Company number: 06492082

EXPRO HOLDINGS UK 3 LIMITED

Report and Financial Statements

Year to 31 March 2016

Contents

Financial Summary

Full year performance compared to prior year	Year to 31 March 2016 $'000	Year to 31 March 2015 $'000	Change
Revenue	909,126	1,307,057	(30.4%)
Adjusted operating profit[1]	223,515	326,665	(31.6%)
Adjusted operating margin[2]	24.6%	25.0%	(0.4pts)
Operating loss[3]	(538,059)	(257,737)	(108.8%)

Financial position, liquidity and capital resource	31 March 2016 $'000	31 March 2015 $'000	Change
Cash	77,851	182,708	(104,857)
Working capital percentage[4]	21.2%	16.5%	4.7pts
Net debt[4]	1,992,268	2,221,976	(229,708)
LTM leverage[4]	8.9x	6.8x	2.1x
Liquidity headroom[4]	155,668	237,858	(82,190)

[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 $8.8m and goodwill impairment charges of $450.0m (31 March 2015: $29.5m and $315m respectively).
[4] "Working capital percentage", "Net debt", "LTM (last twelve months) leverage" and "Liquidity headroom" are defined within the strategic report.

Strategic report

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Expro's business

Overview

We[5] are a market-leading global oil and gas services provider, specialising in well flow management services to the oil and gas industry, with a specific focus on offshore, deepwater and other technically challenging environments. With over 40-years of experience, Expro has grown to become one of the largest global service providers in the market for well flow management services.

We provide a range of well flow management products and services that measure, improve, control and process flow from high value oil and gas wells, across three key areas:

- Well test and appraisal services;
- Subsea completion and intervention services; and
- Production services.

Our technical capabilities span the full life of oil and gas fields, from exploration and appraisal through development to production and abandonment. We have built market leading positions in the provision of these core services by:

- Using highly specialised and proprietary technology that is engineered to allow us to service highly complex wells and reservoirs;
- Developing our reputation as a trusted and reliable service provider that seeks to maintain the highest standards of safety, quality and customer service; and
- Investing in and providing specially-trained employees to operate our equipment at customer facilities.

During the exploration, appraisal and development phases of the oil or gas field, our services are critical to the accurate quantification of reserves and the safe and efficient completion of development wells. During the production life of a field our services enable our customers to manage and optimise production, and therefore cash flow of their assets. We believe the economic benefits of our service offerings over the life of the field are significant relative to their cost for our customers.

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 2016, 4,400 employees working from over 100 locations in approximately 50 countries.

Well test and appraisal services

Well test services constituted 44% of our revenues for the year ended 31 March 2016. This includes 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 services ("WWS") and PowerChoke™ services.

[5] "We", "Expro" or "the Group" refers to Expro Holdings UK 3 Limited 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 customized 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 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 over 25 years. We have vast operational experience both onshore and offshore, with more than 500 DST jobs successfully completed 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 program 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.

Wireless Well Systems

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.

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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.

Equipment Sales

We manufacture and sell a range of burner boom and well test equipment that meets the highest industry standards. Within our burner boom product line we offer king posts, horizontal and vertical burner booms that incorporate our "clean burner technology". Our well testing equipment sales include separators, steam heaters, pressure relief valves, manifolds, panels, de-sanders, surge tanks and other miscellaneous items.

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 44% of our revenues in the year to 31 March 2016.

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 technical advantages, which make them suitable for the most demanding environments. The control technology has also been specifically designed for completion landing string safety systems where reliability is the highest criteria. Our systems have been successfully deployed on over 900 subsea completion operations since 1998 allowing us to build up a depth of experience unique in this market segment. Given the technical challenges of most subsea wells, we have developed a specific team to manage the delivery of subsea completion landing string and associated services. This experienced team has an excellent track record in project delivery and execution.

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, employing approximately 800 staff globally and 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 and electric line services that allow our customers to understand and optimise their well and reservoir production on a real-time basis.

Tubing Conveyed Perforating Services

Expro is one of the largest global providers of perforating services; providing slickline, electric line and tubing conveyed explosives services, for both production and injection wells, 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 during FY16 boasted a 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.

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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 accounted for approximately 12% of our revenue in the year ended 31 March 2016.

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.

Our 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.

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 customers injection, artificial lift and production systems with the end result of increasing production rates, increasing reservoir recovery and reducing production costs. Sonar is one of our newer technologies and as such, we are continually learning about new applications and limitations for the meters.

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 expenditures dedicated to oil and gas exploration, field development, production and abandonment. Therefore, our activity and revenues are closely tied to the global demand for oil and gas which in turn drives industry appraisal, field development and production expenditures. Whilst the current market cycle has resulted in significant reductions in E&P expenditure, over the longer term the oil and gas industry will continue to benefit from increased consumption and need for hydrocarbons;

- **Reserve replacement.** Without exploration and appraisal activity the reserve base that facilitates current production levels will decrease and restrict future production growth. To counter the production decline of existing fields and provide for future growth it is therefore essential that IOCs, NOCs and independent E&P companies replace reserves through the continued discovery and development of new fields and reservoirs. The current market cycle has changed the risk profile of our customers exploration and appraisal investments leading to reduced frontier programs, however there will always be a longer term need to explore for new reserves to meet future production demands;

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- **Long-term deepwater development activity**. Deepwater development projects require significant investment and at current oil prices are becoming increasingly difficult to justify at historical project costs. We are therefore seeing a reduction in deepwater activity as new project sanctions are deferred and activities on existing developments are scaled back. However, long term we continue to remain very positive about the sector as IOC companies, in particular, will have no alternative but to target 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 are focusing on ways of accelerating production from recent discoveries and enhancing production from existing fields whilst optimizing cash expenditure.

Business strategy
We strive to be the market leader in well flow management and deliver the highest standards of safety, quality and personalized 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.

In the current market conditions, we have proactively managed our strategy to focus on managing the business through the downturn by implementing a broad suite of business initiatives including:

- Rigorously managing the cost base;
- Optimising revenue from existing asset fleet;
- Managing customer relationships and long term contracts;
- Leverage 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.

As the UK and Norway are fairly mature markets, exploration and appraisal activity has been relatively low compared to other geographical areas. However the appointment of the UK Oil and Gas Authority is providing a new framework for maximising the economic recovery of offshore oil and gas resources. This includes a Supply Chain, Exports and Skills board dedicated to strengthening the UK supply chain, including new strategic plans, greater collaboration between operators and service companies and new market development. In particular, the abandonment and decommissioning market offers both long and short term opportunity for Expro, as it looks to develop this business stream.

Sub-Saharan Africa

Within this region we serve a number of unique markets including Angola, Chad, Congo, East Africa, Gabon, 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 optimizing production from their reservoirs.

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. This segment also includes results of our Expro PTI business unit, which is based in South East Asia and provides production enhancement services and early production facilities to IOCs and NOCs.

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 deepwater developments are gas fields and as a result we have developed a strong track record and recognized technical capability in the clean-up, fluid sampling and metering of high flow rate gas wells. Offshore production enhancement services, which we principally provide through our Expro PTI business unit, include well unloading units, water injection and gas compression facilities in the Gulf of Thailand and offshore Malaysia, including well intervention services and well surveillance services using our 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 rig-less 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 strong 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. In the financial year ended 31 March 2016 we commissioned our first early production system in Kurdistan.

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 a smaller number of core markets comprising Brazil, US Gulf of Mexico, US Land and Alaska. We also have a smaller presence in both Mexico and Canada.

Activity within Brazil comprises mainly of 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, PowerChoke ™ and well testing services. The effect of reduced land rig count on this business has partially been offset by growth in our pipelines business.

Health and safety
The health and safety of our personnel remains of paramount importance to us. Commitment from all levels of the business supports us in delivering the highest standards of safety performance, demonstrated by a further award from the Royal Society for the Prevention of Accidents (RoSPA). In 2015 Expro received the President's Award for its commitment to continuous improvement in health and safety management. We also received a second ENI safety award for "well testing services", which recognised Expro for its exemplary safety standards while working for the Italian operator. There has been much focus on occupational health and safety management, including systems, leadership and workforce engagement.

Underpinning our approach to this achieving safety performance is our 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. In July 2015 we launched the new "Champion Safety" campaign, developed to provide a platform for delivering the company's range of safety initiatives, starting with mandatory training for all personnel. It includes compelling testimonials from our employees, explaining the importance of using Expro's safety management tools – and the implications for not doing so. This new initiative builds upon the existing HSEQ induction module training provided to all new employees.

The chart 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 2016			31 March 2015		
	Actual	Target	IOGP average performance index	Actual	Target	OGP average performance index
LTIF	0.3	0.5	<0.78	0.3	0.6	<0.83

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Employees

We employ approximately 4,400 employees and 400 contractors. Of our employees, approximately 34% are employed in Europe CIS, approximately 12% in Sub Saharan Africa, approximately 19% in North and Latin America, and approximately 35% 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.

This includes our response to the current market downturn, which has triggered a range of early cost reduction measures, including a reduction of employee headcount. We continue to monitor market conditions and work closely with our employees and customers to manage the business through the environment.

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. Our Management Development Programme gives our managers and potential managers the necessary skills to grow and improve the business and drive Expro to greater success. We have a Graduate Development Programme that identifies and develops high-calibre graduates in our core product lines exposing them to the relevant training and experience to move them to a senior operational role at the end of the programme. We also have ADVANCE; a series of intensive accelerated learning programmes which are aimed at different levels of personnel. This 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 Expro 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. The 2015 employee survey results showed an increase in both participant levels and overall job satisfaction. In addition, employees confirmed that they are aware of our values and behaviours and they are well on the way to being embedded in the environment and culture at Expro. 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.

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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 Expro International Group Holdings Limited ("EIGHL"), the Company's principal holding company, 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 of EIGHL considers compliance to be at the forefront of the business's 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.

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 supplier 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 company 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 CSR Report.

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.

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Principal risks and uncertainties

Financial position

We have a highly leveraged capital structure and are subject to numerous maintenance covenants, including financial targets, which must be achieved to ensure ongoing compliance with the terms of our borrowing facilities. Key ratios are monitored on both historical and forward looking bases to ensure continued compliance with those covenants, and to ensure that we have adequate liquidity to meet our contractual obligations as they become due.

We regularly review our medium term financial projections to highlight potential shortfalls, in order to ensure mitigating actions could be taken if necessary. Our management of additional financial risks is set out in Note 25.

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.

In the medium to long-term, reserve levels and views on alternative energy have an impact. While short-term price is important, it is the impact of that price on our customers which has a direct impact on activity levels in the upstream oil and gas sector. 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. Weather conditions can also affect supply and therefore price.

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 as well as 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 71.4% in US Dollar, 12.8% in Pound Sterling, 2.6% in Norwegian Kroner, 2.5% in Brazilian Real, 2.8% in Euros, and the balance of 7.9% 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 3 Limited and its consolidated subsidiaries for the year ended 31 March 2016 compared to the year ended 31 March 2015.

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
Adjusted items are items not considered by management to be part of our core operations. Full details are set out in Note 3.

Market Conditions
In the second half of 2014, the oil market experienced an excess of supply as a result of high output in North America, a slowdown in demand from key consumer regions such as Europe and parts of Asia and the position of the Organization of Petroleum Exporting Countries ("OPEC") to maintain production output levels. More recently, additional economic and political events, such as a slowdown of growth in China, the pending resumption of Iranian exports and continued increase in Russian production, added to the negative sentiment weighing on the price of crude oil, causing prices to fall to below $30 per barrel in January 2016. During this period of lower oil price the industry has observed considerable reductions in E&P investment, leading to extensive reductions in rig counts and widespread pricing pressure. This reduction in activity has directly led to a slowdown in the growth of oil production, particularly from non-OPEC countries such as the US, to the extent that supply and demand is currently expected to rebalance towards the end of 2016. As a result there has been a gradual strengthening of oil price since January 2016, which has increased by over 50% to an average of $48 per barrel during April 2016.

These market conditions have represented a challenging business environment as demand for our product and service offerings has decreased in line with the lower level of E&P activity in the market. In response we have continued to take steps to restructure and resize our business through the implementation of a number of cost reduction programmes including a reduction of employee headcount. We continue to monitor market conditions and work closely with our employees and customers to manage the business through the industry downturn.

Refinancing Agreements
On 2 September 2014 we entered into a term loan of $1,300m and used the proceeds to repay the entire outstanding amount of $1,091.5m of our 8.5% Senior Secured Notes and to partially repay the Mezzanine debt and associated makewhole premium. At the same time, we refinanced our existing $160m revolving credit facility with a new $250m senior secured credit facility, which ranks pari passu with the term loan.

In July 2015, we 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 repay our Mezzanine loan facility (including some accrued interest).

On 26 February 2016, we reached agreement with our revolving credit facility lenders to amend certain financial and non-financial covenant terms of the facility. In addition, the facility size was reduced to $175m.

