Superior Energy Services (UK) Limited

Annual report and financial statements

Registered number SC366014

31 December 2016

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Strategic report

Principal activities

The company did not trade during the current or prior year. The principal activity of the company is that of a holding company.

Business model

The company continued to act as a UK holding company during the year.

Business review and results

The profit for the financial year amounting to $60,258,000 *(2015: loss $7,659,000)* has been transferred to reserves. The directors not recommend the payment of a dividend (*2015: $nil*).

Key performance indicators

The company does not undertake any activity and is therefore not measured by any performance metrics.

Principal risks and uncertainties

As there is no trade activity there is no exposure to risk and uncertainty and there are no future plans to amend the non-trading status. The company holds investments in group trading companies and the value of those investments is dependent on the financial performance of those companies. The investments are reviewed annually for any potential impairment and this review considers the current and future trading prospects of each company invested in.

The company is fully supported by the ultimate group company in terms of its status as a going concern and in its ability to meet interest charges on an ongoing basis.

By order of the board

R Taylor
Director

13 Queen's Road
Aberdeen
AB15 4YL

28 September 2017

Directors' report

The directors present their report and financial statements for the year ended 31 December 2016.

Directors

The directors who held office during the year and up to the date of this report are listed below:

W Masters
R Taylor

Political contributions

The company made no political contributions or incurred any political expenditure during the current or prior year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

R Taylor
Director

13 Queen's Road
Aberdeen
AB15 4YL

28 September 2017

Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Superior Energy Services (UK) Limited

We have audited the financial statements of Superior Energy Services (UK) Limited for the year ended 31 December 2016 set out on pages 5 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 3, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter 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.

Based solely on the work required to be undertaken in the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in these reports; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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



Paul Moran (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
37 Albyn Place
Aberdeen
AB10 1JB
29 September 2017

Profit and Loss Account and Other Comprehensive Income

for the year ended 31 December 2016

	Note	2016 $000	2015 $000
Administration expenses		(37)	25
Income from fixed asset investments	8	68,200	-
Interest receivable and similar income	5	3,058	2,860
Interest payable and similar charges	6	(10,963)	(10,544)
Profit/(loss) on ordinary activities before taxation	2-4	60,258	(7,659)
Tax on profit/(loss)	7	-	-
Profit/(loss) for the financial year		60,258	(7,659)
Other compreshensive income		-	-
Total comprehensive income/(expense) for the year		60,258	(7,659)

The results for the year relate to continuing activities.

Balance Sheet

at 31 December 2016

	Note	2016 $000	2016 $000	2015 $000	2015 $000
Fixed assets					
Investments	8		**139,065**		197,365
Current assets					
Debtors	9	**66,156**		64,263	
Cash at bank		**1**		117	
		66,157		64,380	
Creditors: amounts falling due within one year	10	**(11,768)**		(121,388)	
Net current assets/(liabilities)			**54,389**		(57,008)
Total assets less current assets			**193,454**		140,357
Creditors: amounts falling due after more than one year	11		**(176,084)**		(183,245)
Net assets / (liabilities)			**17,370**		(42,888)
Capital and reserves					
Called up share capital	12		**-**		-
Share premium			**40,000**		40,000
Profit and loss account			**(22,630)**		(82,888)
Shareholder's funds / (deficit)			**17,370**		(42,888)

These financial statements were approved by the board of directors on 28 September 2017 and were signed on its behalf by:

R Taylor
Director

Registered number SC366014

Statement of Changes in Equity

	Called up share capital $000	Share premium $000	Profit and loss account $000	Total equity $000
Balance 1 January 2015	-	40,000	(75,229)	(35,229)
Loss	-	-	(7,659)	(7,659)
Other comprehensive income	-	-	-	-
Total comprehensive expense for the period	-	-	(7,659)	(7,659)
Balance at 31 December 2015	-	40,000	(82,888)	(42,888)

