

CETS

	At 31 March 2018 $'000	At 31 March 2017 $'000
Non-current assets	21,120	23,134
Current assets, including cash and cash equivalents $11.8m (2017: $11.2m)	41,870	28,787
Current liabilities	(9,373)	(6,364)
Equity	**53,617**	**45,557**
Proportion of the Group's ownership	50%	50%
Group's share of JV's equity	26,809	22,779
Goodwill on investment	3,510	3,510
Elimination of intra-group profits	(1,957)	(2,466)
Foreign exchange on net assets in local currency	223	2,560
Carrying amount of the investment	**28,585**	**26,383**

Summarised statement of profit or loss of CETS

	Year to 31 March 2018 $'000	Year to 31 March 2017 $'000
Revenue	51,719	30,888
Cost of sales, including depreciation $3.1m (2017: $4.1m)	(33,406)	(23,330)
Administrative expenses	(4,359)	(2,646)
Interest (expense) income	(187)	72
Profit before tax	**13,767**	**4,984**
Income tax expense	(3,121)	(872)
Profit for the year	**10,646**	**4,112**
Group's share of profit for the year	**5,323**	**2,056**

Notes to the consolidated financial statements

Year Ended 31 March 2018

8. Interests in joint ventures (continued)

PVD-Expro

	At 31 March 2018 $'000	At 31 March 2017 $'000
Non-current assets	2,493	2,550
Current assets, including cash and cash equivalents $2.6m (2017: $2.4m)	3,306	2,939
Current liabilities	(1,175)	(929)
Equity	**4,624**	**4,560**
Proportion of the Group's ownership	49%	49%
Group's share of JV's equity	2,266	2,235
Goodwill on investment	8,676	8,676
Impairment of investment in a JV relating to Goodwill	(6,902)	(3,009)
Foreign exchange on net assets in local currency	451	662
Carrying amount of the investment	**4,491**	**8,564**

Summarised statement of loss of PVD-Expro:

	Year to 31 March 2018 $'000	Year to 31 March 2017 $'000
Revenue	866	666
Cost of sales, including depreciation $0.3m (2017: $0.5m)	(1,359)	(1,144)
Administrative expenses	23	(783)
Interest income	110	129
Loss before tax	**(360)**	**(1,132)**
Income tax (expense) credit	(6)	17
Loss for the year	**(366)**	**(1,115)**
Group's share of loss for the year	**(179)**	**(546)**

The Group had no capital commitments or contingent liabilities in respect of the joint ventures. Expro recognised dividends from CETS and PVD-Expro, gross of withholding taxes, of $3.0m and $Nil respectively during the current financial year (31 March 2017: $2.2m and $0.5m, respectively).

Impairment testing approach

The recoverable amount of PVD Expro was assessed based on fair value less cost of disposal. This method of valuation is categorised as level 3 on the fair value hierarchy.

For the purposes of impairment testing, the fair value of PVD Expro was estimated using budgeted after-tax cash flows against which a discount rate reflecting the post-tax weighted average cost of capital for a comparable company was applied. The forecast cash flows were based upon the most recent five year plan approved by the executive management team. Cash flows after the fifth year were estimated by applying a long-term growth rate assumption to the final year of the plan, adjusted for normalised levels of capital expenditure and working capital movements.

In order to calculate fair value less cost of disposal for PVD Expro a cost to sell assumption was applied. This was estimated to be 2% of fair value based on management's assessment of costs to be incurred in relation to the sale of a business.

Notes to the consolidated financial statements

Year Ended 31 March 2018

8. Interests in joint ventures (continued)

Key assumptions

The key assumptions and facts inherent in the budgeted after-tax cash flows are that (i) PetroVietnam group is proceeding with work on the multi-billion dollar Block B gas project in Vietnam. Block B will produce 5 billion cubic meters (176 billion cubic feet) of gas per year plus associated liquids for two decades starting in the second quarter of 2020. Hundreds of wells will be needed to keep the production rates up. (ii) The Rosneft-operated Phong Lan satellite field off south-east Vietnam is now expected to produce first gas in the fourth quarter of 2018. Rosneft plans 2 development wells drilling and 1 exploration well in 2018 (iii) PVD-Expro is a subsidiary company of PetroVietnam and will be invited to supply technical and commercial offerings for surface Welltest and Sub-sea equipment aspects of the well preparation prior to being hooked up to the production facilities, and (iv) Petro-Vietnam company and PVD-Expro are afforded preferred supplier status for the service portfolio. As the market turns and activity increases in Vietnam, Petro-Vietnam are strategizing to have associated companies operational in the early part of the cycle.

The discount rate was estimated using the capital asset pricing model and validated by running a comparison of implied enterprise value to EBITDA multiples for PVD-Expro. Long-term growth rate assumptions reflect management's estimate of the long-run growth potential of the market relevant to PVD-Expro.

As at 31 March 2018, PVD-Expro incurred a loss of $0.4m, which formed a basis for an assessment for impairment in the carrying value of investment in the joint venture. Based on such assessment impairment loss amounting to $3.9m was recorded as impairment during 2018 (2017: $3.0m).

9. Gain on Restructuring and Extinguishment of Debt

A reconciliation of the net gain on restructuring and extinguishment of debt recorded is as follows during the fiscal years ended 31 March 2018 and 2017.

	Year to 31 March 2018	Year to 31 March 2017
Carrying value of loans at date of restructuring	1,418,138	778,526
Fair value of equity issued	(803,300)	(466,916)
Transaction costs	(40,133)	(12,500)
Other costs	(10,822)	(8,022)
Net gain on restructuring and extinguishment of debt	**563,883**	**291,088**

As discussed more fully in Note 23 "Interest Bearing Loans", the Group emerged from Chapter 11 on 5 February 2018 at which point the entire debt of $1418.1m of the Group was extinguished. The gain on debt extinguishment represents the difference between the fair value of the equity and warrants issued to Term Loan, Revolving Credit Facility and Mezzanine lenders and the carrying value of the respective loans. Transaction costs are accounted as a deduction of the gain. The Group estimated the fair value of the equity issued to be the Enterprise value of the Group as at the Effective Date, determined using a discounted cash-flow method. The Group determined the fair value of the warrants issued using the Black-Scholes model.

For the fiscal year ended 31 March 2017, the gain on debt extinguishment represents the difference between the fair value of the new equity issued to consenting Mezzanine lenders and the carrying value of the Mezzanine loan. Transaction costs were accounted as a deduction of the gain. The fair value of the equity issued to consenting Mezzanine lenders was considered to be approximately 70% of the fair value of the total equity of the Group following de-recognition of the Mezzanine loan liabilities held by consenting lenders. The Group assumed that the fair value of the total equity of the Group would be the Enterprise value of the Group less the fair value of net debt and debt like items (refer note 23 for further details).

Notes to the consolidated financial statements

Year Ended 31 March 2018

10. Net finance costs

Net finance costs consisted of the following during the fiscal years ended 31 March 2018 and 2017.

	Year to 31 March 2018 $'000	Year to 31 March 2017 $'000
Finance Income:		
Bank interest receivable	(475)	(298)
Total finance income	**(475)**	**(298)**
Finance Costs:		
Term loan interest	65,224	74,365
Revolving credit facility interest	4,373	3,690
Mezzanine loan cash settled interest	846	22,993
Mezzanine loan payment in kind interest	1,260	33,462
Amortisation of financing costs	4,949	6,402
Commitment fees	195	296
Finance leases	2,474	1,601
Interest on pension deficit	1,787	1,538
Other finance costs	(2,203)	1,352
Foreign exchange movements	9,152	(8,976)
Total finance costs	**88,057**	**136,723**
Net finance costs	**87,582**	**136,425**

Notes to the consolidated financial statements

Year Ended 31 March 2018

11. Tax

The major components of income tax expense (credit) for the years under review were:

	Year to 31 March 2018 $'000	Year to 31 March 2017 $'000
Income tax:		
Foreign tax	20,555	26,823
Adjustments in respect of prior periods	(5,603)	(9,533)
Current tax expense	**14,952**	**17,290**
Deferred tax:		
Relating to origination and reversal of timing differences	(13,720)	(33,801)
Deferred tax credit	**(13,720)**	**(33,801)**
Net income tax expense (credit)	**1,232**	**(16,511)**

Consolidated statement of comprehensive income	Year to 31 March 2018 $'000	Year to 31 March 2017 $'000
Net loss on retirement benefit obligations	137	9,259
Income tax charged directly to equity	**137**	**9,259**

Net income tax expense (credit) for the year can be reconciled to the profit (loss) per the income statement as follows:

	Year to 31 March 2018 $'000	Year to 31 March 2017 $'000
Profit (loss) before tax	357,573	(622,219)
Less: Post tax profit from joint-ventures (8)	(5,144)	(1,510)
	352,429	**(623,729)**
Tax at the UK corporation tax rate of 19% (31 March 2017: 20%)	66,962	(124,746)
Expenses not deductible in determining taxable profit	20,753	17,951
Impairment of investments	6,288	124,512
Non-taxable gain on debt transaction	(115,137)	(60,718)
Tax attributes on which no deferred tax asset is recognised	21,253	57,787
Effect of overseas tax rates	(2,028)	(1,055)
Deferred tax arising on functional currency differences	-	(17,056)
Losses surrendered outside the consolidated Group	13	(3,430)
Withholding taxes on dividend income received	302	217
Withholding taxes on intercompany transactions	585	622
Tax adjustments in respect of prior period	1,208	(9,026)
Foreign exchange movements on tax balances	1,033	(1,569)
Tax expense (credit) from continuing operations at the effective tax rate of 0.3% (31 March 2017: 2.6%)	**1,232**	**(16,511)**

Notes to the consolidated financial statements

Year Ended 31 March 2018

12. Goodwill

	$'000
Cost	
At 1 April 2016, 1 April 2017 and 31 March 2018	**2,434,259**
Cumulative impairment	
At 1 April 2016	1,933,551
Impairment Charge	362,200
At 31 March 2017	**2,295,751**
Impairment Charge	-
At 31 March 2018	**2,295,751**
Net book value	
At 31 March 2017	138,508
At 31 March 2018	**138,508**

Goodwill is monitored at CGU level. The Group's CGUs are either its operating segments or components of operating segments depending on the level at which segment management oversees the business and whether the assets or group of assets generate cash flows independently of the assets or group of assets.