For further details refer to Note 22 and 25 of the accompanying financial statements.

At 31 March 2016, the earliest potential maturity date for our interest bearing loans is 15 October 2017, where the Revolving credit facility will become due if the Mezzanine class A loan has not been repaid. For further details refer to Note 22 and 25 of the accompanying financial statements.

Strategic report
Year Ended 31 March 2016

Financial results and operating performance (continued)

Goodwill and intangible impairment
As required by IAS 36 - Impairment of assets goodwill and intangible assets are reviewed for impairment whenever facts and circumstances indicate that their carrying amounts may not be recoverable. In light of changing market conditions in the oil and gas industry, we reviewed our goodwill and intangible assets for impairment as at 31 March 2016 and recorded impairment charges totalling $458.8m. This included a goodwill impairment charge of $450.0m, which arose in Europe CIS, ($133.1m), in Sub-Saharan Africa ($236.5m) and Latin America ($80.4m) and an intangible asset impairment charge of $8.8m which arose in Latin America.

At 31 March 2015 we recorded a goodwill and intangible asset impairment charge of $344.5m. This included a goodwill impairment of $315.0m and an intangible asset impairment of $29.5m. The goodwill impairment arose in Europe CIS ($79.7m), Sub Saharan Africa ($161.4m) and North America Land ($73.9m). The intangible asset impairment included a full impairment of intangible assets allocated to North America Land ($26.4m) as well as a charge of $3.1m for in-progress development costs that were impaired as a result of the technology no longer being considered to be commercially viable.

See Notes 11 and 12 for further details.

Strategic report
Year Ended 31 March 2016

Full Year performance compared to prior year

	Year to 31 March 2016 $'000	Year to 31 March 2015 $'000	Change
Revenue	909,126	1,307,057	(30.4%)
Adjusted operating profit[1]	223,515	326,665	(31.6%)
Adjusted operating margin[2]	24.6%	25.0%	(0.4pts)
Operating loss[3]	(538,059)	(257,737)	(108.8%)

Overall trading performance

Revenue for the year to 31 March 2016 of $909.1m was down 30.4% compared to the same period last year. This decrease resulted from the impact of reduced hydrocarbon prices which led to lower activity levels across each of our regions and major product and service offerings. In addition, the effect of foreign exchange fluctuations negatively impacted revenue.

Our adjusted operating margin was marginally down on the prior year with the impact of lower revenue being substantially mitigated by lower adjusted operating expenses. The reduction in adjusted operating expenses resulted from lower personnel costs following the implementation of headcount reduction programmes, lower activity related expenditures for contractors, consultants, field bonuses and overtime and lower equipment and consumable costs.

Segmental revenue

	Year to 31 March 2016 $'000	Year to 31 March 2015 $'000	Change
Europe CIS	217,262	301,823	(28.0%)
Sub-Saharan Africa	182,708	262,618	(30.4%)
Asia, Middle East and North Africa	295,132	415,615	(29.0%)
North and Latin America	214,024	327,001	(34.5%)
Revenue[1]	**909,126**	**1,307,057**	**(30.4%)**

Strategic report
Year Ended 31 March 2016

Europe CIS
Full year revenue for the period to 31 March 2016 was $217.3m or 28.0% lower year-on-year. The decrease primarily arose in our core North Sea markets in the UK and Norway, where activity levels remain subdued. This was partly offset by strong performance in the Commonwealth of Independent States.

Our customers in the UK and Norway, where a significant proportion of our contracts are long-term but compensated through call-out rates, have continued to cut-back on both exploration & appraisal and development activity in the North Sea in order to reduce expenditure.

As a result, the revenue generated by our well testing and appraisal and subsea landing string offerings was lower than in the prior year. The impact has been comparatively smaller on our subsea landing string offering where we have benefited from a new long term development project in the North Sea, on which we deployed equipment at the start of this fiscal year.

We have also been affected by a reduction in wireline revenue in these markets as customers have sought to defer non-essential maintenance work.

We have continued to benefit from revenue growth in the Commonwealth of Independent States (CIS) as a result of a new subsea completion contract in Azerbaijan on which we deployed equipment during the year. Our business in CIS has also continued to benefit from strong performance in Kazakhstan where our work is primarily well clean-up to support production activity.

Sub-Saharan Africa
Revenue was down in Sub-Saharan Africa, closing at $182.7m, a decrease of 30.4% compared to the previous year. This decrease was primarily due to the completion or suspension of a number of contracts across the segment over the course of this fiscal year as well as the impact of an overall slowdown in exploration and appraisal activity. This was partly mitigated by equipment being deployed to new contracts in Nigeria and Ghana at the start of this fiscal year.

Subsea and well test revenues were down in Angola as a result of the completion of two development projects. We were also affected by the end of an exploration and appraisal project during last fiscal year.

In Nigeria, we were impacted by the suspension of a development project at the start of the fourth quarter of the year ended 31 March 2016 and the completion of another development project at the end of the second quarter, which resulted in lower revenues from our subsea landing string and well clean-up offerings. This was partly offset by the impact of a new deepwater development contract on which equipment was deployed during the first quarter of this fiscal year, and on which we benefit from a fixed monthly retainer.

In Central and West Africa (CWA), we benefited from strong performance in Ghana, where we generated increased subsea and well test revenues following a contract awarded earlier in the year, and increased subsea revenue from activity on a sale contract for equipment to be used in Ghana. Strong performance in Ghana was partly offset by the lower wireline revenue following the end of a contract in Gabon at the end of last fiscal year and through lower exploration and appraisal activity across CWA.

Revenue in South and East Africa decreased as a result of the completion of work in Kenya and from the suspension of our main contract South Africa, at the start of this fiscal year.

Strategic report
Year Ended 31 March 2016

Asia, Middle East and North Africa
There was a 29.0% decrease in revenue for the year to 31 March 2016 with revenue for the segment closing at $295.1m. This decrease was primarily due to lower revenue from our PTI business and a decrease in several other markets in Asia, offset by growth in the Middle East and North Africa.

During the previous fiscal year our PTI business generated significant revenue from the construction of early production facilities (EPF) for international customers. These contracts are now substantially complete and the overall level of activity on these contracts was much lower this year resulting in a significant reduction in revenue. Our PTI business has also seen a decrease in revenue earned from its production enhancement service contracts in Thailand and Malaysia due to a combination of pricing pressure and reduced activity levels.

Revenue across the rest of Asia was also down compared to the prior year, mainly due to a slow-down in activity in Australia, where several contracts completed during the year, lower equipment sales in China and the short-term suspension of a development project in India. This has been partly offset by a new subsea contract in Indonesia.

We benefited from an overall increase in revenue in the Middle East and North Africa. The growth was primarily the result of a contract to supply a production facility for a customer in Kurdistan, which went on lease at the start of the third quarter of this fiscal year. We also saw continued strong performance in Algeria and steady activity in Egypt while we benefited from a new wireline contract in Qatar. This was offset by a reduction in revenue in Saudi Arabia through a combination of lower activity and price concessions.

North and Latin America
Revenue for the year was $214.0m, down 34.5% compared to the previous year with revenue significantly down in Brazil and US Land. Revenue was also down year-on-year in the Gulf of Mexico. This was partially offset by strong performance in Canada.

We currently generate a very low level of revenue in Brazil, which was previously one of our largest markets in the region. The decrease is primarily driven by well test where revenue is significantly down as a result of the completion of our main offshore testing contract in the country in the final quarter of last fiscal year. Whilst we have now won replacement contracts there is currently a very low level activity in the market. We continue to generate revenue through our onshore well test, wireline, and wireless well intervention offerings.

Following a continuing decline in activity in the market we have scaled back our well test operations in the US Land market, which has resulted in a further drop in revenue. Revenue generated in the US Land market through our wireline offering and by our Powerchokes business is also significantly down on last year, in line with the decreased activity.

Revenue earned in the Gulf of Mexico is decreased, primarily due to a high level of subsea completion activity and a one time sale of rig specific equipment in the fourth quarter of fiscal 2015, as well as the impact of lower wireline activity. This was partly offset by the benefit of a full year of activity on a subsea development contract that started in the fourth quarter of fiscal 2015.

Revenue in Alaska was down compared to last year on lower exploration and appraisal activity. Revenue in Canada was increased year-on-year due to the benefit of high exploration activity in the first half of the current year.

Strategic report
Year Ended 31 March 2016

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 2016 $1 equals	31 March 2015 $1 equals
AUD (Australian Dollar)	1.3063	1.3002
BRL (Brazilian Real)	3.6116	3.2601
EUR (Euro)	0.8839	0.9215
GBP (Pound Sterling)	0.6947	0.6740
NOK (Norwegian Kroner)	8.3472	7.9936

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

	Year to 31 March 2016 $1 equals	Year to 31 March 2015 $1 equals
AUD (Australian Dollar)	1.3621	1.1369
BRL (Brazilian Real)	3.5924	2.4111
EUR (Euro)	0.9107	0.7817
GBP (Pound Sterling)	0.6644	0.6157
NOK (Norwegian Kroner)	8.2968	6.6038

Working capital

	31 March 2016 $'000	31 March 2015 $'000	 $'000
Revenue	909,126	1,307,057	(397,931)
Working capital[6]	135,048	191,307	(56,259)
Add back accrued interest (note 18)	57,327	24,579	32,748
Adjusted working capital	192,375	215,886	(23,511)
Working capital percentage[7]	21.2%	16.5%	4.7pts

One of our key performance indicators is adjusted working capital as a percentage of quarterly annualised sales. This measure has increased from 16.5% to 21.2%.

Inventory has decreased relative to the prior year, primarily as a result of the delivery of an EPF contract in Kurdistan on which we carried a large work-in-progress balance at the end of fiscal 2015.

Trade and other receivables balances are also down year-on-year as a result of the lower level of revenue. Trade and other receivable balances at 31 March 2016 include $40.7 million for construction contracts for the provision of early production facilities for use in Venezuela, where we have experienced delays in collecting payment. These receivables are denominated in U.S. Dollars, are not disputed and have not historically had any material write-offs relating to these contracts. We expect the receivables to be collected in full as the construction contracts progress to completion and the production facilities are delivered.

These favourable working capital variances have been offset by a reduction in trade and other payables which are decreased through a combination of lower activity, lower capital expenditure and lower cash stretch which was enabled through better collections from customers. This metric is currently above the Group's target range of 13%-15%.

[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 2016

Capital expenditure
Capital expenditure for the fiscal years ended 31 March 2016 and 2015 was as follows.

	Year to 31 March 2016 $'000	Year to 31 March 2015 $'000	Change $'000
Capital expenditure [8]	(90,226)	(186,389)	96,163

Year to date capital expenditure amounted to $90.2m, a decrease of $96.2m on the previous year. This decrease was due to tight spending controls put in place as a result of the current market conditions. 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. Capital expenditure included the impact of a $25.9m reduction in capital expenditure related payables with a significant element of current year expenditure being related to equipment received in the previous fiscal year.

Net debt
At 31 March 2016 we held net debt of $ 1,992.3m as set out below (31 March 2015 $ 2,222.0m).

	31 March 2016 $'000	31 March 2015 $'000	$'000
Finance leases	14,679	16,608	(1,929)
Term loans	1,249,266	1,257,569	(8,303)
Revolving Credit Facility	69,139	158,893	(89,754)
Mezzanine loan	737,035	971,614	(234,579)
Less: cash	(77,851)	(182,708)	104,857
Total net debt	**1,992,268**	**2,221,976**	**(229,708)**

Leverage
At 31 March 2016, our leverage ratio was 8.9x as set out below (31 March 2015: 6.8x).

	31 March 2016 $'000	31 March 2015 $'000	$'000
Net debt	1,992,268	2,221,976	(229,708)
Adjusted operating profit	223,515	326,665	(103,150)
LTM leverage	8.9x	6.8x	2.1x

[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 2016

Liquidity

At 31 March 2016, we had total liquidity headroom of $155.7m as set out below (31 March 2015: $237.9m).

	31 March 2016	31 March 2015	
	$'000	$'000	$'000
Cash	77,851	182,708	(104,857)
Undrawn loan facilities	79,730	56,701	23,029
Restricted cash	(1,913)	(1,551)	(362)
Liquidity headroom	**155,668**	**237,858**	**(82,190)**

Covenants

We are subject to financial and non-financial covenants on our mezzanine loan, term loan and revolving credit facility. During the period under review and at 31 March 2016, we were in compliance with all relevant covenants, and we continue to closely monitor these covenants against financial projections. Certain financial covenants related to the mezzanine loan were amended as part of the Amend and Extend transaction. The amended covenants were also waived until 31 March 2017.

