ENTEQ UPSTREAM PLC

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD 5 APRIL 2011
TO 31 MARCH 2012

REGISTERED NUMBER 07590845 (England and Wales)

Highlights

- Enteq established and admitted to trading on AIM, raising $24 2m (before costs) from a supportive base of institutional investors
- Strong management team assembled, with considerable oil & gas sector, M&A and PLC experience
- Subsequent to the year end, management have made significant progress in executing the Group's strategy
- In May 2012 Enteq completed its first acquisition, of XXT for an initial consideration of $46 1m
- In May 2012 Enteq completed its second fund raising, of $66 7m, and broadened its shareholder base
- In July 2012 Enteq completed its second acquisition, of KM Services and Pro-Flow for an initial consideration of $11 5m

Financial metrics

- Cash of $20 8m at balance sheet date
- No revenues for the period under review
- Loss from operations of $3 4m, incurred mainly as transaction, fund raising costs, and salaries
- Loss per share of 28 78¢ (both on a diluted and undiluted basis) and 13 42¢ when adjusted to exclude foreign exchange movements and non-recurring items

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Company Information
For The Period 5 April 2011 to 31 March 2012

DIRECTORS

Executive Directors

Raymond Garcia	*Chief Operations Officer*
Ian Leaman	*Chief Financial Officer*
Martin Perry	*Chief Executive Officer*

Non-Executive Directors

Iain Paterson	*Chairman, Remuneration Committee*
Robin Pinchbeck	*Chairman, Audit Committee*
Neil Warner	*Chairman of the Board, Chairman of Nomination Committee*

SECRETARY
Ian Leaman

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Joint review from the Chairman and Chief Executive

Introduction & review of period ended 31 March 2012

Enteq Upstream plc was established in April 2011 with the goal of building a substantial business which would supply products and technologies to service companies operating in the upstream oil and gas sector

The global oilfield market is estimated to be valued at over $300bn, with the specific areas being targeted by Enteq being valued at over $31bn The introduction of non-conventional drilling in the shales of North America and the expectation of further development globally have given rise to the highest global rig-counts ever The management of Enteq intends to build a product and technology portfolio which will service this activity

The founders of Enteq were formerly the CEO and senior VP of a LSE Main Market-listed company, Sondex plc, that had operated successfully in this field with a similar business model Sondex was acquired by GE in 2007

A Board of Directors was assembled with considerable experience in the oil & gas industry including the service sector, as well as with substantial M&A and plc experience

Enteq was admitted to trading on AIM on 1 July 2011, raising approximately $24 2m (before costs) from the directors, institutional and other investors The investment strategy, as outlined at that time, was to build a pipeline of potential acquisitions through management's personal contacts and associations within the industry Further fund-raising would be likely and the initial acquisitions should be strategic in order to build the platform for a global business

During the financial period to 31 March 2012, Enteq's management team began to execute this strategy with the assistance of the Board of Directors and interim personnel and at the year-end had a number of active negotiations with potential acquisitions in progress

Financial highlights

The financial period to 31 March 2012 did not include any trading or acquisitions Key Financial highlights of the period and post period end events are noted below

Following the fund raising at the IPO of $24 2m, costs were kept to a minimum while the management team established the pipeline of acquisition opportunities

	$'000
Capital raised	24,165
Fund raising costs (July 2011)	(1,446)
Costs incurred in relation to potential acquisitions	(1,542)
Group overheads	(333)
Cash balance at 31 March 2012	**20,844**
Loss for period ending March 2012 for Enteq	(3,313)

Subsequent events

Subsequent to the period end Enteq announced the acquisition of substantially all of the assets of XXT Inc, a company based in Santa Clara, California The initial consideration for the assets and business was $43 1m in cash and $3 0m in newly issued Enteq shares, as well as up to $8 0m in deferred consideration Details of the transaction are set out in Note 1 of these Consolidated Financial Statements The acquisition was approved by shareholders on 18 May 2012 A further fund raise of $66 7m (before costs) to fund the purchase of XXT and provide capital to make further acquisitions was completed during May 2012

Highlights of XXT are as follows

- A leading developer and supplier of highly technical products for Measurement While Drilling
- Directional Drilling, utilising Measurement While Drilling, is a rapidly growing market
- Current market penetration is limited to North America, where market share growth can be achieved
- Further product development will allow international expansion
- A high margin and cash generative business

At the time of the acquisition Enteq added additional management to the Enteq and XXT team, including the confirmation of a Chief Financial Officer appointment Additional premises have been leased for XXT enabling expansion of capacity, and engineering development work is under way in order to continue enhancement of the product line

	$'000
Capital raised	66,650
Net cash paid in relation to acquisition of XXT	46,917

On 23 July 2012 Enteq announced further acquisitions of substantially all of the assets of M&R Industries, Ltd and Pro-Flow Fabrication Technologies, Ltd, businesses based in Houston, Texas
The initial consideration was $11 5m (payable in cash and was satisfied from Enteq's existing resources) as well as up to $6 0m in deferred consideration Enteq also acquired a 5-acre site from which the businesses operate for a cash consideration of $2 3m

Highlights of M&R and Pro-Flow are as follows

- Developer and manufacturer of complex machined products and components for directional drilling equipment including Measurement While Drilling
- Overlap in customer base and potential customers of XXT
- Repeat and regular business from customers enabling frequent contact
- Potential for expansion of capacity on the acquired 5 acre freehold property
- Profitable and cash generative businesses

Enteq management intend to combine M&R (trading as KM services) and Pro-Flow, and together with XXT they will form the basis of a Drilling Products Division for Enteq

Outlook

During the financial period to 31 March 2012 North American drilling activity remained at a high level, although the US domestic gas price dropped to very low levels, with prices around $2 50MMBtu for a prolonged period This caused a decline in gas drilling activity and some general nervousness in the gas market However rigs no longer used in gas drilling were redeployed to liquids / oil drilling and overall drilling activity did not decline Oil prices also softened during the first half of 2012, causing a degree of market uncertainty, but oil prices have recovered in June and July 2012

It is possible some discretionary capital investment in oil and gas drilling may be delayed during the second half of 2012, however the fundamental outlook for drilling activity on a global basis remains high

Having established an initial trading platform in the directional drilling markets, Enteq intends to continue to execute its stated strategy of acquisition and investment in product development and expansion of distribution, continuing to build a base of products and technologies in the markets that have been identified as having long term global potential

Neil Warner
Chairman

Martin Perry
Chief Executive Officer

6 August 2012

Business Review and Performance Measures

Introduction

During the financial period to 31 March 2012, the Company was established and listed on AIM with an initial fund-raising of $24 2m (before costs) The management team were pursuing their strategy of developing a pipeline of acquisitions, two of which have been completed subsequent to the period end

The Board of Directors has met regularly to review the progress of negotiations with potential targets and to establish corporate governance and appropriate standards and approvals

Accounting during the year was primarily performed by an external firm of accountants and has principally been book keeping and cash management for the Group's limited activities Ian Leaman joined the team as interim Chief Financial Officer in November 2011 and his appointment was made permanent subsequent to the year end in May 2012

Subsequent to the year-end acquisitions have been made to comprise what will become the Drilling Products Division for Enteq

Reporting & performance indicators

During the year, the Board closely monitored the progress of acquisitions from prospect to target and through negotiations

A set of Key Performance Indicators have subsequently been set for the acquired companies These are being implemented and will be reported on in future periods Key market indicators regularly monitored by management and Board of Directors include Global Rig Count, North American Rig Count, Oil Price and Natural Gas Price

Governance

Enteq is committed to maintaining high standards of Corporate Governance As an AIM listed Company, Enteq is not obliged to follow the UK Corporate Governance Code (June 2010) but the Board has determined that the Company will seek to follow the code as far as practicable During the period under review the Board has begun to develop the internal controls and processes to ensure as far as possible compliance with the Code Further explanation of these processes is given in the Corporate Governance section of this report and in connection with Directors' remuneration in the relevant section of the Remuneration report

Financial Review

Introduction

The financial period to 31 March 2012 has been one of preparation for the first acquisitions There has been little financial activity beyond start-up and preparation costs The period ended with the Company in a strong positive net cash position following the initial fund raising of $24m (before costs)

The financial strength of the business remains robust with strong support from shareholders as demonstrated by a second fund raising which occurred subsequent to the period end, raising a further $66 7m (before costs) In due course management intend to secure debt financing, diversifying the Company's funding sources and reducing the Company's cost of capital

Results

Revenue

As the Group had not made any acquisitions before the end of the financial period, there are no revenues to report

EBITDA and loss from operations

The loss from operations in the period was $3 4m, incurred mainly as transaction fees and fund raising costs, together with Board salaries and professional fees

Net Finance Income

As a result of the Group having no borrowings, with all funding to date being raised by share placings, there are no debt-related costs As at the end of the financial period, the proceeds of the initial fund raising were held as cash deposits and had earned net finance income of $104,195

Taxation

There was no charge to corporation tax for the Group in the period

Loss per Share

The basic loss per share for the period was 28 78¢ (both on a diluted and undiluted basis) and 13 42¢ when adjusted to exclude foreign exchange movements and other non-recurring items

Cashflow

	2012 *$'000*
EBITDA	(3,417)
Working capital movements	1,056
Other operating cash and non-cash movements	21
Operating cash flow	(2,340)
Interest received	220
Capital expenditure	(8)
Free cash flow	(2,128)
Equity placing (net of costs)	23,088
Other including foreign exchange	(116)
Movement in net debt in the year	20,844