The carrying amount of goodwill by CGU at 31 March is as follows:

	31 March 2018	31 March 2017
	$'000	$'000
Middle East and North Africa	72,201	72,201
Asia	66,307	66,307
Total	**138,508**	**138,508**

For the year ended 31 March 2018 we did not record any goodwill impairment charge. For the year ended March 31, 2017 we recorded a goodwill impairment charge of $362.2m.

Impairment testing approach

The recoverable amount of each CGU was assessed based on fair value less cost of disposal. This method of valuation is categorised as level 3 on the fair value hierarchy.

For the purposes of impairment testing, the fair value of each CGU was estimated using budgeted after-tax cash flows against which a discount rate reflecting the post-tax weighted average cost of capital for a comparable company was applied. The forecast cash flows were based upon the most recent five year plan approved by the executive management team. Cash flows after the fifth year were estimated by applying a long-term growth rate assumption to the final year of the plan, adjusted for normalised levels of capital expenditure and working capital movements.

In order to calculate fair value less cost of disposal for each CGU a cost to sell assumption was applied. This was estimated to be 2% of fair value based on management's assessment of costs to be incurred in relation to the sale of a business.

Notes to the consolidated financial statements

Year Ended 31 March 2018

12. Goodwill (continued)

Key assumptions

The key assumptions inherent in the budgeted after-tax cash flows are that (i) the oil price will stabilise at current levels in the short-term before recovering in the later years of the plan; (ii) there will be short-term weakness in the exploration and appraisal market but this will recover towards around 2020 as reserve replacement becomes critical for the Group's customers; (iii) NOC activity remains resilient, particularly in Middle East and North Africa; and (iv) there will be a short-term impact to the deepwater market as development projects are delayed.

The discount rate was estimated using the capital asset pricing model and validated by running a comparison of implied enterprise value to EBITDA multiples for the Group to those of a group of comparator companies. Long-term growth rate assumptions reflect management's estimate of the long-run growth potential of the market relevant to the CGU.

The values for the key assumptions used in the estimation of the recoverable amount for each of the CGUs at 31 March 2018 are set out below:

	Budgeted EBITDA CAGR[13]	Long Term growth rate	Post-tax discount rate
	%	%	%
Middle East and North Africa	6.3	2.5	13.2
Asia	26.2	3.0	12.1

Sensitivity analysis

We believe that CAGR over the 5 year plan used as a basis for the value in use calculation is the most sensitive assumption. Below we show the CAGR for the most sensitive CGU which (with other factors held constant) would result in impairment of below CGU:

	CAGR	Break- even CAGR
	%	%
Asia	26.2	24.5

Further, the Group believes there is no reasonably possible change in assumption that would cause the carrying value of goodwill of Middle East and North Africa to be higher than its recoverable amount.

[13] EBITDA CAGR is the average budgeted growth rate over the period covered by the five year plan.

Notes to the consolidated financial statements

Year Ended 31 March 2018

13. Intangible assets

The following table summarises the Group's intangible assets as at 31 March 2018 and 2017.

	Customer relationship and contracts $'000	Trademarks $'000	Technology $'000	Software $'000	Total $'000
Cost					
At 1 April 2016	959,764	43,851	235,556	26,641	1,265,812
Additions	-	-	5,302	-	5,302
Disposal	-	-	-	(295)	(295)
Reclassification from PPE	-	-	-	1,331	1,331
At 1 April 2017	959,764	43,851	240,858	27,677	1,272,150
Additions	-	-	6,619	-	6,619
Disposal	-	-	(154)	-	(154)
Reclassification from PPE	-	-	42	1,385	1,427
At 31 March 2018	**959,764**	**43,851**	**247,365**	**29,062**	**1,280,042**
Amortisation and impairment					
At 1 April 2016	(586,811)	(27,983)	(125,982)	(22,077)	(762,853)
Charge for the year	(72,150)	(2,248)	(15,755)	(1,751)	(91,904)
Impairment	(185,038)	(8,500)	(61,898)	(1,911)	(257,347)
Disposal	-	-	-	253	253
At 1 April 2017	(843,999)	(38,731)	(203,635)	(25,486)	(1,111,851)
Charge for the year	(27,516)	(848)	(8,984)	(1,610)	(38,958)
Impairment	-	-	(319)	-	(319)
Disposal	-	-	152	-	152
At 31 March 2018	**(871,515)**	**(39,579)**	**(212,786)**	**(27,096)**	**(1,150,976)**
Carrying amount					
At 31 March 2017	115,765	5,120	37,223	2,191	160,299
At 31 March 2018	**88,249**	**4,272**	**34,579**	**1,966**	**129,066**

Internally generated intangibles capitalised as technology for the year ended 31 March 2018 amounted to $6.6m (31 March 2017:$5.3m).

Amortisation for the year of $ 39.0m (31 March 2017: $91.9m) has been included in cost of sales.

Intangible assets are reviewed for impairment whenever facts and circumstances indicate that their carrying amounts may not be recoverable. The Group reviewed the carrying value of its intangibles and as a result of this review an impairment charge of $0.3m was recognised as at 31 March 2018 (31 March 2017: $257.3m).

Notes to the consolidated financial statements

Year Ended 31 March 2018

14. Property, plant and equipment

The following table summarises the Group's property, plant and equipment as at 31 March 2018 and 2017.

	Land and buildings	Plant and equipment	Total
Cost	**$'000**	**$'000**	**$'000**
At 1 April 2016	40,864	975,041	1,015,905
Additions	20,095	47,069	67,164
Disposals	(27,197)	(33,975)	(61,172)
Transfers between categories	1,571	(1,571)	-
Reclassification to intangibles	-	(1,331)	(1,331)
Reclassification to other current assets	-	(31,714)	(31,714)
At 1 April 2017	35,333	953,519	988,852
Additions	2,698	41,585	44,283
Disposals	(273)	(54,900)	(55,173)
Transfers between categories	296	(296)	-
Reclassification to intangibles	-	(1,427)	(1,427)
At 31 March 2018	**38,054**	**938,481**	**976,535**
Accumulated depreciation and impairment			
At 1 April 2016	(16,270)	(533,805)	(550,075)
Charge for the year	(4,276)	(116,679)	(120,955)
Impairment	-	(26,966)	(26,966)
Disposals	12,683	35,589	48,272
Reclassification to other current assets	-	24,947	24,947
At 1 April 2017	(7,863)	(616,914)	(624,777)
Charge for the year	(11,941)	(84,402)	(96,343)
Impairment	-	(18,746)	(18,746)
Disposals	273	54,370	54,643
At 31 March 2018	**(19,531)**	**(665,692)**	**(685,223)**
Carrying amount			
At 31 March 2017	27,470	336,605	364,075
At 31 March 2018	**18,523**	**272,789**	**291,312**

Notes to the consolidated financial statements

Year Ended 31 March 2018

14. Property, plant and equipment (continued)

The carrying amount of plant and equipment as at 31 March 2018 includes $29.1m of assets under construction (31 March 2017: $32.9m).

The carrying amount of the Group's land and buildings and plant and equipment in respect of assets held under finance leases is as follows:

	At 31 March 2018 $'000	At 31 March 2017 $'000
Land and buildings	21,095	21,726
Plant and equipment	506	469
	21,601	**22,195**

The Group had entered into contractual commitments for the acquisition of property, plant and equipment which have an expected capitalised value of $17.1m (31 March 2017: $17.3m).

Reclassification to other current assets during the previous year related to operating lease assets with a net book value of $6.7m that was contractually committed to be sold. The sale was finalised on 4 April 2017.

The Group is required to assess the recoverability of the carrying value of property, plant and equipment when an indicator of impairment has been identified. If the fair value of an asset or asset group is determined to be less than the carrying amount of the asset or asset group, an impairment in the amount of the difference is recorded in the period that the impairment indicator occurs in the Group's consolidated statement of profit and loss. During the year ended 31 March 2018, the Group recognised an impairment loss of $18.7m (31 March 2017: $26.9m).