Future developments

Whilst current markets demonstrate volatility, we believe that the recent decline in oil prices to current levels, while creating certain challenges to our overall financial performance in the short-term and mid-term, will not affect the longer term demand for our services from our customers, especially with regards to the longer cycle deep water development projects that will be required to meet future production growth and reserve replacement needs. 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
Davidson House
Forbury Square
Reading
Berkshire
RG1 3EU
27 May 2016

Expro Holdings UK 3 Limited
Registered in England & Wales with number 6492082
Registered office: c/o Expro International Group Ltd, First Floor, Davidson House, Forbury Square, Reading, Berkshire RG1 3EU.

Directors' report

Year Ended 31 March 2016

The directors present their annual report on the affairs of Expro Holdings UK 3 Limited (the "Company") and its consolidated subsidiaries for the year ended 31 March 2016.

Ultimate parent company

The current structure of the Group was formed by a consortium comprising funds managed or advised by Arle Capital Partners ("Arle") together with Goldman Sachs Capital Partners ("Goldman Sachs") and Alpinvest Partners N.V. ("AlpInvest"). Expro Holdings UK 3 Limited and its subsidiaries (the "Group") continued to exist through the year ended 31 March 2016 and to date.

In the opinion of the directors, the Company's ultimate parent company and ultimate controlling party is Umbrellastream Limited Partnership Incorporated, an entity registered in Guernsey. The same entity is the parent undertaking of the largest group for which consolidated financial statements are prepared and which includes the Company. The Company is the parent undertaking of the smallest group for which consolidated financial statements are prepared and which includes the Company.

The corporate structure that exists between the immediate and ultimate parent companies takes the form of a sequence of holding companies incorporated in England and Wales, Guernsey and Luxembourg. Expro International Group Holdings Limited ("EIGHL") is the largest entity incorporated in England and Wales for which consolidated accounts are prepared, and is the Company's principal holding company.

The subsidiaries and associated undertakings principally affecting the profits or net assets of the Group in the year are listed in Note 4 to the Company's financial statements.

Results and dividend

The Group loss for the year, after taxation, amounted to $734.0m (31 March 2015: loss of $553.9m). 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 and the maturity of the Group's debt. 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 31.

Directors

The directors who served during the year and to the date of this report were:

Mike Jardon	(appointed 1 April 2016)
John McAlister	
Jean Vernet	
Charles Woodburn	(resigned 31 March 2016)

Share capital

On 31 July, 2015 EHUK3 Ltd issued 333,281,666 ordinary shares of $1 at par. The consideration for these shares was settled by $333.3 million of cash, of which $282.6 million was used to repay the Mezzanine loan facility.

Directors’ report

Year Ended 31 March 2016

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 2016

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 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 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.

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.

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
Davidson House
Forbury Square
Reading
Berkshire
RG1 3EU
27 May 2016

Independent auditor's report

Year Ended 31 March 2016

Independent auditor's report to the Members of Expro Holdings UK 3 Limited

We have audited the financial statements of Expro Holdings UK3 Limited for the year ended 31st March 2016 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 Balance Sheet and the related notes 1 to 31 for the Group accounts and notes 1 to 11 for the Company accounts. 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 (United Kingdom Generally Accepted Accounting Practice including FRS 101 "Reduced Disclosure Framework.".

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2016 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

- In our opinion 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.

Independent auditor's report

Year Ended 31 March 2016

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

Ernst & Young LLP

David Hales (Senior statutory auditor)
for and on behalf of Ernst &Young LLP, Statutory Auditor
Reading
27 May 2016

[1] The maintenance and integrity of the Expro Holdings UK3 Limited web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

[2] Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated statement of profit or loss

Year Ended 31 March 2016

	Note	Year to 31 March 2016 Adjusted $'000	Year to 31 March 2016 Adjustments[9] $'000	Year to 31 March 2016 Total $'000	Year to 31 March 2015 Adjusted $'000	Year to 31 March 2015 Adjustments[9] $'000	Year to 31 March 2015 Total $'000
Operations							
Revenue	4	909,126	-	909,126	1,307,057	-	1,307,057
Cost of sales		(653,931)	(249,511)	(903,442)	(948,152)	(212,547)	(1,160,699)
Intangible asset impairment	12	-	(8,837)	(8,837)	-	(29,486)	(29,486)
Gross (loss) profit		**255,195**	**(258,348)**	**(3,153)**	**358,905**	**(242,033)**	**116,872**
Goodwill impairment	11	-	(450,022)	(450,022)	-	(315,002)	(315,002)
Administration and other expenses		(37,359)	(53,204)	(90,563)	(45,112)	(27,367)	(72,479)
Post tax share of results from joint ventures	8	5,679	-	5,679	12,872	-	12,872
Operating (loss) profit	3	**223,515**	**(761,574)**	**(538,059)**	**326,665**	**(584,402)**	**(257,737)**
Net finance costs	9			(191,001)			(290,956)
Loss before tax				**(729,060)**			**(548,693)**
Tax expense	10			(4,919)			(5,241)
Loss for the year				**(733,979)**			**(553,934)**

[9] Details of adjustments are included in Note 3.

Consolidated statement of comprehensive income

Year Ended 31 March 2016

	Note	Year to 31 March 2016 $'000	Year to 31 March 2015 $'000
Loss for the year		(733,979)	(553,934)
Items that will not be reclassified to profit or loss			
Re-measurement loss on defined benefit pension	28	(2,790)	(16,361)
Income taxes on pension re-measurement loss	10	(299)	3,360
		(3,089)	**(13,001)**
Total comprehensive loss for the year, net of tax		**(737,068)**	**(566,935)**

Consolidated statement of financial position

Year Ended 31 March 2016

	Note	31 March 2016 $'000	31 March 2015 $'000
Non-current assets			
Goodwill	11	500,708	950,730
Intangible assets	12	502,959	588,054
Property, plant and equipment	13	465,830	534,953
Interest in joint ventures	8	39,344	38,862
Deferred tax assets	24	54,709	67,146
Other non-current assets	14	7,565	8,805
		1,571,115	**2,188,550**
Current assets			
Inventories	15	66,294	111,907
Trade and other receivables	16	288,969	377,552
Tax receivables		23,999	15,099
Cash		77,851	182,708
Other assets		463	463
		457,576	**687,729**
Current liabilities			
Trade and other payables	18	221,656	296,359
Finance leases	19	1,900	1,883
Tax liabilities		53,809	59,416
Provisions	21	8,210	11,952
		285,575	**369,610**
Non-current liabilities			
Finance leases	19	12,779	14,725
Term loan	22	1,249,266	1,257,569
Mezzanine loans	22	737,035	971,614
Revolving credit facility	22	69,139	158,893
Provisions	21	1,920	406
Deferred tax	24	109,633	136,338
Pension deficit	28	47,805	43,325
Other non-current liabilities	26	6,124	10,598
		2,233,701	**2,593,468**
Total assets less total liabilities		**(490,585)**	**(86,799)**
Equity			
Share capital	27	333,283	1
Other reserves		(50,256)	(50,256)
Accumulated loss		(773,612)	(36,544)
Total deficit		**(490,585)**	**(86,799)**

The financial statements were approved by the board of directors and authorised for issue on 27 May 2016. They were signed on its behalf by:

Mike Jardon
Director

Jean Vernet
Director

Consolidated cash flow statement

Year Ended 31 March 2016

	Note	Year to 31 March 2016 $'000	Year to 31 March 2015 $'000
Operating (loss)	3	**(538,059)**	**(257,737)**
Non cash items before movements in working capital	29	710,331	543,215
Operating cash flow before movements in working capital		**172,272**	**285,478**
Changes in inventories		12,501	(39,036)
Changes in receivables		94,530	32,069
Changes in payables		(90,964)	(29,156)
Changes in provisions, and defined benefit contributions		(785)	313
Cash generated by operations		**187,554**	**249,668**
Income taxes paid		(32,604)	(50,344)
Interest paid		(99,576)	(199,269)
Net cash flow from operating activities		**55,374**	**55**
Investing activities			
Interest received		65	42
Purchase of property, plant and equipment		(90,226)	(186,389)
Proceeds on disposal of property, plant and equipment		1,337	827
Purchase of intangible assets		(10,321)	(12,921)
Payment of deferred consideration	21	(90)	(335)
Investment in joint venture		-	(466)
Dividend received from joint ventures		5,295	6,748
Net cash flow from investing activities		**(93,940)**	**(192,494)**
Financing activities			
Drawing of revolving credit facility		55,000	160,000
Repayment of revolving credit facility		(145,000)	-
Repayment of senior notes		-	(1,091,493)
Repayment of mezzanine loan		(282,621)	(115,804)
Issue of share capital		333,281	-
Drawing of the term loan		-	1,280,500
Repayment of term loan		(13,000)	(6,500)
Payment of loan issue costs		(6,790)	(19,992)
Repayment of finance leases		(2,765)	(2,936)
Net cash flow from financing activities		**(61,895)**	**203,775**
Net cash flow		(100,461)	11,336
Cash at beginning of year		182,708	175,852
Effect of foreign exchange		(4,396)	(4,480)
Cash at end of year		**77,851**	**182,708**

Consolidated statement of changes in equity

Year Ended 31 March 2016

Year Ended 31 March 2016	Share capital $'000	Share premium $'000	Translation reserve[10] $'000	Hedging reserve $'000	Equity reserve[11] $'000	Accumulated loss $'000	Total deficit $'000
At 1 April 2015	1	-	(53,404)	(6)	3,154	(36,544)	(86,799)
Loss during the year	-	-	-	-	-	(733,979)	(733,979)
Other comprehensive loss	-	-	-	-	-	(3,089)	(3,089)
Share issue (note 27)	333,282	-	-	-	-	-	333,282
At 31 March 2016	**333,283**	**-**	**(53,404)**	**(6)**	**3,154**	**(773,612)**	**(490,585)**

Year Ended 31 March 2015	Share capital $'000	Share premium $'000	Translation reserve[10] $'000	Hedging reserve $'000	Equity reserve[11] $'000	Accumulated profit (loss) $'000	Total deficit $'000
At 1 April 2014	1	-	(53,404)	(6)	3,154	530,391	480,136
Loss during the year	-	-	-	-	-	(553,934)	(553,934)
Other comprehensive loss	-	-	-	-	-	(13,001)	(13,001)
At 31 March 2015	**1**	**-**	**(53,404)**	**(6)**	**3,154**	**(36,544)**	**(86,799)**

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[10] 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.

[11] 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 2016

1. Corporate information

The consolidated financial statements of the Group which comprise Expro Holdings UK 3 Limited (the "Company"), as the parent company, and its subsidiaries (the "Group") for the year ended 31 March 2016 were authorised for issue in accordance with a resolution of the directors on 27 May 2016.

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.

Expro Holdings UK 3 Limited is an indirect subsidiary of Umbrellastream Limited Partnership Incorporated ("ULPI"), which is owned by three private equity investors; Arle Capital Partners, Goldman Sachs Capital Partners and AlpInvest Partners and certain members of management and other investors. ULPI is registered in Guernsey and is the Group's ultimate parent company and ultimate controlling party. The immediate parent company of Expro Holdings UK 3 Limited is Expro Holdings UK 2 Limited, registered in the UK.

A list of the Group's investments in subsidiaries, including the name, country of incorporation and proportion of ownership, 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 c/o Expro International Group Limited, First Floor, Davidson House, Forbury Square, Reading, Berkshire, RG1 3EU, 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 2016 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 derivative financial instruments, 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.

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 and the maturity of the Group's debt. Accordingly, the directors have determined it is appropriate to prepare and issue these financial statements on a going concern basis.

2.2 Basis of consolidation

The Group's financial statements consolidate the financial statements of Expro Holdings UK 3 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.

Notes to the consolidated financial statements

Year Ended 31 March 2016

2.2 Basis of consolidation (continued)

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.

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.

Notes to the consolidated financial statements

Year Ended 31 March 2016

2.3 Significant accounting judgments, estimates and assumptions (continued)

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. The carrying value of goodwill, intangible assets and property, plant and equipment and the further details of the calculations are provided in Notes 11, 12 and 13.

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.

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.

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.

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 10 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.

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 2016

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 2016

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 and finite lived intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exits, 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 payable and deferred tax.

The current tax payable 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 2016

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 2016

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.

Amendments to debt instruments, for which the change in net present value of expected future cash flows is less than 10%, are treated as modifications to the instruments.

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.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into. Changes in fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment of a forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects net profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

Notes to the consolidated financial statements

Year Ended 31 March 2016

2.4 Summary of significant accounting policies (continued)

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.

Management incentive plans

The Group has established a series of management incentive schemes that allow participating employees to receive a payment on the occasion of certain liquidity events. There are two main types of plans in which employees participate.

The first type of plan allows for participating employees to purchase interests in partnership interests in Umbrellastream Limited Partnership Incorporated ("ULPI"); the Group's ultimate controlling party. Each participant is able to purchase a basket of interests that provide rights to preference dividends and additional returns on the occasion of certain liquidity events. The partnership interests were considered to be not substantive class as equity with respect to other interests in ULPI.