Working capital movements reflect the general costs involved in bringing the Company to the point of its first acquisitions, which happened subsequent to the period end

The cash generated from equity placing represents the Group's initial fund raising in 2011

Balance sheet

The Group's assets and liabilities at the period end consist primarily of cash and trade payables

	2012 $'000
Plant & equipment	7
Working capital	(1,136)
Capital employed	(1,129)
Net cash	20,844
Net assets	19,714
Equity attributable to owners	19,714

Financial Capital Management

The Group had no bank borrowings or other debt at the balance sheet date

The financial statements are presented in US dollars as the Company's primary economic environment, in which it operates and generates cash flows is one of US dollars Apart from its share placings, substantially all other transactions are likely to be transacted in US dollars The majority of the Company's subsidiaries' activities and transactions therewith are expected to be in US dollars

The Group's financial statements are subject to the effects of foreign exchange rate fluctuations with respect to currency conversions

Critical Accounting Policies

The Group accounts are prepared using the accounting policies set out in Note 5 of these Consolidated Financial Statements, in accordance with IFRS as adopted by the EU

The preparation of these accounts requires the use of estimates, judgements and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and the disclosure of contingent assets and liabilities Directors' estimates are based on historical experience, consultation with experts and other methods that they believe are reasonable and appropriate Details of the critical accounting judgements and estimates are included in the notes of the Consolidated Financial Statements

Ian Leaman
Chief Financial Officer

6 August 2012

Review of Principal Risks and Uncertainties

The Directors believe the following risks to be the most significant for the Group However, the risks listed do not necessarily comprise all those relating to the Group's operations, or with an investment in the Group In particular, the Group's performance may be affected by changes in market or economic conditions and in legal, regulatory and tax requirements

If any of the following risks were to materialise, the Group's business, financial conditions, results or future operations could be materially adversely affected Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial may also have an adverse effect upon the Group The Board therefore refine their overview of risks as further acquisitions are added

RISKS RELATING TO THE GROUP'S STRATEGY

Acquisition opportunities

The Group's strategy is dependent on successful identification and acquisition of suitable businesses There is no guarantee that such businesses will become available and considerable time and resources may be expended on specific acquisitions which do not complete A strategy based on acquisitions also carries a range of risks including potential trading difficulties, previously undisclosed underperformance or other adverse matters which may come to light only after acquisition by the Group Finally the Group may not be successful in its integration of an acquired business

The Board actively monitors and assesses potential acquisitions in order to minimise the associated risks, and conducts detailed internal and third party diligence exercises prior to completing any acquisition The Group's strategy also emphasises organic growth, lessening its reliance on growth by acquisition

Potential loss on investments

The Group's strategy also involves investment in acquired businesses, such as investing in new personnel, equipment, IT support or sales & marketing initiatives These investments carry a range of risks including upheaval of existing businesses, use of management resources, poor financial returns and potential failure of any new system

In order to minimise the risks associated with such investments, management rigorously plan for, evaluate and manage all investments

INDUSTRY SPECIFIC RISKS

Fluctuations in oil and gas prices

Fluctuations in oil and gas prices may lead to uncertainty in the oil and gas industry which can lead to a lack of investment in equipment In addition, a longer term fall in oil and gas prices could reduce levels of cash flow in the industry which could in turn lead to the reduction or deferral of expenditure in the reach and recovery market

Although not under the Board's control, the Board actively monitors key industry prices and if appropriate, will take action to manage costs, working capital and inventory as necessary

War in territories where the Group's products are used

War in territories where the Group's products are used creates uncertainty and discourages investment The Group's products used by service companies may be deployed elsewhere, which could have the effect of reducing the market size for such products

Management and the Board, using their experience and judgement, monitor political and economic developments as appropriate in order to minimise, where possible the impact of such adverse events on the Group

GROUP SPECIFIC RISKS

Dependence on key personnel

The future success of the Group is substantially dependent on the continued services and continuing contributions of its Directors The loss of the services of any of its Directors or other key employees could have a material adverse effect on the Group

At this early stage in its development the Board believes dependence on key personnel is an acceptable risk However, the Board periodically reviews the capability and availability of the necessary skills to manage the Group and will seek suitable replacements or additions where appropriate

Dependence on key clients

The Group may be dependent on a relatively small number of key clients The loss of one of more of these key clients either to a competitor or through that customer developing its own equipment could have a material adverse effect on the Group's revenues

As well as active monitoring of relationships with key clients by management, the Group's strategy also involves broadening the client base of acquired businesses, providing mitigation for any current dependence

NON-SPECIFIC RISK FACTORS

Infringement upon intellectual property rights

The intellectual property of an acquisition may infringe upon intellectual rights owned by third parties who may challenge the Group's rights to the same Patents owned by the Group may be challenged by third parties and may not be enforceable in certain parts of the world In addition, agreements concerning intellectual property rights entered into by the Group could be terminated and may have an adverse effect upon the Group's business

Where appropriate the Group will confirm the validity of its intellectual property via patent and trademark searches and will robustly defend such claims if appropriate

Fluctuations in foreign currency

The Group is expected to derive revenue and incur costs in a number of geographic markets and hence have an exposure to foreign currency fluctuations Whilst the Group will consider hedging a proportion of this risk through borrowing in relevant currencies, adverse movements in foreign currencies could lead to material adverse movements in reported earnings

The Group intends to adopt financial hedging strategies to mitigate these risks where appropriate, subject to the availability of suitable hedging products at the right cost.

Compliance with Health, Safety & Environmental laws

The Group is subject to a number of HS&E laws and regulations that affect its operations, facilities and products in each of the jurisdictions in which it operates The Group is committed to operating in compliance with all HS&E laws and regulations relating to its products, operations and business activities However, there is a risk that it may have to incur unforeseen expenditures to cover HS&E liabilities, to maintain compliance with current or future HS&E laws and regulations or to undertake any necessary remedy

The Board regularly monitors its compliance with HS&E matters

Corporate Social Responsibility

The Board recognises the Group's relationship with and responsibilities to shareholders, employees, customers, suppliers and with the wider community At this early stage in the Group's development, policies to meet these responsibilities have yet to be formalised However, acquired businesses are and will be operated in a manner which ensures such responsibilities are taken into account

In addition, the Group has implemented procedures to ensure that it

- communicates appropriately with shareholders and employees
- meets all health, safety and environmental legislative requirements
- meets the highest standards of business ethics in all its dealings, including strict compliance with recent UK legislation introduced to prevent bribery

REPORT OF THE DIRECTORS

For The Period 5 April 2011 to 31 March 2012

The directors present their report with the financial statements of the Group and the Company for the period 5 April 2011 to 31 March 2012

DIRECTORS

The directors who have held office during the period from 5 April 2011 to the date of this report (including appointments prior to sign-off) are as follows

Raymond Garcia - appointed 24 May 2011

Raymond Garcia (56 years old), formerly Senior VP of Sondex, Non-Executive Director of Tendeka and VP of Tucker Energy, an Americas-based multi-million dollar oilfield service company Responsible for revenue growth in the Americas from $5m to $200m at Sondex, Raymond played a strategic role in acquisitions and business development Raymond has a BSc, MSc & MBA from Houston Baptist University His early career was in oilfield services with what is now Baker Hughes with experience as country manager of several major territories including Nigeria and Venezuela

Ian Leaman – appointed 30 April 2012

Ian Leaman (50 years old), is a Chartered Accountant who qualified with Deloitte (then Touche Ross) Subsequently, Ian has held both Chief Financial Officer and advisory positions and has specialised in corporate finance, advising businesses in various sectors, both public and private, in acquisitions, disposals and fundraisings He is Vice-Chairman of the Institute of Chartered Accountants in England and Wales's Corporate Finance Faculty and is a Non-Executive Director of Octopus VCT3 plc

Martin Perry - appointed 5 April 2011

Martin Perry (50 years old), formerly CEO of Sondex Martin entered the oil industry in 1984, initially as a field engineer after gaining an engineering degree at Exeter University Subsequently, Martin worked in the IT and Data Communications industry, before participating in a Management Buy Out at Sondex Following the acquisition of Sondex by GE in 2007, Martin was appointed CEO of GE's Oilfield Technologies Division and subsequently served as Non-Executive Chairman of 3 PE-backed businesses

Iain Paterson - appointed 26 May 2011

Iain Paterson (64 years old), current Chairman of AnTech Limited, formerly Chairman of Sondex and Chairman of ITE Group plc, Non-Executive Director of Hunting plc, Paladin Resources plc and ArmorGroup plc, Iain has over 40 years' experience in the oil industry He held senior management positions at BP and was a main Board director of Enterprise Oil plc Iain is currently Non-Executive Director of MOL NyRt

Robin Pinchbeck - appointed 26 May 2011

Robin Pinchbeck (59 years old), Chairman of Sparrows Offshore Limited and a Non-Executive Director of IGAS Energy PLC He spent 23 years with BP in technical and general management roles in UK, Australia, USA and Middle East before moving to the oil services sector as Managing Director of Aberdeen-based Atlantic Power and Gas, a business ultimately purchased by Petrofac Limited in 2002 From 2002-2012 he held senior roles at Petrofac, serving first as Chief Executive of the Operations Services Division and subsequently as Group Director of Strategy Robin held Non-Executive Directorships with Sondex from 2002 to 2007, SLR Consulting Limited from 2008 to 2010 and EnQuest Plc from 2010-2011, following its de-merger from Petrofac