15. Other non-current assets

Other non-current assets consisted of the following at 31 March 2018 and 2017.

	At 31st March 2018 $'000	At 31st March 2017 $'000
Prepayments	517	1,907
Other receivables	3,621	3,706
Total other non-current assets	**4,138**	**5,613**

Notes to the consolidated financial statements

Year Ended 31 March 2018

16. Inventories

Inventories consisted of the following at 31 March 2018 and 2017.

	At 31 March 2018 $'000	At 31 March 2017 $'000
Raw materials	718	603
Equipment, spares and consumables	37,197	60,585
Work in progress	7,211	5,119
	45,126	**66,307**

The cost of sold equipment, inventories, materials and consumables was $56.6m during year ended 31 March 2018 (31 March 2017: $53.5m).

Notes to the consolidated financial statements

Year Ended 31 March 2018

17. Trade and other receivables

Trade and other receivables consisted of the following at 31 March 2018 and 2017.

	At 31 March 2018 $'000	At 31 March 2017 $'000
Trade receivables	191,933	182,961
Impairment provision	(56,658)	(41,734)
	135,275	141,227
Accrued income	80,559	59,499
Prepayments	13,976	15,530
Other receivables	17,308	13,966
Collateral deposits	30,000	-
	277,118	**230,222**

The movement in provision for impairment against trade receivables is as follows:

	At 31 March 2018 $'000	At 31 March 2017 $'000
At 1 April	41,734	18,720
Provision made during the year	18,096	27,916
Amounts recovered against debts, previously provided for	(534)	(3,687)
Amounts written off, previously provided for	(2,639)	(1,250)
Foreign exchange movements	1	35
At 31 March	**56,658**	**41,734**

Collateral deposits placed with banks represents collateral for letter of credits, performance bonds and guarantees issued.

Our accounts receivable balances at 31 March 2017 and 2018 include $49.3m and $56.3m, respectively, for construction contracts for the provision of early production facilities for use in Venezuela, where we have experienced delays in collecting payment. At 31 March 2017, we carried a reserve for doubtful receivables of $28.3m due to significant deterioration of the overall economic and political conditions in Venezuela. Our reserves took into account recognized accrued income and recoverability of certain equipment. As of 31 March 2018, our reserve for these doubtful accounts receivable was $37.0m, which fully reserves our exposure, based on our reassessment of recoverability of equipment and collectability of the debts due to continued deterioration of overall economic and political conditions in Venezuela.

The remainder of the provision for impairment primarily relates to long overdue debts arising from some of our services contracts in Sub-Saharan Africa, several specific debts against customers in Egypt, Vietnam and Brazil as well as a number of other debts where recovery has been deemed unlikely. With the exception of these receivables, concentration of credit risk with respect to trade receivables is limited and our customer base is large and unrelated.
The ageing analysis of trade receivables is as follows:

	At 31 March 2018 $'000	At 31 March 2017 $'000
Not past due	69,968	48,885
Less than 90 days past due	44,972	46,846
91 -180 days past due	9,911	9,513
181-360 days past due	9,306	18,936
Over 360 days past due	57,776	58,781
	191,933	**182,961**

Notes to the consolidated financial statements

Year Ended 31 March 2018

18. Restricted cash

Restricted cash consisted of the following at 31 March 2018 and 2017.

	At 31 March 2018 $'000	At 31 March 2017 $'000
Cash held for contractual commitments	1,982	3,531
Cash held for professional fees on debt restructuring	10,951	-
Total	**12,933**	**3,531**

The Group held bank deposits which have been pledged as cash collateral for performance and bid bonds and guarantees issued by various banks. The Group also held minimum cash balances which must be maintained in accordance with contractual arrangements. As at 31 March 2018 cash held for these types of contractual commitments was $ 2.0m (31 March 2017: $3.5m).

The Group has paid $11.0m to an escrow account, which can only be used to settle various restructuring fees upon approval of the said invoices by the Court. Any unapplied residual cash will be returned to the Group. The Group believes it unlikely any material amounts are returned.

19. Trade and other payables

Trade and other payables consisted of the following at 31 March 2018 and 2017.

	At 31 March 2018 $'000	At 31 March 2017 $'000
Trade payables	45,657	45,819
Accrued interest	-	18,858
Other accruals	81,638	63,420
Deferred income	19,579	11,725
Other tax and social security	11,367	10,799
Other payables	15,171	14,240
	173,412	**164,861**

Notes to the consolidated financial statements

Year Ended 31 March 2018

20. Finance leases

The Group has finance leases and hire purchase contracts for various items of plant and machinery, office equipment and office and manufacturing buildings. The Group's obligations under finance leases are secured by the lessor's title to the leased assets. Future minimum lease payments under finance leases and hire purchase contracts together with the future finance charge and the present value of the net minimum lease payments were as follows:

	Minimum lease payments 31 March 2018 $'000	Future finance charges 31 March 2018 $'000	Present value of lease payments 31 March 2018 $'000	Minimum lease payments 31 March 2017 $'000	Future finance charges 31 March 2017 $'000	Present value of lease payments 31 March 2017 $'000
Leases expiring						
Within one year	3,767	(2,691)	1,076	2,530	(2,249)	281
In the second to fifth years inclusive	14,730	(9,407)	5,323	13,377	(8,228)	5,149
After five years	29,094	(13,049)	16,045	27,043	(12,447)	14,596
	47,591	**(25,147)**	**22,444**	**42,950**	**(22,924)**	**20,026**
Included in current liabilities			1,076			281
Included in non-current liabilities			21,368			19,745
			22,444			**20,026**

21. Operating lease arrangements

The Group has entered into operating leases on certain motor vehicles, office and manufacturing buildings and items of plant and machinery with lease terms between one and fifteen years.

	Year to 31 March 2018 $'000	Year to 31 March 2017 $'000
Minimum operating lease payments recognised as an expense	62,203	58,030

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

	At 31 March 2018 $'000	At 31 March 2017 $'000
Within one year	16,374	16,082
In the second to fifth years inclusive	36,333	34,678
After five years	35,886	29,338
	88,593	**80,098**

Notes to the consolidated financial statements

Year Ended 31 March 2018

22. Provisions

Provisions consisted of the following at 31 March 2018 and 2017.

	Deferred and contingent consideration	Restructuring provision	Taxation related provisions[14]	Legal and other provisions	Total
	$'000	$'000	$'000	$'000	$'000
At 1 April 2016	**266**	**3,357**	**5,616**	**891**	**10,130**
Increase	166	16,719	936	1,006	18,827
Payments or amounts utilised	(305)	(12,964)	(2,041)	(915)	(16,225)
Release	(4)	-	(48)	-	(52)
Foreign exchange difference	(13)	(5)	(699)	(202)	(919)
At 31 March 2017	**110**	**7,107**	**3,764**	**780**	**11,761**
Increase	47	9,041	2,662	1,371	13,121
Payments or amounts utilised	(102)	(9,373)	-	-	(9,475)
Release	-	(12)	(1,216)	-	(1,228)
Foreign exchange difference	3	78	(158)	-	(77)
At 31 March 2018	**58**	**6,841**	**5,052**	**2,151**	**14,102**
Included in current liabilities	58	6,117	5,052	1,372	12,599
Included in non-current liabilities	-	724	-	779	1,503
	58	**6,841**	**5,052**	**2,151**	**14,102**

There is no significant difference between provision included above and the value of the undiscounted cash flow.

The Group had no material contingent liabilities as at 31 March 2018 (31 March 2017: none).

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and reliable estimate can be made of the amount of the obligation. Provisions are based on management's best estimate of the expenditure required to settle the obligation at the reporting date.

Restructuring

Restructuring provisions relate to exit and disposal activities intended to accelerate operating cost reductions and improve overall operating efficiency. The provision as at 31 March 2018 and costs incurred during the period primarily relates to severance obligations as a result of the Group's head count reduction programme and facility exit related obligations.

Taxation related provisions

Taxation related provisions consist of various non current tax exposures across multiple jurisdictions.

Legal and other

The legal and other provision at 31 March 2018 primarily relates to a dilapidations liability for a leased facility and equipment replacement claims on a contract.

[14] Does not include liabilities recorded in respect of uncertain current tax positions, which are classified as tax liabilities.

Notes to the consolidated financial statements

Year Ended 31 March 2018

23. Interest bearing loans

Our long-term debt consisted of the following at 31 March 2018 and 2017.