	Called up share capital $000	Share premium $000	Profit and loss account $000	Total equity $000
Balance 1 January 2016	-	40,000	(82,888)	(42,888)
Profit	-	-	60,258	60,258
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	60,258	60,258
Balance at 31 December 2016	-	**40,000**	**(22,630)**	**17,370**

Notes

(forming part of the financial statements)

1 Accounting policies

Superior Energy Services UK Limited is a company limited by shares and incorporated and domiciled in the UK

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared on historical cost basis and in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2015. The amendments to FRS 102 issued in July 2016 and effective immediately have been applied. The presentation and functional currency of these financial statements is United States Dollars. FRS 102 states that in the absence of trading activity the funds from financing activity can provide evidence of an entity's functional currency. The company does not trade and all of the loans from the parent and all loans to other group companies are denominated in US Dollars. All amounts in the financial statements have been rounded to the nearest $1,000.

The Company's ultimate parent undertaking, Superior Energy Services Inc includes the Company in its consolidated financial statements. The consolidated financial statements of Superior Energy Services inc are prepared in accordance with US GAAP and are available to the public and may be obtained from www.superiorenergy.com. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Superior Energy Services Inc. include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 14.

Measurement Convention

The financial statements are prepared on the historical cost basis.

Notes *(continued)*

1 Accounting policies *(continued)*

Measurement Convention (continued)

As the company is a wholly owned subsidiary of Superior Energy Services Inc. the company has taken advantage of the exemption contained in FRS 102 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group. The consolidated financial statements of Superior Energy Services Inc., within which this company is included, can be obtained from the address given in note 13.

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Superior Energy Services Inc, the company's ultimate parent. Superior Energy Services Inc has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company. The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates, branch, joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

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

Notes *(continued)*

1 Accounting policies *(continued)*

Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Dividends on shares presented within shareholders funds

Dividends are only recognised as a liability to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes *(continued)*

1 Accounting policies *(continued)*

Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries, are carried at cost less impairment.

2 Expenses and auditor's remuneration

Loss on ordinary activities before taxation is stated after charging:	**2016** **$000**	2015 $000
Auditor's remuneration		
Audit of these financial statements	**6**	8
Taxation compliance services	**4**	4
Foreign exchange loss	**18**	4

Notes *(continued)*

3 Remuneration of directors

The directors received no remuneration during either year for their services to this company.

4 Staff numbers and costs

The directors were the only emplyees in both years.

5 Interest receivable and similar income

	2016 $000	2015 $000
On loans to group undertakings	3,058	2,860

6 Interest payable and similar charges

	2016 $000	2015 $000
On loans from group undertakings	10,963	10,544

7 Taxation

Total tax expense recognised in the profit and loss account

	2016 $000	2015 $000
Total tax	-	-

Factors affecting the tax charged for the current year

The tax charge for the year is higher *(2015: higher)* than the standard rate of corporation tax in the UK 20.25%, *(2015: 20.25%)*. The differences are explained below:

	2016 £000	2015 £000
Profit/(loss) for the year	60,258	(7,659)
Total tax expense	-	-
Profit/(loss) excluding taxation	60,258	(7,659)
Tax at 20% *(2015: 20.25%)*	12,052	(1,551)
Group relief surrender for no consideration	1,588	786
Expenses not deductible for tax	-	765
Tax exempt revenues	(13,640)	-
Total tax expense included in profit or loss (see above)	-	-

Factors affecting the future tax charge

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

Notes *(continued)*

8 Fixed asset investments

	Shares in subsidiary undertakings $000
Cost	
At beginning and end of year	197,365
Return on investment	(58,300)
At end of year	139,065
Provisions	
At beginning of year	-
Impairment losses	-
At end of year	-
Net book value	
At 31 December 2016	139,065
At 31 December 2015	197,365

$75m of dividends were receivable from Superior Energy Services (Holdings) Limited with $58m of this balance being treated as a return on investment which has reduced the cost of investment in Superior Energy Services (Holdings) Limited by $58m. The $17m balance of the dividends have been treated as income.

