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ABLECARE OILFIELD SERVICES HOLDINGS LIMITED
(GROUP ACCOUNTS)

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

Holding Company Information

Directors :	Mr Paul Abela Mr Duncan Brincat Mr Joseph Mario Maggi Mr Raymond Ciantar Mr Jason Azzopardi (appointed on 23 September 2013)
Secretary :	Dr David Gonzi (resigned on 20 September 2013) Dr Michael Zammit Maempel (appointed on 20 September 2013)
Company number :	C 45547
Registered office :	UB 22, Industrial Estate San Gwann
Auditors :	KSi Malta Villa Gauci Mdina Road Balzan
Business address :	UB 22, Industrial Estate San Gwann
Bankers :	Bank of Valletta p.l.c 49, Constitution Street Mosta Malta Banif Bank 125/126 Triq il-Kbira San Giljan Malta HSBC Bank plc 198, Naxxar Road San Gwann SGN9030

Contents

Report of the Directors
Fcr the year ended 31 December 2013

The directors present their report and the audited financial statements for the year ended 31 December 2013.

Principal activity

The Group is engaged in providing labour on subcontracting basis to foreign companies. The Group is also a contractor to the marine and oil field industry and other ancillary services.

Results

The Group profit for the year after taxation amounted to € 997,437.

Directors

The following have served as directors of the Holding Company during the year under review:

Mr Paul Ablea
Mr Duncan Brincat
Mr Joseph Mario Maggi
Mr Raymond Ciantar
Mr Jason Azzopardi (appointed on 23 September 2013)

In accordance with the company's Articles of Association the present directors remain in office.

Directors' interest

The directors' beneficial interest in the shares of the holding company at 31 December 2013 was as stated below:

	Ordinary shares of €1
Mr Paul Abela	1 'B' share

Statement of directors' responsibilities

The Companies Act, 1995 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year in accordance with the requirements of International Financial Reporting Standards as adopted by the EU. In preparing these financial statements, the directors are required to:

Report of the Directors (continued)
For the year ended 31 December 2013

Statement of directors' responsibilities (continued)

- adopt the going concern basis unless it is inappropriate to presume that the company will continue in business;
- select suitable accounting policies and apply them consistently from one accounting period to another;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on accruals basis; and
- value separately the components of asset and liability items on a prudent basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and holding company and to enable them to ensure that the financial statements comply with the Companies Act, 1995. They are also responsible for safeguarding the assets of the group and holding company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors, through oversight of management, are responsible to ensure that the group establishes and maintains internal control to provide reasonable assurance with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

Auditors

KSi Malta have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the forthcoming annual general meeting.

BY ORDER OF THE BOARD

Mr Paul Abela
Director

Mr Raymond Ciantar
Director

28 April 2014

ABLECARE OILFIELD SERVICES HOLDINGS LIMITED – CONSOLIDATED ACCOUNTS

Independent Auditors' Report

To the shareholders of Ablecare Oilfield Services Holdings Limited

Report on the Financial Statements

We have audited the financial statements on pages 5 to 33, which comprise the statement of financial position as at 31 December 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Maltese Companies Act, 1995, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes assessing the accounting principles used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall financial statement presentation.

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

ABLECARE OILFIELD SERVICES HOLDINGS LIMITED – CONSOLIDATED ACCOUNTS

Independent Auditors' Report (continued)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Ablecare Oilfield Services Holdings Limited and the Group as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and have been properly prepared in accordance with the provisions of the Companies Act, 1995 enacted in Malta.