	Effective interest rate %	At 31 March 2018 $'000	At 31 March 2017 $'000
Term loan			
Principal	USD LIBOR + 4.75%	-	1,267,501
Original issue discount		-	(13,273)
Transaction costs		-	(12,896)
Total Term loan facility		-	**1,241,332**
Mezzanine loans			
Mezzanine loan Class B	USD LIBOR + 12.75%	-	16,284
Transaction costs		-	(163)
Total Mezzanine loan facility		-	**16,121**
Revolving credit facility			
Revolving credit facility	USD LIBOR + 3.0%	-	65,000
Transaction costs		-	(615)
Total Revolving credit facility		-	**64,385**
Total interest bearing loans		-	**1,321,838**

Debt restructuring

Pursuant to the Confirmed Plan, the significant transactions impacting the Group's outstanding debt balances as of the Effective date were as follows:

Term loan and Revolving Credit Facility: Registered holders of valid claims arising under Senior Secured Term loan and Revolving Credit Facility ('RCF') were issued shares in Expro Group Holdings International Limited, the Group's ultimate parent company. Further, the engagement line of $25.3m related to bonds and guarantees carved out of the total RCF commitment was also cancelled, with outstanding contingent liabilities being cash collateralized.

Mezzanine loan: Registered holders of valid claims arising under the Mezzanine Loan facility were issued new A warrants which entitles its holders to equity of up to 2% in the re-organized Group and are exercisable on occurrence of certain specified events at EGHIL, with an expiration period of 5 years from the Effective Date.

Debtor In Possession facility (DIP facility): The permanent pay down of $65m of the Group's DIP facility outstanding as of the Effective Date.

Term loan

On 2 September 2014, we raised $1,281m (total loan amount $1,300m before an issue discount) via a Senior Secured Term loan ("Term loan"). The maturity of the Term loan was linked to events within the company's control.

The Term loan carried interest at a rate of USD LIBOR plus 4.75% per annum and was subject to a LIBOR floor of 1%.

On the Effective Date, the obligations of the Group with respect to the Term loans of $1,272.5m were cancelled and the holders of the Senior Secured Term Notes ('Term Notes') received their agreed share of equity in EGHIL in exchange of the Term Notes.

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Year Ended 31 March 2018

23. Interest bearing loans (continued)

Mezzanine loan

In July 2008, we entered into a syndicated Mezzanine loan facility in the amount of $725m maturing in July 2018. The loan bore a cash interest rate of USD LIBOR plus 4.25% per annum and 6.5% interest, prior to the amend and extension agreement, which accrued to the principal ("PIK"). The facility was partially repaid in September 2014 using proceeds of the Term loan.

In July 2015, we successfully completed an Amend and Extend transaction related to our Mezzanine loan facility, where we reached agreement with the majority of the mezzanine lenders to amend the terms, and extend the maturity date of their outstanding portion of this loan facility. In addition, our shareholders successfully completed a rights issue, which raised $333m of equity, of which $283m was used to partly repay our Mezzanine loan facility (including $4.6m of accrued interest).

In October 2016, the Group's shareholders and lenders representing approximately 98% of the borrowings under the Mezzanine loan facility ("Consenting Lenders") reached agreement to effect a capital restructuring. Consenting lenders exchanged their entire outstanding principal and accrued PIK interest related to the Mezzanine loan facility for equity in Expro International Group Holdings Ltd ("EIGHL"). As a result, $784.3m of debt (inclusive of $27.7m of accrued PIK interest) was cancelled in return for equity in EIGHL. The transaction resulted in a net gain on the restructuring of debt of $291.1m.

On the Effective Date, the obligations of the Group with respect to the Mezzanine Loans of $18.3m were cancelled and the holders of the Mezzanine Loan received new A warrants issued by EGHIL.

Revolving credit facility

On 2 September 2014, we entered into a Revolving Credit Facility ("RCF") with an overall commitment of $250m, which was available in multiple currencies as approved by the lenders. The RCF bore interest at USD LIBOR plus 3% and was guaranteed in full by our consolidated subsidiaries.

In February 2016, we reached agreement with our RCF lenders to amend certain financial and non-financial covenant terms of the facility. In addition, the facility size was reduced to $175m. Further an engagement line of $25.3m related to bonds and guarantees was carved out of the lenders $175.0m commitment.

On the Effective Date, the obligations of the Group with respect to the amounts drawn under this facility of $127.3m was cancelled in exchange for their aggregate share of equity in EGHIL.

Debtor In Possession facility (DIP facility)

On 20 December 2017, the Group entered into a Debtor in Possession ("DIP") credit facility, as part of a pre-packaged plan of reorganization filed under Chapter 11 of the Code (refer to Note 1 for further details), with an overall commitment of $155m. The overall commitment included an engagement line of $30m related to letter of credits. The DIP bears interest at USD LIBOR plus 8%.

On the Effective date, the outstanding amount of $65m of the DIP facility was fully repaid.

Notes to the consolidated financial statements

Year Ended 31 March 2018

24. Deferred tax

The following are the major deferred assets and liabilities recognised by the Group and movement thereon during the current and previous years:

	Accelerated tax depreciation $'000	Tax losses $'000	Retirement benefit obligations $'000	Intangible arising on business combinations $'000	Other temporary differences $'000	Total $'000
At 1 April 2016	**3,966**	**60,783**	**8,713**	**(109,513)**	**(18,874)**	**(54,925)**
Credit (charge) to income statement	(6,909)	(51,096)	879	75,536	15,411	33,821
Debit to other comprehensive income	-	-	(9,259)	-	-	(9,259)
Transfer from current tax	-	-	-	-	119	119
Foreign exchange differences	(136)	(12)	(2)	-	12	(138)
At 31 March 2017	**(3,079)**	**9,675**	**331**	**(33,977)**	**(3,332)**	**(30,382)**
Credit (charge) to income statement	1,055	(4,435)	(3)	8,753	8,653	14,023
Debit to other comprehensive income	-	-	(137)	-	-	(137)
Transfer from current tax	-	-	-	-	(217)	(217)
Foreign exchange differences	(14)	(40)	(35)	-	1	(88)
At 31 March 2018	**(2,038)**	**5,200**	**156**	**(25,224)**	**5,105**	**(16,801)**

Where assets and liabilities meet the criteria for offset, the deferred tax above is disclosed net.

	At 31 March 2018 $'000	At 31 March 2017 $'000
Deferred tax assets	12,732	17,600
Deferred tax liabilities	(29,533)	(47,982)
	(16,801)	**(30,382)**

At the reporting date, the Group has unused tax losses of $2,525.5m (31 March 2017: $2,388.8m) available for offset against future profits. A deferred tax asset has not been recognised in respect of losses of $2,504.5m (31 March 2017: $2,351.4m) due to the unpredictability of future profit streams. Of these losses, $1,831.3m (31 March 2017: $1,773.9m) are UK losses and have no expiry date.

Included within the business combinations total of $25.2m above is an amount of $22.8m (31 March 2017: $30.1m) relating to the deferred tax arising on the fair value adjustment following the acquisition of Expro International Group PLC and also $2.4m (31 March 2017: $3.1m) arising from the acquisition of the PTI business.

At the reporting date, the Group has an unrecognised deferred tax asset on retirement benefit obligations of $12.0m (31 March 2017: $11.2m).

We have not provided for UK income taxes and foreign withholding taxes on the undistributed earnings of foreign subsidiaries as of 31 March 2018 because we intend to permanently reinvest such earnings outside the UK. If these foreign earnings were to be repatriated in the future, the related UK tax liability would not be reduced by any foreign income taxes previously paid on these earnings. As of 31 March 2018 the Group has a cumulative loss of approximately $3,590.3m upon which UK income taxes have not been provided (31 March 2017: cumulative earnings of $393.7m).

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Year Ended 31 March 2018

25. Financial instruments

Fair value

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and short term deposits, trade and other receivables, trade and other payables and provisions approximate to their carrying values largely due to the short term maturities of these instruments.
- The fair value of obligations under finance leases is the present value of the minimum contractual payments over the life of the commitment.
- The fair values of the Group's term loan and mezzanine loan as at 31 March 2017 were based on the most recently observed market price as at that date.
- The revolving credit facility was a first lien debt with the shortest maturity and so the fair value 31 March 2017 was considered to be equal to the principal amount drawn down on the borrowing facility.

Excluding cash, all other items discussed above are classified as level 2.

The Group had the following financial instruments measured at fair value:

	Carrying amount At 31 March 2018 $'000	Carrying amount At 31 March 2017 $'000	Fair value At 31 March 2018 $'000	Fair value At 31 March 2017 $'000
Financial assets				
Trade and other receivables *	186,204	158,899	186,204	158,899
Cash and short term deposits	211,461	73,303	211,461	73,303
	397,665	**232,202**	**397,665**	**232,202**
Financial liabilities				
Obligations under finance leases	22,444	20,026	22,444	20,026
Term Loan	-	1,241,332	-	1,014,000
Mezzanine loans	-	16,121	-	8,061
Revolving credit facility	-	64,385	-	65,000
Trade and other payables **	148,177	149,638	148,177	149,638
Provisions	14,102	11,761	14,102	11,761
	184,723	**1,503,263**	**184,723**	**1,268,486**

* Excludes prepayments and accrued income.
** The trade and other payable balance excludes deferred income and other tax and social security payable.

Financial risk factors

The Group's operations expose it to several financial risks, principally market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk.

