ENTEQ UPSTREAM PLC

ANNUAL REPORT

FOR THE YEAR TO 31 MARCH 2019

REGISTERED NUMBER: 07590845 (England and Wales)

Contents

Key features, Financial Metrics and Outlook

Key features

- Significant growth in revenue (57%) and adjusted EBITDA[1]
- Adjusted EBITDA[1] margin at 24%
- Positive adjusted earnings[2]
- Growth in both North American and International markets
- Increased investment in new technologies and rental fleet

Financial metrics

	Years ended 31 March:	
	2019	**2018**
• Revenue	$10.2m	$6.5m
• Adjusted EBITDA[1]	$2.5m	$0.2m
• Post tax loss for the period	$0.1m	$0.6m
• Adjusted earnings[2]	$0.0m	$(0.5)m
• Post tax loss per share	0.2 cents	1.0 cents
• Cash balance	$11.9m	$15.5m

Outlook

- Current market stability and oil price encourages cautious optimism
- On-going investment in new technology and rental fleet continues to create new opportunities in North America
- New customers poised for increased activity in international markets
- Strong balance sheet and investor support enables further investment opportunities

[1] Adjusted EBITDA is reported profit before tax adjusted for interest, depreciation, amortisation, foreign exchange movements, Performance Share Plan charges and exceptional items. See note 3.

[2] Adjusted earnings is reported earnings adjusted for amortisation, foreign exchange movements and exceptional items. The March 2019 result is $19k. See note 6 on page 45.

Company Information

For the year to 31 March 2019

DIRECTORS:

Chairman

Iain Paterson	*Chairman of the Board, Chairman of Nomination Committee*

Executive Directors

Martin Perry	*Chief Executive Officer*
David Steel	*Finance Director*

Non-Executive Director

Robin Pinchbeck	*Chairman of the Remuneration and Audit Committees*

SECRETARY
David Steel

REGISTERED OFFICE
The Courtyard
High Street
Ascot
Berkshire
SL5 7HP

REGISTERED NUMBER
07590845 (England and Wales)

AUDITORS
Grant Thornton UK LLP
Registered Auditors
1020 Eskdale Road
Winnersh
Wokingham
RG41 5TS

NOMINATED ADVISER & BROKER
Investec Bank plc
2 Gresham Street
London
EC2V 7QP

LEGAL ADVISORS
CMS Cameron McKenna Nabarro Olswang LLP
Cannon Place
78 Cannon Street
London
EC4N 6AF

REGISTRARS
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

Strategic Report

The above starts with the combined Chief Executive and Chairman's report and continues to the end of the Review of the Principle Risks and Uncertainties.

Combined Chief Executive and Chairman's report

Introduction

Enteq supplies Measurement While Drilling ("MWD") equipment to the world-wide oil and gas and geothermal directional drilling sector. Directional drilling is carried out by oilfield service companies who either purchase equipment from third parties, such as Enteq, or develop the equipment themselves. MWD equipment is required on every rig which drills directional wells and currently Enteq's equipment is estimated to be in use on more than 300 drilling rigs worldwide.

Enteq has a proven track record of providing extremely reliable and respected technology to regional / independent drilling companies who wish to compete with the major international drilling companies. Enteq's vision is to be the technology provider of choice for these independent drilling companies, whether they operate at a local, regional or national level.

Enteq intends to grow the business by increasing market share, both in North America and internationally, as well as increasing its addressable market. This will be done by continuing to provide the most reliable equipment available and broadening the range of technical solutions through its on-going engineering programme and technology partnerships.

Review of the Year

Review of the Year

This year's financial results show improved trading across the business, with the post tax result now at a breakeven level. There has been significant growth in both revenue and adjusted EBITDA and there is a return to a positive adjusted earnings per share. Revenue increased by 57% from $6.5m in the year to 31 March 2018 to this year's figure of $10.2m, primarily from increased rental revenue. Adjusted EBITDA has risen to $2.5m (March 2018: $0.2m) and represents a margin of 24%. The decrease in cash of $3.6m during the year is accounted for, primarily, through targeted investment in technology, engineering and rental assets. This investment has underpinned this year's growth and will support future growth opportunities.

The global oil and gas markets have had a relatively stable year, despite various political pressures and changing international dynamics. Enteq strives to maintain and increase market share in this market whilst continuing to invest in technology and business development to significantly the Group's market presence.

The previous year's transition of all US operations, without any business interruption, to the facility owned by Enteq in South Houston, has enabled the management team to focus on refining both the manufacturing and sales processes.

Investment has continued in the engineering team, both those based in-house and through the targeted use of industry expert sub-contractors. A new 'game changing' product line, PowerHop, which includes patented technology, was launched at the global oil industry technology show, OTC, in May 2019 and garnered significant industry interest. PowerHop field trials are expected to commence later this year.

A UK government backed 'Innovate UK' sponsored project is close to completion, on time and on budget. This will result in the launch of a unique, patented, sensor which fulfils the project's initial brief and enables Enteq to offer increased functionality to its current and future customer base.

