

ABLECARE OILFIELD SERVICES HOLDINGS LIMITED

CONDENSED CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS

For the period 1 January 2016 to 30 June 2016

**ABLECARE OILFIELD SERVICES HOLDINGS LIMITED -  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**Holding Company Information**

<b>Directors :</b>	Mr Paul Abela Mr Duncan Brincat Mr Joseph Mario Maggi Ms Angelique Maggi Mr Raymond Ciantar Mr Jason Azzopardi
<b>Secretary :</b>	Dr Michael Zammit Maempel
<b>Company number :</b>	C 45547
<b>Registered office :</b>	UB 22, Industrial Estate San Gwann Malta
<b>Auditors :</b>	KSi Malta Villa Gauci Mdina Road Balzan Malta
<b>Business address :</b>	Mediterranean Maritime Hub Xatt il-Mollijiet Marsa Malta
<b>Bankers :</b>	Banif Bank 125/126 Triq il-Kbira San Giljan Malta  Bank of Valletta plc 49, Constitution Street Mosta Malta

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**Report of the Directors**

For the period 1 January 2016 to 30 June 2016

The directors present their report and the unaudited condensed consolidated interim financial statements for period 1 January 2016 to 30 June 2016.

***Principal activity***

The group provides specialised services to the marine and oil and gas industry. The group caters for the specific requirements of drilling contractors and their service provides with services ranging from manpower planning, project recruitment, contracting of pre-screened and qualified personnel for the offshore/onshore oilfield industry, training of personnel, logistics, supply chain solutions, project management, rig agency services and rig stop services and facilities.

***Results***

The Group loss for the period after tax amounted to € 238,262 (2015: € 193,403 – 6 months).

***Directors***

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

Mr Paul Ablea  
Mr Duncan Brincat  
Mr Joseph Mario Maggi  
Ms Angelique Maggi  
Mr Raymond Ciantar  
Mr Jason Azzopardi

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

***Statement of directors' responsibilities***

In accordance with the requirements of International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS 34) the directors are required to:

- 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

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**Report of the Directors (continued)**  
For the period 1 January 2016 to 30 June 2016

**Statement of directors' responsibilities (continued)**

- 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.

We hereby confirm that to the best of our knowledge the condensed consolidated interim financial statements give a true and fair view of the financial position of the Group as at 30 June 2016, and of its financial performance and cash flows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34, 'Interim Financial Reporting').

BY ORDER OF THE BOARD



Mr Paul Abela  
Director



Mr Raymond Ciantar  
Director

15 September 2016

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**Condensed Consolidated Interim Statement of Comprehensive Income**  
For the period 1 January 2016 to 30 June 2016

	Six months ended 30 Jun 16 (unaudited) €	Six months ended 30 Jun 15 (unaudited) €
<b>Revenue</b>	5,758,110	5,568,178
<b>Direct costs</b>	(4,362,454)	(4,409,172)
<b>Gross profit</b>	1,395,656	1,159,006
<b>Administrative expenses and other expenses</b>	(1,618,627)	(1,356,288)
<b>Finance income</b>	43,025	68,637
<b>Finance costs</b>	(55,233)	(64,034)
<b>Loss before tax</b>	(235,179)	(192,679)
<b>Income tax expense</b>	(3,083)	724
<b>Loss for the period</b>	€ (238,262)	€ (191,955)
<b>Total comprehensive expense for the period</b>	(238,262)	(191,955)
<b><u>Attributable to:</u></b>		
Parent company shareholders	(235,972)	(191,955)
Non-controlling interest	2,290	-
<b>Loss for the period</b>	€ (238,262)	€ (191,955)
<b>Earnings per share</b>	-	-

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**Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information**

To the shareholders of Ablecare Oilfield Services Holdings Limited

**Report on the Financial Statements**

**Introduction**

We have reviewed the accompanying condensed consolidated statement of financial position of Ablecare Oilfield Services Holdings Limited as at 30 June 2016, the related condensed consolidated statement of comprehensive income, condensed consolidated interim changes in equity and condensed consolidated interim statement of cash flows for the six-month period then ended and the explanatory notes ('the interim financial information'). The directors are responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 'Interim Financial Reporting'). Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

This report, including its conclusion, has been prepared for the company at the request of its directors. We do not, in producing this report, 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.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 'Interim Financial Reporting'.

