

Registered Number: 03532045

Hunting Energy Services Overseas Holdings Limited  
Annual Report  
For the Year Ended 31 December 2013

WEDNESDAY



\*A3AS4HF4\*

A38

25/06/2014

#343

COMPANIES HOUSE

## Contents

Strategic Report .....	1
Report of the Directors .....	2
Independent Auditors' Report to the Members of Hunting Energy Services Overseas Holdings Ltd .....	4
Statement of Comprehensive Income .....	6
Balance Sheet .....	7
Statement of Changes in Equity .....	8
Statement of Cash Flows .....	9
Notes to the Financial Statements .....	10

## Strategic Report

### Business Review

The Company primarily operates as a holding and investment company providing management services to companies within the Hunting Energy Services Overseas Holdings Limited sub-group.

The company profit before tax increased to £677k in comparison to the prior year loss of £(3)k. The main contributor to this increase was due to dividends received from its subsidiary undertakings amounting to £766k (2012 - £0k).

The company paid no dividends during the year.

The company made no investments during the year.

### Key Risks and Uncertainties

The Company's sole purpose is to hold investments and therefore is at risk of impairment due to market conditions. In addition the company holds cash balances and borrowings in Sterling and is exposed to fluctuations in interest rates.

### Key Performance Indicators (KPIs)

The company's sole purpose is to hold investments and these are reported at cost value. However, the value of the investment is analysed on a regular basis to check for any impairment issues. No impairment was necessary in 2013.

Approval by the board of directors and signature on behalf of the board



Peter Rose - Director

28 April 2014

## Report of the Directors

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

### Principal Activities

The Company operates as an intermediate investment holding company.

The results of the Company are set out in the Income Statement and Statement of Comprehensive Income on page 6.

### Registered Office

The registered office of the company is 5 Hanover Square, London, W1S 1HQ.

### Directors

The Directors who held office during the year and up to the date of this report were:

P Rose  
R J Davie  
A J Johnson

No Director during the year had any interest in the share capital of the Company or a material interest in any contract of significance.

### Environment

The Company operates to the Hunting PLC Group's environmental policy. The Hunting PLC Group's environmental policy is to look for opportunities and adopt practices that create a safer and cleaner environment. It is particularly sensitive to the challenges for the industry in which it operates. The Group has programmes in place to monitor environmental impact from its operational activities and remains focused on ensuring environmental consideration is at the forefront of its business practices.

The environmental policies aim to ensure:

- Policies, procedures and practices are in place so that any adverse effects on the environment are reduced to a practicable minimum.
- The Group encourages the reduction of waste and emissions and promotes awareness of recycled materials and use of renewable resources.
- Each operating unit develops and implements its own procedures and conducts structured reviews to ensure that they are maintained and refined.
- Employees are encouraged to pay special regard to environmental concerns in the communities in which the Group operates.

### Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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.

## Report of the Directors (continued)

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union 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 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.

### Disclosure of Information to Auditors

In accordance with Companies Act requirements all Directors in office as at the date of this report have confirmed so far as they are aware there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all reasonable steps necessary in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

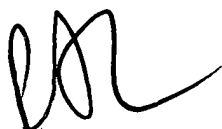
### Going Concern

The Directors, after making enquiries and on the basis of current financial projections and the facilities available, believe that the Company has adequate financial resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

### Independent Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office as auditors. A resolution to reappoint them as auditors to the Company will be proposed at the Annual General Meeting.

### Approval by the board of directors and signature on behalf of the board



**Peter Rose - Director**

28 April 2014

## **Independent Auditors' Report to the Members of Hunting Energy Services Overseas Holdings Limited**

### **Report on the financial statements**

#### **Our opinion**

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

#### **What we have audited**

The financial statements, which are prepared by Hunting Energy Services Overseas Holdings Limited, comprise:

- the balance sheet as at 31 December 2013;
- the income statement and statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Independent Auditors' Report to the Members of Hunting Energy Services Overseas Holdings Limited (continued)**