Joseph Gauci (Partner) for and on behalf of

KSi Malta
Certified Public Accountants

29 April 2014

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2013

	Notes	Group 2013 €	Group 2012 €	Company 2013 €	Company 2012 €
Revenue	3	26,772,819	19,762,476		
Cost of sales		(714,927)	(2,280,957)		
Direct costs		(22,746,794)	(13,678,791)		
Gross profit		3,311,098	3,802,728		
Administrative expenses		(1,534,897)	(2,294,742)	(3,804)	(4,750)
Distribution costs		(172,099)	(92,828)		
Finance income	6	39,876	74,758	22,406	9,838
Finance costs	7	(196,281)	(273,869)	(5,491)	(4,546)
Profit before tax	4	1,447,697	1,216,047	13,111	542
Income tax expense	8	(450,260)	(340,878)	(494)	(532)
Profit for the year		€ 997,437	€ 875,169	€ 12,617	€ 10
Total comprehensive income for the year		€ 997,437	€ 875,169	€ 12,617	€ 10

Consolidated Statement of Financial Position
As at 31 December 2013

	Notes	Group 2013 €	Group 2012 €	Company 2013 €	Company 2012 €
Assets					
Property, plant and equipment	9	606,781	378,776		
Investment in subsidiaries	10			209,444	210,232
Deferred tax assets	11				
Trade and other receivables	13	2,900,290	2,593,069		
Total non-current assets		3,507,071	2,971,845	209,444	210,232
Inventories	12	1,697,578	17,013		
Trade and other receivables	13	4,378,204	4,047,399	4,193,209	3,314,524
Current tax assets					500
Cash and cash equivalents		953,901	758,495	170,837	100,563
Total current assets		7,029,683	4,822,907	4,364,046	3,415,587
Total assets		€10,536,754	€ 7,794,752	€ 4,573,490	€ 3,625,819
Equity					
Issued capital	14	500,000	500,000	500,000	500,000
Reporting currency conversion reserve	24	(77,550)	(25,357)	(991)	(203)
Debenture redemption reserve	15				
Other reserve		16,439	20,230		
Retained earnings	16	2,187,432	1,186,204	(61,814)	(74,431)
Total equity		2,626,321	1,681,077	437,195	425,366
Liabilities					
Borrowings	17	2,047,557	1,302,274	2,047,557	1,302,274
Total non-current liabilities		2,047,557	1,302,274	2,047,557	1,302,274
Borrowings	17	862,774	939,700	772,467	565,298
Trade and other payables	18	4,771,947	3,630,179	1,316,271	1,332,881
Current tax liabilities		228,155	241,522		
Total current liabilities		5,862,876	4,811,401	2,088,738	1,898,179
Total liabilities		7,910,433	6,113,675	4,136,295	3,200,453
Total equity and liabilities		€10,536,754	€ 7,794,752	€ 4,573,490	€ 3,625,819

The financial statements on pages 5 to 33 were approved by the board of directors on 28 April 2014 and were signed on its behalf by:

Paul Abela
Director

Raymond Cantar
Director

Consolidated Statement of Changes in Equity
For the year ended 31 December 2013

Group

	Issued capital €	Reporting currency conversion reserve €	Retained earnings €	Debenture redemption reserve €	Other reserve €	Total €
Changes in equity for 2012						
Balance at I January 2012	25,000	(875)	241,169	88,060	2,036	355,390
Increase in share capital	475,000					475,000
Profit for the year			875,169			875,169
Transfer to reserves			88,060	(88,060)		
Increase in currency reserve		(24,482)				(24,482)
Transfer to other reserve			(18,194)		18,194	
Dividends proposed and paid						
Balance at 31 December 2012	500,000	(25,357)	1,186,204		20,230	1,681,077
Changes in equity for 2013						
Balance at I January 2013	500,000	(25,357)	1,186,204		20,230	1,681,077
Profit for the year			997,437			997,437
Transfer to reserves						
Increase in currency reserve		(52,193)				(52,193)
Transfer to other reserve			3,791		(3,791)	
Dividends proposed and paid						
Balance at 31 December 2013	€ 500,000	€ (77,550)	€ 2,187,432	€	€ 16,439	€ 2,626,321

Consolidated Statement of Changes in Equity (continued)
For the year ended 31 December 2013