Joseph Gauci (Partner) for and on behalf of

KSi Malta  
Certified Public Accountants

Balzan  
Malta

16 September 2016

ABLECARE OILFIELD SERVICES HOLDINGS LIMITED -  
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Condensed Consolidated Interim Statement of Financial Position  
As at 30 June 2016

	Note	Six Months ended 30 Jun 16 (unaudited) €	Twelve Months ended 31 Dec 15 (audited) €
<b>Assets</b>			
Property, plant and equipment		3,863,912	2,462,967
Intangible assets		725,000	725,000
Deferred tax assets		40,281	40,281
Trade and other receivables		810,718	440,792
<b>Total non-current assets</b>		<b>5,439,911</b>	<b>3,669,040</b>
Inventories		302,894	157,850
Trade and other receivables		3,385,061	3,959,712
Cash and cash equivalents		1,563,398	2,587,222
<b>Total current assets</b>		<b>5,251,353</b>	<b>6,704,784</b>
<b>Total assets</b>		<b>€ 10,691,264</b>	<b>€ 10,373,824</b>
<b>Equity</b>			
Issued capital	3	500,000	500,000
Reporting currency conversion reserve		(8,185)	(8,185)
Other reserve		305	18,305
Retained earnings		4,277,451	4,513,423
<b>Total equity</b>		<b>4,769,571</b>	<b>5,023,543</b>
<b>Non-controlling interest</b>		<b>42,290</b>	<b>-</b>
<b>Total equity attributable to equity holders of the company</b>		<b>4,811,861</b>	<b>5,023,543</b>
<b>Liabilities</b>			
Trade and other payables		425,000	425,000
Borrowings		1,082,271	1,226,733
<b>Total non-current liabilities</b>		<b>1,507,271</b>	<b>1,651,733</b>
Borrowings		651,119	607,695
Trade and other payables		2,967,897	2,340,820
Current tax liabilities		753,116	750,033
<b>Total current liabilities</b>		<b>4,372,132</b>	<b>3,698,548</b>
<b>Total liabilities</b>		<b>5,879,403</b>	<b>5,350,281</b>
<b>Total equity and liabilities</b>		<b>€ 10,691,264</b>	<b>€ 10,373,824</b>

The financial statements on pages 4 to 19 were approved and signed by the board of directors on 15 September 2016.

Paul Abela  
Director

Raymond Ciantar  
Director



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**Condensed Consolidated Interim Statement of Changes in Equity**  
For the period 1 January 2015 to 30 June 2015

Unaudited	Issued capital €	Reporting currency conversion reserve €	Other reserve €	Retained earnings €	Total €
<b>Changes in equity for 2015</b>					
Balance at 1 January 2015	500,000	(37,273)	18,149	4,083,176	4,564,052
Loss for the period after minority	-	-	-	(191,955)	(191,955)
Transfer to reporting currency conversion reserve	-	-	-	-	-
Transfer to other reserve (Egypt tax)	-	-	156	(156)	-
Dividends proposed and paid	-	-	-	-	-
Balance at 30 June 2015	<u>500,000</u>	<u>(37,273)</u>	<u>18,305</u>	<u>3,891,065</u>	<u>4,372,097</u>

**Condensed Consolidated Interim Statement of Changes in Equity**  
For the period 1 January 2016 to 30 June 2016

Unaudited

**Changes in equity for 2016**

Balance at 1 January 2016	500,000	(8,185)	18,305	4,513,423	5,023,543
Loss for the period after minority	-	-	-	(235,972)	(235,972)
Transfer to reporting currency conversion reserve	-	-	(18,000)	-	(18,000)
Transfer to other reserve (Egypt tax)	-	-	-	-	-
Dividends proposed and paid	-	-	-	-	-
Balance at 30 June 2016	<u>€ 500,000</u>	<u>€ (8,185)</u>	<u>€ 305</u>	<u>€ 4,277,451</u>	<u>€ 4,769,571</u>

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**Condensed Consolidated Interim Statement of Cash Flows**  
For the period 1 January 2016 to 30 June 2016

	Note	Six months ended 30 Jun 16 (unaudited) €	Six months ended 30 Jun 15 (unaudited) €
<b>Cash flows from operating activities</b>			
Cash generated from operations	6	675,920	3,492,857
Tax paid		-	(36,563)
Interest paid		(51,792)	(60,041)
Bank interest received		1,648	4,823
		<hr/>	<hr/>
Net cash generated from operating activities		625,776	3,401,076
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,588,561)	(1,421,861)
Payments to acquire intangible asset		-	(725,000)
		<hr/>	<hr/>
Net cash used in investing activities		(1,588,561)	(2,146,861)
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Repayment of long term borrowings		(101,039)	(151,656)
Advances from minority interest		40,000	-
		<hr/>	<hr/>
Net cash used in financing activities		(61,039)	(151,656)
		<hr/>	<hr/>
Net movement in cash and cash equivalents		(1,023,824)	1,102,599
Cash and cash equivalents at beginning of period		2,587,222	2,725,465
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of period</b>		<b>€ 1,563,398</b>	<b>€ 3,828,024</b>
		<hr/>	<hr/>

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**Notes to the Condensed Consolidated Interim Financial Statements**  
For the period 1 January 2016 to 30 June 2016

**1 ACCOUNTING POLICIES**

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

**1.1 BASIS OF ACCOUNTING AND PREPARATION**

The condensed consolidated interim financial statements for the six-month period ended 30 June 2016 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34, 'Interim Financial Reporting'). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with IFRSs as adopted by the EU.