### **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.

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the directors**

As explained more fully in the Directors' Responsibilities Statement, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Bruce Collins (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Aberdeen  
28 April 2014

**Statement of Comprehensive Income**

For the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Administrative expenses	6	(10)	(22)
<b>Operating loss</b>		<b>(10)</b>	<b>(22)</b>
Finance income		20	61
Finance expense		(99)	(42)
Dividend Income	14	766	-
<b>Profit / (loss) before tax</b>		<b>677</b>	<b>(3)</b>
Taxation	8	21	(4)
<b>Profit / (loss) for the financial year</b>		<b>698</b>	<b>(7)</b>
<b>Other Comprehensive Income for the year</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the year</b>		<b>698</b>	<b>(7)</b>

The current and prior year results have been derived wholly from continuing activities.



**Balance Sheet**

At 31 December 2013

	Note	2013 £'000	2012 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	10	23,371	23,371
Investment in associates	10	829	829
Investment in joint ventures	10	82	82
<b>Non-current assets</b>		<b>24,282</b>	<b>24,282</b>
<b>Current assets</b>			
Cash and cash equivalents	7	768	2,550
Current tax prepaid		21	-
<b>Current assets</b>		<b>789</b>	<b>2,550</b>
<b>Total Assets</b>		<b>25,071</b>	<b>26,832</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Current tax liabilities		-	4
Borrowings	9	225	2,680
<b>Current liabilities</b>		<b>225</b>	<b>2,684</b>
<b>Total Liabilities</b>		<b>225</b>	<b>2,684</b>
<b>Net assets</b>		<b>24,846</b>	<b>24,148</b>
<b>Equity attributable to owners</b>			
Share capital	13	21,163	21,163
Retained earnings		3,683	2,985
<b>Total equity</b>		<b>24,846</b>	<b>24,148</b>

The notes on pages 10 to 20 are an integral part of these financial statements.

The financial statements on pages 6 to 20 were approved by the board of directors on 28 April 2014 and were signed on its behalf by:



Peter Rose - Director

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

	Share Capital	Retained Earnings	Total Equity
	£'000	£'000	£'000
<b>At 1 January</b>	21,163	2,985	24,148
Profit for the year	-	698	698
Other Comprehensive Income	-	-	-
<b>Total Comprehensive Income</b>	-	698	698
<b>Balance at 31 December</b>	21,163	3,683	24,846

**For the year ended 31 December 2012**

	Share Capital	Retained Earnings	Total Equity
	£'000	£'000	£'000
<b>At 1 January</b>	21,163	2,992	24,155
Loss for the year	-	(7)	(7)
Other Comprehensive Income	-	-	-
<b>Total Comprehensive Income</b>	-	(7)	(7)
<b>Balance at 31 December</b>	21,163	2,985	24,148

**Statement of Cash Flows**

For the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
<b>Operating activities</b>			
Cash from / (used) in operating activities	16	11	(44)
Interest received		20	61
Interest paid		(20)	-
Tax paid		(4)	(42)
<b>Net cash inflow / (outflow) from operating activities</b>		<b>7</b>	<b>(25)</b>
<b>Investing activities</b>			
Dividend received from associate	14	766	-
<b>Net cash inflow from investing activities</b>		<b>766</b>	<b>-</b>
<b>Financing activities</b>			
Repayment of borrowings	9	(2,773)	-
Loan proceeds		218	-
<b>Net cash outflow from financing activities</b>		<b>(2,555)</b>	<b>-</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(1,782)</b>	<b>(25)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>2,550</b>	<b>2,575</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>768</b>	<b>2,550</b>

## Notes to the Financial Statements

### 1. BASIS FOR PREPARATION

The financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using IFRS and those International Financial Reporting Standards as adopted by the European Union and IFRIC Interpretations, which are effective as at 31 December 2013. The financial statements have been prepared on a going concern basis under the historical cost convention.

The principal accounting policies applied in the preparation of these financial statements are set out in note 17. These policies have been consistently applied to all the years presented.