Company

	Issued capital	Reporting currency conversion reserve €	Retained earnings €	Debenture redemption reserve €	Total €
Changes in equity for 2012					
Balance at 1 January 2012	25,000	277	(162,501)	88,060	(49,164)
Increase in share capital	475,000				475,000
Profit for the year			10		10
Transfer to reserves			88,060	(88,060)	
Transfer to reporting currency conversion reserve		(480)			(480)
Dividends proposed and paid					
Balance at 31 December 2012	500,000	(203)	(74,431)		425,366
Changes in equity for 2013					
Balance at 1 January 2013	500,000	(203)	(74,431)		425,366
Profit for the year			12,617		21,617
Transfer to reporting currency conversion reserve		(788)			(788)
Dividends proposed and paid					
Balance at 31 December 2013	€ 500,000	€ (991)	€ (61,814)	€	€ 437,195

Consolidated Statement of Cash Flows
For the year ended 31 December 2013

	Notes	Group 2013 €	Group 2012 €	Company 2013 €	Company 2012 €
Cash flows from operating activities					
Cash generated from/(used in) operations	19(a)	630,115	1,157,005	12,738	(10,048)
Taxation received/ (paid)		(437,193)	(160,638)	6	(532)
Interest paid		(6,620)	(149,125)	(422)	(1,137)
Interest received		3,295	3,617	3,295	3,549
Net cash generated from/(used in) operating activities		189,597	850,859	15,617	(8,168)
Cash flows from investing activities					
Increase in investments in subsidiaries					
Purchase of property, plant and equipment		(348,103)	(164,336)		
Proceeds from disposal of property, plant and equipment		6,619	15,000		
Net cash used in investing activities		(341,484)	(149,336)		
Cash flows from financing activities					
Advances/(Settlement) of long-term borrowings		(38,000)	19,940		(88,060)
Advances from bank		1,249,734	920,290	1,249,734	920,292
Repayment of bank loans					
Advances from/(settlement of) related party balances		(30,247)	(237,500)	(1,046,076)	(636,184)
Advances from subsidiaries				148,280	45,847
Increase in share capital					475,000
Advances to shareholders		(290,817)	(626,461)		
Proceeds from issue of share capital			475,000		
Net cash generated from financing activities		890,670	551,269	351,938	716,895
Net movement in cash and cash equivalents		738,783	(1,252,792)	367,555	708,727
Cash and cash equivalents at beginning of year		194,812	(1,057,980)	(196,718)	(905,445)
Cash and cash equivalents at end of year	19(b)	€ 933,595	€ 194,812	€ 170,837	€ (196,718)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2013

1 NEW AND REVISED STANDARDS

The following new and revised Standards issued by the International Accounting Standards Board (IASB) have been adopted (where applicable) in the current period financial statements:

Standard	Subject of amendment	Effective date
IFRS 1–First time Adoption of International Financial Reporting Standards	Amendments for government loans with below-market rate of interest when transitioning to IFRSs	1 January 2013
	Amendments resulting from Annual Improvements 2009-2011 Cycle	1 January 2013
	Amendments resulting from Annual Improvements 2011-2013 Cycle	Amendment to the basis for conclusions
IFRS 2–Share-based Payment	Amendments resulting from *Annual Improvements 2010-2012 Cycle*	1 July 2014
IFRS 3–Business Combinations	Amendments resulting from *Annual Improvements 2010-2012 Cycle*	1 July 2014
	Amendments resulting from *Annual Improvements 2011-2013 Cycle*	1 July 2014
	Amendments related to the offsetting of assets and liabilities	1 January 2013
IFRS 7–Financial Instruments: Disclosures	Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	1 January 2015
	Additional hedge accounting disclosures resulting from the introduction of the hedge accounting chapter in IFRS 9	Applies when IFRS 9 is applied
IFRS 8-Operating Segments	Amendments resulting from *Annual Improvements 2010-2012 Cycle*	1 July 2014
IFRS 9–Financial Instruments	Reissue to include requirements for the classification and measurement of financial liabilities and incorporate existing derecognition requirements	1 January 2013
	Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	1 January 2015