Neil Warner - appointed 26 May 2011

Neil Warner (59 years old), Non-Executive Director and Senior Independent Non-Executive Director of Dechra Pharmaceuticals plc and Non-Executive Director of Vectura Group plc Formerly Finance Director at Chloride Group plc, a position he held for 14 years until its acquisition by Emerson Electric Prior to this, Neil spent six years at Exel plc (formerly Ocean Group plc and acquired by Deutsche Post in December 2005) where he held a number of senior posts in financial planning, treasury and control He has also held senior positions in Balfour Beatty plc (formerly BICC Group plc), Alcoa and PricewaterhouseCoopers

All the directors who are eligible offer themselves for election at the forthcoming first Annual General Meeting

Incorporation

The Group was incorporated on 5 April 2011

Principal Activity

The principal activity of the Group in the period under review was that of acquiring and consolidating companies providing specialist reach and recovery products and technologies to the upstream oil and gas services market

Review of Business
The results of the Group are set out in the Consolidated Income Statement of these Consolidate Financial Statements A review of the business is set out above, and includes a review of the key performance indicators

Dividends
No dividends will be distributed for the period ended 31 March 2012

Changes in the Group and its Interests During the Financial Year
On 24 June 2011, the Group announced the placing of 15 million new Ordinary shares of £0 01 at a price of £1 per share, representing approximately 100% of the Group's enlarged existing issued Ordinary share capital The proceeds of $24 2m (before costs) were used to fund the Group's operations during the year and to part-fund the acquisition of XXT after the period end

Post Balance Sheet Events
On 18 May 2012 Enteq completed the acquisition of XXT The details of the acquisition are set out in Note 1 to the accounts

On 18 May 2012 the Group also completed a further fund raising of $66 7m (before costs)

On 23 July 2012 Enteq completed the acquisition of M&R Industries Pro-Flow The details of the acquisition are set out in Note 1 to the accounts

Risks and uncertainties
A summary of the key risks and uncertainties affecting the Group is set out above The Group's exposure to key financial risks is set out in Note 19 of these Consolidated Financial Statements

Directors' and Officers' Liability Insurance
The Company maintains insurance against certain liabilities, which could arise from a negligent act or a breach of duty by its Directors and Officers in the discharge of their duties This is a qualifying third party indemnity provision, which was in force throughout the financial year

Annual General Meeting
The Annual General Meeting of the Company will take place on 12 September, 2012 at 2 Gresham Street, London EC2V 7QP commencing at 12 30p m At the meeting, as well as routine matters, members will be asked to receive the Report of the Directors and Accounts, to re-appoint the Directors and to approve the auditors and their remuneration Further details of the resolutions are set out in the letter concerning the Annual General Meeting, which accompanies the Notice of the Annual General Meeting

Powers of the Directors
Subject to the Company's Articles of Association, UK legislation and any directions prescribed by resolution of the Company in general meeting, the business of the Company is managed by the Board The Directors have been authorised to allot and issue Ordinary shares and to make market purchases of the Company's Ordinary shares These powers are exercised under authority of resolutions of the Company as adopted at incorporation On 18 May 2012 these powers were exercised when the Company issued 42 million new Ordinary shares, in connection with the acquisition of the business and net trading assets of XXT Inc

Share Capital
The Company's issued share capital comprises a single class, which is divided into Ordinary shares of 1p each, details of which are set out in note 15 of the financial statements As at 31 March 2012, there were 15,050,200 Ordinary shares in issue The movements in share capital during the year are laid out in note 15 of these Consolidated Financial Statements

Voting Rights and Restrictions on Transfer of Shares
On a show of hands at a general meeting of the Company, every holder of Ordinary shares present in person or by proxy, and entitled to vote, has one vote, and, on a poll, every member present in person or by proxy and entitled to vote has one vote for every Ordinary share held Further details regarding voting at the Annual General Meeting can be found in the notes to the Notice of the Annual General Meeting None of the Ordinary shares carry any special rights with regard to control of the Company Proxy appointments and voting instructions must be received by the Company's Registrars not later than 48 hours before a general meeting

A shareholder can lose his entitlement to vote at a general meeting where that shareholder has been served with a disclosure notice and has failed to provide the Company with information concerning interests in those shares Shareholders rights to transfer shares are subject to the Company's Articles of Association

Substantial Interests
As at the latest practicable date prior to publication of this report, pursuant to the Disclosure and Transparency Directive, issued by the Financial Services Authority, the major shareholders of the Company are as follows

Shareholder	Ordinary Shares Number of Issued	Percentage of Issued Ordinary Shares
Soros Fund Management	5,395,000	9 2
Old Mutual Asset Management	4,278,000	7 3
M&G Fund Managers	3,800,000	6 5
Ruffer	3,550,000	6 0
Artemis Investment Management	3,483,000	5 9
Hargreave Hale	3,000,000	5 1
Legal and General Investments	2,990,000	5 1
Investec Asset Management	2,875,000	4 9
Insight Investment	2,515,000	4 3
Threadneedle Investment Management	2,450,000	4 2
Octopus Investments	2,221,000	3 8
Hermes Pensions Management	2,150,000	3 7
Fidelity Worldwide Investment	1,830,000	3 1

Charitable and Political Donations
During the year the Company made no charitable or political donations

Registrar
The address and contact details of Computershare, the Company's Registrar, are listed at the front of this report Computershare is the Company's single alternative inspection location, whereby individuals can inspect the register of members Individual shareholders may view their personal shareholder information online, through the www computershare co uk website

Articles of Association
The Company's Articles of Association may only be amended by special resolution at a general meeting of shareholders Where class rights are varied, such amendments must be approved by the members of each class of share separately

Statement of Directors' Responsibilities
The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period 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 IFRS/UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement as to Disclosure of Information to Auditor
So far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Going Concern
The Group has significant cash resources and owns a profitable, cash generative business with a range of products and customers As a consequence the directors believe that the Group is well placed to manage its business risks successfully

Accordingly, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and consequently have adopted the going concern basis of accounting in preparing these financial statements

The Directors are mindful of the potential impact of on-going acquisition and fund raising activities on the Group's resources and will manage the Group accordingly

Auditor
Grant Thornton UK LLP was appointed during the year to fill a casual vacancy and will be proposed for reappointment at the forth coming Annual General Meeting in accordance with Section 489(4) of the Companies Act 2006

Signed on behalf of the Board

Ian Leaman
Secretary

6 August 2012

REMUNERATION COMMITTEE REPORT

For The Period 5 April 2011 to 31 March 2012

Introduction

The Company is AIM-listed and is therefore not legally required to set out its remuneration policy but it is doing so on a voluntary basis To the extent that such principles are relevant to the current circumstances of the Company, the provisions of inter alia the Directors' Remuneration Report Regulations 2008 and the UK Corporate Governance Code (June 2010) are taken into account As required by AIM Rule 19, the Company has disclosed the remuneration received by its directors during the financial period

Remuneration Committee

The Remuneration Committee is responsible for determining the remuneration of the chairman and the executive directors, including setting competitive salaries, annual performance targets and participation in the Company's executive share-based incentive plans The Committee also takes account of the remuneration policy for the Group's senior executives

The constitution and operation of the Committee during the year has complied with the UK Corporate Governance Code's guidance on Directors' remuneration The terms of reference of the Committee are available on request

Remuneration policy

The Company's remuneration policy aims to encourage a performance-based culture, attract and retain high calibre executive directors and align executive directors' and shareholders' interests In determining such policy the Remuneration Committee takes into account all factors which it deems necessary, including the Company's wider pay structures The objective of the policy is to ensure that executive management are provided with appropriate incentives to encourage enhanced long-term performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company

The remuneration policy of the Company has a number of principal components

Salary and benefits

Basic salaries are determined by the Remuneration Committee bearing in mind the salaries paid in AIM-listed and other same-sector companies Within that frame of reference, it is intended that pay should be at or near the median Executive directors will also receive taxable benefits including income protection polices and healthcare

Annual Bonus Plan

The annual grant of bonuses is conditional upon the achievement of targets by reference to agreed financial and personal performance measures The Annual Bonus Plan was not in place for the financial period ended 31 March 2012 The scheme is applicable to executive directors for the financial period ended 31 March 2013 but is based exclusively on the achievement of personal targets given the nature and strategy of the Company during the year Non-executive directors do not participate in any bonus plans

Long-term Incentive and Share Option plans

The Company believes that employee share ownership strengthens the link between their personal interests and those of the shareholders Consequently, the Company has put in place a Long Term Incentive Plan The Plan is structured as an Enterprise Management Incentive Scheme to the extent possible Participants in the Long Term Incentive Plan include employees who joined the Group subsequent to the year end Martin Perry, Raymond Garcia and the Non-Executive Directors do not participate in the Long Term Incentive Plan

Martin Perry and Raymond Garcia have been awarded and bought Incentive Shares and the Non-Executive Directors have been awarded Share options in the amounts set out in the table below

Details of these plans are set out as relevant in Note 7 of these Consolidated Financial Statements

Directors' service contracts

All executive directors are employed under service contracts The services of all executive directors may be terminated by the provision of a maximum of 12 months' notice by the Company and the individual Services of non-executive directors may be terminated by the provision of a maximum of 3 months' notice by the Company and the individual

Directors' remuneration

The information contained within the Directors' Remuneration section of this report has been audited

The annual remuneration rates of the directors in office during the period ended March 2012 were as follows (all salaries denominated in £ Sterling have been converted to US dollars)