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.

**1.2 BASIS OF CONSOLIDATION**

The condensed consolidated interim 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 period are included in the condensed consolidated interim 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.

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 acquiree'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.

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Notes to the Condensed Consolidated Interim Financial Statements (continued)  
For the period 1 January 2016 to 30 June 2016

**1 ACCOUNTING POLICIES (continued)**

**1.2 BASIS OF CONSOLIDATION (continued)**

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.

**1.3 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.

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.

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**Notes to the Condensed Consolidated Interim Financial Statements (continued)**  
For the period 1 January 2016 to 30 June 2016

**1 ACCOUNTING POLICIES (continued)**

**1.4 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 recognized in profit or loss in the period in which they arise.

**1.5 BORROWING COSTS**

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

**1.6 CURRENT AND DEFERRED TAX**

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.

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 recognized 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 recognized 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 recognized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be recognized.

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Notes to the Condensed Consolidated Interim Financial Statements  
For the period 1 January 2016 to 30 June 2016

**1 ACCOUNTING POLICIES (continued)**

**1.7 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
Asset under construction	No depreciation is being taken since the project is underway and improvements are in progress

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 recognized in profit or loss.

During the six months ended 30 June 2016, the group acquired assets, primarily property plant and equipment with a cost of Euro 1,588,561 (six months ended 30 June 2015: Euro 1,421,861).

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**Notes to the Condensed Consolidated Interim Financial Statements (continued)**  
For the period 1 January 2016 to 30 June 2016

**1 ACCOUNTING POLICIES (continued)**

**1.8 INTANGIBLE ASSETS**

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. No amortization is taken.

**1.9 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.

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Notes to the Condensed Consolidated Interim Financial Statements (continued)  
For the period 1 January 2016 to 30 June 2016

**1 ACCOUNTING POLICIES (continued)**

**1.9 IMPAIRMENT (continued)**

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

**1.10 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.

**1.10.1 Investments in subsidiaries**

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

**1.11 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.

**1.12 INVENTORIES AND WORK-IN-PROGRESS**

Inventories and work-in-progress 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.



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Notes to the Condensed Consolidated Interim Financial Statements (continued)  
For the period 1 January 2016 to 30 June 2016

**1 ACCOUNTING POLICIES (continued)**

**1.13 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.

**1.14 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.

**1.15 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.

**1.16 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.

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Notes to the Condensed Consolidated Interim Financial Statements (continued)  
For the period 1 January 2016 to 30 June 2016

**1 ACCOUNTING POLICIES (continued)**

**1.17 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.

**1.18 TRADE AND OTHER PAYABLES**

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

**2 REVENUE**

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

**3 ISSUED CAPITAL**

	Six months ended 30 Jun 16	Twelve months ended 31 Dec 15
<u>Authorised</u>		
250,000 ordinary shares class A of €1 each	250,000	250,000
250,000 ordinary shares class B of €1 each	250,000	250,000
	<hr/>	<hr/>
	€ 500,000	€ 500,000
	<hr/>	<hr/>
<u>Called-up, issued and fully paid</u>		
250,000 ordinary shares class A of €1 each	250,000	250,000
250,000 ordinary shares class B of €1 each	250,000	250,000
	<hr/>	<hr/>
	€ 500,000	€ 500,000
	<hr/>	<hr/>

ABLECARE OILFIELD SERVICES HOLDINGS LIMITED -  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Notes to the Condensed Consolidated Interim Financial Statements (continued)  
For the period 1 January 2016 to 30 June 2016

**4 RETAINED EARNINGS**

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

**5 DIVIDENDS**

The directors do not recommend the payment of a final dividend.

**6 NOTES TO THE STATEMENT OF CASH FLOWS**

Cash from operations:

	Six months ended 30 Jun 16 (unaudited) €	Six months ended 30 Jun 15 (unaudited) €
Loss before tax	(235,179)	(192,679)
Adjustments for:		
Depreciation	187,615	115,417
Transfer to reserves	(13,418)	14,115
Interest expense	51,792	60,041
Bank interest receivable	(1,648)	(4,823)
	<hr/>	<hr/>
Operating loss before working capital changes	(10,838)	(7,929)
Movement in inventories	(145,044)	(39,178)
Movement in receivables	204,726	3,852,457
Movement in payables	627,076	(312,493)
	<hr/>	<hr/>
Cash generated from operations	€ 675,920	€ 3,492,857
	<hr/>	<hr/>

ABLECARE OILFIELD SERVICES HOLDINGS LIMITED -  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Notes to the Condensed Consolidated Interim Financial Statements (continued)  
For the period 1 January 2016 to 30 June 2016

**7 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.

**7.1 Market risk**

**(i) Foreign exchange risk**

Foreign currency transactions arise when the company buys or sells goods or services of which are denominated in a foreign currency, borrows or lends funds when the amounts payable or receivable are denominated in a foreign currency.