Awards made under this type of plan are accounted for as an equity settled share based payment transactions. The cost of equity settled transactions is recognised, together with a corresponding increase in other reserves in equity, over the period of which the performance and/or service conditions are fulfilled. The cumulative expense recognised at each reporting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. No expense is recognised for awards that do not ultimately vest unless vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

In the event that an equity-settled award is cancelled, it is treated as if it is vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellation of equity settled transaction awards are treated equally.

The second type of scheme allows for participating employees to become eligible for a cash bonus following the same liquidity events. Awards made under these schemes are accounted for as profit sharing arrangements with an expense recorded when the payment from the schemes is considered probable and the amount can be reliably estimated.

Notes to the consolidated financial statements

Year Ended 31 March 2016

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.

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.

Notes to the consolidated financial statements
Year Ended 31 March 2016

2.4 Summary of significant accounting policies (continued)

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 2016

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 2015.

Defined benefit plans employee contributions – Amendment to IAS 19

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This is consistent with the Group's current accounting policy and therefore the amendment did not impact the Group.

Annual Improvements to IFRSs 2010-2012 Cycle

Amendments issued by the IASB as a result of Annual Improvements to IFRSs 2010-2012 Cycle became effective 1 January 2014. The following standards were amended:

- IFRS 2, Share Based Payments;
- IFRS 3, Business Combinations;
- IFRS 8, Operating Segments;
- IAS 16, Property, Plant and Equipment and IAS 38 Intangible Assets. and
- IAS 24, Related Party Disclosures.

None of the amendments effected the Group's financial statements or accounting policies.

Annual Improvements to IFRSs 2011-2013 Cycle

Amendments issued by the IASB as a result of Annual Improvements to IFRSs 2011-2013 Cycle became effective 1 July 2014. The following standards were amended:

- IFRS 3, Business Combinations;
- IFRS 13, Fair Value Measurement; and
- IAS 40, Investment Property,

None of the amendments effected the Group's financial statements or accounting policies.

Notes to the consolidated financial statements

Year Ended 31 March 2016

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.

Annual Improvements to IFRSs 2012-2014 Cycle
The IASB has issued Annual Improvements to IFRSs 2012-2014 Cycle. The amendments are effective 1 January 2016. The following standards were amended:

- IFRS 5, Non-current Assets Held for Sale and Discontinued Operations;
- IFRS 7, Financial Instruments: Disclosures;
- IAS 19, Employee Benefits; and
- IAS 34, Interim Financial Reporting.

Sale of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28
The IASB has issued "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture," The main consequence of the amendments is that a partial gain or loss is recognised on sale of assets to a joint venture unless the assets sold or contributed constitute a business, when a full gain or loss in recognised. The amendments are effective for annual periods beginning on or after 1 January 2016. This guidance is consistent with the Group's current accounting policy and therefore the amendment is not expected to impact the Group.

Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11
The IASB has published "Accounting for Acquisitions of Interests in Joint Operations, Amendments to IFRS 11". The amendments to IFRS 11 add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments are effective for annual periods beginning on or after 1 January 2016.

Clarification of Acceptable Methods of Depreciation – Amendments to IAS 16 and IAS 38
The IASB has issued amendments to IAS 16 and IAS 38 which clarify that revenue reflects a pattern of economic benefits that are generate from operating a business rather than the economic benefits that are consumed through use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016. The amendments are not expected to impact the Group.

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 not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting and results.

Notes to the consolidated financial statements

Year Ended 31 March 2016

2.6 Standards issued but not yet effective (continued)

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 has not yet determined the effect of the standard on its ongoing financial reporting and results.

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.

Statement of Cash Flows - Amendments to IAS 7

The IASB has published Amendments to IAS 7 which intends to improve information provided to users of financial statements about an entity's financing activities. The amendments require that the following changes in liabilities arising from financing activities are disclosed, to the extent necessary:

(i) changes from financing cash flows;
(ii) changes arising from obtaining or losing control of subsidiaries or other businesses;
(iii) the effect of changes in foreign exchange rates;
(iv) changes in fair values; and
(v) other changes.

The Amendments clarify that liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities. The Amendments are effective for annual periods beginning on or after 1 January 2017 with earlier adoption permitted. We are currently evaluating the impact of this new standard.

Notes to the consolidated financial statements

Year Ended 31 March 2016

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 2016 $'000	Year to 31 March 2015 $'000
Operating Loss	**(538,059)**	**(257,737)**
Intangible asset impairment	8,837	29,486
Amortisation of intangible assets (Note 12)	89,991	92,212
Depreciation on assets (Note 13)	130,324	112,130
Loss on disposal of property, plant and equipment	2,480	4,644
Impairment of property, plant and equipment	26,716	3,561
Adjustments to gross profit	**258,348**	**242,033**
Goodwill impairment	450,022	315,002
Depreciation on corporate assets (Note 13)	2,271	2,771
Business rationalisation	23,129	8,211
Business improvement initiatives	670	9,364
Management incentive plan	-	(7,200)
Shareholder expenses	15,218	-
Bad debts	-	4,326
Other costs	11,916	9,895
Adjustments to administration and other expenses	**503,226**	**342,369**
Adjusted operating profit	**223,515**	**326,665**

Business rationalisation

Business rationalisation costs include severance costs incurred on a headcount reduction programme, the exit costs from closing our operations in Libya and severance costs and impairment charges related to a decision to close the part of our well test and appraisal product line that focused on the sale of well test equipment to other service or oil rig construction companies.

Business improvement initiatives

Costs are primarily third party consultancy fees incurred on a postponed initial public offering and related projects.

Management incentive plan

Costs arising from changes to the estimated liability in respect of a long term incentive plan for senior managers.

Shareholder expenses

Costs relate to discretionary bonuses that became payable to the executive management team following the rights issue and amend and extend of our Mezzanine loan facility in July 2016. These operating costs are one-time and non-recurring in nature.

Bad debts

Bad debts connected to the exit of our Libyan operations and from other unusual events outside the normal course of business.

Other costs

Other costs include legal and professional fees incurred outside the normal course of business, releases against provisions that were originally raised through adjusted items, costs connected to one-off compliance issues, foreign exchange losses incurred on the translation of working capital balances denominated in Brazilian Real and Angolan Kwanza, defined benefit pension plan amendments in the UK and Norway and costs associated with changes in executive management.

Notes to the consolidated financial statements

Year Ended 31 March 2016

4. Revenue

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

	Year to 31 March 2016 $'000	Year to 31 March 2015 $'000
Rendering of services	833,619	1,138,407
Sale of goods	42,722	54,657
Construction contracts	32,785	113,993
	909,126	**1,307,057**

5. Construction contracts

The following table provides an analysis of revenue accrued by the Group under construction contracts at 31 March 2016 and 31 March 2015.

	Year to 31 March 2016 $'000	Year to 31 March 2015 $'000
Accrued income related to construction contracts (included in accrued income - Note 18)	11,557	37,965
Deferred income related to construction contracts (included in deferred income - Note 20)	(2,711)	-
	8,846	**37,965**
Cumulative revenue recognised in respect of in-progress construction contracts	179,618	256,354
Less progress billings	(170,772)	(218,389)
	8,846	**37,965**

Customer retentions related to construction contracts were $0.8m at 31 March 2016 (31 March 2015: $0.7m).

Notes to the consolidated financial statements

Year Ended 31 March 2016

6. Staff costs

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

	Year to 31 March 2016	Year to 31 March 2015
Operational	4,610	5,362
Administrative	186	220
	4,796	**5,582**

Group employees aggregate remuneration comprised:

	Year to 31 March 2016	Year to 31 March 2015
	$'000	**$'000**
Wages and salaries	334,500	453,677
Social security costs	22,629	27,754
Pension costs	18,379	20,184
	375,508	**501,615**

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

	Year to 31 March 2016	Year to 31 March 2015
	$'000	**$'000**
Short-term employment benefits	9,834	3,277
	9,834	**3,277**

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

	Year to 31 March 2016	Year to 31 March 2015
	$'000	**$'000**
Short-term employment benefits	4,120	1,875
	4,120	**1,875**

Notes to the consolidated financial statements

Year Ended 31 March 2016

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 $1.1m (31 March 2015: $3.2m).

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

	Year to 31 March 2016 $'000	Year to 31 March 2015 $'000
Audit of the Group's annual financial statements	1,959	2,417
Audit of the Company's subsidiaries' financial statements pursuant to legislation	592	789
Audit related assurance services	166	558
Tax compliance services	564	834
Tax advisory services	306	1,382
Other services relating to corporate finance transactions	200	1,017
	3,787	**6,997**

8 . Interests in joint ventures

The Group has equity accounted interests in two joint venture companies through partnerships with 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 2016

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 2016 $'000	At 31 March 2015 $'000
COSL - Expro Testing Services (Tianjin) Co. Ltd ("CETS")	26,725	25,271
PV Drilling Expro International Company Limited ("PVD-Expro")	12,619	13,591
	39,344	**38,862**

CETS

	At 31 March 2016 $'000	At 31 March 2015 $'000
Non-current assets	29,503	30,558
Current assets, including cash and cash equivalents $11.8m (2015: $10.1m)	25,825	30,102
Current liabilities	(5,287)	(9,620)
Equity	**50,041**	**51,040**
Proportion of the Group's ownership	50%	50%
Group's share of JV's equity	25,020	25,520
Goodwill on investment	3,510	3,510
Elimination of intra-group profits	(2,766)	(3,150)
Foreign exchange on net assets in local currency	961	(609)
Carrying amount of the investment	**26,725**	**25,271**

Summarised statement of profit or loss of CETS

	Year to At 31 March 2016 $'000	Year to At 31 March 2015 $'000
Revenue	41,289	70,462
Cost of sales, including depreciation $4.1m (2015: $4.3m)	(27,058)	(39,063)
Administrative expenses	(1,947)	(2,389)
Interest expense	74	(11)
Profit before tax	**12,358**	**28,999**
Income tax expense	(2,774)	(7,181)
Profit for the year	**9,584**	**21,818**
Group's share of profit for the year	**4,792**	**10,909**

Notes to the consolidated financial statements

Year Ended 31 March 2016

8 . Interests in joint ventures (continued)

PVD-Expro

	At 31 March 2016 $'000	At 31 March 2015 $'000
Non-current assets	3,307	3,703
Current assets, including cash and cash equivalents $2.4m (2015: $2.5m)	5,499	9,001
Current liabilities	(1,434)	(2,481)
Equity	**7,372**	**10,223**
Proportion of the Group's ownership	49%	49%
Group's share of JV's equity	3,612	5,009
Goodwill on investment	8,676	8,676
Foreign exchange on net assets in local currency	331	(94)
Carrying amount of the investment	**12,619**	**13,591**

Summarised statement of profit or loss of PVD-Expro:

	Year to 31 March 2016 $'000	Year to 31 March 2015 $'000
Revenue	6,492	11,936
Cost of sales, including depreciation $0.7m (2015: $0.7m)	(3,537)	(6,339)
Administrative expenses	(628)	(530)
Interest income (expense)	(1)	23
Profit before tax	**2,326**	**5,090**
Income tax expense	(516)	(1,084)
Profit for the year	**1,810**	**4,006**
Group's share of profit for the year	**887**	**1,963**

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 $2.9m and $2.4m respectively during the current financial year (31 March 2015: $5.6m and $1.2m, respectively).

Notes to the consolidated financial statements

Year Ended 31 March 2016

9. Net finance cost

Net finance costs consisted of the following during the fiscal years ended 31 March 2016 and 2015.

	Year to 31 March 2016 $'000	Year to 31 March 2015 $'000
Finance Income:		
Bank interest receivable	(65)	(42)
Other interest income	(178)	(156)
Total finance income	**(243)**	**(198)**
Finance Costs:		
Term loan interest	75,331	43,558
Senior secured notes interest	-	38,914
Revolving credit facility interest	3,896	1,038
Mezzanine loan cash settled interest	39,290	45,595
Mezzanine loan payment in kind interest	59,198	65,953
Early repayment charges	-	53,203
Amortisation of financing costs	7,076	38,019
Commitment fees	396	1,686
Finance leases	1,018	1,117
Interest on pension deficit	1,390	1,331
Other finance costs	3,649	740
Total finance costs	**191,244**	**291,154**
Net finance costs	**191,001**	**290,956**

For the year ended 31 March 2016, other finance costs included $6.8m of legal and advisory fees that were incurred in connection with a refinancing transaction to amend the terms and extend the maturity of our mezzanine loan facility (refer to Note 22 for further details). This has primarily been offset by gains due to foreign exchange movements on finance related balances.

During the year ended 31 March 2015 the Group incurred $80m of non-recurring costs due to the early repayment of senior secured notes and partial repayment of our Mezzanine loan. These non-recurring charges included $53m of early repayment fees and $27 million of accelerated amortisation of capitalised loan issuance costs.