Foreign currency risk

The Group faces exposure to transactional foreign currency risk as a result of sales and operating costs by operating units in currencies other than its functional currency, and translational foreign currency risk on the revaluation of net monetary assets and liabilities, including working capital balances. The Group monitors its exposure to foreign exchange risk on an on going basis, through the analysis of the profile of its monetary assets and liabilities.

Notes to the consolidated financial statements

Year Ended 31 March 2018

25. Financial instruments (continued)

Sensitivity analysis – foreign currency risk

The table below shows the impact on the Group's financial assets and liabilities that would result from a 7% change in the US Dollar to the Angolan Kwanza (AOA), Brazilian Real (BRL), Euro (EUR), British Pound (GBP) and Indian Rupee (INR) exchange rate with all other variables being held constant. This represents management's assessment of the reasonable possible change in exchange rate over the next financial year and is the basis for reporting internally to management. There is no impact on equity. There are no material exposure on financial assets or liabilities in currencies other than disclosed below.

	Year to 31 March 2018 $'000	Year to 31 March 2017 $'000
Change in AOA basis points by 7.00%	(265)	(523)
Change in BRL basis points by 7.00%	(593)	(616)
Change in EUR basis points by 7.00%	74	(1,494)
Change in GBP basis points by 7.00%	(1,301)	609
Change in INR basis points by 7.00%	(931)	(257)
	(3,016)	(2,281)

Interest rate risk

Upon Emergence, we do not have variable interest rate bearing debt facilities and accordingly, we are currently not exposed to variability in interest expense and cash flows due to interest rate changes. With respect to 31 March 2017, each 100 basis point rise in the U.S. Dollar Libor interest rate in which we had borrowings at 31 March 2017, would have increased our interest expense by approximately $13.5m. Each 100 basis point fall in the U.S. Dollar Libor interest rate in which we had borrowings at 31 March 2017, would have decreased our interest expense by approximately $0.82m.

Credit risk

The Group's exposure to credit risk is primarily through cash and short term deposits, restricted cash and trade and other receivables. The Group's liquid assets are invested in cash or short term deposits with maturities less than 90 days and are amongst the most creditworthy of investments available. The counterparties for these investments are large international financial institutions.

The Group has an extensive global customer base comprising of a large number of blue chip international oil companies (IOC), national oil companies (NOC) and independent E&P companies from all major oil and gas locations around the world. The majority of the Group's accounts receivable are due for maturity within less than 90 days and largely comprise amounts receivable from large international oil companies (IOC) and national oil companies (NOC). Accounts are monitored by management and provisions for bad and doubtful debts raised where it is deemed appropriate.

Our accounts receivable balances at 31 March 2017 and 2018 include $49.3m and $56.3m, respectively, for construction contracts for the provision of early production facilities for use in Venezuela, where we have experienced delays in collecting payment. At 31 March 2017, we carried a reserve for doubtful receivables of $28.3m due to significant deterioration of the overall economic and political conditions in Venezuela. Our reserves took into account recognized accrued income and recoverability of certain equipment. As of 31 March 2018, our reserve for these doubtful accounts receivable was $37.0m, which fully reserves our exposure, based on our reassessment of recoverability of equipment and doubtful debts due to continued deterioration of overall economic and political conditions in Venezuela. With the exception of these receivables, concentration of credit risk with respect to trade receivables is limited and our customer base is large and unrelated.

Notes to the consolidated financial statements

Year Ended 31 March 2018

25. Financial instruments (continued)

Capital risk management

The Group's objective when managing its capital structure is to minimise the cost of capital while maintaining adequate capital to protect against volatility in earnings and net asset values. The strategy is designed to maximise shareholder return over the long-term.

Liquidity risk

The Group has sufficient liquidity to meet projected working capital requirements, with adequate headroom to protect against variability of cash flows. Key ratios are monitored on a historical and forward looking basis, to ensure that the Group has adequate liquidity to meet its contractual obligations as they fall due.

Cash balances are held in a number of currencies, in order to meet our immediate operating and administrative expenses or to comply with local currency regulations.

Liquidity risk – contractual undiscounted cash flows

The table below summarises the maturity profile of the Group's financial liabilities as at 31 March 2018 based on contractual undiscounted payments. Three month US Dollar LIBOR forward interest rates prevailing at the reporting date have been used as the basis for calculating the contractual undiscounted payments on floating rate debt.

	Within 1 year	1 to 5 years	>5 years	Total
	$'000	$'000	$'000	$'000
Trade, other payables	142,466	5,711	-	148,177
Provisions	12,599	1,503	-	14,102
Finance leases	3,767	14,730	29,094	47,591
At 31 March 2018	**158,832**	**21,944**	**29,094**	**209,870**
Term loan principal	13,000	1,254,501	-	1,267,501
Mezzanine loan class B principal	-	16,284	-	16,284
Revolving credit facility	-	65,000	-	65,000
Interest on loans	89,800	302,619	-	392,419
Trade, other payables	142,337	7,301	-	149,638
Provisions	9,869	1,892	-	11,761
Finance leases	2,530	13,378	27,043	42,951
At 31 March 2017	**257,536**	**1,660,975**	**27,043**	**1,945,554**

The interest bearing loans repayment includes payment in kind interest on the Mezzanine loan facility.

Financial risk management

The Group have developed a comprehensive set of policies and procedures to cover major risk areas, including, but not limited to, finance, operations, human resources, health and safety. These policies and procedures are subject to periodic review. The internal audit function (which reports functionally to the Audit and Ethics Committee of the Board of Directors of the Group) has the remit to review all major policy and control areas on a rolling audit cycle.

For key financial controls, the Group also operates a self-certification process which requires regional management to confirm compliance with key financial policies. This certification process is completed quarterly.

Notes to the consolidated financial statements

Year Ended 31 March 2018

26. Other non-current liabilities

Other non-current liabilities consisted of the following at 31 March 2018 and 2017.

	At 31st March 2018 $'000	At 31st March 2017 $'000
Other payables	5,711	7,301
Total other non-current liabilities	**5,711**	**7,301**

27. Share capital

The following table summarises total shares and share capital outstanding.

	At 31 March 2018		At 31 March 2017	
	Allotted, called up and fully paid number	Allotted, called up and fully paid value $'000	Allotted, called up and fully paid number	Allotted, called up and fully paid value $'000
Ordinary shares of $1 each, 1 vote per share	333,282,667	333,283	333,282,666	333,283

During the year ended 31 March 2018, EGHIL, the Company's immediate parent company, subscribed for an additional one ordinary share of $1 in the Company for a total consideration of $1,000m. Further, the Company received a capital contribution of $9.0m from EGHIL.

Notes to the consolidated financial statements

Year Ended 31 March 2018

28. Pension arrangements

The Group operates a number of pension schemes, primarily consisting of defined contribution plans for UK and non UK employees. The Group also sponsors a pension plan for certain UK, Holland, Norway and Indonesia employees. The majority of the pension costs relate to defined contribution plans. The assets of the various schemes are held separately from those of the Group. The Group's principal retirement savings plans and pension plans are discussed below.

Defined Contribution Plans

The Group offers certain retirement savings plans to UK and non-UK employees. These plans are managed in accordance with applicable local statutes and practices and are defined contribution plans. These plans include a Group Personal Pension plan ("GPP") for UK employees, which is a portable, personal pension plan to which the employer contributes on a matching basis between a base of 3% and a ceiling of 6% of base salary. In addition, the Group offers 401k retirement savings plans for U.S. employees and other defined contribution schemes for employees in Canada.

The pension costs charge for the year of the Group's defined contribution schemes amounted to $9.0m (31 March 2017: $8.6m).

Defined Benefit Plans

The Group offers a pension plan to certain of our UK employees, which qualifies as defined benefit scheme. Effective October 1, 1999 this plan was closed to new entrants. The contributions to the scheme are determined by a qualified external actuary on the basis of annual valuations. In December 2015, the decision was taken to close the UK defined benefit scheme ("DB Scheme") to new accrual. The status of the DB scheme's remaining active members has changed to that of deferred member. This change affected approximately 80 employees. As deferred members, these employees will no longer accrue further benefits under the DB scheme through their service. However, benefits earned through past service are retained and will continue to increase with inflation. In addition, affected individuals were auto-enrolled in the Group's existing defined contribution pension scheme ("DC scheme").

The Group also operates defined benefit and insured defined benefit arrangements in Holland and Norway. The assets of insured schemes are insurance contracts which guarantee the pension secured to date, and an annual valuation of the scheme amends the contribution rate each year.

Further, the Group operates defined benefit arrangements under Indonesian Labor law providing retirement benefit, death, disability, voluntary resignation and other payments of severance due to change of ownership, redundancy and receivership, using a lump sum formula expressed in terms of a multiple of final wages depending on the years of service completed.

