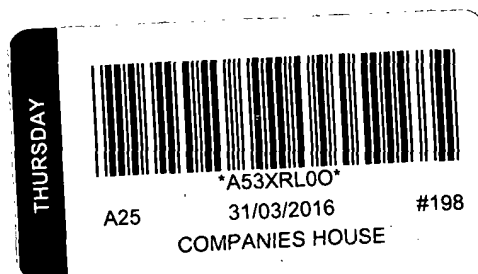


Gray MacKenzie Oilfield Services Limited

Report and Financial Statements

30 June 2015



Gray MacKenzie Oilfield Services Limited

Registered No: 2630513

Directors

Waqar Hassan Siddique
M Rafique Lakhani

Secretary

Grays Inn Secretaries Ltd

Bankers

BLC Bank
Po Box 11 - 1126
Beirut
Lebanon

Registered Office

One Fleet Place
London
EC4M 7WS

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Directors' report

The directors present their annual report and financial statements for the year ended 30 June 2015.

Principal activities and business review

The principal activity of the Company is the supply of manpower to oil companies in Syrian Arab Republic.

The Company has contracts mainly with oil companies in Syria, for the provision of specialist engineers in various disciplines including production engineering, planning and telecommunications.

With the ongoing sanctions imposed on Syria by the United States of America and the European Union during the year turnover of the company has further declined in 2015. Accordingly due to the continuing sanctions, the company will not earn any revenue in foreseeable future. The directors are confident that although the Company has stopped its operations in Syria due to the sanctions, it will be able to sustain itself for the foreseeable future because of its low overheads and the cash position of the company.

The directors are also considering embarking on a strategy to grow the business in other Middle East countries.

Ownership and ultimate parent company

The Company is owned by GMBC Limited which is registered in the Cayman Islands. The ultimate parent company is C2 Limited, incorporated in the Cayman Islands.

Directors

The directors who served the company during the year and to date of this report are stated on page 1.

Creditor payment policy

The Company is responsible for agreeing the terms and conditions under which business transactions with its suppliers are conducted. Payments to suppliers are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions.

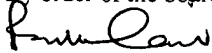
Going Concern

In line with the FRC guidance on Going Concern issued in November 2009, the Directors have undertaken an exercise to review the appropriateness of the continued use of the Going Concern basis. The company's principal activities, a review of the business and future developments are outlined above.

After undertaking such an exercise the directors have a reasonable expectation that the company has adequate resources to meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

This report has been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small entities.

By order of the board



M Rafique Lakhani, Director

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing 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 year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Profit and loss account

For the year ended 30 June 2015

	<i>Note</i>	<i>2015 US\$</i>	<i>2014 US\$</i>
Turnover	2	-	-
Cost of sales	3	-	-
		<hr/>	<hr/>
Gross profit		-	-
Net operating expenses	3	(260,787)	(3,381)
		<hr/>	<hr/>
Operating (loss) profit	4	(260,787)	(3,381)
Gain on sale of fixed asset		6,592	-
		<hr/>	<hr/>
(Loss) profit on ordinary activities before taxation		(254,195)	(3,381)
Tax on profit on ordinary activities	7	-	-
		<hr/>	<hr/>
(Loss) profit for the financial year	14	(254,195)	(3,381)
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing activities.

There are no recognised gains and losses for the year, other than the profit.

Balance sheet

As at 30 June 2015

	Note	2015 US\$	2014 US\$
Fixed assets:			
Tangible assets	9	-	-
Current assets:			
Debtors	10	556,063	602,261
Cash at bank and in hand		1,006,072	1,255,710
		<u>1,562,135</u>	<u>1,857,971</u>
Creditors: amounts falling due within one year	11	(1,635,575)	(1,677,216)
Net current assets		<u>(73,440)</u>	<u>180,755</u>
Net assets		<u>(73,440)</u>	<u>180,755</u>
Capital and reserves			
Called-up share capital	12	86,925	86,925
Profit and loss account	14	(160,365)	93,830
Shareholders' funds		<u>(73,440)</u>	<u>180,755</u>

The Company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 30 June 2015.