Notes to the consolidated financial statements

Year Ended 31 March 2016

10. Tax

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

	Year to 31 March 2016	Year to 31 March 2015
Income tax:	**$'000**	**$'000**
Foreign tax	33,043	39,029
Adjustments in respect of prior periods	(13,461)	(7,900)
Current tax expense	**19,582**	**31,128**
Deferred tax:		
Relating to origination and reversal of timing differences	(14,663)	(25,887)
Deferred tax credit	**(14,663)**	**(25,887)**
Net income tax expense	**4,919**	**5,241**

Consolidated statement of comprehensive income	Year to 31 March 2016 $'000	Year to 31 March 2015 $'000
Net (gain) loss on retirement benefit obligations	299	(3,360)
Income tax charged directly to equity	**299**	**(3,360)**

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

	Year to 31 March 2016 $'000	Year to 31 March 2015 $'000
Loss before tax	(729,060)	(548,693)
Less: Post tax profit from joint-ventures (8)	(5,679)	(12,872)
	(734,739)	**(561,565)**
Tax at the UK corporation tax rate of 20% (31 March 2015: 21%)	(146,948)	(117,929)
Expenses not deductible in determining taxable profit	18,977	19,326
Goodwill impairment	91,772	66,150
Tax losses not utilised and on which no deferred tax asset is recognised	62,718	79,665
Effect of overseas tax rates	1,084	3,854
Deferred tax arising on functional currency differences	-	(12,067)
Losses surrendered outside the consolidated Group	(12,125)	(26,598)
Withholding taxes on dividend income received	822	1,618
Withholding taxes on intercompany transactions	1,489	380
Tax adjustments in respect of prior period	(15,235)	(7,661)
Foreign exchange movements on tax balances	2,365	(1,497)
Tax expense from continuing operations at the effective tax rate of -0.7% (31 March 2015: -0.9%)	**4,919**	**5,241**

Notes to the consolidated financial statements

Year Ended 31 March 2016

11. Goodwill

Cost	**$'000**
At 1 April 2014, 1 April 2015 and 31 March 2016	**2,434,259**
Cumulative impairment	
At 1 April 2014	1,168,527
Impairment Charge	315,002
From 31 March 2015 to 1 April 2015	**1,483,529**
Impairment Charge	450,022
At 31 March 2016	**1,933,551**
Net book value	
At 31 March 2015	950,730
At 31 March 2016	**500,708**

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.

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

	As at 31 March 2016	**As at 31 March 2015**
	$'000	**$'000**
Europe CIS	52,483	185,627
Sub-Saharan Africa	79,966	316,433
North America Offshore	154,270	154,270
CGUs with individually significant goodwill	**286,719**	**656,330**
Other CGUs	213,989	294,400
	500,708	**950,730**

During the previous fiscal year there was a sharp reduction in the oil price as a result of excess supply in the oil market. This reduction in oil price led to a number of the Group's customers cutting their capital budgets and reducing staff levels which in turn led to a reduction in demand for its services. The oil market remained over-supplied during the current fiscal year and the business environment faced by the Group deteriorated further as a result.

This significantly impacted certain CGUs and resulted in impairment charges against goodwill totalling $450.0m being recognised as shown in the above table. The impairment charge shown under the category of other CGUs relates to the Latin American business. In the year to March 2015 total impairment charges against goodwill were $315.0m (Europe CIS $79.7m, Sub Saharan Africa $161.4m and North America Land $73.9m).

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 2016

11. 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 the end of 2018 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 CGUs with individually significant goodwill compared to goodwill as a whole are Europe CIS, Sub-Saharan Africa and North America Offshore. The values for the key assumptions used in the estimation of the recoverable amount for each of these CGUs at 31 March 2016 are set out below:

	Budgeted EBITDA CAGR(12)	Long Term growth rate	Post-tax discount rate
	%	%	%
Europe CIS	13.4	2.5	11.0
Sub-Saharan Africa	6.1	3.0	14.2
North America Offshore	10.5	2.8	10.7
Other CGU's	0.8-43.7	2.5-3.0	10.7-13.2

Sensitivity analysis

The following table sets out the additional impairment charge that would have been recorded for Europe CIS and Sub-Saharan Africa if the impairment analysis had been performed using (i) a 1% point lower budgeted EBITDA CAGR[13], (ii) a 0.5% lower long-term growth rate or (iii) a 0.5% higher discount rate:

	Impact of 1.0% point decrease to EBITDA CAGR[13]	Impact of 0.5% point decrease to long term growth rate	Impact of 0.5% point increase to discount rate
	$'000	$'000	$'000
Europe CIS	29,497	15,637	22,418
Sub-Saharan Africa	15,702	9,713	14,915
	45,199	**25,350**	**37,333**

The recoverable amounts for Europe CIS and Sub-Saharan Africa at 31 March 2016 are set out below:

	31 March 2016 Recoverable amount of CGU
	$'000
Europe CIS	291,301
Sub-Saharan Africa	314,288

For CGUs with individually significant goodwill which have no impairment in the current year (North America Offshore), the main assumption for which a reasonably possible change could result in an impairment being recorded is the level of budgeted EBITDA CAGR. The amount of headroom on this assumption for North America Offshore is 0.7% points. There are no reasonably possible changes in key assumptions that would cause the aggregated carrying value of the other CGUs to be higher than their aggregated 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 2016

12. Intangible assets

The following table summarises the Group's intangible assets as at 31 March 2016 and 2015.

	Customer relationship and contracts $'000	Trademarks $'000	Technology $'000	Software $'000	Total $'000
Cost					
At 1 April 2014	959,764	43,851	217,376	12,782	1,233,773
Additions	-	-	10,471	2,450	12,921
At 1 April 2015	959,764	43,851	227,847	15,232	1,246,694
Additions	-	-	10,321	-	10,321
Disposal	-	-	(2,872)	(3,121)	(5,993)
Reclassification from PPE	-	-	260	14,530	14,790
At 31 March 2016	**959,764**	**43,851**	**235,556**	**26,641**	**1,265,812**
Amortisation and impairment					
At 1 April 2014	(431,037)	(16,973)	(76,300)	(12,632)	(536,942)
Charge for the year	(73,565)	(2,952)	(15,174)	(521)	(92,212)
Impairment		(5,811)	(23,675)	-	(29,486)
At 1 April 2015	(504,602)	(25,736)	(115,149)	(13,153)	(658,640)
Charge for the year	(73,372)	(2,247)	(13,427)	(945)	(89,991)
Impairment	(8,837)	- -	-	-	(8,837)
Reclassification from PPE	-	-	(22)	(11,100)	(11,122)
Disposal	-	-	2,616	3,121	5,737
At 31 March 2016	**(586,811)**	**(27,983)**	**(125,982)**	**(22,077)**	**(762,853)**
Carrying amount					
At 31 March 2015	455,162	18,115	112,698	2,079	588,054
At 31 March 2016	**372,953**	**15,868**	**109,574**	**4,564**	**502,959**

Internally generated intangibles capitalised for the year ended 31 March 2016 amounted to $10.3m (31 March 2015:$10.5m).

Amortisation for the year of $ 90.0m (31 March 2015: $92.2m) 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 $8.8m relating to intangibles in Latin America was recognised as at 31 March 2016.

Notes to the consolidated financial statements

Year Ended 31 March 2016

13. Property, plant and equipment

The following table summarises the Group's property plant and equipment as at 31 March 2016 and 2015.

Cost	Land and buildings $'000	Plant and equipment $'000	Total $'000
At 1 April 2014	32,789	832,111	864,900
Additions	2,220	164,780	167,000
Disposals	(973)	(36,200)	(37,173)
Transfers between categories	8,182	(8,182)	-
Reclassification to inventory	-	(7,193)	(7,193)
At 1 April 2015	42,218	945,316	987,534
Additions	-	64,354	64,354
Disposals	(1,787)	(52,518)	(54,305)
Transfers between categories	433	(433)	-
Reclassification to intangibles	0	(14,790)	(14,790)
Reclassification from inventory	-	33,112	33,112
At 31 March 2016	**40,864**	**975,041**	**1,015,905**
Accumulated depreciation and impairment			
At 1 April 2014	(11,844)	(353,977)	(365,821)
Charge for the year	(4,330)	(110,571)	(114,901)
Impairment	-	(3,561)	(3,561)
Disposals	188	31,514	31,702
At 1 April 2015	(15,986)	(436,595)	(452,581)
Charge for the year	(1,802)	(130,793)	(132,595)
Impairment	-	(26,716)	(26,716)
Disposals	1,518	49,177	50,695
Reclassification to intangibles	-	11,122	11,122
At 31 March 2016	**(16,270)**	**(533,805)**	**(550,075)**
Carrying amount			
At 31 March 2015	26,232	508,721	534,953
At 31 March 2016	**24,594**	**441,236**	**465,830**

Notes to the consolidated financial statements

Year Ended 31 March 2016

13. Property, plant and equipment (continued)

The carrying amount of plant and equipment as at 31 March 2016 includes $35.1m of assets under construction (31 March 2015: $108.3m).

Assets with a net book value of $33.1m were reclassified from work in progress to property, plant and equipment. These assets primarily relate to a production services contract awarded to the Group which was accounted for as a finance lease in the year ended 31 March 2015. Following changes to the terms of the contract in the year ended 31 March 2016, which resulted in the substantial risks and rewards over the equipment being transferred back to the Group, the contract has been accounted for as an operating lease and the equipment acquired to fulfil the contract has been reclassified as part of property, plant and equipment.

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 2016 $'000	At 31 March 2015 $'000
Land and buildings	12,711	14,766
Plant and equipment	478	763
	13,189	**15,529**

The Group had entered into contractual commitments for the acquisition of property, plant and equipment which have an expected capitalised value of $19.8m (31 March 2015: $28.9m).

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 2016, the Group recognised an impairment loss of $26.7m (31 March 2015: $3.6m).

14. Other non-current assets

Other non-current assets consisted of the following at 31 March 2016 and 2015.

	At 31st March 2016 $'000	At 31st March 2015 $'000
Prepayments	3,541	6,280
Other receivables	4,024	2,525
Total other non-current assets	**7,565**	**8,805**

Notes to the consolidated financial statements

Year Ended 31 March 2016

15. Inventories

Inventories consisted of the following at 31 March 2016 and 2015.

	At 31 March 2016 $'000	At 31 March 2015 $'000
Raw materials	660	956
Equipment, spares and consumables	62,575	68,308
Work in progress	3,059	42,643
	66,294	**111,907**
Cost of sold equipment, inventories, materials and consumables	75,196	145,513
Net increase (release) of inventory impairment provisions	(1,924)	469

Work-in-progress at 31 March 2016 included the construction cost of production services equipment to be leased to a customer in our AMENA segment. The commercial agreement under which this asset was to be leased to the customer was finalized in December 2015, at which point the lease was determined to be an operating lease. Accordingly, the production cost related to the equipment of approximately $30.5m were reclassified to property, plant and equipment. The cost of certain ancillary items of equipment related to the contract, for which the substantial risks and reward were assessed to have transferred, was expensed. $2.6m of other inventory items were also reclassified to property, plant and equipment.

Notes to the consolidated financial statements

Year Ended 31 March 2016

16. Trade and other receivables

Trade and other receivables consisted of the following at 31 March 2016 and 2015.

	At 31 March 2016 $'000	At 31 March 2015 $'000
Trade receivables	195,671	236,902
Impairment provision	(18,720)	(11,066)
	176,951	225,836
Accrued income	69,345	105,009
Prepayments	18,956	22,546
Other receivables	23,717	24,161
	288,969	**377,552**

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

	At 31 March 2016 $'000	At 31 March 2015 $'000
At 1 April	11,066	9,236
Provision provided during the year	9,815	5,337
Amounts recovered against debts, previously provided for	(918)	(844)
Amounts written off, previously provided for	(1,297)	(2,663)
Foreign exchange movements	54	-
At 31 March	**18,720**	**11,066**

The provision for impairment primarily relates to a long overdue debt arising from a production services contract in Sub-Saharan Africa. The impairment resulted from operational issues on the field development which led to the customer becoming financially distressed. The remainder of the provision relates to a number of other specific debts where full recovery has been deemed unlikely.

The ageing analysis of un-impaired and past due trade receivables is as follows:

	At 31 March 2016 $'000	At 31 March 2015 $'000
Less than 90 days past due	73,130	82,986
91 -180 days past due	14,467	10,241
181-360 days past due	21,339	22,254
Over 360 days past due	20,455	2,055
	129,391	**117,536**

Trade receivable and accrued income balances at 31 March 2016 include $40.7 million that relates to milestone invoices on construction contracts for the provision of early production facilities for use in Venezuela. We have experienced delays in collecting payment for these receivables which has led to an increase in the aging profile of our receivable balance. These receivables are denominated in US Dollars, are not disputed and we have not historically had any material write-offs relating to these contracts. We expect the receivables to be collected in full as the construction contracts progress to completion and the production facilities are delivered.