#### Adoption of new standards, amendments and interpretations

##### IAS 19 (revised) Employee Benefits

IAS 19 (revised) Employee Benefits has been adopted from 1 January 2013. The Group has applied the standard retrospectively in accordance with the transition provisions of the standard. Under IAS 19 (revised), scheme expenses are now recognised as incurred rather than charged against a reserve within the defined benefit obligation. There is no impact on the financial statements.

##### IFRS 13 Fair Value Measurement

IFRS 13 Fair Value Measurement, which is to be applied retrospectively as of 1 January 2013, describes how fair value is to be measured for all IFRS reporting standards and extends the disclosures to be made on fair value measurement, but does not stipulate in which cases fair value is to be used. There is no impact on the financial statements.

##### Amendment to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has adopted early the amendment to IAS 36, which removes the requirement to disclose the recoverable amount of CGU's with significant carrying amounts of goodwill. There is no impact on the financial statements.

There are no other new IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning 1 January 2013 that have a material impact on the Company's financial performance or position.

#### Standards, Amendments and Interpretations Effective Subsequent to the Year End

- IFRS 9 Financial Instruments\*
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 (revised) Separate Financial Statements
- IAS 28 (revised) Investments in Associates and Joint Ventures
- Amendment to IAS 32 – Offsetting Financial Assets and Financial Liabilities
- Amendment to IAS 19 – Defined Benefit Plans; Employee Contributions\*
- Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)
- Annual Improvements to IFRSs 2010 - 2012\*
- Annual Improvements to IFRSs 2011 - 2013\*

\* Not yet endorsed by the European Union.

New requirements contained within International Financial Reporting Standards, referred to above, are currently being assessed to determine whether there is a significant impact on the Company's results or financial position.

## Notes to the Financial Statements (continued)

### 2. GOING CONCERN

The Directors, after making enquiries and on the basis of current financial projections and the facilities available, believe that the Company has adequate financial resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

### 3. DIRECTORS' REMUNERATION

No remuneration was paid to directors for their services to the Company during the year (2012 - £nil).

### 4. EMPLOYEE INFORMATION

During 2013 and 2012 the Company did not have any employees.

### 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements and assumptions about the future, resulting in the use of accounting estimates. These will, by definition, seldom equal the related actual results and adjustments will consequently be necessary. Estimates are continually evaluated, based on experience, consultation with experts and reasonable expectations of future events. The estimate and assumptions that has a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year is mainly on impairment of investments as stated in note 17.

### 6. ADMINISTRATIVE EXPENSES

	2013	2012
	£'000	£'000
Auditors fees	10	-
Legal fees	-	22
	10	22

Administration expenses represent audit fees in 2013 and legal fees in 2012. Auditors fees of £10k was paid by Hunting Energy Services (UK) Limited and recharged to the company during 2013. In 2012 Hunting Energy Services (International) Limited paid the audit fees and it was not recharged to the company.

### 7. CASH AND CASH EQUIVALENTS

	2013	2012
	£'000	£'000
Cash and cash equivalents	768	2,550

Cash and cash equivalents consist of bank balances which are denominated in GBP.

## Notes to the Financial Statements (continued)

### 8. TAXATION

	2013 £'000	2012 £'000
<b>UK current tax:</b>		
- current year income / (expense)	21	(4)
<b>Taxation</b>	<b>21</b>	<b>(4)</b>

The tax assessed for the year is higher than (2012 – higher than) the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	2013 £'000	2012 £'000
<b>Profit / (loss) before tax</b>	<b>677</b>	<b>(3)</b>
Profit on ordinary activities multiplied by standard rate in the UK 23.25% (2012: 24.5%)	(157)	1
Effects of:		
- Dividend income not assessable for tax purposes	178	-
- Expenses not deductible for tax purposes	-	(5)
<b>Taxation</b>	<b>21</b>	<b>(4)</b>

### Factors affecting current and future tax charges

A number of changes to the UK corporation tax system were announced in the March 2013 Budget Statement. From 1 April 2013 the main rate of corporation tax was reduced to 23% and the impact of this change has been recognised in calculating the effective rate of tax for the year ended 31 December 2013. Legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 and from 21% to 20% from 1 April 2015 was included in the Finance Act 2013, which received Royal Assent on 17 July 2013 and, accordingly, have been used in the calculation of deferred tax balances. The changes have not had a material impact on the Company's deferred tax balances.

