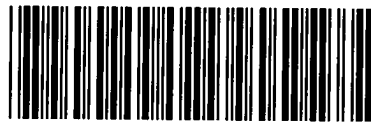


Registered Number: 03532045

Hunting Energy Services Overseas Holdings Limited
Annual Report
For the Year Ended 31 December 2014

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Strategic Report

Business Review

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

The company profit before tax increased to £2,851k in comparison to the prior year profit before tax of £677k. The main contributor to this increase was due to dividends received from its subsidiary undertakings amounting to £2,857k (2013 - £766k).

The company paid a dividend of £154k 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 there is a 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. However, the value of the investment is analysed on a regular basis to check for any impairment issues. No impairment was necessary in 2014.

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



Peter Rose - Director

29 April 2015

Report of the Directors

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2014.

Principal Activities

The Company operates as an intermediate investment holding company.

The results of the Company are set out in the 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 Strategic Report, 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 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 International Financial Reporting Standards (IFRS) as adopted by the European Union 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.

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 independent 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

29 April 2015

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

Report on the financial statements

Our opinion

In our opinion, Hunting Energy Services Overseas Holdings Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.

What we have audited

Hunting Energy Services Overseas Holdings Limited's financial statements comprise:

- the Balance Sheet as at 31 December 2014;
- the 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 the preparation of the financial statements 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Report of the Directors 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.

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2-3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("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.

What an audit of financial statements involves

We conducted our audit in accordance with 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.



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

29 April 2015

Statement of Comprehensive Income

For the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Administrative expenses	6	(25)	(10)
Operating loss		(25)	(10)
Finance income		26	20
Finance expense		(4)	(99)
Dividend Income	14	2,857	766
Profit before tax		2,854	677
Taxation	8	(3)	21
Profit for the financial year		2,851	698
Other Comprehensive Income for the year		-	-
Total Comprehensive Income for the year		2,851	698

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

Balance Sheet

At 31 December 2014

	Note	2014 £'000	2013 £'000
ASSETS			
Non-current assets			
Investment in subsidiaries	10	23,371	23,371
Investment in associates	10	829	829
Investment in joint ventures	10	82	82
Non-current assets		24,282	24,282
Current assets			
Cash and cash equivalents	7	3,489	768
Current tax prepaid		-	21
Current assets		3,489	789
Total Assets		27,771	25,071
LIABILITIES			
Current liabilities			
Current tax liabilities		3	-
Borrowings	9	225	225
Current liabilities		228	225
Total Liabilities		228	225
Net assets		27,543	24,846
Equity attributable to owners			
Share capital	13	21,163	21,163
Retained earnings		6,380	3,683
Total equity		27,543	24,846

The notes on pages 10 to 21 are an integral part of these financial statements.

The financial statements on pages 6 to 21 were approved by the board of directors on 29 April 2015 and were signed on its behalf by:



Peter Rose - Director

Statement of Changes in Equity

For the year ended 31 December 2014

	Share Capital	Retained Earnings	Total Equity
	£'000	£'000	£'000
At 1 January	21,163	3,683	24,846
Profit for the year	-	2,851	2,851
Dividend paid	-	(154)	(154)
Other Comprehensive Income	-	-	-
Total Comprehensive Income	-	2,697	2,697
Balance at 31 December	21,163	6,380	27,543

For the year ended 31 December 2013

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

Statement of Cash Flows

For the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Operating activities			
Cash (used in) / generated from in operating activities	17	(25)	11
Interest received		26	20
Interest paid		(4)	(20)
Tax received / (paid)		24	(4)
Net cash inflow / (outflow) from operating activities		18	7
Investing activities			
Dividend received from associate	14	2,857	766
Net cash inflow from investing activities		2,857	766
Financing activities			
Repayment of borrowings	9	-	(2,773)
Loan proceeds		-	218
Dividends paid	15	(154)	-
Net cash outflow from financing activities		(154)	(2,555)
Net increase / (decrease) in cash and cash equivalents		2,721	(1,782)
Cash and cash equivalents at the beginning of the year		768	2,550
Cash and cash equivalents at the end of the year		3,489	768

Notes to the Financial Statements

1. Basis for preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and those International Financial Reporting Standards ('IFRS') and International Financial Reporting Interpretations Committee ('IFRIC') Interpretations as adopted by the European Union. The financial statements have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of available for sale financial assets and those financial assets and financial liabilities held at fair value through profit and loss.

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

The following standards, amendments and interpretations have been adopted and are effective for the Group's accounting period beginning on or after 1 January 2014:

- IAS 28 (revised) Investments in Associates and Joint Ventures
- IAS 32 (amendment) Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- IAS 36 (amendment), 'Impairment of assets', on the recoverable amount disclosures for non-financial assets
- IAS 39 (amendment), 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRIC 21 Levies

Although the adoption of these standards, amendments and interpretations represents a change in accounting policy, comparative figures for 2013 have not been restated for these as the changes do no impact the financial performance or position of the Company.

The following standards, amendments and interpretations are effective subsequent to the year end and are being assessed to determine whether there is a significant impact on the Company's results or financial position:

- IFRS 9 Financial Instruments*
- IFRS 15 Revenue from Contracts and Customers*
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception*
- Amendments to IAS 1 Disclosure initiative*
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*
- Amendments to IAS 27 Equity Method in Separate Financial Statements*
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions
- Annual Improvements to IFRSs 2010-2012 Cycle – effective 1 July 2014
- Annual Improvements to IFRSs 2012-2014 Cycle – effective 1 January 2016*

* Not yet endorsed by the European Union.