Notes to the consolidated financial statements

Year Ended 31 March 2016

17. Restricted cash

Restricted cash consisted of the following at 31 March 2016 and 2015.

	At 31 March 2016 $'000	At 31 March 2015 $'000
Cash held for contractual commitments	1,913	1,551
Total	**1,913**	**1,551**

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 2016 cash held for these types of contractual commitments was $1.9m (31 March 2015: $1.6m).

18. Trade and other payables

Trade and other payables consisted of the following at 31 March 2016 and 2015.

	At 31 March 2016 $'000	At 31 March 2015 $'000
Trade payables	55,693	118,877
Accrued interest	57,327	24,579
Other accruals	64,057	111,763
Deferred income	16,346	20,769
Other tax and social security	12,901	14,745
Other payables	15,332	5,626
	221,656	**296,359**

Notes to the consolidated financial statements

Year Ended 31 March 2016

19 . 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 2016 $'000	Future finance charges 31 March 2016 $'000	Present value of lease payments 31 March 2016 $'000	Minimum lease payments 31 March 2015 $'000	Future finance charges 31 March 2015 $'000	Present value of lease payments 31 March 2015 $'000
Leases expiring						
Within one year	2,570	(670)	1,900	2,822	(939)	1,883
In the second to fifth years inclusive	8,079	(1,996)	6,083	9,557	(3,097)	6,460
After five years	8,363	(1,667)	6,696	10,123	(1,858)	8,265
	19,012	**(4,333)**	**14,679**	**22,502**	**(5,894)**	**16,608**
Included in current liabilities			1,900			1,883
Included in non-current liabilities			12,779			14,725
			14,679			**16,608**

20. 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 ninety two years.

	Year to 31 March 2016 $'000	Year to 31 March 2015 $'000
Minimum operating lease payments recognised as an expense	70,990	95,647

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 2016 $'000	At 31 March 2015 $'000
Within one year	13,830	17,151
In the second to fifth years inclusive	27,493	23,474
After five years	20,815	14,813
	62,138	**55,438**

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Year Ended 31 March 2016

21. Provisions

Provisions consisted of the following at 31 March 2016 and 2015.

	Deferred and contingent consideration	Restructuring provision	Taxation related provisions [14]	Legal and other provisions	Total
	$'000	$'000	$'000	$'000	$'000
At 1 April 2014	**674**	**-**	**9,401**	**1,030**	**11,105**
Increase	245	8,943	1,042	69	10,299
Payments or amounts utilised	(335)	(5,954)	(315)	(221)	(6,825)
Release	(95)	(72)	(452)	(875)	(1,494)
Foreign exchange difference	(64)	9	(669)	(3)	(727)
At 31 March 2015	**425**	**2,926**	**9,007**	**-**	**12,358**
Increase	-	19,089	1,427	2,784	23,300
Payments or amounts utilised	(90)	(18,515)	(1,958)	(1,779)	(22,342)
Release	(68)	(209)	(2,933)	-	(3,210)
Foreign exchange difference	(1)	66	73	(114)	24
At 31 March 2016	**266**	**3,357**	**5,616**	**891**	**10,130**
Included in current liabilities	91	2,503	5,616	-	8,210
Included in non-current liabilities	175	854	-	891	1,920
	266	**3,357**	**5,616**	**891**	**10,130**

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 2016 (31 March 2015: 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 31 March 2016 and costs incurred during the period primarily relate to severance obligations as a result of the Group's head count reduction program.

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 2016 relates to a dilapidations liability for a leased facility.

[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 2016

22 . Interest bearing loans

Our long-term debt consisted of the following at 31 March 2016 and 2015.

	Effective interest rate %	Full Maturity date	At 31 March 2016 $'000	At 31 March 2015 $'000
Term loan				
Principal	USD LIBOR + 4.75%	2-Sep-2021	1,280,500	1,293,500
Original issue discount			(15,868)	(18,307)
Transaction costs			(15,366)	(17,624)
Total Term loan facility			**1,249,266**	**1,257,569**
Mezzanine loans				
Mezzanine loan Class A	USD LIBOR + 10.75%	15-Jul-18	397,910	980,810
Mezzanine loan Class B	USD LIBOR + 12.75%	14-Dec-21	346,270	-
Transaction costs			(7,145)	(9,196)
Total Mezzanine loan facility			**737,035**	**971,614**
Revolving credit facility				
Revolving credit facility	USD LIBOR + 3.0%	02-Sep-19	70,000	160,000
Transaction costs			(861)	(1,107)
Total Revolving credit facility			**69,139**	**158,893**
Total interest bearing loans			**2,055,440**	**2,388,076**

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 is linked to the repayment of the Mezzanine loan facility.

The Term loan bears interest at a rate of USD LIBOR plus 4.75% per annum and is subject to a LIBOR floor of 1%. The proceeds of this new facility were used to fully repay the Senior Secured Notes issued during 2009 and 2013 and to make a $115.8m partial repayment of the Mezzanine loan facility.

The Term loan contains certain financial and non-financial covenants. We were in compliance with these covenants at 31 March 2016.

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 which accrued to the principal ("PIK"). The facility was partially repaid in September 2014 using proceeds of the Term loan as described above with the remaining balance being repayable at maturity in July 2018.

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 repay our Mezzanine loan facility (including $4.6m of accrued interest). The final amount raised under the rights issue was dependent upon the proportion of mezzanine lenders who elected to extend the maturity of their commitments under the Mezzanine loan facility, thereby being paid down in part.

Notes to the consolidated financial statements

Year Ended 31 March 2016

22 . Interest bearing loans (continued)

Mezzanine lenders who accepted the partial repayment terms ("Class B – Extending Lenders") received an increase in PIK interest from 6.5% to 8.5% and agreed to an extension of the maturity date from July 2018 to December 2021.

Each Class B (Extending) Lender had approximately 45% of their commitment repaid on 31 July 2015. The PIK interest and maturity date will remained unchanged for mezzanine lenders that did not accept the partial repayment terms ("Class A – Non-Extending Lenders"). Non-Extending Lenders did not receive a partial repayment of their commitment and their loans are repayable on the original maturity date.

The Mezzanine loan facility contains certain financial and non-financial covenants. Covenants for Mezzanine Class A and B are the same. As part of the Amend and Extend transaction, all Mezzanine lenders agreed to amend certain financial covenants. In addition, certain financial covenants were waived up to and including 31 December 2016. We will next have to test and certify these amended financial covenants for the fiscal quarter ending 31 March 2017.

Revolving credit facility

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

As of 31 March 2016, an engagement line of $25.3m related to bonds and guarantees was carved out of the lenders $175m commitment.

The RCF contains certain financial and non-financial covenants. We were in compliance with these covenants at 31 March 2016. As of 31 March 2016, amounts drawn under this facility were $70m with $79.7m still available for future drawings, which are subject to potential limitations, financial covenants and cross-default clauses with other debt.

Substantially all of the assets in which we hold an ownership interest are encumbered or have been pledged as collateral for our existing indebtedness.

Covenants

We are subject to financial and non-financial covenants on our mezzanine loan, term loan and revolving credit facility. During the period under review and at 31 March 2016, we were in compliance with all relevant covenants, and we continue to closely monitor these covenants against financial projections. Certain financial covenants related to the mezzanine loan were amended as part of the Amend and Extend transaction. The amended covenants were also waived until 31 March 2017.

Notes to the consolidated financial statements
Year Ended 31 March 2016

22 . Interest bearing loans (continued)

Maturity Dates for Interest Bearing Loans

The maturity dates for our interest bearing loans are as follows:

Loan	Earliest Maturity Date	Full Maturity Date
Term loan	15 January 2018, being six months before the maturity of the Mezzanine Class A debt.	2 September 2021 or six months before maturity of any outstanding Mezzanine debt
Mezzanine Class A	15 July 2018	15 July 2018
Mezzanine Class B	14 December 2021	14 December 2021
Revolving credit facility	15 October 2017, being nine months before the maturity of the Mezzanine Class A debt.	2 September 2019 or nine months before maturity of any outstanding Mezzanine debt

Our borrowings have a “springing” maturity such that the maturity of the loans is tied to the repayment or refinancing of our Mezzanine loans. The earliest maturity dates for the Term loan and Revolving credit facility are six and nine months, respectively, before the maturity of the Mezzanine class A loan. Once the Mezzanine Class A loan is repaid or refinanced, the maturity of the Term loan and Revolving credit facility “springs” forward to the full maturity dates as specified in the table above. The Revolving credit facility contains certain cross default clauses with other debt

Collateral
The Group’s debt is secured in favour of the lenders by way of direct charges over material assets and Intellectual property; share pledges over all material subsidiaries and guarantees from all material subsidiaries. This security is provided in favour of HSBC, as “Collateral Agent“ to our lenders. The agreed security principals and obligations are set out in our loan documentation and we were in compliance with these obligations at the reporting date.

Notes to the consolidated financial statements

Year Ended 31 March 2016

23 . Derivative financial instruments

The Group uses currency swaps as part of its currency risk management program to hedge 90% of its short term balance sheet exposure related to GBP. At the reporting date, the foreign exchange swaps held mature within the next 12 months. The Group has not adopted hedge accounting for these derivative hedges, with gains and losses being expensed each month.

At 31 March 2016 the notional value of the Group's currency swaps was $12.6m (March 2015: $59.0m).

At 31 March 2016 the fair value asset of the currency swap recognised in the balance sheet, within other receivables, was $0.1m (2015: liability of $0.9m). A gain of $3.4m was recorded in operating expenses in respect of the currency swaps (March 2015: $6.2m loss).

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 2014	**13,447**	**47,969**	**6,494**	**(165,813)**	**(655)**	**(98,558)**
Credit (charge) to income statement – current year	(6,715)	20,901	(785)	29,686	(17,200)	25,887
Credit to other comprehensive income	-	-	3,360	-	-	3,360
Foreign exchange differences	309	(22)	(117)	-	(51)	119
At 31 March 2015	**7,041**	**68,848**	**8,952**	**(136,127)**	**(17,906)**	**(69,192)**
Re-allocation of opening balances						
Credit (charge) to income statement – current year	(3,147)	(8,061)	115	26,614	(809)	14,711
Credit to other comprehensive income	-	-	(299)	-	-	(299)
Transfer from current tax	-	-	-	-	(145)	(145)
Foreign exchange differences	72	(4)	(55)	-	(12)	1
At 31 March 2016	**3,966**	**60,783**	**8,713**	**(109,513)**	**(18,872)**	**(54,924)**

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

	At 31 March 2016 $'000	At 31 March 2015 $'000
Deferred tax assets	54,709	67,146
Deferred tax liabilities	(109,633)	(136,338)
	(54,924)	**(69,192)**

Notes to the consolidated financial statements

Year Ended 31 March 2016

24. Deferred (tax continued)

At the reporting date, the Group has unused tax losses of $2,182.5m (31 March 2015: $2,058.7.0m) available for offset against future profits. A deferred tax asset has not been recognised in respect of losses of $1,967.1m (31 March 2015: $1,831.6m) due to the unpredictability of future profit streams. Of these losses, $1,624.5m (31 March 2015: $1,544.0m) are UK losses and have no expiry date.

Included within the business combinations total of $109.5m above is an amount of $105.4m (31 March 2015: $130.9m) relating to the deferred tax arising on the fair value adjustment following the acquisition of Expro International Group PLC and also $4.1m (31 March 2015: $5.2m) arising from the acquisition of the PTI business.

We have not provided for UK income taxes and foreign withholding taxes on the undistributed earnings of foreign subsidiaries as of 31 March 2016 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 2016 the cumulative amount of earnings upon which UK income taxes have not been provided is approximately $537.5m (31 March 2015: $543.9m).

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Year Ended 31 March 2016

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 are based on the most recently observed market price at the reporting date.
- The revolving credit facility is a first lien debt with the shortest maturity and so the fair value is considered to be equal to the principal amount drawn down on the borrowing facility.

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

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

	Carrying amount At 31 March 2016 $'000	Carrying amount At 31 March 2015 $'000	Fair value At 31 March 2016 $'000	Fair value At 31 March 2015 $'000
Financial assets				
Trade and other receivables *	274,037	357,531	274,037	357,531
Cash and short term deposits	77,851	182,708	77,851	182,708
	351,888	**540,239**	**351,888**	**540,239**
Financial liabilities				
Obligations under finance leases	14,679	16,608	14,679	16,608
Term Loan	1,249,266	1,257,569	787,508	1,072,078
Mezzanine loans	737,035	971,614	409,300	891,896
Revolving credit facility	69,139	158,893	70,000	160,000
Trade and other payables **	198,533	270,362	198,533	270,362
Provisions	10,130	12,358	10,130	12,358
	2,278,782	**2,687,404**	**1,490,150**	**2,423,302**

* Excludes prepayments

** The trade and other payable balance excludes deferred income and taxes payable. 31 March 2016 includes $0.1m (shown within other receivables) of currency swaps held at fair value (2015: $0.9m).

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.