## Notes to the Financial Statements (continued)

### 9. BORROWINGS

	2013	2012
	£'000	£'000
Loan from Hunting Titan Ltd (company under common control)	-	2,680
Loan from Hunting Knightsbridge Holdings Ltd (company under common control)	225	-
	<b>225</b>	<b>2,680</b>

A loan from Hunting Knightsbridge Holdings Ltd in the amount of GBP 218k was received on 31 January 2013 to finance the settlement of the balance of the loan from Hunting Titan Ltd on 31 January 2013. The loan carries an interest rate of 2.5%.

The loan from Hunting Titan Ltd in the amount of USD 4,264k (equivalent in GBP 2,637k) was received on 30 September 2012 to finance the investment in subsidiary on 30 September 2012. The loan had an interest rate of 6.25% and was settled on 31 January 2013.

### 10. INVESTMENTS

	2013	2012
	£'000	£'000
<b>Investment in subsidiaries</b>		
At 1 January	23,371	20,734
Increase in investment	-	2,637
At 31 December	23,371	23,371
<b>Investment in associate</b>		
At 1 January and 31 December	829	829
<b>Investment in joint venture</b>		
At 1 January and 31 December	82	82

On 30 September 2012 the company acquired 100% of the shares in Hunting Titan ULC for \$4,264k (£2,637k). The shares in Hunting Titan ULC were subsequently transferred at the book value to Hunting Energy Services (Canada) Holdings Limited, a fully owned subsidiary of the company, on 7 January 2013.

## Notes to the Financial Statements (continued)

### 11. FINANCIAL INSTRUMENTS

#### Fair values of financial assets and financial liabilities

The carrying amounts of each measurement category of the Company's financial assets and financial liabilities are stated below, together with a comparison of fair value and carrying amount for each class of financial asset and financial liability.

	Loans and Receivables	Financial Liabilities Measured at Amortised Cost	Total	Total
31/12/2013	Carrying Amount			Fair Value
	£'000	£'000	£'000	£'000
<b>Current Assets</b>				
Cash and cash equivalents	768	-	768	768
<b>Current Liabilities</b>				
Borrowings	-	(225)	(225)	(225)
	768	(225)	543	543
	Loans and Receivables	Financial Liabilities Measured at Amortised Cost	Total	Total
31/12/2012	Carrying Amount			Fair Value
	£'000	£'000	£'000	£'000
<b>Current Assets</b>				
Cash and cash equivalents	2,550	-	2,550	2,550
<b>Current Liabilities</b>				
Borrowings	-	(2,680)	(2,680)	(2,680)
	2,550	(2,680)	(130)	(130)

The fair value of financial instruments approximates to the carrying amount because of the short-term maturity of these instruments.



## Notes to the Financial Statements (continued)

### 12. FINANCIAL RISK

The activities of the Company expose it to certain financial risks, namely interest rate, currency and liquidity risk. The Company's risk management strategy seeks to minimise potential adverse effects on its financial performance.

There are clearly defined objectives and principles for managing financial risk established by the Board of Directors, with policies, parameters and procedures covering foreign currency and cash management.

The Company works closely with the treasury function of Hunting PLC to ensure proper implementation of the policies for foreign currency and cash management.

#### (a) Liquidity risk

The Company is party to the Hunting PLC group set-off arrangement with Barclays Bank PLC.

#### (b) Sensitivity analysis

The following sensitivity analysis is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and show the impact on profit or loss and shareholders' equity. The sensitivity analysis relates to the position as at 31 December 2013 and 31 December 2012.

#### (c) Capital Management

The Company's objective when managing capital is to provide sufficient resources to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of debt (which includes loans from group undertakings, trade and other payables and accruals), cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital and retained earnings.