	Annual Salaries, Fees and Benefits 31/03/2012 ($)	Actual amounts paid during period to 31/03/2012 ($)
R Garcia	$287,215	$251,380
M G Perry	$279,778	$208,189
Executive	$566,993	$459,569
I S Paterson	$63,949	$47,586
R H Pinchbeck	$63,949	$47,586
N W Warner	$119,905	$89,224
Non-executive	$247,803	$184,396

The total employer's National Insurance for directors for the period was $64,690

Interests in share options and Incentive shares

	Number of Options at 31/03/2012	Number of Incentive Shares at 31/03/2012
R Garcia		20,000
M G Perry		30,000
I S Paterson	80,000	
R H Pinchbeck	80,000	
N W Warner	150,000	

These options vest in two equal tranches, in June 2014 and June 2015 The total amount to be expensed over the vesting period of the options is determined by reference to the fair value at the date of granting and the number of awards that are expected to vest

Interests in warrants
There were no interests held by directors or persons connected to the directors in warrants over shares in Enteq Upstream plc at 31 March 2012

Highest paid director
The Companies Act 2006 requires certain disclosures about remuneration of the highest paid director taking into account emoluments, gains in exercise of share options and amounts receivable under long-term incentive schemes On this basis, the highest paid director in the period was R Garcia, and his details are set out above

Iain Paterson
Chairman of the remuneration committee

6 August 2012

CORPORATE GOVERNANCE REPORT

This report for shareholders sets out Enteq Upstream PLC's approach to and compliance with the principles contained in the UK Corporate Governance Code (June 2010) and explains any departure from its provisions As an AIM listed Company, Enteq Upstream PLC is not obliged to follow the Code but the Board has determined that the Company will seek to follow the Code as far as practicable

Board Composition

The Board of Enteq Upstream PLC is responsible for determining strategic direction and reviewing management and operational performance Operational performance is delegated to the Executive Directors, who meet regularly to review the performance of and prospects for the business The composition of the Board is set out below

		Board	*Audit committee*	*Remuneration committee*	*Nomination committee*
Raymond Garcia	Chief Operations Officer	Member			
Ian Leaman	Chief Financial Officer	Member			
Martin Perry	Chief Executive Officer	Member			
Iain Paterson	Non-Executive Director	Member	Member	Chairman	Member
Robin Pinchbeck	Non-Executive Director	Member	Chairman	Member	Member
Neil Warner	Non-Executive Director	Chairman		Member	Chairman

Martin Perry was appointed to the Board upon the Group's incorporation on 5 April 2011 Raymond Garcia was appointed to his current role on 24 May 2011 and Iain Paterson, Robin Pinchbeck and Neil Warner were appointed to their current roles on 26 May 2011 Ian Leaman was appointed interim Chief Financial Officer of the Group on November 2011 and appointed to his current role on 30 April 2012

In the period under review the Board met on 12 scheduled occasions, with additional meetings and conference calls held as deemed necessary

Board Committees

The Board has three main committees to which it delegates responsibility and authority

Audit Committee

The Audit Committee comprises solely of non-executive Directors of the Company and is responsible for providing advice to the Board on the Group's financial results, accounting policies and on control of risks to the business, as well as reviewing the work of the external auditors The committee was established in May 2011 and has met once times during the period under review

Remuneration Committee

The Remuneration Committee comprises solely of non-executive Directors of the Company and is responsible for reviewing remuneration arrangements for the Board and other senior employees of the Group and for providing general guidance on aspects of remuneration policy for the Group The committee was established in May 2011 and has met four times during the period under review

Nomination Committee

The Nomination Committee comprises solely of non-executive Directors of the Company and is responsible for reviewing and recommending executive and non-executive Board appointments for the Group The committee was established in August 2011 and has met once during the period under review

Internal Controls

The Board acknowledges its responsibility for the Group's system of internal control, for reviewing its effectiveness and for compliance with relevant legislation The internal control system, which has been in place throughout the period under review is structured to allow the Board to identify, evaluate and manage the significant risks to which the Group is exposed The system comprises the following elements

- Management Structure – within operational parameters set by the Board, management is delegated to the Executive Directors The Executive Directors meet and communicate regularly with the Board to ensure a thorough and consistent flow of information about the business

- Reporting and Consolidation - at this early stage in the Group's development, the experience and character of the Executive Directors is an important factor in monitoring the business and communicating with the Board As the business develops, more formal reporting procedures are being developed and implemented The Group receives detailed financial information from subsidiaries, which take the form of monthly management accounts, annual budgets and forecast projections The Group also monitors and reviews new UK Listing Rules, Disclosure and Transparency Rules, accounting standards, interpretations and amendments and legislation and other statutory requirements Subsidiary reporting entities are supported by instruction from the Group Data is subject to review and assessment by management through the monitoring of key performance ratios and comparison to targets and budgets The content and format of reporting is kept under review and periodically amended to ensure appropriate information is available
- Strategic Planning and Budgeting - strategic plans and budgets containing comprehensive financial projections are formally presented to the Board for consideration and form the basis for monitoring performance
- Legislative Compliance and Codes of Conduct - the Group has and is implementing procedures to ensure it meets its legislative and other responsibilities At this early stage in the Group's development, the experience and character of the Executive Directors is an important element in ensuring compliance with legislative responsibilities and codes of best practice As the Group develops the Board intends to implement formal procedures including the publication of bribery and corruption policies and guidelines on interacting with customers, suppliers and agents, as well as policies for gifts, entertainment and hospitality

Independent auditor's report to the members of Enteq Upstream Plc

We have audited the Group financial statements of Enteq Upstream plc for the period ended 31 March 2012 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor
As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the Group 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 Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at
www frc org uk/apb/scope/private cfm

Scope of the audit of the financial statements
In our opinion the Group financial statements

- give a true and fair view of the state of the Group's affairs as at 31 March 2012 and of its loss for the period then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following 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, or
- we have not received all the information and explanations we require for our audit

Other matters
We have reported separately on the Parent Company financial statements of Enteq Upstream plc for the period ended 31 March 2012

Grant Thornton UK LLP.

Nicholas Watson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants, Reading

6 August 2012

CONSOLIDATED INCOME STATEMENT

For The Period 5 April 2011 to 31 March 2012

	Notes	2012 $
Revenue		-
Administrative expenses		(3,417,167)
Operating loss		(3,417,167)
Net finance income	8	104,195
Loss before tax	9	(3,312,972)
Tax expense	10	-
Loss for the period		(3,312,972)
Loss attributable to		
Owners of the parent		(3,312,972)
Earnings per share expressed in cents per share		
Basic	11	-28 78
Diluted		-28 78
Adjusted earnings per share		
Basic	11	-13 42
Diluted		-13 42

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Period 5 April 2011 to 31 March 2012

	Notes	2012 $
Loss for the period		(3,312,972)
Total comprehensive income for the period		(3,312,972)
Total comprehensive income attributable to		
Owners of the parent		(3,312,972)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 March 2012

	Notes	2012 $
Assets		
Non-current		
Property, plant and equipment	12	6,593
Non-current assets		6,593
Current		
Trade and other receivables	13	64,245
Cash and cash equivalents	14	20,843,787
Current assets		20,908,032
Total assets		20,914,625
Equity and liabilities		
Equity		
Share capital	15	241,658
Share premium		22,766,100
Share based payment reserve		19,391
Retained earnings		(3,312,972)
Total equity		19,714,177
Liabilities		
Current		
Trade and other payables	16	1,200,448
Total liabilities		1,200,448
Total equity and liabilities		20,914,625

The financial statements were approved by the Board of Directors on

6 August 2012 and were signed on its behalf by

Ian Leaman
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Period 5 April 2011 to 31 March 2012

	Called up share capital $	Share premium $	Share Based Payment Reserve $	Retained earnings $	Total equity $
Issue of share capital	241,658	23,923,827	-	-	24,165,485
Cost of share issue	-	(1,157,727)	-	-	(1,157,727)
Share based payment charge	-	-	19,391	-	19,391
Transactions with owners	241,658	22,766,100	19,391	-	23,027,149
Loss for the period	-	-	-	(3,312,972)	(3,312,972)
Effect of translating foreign operations	-	-	-		-
Total comprehensive income	-	-	-	(3,312,972)	(3,312,972)
Balance at 31 March 2012	241,658	22,766,100	19,391	(3,312,972)	19,714,177

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Period 5 April 2011 to 31 March 2012

	Notes	2012 $
Cash flows from operating activities		
Cash outflow from operations	1	(2,339,709)
Net cash outflow from operating activities		(2,339,709)
Investing activities		
Purchase of tangible fixed assets		(8,396)
Interest received		220,065
Net cash from investing activities		211,669
Financing activities		
Share issue		24,165,487
Flotation costs		(1,157,727)
Incentive share issue		79,937
Net cash from financing activities		23,087,697
Increase in cash and cash equivalents		20,959,657
Non-cash movements - foreign exchange		(115,870)
Cash and cash equivalents at beginning of period	2	-
Cash and cash equivalents at end of period	2	20,843,787

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

For The Period 5 April 2011 to 31 March 2012

1 **Reconciliation of loss before income tax to cash generated from operations**

	2012 $
Loss before income tax	(3,312,972)
Depreciation charges	1,803
Foreign exchange movements	115,870
Share-based payment non-cash charges	19,391
Finance income	(220,067)
	(3,395,975)
Increase in trade and other receivables	(64,245)
Increase in trade and other payables	1,120,511
Cash outflow from operations	(2,339,709)

2 **Cash and cash equivalents**

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of these statements of financial position amounts

	31 March 2012 $	5 April 2011 $
Cash and cash equivalents	20,843,787	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Period 5 April 2011 to 31 March 2012