The Group uses currency swaps, to off-set potential translational foreign exchange gains or losses on its net GBP monetary liability. Please refer to Note 23 for further details.

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Year Ended 31 March 2016

25. Financial instruments (continued)

Interest rate risk

The Group's Term loan, Mezzanine loan facility and Revolving credit facility have variable interest rates exposing the Group to variability in interest expense and cash flows. Any change in the U.S. Dollar Libor Rate would impact the Group's cost of borrowing under these facilities. The Group's Term Loan is subject to a Libor Floor of 1%. At current market rates, the effect of this floor reduces sensitivity of rises in Libor rates up to 1%. The Group would not obtain any benefit from reductions in Libor below 1%. It is also assumed that the Group would not receive any benefit from a fall in Libor rates below 0% on any of its floating rate obligations.

Sensitivity analysis – interest rate risk

For each one hundred basis point rise in the U.S. Dollar Libor interest rate in which the Group had borrowings at 31 March 2016 there would have been an increase in interest costs of approximately $16.2m (31 March 2015 $14.9m). For each one hundred basis point fall in the U.S. Dollar Libor interest rate in which the Group had borrowings at 31 March 2016 there would have been an decrease in interest costs of approximately $5.1m (31 March 2015 $3.1m).

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.

As set out in note 16, the Group's trade receivable and accrued income balances at 31 March 2016 include $40.7 million for construction contracts for the provision of early production facilities for use in Venezuela, where we have experienced delays in collecting payment. The amounts owed in respect of these contracts represent 16.6% of our total trade receivable and accrued income balance and the slow collection has resulted in an overall increase in the aging of our receivable balance. Amounts due primarily relate to milestone invoices on in-progress construction contracts and full collection is expected as these contracts progress to completion and equipment is delivered. The future collection of these receivables may be affected by many factors, including actions of the Venezuelan government, general economic conditions and future customer payments and spending. With the exception of these receivables, concentration of credit risk with respect to trade receivables is limited and the Group's customer base is large and unrelated.

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's loans are sufficient to meet projected borrowing requirements, with sufficient headroom to protect against variability of cash flows. Key ratios are monitored on a historical and forward looking basis, to ensure both continued compliance with covenants included in the borrowing facility agreement and that the Group has adequate liquidity to meet its contractual obligations as they fall due. There were no breaches of covenants during either the current or comparative period. Cash balances are held in a number of currencies, in order to meet the Group's immediate operating and administrative expenses and to comply with local currency regulations.

Notes to the consolidated financial statements

Year Ended 31 March 2016

25. Financial instruments (continued)

Liquidity risk – contractual undiscounted cash flows

The table below summarises the maturity profile of the Group's financial liabilities as at 31 March 2016 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
Term loan principal	13,000	52,000	1,215,500	1,280,500
Mezzanine loan class A principal	-	468,057	-	468,057
Mezzanine loan class B principal	-	-	570,149	570,149
Revolving credit facility	-	70,000	-	70,000
Interest on loans	115,764	448,180	100,517	664,461
Trade, other payables	192,409	6,124	-	198,533
Provisions	8,210	1,920	-	10,130
Finance leases	2,570	8,079	8,363	19,012
At 31 March 2016	**331,953**	**1,054,360**	**1,894,529**	**3,280,842**
Term loan principal	13,000	52,000	1,228,500	1,293,500
Mezzanine loan class A principal	-	1,229,330		1,229,330
Mezzanine loan class B principal	-	-	-	-
Revolving credit facility	-	160,000	-	160,000
Interest on loans	117,902	487,927	124,798	730,627
Trade, other payables	260,843	9,519	-	270,362
Provisions	11,952	406	-	12,358
Finance leases	2,822	9,557	10,123	22,502
At 31 March 2015	**406,519**	**1,948,739**	**1,363,421**	**3,718,679**

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

Future principal payments

The maturity dates for the term loan and RCF borrowings are linked to the repayment of the Mezzanine loan such that the maturity of the loans are due in full six or nine months, respectively, before maturity date of our mezzanine loan (15 July 2018) or any loan used to refinance the Mezzanine loan if this date is prior to the extended contracted maturity date of the TLB (2 September 2021) or RCF (2 September 2019).

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 EIGHL) has the remit to review all major policy and control areas on a rolling audit cycle.

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

26. Other non-current liabilities

Other non-current liabilities consisted of the following at 31 March 2016 and 2015.

	At 31st March 2016	At 31st March 2015
	$'000	$'000
Deferred income	-	1,079
Other payables	6,124	9,519
Total other non-current liabilities	**6,124**	**10,598**

Notes to the consolidated financial statements
Year Ended 31 March 2016

27. Share capital

The following table summarises total shares and share capital outstanding.

	At 31 March 2015		At 31 March 2016	
	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	1,000	1	333,282,666	333,283

On 31 July, 2015 EHUK3 Ltd issued 333,281,666 ordinary shares of $1 at par. The consideration for these shares was settled by $333.3 million of cash, of which $282.6 million was used to repay the Mezzanine loan facility.

Notes to the consolidated financial statements

Year Ended 31 March 2016

28. Defined benefit 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 $14.9m (31 March 2015: $16.9m).

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 given the option of joining the Group's existing defined contribution pension scheme ("DC scheme").

The closure of the DB scheme in the UK during fiscal 2016 triggered a curtailment loss of approximately $4.1m, which was recorded within other expenses.

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 pensions secured to date, and an annual valuation of the scheme amends the contribution rate each year. Two of the three Norwegian schemes were closed in August 2015.

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 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 2016

28. Defined benefit 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 2016	At 31 March 2015
Discount rate	3.40%	3.20%
Expected rate of salary increases	0.20%	0.20%
Allowance for pension payment increases	2.70%	2.70%

The mortality assumptions adopted at 31 March 2016 imply the following life expectancies:

	At 31 March 2016 Remaining years	At 31 March 2015 Remaining years
Males currently aged 40	46	46
Females currently aged 40	48	48
Males currently aged 65	22	22
Females currently aged 65	24	24

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 $4.7m increase in the gross pension liability and that a 0.1 percentage point increase in the inflation rate would lead to a $3.1m 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 2016

28. Defined benefit 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 2016 $'000	Year to 31 March 2015 $'000
Current service cost	(3,520)	(3,294)
Interest on net liability	(1,389)	(1,331)
Plan amendments	(2,385)	-
Income statement	**(7,294)**	**(4,625)**
Re-measurement losses	(2,790)	(16,361)
Other comprehensive loss	**(2,790)**	**(16,361)**
Total comprehensive loss	**(10,084)**	**(20,986)**

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 the curtailment cost incurred as a result of the closure of the UK scheme to new accrual and settlement costs that arose on the closure of schemes in Norway. 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 2016 $'000	Year to 31 March 2015 $'000
Remeasurement gain (loss) on assets	(11,427)	20,530
Remeasurement gain (loss) on liabilities	8,637	(36,891)
Remeasurement gain (loss) on defined benefit schemes	**(2,790)**	**(16,361)**

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 2017	3,438
Year to 31 March 2018	3,451
Year to 31 March 2019	3,464
Year to 31 March 2020	3,478
Year to 31 March 2021	3,492
5 years to 31 March 2026	17,672
	34,995

Notes to the consolidated financial statements

Year Ended 31 March 2016

28. Defined benefit 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 2016 $'000	At 31 March 2015 $'000
Present value of defined benefit obligations	(233,903)	(248,208)
Fair value of scheme assets	186,098	204,883
Deficit recognised under non-current liabilities	**(47,805)**	**(43,325)**

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

	Year to 31 March 2016 $'000	Year to 31 March 2015 $'000
At 1 April 2015	(248,208)	(235,840)
Current service cost	(3,520)	(3,294)
Interest cost	(7,769)	(9,943)
Contributions from scheme members	(649)	(656)
Remeasurement gains (losses)	8,637	(36,891)
Exchange difference	6,473	32,037
Plan amendments	1,133	-
Benefits paid	10,000	6,379
At 31 March 2016	**(233,903)**	**(248,208)**

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

	Year to 31 March 2016 $'000	Year to 31 March 2015 $'000
At 1 April 2015	204,883	204,440
Interest on scheme assets	6,380	8,612
Remeasurement gains (losses)	(11,427)	20,530
Exchange difference	(4,734)	(26,915)
Contributions from the sponsoring companies	3,865	3,939
Contributions from scheme members	649	656
Plan amendments	(3,518)	-
Benefits paid	(10,000)	(6,379)
At 31 March 2016	**186,098**	**204,883**

The actual return on scheme assets consists of the following:

	Year to 31 March 2016 $'000	Year to 31 March 2015 $'000
Expected return on scheme assets	6,380	8,612
Remeasurement gain (loss) on scheme assets	(11,427)	20,530
Actual return on scheme assets	**(5,047)**	**29,142**

Notes to the consolidated financial statements

Year Ended 31 March 2016

28. Defined benefit 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, 70% of the assets are invested in a growth portfolio, comprising diversified growth funds (“DGFs”) and property, and 30% 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 2016			
$'000	Level 1	Level 2	Level 3	Total
Mutual Funds				
Equity funds	105,746	-	-	105,746
Bond funds	27,910	-	-	27,910
Liability driven investment funds	26,498	-	-	26,498
Property funds	10,238	-	-	10,238
Equities	142	-	-	142
Bonds	1,861	-	-	1,861
Other assets	-	308	13,395	13,703
	172,395	308	13,395	**186,098**

	Fair value of assets at 31 March 2015			
$'000	Level 1	Level 2	Level 3	Total
Mutual Funds				
Equity funds	117,619	-	-	117,619
Bond funds	34,138	-	-	34,138
Liability driven investment funds	22,189	-	-	22,189
Property funds	9,621	-	-	9,621
Equities	424	-	-	424
Bonds	2,605	-	-	2,605
Other assets	-	3,563	14,724	18,287
	186,596	3,563	14,724	**204,883**

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 2016

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 2016 and 2015.

	Year to 31 March 2016 $'000	Year to 31 March 2015 $'000
Adjustments:		
Amortisation of intangible asset	89,991	92,212
Impairment of goodwill	450,022	315,002
Impairment of intangible assets	8,837	29,486
Depreciation of property, plant and equipment	132,595	114,901
Impairment of property, plant and equipment	26,716	3,561
Loss on disposal of property, plant and equipment	2,480	4,644
Elimination of unrealised profit on sales to joint ventures	408	1,440
Post tax share of results from joint ventures	(5,679)	(12,872)
Unrealised foreign exchange	4,961	(5,159)
Non-cash items	**710,331**	**543,215**

Notes to the consolidated financial statements

Year Ended 31 March 2016

30 . 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	Interest charged to related party $'000	Amounts owed by related party $'000
The Investors	Ultimate owner	-	387	-	-
Umbrellastream Ltd Partnership Inc.	Ultimate parent company	-	-	229	2,402
Expro International Group Holdings Limited	Company under common control	-	-	-	2,660
Expro Holdings UK 2 Limited	Company under common control	-	-	-	1
CETS	Joint venture	3,167	-	-	217
PVD-Expro	Joint venture	1,142	-	-	1,186
31 March 2016		**4,309**	**387**	**229**	**6,466**
The Investors	Ultimate owner	-	406	-	-
Goldman Sachs International	Other related entity	-	2,975	-	-
Umbrellastream Ltd Partnership Inc.	Ultimate parent company	-	-	156	1,738
Expro International Group Holdings Limited	Company under common control	-	-	-	2,686
Expro Holdings UK 2 Limited	Company under common control	-	-	-	1
CETS	Joint venture	10,588	-	-	1,068
PVD-Expro	Joint venture	2,632	-	-	1,250
31 March 2015		**13,220**	**3,381**	**156**	**6,743**

Notes to the consolidated financial statements

Year Ended 31 March 2016

30 . Related party transactions (continued)

Transactions with the Investors

The Investors is a consortium comprising of funds managed or advised by Arle Capital Partners, together with Goldman Sachs Capital Partners and AlpInvest Partners N.V. The costs charged to the Group are the directors' fees of the Investor-nominated directors of, and board observers connected to, Expro International Group Holdings Ltd, the Company's principal holding company. This is in accordance with the terms of the Consortium Deed between the Company's subsidiary Expro Holdings UK 4 Ltd and the Investors, originally dated 16 April 2008. The Group also incurred advisory fees of $3.0m from Goldman Sachs International in connection with our financing activities during the year to 31 March 2015.

Transactions with Umbrellastream Ltd Partnership Inc

The amount owed by Umbrellastream Ltd Partnership Inc. ("ULPI") is the balance due under the loan agreements whereby the Group funds the administrative costs relating to ULPI. These loans attract interest annually and are repayable at least one year after the repayment of senior facilities and the mezzanine facilities agreements to which the Group's subsidiary Expro Holdings UK 4 Ltd is a party.

Transactions with Expro International Group Holdings Limited, and Expro Holdings UK 2 Limited

The transactions between the Group and these related parties represent recharges of costs which the Group has paid on their behalf.