Notes to the consolidated financial statements

Year Ended 31 March 2018

28. Pension arrangements (continued)

Assumptions

The major assumptions included on a weighted average basis across the schemes, used to calculate the defined benefit scheme liabilities under *IAS 19 Employment Benefits* were:

	At 31 March 2018	At 31 March 2017
Discount rate	2.50%	2.50%
Expected rate of salary increases	0.10%	0.10%
Allowance for pension payment increases	2.70%	2.70%

The mortality assumptions adopted at 31 March 2018 imply the following life expectancies:

	At 31 March 2018 Remaining years	At 31 March 2017 Remaining years
Males currently aged 40	45	46
Females currently aged 40	47	48
Males currently aged 65	21	22
Females currently aged 65	23	23

The discount rate has been calculated with reference to AA rated corporate bonds of a suitable maturity. Expected rates of salary increases have been estimated by management following a review of the participant data. Assumptions for pension increases are linked to expectations of future rates of inflation.

The assumptions with the most significant impact are the discount rate and the inflation rate. We estimate that a 0.1 percentage point decrease in the discount rate would lead to a $5.6m increase in the gross pension liability and that a 0.1 percentage point increase in the inflation rate would lead to a $3.3m increase in the gross pension liability.

The weighted average maturity of the pension liability is 20 years.

Notes to the consolidated financial statements

Year Ended 31 March 2018

28. Pension arrangements (continued)

Net periodic benefit cost

Amounts recognised in the income statement and in the comprehensive income in respect of the defined benefit schemes were as follows:

	Year to 31 March 2018 $'000	Year to 31 March 2017 $'000
Current service cost	(1,184)	(1,475)
Interest on net liability	(1,783)	(1,538)
Plan amendments	-	113
Income statement	**(2,967)**	**(2,900)**
Re-measurement profit (losses)	4,891	(25,986)
Other comprehensive gain (loss)	**4,891**	**(25,986)**
Total comprehensive gain (loss)	**1,924**	**(28,886)**

The service costs have primarily been included in cost of sales, interest costs and plan amendments have been recorded in other expense. Plan amendments primarily relate to settlement costs for disability pension that is now covered by the Norway social security system. Remeasurement gains and losses have been reported in the statement of comprehensive loss.

The remeasurement loss is derived from the components shown in the table below:

	Year to 31 March 2018 $'000	Year to 31 March 2017 $'000
Remeasurement (loss) gain on assets	(2,321)	17,192
Remeasurement gain (loss) on liabilities	7,212	(43,178)
Remeasurement gain (loss) on defined benefit schemes	**4,891**	**(25,986)**

Based on our current funding agreements, the amount of employer contributions expected to be paid to the Group's defined benefit schemes over the next five years are:

	$'000
Year to 31 March 2019	2,747
Year to 31 March 2020	2,751
Year to 31 March 2021	2,753
Year to 31 March 2022	2,757
Year to 31 March 2023	2,760
5 years to 31 March 2028	7,889
	21,657

Notes to the consolidated financial statements

Year Ended 31 March 2018

28. Pension arrangements (continued)

Statement of financial position

The amount included in the statement of financial position arising from the Group's obligations in respect of its defined retirement benefit schemes and post-employment benefits is as follows:

	At 31 March 2018 $'000	At 31 March 2017 $'000
Present value of defined benefit obligations	(264,210)	(241,665)
Fair value of scheme assets	194,186	175,121
Deficit recognised under non-current liabilities	**(70,024)**	**(66,544)**

Movements in the present value of defined benefit obligations were as follows:

	Year to 31 March 2018 $'000	Year to 31 March 2017 $'000
At 1 April 2017	(241,665)	(233,903)
Current service cost	(1,184)	(1,362)
Interest cost	(6,284)	(7,262)
Contributions from scheme members	(122)	(342)
Remeasurement gains (losses)	7,212	(43,178)
Exchange difference	(29,404)	31,198
Plan amendments	-	394
Benefits paid	7,237	12,790
At 31 March 2018	**(264,210)**	**(241,665)**

Movements in the fair value of scheme assets were as follows:

	Year to 31 March 2018 $'000	Year to 31 March 2017 $'000
At 1 April 2017	175,121	186,098
Interest on scheme assets	4,501	5,724
Remeasurement (losses) gains	(2,321)	17,192
Exchange difference	21,434	(23,863)
Contributions from the sponsoring companies	2,504	2,661
Contributions from scheme members	122	342
Plan amendments	-	(394)
Benefits paid	(7,175)	(12,639)
At 31 March 2018	**194,186**	**175,121**

The actual return on scheme assets consists of the following:

	Year to 31 March 2018 $'000	Year to 31 March 2017 $'000
Expected return on scheme assets	4,501	5,724
Remeasurement (loss) gain on scheme assets	(2,321)	17,192
Actual return on scheme assets	**2,180**	**22,916**

Notes to the consolidated financial statements

Year Ended 31 March 2018

28. Pension arrangements (continued)

The investment strategy of the main UK scheme ("Plan") is set by the trustees and is based on advice received from an investment consultant. The primary investment objective for the Plan is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due. In doing so, the aim is to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Plan.

The investment strategy has been determined after considering the Plan's liability profile and requirements of the UK statutory funding objective, and an appropriate level of investment risk.

Taking these factors into consideration, 68% of the assets are invested in a growth portfolio, comprising diversified growth funds ("DGFs") and property, and 32% of the assets in a stabilising portfolio, comprising corporate bonds and liability driven investments. DGFs are actively managed multi-asset funds. The managers of the DGFs aim to deliver equity like returns in the long term, with lower volatility. They seek to do this by investing in a wide range of assets and investment contracts in order to implement their market views.

The present value of the Plan's future benefits' payments to members is sensitive to changes in long term interest rates and long term inflation expectations. Liability driven investment ("LDI") funds are more sensitive to changes in these factors and therefore provide more efficient hedging than traditional bonds. A small proportion of the assets has therefore been invested in LDI funds to help to reduce the volatility of the Plan's funding position. The hedging level is expected to be increased over time as the Plan's funding position improves.

Assets of the other schemes are invested in a combination of equity, bonds, real estate, and insurance contracts.

The analysis of the scheme assets at the reporting date were as follows:

	Fair value of assets at 31 March 2018			
$'000	Level 1	Level 2	Level 3	Total
Mutual Funds				
Equity funds	112,631	-	-	112,631
Bond funds	13,629	-	-	13,629
Liability driven investment funds	48,527	-	-	48,527
Property funds	3,695	-	-	3,695
Equities	220	-	-	220
Other assets	-	1,360	14,124	15,484
	178,702	1,360	14,124	**194,186**

	Fair value of assets at 31 March 2017			
$'000	Level 1	Level 2	Level 3	Total
Mutual Funds				
Equity funds	98,726	-	-	98,726
Bond funds	12,652	-	-	12,652
Liability driven investment funds	43,442	-	-	43,442
Property funds	5,956	-	-	5,956
Equities	245	-	-	245
Other assets	-	1,642	12,458	14,100
	161,021	1,642	12,458	**175,121**

Other assets primarily represent insurance contracts. The fair value is estimated, based on the underlying defined benefit obligation assumed by the insurers.

Notes to the consolidated financial statements

Year Ended 31 March 2018

29. Non-cash items before movements in working capital

Non-cash items before movements in working capital consisted of the following during the fiscal years ended 31 March 2018 and 2017.

	Year to 31 March 2018 $'000	Year to 31 March 2017 $'000
Adjustments on continuing and discontinued operations:		
Amortisation of intangible asset	38,958	91,904
Impairment of goodwill	-	362,200
Impairment of investment in joint ventures	3,893	3,009
Impairment of intangible assets	319	257,347
Depreciation of property, plant and equipment	96,343	120,955
Impairment of property, plant and equipment	18,746	26,966
Loss (gain) on disposal of intangibles and property, plant and equipment	86	(468)
Elimination of unrealised profit on sales to joint ventures	100	230
Post tax share of results from joint ventures	(5,144)	(1,510)
Unrealised foreign exchange	(779)	443
Non-cash item before movements in working capital	**152,522**	**861,076**

30. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities consisted of the following during the fiscal year ended 31 March 2018.

	1 April 2017	Cash flows	Debt extinguishment	Foreign exchange movements	New leases	Other	31 March 2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Reconciliation of liabilities arising from financing activities:							
Term loan	1,241,332	(6,500)	(1,234,832)	-	-	-	-
Mezzanine loans	16,121	-	(16,121)	-	-	-	-
Revolving credit facility	64,385	60,000	(124,385)	-	-	-	-
Lease Liabilities	20,026	(2,665)	-	1,114	1,495	2,474	22,444
Total liabilities from financing activities	**1,341,864**	**50,835**	**(1,375,338)**	**1,114**	**1,495**	**2,474**	**22,444**

Notes to the consolidated financial statements

Year Ended 31 March 2018

31. Related party transactions

Transactions between the Company and the Group's subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

During the year, the Group entered into the following transactions with related parties who were not members of the Group:

Trading transactions

		Goods and services provided to related party $'000	Goods and services provided by related party $'000	Amounts owed by related party $'000
Shareholders	Ultimate owner until 5 February 2018	-	69	-
CETS	Joint venture	2,506	-	771
PVD-Expro	Joint venture	-	-	928
31 March 2018		**2,506**	**69**	**1,699**
Shareholders	Ultimate owner	-	82	-
CETS	Joint venture	1,834	-	1,210
PVD-Expro	Joint venture	3	-	1,031
31 March 2017		**1,837**	**82**	**2,241**

Notes to the consolidated financial statements

Year Ended 31 March 2018

31. Related party transactions (continued)

Transactions with Shareholders

Transactions with shareholders include the reimbursement of certain expenses related to attendance at board meetings.