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 (2013 - £nil).

4. Employee Information

During 2014 and 2013 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 have 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

	2014 £'000	2013 £'000
Auditors fees	9	10
Legal fees	16	-
	25	10

Auditors fees of £9k was paid by Hunting Energy Services (UK) Limited and recharged to the company during 2014 (2013 - £10k).

7. Cash and Cash Equivalents

	2014 £'000	2013 £'000
Cash and cash equivalents	3,489	768

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

Notes to the Financial Statements (continued)

8. Taxation

	2014 £'000	2013 £'000
UK current tax:		
- current year (expense) / income	(3)	21
Taxation	(3)	21

The tax assessed for the year is higher than (2013 – higher than) the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are explained below:

	2014 £'000	2013 £'000
Profit / (loss) before tax	2,851	677
Profit on ordinary activities multiplied by standard rate in the UK 21.5% (2013: 23.25%)	(613)	(157)
Effects of:		
- Dividend income not assessable for tax purposes	613	178
- Expenses not deductible for tax purposes	(3)	-
Taxation	(3)	21

Factors affecting current and future tax charges

In July 2013, the UK Government enacted a change in the UK corporation tax rate from 23% to 21% effective from 1 April 2014 and to 20% from 1 April 2015. The impact of the change in rate to 21% has been recognised in calculating the effective rate of tax for the year ended 31 December 2014.

Notes to the Financial Statements (continued)

9. Borrowings

	2014	2013
	£'000	£'000
Loan from Hunting Knightsbridge Holdings Ltd (company under common control)	225	225
	225	225

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

	2014	2013
	£'000	£'000
Investment in subsidiaries		
At 1 January and 31 December	23,371	23,371
Investment in associates		
At 1 January and 31 December	829	829
Investment in joint ventures		
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
31/12/2014	Carrying Amount			Fair Value
	£'000	£'000	£'000	£'000
Current Assets				
Cash and cash equivalents	3,489	-	3,489	3,489
Current Liabilities				
Borrowings	-	(225)	(225)	(225)
	3,489	(225)	3,264	3,264
31/12/2013	Carrying Amount			Fair Value
	£'000	£'000	£'000	£'000
Current Assets				
Cash and cash equivalents	768	-	768	768
Current Liabilities				
Borrowings	-	(225)	(225)	(225)
	768	(225)	543	543

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) 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.

(c) 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.

(d) 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.

(e) 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 2014 and 31 December 2013.

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:

	2014		2013	
	Income Statement	Equity	Income Statement	Equity
	£'000	£'000	£'000	£'000
Interest Rates +0.5%	(1)	-	2	-
Interest Rates -0.5%	1	-	(2)	-

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.

	2014		2013	
	Income Statement	Equity	Income Statement	Equity
	£'000	£'000	£'000	£'000
US dollar exchange rates +10% (2013: +10%)	-	-	-	-
US dollar exchange rates -10% (2013: -10%)	-	-	-	-

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

	2014	2013
	£'000	£'000
Authorised, allotted, called up and fully paid		
21,163,000 ordinary shares of £1 each (2013: 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)

	2014	2013
	£'000	£'000
Related party transactions during the year were as follow:		
Dividends received:		
- Tubular Resources Pte Limited (associate)	2,780	766
- Oilfield Services Company (associate)	77	-
Interest:		
- paid to Hunting Titan Ltd (under common control)	-	14
- paid to Hunting Knightsbridge Holdings Ltd (under common control)	4	-

	2014	2013
	£'000	£'000
Related party balances as at the year-end were as follow:		
Owed to Hunting Knightsbridge Holdings Ltd (under common control)	225	225

15. Dividends Paid

	2014	2013
	£'000	£'000
Declared and paid during the year:		
Dividends paid to ordinary shareholders	154	-

Dividends per share in the year were 0.7p (2013: nil)

Notes to the Financial Statements (continued)

16. Subsidiaries, Associates and Joint Ventures

The following are subsidiaries, associates and a joint venture and related percentage interests as at 2014 and 2013		Percentage interest in ordinary shares and proportion of voting rights held	Country of incorporation and operations	Business
Corporate activities				
Hunting Energy Services (Canada) Holdings Limited	Subsidiary	100	Canada	Holding company
Oil and gas activities				
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. A full list of indirect holdings is submitted to the Companies House in the annual return.
- All interests in subsidiaries are in the equity shares of these companies.

17. Cash (used in) / generated from operating activities

Reconciliation of profit before tax to net cash (used in) / generated from operating activities:

	2014 £'000	2013 £'000
Profit / (loss) before tax	2,854	677
Adjustments for:		
- Finance income	(26)	(20)
- Finance cost	4	20
- Foreign exchange loss on borrowings	-	100
- Dividends received	(2,857)	(766)
Changes in working capital:		
- Increase in other payables	-	-
Net cash (used in) / generated from operating activities	(25)	11

Notes to the Financial Statements (continued)

18. 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 1.5593 (2013: 1.6563).

Taxation

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

Cash and Cash Equivalents

Cash and cash equivalents 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.

Notes to the Financial Statements (continued)

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 initially recognised at fair value then measured at amortised cost subsequently 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 are 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.

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.

Notes to the Financial Statements (continued)

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.