In addition to internal technology development, Enteq has been successful in negotiating two new technology partnerships during the year under review. An agreement was put in place with the US based Well Resolution Technologies Ltd. for integrating their 'At-Bit' Logging While Drilling solution into our existing data telemetry product. In addition, agreement has been reached with a Houston based partner, QDC, for an integrated sensor, incorporating Enteq firmware into a competitive new generation MWD tool. Both these collaborations and the new products were announced at OTC, in May 2019.

In North America, Enteq has responded to market conditions by significantly expanding the size of its kit rental fleet, rising during the year from 14 to 32 kits. This has enabled capital constrained service companies to grow their fleet of equipment and thus establish themselves as strong regional players. This model has also allowed a number of strong regional directional drilling companies to re-establish themselves, with Enteq as their primary MWD technology partner.

Drilling activity in North America has traditionally been highly focused around the Permian basin in Texas, but during the year significant growth has also come from new shale oil opportunities, such as in the Rockies region of Colorado. Enteq's business model allows regional drilling companies to become active quickly and successfully in these new shale plays.

The Group's rental model, with the option for the customer to ultimately purchase the equipment, cements a long-term relationship between these service companies and Enteq. To date, all equipment supplied on this basis has remained with the customer, with no returns, and this model is expected to create on-going demand for further Enteq technology.

Outside North America, Enteq has accelerated its international market presence with revenue of approximately $0.9m, up from approximately $0.5m last year. Contracts for equipment have been delivered and operations completed in the Far East, Middle East and in Europe. A number of these operations have been for Geothermal energy development, a new market sector for Enteq.

During the year a new position of Director of International Business was created, with the appointee starting in January 2019. A new international strategic direction has been established to better promote the Enteq opportunities in the largest potential markets, China, Saudi Arabia and elsewhere.

Staff

There was a total of 33 employees at the end of the year, the same as the previous year end, but significantly up from the 17 that were in place at 31 March 2017. Additional contract personnel have been used as needed in the areas of engineering and production during specific times of high demand. The Board would like to recognise the on-going loyalty, dedication and support of the personnel as Enteq re-establishes itself as a strong company, with an excellent reputation for the reliability of equipment and commitment to customer support.

Reporting & performance indicators

A set of Key Performance Indicators are in place. These are reported weekly to senior management who review, initiate action where required and follow-up. The following Key Performance Indicators, unchanged from the previous year, are used:

Financial:

- Sales, gross profit margin, adjusted EBITDA, order intake and backlog, accounts receivable ageing, inventory levels, rental fleet numbers and capital expenditure.

Other performance measures:

- Headcount, production hours worked, number of reportable Health and Safety Executive ("HSE") incidents.

Key market indicators regularly monitored by management and Board of Directors include: Global Rig Count, North American Rig Count, West Texas Intermediate ("WTI") Oil Price and Henry Hub Natural Gas Price.

Governance

Enteq is committed to maintaining high standards of Corporate Governance, as such on 10 July 2018, the Enteq Board formally adopted the Quoted Company Alliance Code of Corporate Governance. More details are given on page 23.

Prospects

Subject to any unforeseen macro-economic disruptions, the global market for oil & gas drilling appears to be in a period of relative stability, which can only be beneficial to the prospects for growth for all those operating in this sector.

Enteq is well positioned with both their current and evolving technologies to support drilling opportunities, wherever they may be.

Strong business management, protection of the balance sheet in difficult times, yet willingness to invest in growth potential gives us confidence that Enteq is well positioned to benefit from this market stability.

Iain Paterson

Chairman

Martin Perry

Chief Executive officer

Financial Review

Income Statement

Year to 31 March:	*2019*	*2018*
	$ million	*$ million*
Revenue	**10.2**	**6.5**
Cost of Sales	(3.5)	(2.2)
Gross profit	**6.7**	**4.3**
Overheads	(4.2)	(4.1)
Adjusted EBITDA	**2.5**	**0.2**
Depreciation & amortisation	(2.7)	(0.8)
Other charges	(0.2)	(0.1)
Ongoing operating loss	**(0.4)**	**(0.7)**
Other exceptional items	-	(0.1)
Interest	0.2	0.2
Loss before tax	**(0.2)**	**(0.6)**
Tax	0.1	-
Loss after tax	**(0.1)**	**(0.6)**

The improvement in the Group's financial results for the year ended 31 March 2019 arise from the stabilization in both the North American and International markets. The price of a barrel of West Texas Intermediate ("WTI") was $65 at the start of April 2018 and $60 as at 31 March 2019, with an average of $63. In addition, the price has not dropped below $47 in this 12-month period. This relative price stability has resulted in the North American rig count rising from 1,003 at the start of the financial year to 1,025 at the end, with an average of 1,052. There was a steady increase to 1,083 rigs working at the end of December 2018, with a decline thereafter to the year end position. As Enteq's revenue is derived from both rigs being added to customers' fleets and on-going replacement of equipment during rig operation, the North American market stability resulted in turnover rising from $6.0m last year to $9.3m this year. Internationally, the market conditions eased as more projects were commissioned, resulting in revenue rising from $0.5m to $0.9m.