Transactions with CETS and PVD-Expro

At 31 March 2016, 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 2016 and 31 March 2015.

31 . 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

Year Ended 31 March 2016

	Note	31 March 2016 $'000	31 March 2015 $'000
Non-current assets			
Investments	4	-	539,098
		-	**539,098**
Current assets			
Other receivables	5	-	25
Amounts due from related parties	6	2,402	1,738
Cash		5	-
		2,407	**1,763**
Current liabilities			
Other payables	7	(8,194)	(3,111)
Amounts due to related parties	8	(38,847)	(70,976)
		(47,041)	**(74,087)**
Total assets less current liabilities		**(44,634)**	**466,774**
Equity			
Share capital	9	333,283	1
Accumulated Profit (loss)		(377,917)	466,773
Shareholders' funds		**(44,634)**	**466,774**

The financial statements were approved by the Board of Directors and authorised for issue on 27 May 2016. They were signed on behalf of the Board by:

Mike Jardon
Director

Jean Vernet
Director

Company's statement of changes in equity

Year Ended 31 March 2016

Year Ended 31 March 2016	Share capital $'000	Accumulated profit $'000	Total $'000
At 1 April 2015	1	466,773	466,774
Share capital issued	333,282	-	333,282
Loss for the year	-	(844,690)	(844,690)
At 31 March 2016	**333,283**	**(377,917)**	**(44,634)**
Year Ended 31 March 2015			
At 1 April 2014	1	1,619,065	1,619,066
Loss for the year	-	(1,152,292)	(1,152,292)
	1	**466,773**	**466,774**

Notes to the Company's financial statements

Year Ended 31 March 2016

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 they apply to the financial statements of the Company for the year ended 31 March 2016, and (ii) the Companies Act 2006.

The directors have made an assessment of the Group's resources under their control and have determined that they have adequate resources to pay their liabilities as they fall due for a period of no less than twelve months from the point of approval of these financial statements. As such, these financial statements have abeen 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.

For all the periods presented, the Company transitioned from previously extant United Kingdom Generally Accepted Accounting Practice (UKGAAP) to FRS 101. Transition reconciliations showing all material adjustments are disclosed in Note 10.

As this is the first time that the Company has adopted FRS 101, it has elected to use the UKGAAP carrying amount at the transition date as the deemed cost at that date for its investment in subsidiaries.

Being a parent entity preparing publicly available consolidated financial statements, 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 requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS1;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- 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 paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement

As part of the transition to FRS 101, the company has early applied Companies Act amendments to FRS101 which enables the presentation to be consistent with IFRS. The Company has adopted the presentation requirements of IAS 1 'Presentation of Financial Statements' in respect of the statement of financial position.

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 2016

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 Notes 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.

Capital management
As a holding company, capital management is part of the group's overall capital management strategy. The group's objectives, policies and processes for managing capital are disclosed in Note 25 to the consolidated financial statements.

Notes to the Company's financial statements

Year Ended 31 March 2016

2.3 Summary of significant accounting policies

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.

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.

Cash

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

Notes to the Company's financial statements
Year Ended 31 March 2016

2.3 Summary of significant accounting policies (continued)

Receivables
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 receivables approximates to amortised cost. Provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

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.

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 $844.7m (31 March 2015: loss of $1,152.3m). There is no difference between the loss for the year and the total comprehensive loss for the year.

The remuneration of the Company's directors and the remuneration of the highest paid director of the Company are disclosed in Note 6 to the consolidated financial statements.

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

Notes to the Company's financial statements
Year Ended 31 March 2016

4. Investments

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

	At 31 March 2016 $'000	At 31 March 2015 $'000
Carrying value brought forward	539,098	1,674,276
Additions	282,620	3,045
Impairment	(821,718)	(1,138,223)
Total	**-**	**539,098**

The carrying value brought forward as at 1 April 2014 in the table above represents the carrying value of the investments under previous UK GAAP at the transition date. A net reduction of $2,698.8m has been recorded against the initial carrying value in arriving at the UK GAAP carrying value at the transition date.

During the year ended 31 March 2016, the Company subscribed to additional shares in Expro Holdings UK 4 Limited, one of its subsidiaries, increasing the Company's investments by $282.6m.

During the previous fiscal year there was a sharp reduction in the oil price as a result of excess supply in the oil market. This reduction in oil price resulted in oil and gas companies cutting their capital budgets and reducing staff levels which in turn led to a reduction in demand for the services of the Company's subsidiaries. The oil market remained over supplied during the current fiscal year which resulted in a further deterioration in the business environment. This further impacted the fair value of the Company's subsidiaries and resulted in an impairment charge against the Company's investment in these subsidiaries which totalled $821.7m (March 2015: $1,138.2m).

Notes to the Company's financial statements
Year Ended 31 March 2016

4. Investments (continued)
A list of the Company's subsidiaries at 31 March 2016 is set out below.

Name of subsidiary	**Place of incorporation and ownership (or registration)**
Expro Argentina, Srl	Argentina
Expro Group Australia Pty Ltd*	Australia
Expro Holdings Australia 1 Pty Ltd	Australia
Expro Holdings Australia 2 Pty Ltd	Australia
Expro Do Brasil Servicos Ltda	Brazil
Expro Do Brasil Propriedades Ltda	Brazil
Expro (B) SDN BHD	Brunei Darussalam
Expro Group Canada Inc	Canada
Expro Petroleum Equipment Technology (Beijing) Ltd Co.	China
Expro Gulf Ltd*	Cyprus
Expro Egypt LLC	Egypt
Expro Equatorial Guinea Ltd	Equatorial Guinea
Expro Gabon Sarl	Gabon
Expro Oilfield Services Ghana Ltd	Ghana
Expro International Ltd	Guernsey
PT Expro Indonesia	Indonesia
PT Power Well Services Indonesia	Indonesia
Expro Italiana Srl	Italy
Expro Bondco SA**	Luxembourg
Expro Finance Luxembourg SCA***	Luxembourg
Expro FinServices Sàrl**	Luxembourg
AS Petrotech Knowledge (Malaysia) Sdn Bhd	Malaysia
Expro Group Malaysia SDN BHD	Malaysia
Expro Oilfield Services SDN BHD	Malaysia
Exprotech (Malaysia) SDN BHD	Malaysia
Expro Servicios S de RL de CV	Mexico
Expro Tool S de RL de CV	Mexico
Expro International BV	Netherlands
Expro Worldwide BV*	Netherlands
Petrotech BV	Netherlands
Ecodrill Nigeria Ltd	Nigeria
Exprotech Nigeria Ltd	Nigeria
PWSH Nigeria Ltd	Nigeria
Expro Holdings Norway AS	Norway
Expro Norway AS	Norway
Petrotech AS*	Norway
Expro Overseas Inc*	Panama
Expro Trinidad Ltd	Trinidad and Tobago
Exploration and Production Services (Holdings) Ltd	UK
Expro Benelux Ltd	UK
Expro Eurasia Ltd*	UK
Expro Holdings UK 4 Ltd**	UK
Expro International Group Ltd	UK
Expro North Sea Ltd*	UK
Expro Overseas Ltd	UK
Expro Resources Ltd*	UK
Expro Americas, LLC	USA
Expro Holdings US Inc	USA
Expro Meters, Inc.	USA
Expro US Holdings, LLC	USA
Expro US Finco LLC**	USA

* 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.

Notes to the Company's financial statements

Year Ended 31 March 2016

4. Investments (continued)

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.

5. Other receivables

The following table is an analysis of the Company's other receivables as at 31 March 2016 and 31 March 2015.

	At 31 March 2016 $'000	At 31 March 2015 $'000
Other receivables	-	25
	-	**25**

6. Amounts due from related parties

The following table is an analysis of the Company's amounts due from related parties as at 31 March 2016 and 31 March 2015.

	At 31 March 2016 $'000	At 31 March 2015 $'000
Structural loan	2,402	1,738
	2,402	**1,738**

The amount is due from Umbrellastream Ltd Partnership Inc. ("ULPI") under the loan agreements whereby the Group funds the administrative costs relating to ULPI. These loans attract interest annually and are repayable at least one year after the repayment of senior facilities and the mezzanine facilities agreements to which the Company's subsidiary Expro Holdings UK 4 Ltd is a party.

7. Other payables

The following table is an analysis of the Company's other payables as at 31 March 2016 and 31 March 2015.

	At 31 March 2016 $'000	At 31 March 2015 $'000
Other payables	8,194	3,111
	8,194	**3,111**

Notes to the Company's financial statements
Year Ended 31 March 2016

8. Amounts due to related parties

The following table is an analysis of the Company's amounts due to related parties as at 31 March 2016 and 31 March 2015.

	At 31 March 2016 $'000	At 31 March 2015 $'000
Current account	37,019	69,672
Structural loan	1,828	1,304
	38,847	**70,976**

During the year ended 31 March 2015, all companies within the Group, including the Company, entered into an Intercompany Netting Agreement. This agreement gives the Company the legal right to settle its trading intercompany balances on a net basis with Exploration and Production Services (Holdings) Limited ("EPSH"), an indirect subsidiary, unless specific loan agreements are in place.

The current account balance due to EPSH results from trading and other current activities on which no interest is charged and is repayable in demand.

The structural loan due to related parties represents loans issued to the Company by another company within the Group for financing purposes. Interest is charged on these loans on an arms-length basis and the loans are repayable according to the terms of the governing loan agreements.

9. Share capital

The following table is an analysis of the Company's share capital as at 31 March 2016 and 31 March 2015.

	At 31 March 2016 Thousands	At 31 March 2015 Thousands	At 31 March 2016 $'000	At 31 March 2015 $'000
Allotted, called up and fully paid				
Ordinary shares of $1 each	333,283	1	333,283	1

All ordinary shares issued have the same rights.

Notes to the Company's financial statements

Year Ended 31 March 2016

10. Transition to FRS 101

For all the periods up to and including the year ended 31 March 2015, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice ("UK GAAP"). These financial statements, for the year ended 31 March 2016, are the first the Company has prepared in accordance with FRS 101. Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2015 and the significant accounting policies meeting those requirements are described in Note 2.2.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 April 2014, the Company's date of transition to FRS 101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the Company in restating its balance sheet as at 1 April 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 31 March 2015.

On transition to FRS 101, the Company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards".

The following tables show the reconciliation of equity as reported under UK GAAP to the amount reported under FRS 101 as at 1 April 2014 and 31 March 2015:

Notes to the Company's financial statements
Year Ended 31 March 2016

Statement of financial position as at 1 April 2014

	Notes	UK GAAP $'000	FRS101 Re-classification $'000	FRS101 $'000
Non-current assets				
Investments		1,674,276	-	1,674,276
Amounts due from related parties	1	1,549	(1,549)	-
		1,675,825	**(1,549)**	**1,674,276**
Current assets				
Other receivables	1	1,693	(1,693)	-
Amounts due from related parties	1	-	3,242	3,242
Cash		35	-	35
		1,728	**1,549**	**3,277**
Current liabilities				
Other payables	2	(36,772)	33,609	(3,163)
Amounts due to related parties	2	-	(55,324)	(55,324)
		(36,772)	**(21,715)**	**(58,487)**
Non-current liabilities				
Amounts due to related parties	2	(21,715)	21,715	-
		(21,715)	**21,715**	**-**
Total assets less total liabilities		**1,619,066**	**-**	**1,619,066**
Equity				
Share capital		1	-	1
Accumulated profit		1,619,065	-	1,619,065
Total equity		**1,619,066**	**-**	**1,619,066**

Notes to the Company's financial statements
Year Ended 31 March 2016

Statement of financial position as at 31 March 2015

		UK GAAP	FRS101	FRS101
			Re-classification	
	Notes	**$'000**	**$'000**	**$'000**
Non-current assets				
Investments		539,098	-	539,098
		539,098	**-**	**539,098**
Current assets				
Other receivables	1	1,763	(1,738)	25
Amounts due from related parties	1	-	1,738	1,738
		1,763	**-**	**1,763**
Current liabilities				
Other payables	2	(74,087)	70,976	(3,111)
Amounts due to related parties	2	-	(70,976)	(70,976)
		(74,087)	**-**	**(74,087)**
Total assets less total liabilities		**466,774**	**-**	**466,774**
Equity				
Share capital		1	-	1
Accumulated profit		466,773	-	466,773
Total equity		**466,774**	**-**	**466,774**

There is no difference in the total comprehensive loss for the year ended 31 March 2015 as reported in its previously published UK GAAP financial statements to that measured under FRS 101 for the same period.

Notes on the reconciliation

1 Amounts due from related parties

The amounts due from related parties have been reclassified from other receivables on transition to FRS 101.

2 Amounts due to related parties

The amounts due to related parties have been reclassified from other payables on transition to FRS 101.

Notes to the Company's financial statements
Year Ended 31 March 2016

11. Subsequent events

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