$51m of dividends are receivable from Superior Wild Well Energy Services Limited and has been treated as income in the year.

The companies in which the Company's interest at the year end is more than 20% are as follows:

	Country of incorporation	Class and percentage of shares held	Registered address
Subsidiary undertakings			
Superior Wild Well Energy Services Limited	Scotland	100% issued ordinary shares	13 Queen's Road Aberdeen, AB15 4YL United Kingdom
Superior Energy Services (Holdings) Limited	Scotland	100% issued ordinary shares	13 Queen's Road Aberdeen, AB15 4YL United Kingdom
Workstrings International Limited *	United Kingdom	100% issued ordinary shares	30 Crown Place, Earl Street London, EC2A 4ES United Kingdom
HB Rentals Limited *	United Kingdom	100% issued ordinary shares	30 Crown Place, Earl Street London, EC2A 4ES United Kingdom
Superior Energy Services Limited *	Scotland	100% issued ordinary shares	13 Queen's Road Aberdeen, AB15 4YL United Kingdom
Superior Energy Services (S) Pte Limited *	Singapore	100% issued ordinary shares	143 Cecil Street #08-01 GB Building, 069542 Singapore
HB Rentals (Singapore) Pte Ltd. *	Singapore	100% issued ordinary shares	143 Cecil Street #08-01 GB Building, 069542 Singapore
Premier Oilfield Rentals (S) Pte Limited *	Singapore	100% issued ordinary shares	143 Cecil Street #08-01 GB Building, 069542 Singapore

* Investments in these subsidiaries are held by other companies within the group rather than the parent undertaking.

Notes *(continued)*

9 Debtors

	2016 $000	2015 $000
Amounts owed by group undertakings	**66,156**	64,263
Due within one year	**66,156**	64,263
Due in more than one year	**-**	-
	66,156	64,263

Within amounts owed by group undertakings are loans of $61,000,000 *(2015: $61,000,000)*. There are no fixed repayment terms on these loans and they have therefore been disclosed as due within one year.

Amount owed by group undertakings are repayable on demand.

10 Creditors: amounts falling due within one year

	2016 $000	2015 $000
Amounts due to group undertaking	**11,768**	121,388

Amount owed to group undertakings are repayable on demand.

11 Creditors: amounts falling due after more than one year

	2016 $000	2015 $000
Loans from group undertakings	**176,084**	183,245

$176,084,000 is repayable on 27 September 2020. Interest is payable on these loans and is charged at 5.5%.

12 Capital and reserves

	2016 $000	2015 $000
Share capital		
Allotted and called up and fully paid		
100 ordinary shares of £1	**-**	-

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Dividends

No dividends have been proposed after the year end.

Notes *(continued)*

13 Ultimate parent company

The company is a subsidiary undertaking of Superior Energy International, C.V., registered in Holland. Its ultimate parent company and ultimate controlling party is Superior Energy Services Inc., incorporated in the United States of America.

The largest group in which the results of the company are consolidated is that headed by Superior Energy Services Inc. The consolidated accounts of this company are available to the public and a copy may be obtained from Superior Energy Services Inc., 1001 Louisiana Street, Suite 2900, Houston, TX, 77002, USA or on www.superiorenergy.com. No other group financial statements include the results of the Company.

14 Accounting estimates and judgements

The preparation of financial statements requires the Directors to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The key areas requiring the use of estimates and judgements which may significantly affect the financial statements are considered to be:

Valuation of investments

The company holds investments in group companies. In line with the accounting policies set out in note 1 these investments are held at cost less impairment. An assessment of the need for any impairment against the carrying value of these investments is made whenever there is an indication that the performance of the undertaking is not sufficient to support the carrying value of the investment. Note 8 includes further details.