Transactions with CETS and PVD-Expro

At 31 March 2018, the Group held a 50% stake in a joint venture, COSL – Expro Testing Services (Tianjin) Co. Ltd ("CETS") and a 49% stake in a joint venture, PV Drilling Expro International Company Limited ("PVD-Expro"). The transactions in the table above arise from trading activities between the Group and the joint ventures.

All of the amounts outstanding in the table above are unsecured and will be settled in cash. No guarantees have been given or received.

Financing and investing transactions

As detailed in Note 8, the Group received dividends from its two joint ventures during the years ended 31 March 2018 and 31 March 2017.

32. Subsequent events

There were no events between the reporting date and the date the financial statements were authorised for issue that require disclosure.

Company's statement of financial position

As at 31 March 2018

	Notes	31 March 2018 $'000	31 March 2017 $'000
Non-current assets			
Investments	4	1,009,025	-
		1,009,025	**-**
Current assets			
Cash		10	-
		10	**-**
Current liabilities			
Other payables	5	(454)	-
Amounts due to related parties	6	(96)	(85)
		(550)	**(85)**
Total assets less current liabilities		**1,008,485**	**(85)**
Equity			
Share capital	7	333,283	333,283
Share premium		1,583,963	574,938
Accumulated loss		(908,761)	(908,306)
Total equity (deficit)		**1,008,485**	**(85)**

The financial statements were approved by the Board of Directors and authorised for issue on 8 June 2018. They were signed on behalf of the Board by:

Michael Bentham
Director

John McAlister
Director

Company's statement of changes in equity

Year Ended 31 March 2018

Year Ended 31 March 2018	Share capital $'000	Share premium $'000	Accumulated loss $'000	Total $'000
At 1 April 2017	333,283	574,938	(908,306)	(85)
Share issued	-	1,000,000	-	1,000,000
Capital contribution	-	9,025	-	9,025
Loss for the year	-	-	(455)	(455)
At 31 March 2018	**333,283**	**1,583,963**	**(908,761)**	**1,008,485**
Year Ended 31 March 2017				
At 1 April 2016	333,283	-	(333,368)	(85)
Capital contribution	-	574,938	-	574,938
Loss for the year	-	-	(574,938)	(574,938)
At 31 March 2017	**333,283**	**574,938**	**(908,306)**	**(85)**

Notes to the Company's financial statements

Year Ended 31 March 2018

1. Corporate information

The Company's corporate information, including its immediate parent company and ultimate controlling party, is provided in Note 1 to the consolidated financial statements.

2. Basis of preparation and accounting policies

2.1 Basis of preparation and a statement of compliance with FRS 101

The Company's financial statements have been prepared in accordance with (i) Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101), as it applies to the financial statements of the Company for the year ended 31 March 2018, and (ii) the Companies Act 2006.

The financial statements have also been prepared on a going concern and historical cost basis. They are presented in US Dollar and all values are rounded to the nearest thousand US Dollars ($'000) except where otherwise stated.

The Company has taken advantage of the following disclosure exemption under FRS 101:

- the requirements of paragraphs 10(d), 10(f), and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of IFRS 7 *Financial Instruments: Disclosures*
- the requirements of paragraphs 91-99 of IFRS *13 Fair Value Measurement*

The accounting policies adopted in the preparation of the financial statements are consistent with those of the previous financial period. The principal accounting policies adopted by the Company are set out in Note 2.3

Notes to the Company's financial statements

Year Ended 31 March 2018

2.2 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date of the financial statements, and the amounts reported for revenues and expenses during the year.

Estimates and judgments are reviewed on an ongoing basis and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The key assumptions concerning the future and other key judgments at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment assessment and testing
FRS 101 requires management to perform impairment tests annually for indefinite lived assets and, for finite lived assets, if events or changes in circumstances indicate that their carrying amounts may not be recoverable. Such impairment tests include, but are not limited to investments. Impairment testing requires management to assess whether the carrying value of assets can be supported by the net present value of future cash flows that they generate. Calculating the net present value of future cash flows requires assumptions to be made with respect to appropriate discount rates and future financial results. Changes in the assumptions selected by management, especially discount rates used in the cash flow projections, could significantly affect the Company's impairment evaluations and therefore reported assets and financial results. The carrying value of investments and the further details of the calculations are provided in Note 4.

Functional currency
In determining the functional currency for the Company, management has made judgements regarding the currency of the primary economic environment in which the entity operates. Management 's view is that the currency which mainly influences the global market for oilfield services is the US dollar and therefore has assessed the US dollar to be the functional currency of the Company.

Income taxation
An estimate must be made for taxation liabilities before tax returns are filed and review or audit of these returns by the local taxation authorities can take place several years later. Management makes provisions for taxation liabilities on what it believes to be a fair and reasonable calculation of the probable liability, which includes recognition of deferred tax assets or liabilities on temporary differences between accounting and taxable profit. The Company's income tax expense (benefit) is calculated based on management's interpretation of the tax laws in various jurisdictions where the Company conducts business. This requires an evaluation of current tax obligations and uncertain tax positions and an assessment of temporary differences.

Changes in the underlying assumptions regarding the reversal of these differences, or in the tax regime where the differences arise, could result in significant changes in the carrying value of tax assets or liabilities.

Foreign currency translation
The reporting currency of the Company is the US Dollar as this is considered to be the currency of the primary economic environment in which it operates.

Transactions in foreign currencies are initially recorded in the functional currency by applying the monthly average rate which is approximate to the actual rate for the relevant accounting period on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date with all differences taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the monthly average rate at the date of the transaction.

Notes to the Company's financial statements

Year Ended 31 March 2018

2.3 Summary of significant accounting policies

Taxation

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

The current tax payable is based on the taxable profit for the year. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management regularly evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available, against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiary undertakings and jointly controlled entities, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting 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 when there is a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Uncertain tax positions generally occur where there is an uncertainty as to the meaning of the law, or to the applicability of the law to a particular transaction, or both. The Company determines whether it is more likely than not that its tax position will be sustained upon examination, based on the position's technical merits (this likelihood is the 'recognition threshold') and measures the amount of tax benefit that is to be recognized in the financial statements. A tax position that meets the recognition threshold is measured at the largest amount of benefit that has more than a fifty percent likelihood of being realized upon settlement. No benefit is recorded for tax positions that do not meet the recognition threshold.

Payables

Payables are measured at initial recognition at fair value and are subsequently carried at book value which, due to the short maturity period of payables, approximates to amortised cost.

Investments

Investments in subsidiaries are shareholdings in group undertakings which are shown at cost less provision for impairment.

Notes to the Company's financial statements

Year Ended 31 March 2018

2.3 Summary of significant accounting policies (continued)

Related party transactions

The Company has taken advantage of the exemptions conferred by *FRS 8 - Related Parties* not to disclose transactions with related parties outside of the Group, as the Company's financial statements are presented together with the consolidated financial statements.

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is either:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within 12 months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when either:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The Company classifies all other liabilities as non-current

3. Loss for the year

As permitted by the exemption in Section 408(2) of the Companies Act 2006, the Company has not presented its own statement of profit and loss account. The loss for the year was $0.5m (31 March 2017: loss of $574.9m). There is no difference between the loss for the year and the total comprehensive loss for the year.

The auditors' remuneration for audit services to the Company is borne by the Group. Please refer to Note 7 of the consolidated financial statements.

4. Investments

The following table shows the movement in the Company's investment in subsidiaries.

	At 31 March 2018 $'000	At 31 March 2017 $'000
Carrying value brought forward	-	-
Additions	1,009,025	574,938
Impairment	-	(574,938)
Total	**1,009,025**	**-**

During the year ended 31 March 2018, the Company contributed additional paid in capital in Expro Holdings UK 3 Limited, one of its subsidiaries, increasing the Company's investments by $1,009.0m.

Notes to the Company's financial statements

Year Ended 31 March 2018

4. Investments (continued)

A list of the Company's subsidiaries at 31 March 2018 is set out below.