1 **EVENTS AFTER THE BALANCE SHEET DATE - ACQUISITIONS**

Acquisition of the business and net trading assets of XXT Incorporated in May 2012

On 18 May 2012, the Group acquired substantially all of the operating assets and certain liabilities of XXT Incorporated, a California based business specialising in the design and manufacture of high-quality, ruggedized electronic equipment for use in the energy exploration and services sector of the Oil and Gas industry

Enteq's strategy is to acquire and consolidate companies providing specialist reach and recovery products and technologies to the upstream oil and gas services market The Directors are attracted to this market since they believe that by applying their expertise, experience and relationships in the reach and recovery products and technologies market, significant shareholder value can be created

The Directors believe that XXT has a specialist product set which is supported by strong technical and industry knowledge As a result of this, the Directors believe that XXT presents the first step in executing Enteq's acquisition strategy, providing a high technology market entry point from which to expand its customer base, geographic reach and product lines

The fair value of the consideration and net assets acquired are as follows

	$ '000
Fair value of purchase consideration	
Amount settled in cash	43,095
Shares issued	3,000
Fair value of contingent consideration	6,186
Net working capital adjustments paid in cash	1,439
Fair value of purchase consideration	**53,720**
Recognised amounts of identifiable net assets	
Property, plant and equipment	109
Cash	370
Inventories	804
Identified Intangible Assets	35,879
Other net working capital	1,357
Fair value of net assets	**38,519**
Goodwill - Excess of purchase price over fair value of assets	**15,201**
Note	
Identified Intangible Assets	
Developed technology	9,857
IPR&D technology	4,439
Brand name	1,240
Customer relationships	15,285
Non-compete agreements	5,058
Total fair value of identified intangible assets	**35,879**

The revaluation adjustments applied to the book values of acquired assets are as follows

$ '000	Book value	Fair value adjustments	Re-valued amounts
Assets			
Cash	370		370
Net receivables	2,214		2,214
Inventories	804		804
Property, plant and equipment	109		109
Intangible assets		35,879	35,879
	3,497	35,879	39,376
Liabilities & Equity			
Accounts payable	635		635
Customer deposits	89		89
Accruals	133		133
Share capital	2,640		2,640
Revaluation reserve		35,879	35,879
	3,497	35,879	39,376

Consideration transferred

The acquisition was settled in cash amounting to $44 5m, and new ordinary shares with a market value at the date of acquisition of $3 0m

The purchase agreement also included an additional consideration of $8 0m payable in two annual instalments following the closing date should certain performance targets be met The total amount payable is based on volumes of product sales in the future and will range from $nil to $8 0m Management have estimated the total amounts expected to be paid based on forecasts for the business and their judgement

Acquisition-related costs amounting to $1 1m are not included as part of consideration transferred and have been recognised as an expense in the consolidated income statement, as part of other expenses, so far as they were incurred in the period

The net cash paid for XXT's assets was

	$
Amount settled in cash	43,095,000
Shares issued	3,000,000
Net working capital adjustment	1,439,000
Acquisition costs	1,122,268
Less cash acquired with business	(369,773)
	48,286,495

Identifiable net assets

The fair value of the trade and other receivables (non-cash) acquired as part of the business combination amounted to $2 3m Identifiable intangible assets acquired were deemed to have a fair value of $35 9m

Goodwill

Goodwill of $15 2m has been recognised in relation to the acquisition
The goodwill represents the difference between the consideration paid for the business and the net assets acquired

Deferred tax

The identified intangible assets and goodwill are expected to be fully deductible for tax purposes Hence no deferred tax arises on the recognition of these assets

XXT's notional contribution to the Group results

XXT's unaudited EBITDA was approximately $8 6m for the period 5 April 2011 to 31 March 2012 If XXT had been acquired on 5 April 2011, revenue of the Group for the period would have been approximately $18 7m, and EBITDA for the year would have increased by approximately $8 6m

Share issue

On 18 May 2012 the Company issued 42 million new Ordinary (£0 01) shares, to provide necessary funds for the acquisition of the business and net trading assets of XXT Inc, as well as further future acquisitions This placing raised a total of £42m (before costs), or $66 7m

Acquisition of the business and net trading assets of M&R Industries, Ltd and Pro-Flow Fabrication Technologies, Ltd in July 2012

On 23 July 2012, the Group acquired, through its indirect wholly-owned subsidiary, Enteq KMS LLC, substantially all of the business and assets and some of the liabilities of M&R Industries, Ltd and Pro-Flow Fabrications Technologies, Ltd for an initial consideration of $11 5m M&R, using the trading name KMServices, and Pro-Flow, manufacture and sell specialised parts and products for Directional Drilling and Measurement While Drilling operations

M&R and Pro-Flow together employ 72 staff at their Houston facilities in Texas The components and products supplied by M&R and Pro-Flow will complement the highly technical equipment supplied by XXT which was acquired by Enteq in May 2012 These acquisitions will share a common customer base, primarily consisting of North American focused oil & gas field service companies

Enteq now intends to invest in M&R and Pro-Flow, expanding their facilities and broadening their product range The combined, unaudited annualised revenues for M&R with Pro-Flow for the year ending 30 April 2012 were approximately $15 2m, with EBITDA of $2 4m and profit before tax of $2 0m (adjusted for on-going costs)

The initial consideration of $11 5m will be satisfied in cash from the Company's existing resources An earn-out of up to $6 0m is payable in cash in two instalments of up to $3 0m each, within 90 days of the first and second anniversary of completion of the acquisition respectively The amount of the earn-out relates to increased revenues at agreed minimum margins

In addition, Enteq has also acquired from the vendor of M&R the 5 acre site with 29,940 sq ft of industrial facilities in Houston, Texas, from which the M&R and Pro-Flow businesses operate for a cash consideration of $2 3m, which will be satisfied from the Company's existing resources

Due to the timing of the acquisition management have not been able to identify all of the information necessary to provide full disclosure of this transaction in accordance with IFRS3 In particular, none of the quantitative disclosures could be made This note has been prepared to include all information available at the time of the preparation of these financial statements

2 NATURE OF OPERATIONS

The principal activity of Enteq Upstream Plc and subsidiaries is that of acquiring, consolidating and operating companies providing specialist reach and recovery products and technologies to the upstream oil and gas services market

3 GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS

Enteq Upstream Plc, the Group's ultimate Parent Company is a limited liability company incorporated and domiciled in England and Wales Its registered office is The Courtyard, High Street, Ascot, Berkshire, SL5 7HP Enteq's shares are listed on the Alternative Investment Market of the London Stock Exchange The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the EU

4 STANDARDS, AMENDMENTS AND INTERPRETATIONS OF ACCOUNTING POLICIES

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements

IFRS 9 Financial Instruments (IFRS 9)

The IASB aims to replace IAS 39 Financial Instruments Recognition and Measurement in its entirety IFRS 9 is being issued in phases To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued These chapters are effective for annual periods beginning 1 January 2015 Further chapters dealing with impairment methodology and hedge accounting are still being developed The Group's management have yet to assess the impact of this new standard on the Group's consolidated financial statements However, they do not expect to implement IFRS 9 until all of its chapters have been published and they can comprehensively assess the impact of all changes

Consolidation Standards

A package of consolidation standards are effective for annual periods beginning or after 1 January 2013 Information on these new standards is presented below The Group's management have yet to assess the impact of these new and revised standards on the Group's consolidated financial statements

IFRS 10 Consolidated Financial Statements (IFRS 10)

IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements (IAS 27) and SIC 12 Consolidation - Special Purpose Entities It revised the definition of control together with accompanying guidance to identify an interest in a subsidiary However, the requirements and mechanics of consolidation and the accounting for any non-controlling interests and changes in control remain the same

IFRS 13 Fair Value Measurement (IFRS 13)

IFRS 13 does not affect which items are required to be fair-valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements It is applicable for annual periods beginning on or after 1 January 2013 The Group's management have yet to assess the impact of this new standard

Amendments to IAS 1 Presentation of Financial Statements (IAS 1 Amendments)

The IAS 1 Amendments require an entity to Group items presented in other comprehensive income into those that, in accordance with other IFRSs (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met It is applicable for annual periods beginning on or after 1 July 2012 The Group's management do not anticipate this will have a material impact on the Group

5 ACCOUNTING POLICIES

Overall considerations

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below

Basis of accounting

Enteq Upstream plc is a company incorporated in the United Kingdom under the Companies Act 2006 The address of the registered office is given in the Company Information found on page 1

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the financial statements

Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 31 March 2012 Subsidiaries are all entities over which the Group has the power to control the financial and operating policies The Group obtains and exercises control through more than half of the voting rights All subsidiaries have a reporting date of 31 March 2012

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group

Companies included in the consolidation

	Nature of work	Class of shares	Holding
Enteq Upstream plc	Main holding company	-	-
Enteq Upstream USA Inc	US-based holding company	Ordinary	100%

The financial statements of subsidiaries are included in the consolidated financial statements from the date at which control commences to the date that control ceases Amounts reported in the financial statements of the subsidiaries have been adjusted where necessary to bring the accounting policies used in line with those used by the Group

Business combinations

The Group applies the acquisition method in accounting for business combinations The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement Acquisition costs are expensed as incurred The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values Goodwill is stated after separate recognition of identifiable intangible assets It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i e gain on a bargain purchase) is recognised in profit or loss immediately

Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention and are the Group's first statutory accounts since incorporation