The members have not required the Company to obtain an audit of its financial statements for the year ended 30th June 2015 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the Company keeps accounting records which comply with Sections 386 and 387 of the Companies act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions for small companies under part 15 of the Companies Act 2006.

These financial statements were approved by the Board of Directors on 27 March 2016 and signed on their behalf by:



M. Rafique Lakhani, Director

Notes to the financial statements

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom and the Companies Act 2006.

The financial statements of the Company have their reporting currency in US Dollars in consideration of the fact that the majority of the company's earnings and the valuation of its assets are made in US Dollars, consequently these financial statements have been prepared in US Dollars.

Turnover

Turnover is recognised when the services are rendered to the customer and can be measured reliably.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. The cost of tangible fixed assets is depreciated by equal annual instalments over the expected useful lives of the assets, which are as follows:

Buildings	-	5 years
Motor vehicles	-	3 to 4 years
Furniture, fittings and equipment	-	3 to 5 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount and impairment losses are recognised in the profit and loss account.

Operating leases

Rental payments arising from operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Foreign currencies

Foreign currency transactions are translated into United States Dollars at the rates ruling on the transaction dates. Foreign currency monetary assets and liabilities are translated into United States Dollars at the rates ruling on the balance sheet date. Differences on exchange are dealt with in the profit and loss account.

At 30 June 2015 and 2014 the exchange rates were United States Dollars 1.56 and 1.71 for each Sterling Pound, respectively.

Share capital is recorded at the rate of exchange prevailing at the date on which the share capital was issued.

Notes to the financial statements

1. Accounting policies (continued)

Provision for end of service benefits

Provision has been made for end of service benefits of staff in accordance with the terms of the contract or local labour laws as applicable to the individual.

Corporate income tax

Corporate income tax provision was computed in accordance with the Income Tax Law and the current practices of the Ministry of Finance in Syria.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or receive more tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Turnover

Turnover relates to one class of business, the provision of manpower services and is wholly attributable to Syria.

3. Analysis of cost of sales and operating expenses

	2015 US\$	2014 US\$
Cost of sales	-	-
Net operating expenses		
Administration Expense	26,591	32,924
Exchange loss/ (gain)	234,196	(29,542)
	<u>260,787</u>	<u>3,381</u>

4. Operating (loss)

This is stated after charging/(crediting) the following:

	2015 US\$	2014 US\$
Depreciation	-	186
Rental charges	3,292	6,300
Exchange loss/ (gain)	234,196	(29,452)
Audit fees	-	-
Release of provisions	-	-
	<u></u>	<u></u>

Notes to the financial statements

5. Employee information

	2015	2014
	US\$	US\$
Wages and salaries	13,825	18,441
Provision for end of service benefits	1,728	2,445
Other costs	2,125	4,188
	<u>17,678</u>	<u>25,074</u>

All employees discharged their duties wholly from outside the United Kingdom.

The average monthly number of employees (including directors) during the period was made up as follows:

	Number of employees	
	2015	2014
Management and administration	1	2
Engineers	-	-
	<u>-</u>	<u>-</u>

6. Directors' emoluments

No director received or was due to receive any emoluments in connection with their services as a director of this company in the period.

All Directors of the Company discharge their duties wholly from outside the United Kingdom.

7. Taxation

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2015	2014
	US\$	US\$
Current tax		
UK corporation tax on the profit for the year	-	-
Double taxation relief	-	-
	<u>-</u>	<u>-</u>
Foreign tax		
Current tax	-	-
Adjustments in respect of prior periods	-	-
	<u>-</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>

Notes to the financial statements

7. Taxation (continued)

(b) Factors affecting current tax charges

The tax assessed on the profit on ordinary activities for the period is different from the standard rate of corporation tax in the UK of 20.75% (2014: 22.5%). The differences are reconciled below:

	2015 US\$	2014 US\$
Profit on ordinary activities before tax	(254,195)	(3,381)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.75% (2014: 22.5%)	(52,745)	(761)
Effects of:		
Expenses not deductible for tax purposes	(446)	550
Depreciation in excess of capital allowances	(3,357)	(4,722)
Other timing differences	-	-
Unused losses carried forward	56,548	4,933
Higher taxes on overseas earnings	-	-
Adjustments in respect of prior periods	-	-
	-	-

(c) Factors affecting future tax charge

The company has unrecognised deferred tax assets totalling US\$149,677 (2014: US\$98,916) in respect of decelerated capital allowances, other timing differences and capital losses carried forward. These have not been recognised on the grounds that there is insufficient evidence as to the timing of their recoverability.