Notes to the Financial Statements
For the year ended 31 December 2013

1 NEW AND REVISED STANDARDS (continued)

IFRS 10-Consolidated Financial Statements	Amendments to transitional guidance	1 January 2013
	Amendments to investment entities	1 January 2014
IFRS 11–Joint Arrangements	Amendments to transitional guidance	1 January 2013
IFRS 12-Disclosure of Interests in Other Entities	Amendments to transitional guidance	1 January 2013
	Amendments for investment entities	1 January 2014
IFRS 13–Fair Value Measurement	Original issue	1 January 2013
	Amendments resulting from *Annual Improvements 2010-2012 Cycle*	1 July 2014
	Amendments resulting from *Annual Improvements 2011-2013 Cycle*	1 January 2016
IFRS 14-Regulatory Deferral Accounts	Original issue	1 January 2016
IAS 1-Presentation of Financial Statements	Amendments resulting from annual improvements 2009-2011 Cycle (comparative information)	1 January 2013
IAS 16–Property, Plant and Equipment	Amendments resulting from Annual Improvements 2009 – 2011 Cycle	1 January 2013
	Amendments resulting from *Annual Improvements 2010-2012 Cycle*	1 July 2014
IAS 19–Employee Benefits	Amended standard resulting from the post-employment benefits and termination benefits projects	1 January 2013
	Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service	1 July 2014
IAS 24–Related Party Disclosures	Amendments resulting from *Annual Improvements 2010-2012 Cycle*	1 July 2014
IAS 27–Separate Financial Statements	Original issue	1 January 2013
	Amendments for investment entities	1 January 2014

Notes to the Financial Statements (continued)
For the year ended 31 December 2013

1 NEW AND REVISED STANDARDS (continued)

IAS 28-Investment in Associates and Joint Ventures	Original issue	1 January 2013
IAS 32–Financial Instruments: Presentation	Amendments relating to the offsetting of assets and liabilities	1 January 2014
	Amendments resulting from Annual Improvements 2009 – 2011 Cycle	1 January 2013
IAS 34–Interim Financial Reporting	Amendments resulting from Annual Improvements 2009-2011 Cycle (interim reporting of segment assets)	1 January 2013
IAS 36-Impairment of Assets	Amendments arising from Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
IAS 38-Intangible Assets	Amendments resulting from Annual Improvements 2010-2012 Cycle (proportionate restatement of accumulated depreciation on revaluation)	1 July 2014
	Amendments for novations of derivatives	1 January 2014
IAS 39–Financial Instruments: Recognition and Measurement	Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception	Applies when IFRS 9 is applied
IAS 40-Investment Property	Amendments resulting from *Annual Improvements* 2011-2013 Cycle (interrelationship between IFRS 3 and IAS 40)	1 July 2014

The directors are of the opinion that the adoption of these Standards (where applicable) did not have a material impact on the financial statements.

2 ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the year presented, unless otherwise stated.

2.1 BASIS OF ACCOUNTING

The consolidated financial statements include the financial statements of Ablecare Oilfield Services Holdings Limited and its subsidiary undertakings. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and comply with the Companies Act, 1995. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, the accounting estimates and judgments made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

2 ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the ecogni's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognized in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

The Group has foreign subsidiaries whose accounts are prepared under the legal currency of that country respectively. For consolidation purposes the foreign subsidiaries Statement of Financial Position is translated by using the year end exchange rate and the Income Statement is translated by using the average exchange rate. Both rates are derived from the Central Bank of Malta.

2.3 REVENUE

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

2 ACCOUNTING POLICIES (continued)

2.3 REVENUE (continued)

The group recognized revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2.4 FOREIGN CURRENCY AMOUNTS

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are rrecognized in profit or loss in the period in which they arise.

2.5 BORROWING COSTS

All borrowing costs are rrecognized in profit or loss in the period in which they are incurred.

2.6 CURRENT AND DEFERRED TAXATION

The tax expense for the period comprises current and deferred tax. Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2013

2 ACCOUNTING POLICIES (continued)

2.6 CURRENT AND DEFERRED TAXATION (continued)

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of rrecognized or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the end of the reporting period.