The board regularly reviews the Group's resources to ensure they are sufficient to continue trading for the foreseeable future It is therefore considered appropriate to use the going concern basis to compile these financial statements The main requirement is for sufficient financial resources to maintain the overhead required to fulfil the pipeline of business The Directors are also mindful of the potential impact of on-going acquisition and fund raising activities on the Group's resources and will manage the Group accordingly

The financial statements are presented in US dollars as the Company's primary economic environment, in which it operates and generates cash flows is one of US dollars Apart from its share placings, substantially all other transactions are likely to be transacted in US dollars The majority of the Company's subsidiaries' activities and transactions therewith are expected to be in US dollars The Parent Company's functional currency is US dollars

Foreign currencies

All companies in the Group have a functional currency of US dollars
Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates of the transactions (spot exchange rate) Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss The exchange rate used at the year-end is £1 $1 59873 Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker The chief operating decision maker has been identified as the executive members of the Board, at which level strategic decisions are made

Revenue

Revenue is measured as the fair value of the consideration received or receivable for the provision of goods or services in the ordinary course of business, taking into account trade discounts and volume rebates, and is stated net of sales taxes Revenue is recognised when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue can be reliably measured

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customer, which is normally on delivery of the products

Interest

Interest income and expenses are reported on an accrual basis using the effective interest method

Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised

Exceptional items

Exceptional items are items of income and expense that, in the judgement of management, should be disclosed separately on the basis that they are material, either by their nature or their size, to an understanding of our financial performance and distort the comparability of our financial performance between periods

Goodwill

On the acquisition of a business, fair values are attributed to the net assets acquired Goodwill arises where the fair value of the consideration paid exceeds the fair value of the Group's share of the net assets acquired

Goodwill is recognised as an asset and is carried at cost less accumulated impairment losses

Goodwill is allocated to cash generating units for the purpose of impairment testing The allocation is made on those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose

On the disposal of a business, goodwill relating to that business remaining on the statement of financial position at the date of disposal is included in the determination of the profit or loss on disposal

Other intangible assets

Other intangible assets are stated at cost less accumulated amortisation and impairment losses, where applicable These assets have a finite life and are amortised in accordance with the pattern of expected future economic benefits, or when this cannot be reliably estimated, by using the straight line method

Development costs not meeting these criteria for capitalisation are expensed as incurred Directly attributable costs include employee (other than directors) costs incurred on software development along with an appropriate portion of relevant overheads and borrowing costs

Subsequent measurement

All intangible assets, including capitalised internally developed software, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite Residual values and useful lives are reviewed at each reporting date In addition, they are subject to impairment testing as described below

Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units) As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in use To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount

Property, plant and equipment

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment Depreciation is provided on all tangible assets at rates calculated to write off the cost, less estimated residual value of each asset on a straight-line basis over useful economic life, as follows

Computer equipment – 33% Straight line basis

Management review the useful economic life and residual values of all assets on an annual basis

Leased assets

Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term Associated costs, such as maintenance and insurance, are expensed as incurred

Financial instruments

Recognition, initial measurement and derecognition

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument Financial assets are recognised initially at fair value plus transaction costs Financial liabilities are recorded initially at fair value net of transaction costs Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred A financial liability is derecognised when it is extinguished, discharged, cancelled or expires

All financial assets are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired Different criteria to determine impairment are applied for each category of financial assets, which are described below All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment Discounting is omitted where the effect of discounting is immaterial The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics The impairment loss estimate is then based on recent historical counterparty default rates for each identified group

Inventories

Inventories are stated at the lower of cost and net realisable value Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

Deferred income tax is the income tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method Deferred income tax is provided in full and is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit Deferred income tax liabilities are generally recognised on all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or any discount on acquisition) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit Deferred income tax is measured on an undiscounted basis at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates and laws enacted or substantively enacted at the balance sheet date Deferred income tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity or other comprehensive income, in which case the deferred tax is also dealt with in equity or other comprehensive income Deferred income tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future Deferred income tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis

Trade and other receivables

Trade and other receivables do not carry any interest and are stated less any provisions for impairment Impairment of trade and other receivables is recorded when there are indicators that suggest that the debts are not fully recoverable, or the fair value is impaired at the balance sheet date This will be determined by management's best estimate of the recoverable amount

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities

Trade and other payables

Trade and other payables are not interest-bearing and are recognised initially at fair value Subsequently they are carried at amortised cost

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs

Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued Share premium includes any premiums received on issue of share capital Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits Other components of equity include the following

Retained earnings include all current and prior period retained profits All transactions with owners of the parent are recorded separately within equity Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date

Pensions and short-term employee benefits

Share based payments

Certain non-executive directors receive remuneration in the form of share-based payment transactions, whereby they render services in exchange for rights over shares under the Non-Executive Director Share Options scheme These options vest in two equal tranches, in June 2014 and June 2015 The total amount to be expensed over the vesting period of the options is determined by reference to the fair value at the date of granting and the number of awards that are expected to vest The fair value is based upon a binomial model taking into account different scenarios for the possible outcomes of the Company's investment activities, using management's best estimates of these likely outcomes The total expense is based upon initial conditions and will crystallise smoothly over the vesting period without reanalysis for subsequent events The movement in cumulative expense is recognised in the profit and loss, with a corresponding entry to the share-based payment reserve

Incentive Shares

The Executive Directors have been awarded and purchased 50,000 Incentive Shares The Incentive Shares only reward participants if shareholder value is created, thereby aligning the interests of the Executive Directors with those of shareholders The Incentive Shares carry the right to 12 5% of any increase above £2 million in the market value of the Company after the initial flotation, allowing for the time-cost of money These options vest in two equal tranches, in June 2014 and June 2015, or earlier in the event of a takeover or winding-up of the Group The Incentive Shares do not carry any voting or dividend rights and are not transferable The total amount to be expensed over the vesting period of the Incentive Shares is determined by a model taking into account different scenarios for the possible outcomes of the Company's investment activities, using management's best estimates of these likely outcomes The total expense is based upon initial conditions and will crystallise smoothly over the vesting period subject to any changes in service or non-market performance conditions The amounts subscribed for the Incentive Shares have been recognised as a current liability on the balance sheet as they become repayable if the Executive Directors leave office

Provisions, contingent assets and contingent liabilities

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably Timing or amount of the outflow may still be uncertain Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it Provisions are not recognised for future operating losses Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole Provisions are discounted to their present values, where the time value of money is material. Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset However, this asset may not exceed the amount of the related provision In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised

Critical accounting estimates and judgements

The preparation of the financial statements in conforming with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, expenses and contingent liabilities These will 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

Accounting estimates are applied in determining the carrying amounts of the following significant assets and liabilities

Share premium	The costs that have been offset against the share premium are deemed to be wholly and exclusively for the issue of shares The directors have reviewed all costs in relation to the share issue and those that did not fully relate to the share issue have been recognised as an expense in the profit and loss
Acquired intangibles and goodwill	The Group has capitalised goodwill post-year end, as shown in note 1 The Group uses the present value of future cash flows to determine implied fair value of the intangible assets arising on acquisition and hence in determining the residual goodwill. In calculating the implied fair value, significant management judgement is required in forecasting relevant cash flows considering factors such as long-term growth rates, future margins, timing and quantum of future replacement capital expenditure, future tax rates and the selection of discount rates to reflect the risks involved If alternative management judgements were adopted then different recognition and impairment outcomes could result Management shall ensure that no reasonably possible change in any of the key assumptions would cause the carrying value of any CGU to materially exceed its recoverable amount
Functional currency of the parent	Management have considered a number of factors in order to determine the functional currency of the Parent Company After due consideration, management are of the opinion that this is US dollars Whilst the Company is based in the UK, a number of key indicators have lead management to reach this judgement This includes, but is not limited, to the following key factors key strategic decisions, including those in relation to assessing acquisition on an on-going basis and reviews of historical financial information, are made based on information denominated in US$, negotiations over on-going negotiations are carried out in US$ and the Company has funded its overseas subsidiary in a loan denominated in US$ Management also note that the Company's strategy is to invest in services aligned to the oil and gas industry, an industry which trades principally in US$
Share based payment and incentive share costs	The share based payment costs and the incentive share costs have both been calculated based on different scenarios for the possible outcomes of the Group's investment activities using a binomial model The total expense is based upon initial conditions and will crystallise smoothly over the vesting period of three and four years

6 **SEGMENTAL REPORTING**

At present there is only one operating segment and the information presented to the board is consistent with the consolidated income statement and the consolidated statement of financial position As such this is all that is required from a geographical and business line perspective However this is expected to change in the future once the Group's acquisition strategy develops

The net assets of the Group can be analysed by geographic location (post-consolidation adjustments) as follows

	2012 $'000 Net assets
Europe (UK)	19,791
United States	(77)
Total Group assets	19,714

7 **EMPLOYEES AND DIRECTORS**

	$
Wages and salaries	654,917
Social security costs	64,690
	719,607

The average monthly number of employees during the period was as follows

Directors	5

	$
Directors' remuneration	643,965

Information regarding the highest paid director is as follows

	$
Emoluments etc	251,380

The directors are deemed to be 'Key Management' This is detailed further in Note 17 Further details of emoluments paid to directors, including details of the highest paid director are contained in the Remuneration Committee report