**(ii) Cash flow and fair value interest rate risk**

The Group's interest rate risk arises principally from borrowings and cash and cash equivalents. Amounts due from the Group and bank borrowings that are issued at variable rates expose the Group to cash flow interest rate risk. Management monitors the level of floating rate borrowings as a measure of cash flow risk taken on.

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.

**7.2 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 Group's exposures to credit risk as at the end of the reporting periods are analysed as follows:

	Six months ended 30 Jun 16 € (unaudited)	Twelve months ended 30 Jun 15 € (audited)
Amounts due from related companies	885,961	440,792
Trade and other receivables	2,208,034	3,042,191
Cash and cash equivalents	1,605,709	2,587,222
	<hr/>	<hr/>
	€ 4,699,704	€ 6,070,205
	<hr/>	<hr/>

**ABLECARE OILFIELD SERVICES HOLDINGS LIMITED -  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**Notes to the Condensed Consolidated Interim Financial Statements (continued)**  
For the period 1 January 2016 to 30 June 2016

**7 FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)**

**7.2 Credit risk (continued)**

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 Group does not hold any collateral as security in this respect.

The Group banks only with financial institutions with high quality standing or rating.

Financial assets which potentially subject the company to concentrations of credit risk are trade receivables. This is due to the fact that the Group's trade receivables are almost entirely made up of three major customers. The Group has policies in place to ensure that sales are made to customers with a proven credit history. The Group monitors the performance of these financial assets on a regular basis to identify incurred collection losses which are inherent in the Group's receivables taking into account historical experience in collection of accounts receivable.

The Group manages credit limits and exposures actively in a practicable manner such that there are no material past due amounts receivable from customers as at the end of the reporting period.

**7.3 Liquidity risk**

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally borrowings and trade and other payables. Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the company's obligations.

Management monitors liquidity risk by reviewing expected cash flows and ensures that additional financing facilities needed over the coming year can be accessed by the Group to meet its liquidity needs.

**7.4 Fair value of financial instruments**

At 30 June 2016 and 31 December 2015 the carrying amounts of cash at bank, receivables, payables, and accrued expenses approximated their fair values in view of the nature of the instruments or their short-term maturity.

**8 RELATED PARTIES**

The immediate parent and ultimate controlling party of the Group is Ablecare Oilfield Services Holdings Limited. Its subsidiaries are Ableman International Limited, Mainticare Limited, Abel Energy Limited, Mainti Sea Support Limited, Ableman Drilling Careers Academy Limited, Mulberry Brokers Limited, Acare Oil and Gas Services Ltd and Ablecare Oilfield Services (Egypt) Ltd.

ABLECARE OILFIELD SERVICES HOLDINGS LIMITED -  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**Notes to the Condensed Consolidated Interim Financial Statements (continued)**

For the period 1 January 2016 to 30 June 2016

**8 RELATED PARTIES (continued)**

**8.1 Related party transactions**

During the period under review, the company did not entered into transactions with related parties.

**8.2 Related party balances**

The principal balances with related parties are analysed as follows.

	Six months ended	Twelve months ended
	30 Jun 16 (unaudited)	31 Dec 15 (audited)
Ultimate controlling party: Amounts payable	€ 332,384	€ 42,189

**9 REPORTING ENTITY**

Ablecare Oilfield Services Holdings Limited is a limited liability company domiciled and incorporated in Malta.

**10 REPORTING CURRENCY CONVERSION RESERVE**

The company has investments in two foreign subsidiaries, one in Israel and the other one in Egypt. When accounting for such investments it is the company's policy to account for foreign transactions by using the exchange rate prevailing on the date of the transaction. In such circumstances, the share capital of the foreign subsidiary is taken as a base and translated to Euros as on that date. Any differences are reported in the condensed consolidated interim statement of comprehensive income. As at the end of the financial period the share capital of the foreign subsidiary is taken as a base and this is translated into Euro by using the rate of exchange prevailing on that date. Any differences that arise are accounted for under Equity as Reporting Currency Conversion Reserve.

**11 CONTINGENCIES, COMMITMENTS AND GUARANTEES**

There were no major changes in the contingencies of the Company and its subsidiaries from those disclosed in the consolidated financial statements of the Group for the year ended 31 December 2015.

**12 EVENTS AFTER THE END OF THE REPORTING PERIOD**

There were no events after the end of the reporting period that need to be addressed.