A deferred tax asset is rrecognized only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be rrecognized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be rrecognized.

2.7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The annual rates used are:

	%
Improvements to premises	1
Plant and equipment	20
Office equipment	25
Computer equipment	25
Furniture and fittings	10
Motor vehicles	20
Tools	20
Workboat	10

2 ACCOUNTING POLICIES (continued)

2.7 PROPERTY, PLANT AND EQUIPMENT (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each end of the reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is rrecognized in profit or loss.

2.8 IMPAIRMENT

The carrying amounts of the company's assets, other than investment property, inventories and deferred tax assets are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase

2 ACCOUNTING POLICIES (continued)

2.9 FINANCIAL ASSETS

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

2.9.1 Investments in subsidiaries

Investments in subsidiaries are shown in the statement of financial position of the company at cost less impairment losses.

2.10 LOANS WITH NO FIXED MATURITY DATE

Loans receivable by the Company, which do not have a fixed maturity date, but which are repayable after more than twelve months from the end of the reporting period, are measured at the fair value of the consideration given less impairment losses and are included with non-current assets.

2 ACCOUNTING POLICIES (continued)

2.11 INVENTORIES AND WORK-IN-PROGRESS

Inventories and work-in-progress and are valued at the lower of cost and net realisable value. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net recognized value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flow, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in profit or loss. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited in the Statement of Comprehensive Income.

2.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash in hand, bank overdraft or any call deposits. Cash equivalents are short-term, high liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the company cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

2.14 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.Dividends are recognised as liability in the period in which they are declared.

3 ACCOUNTING POLICIES (continued)

2.15 BORROWINGS

Borrowings are recognized as liabilities at fair value less attributable transactions costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognized in profit or loss over the period of the borrowings at an effective interest rate.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.16 PROVISIONS

A provision is recognised in the statement of financial position when the company has legal or constructive obligations as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows as a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.17 TRADE AND OTHER PAYABLES

Trade payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

3 REVENUE

Revenue which is presented net of indirect taxation, represents the invoice value of goods supplied both on the local market and for export.

PROFIT BEFORE TAX

	Group 2013 €	Group 2012 €	Company 2013 €	Company 2012 €
Profit before taxation is stated after charging:				
Auditors' remuneration	21,000	13,000	2,500	2,500
Directors' remuneration	91,083	68,522		
Staff salaries (note 5)	624,825	565,936		
Depreciation of property, plant and equipment	112,315	105,870		

5 **STAFF COSTS**

	Group 2013 €	Group 2012 €	Company 2013 €	Company 2012 €
Staff salaries	567,578	518,696		
Social security costs	57,247	47,240		
	€ 624,825	€ 565,936	€ -	€
Average number of employees:				
Operations	30	23		
Administration	4	4		

6 **FINANCE INCOME**

	Group 2013 €	Group 2012 €	Company 2013 €	Company 2012 €
Interest receivable	7,748	5,037	3,295	3,549
Dividend income				
Other income	833	1,760		
Realised exchange differences		36,990	19,111	6,289
Unrealised exchange differences	29,603	30,971		
Interest on overdue income tax	1,692			
	€ 39,876	€ 74,758	€ 22,406	€ 9,838

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2013

7 FINANCE COSTS

	Group 2013 €	Group 2012 €	Company 2013 €	Company 2012 €
Bank overdraft and loan interest	115,113	149,523	422	
Interest on debenture issue				
Bank charges	12,811	19,137	5,069	4,546
Other interest and charges		105,000		
Hire purchase interest		209		
Interest on overdue taxes				
Realised loss on exchange	68,357			
Unrealised loss on exchange				
	€ 196,281	€ 273,869	€ 5,491	€ 4,546

8 INCOME TAX EXPENSE

The taxation charge for the year consists of:

	Group 2013 €	Group 2012 €	Company 2013 €	Company 2012 €
Company tax in Malta and foreign tax on subsidiaries and foreign branches for the year	384,900	340,133		
Final withholding tax @ 15%	1,158	745	494	532
Income subject to foreign tax	64,202			
Withholding tax @ 35%				
Final withholding tax at 15% on untaxed account distributions				
Deferred taxation expense in respect of the year				
	€ 450,260	€ 340,878	€ 494	€ 532

8 INCOME TAX EXPENSE (continued)

Taxation on profit for the year differs from the theoretical taxation expense that would apply on the company's profit for the year before taxation using the applicable tax rate in Malta of 35% as follows:

	Group 2013 €	Group 2012 €	Company 2013 €	Company 2012
Profit before tax	1,447,697	1,216,047	13,111	542
Theoretical taxation at 35%	506,694	425,616	4,589	190
Taxation effect of expenses not deductible for tax purposes:				
Company not trading	3,873	1,682	3,075	1,052
Donations	1,326	2,443		
Fines and penalties	1,136	1,066		
Tax effect on depreciation on improvements	326	326		
Tax effect on motor vehicles depreciation	3,570	3,570		
Disposal of property,plant and equipment		(903)		
Unrealised exchange differences	(9,163)	(6,676)	(6,689)	
Interest on overdue income tax	(592)			
Taxation effect of income that is subject to different rates of tax:				
Interest receivable	(884)	(282)	(659)	(710)
Dividend income				
Loss on sale of investment	178		178	
Tax at 15% on untaxed amount distributions	(659)	(710)		
Income subject to foreign tax	(55,545)	(85,254)		
	€ 450,260	€ 340,878	€ 494	€ 532

PROPERTY, PLANT AND EQUIPMENT – GROUP

	Land €	Improvement to premises €	Plant and equipment €	Office equipment €	Furniture & fittings €	Motor vehicles €	Tools €	Total €
Cost								
At 1 January 2012	-	95,249	293,064	179,751	120,750	167,872	20,510	877,196
Additions	79,974	-	-	14,135	5,275	65,000	-	164,384
Disposals	-	-	-	-	-	(29,000)	-	(29,000)
At 31 December 2012	79,974	95,249	293,064	193,886	126,025	203,872	20,510	1,012,580
At 1 January 2013	79,974	95,249	293,064	193,886	126,025	203,872	20,510	1,012,580
Additions	152,078	-	119,172	2,954	17,053	26,456	30,391	348,104
Disposals	-	(2,225)	-	-	(9,027)	-	-	(11,252)
At 31 December 2013	232,052	93,024	412,236	196,840	134,051	230,328	50,901	1,349,432
Depreciation								
At 1 January 2012	-	2,162	231,411	136,008	41,645	115,998	18,110	545,334
Charge for the year	-	930	29,958	24,030	12,747	36,810	1,395	105,870
Released on disposal	-	-	-	-	-	(17,400)	-	(17,400)
At 31 December 2012	-	3,092	261,369	160,038	54,392	135,408	19,505	633,804
At 1 January 2013	-	3,092	261,369	160,038	54,392	135,408	19,505	633,804
Charge for the year	-	931	43,809	18,772	14,809	27,063	6,931	112,315
Released on disposal	-	(80)	-	-	(3,388)	-	-	(3,468)
At 31 December 2013	-	3,943	305,178	178,810	65,813	162,471	26,436	742,651
Carrying amounts								
At 31 December 2013	€ 232,052	€ 89,081	€ 107,058	€ 18,030	€ 68,238	€ 67,857	€ 24,465	€ 606,781
At 31 December 2012	€ 79,974	€ 92,157	€ 31,695	€ 33,848	€ 71,633	€ 68,464	€ 1,005	€ 378,776

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2013

10 INVESTMENTS

The investment in group undertakings is as follows:

	Group Shares in group undertakings €	Company Total
Cost		
At 1 January 2012		210,712
Additions		
		210,712
Transfer to Reporting Currency Conversion Reserve		(480)
At 31 December 2012	€	€ 210,232
At 1 January 2013		210,232
Additions		
		210,232
Transfer to Reporting Currency Conversion Reserve		(788)
At 31 December 2013	€	€ 209,444

The principal group undertakings at 31 December 2013 are shown below:

Name of subsidiary	Registered office	Proportion of ownership interest and voting power held 2013	2012
Ableman International Ltd	UB 22, Industrial Estate, San Gwann	99.99%	99.99%
Mainticare Ltd	UB 22, Industrial Estate, San Gwann	99.9%	99.9%
Able Energy Ltd	UB 22, Industrial Estate, San Gwann	99.99%	99.99%
Mainti Sea Support Ltd	UB 22, Industrial Estate, San Gwann	99.99%	99.99%
Caterdrill Ltd	UB 22, Industrial Estate, San Gwann	99.99%	99.99%
Acare Oil and Gas Services Ltd	Tel - Aviv-Yaffo 111 Arlozorow St., Zip code 62098, c/o Rozenblum-Holzman CPA	100%	100%
Ablecare Oilfield Services (Egypt) Ltd	3, El Me'raj city, Apartment No. 301, Premises No. 3061, Cario	90%	90%

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2013

11 DEFERRED TAX ASSETS

	Group 2013	Group 2012	Company 2013	Company 2012
Deferred tax assets	€	€	€	€

The balance of and movements on the provision for deferred taxation can be analysed as follows:

	Group 2013 €	Group 2012 €	Company 2013 €	Company 2012
Opening balance:				
Other temporary differences				
Movements for the year:				
Other temporary differences				
Closing balance:				
Other temporary differences	€	€	€ -	€

12 INVENTORIES

	Group 2013 €	Group 2012 €	Company 2013 €	Company 2012 €
Goods held for resale		2,979		
Works in progress	1,697,578	14,034		
	€ 1,697,578	€ 17,013	€	€

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2013

13 TRADE AND OTHER RECEIVABLES

	Group 2013	Group 2012 €	Company 2013 €	Company 2012
Amounts falling due after more than one year:				
Advances from related parties	2,900,290	2,593,069		
Amounts falling due within one year:				
Trade receivables	3,521,727	2,491,521		
Other receivables	74,130	923,755		
Prepayments and accrued income	53,769	541,327		
Vat refundable	728,578	90,796		
Amounts due from subsidiaries			1,950,489	2,117,880
Amounts due from related parties			2,242,720	1,196,644
	€ 4,378,204	€ 4,047,399	€ 4,193,209	€ 3,314,524

14 ISSUED CAPITAL

	Company 2013	Company 2012
<u>Authorised</u>		
500,000 ordinary shares of €1 each	€ 500,000	€ 500,000
<u>Called-up, issued and fully paid</u>		
500,000 ordinary shares of €1 each	€ 500,000	€ 500,000

15 DEBENTURE REDEMPTION RESERVE

The debentures issued in 2012 by the company have an expiry period of two years from the date of the issue. At the end of the period the private investors have the option to exercise the right of redemption.

16 RETAINED EARNINGS

The profit and loss account represents accumulated retained and distributable profits.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2013

17 BORROWINGS

	Group 2013 €	Group 2012 €	Company 2013 €	Company 2012 €
Borrowings due within one year				
Bank overdrafts	20,306	563,683		297,281
Debenture loan				
Bank Loan	772,468	268,017	772,467	268,017
Other loan	70,000	108,000		
Total borrowings within one year	€ 862,774	€ 939,700	€ 772,467	€ 565,298
Borrowings due after between two and five years				
Bank loan	€ 1,679,177	€ 1,250,986	€ 1,679,177	€ 1,250,986
Borrowings due after more than five years				
Bank loan	€ 368,380	€ 51,288	€ 368,380	€ 51,288
Total borrowings after more than one year	€ 2,047,557	€ 1,302,274	€ 2,047,557	€ 1,302,274
Total borrowings	€ 2,910,331	€ 2,241,974	€ 2,820,025	€ 1,867,572