Share plans

Non-executive director options

The Group has an equity-settled share option scheme Options are exercisable at a price of 100p The vesting periods are shown below The total amount to be expensed over the vesting period is determined by reference to the fair value at the date at which the options are granted It is assumed that all options will vest The fair value is determined using a binomial model which assesses the likelihood of the Company achieving certain goals in line with its strategy, ranging from failure to make any investments and return of funds to investors, to achieving various rates of acquisitive growth The cashflows attached to these different scenarios are discounted over the vesting period at an annual rate of 14% and contribute to the estimated value of the Company in line with each scenario's assessed weighting of likelihood of occurrence The value of each share in issue is therefore estimable and the consequent value to option holders calculable following their payment of the exercise price

Details of the share options outstanding during the year are as follows

Options	Price (Pence GBP)	31/03/2012	Issued	Lapsed	Exercised
Issued 2011	100	310,000	310,000	-	-
	exercisable 2014 & 2015				
No expiration date					
Total Options		310,000	310,000	-	-

Incentive Shares

Certain Executive Directors have been awarded and purchased $79,937 of Incentive Shares The Incentive Shares only reward participants if shareholder value is created, thereby aligning the interests of the Executive Directors with those of shareholders The Incentive Shares carry the right to 12 5% of any increase in the value of the Company in excess of £2 million GBP above the net asset value of the Company adjusted for placings The Incentive Shares do not carry any voting or dividend rights and are not transferable except in limited circumstances The Incentive Shares have been treated as an equity settled share based payment However, since the initial $79,937 is potentially repayable to the shareholders, this amount is treated as a liability The total amount to be expensed over the vesting period of the Incentive Shares is determined by reference to the fair value at the date at which the Incentive Shares were acquired The holders of the Incentive Shares can realise value from the shares by converting them into Ordinary Shares, vesting in two tranches in June 2014 and June 2015

The fair value is determined using a binomial model The fair value of the Incentive Shares has been recognised as a current liability on the balance sheet as it becomes repayable if the Executive Directors leave office

The valuation of Incentive Shares was determined by running a series of scenarios which used variables of the amount of acquisitive growth and return on the capital raised in the initial IPO The scenarios incorporated the management's assessment of the likelihood of each scenario occurring and its associated cashflows, each cashflow being weighted accordingly after being discounted at a rate of 14% per annum It has also been assumed that there will not be any early exercise of Incentive Shares

If the Incentive shares had become convertible on 31 March 2012, based on the share price on that day no entitlement to Ordinary Shares would have arisen due to the value of the Company not having increased by at least £2 million Full details of the calculation of Incentive Share entitlements are given in the placing document available on the Company's website The Incentive Shares will immediately vest on change of control following a takeover

8 NET FINANCE INCOME

	$
Finance income	
Deposit account interest	220,065
Foreign exchange movements	(115,870)
	104,195

9 LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging

	$
Depreciation - owned assets	1,803
Auditors' remuneration	
- Fees payable to the Company's auditor for the audit of the Company's annual accounts	48,000
- Tax advisory services	52,800
- Corporate finance services	282,527
Share based payment charges	19,391

10 INCOME TAX

Analysis of tax expense
No liability to UK corporation tax arose on ordinary activities for the period

Factors affecting the tax charge
The tax assessed for the period is different from to the standard rate of corporation tax in the UK The difference is explained below

	$
Loss on ordinary activities before tax	(3,312,972)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26%	(861,372)
Effects of	
Tax losses to carry forward	861,372
Total income tax	-

There has been no deferred taxation recognised in these financial statements due to the uncertainty surrounding the timing and the recovery of these amounts Therefore a potential deferred tax asset of $861,372 has not been recognised There were no significant deferred tax liabilities

11 EARNINGS PER SHARE AND DIVIDENDS

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period

Diluted earnings per share are calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares (The potential ordinary shares are anti-dilutive since the Group is loss-making and therefore have no effect)

Adjusted earnings per share are calculated by dividing the earnings attributable to ordinary shareholders, excluding exceptional items and foreign exchange profits or losses, by the weighted average number of ordinary shares outstanding during the period
Reconciliations are set out below

	Earnings $	Weighted average number of shares	Per-share amount cents
Basic EPS			
Earnings attributable to ordinary shareholders	(3,312,972)	11,511,280	(28 78)
Effect of dilutive securities	-	-	-
Diluted EPS			
Earnings	(3,312,972)	11,511,280	(28 78)

Adjusted EPS - basic and diluted

EPS is restated to exclude foreign exchange movements and other non-recurring items as follows

Basic EPS	Earnings $	Weighted average number of shares	Per-share amount cents
Earnings attributable to ordinary shareholders	(3,312,972)	11,511,280	(28 78)
Foreign exchange movements	147,945		
Fund raising and acquisition costs	1,620,159		
Adjusted earnings	(1,544,868)	11,511,280	(13 42)
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	(1,544,868)	11,511,280	(13 42)

During the period Enteq Upstream Plc did not pay any dividends The Group made a further issue of shares post-year end as detailed in note 1 to the accounts

12 PROPERTY, PLANT AND EQUIPMENT

	Computer equipment $
COST	
Additions	8,396
At 31 March 2012	8,396
DEPRECIATION	
Charge for period	1,803
At 31 March 2012	1,803
NET BOOK VALUE	
At 31 March 2012	6,593

13 TRADE AND OTHER RECEIVABLES

	$
Current	
Prepayments	64,245
	64,245

The management believe that the carrying value is an approximation of fair value

14 CASH AND CASH EQUIVALENTS

	$
- USD	170,903
- GBP	20,672,884
	20,843,787

15 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid

Number	Class	Nominal value	$
15,050,200	Ordinary	£0 01(GBP)	241,658

The Company was formed with 2 shares, for which £2 GBP was paid These were then subdivided on 24 May 2011 into 200 shares of £0 01 GBP each 15,050,000 Ordinary shares of £0 01 GBP each were allotted as fully paid at a premium of 99p per share during the period (50,000 on 24 May 2011 and 15,000,000 on 1 July 2011) All shares issued carry the same voting rights

Proceeds received in addition to the nominal value of the shares issued during the period have been included in share premium, less registration and other regulatory fees and net of related tax benefits The costs associated with the above share allotment were $1,157,727 These costs have been deducted from share premium

The Companies Act 2006 abolished the concept of authorised share capital and, accordingly, there is no limit on the maximum amount of shares that may be allotted by the Company

Details of the incentive shares are included in note 7

16 TRADE AND OTHER PAYABLES

	$
Current	
Trade payables	13,410
Social security and other taxes	24,160
Other creditors	79,937
Accrued expenses	1,082,941
	1,200,448

The management believe the carrying value is an approximation of the fair value The average creditor days for the period ending 31 March 2012 is 1 49 days

The accrued expenses related primarily to obligated costs in respect of potential acquisitions

17 RELATED PARTY DISCLOSURES

Transactions with key management personnel

The remuneration of the current directors (including Ian Leaman who was appointed on 14 May 2012), who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related party disclosures' Further information about the remuneration of individual Directors is provided in the remuneration committee report Incentive Shares were issued to some of the directors as detailed in Note 7

	$
Short-term employee benefits	876,684

Share-based payments	19,391
	896,075

18 ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party

19 FINANCIAL INSTRUMENTS

Capital management

The Group intends to finance its initial acquisitions using equity The Group's ordinary shares are quoted on the AIM market of the London Stock Exchange This affords it access to investors which seek access to growth opportunities of the sort which the Group is targeting to acquire

Debt is not employed in the Group at present and the limited working capital requirements are currently financed out of cash reserves

Details of the current equity structure can be seen on the Consolidated Statement of Financial Position

Maturity analysis of financial liabilities

All financial liabilities are due for repayment in the next 12 months No interest is accruing on any of these amounts

Categories of financial instruments

Financial liabilities and assets included in the balance sheet relate to the following IAS 39 categories

31 March 2012	Other Financial Liabilities	Non-Financial Liabilities	Total for Balance Sheet heading
	$	$	$
Balance sheet headings - liabilities			
Trade payables	13,410	-	13,410
Social security and other taxes	-	24,160	24,160
Other creditors	79,937	-	79,937
Accrued expenses	1,082,941	-	1,082,941
Total	1,176,288	24,160	1,200,448

31 March 2012	Loans and receivables	Non-Financial Assets	Total for Balance Sheet heading
	$	$	$
Balance sheet headings - assets			
Prepayments	-	64,245	64,245
Cash and cash equivalents	20,843,787	-	20,843,787
Total	20,843,787	64,245	20,908,032

All of the Group's assets and liabilities are held at amortised cost The directors are of the opinion that there is no material difference between the book value and the fair value of any of the Group's assets or liabilities

Financial risk management

The Group's principal current financial asset is cash The main risks arising from this financial instrument are credit risk and interest rate fluctuation risks

The Board reviews and determines policies for managing key risks and they are summarised below These policies have been consistently been applied throughout the period

Credit risk

Credit risk is the risk that the counterparty will fail to discharge its obligation

The Group's principal financial assets are bank balances and cash, which represent the Group's maximum exposure to credit risk in relation to financial assets The risk associated with these balances is managed by only depositing monies with highly reputable institutions

The Group's credit risk is attributable to the risk of bank default

Interest rate risk
The Group has cash on deposit and no borrowings It maintains sufficient liquidity to finance its day-to-day operations whilst obtaining a commercial return on funds not immediately required Management actively monitor opportunities to deposit amounts with other institutions in order to achieve better returns whilst considering risk levels

Foreign exchange risk
The Group's cash balances are currently held in GBP Management will monitor this position going forward and place cash appropriately to ensure a reasonable approach is taken to the management of the associated foreign currency risk

The majority of the Group's cashflow going forward is currently expected to be in US$, which will minimise the Group's foreign currency exposure

Capital management policies and procedures
The Group's capital management objectives are

- To ensure the Group's ability to continue as a going concern
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk The Group monitors capital on the basis of the carrying amount of equity, less cash and cash equivalents as presented on the face of the statement of financial position

20 POST-REPORTING DATE EVENTS

Please refer to Note 1 (Acquisition of XXT Inc) which details the non-adjusting events that have occurred between the reporting date and the date of authorisation These are the acquisition of the business and net trading assets of XXT Inc, an issue of 42 million shares for the purposes of raises funds thereto and the acquisition of the business and assets and some of the liabilities of M&R Industries, Ltd and Pro-Flow Fabrications Technologies, Ltd

No adjusting events have occurred

Independent auditor's report to the members of Enteq Upstream Plc

We have audited the Parent Company financial statements of Enteq Upstream plc for the period ended 31 March 2012 which comprise the Parent Company balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor
As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the Parent Company 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 Parent Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements
In our opinion the Parent Company financial statements
give a true and fair view of the state of the Company's affairs as at 31 March 2012,
have been properly prepared in accordance United Kingdom Generally Accepted Accounting Practice, and
have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the Parent Company financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following Under the Companies Act 2006 we are required to report to you if, in our opinion

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the Parent Company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Other matters
We have reported separately on the Group financial statements of Enteq Upstream plc for the period ended 31 March 2012

Grant Thornton UK LLP.