8. Dividends paid and proposed

During the year 2013, the Board of Directors approved a dividend of US\$ 2,450,000. This dividend remained unpaid at 30 June 2015 and is reflected within the amounts owed to fellow group under takings of US\$ 1,224,971.

Notes to the financial statements

9. Tangible assets

	<i>Buildings</i>	<i>Motor Vehicles</i>	<i>Furniture fittings & Equipment</i>	<i>Total</i>
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
At 1 July 2014	-	69,457	21,949	91,406
Additions	-	-	-	-
Disposals	-	(46,304)	-	(46,304)
At 30 June 2015	-	23,152	21,949	45,102
Accumulated Depreciation				
At 1 July 2014	-	69,457	21,949	91,406
Charge for the year	-	-	-	-
Disposals	-	(46,304)	-	(46,304)
At 30 June 2015	-	23,152	21,949	45,102
Net book value At 30 June 2015	-	-	-	-
At 30 June 2014	-	-	-	-

10. Debtors

	<i>2015 US\$</i>	<i>2014 US\$</i>
Trade debtors	560,019	602,705
Prepayments and accrued income	917	5,336
Amounts owed from parent undertaking	-	-
Provision for doubtful debt	(4,873)	(5,780)
	<u>556,063</u>	<u>602,261</u>

11. Creditors: amounts falling due within one year

	<i>2015 US\$</i>	<i>2014 US\$</i>
Amounts owed to fellow group undertakings	1,275,305	1,275,305
Accruals	274,141	315,781
Corporation tax	86,129	86,129
	<u>1,635,575</u>	<u>1,677,215</u>

Notes to the financial statements

12. Called-up equity share capital

	No	2015 US\$	No	2014 US\$
<i>Allotted called up and fully paid</i>				
<i>Ordinary shares of £1 each</i>	50,000	86,925	50,000	86,925

The company's called up share capital of 50,000 shares of £1 each is stated at the exchange rate in effect of 1 November 1991 (\$1.7385 for each £1), the date the share capital was issued.

13. Related party transactions

The Company, in the normal course of business carries out transactions with related parties, as defined by FRS 8 Related Party Transactions. These transactions are in the nature of recharge of expenses and advances. Such transactions are carried out at terms agreed between the parties.

The balances owed to and from related parties are set forth as follows:

	2015 US\$	2014 US\$
Amounts owed to fellow group undertakings	(50,334)	(50,334)
Amounts owed from parent undertaking	-	-
Amounts owed to parent undertaking	(1,224,971)	(1,224,971)

14. Reconciliation of shareholders' funds and movements on reserves

	Share capital US\$	Profit and loss account US\$	Total shareholders funds US\$
At 30 June 2012	86,925	2,710,515	2,797,440
Loss for the year	-	(163,305)	(163,305)
Dividends *	-	(2,450,000)	(2,450,000)
At 30 June 2013	86,925	97,210	184,135
Loss for the year	-	(3,381)	(3,381)
At 30 June 2014	86,925	93,829	180,754
Loss for the year	-	(254,195)	(254,195)
At 30 June 2015	86,925	(160,366)	(73,441)

* The Board of Directors of Gray Mackenzie Oilfield Services Limited decided in the meeting that was held in Dubai, UAE on 6 April 2013, to declare dividends to its shareholders amounting to USD 2,450,000.

15. Ultimate parent undertaking and controlling party

The immediate parent undertaking is GMBC Limited which is registered in the Cayman Islands. The ultimate parent undertaking and controlling party is C2 Limited which is registered in Cayman Islands.