The exposure to interest rates of the company's borrowings was as follows:

At variable rates	2,840,331	2,133,974		
At fixed rates	70,000	108,000	2,820,025	1,867,572
	€ 2,910,331	€ 2,241,974	€ 2,820,025	€ 1,867,572

The average interested rates on the company's borrowings were as follows:

	Group 2013	Group 2012	Company 2013	Company 2012
Bank overdrafts	6.375%	6.375%	6.375%	6.375%
Bank loan	6.375%	6.375%	6.375%	6.375%

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2013

17 BORROWINGS (continued)

Notes –

(a) Bank overdraft

The bank overdraft facilities are secured by general and special hypothec over the company's assets and by guarantees of the director and related companies.

(b) Amounts due to third parties

The amounts due to third parties are secured and repayable at the end of a two year period. They bear interest at 8% per annum.

(c) Bank loan

The bank loan facilities are secured by general and special hypothec over the company's assets and by guarantees of one of the directors, subsidiaries and related companies. Moreover the bank loans are secured by third parties as well.

18 TRADE AND OTHER PAYABLES

	Notes	Group 2013 €	Group 2012 €	Company 2013 €	Company 2012 €
Amounts falling due within one year:					
Trade payables		4,666,354	3,138,366		
Amounts due to subsidiaries	(a)			135,745	154,856
Amounts due to related parties	(b)			1,175,526	1,175,525
Other payables		67,247	29,102		
Accruals		38,346	462,711	5,000	2,500
		€ 4,771,947	€3,630,179	€ 1,361,271	€ 1,332,881

Notes –

(a) Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, interest free and have no fixed date of repayment.

(b) Amounts due to related parties

The amounts due to related parties are unsecured, interest free and have no fixed date of repayment.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2013

19 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Cash from operations:

	Group 2013 €	Group 2012 €	Company 2013 €	Company 2012 €
Profit before tax	1,447,697	1,216,047	13,111	542
Adjustments for:				
Depreciation	112,316	105,870		
Unrealised exchange differences	(5,105)	(18,096)		
Trabsfer to reserves	(55,984)	(24,482)		
Loss on disposal of property,plant and equipment	2,932	(3,400)		
Interest expenses	5,582	149,522	422	1,137
Interest receivable	(3,295)	(3,617)	(3,295)	(3,549)
Dividend income				
Net effect of accrued interest	1,038			
Operating profit/(loss) before working capital changes	1,505,181	1,421,844	10,238	(1,870)
Movement in inventories	(1,680,565)	569,902		
Movement in receivables	(343,335)	(1,702,735)	2,500	(8,178)
Movement in payables	1,148,834	867,994		
Cash generated from/(used in) operations	€ 630,115	€ 1,157,005	€ 12,738	€ (10,048)

(b) Cash and cash equivalents

Cash and cash equivalents consists of cash in hand and balances with banks. Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	Group 2013 €	Group 2012 €	Company 2013 €	Company 2012 €
Cash in hand and at bank	953,901	758,495	170,837	100,563
Bank overdrafts	(20,306)	(563,683)		(297,281)
	€ 933,595	€ 194,812	€ 170,837	€ (196,718)

Note –

The cash and cash equivalents are disclosed net of unrealised differences on exchange.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2013

20 FINANCIAL RISK MANAGEMENT OBJECTIVES

The company's activities potentially expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance. The Board provides principles for overall risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. The company did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial years.

20.1 Market risk

(i) Foreign exchange risk

The company's operating revenues, operating expenditure and financing are mainly denominated in euro. Accordingly, the company's exposure to foreign exchange risk is not significant and a sensitivity analysis for foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary.

(ii) Cash flow and fair value interest rate risk

As the company has no significant interest-bearing assets and liabilities, the company's income and operating cash flows are not dependent of changes in market interest rates.

Based on the above, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial.

20.2 Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount. The company does not hold any collateral as security in this respect.