Name of subsidiary	Place of incorporation and ownership (or registration)	Address of registered office
Expro Argentina, Srl	Argentina	San Martin 140 Piso 14 Ciudad Autonoma de Buenos Aires
Expro Group Australia Pty Ltd*	Australia	BDO 38 Station Street Subiaco, WA 6008
Expro Holdings Australia 1 Pty Ltd	Australia	BDO 38 Station Street Subiaco, WA 6008
Expro Holdings Australia 2 Pty Ltd	Australia	BDO 38 Station Street Subiaco, WA 6008
Expro Do Brasil Servicos Ltda	Brazil	Av Rio Branco 138 sala 1602, centro Rio de Janeiro 20040-002
Expro Do Brasil Propriedades Ltda	Brazil	Av Rio Branco 138 sala 1602, centro Rio de Janeiro 20040-002
Expro (B) SDN BHD	Brunei Darussalam	Lot No 2237 No 80 Lorong Setia DiRaja Kuala Belait KA 3131
Expro Group Canada Inc	Canada	3700, 400-3RD Avenue S.W. Calgary AB AB T2P 4H2
Expro Petroleum Equipment Technology (Beijing) Ltd Co.	China	Room 510, Air China Plaza No.36 Xiaoyun Road Chaoyang District Beijing 100027
Expro Gulf Ltd*	Cyprus	Arch. Makariou III, 284 Fortuna Court Block B 2 & 3 Floor Limassol
Expro Egypt LLC	Egypt	Katamia - Ein El Sokhna at KM 12 Cairo
Expro Equatorial Guinea Ltd	Equatorial Guinea	Calle Parque de Africa Malabo
Expro Gabon Sarl	Gabon	Zone Portuaire Oprag Port Gentil B P 2843
Expro Oilfield Services Ghana Ltd	Ghana	1000 Axis Lane, PMB 9 New Amanful Road Takoradi
Expro International Ltd	Guernsey	PO Box 25 Regency Court Glategny Esplanade St Peter Port GY1 3AP

Notes to the Company's financial statements

Year Ended 31 March 2018

4. Investments (continued)

Name of subsidiary	Place of incorporation and ownership (or registration	Address of registered office
PT Expro Indonesia	Indonesia	The Garden Centre 5-19 Cilandak Commercial Estate Jl. Raya Cilandak KKO Jakarta 12560
PT Power Well Services Indonesia (in liquidation)	Indonesia	Building 108N Cilandak Commercial Estate Jl. Raya Cilandak KKO Jakarta 12560
Expro Italiana Srl	Italy	Via Arapietra 29 65124 Pescara
Expro-ECOCP JV LLP	Kazakhstan	Office 203 43 Dostyk Avenue 050010 Almaty
Expro Bondco SA	Luxembourg	46a Avenue J.F. Kennedy L-1855
Expro Finance Luxembourg SCA***	Luxembourg	46A Avenue John F Kennedy L-1855
Expro FinServices Sàrl	Luxembourg	46A, Avenue John F. Kennedy L-1855
AS Petrotech Knowledge (Malaysia) Sdn Bhd	Malaysia	Level 7 Menara Milenium Jalan Damanlela Pusat Bandar Damansara Damanasara Heights 50490 Kuala Lumpur
Expro Group Malaysia SDN BHD	Malaysia	Level 7 Menara Milenium Jalan Damanlela Pusat Bandar Damansara Damanasara Heights 50490 Kuala Lumpur
Expro Oilfield Services SDN BHD	Malaysia	Suite 1005, 10th Floor Wisma Hamzah-Kwong Hing No.1 Leboh Ampang 50100 Kuala Lumpur Wilayah Persekutuan
Exprotech (Malaysia) SDN BHD	Malaysia	Level 7 Menara Milenium Jalan Damanlela Pusat Bandar Damansara Damanasara Heights 50490 Kuala Lumpur
Expro Servicios S de RL de CV	Mexico	Calle Via 3 # 126 Planta Baja Tabasco 2000 Fracc. La Hacienda Villahermosa CP 86035
Expro Tool S de RL de CV	Mexico	Prolongacion Periferico Arco Noreste s/n Gonzalez 1 ra Seccion Centro Tabasco Villahermosa Tabasco 86280
Expro International BV	Netherlands	Nijverheidsweg 4 1785 AA Den Helder

Notes to the Company's financial statements

Year Ended 31 March 2018

4. Investments (continued)

Name of subsidiary	Place of incorporation and ownership (or registration	Address of registered office
Expro Worldwide BV*	Netherlands	Nijverheidsweg 4 1785 AA Den Helder
Petrotech BV	Netherlands	Nijverheidsweg 4 1785 AA Den Helder
Ecodrill Nigeria Ltd	Nigeria	1A Elelenwo Road Rumukurusi Port-Harcourt
Exprotech Nigeria Ltd	Nigeria	188 Awolowolo Road S W Ikoyi Lagos
PWSH Nigeria Ltd	Nigeria	1 Murtala Muhammed Drive Ikoyi Lagos
Expro Holdings Norway AS	Norway	Energivegen 12A 4056 Tananger 1124 Sola
Expro Norway AS	Norway	Energivegen 12A 4056 Tananger 1124 Sola
Petrotech AS*	Norway	Kvalamarka 26 5501 Haugesund
Expro Overseas Inc*	Panama	piso 9 y 10 Boulevard Oeste Santa Maria Business District
Expro Peru S.A.	Peru	c/o Rodrigo, Elias & Medrano Abogados Ave San Felipe 758 Lima 11
Expro Trinidad Ltd	Trinidad and Tobago	48 - 50 Sackville Street Port of Spain
Exploration and Production Services (Holdings) Ltd	UK	Third Floor 14-16 Cross Street Reading Berkshire RG1 1SN
Expro Benelux Ltd	UK	Third Floor 14-16 Cross Street Reading Berkshire RG1 1SN
Expro-ECOCP Holdings Ltd	UK	Third Floor 14-16 Cross Street Reading Berkshire RG1 1SN
Expro Eurasia Ltd*	UK	Third Floor 14-16 Cross Street Reading Berkshire RG1 1SN

Notes to the Company's financial statements

Year Ended 31 March 2018

4. Investments (continued)

Name of subsidiary	Place of Incorporation and ownership (or registration	Address of registered office
Expro Group Integrated Services Limited	UK	Third Floor 14-16 Cross Street Reading Berkshire RG1 1SN
Expro Holdings UK 3 Ltd **	UK	Third Floor 14-16 Cross Street Reading Berkshire RG1 1SN
Expro Holdings UK 4 Ltd	UK	Third Floor 14-16 Cross Street Reading Berkshire RG1 1SN
Expro International Group Ltd	UK	Third Floor 14-16 Cross Street Reading Berkshire RG1 1SN
Expro North Sea Ltd*	UK	Third Floor 14-16 Cross Street Reading Berkshire RG1 1SN
Expro Oilfield Services PLC **	UK	Third Floor 14-16 Cross Street Reading Berkshire RG1 1SN
Expro Overseas Ltd	UK	Third Floor 14-16 Cross Street Reading Berkshire RG1 1SN
Expro Resources Ltd*	UK	Third Floor 14-16 Cross Street Reading Berkshire RG1 1SN
Expro Ukraine LLC	Ukraine	15 Zahorodnia Str Kyiv 03680
Expro Americas, LLC	USA	c/o Corporation Service Company 251 Little Falls Drive Wilmington, DE 19808

Notes to the Company's financial statements

Year Ended 31 March 2018

4. Investments (continued)

Name of subsidiary	Place of incorporation and ownership (or registration	Address of registered office
Expro Holdings US Inc	USA	c/o Corporation Service Company 251 Little Falls Drive Wilmington, DE 19808
Expro Meters, Inc.	USA	c/o Corporation Service Company 251 Little Falls Drive Wilmington, DE 19808
Expro Midstream Services LLC	USA	9510 Warren Rd 251 Little Falls Drive Wilmington, DE 19808
Expro US Holdings, LLC	USA	c/o Corporation Service Company 251 Little Falls Drive Wilmington, DE 19808
Expro US Finco LLC	USA	c/o Corporation Service Company 251 Little Falls Drive Wilmington, DE 19808

* In addition to its place of incorporation, operates in other countries
** Direct holding, all other entities are subsidiaries via indirect holdings
*** Consolidated in Group accounts in accordance with IFRS 10 – Consolidated Financial Statements and FRS 101.

All of the above companies are wholly owned subsidiaries with the exception of Expro Oilfield Services SDN BHD, PT Expro Indonesia, AS Petrotech Knowledge (Malaysia) Sdn Bhd, Exprotech (Malaysia) Sdn Bhd, PT Power Well Services Indonesia and Expro Oilfield Services Ghana Limited.

All of the companies are involved in the provision of well flow management services and products to the upstream oil and gas industry.

Notes to the Company's financial statements

Year Ended 31 March 2018

5. Other payables

The following table is an analysis of the Company's other payables as at 31 March 2018 and 2017.

	At 31 March 2018 $'000	At 31 March 2017 $'000
Other payables	454	-
	454	-

6. Amounts due to related parties

The following table is an analysis of the Company's amounts due to related parties as at 31 March 2018 and 2017.

	At 31 March 2018 $'000	At 31 March 2017 $'000
Amount due to related parties	96	85
	96	85

7. Share capital

The following table is an analysis of the Company's share capital as at 31 March 2018 and 2017.

	At 31 March 2018 Thousands	At 31 March 2017 Thousands	At 31 March 2018 $'000	At 31 March 2017 $'000
Allotted, called up and fully paid				
Ordinary shares of $1 each	333,283	333,283	333,283	333,283

All ordinary shares issued have the same rights.

During the year ended 31 March 2018, EGHIL, the Company's immediate parent company, subscribed for an additional one ordinary share of $1 in the Company for a total consideration of $1,000m. Further, the Company received a capital contribution of $9.0m from EGHIL.