#### (d) Foreign exchange risk

The Company is exposed to foreign exchange risk from loans from foreign group companies. Foreign exchange risks arise from future transactions and cash flows and from recognised monetary assets and liabilities that are not denominated in the functional currency of the Company's local operations.

#### (e) Interest rate risk

The Company is exposed to fluctuations in the interest rates received / paid to financial institutions and it has an impact on its post-tax profit / (losses) per the sensitivity analysis below.

#### Interest rate sensitivity

At 31 December, if interest rates had been 0.5% higher or lower, with all other variables held constant, the post-tax effects for the year would have been as follows:

	2013		2012	
	Income Statement	Equity	Income Statement	Equity
	£'000	£'000	£'000	£'000
Interest Rates +0.5%	2	-	12	-
Interest Rates -0.5%	(2)	-	(12)	-

These movements arise from the floating interest rate on the bank balances.

## Notes to the Financial Statements (continued)

### Foreign Exchange Rate Sensitivity

The table below shows the post-tax impact for the year of a reasonably possible change in the US dollar exchange rate, with all other variables held constant at 31 December.

	2013		2012	
	Income Statement	Equity	Income Statement	Equity
	£'000	£'000	£'000	£'000
US dollar exchange rates +10% (2012: +10%)	-	-	4	-
US dollar exchange rates -10% (2012: -10%)	-	-	(5)	-

The movement arises from US dollar denominated borrowings. There is no impact on equity from a change in the US dollar exchange rate.

### 13. SHARE CAPITAL

	2013	2012
	£'000	£'000
<b>Authorised, allotted, called up and fully paid</b>		
21,163,000 ordinary shares of £1 each (2012: 21,163,000)	21,163	21,163

Hunting Energy Services Overseas Holdings Limited is a private limited company, incorporated and domiciled in England and Wales.

### 14. ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

Hunting Energy Services (International) Limited is the Company's immediate parent undertaking. The results of the Company are included in the consolidated Group statutory financial statements of Hunting PLC, which is its ultimate parent company.

Companies under common control are the companies controlled by Hunting PLC.

Copies of the financial statements of Hunting Energy Services (International) Limited and Hunting PLC may be obtained from the Company Secretary, Hunting PLC, 5 Hanover Square, London W1S 1HQ.

**Notes to the Financial Statements (continued)**

	2013	2012
	£'000	£'000
Related party transactions during the year were as follow:		
Dividends received:		
- Tubular Resources Pte Limited (associate)	766	-
Interest:		
- paid to Hunting Titan Ltd (under common control)	14	42
Related party balances as at the year-end were as follow:		
	2013	2012
	£'000	£'000
Owed to Hunting Titan Ltd (under common control)	-	2,680
Owed to Hunting Knightsbridge Holdings Ltd (under common control)	225	-

**15. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The following are subsidiaries, associates and a joint venture and related percentage interests as at 2013 and 2012		Percentage interest in ordinary shares and proportion of voting rights held	Country of incorporation and operations	Business
<b>Corporate activities</b>				
Hunting Energy Services (Canada) Holdings Limited	Subsidiary	100	Canada	Holding company
<b>Oil and gas activities</b>				
Hunting Titan ULC	Subsidiary	100	Canada	Oilfield services
Hunting Energy Services (Canada) Limited *	Subsidiary	100	Canada	Oilfield services
Hunting Airtrust Tubulars Pte Limited	Joint Venture	50	Singapore	Oilfield services
Oilfield Services Company	Associate	30	Thailand	Oilfield services
Tubular Resources Pte Limited	Associate	30	Singapore	Oilfield services

**Notes**

- Interests in companies marked \* are held indirectly.
- Certain indirect holdings have been excluded from the above where in the opinion of the Directors they do not have a material bearing on the profits or assets of the Company.
- All interests in subsidiaries are in the equity shares of these companies.