Nicholas Watson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants, Reading

6 August 2012

COMPANY BALANCE SHEET
31 March 2012

	Notes	2012 $
Fixed assets		
Tangible Fixed Assets	3	2,649
Investments	4	1
		2,650
Current assets		
Debtors	5	965,877
Cash at bank and in hand	6	20,672,884
		21,638,761
Creditors amounts falling due within one year		
Trade and other creditors	7	946,348
Net current assets		20,692,413
Total assets less current liabilities		20,695,063
Capital and reserves		
Called up share capital	8	241,658
Share Premium	9	22,766,100
Share based payment reserve	9	19,391
Profit and loss account	9	(2,332,086)
Total shareholders' funds		20,695,063

The financial statements were approved by the Board of Directors on

6 August 2012 and were signed on its behalf by

Ian Leaman
Director

NOTES TO THE COMPANY BALANCE SHEET

For The Period 5 April 2011 to 31 March 2012

1 SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting
Enteq Upstream plc is a Company incorporated in the United Kingdom under the Companies Act 2006 The address of the registered office is given in the Company Information found on page 1

Statement of compliance
The separate financial statements of the Company are presented as required by the Companies Act 2006 They have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accepted Accounting Practice ('UK GAAP') and law

Basis of preparation
The financial statements have been prepared on a going concern basis under the historical cost convention and are the Company's first statutory accounts since incorporation

The board regularly reviews the Company's resources to ensure they are sufficient to continue trading for the foreseeable future It is therefore considered appropriate to use the going concern basis to compile these financial statements The main requirement is for sufficient financial resources to maintain the overhead required to fulfil the pipeline of business

The financial statements are presented in US dollars as future acquisitions are likely to be in the US The directors believe that the Company's primary economic environment, in which it operates and generates cash flows is one of US dollars, as apart from its initial share placings, substantially all other transactions are likely to be transacted in dollars Therefore the majority of the Company's subsidiaries' activities and transactions therewith are expected to be in US dollars

Management have considered a number of factors in order to determine the local currency of the Parent Company After due consideration, management are of the opinion that this is US dollars Whilst the Company is based in the UK, a number of key indicators have lead management to reach this judgement This includes, but is not limited, to the following key factors key strategic decisions, including those in relation to assessing acquisition on an on-going basis and reviews of historical financial information, are made based on information denominated in US$, negotiations over on-going negotiations are carried out in US$ and the Company has funded its overseas subsidiary in a loan denominated in US$ Management also note that the Company's strategy is to invest in services aligned to the oil and gas industry, an industry which trades principally in US$ All future operations and sources of funding are also expected to be located in the US for the foreseeable future

Foreign currencies
Foreign currency transactions are translated into the local currency of the Company, using the exchange rates of the transactions (spot exchange rate) Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date)

Tangible fixed assets
Tangible fixed assets are stated at cost less accumulated depreciation and any impairment in value The initial cost of an asset comprises its purchase price or construction cost, and any costs directly attributable to bringing the asset into operation The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset

Depreciation of computer equipment is calculated on a straight-line basis over the useful economic life of the assets, being three years for all assets currently held The estimated useful lives are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively

A tangible fixed asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Profit and Loss Account in the year the item is derecognised

Investments
Fixed asset investments in subsidiaries are shown at cost less provision for impairment

Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities

Equity instruments
Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs

Equity, reserves and dividend payments
Share capital represents the nominal value of shares that have been issued Share premium includes any premiums received on issue of share capital Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits Other components of equity include the following

The profit and loss account includes all current and prior period retained profits All transactions with the owners are recorded separately within equity Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date

Taxation
Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Share based payments
The Company has applied the requirements of FRS 20 'Share-based payments' Certain non-executive directors receive remuneration in the form of share-based payment transactions, whereby they render services in exchange for rights over shares under the Non-Executive Director Share Options scheme These options vest in two equal tranches, in June 2014 and June 2015 The total amount to be expensed over the vesting period of the options is determined by reference to the fair value at the date of granting and the number of awards that are expected to vest The fair value is based upon a binomial model taking into account different scenarios for the possible outcomes of the Company's investment activities, using management's best estimates of these likely outcomes The total expense is based upon initial conditions and will crystallise smoothly over the vesting period without reanalysis for subsequent events The movement in cumulative expense is recognised in the profit and loss, with a corresponding entry to the share-based payment reserve

Incentive Shares
The Executive Directors have been awarded and purchased 50,000 Incentive Shares The Incentive Shares only reward participants if shareholder value is created, thereby aligning the interests of the Executive Directors with those of shareholders The Incentive Shares carry the right to 12 5% of any increase above £2 million in the market value of the Company adjusted for placings These options vest in two equal tranches, in June 2014 and June 2015, or earlier in the event of a takeover or winding-up of the Group The Incentive Shares do not carry any voting or dividend rights and are not transferable The total amount to be expensed over the vesting period of the Incentive Shares is determined by a model taking into account different scenarios for the possible outcomes of the Company's investment activities, using management's best estimates of these likely outcomes The total expense is based upon initial conditions and will crystallise smoothly over the vesting period subject to any changes in service or non-market performance conditions The amounts subscribed for the Incentive Shares have been recognised as a current liability on the balance sheet as they become repayable if the Executive Directors leave office

Cash Flow Statement
The Company has taken advantage of the exemption from preparing a Cash Flow Statement under the terms of FRS 1 (Revised) 'Cash Flow Statements' because it prepares a Consolidated Cash Flow Statement, shown in these accounts

2 PROFIT FOR THE YEAR

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements The Parent Company's loss for the financial year was $2,332,086

3 TANGIBLE FIXED ASSETS

	Computer equipment $
COST	
Additions	3,258
At 31 March 2012	3,258
DEPRECIATION	
Charge for period	609
At 31 March 2012	609
NET BOOK VALUE	
At 31 March 2012	2,649

4 INVESTMENTS

	Shares in Group undertakings $
COST	
Additions	1
At 31 March 2012	1
NET BOOK VALUE	
At 31 March 2012	1

The Company's investments at the balance sheet date in the share capital of companies include the following

Subsidiary

Enteq Upstream USA Inc
Country of incorporation United States of America
Nature of business Acquire and consolidate companies

Class of shares	% holding
Ordinary	100 00

	2012 $
Aggregate capital and reserves	(980,885)
Loss for the period	(980,886)

5 DEBTORS

	$
Amounts falling due within one year	
Amounts owed by Group undertakings	904,132
Prepayments	61,745
	965,877

The management believe that the carrying value is an approximation of fair value

6 CASH AT BANK AND IN HAND

	$
- GBP	20,672,884
	20,672,884

7 CREDITORS

	$
Current	
Trade creditors	13,410
Social security and other taxes	24,160
Other creditors	79,937
Accrued expenses	828,841
	946,348

The management believe the carrying value is an approximation of the fair value The average creditor days for the period ending 31 March 2012 is 1 49 days

8 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid

Number	Class	Nominal value	$
15,050,200	Ordinary	£0 01(GBP)	241,658

15,050,000 Ordinary shares of £0 01 GBP each were allotted as fully paid at a premium of 99p per share during the period (50,000 on 24 May 2011 and 15,000,000 on 1 July 2011) All shares issued carry the same voting rights

Proceeds received in addition to the nominal value of the shares issued during the period have been included in share premium, less registration and other regulatory fees and net of related tax benefits The costs associated with the above share allotment were $1,157,727

The Companies Act 2006 abolished the concept of authorised share capital and, accordingly, there is no limit on the maximum amount of shares that may be allotted by the Company

9 RESERVES

	Called up share capital $	Profit and loss account $	Share premium $	Share based payment reserve $	Total equity $
Changes in equity					
Issue of share capital	241,658	-	23,923,827	-	24,165,485
Cost of share issue	-	-	(1,157,727)	-	(1,157,727)
Share based payment charge	-	-	-	19,391	19,391
Loss for the period	-	(2,332,086)	-	-	(2,332,086)
Balance at 31 March 2012	241,658	(2,332,086)	22,766,100	19,391	20,695,063

10 RELATED PARTY DISCLOSURES

Details of directors' remuneration and other transactions are in the Remuneration Committee report There were no other related party transactions to be disclosed under FRS8

11 ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party