## Notes to the Financial Statements (continued)

### 16. CASH OUTFLOW FROM OPERATIONS

Reconciliation of net profit before tax to net cash outflow from operating activities:

	2013 £'000	2012 £'000
Profit / (loss) before tax	677	(3)
Adjustments for:		
- Finance income	(20)	(61)
- Finance cost	20	42
- Foreign exchange loss on borrowings	79	-
- Dividends received	(766)	-
Changes in working capital:		
- Increase / (Decrease) in other payables	-	(22)
<b>Net cash from / (used) in operating activities</b>	<b>11</b>	<b>(44)</b>

### 17. PRINCIPAL ACCOUNTING POLICIES

#### Financial Statements

The Company is exempt from preparing consolidated financial statements in accordance with section 400 of the Companies Act 2006. The financial statements of the Company are included within the consolidated financial statements of the ultimate parent company, Hunting Plc.

#### Interest

Interest income and expense is recognised in the income statement using the effective interest method.

#### Investments

Investments are valued at the lower of cost and net realisable value and represent investments in the equity share capital of subsidiary undertakings, associates and jointly controlled entities. Income from investments is credited to the profit and loss account when dividends are declared. Impairment to investments is considered on an annual basis. Any impairment in carrying value which is deemed as being permanent is taken immediately as a charge to the income statement.

#### Foreign Currencies

The functional currency of the company is GBP. Exchange differences arising from transactions are dealt with in the income statement. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the financial period. Exchange gains or losses on monetary assets and liabilities are taken to the income statement. The year-end exchange rate of GBP sterling to US Dollar is 1.6563 (2012: 1.6255).

#### Taxation

The tax charge on the profit or loss for the year comprises current tax. Current tax is the expected net tax payable on the current year's net profits, using tax rates enacted or substantively enacted at the balance sheet date, plus adjustments to net tax payable in respect of prior years' net profits.

## Notes to the Financial Statements (continued)

### Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with a maturity of less than three months from the date of deposit that are readily convertible to a known amount of cash. Accrued interest is disclosed as part of the year-end balance.

For cash flow statement purposes, cash and cash equivalents include bank overdrafts and short-term deposits with a maturity of less than three months from the date of deposit. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

### Financial Assets

The Company classifies its financial assets into the following two categories: financial assets at fair value through profit or loss, and loans and receivables. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date. The Company assesses at each balance sheet date whether a financial asset is impaired by comparing its carrying value with its present value of the estimated future cash flows discounted at a rate relevant to the nature of the financial asset. If the carrying amount is higher, it is reduced to the appropriate value and the loss is recognised in the income statement immediately. Financial assets cease to be recognised when the right to receive cash flows has expired or has been transferred and the Company has transferred substantially all the risks and rewards of ownership.

#### *(a) Financial assets at fair value through the profit and loss*

Gains and losses arising from changes in the fair value are included in the income statement in the period in which they arise.

#### *(b) Loans and receivables*

Loans and receivables are carried at amortised cost using the effective interest rate method.

### Financial Liabilities

Financial liabilities are initially recognised at fair value at the trade date which is normally the consideration. The Company subsequently re-measures all of its non-derivative financial liabilities, including trade payables, at amortised cost.

### Dividend distributions

Dividend distributions to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the company's shareholders in case of final dividends or are recognised in the period paid in case of interim dividends.

### Dividend income

Dividend income received from subsidiary undertakings are recognised in the financial statements in the period that they are received and are dealt with in the Income Statement below the operating loss line in investing activity.

### Impairments

The Company assesses at least annually whether there have been any events or changes in circumstances that indicate that investments may be impaired. An impairment review is carried out whenever the assessment indicates that the carrying amount may not be fully recoverable.

For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Where impairment exists, the asset is written down to the higher of (a) its fair value minus costs to sell; and (b) its value in use. Impairments are recognised immediately in the income statement.

## Notes to the Financial Statements (continued)

When applicable, an impairment of any asset is reversed, but only to the extent that the consequent carrying value does not exceed what would have been the carrying value had the impairment not originally been made.

### Share Capital

The Company's share capital comprises a single class of Ordinary shares, which are classified as equity. Incremental costs directly attributable to the issue of new shares are charged to equity as a deduction from the proceeds, net of tax.