The full year gross margin at 65%, was down slightly on last year's figure of 67% due to a drop in the high margin electronic component revenue from 55% of last year's total revenue to only 40% this year. This was combined with an increase in the lower margin mechanical component revenue from 19% last year to 21% this year. These effects were countered, to some extent, by a rise in the high margin rental business (36% of this year's revenue, as opposed to only 15% last year).

Total overheads, at $4.2m, were virtually unchanged from last year's figure. This reflected the stability in the headcount numbers during the year, both starting and finishing the year at 33 posts. Both the size and structure of the manufacturing/engineering centre, at South Houston, and the UK based head office/engineering team were unchanged during the year.

The combined depreciation and amortisation charge was significantly up on the previous year due to the number of kits in the rental fleet increasing from 14 last year end to 32 this year. This increase was reflected in the carrying value of the rental fleet, growing from $2.1m as at 31 March 2018 to $3.4m at the end of this year.

The "Other charges" shown above relate, primarily, to the non-cash cost associated with the Performance Share Plan.

Statement of Financial Position

Enteq's net assets at the financial year-end comprised of the following items:

As at 31 March:	*2019*	*2018*
	$million	*$million*
Intangible assets	2.4	1.2
Property, plant & equipment	2.3	2.3
Rental fleet	3.4	2.1
Net working capital	4.0	2.5
Cash	11.9	15.5
Net assets	**24.0**	**23.6**

The "Intangible assets" represent the value of the on-going R&D work, carried out by the engineering team and capitalised to date, less the amortisation relating to the products fully commercialised (primarily software releases). The increase during the year to $2.4m relates to the ongoing development of various new products, including the connection-free communication controller.

The net book value of property, plant & equipment has remained at $2.3m due to the increase of $0.1m relating to the investment in replacing production equipment at South Houston, being offset by a similar depreciation charge.

The increase in the net book value of the rental fleet reflects the number of kits rising from 14, as at 1 April 2018, to 32 at the year-end, as previously mentioned.

The $1.5m increase in net working capital is due, primarily, to the management's decision to invest $0.7m in inventory relating to a collaborative development of a seamless "At-Bit" solution, which is now commercially available; underlying inventory rose by $0.5m and trade creditors reduced by $0.3m. Trade debtors were virtually unchanged.

Cash flows

Year to 31 March:	*2019*	*2018*
	$ million	*$ million*
Adjusted EBITDA	**2.5**	**0.2**
Change in net working capital	(1.5)	2.6
Operational cash generated	**1.0**	**2.8**
Investment in rental fleet	(3.8)	(2.2)
Investment in R&D	(1.3)	(0.7)
CAPEX	(0.2)	(0.2)
Equipment disposal proceeds	-	0.1
Interest and share issues	0.7	0.4
Net cash movement	**(3.6)**	**0.2**
Opening cash balances	15.5	15.3
Closing cash balances	**11.9**	**15.5**

Whilst the Group delivered a much-improved adjusted EBITDA for the period, the investment in working capital during the period meant that operational cash generated decreased to $1.0m from $2.8m as reported last year.

The continuing robustness of the balance sheet enabled further expansion of our market share through further investment to increase the number of kits in our rental fleet.

The increase in R&D spend reflects the expansion of the number of engineering projects. These now include the previously mentioned development of a new connection-free communication controller, in addition to the next software upgrade and a number of other future revenue enhancing projects.

The CAPEX relates to the replacing of various production related equipment.

Overall, the Group saw a net cash outflow of $3.6m (2018: $0.2m inflow) reducing the Group's closing cash balance as at 31 March 2019 to $11.9m.

Financial Capital Management

Enteq's financial position continues to be robust. Enteq had no bank borrowings, or other debt, and had a closing cash position of $11.9m as at 31 March 2019.

Enteq monitors its cash balances daily and operates under treasury policies and procedures which are set by the Board.

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 UK based overhead costs, substantially all other transactions are transacted in US dollars.

Enteq is subject to the foreign exchange rate fluctuations to the extent that it holds non-US Dollar cash deposits. The year end GBP denominated holdings are approximately 1% of total cash holdings, the same level as last year's.

Annual General Meeting

The Company's Annual General Meeting will be held on 25 September 2019 at 12.00 noon at the offices of Investec Bank plc, 30 Gresham Street, London EC2V 7QP.

David Steel

Finance Director

11 June 2019

Review of Principal Risks and Uncertainties

The Board is responsible for the Group's risk management and during the year has undertaken a systematic review of the key risks and uncertainties which face the Group. The Board establishes the framework for risk management across the Group. It seeks to embed risk management and to facilitate the implementation of risk management measures throughout the Group's businesses. The Board refines its view of risks on an on-going basis and as the Group's businesses enter new markets and develop new products. A risk register is regularly updated and reviewed by the Board, the last review being in November 2018.

The Directors believe the following risks, as set out in the Risk Register, to be the most significant for the Group. The mitigating activities described below will help to reduce the likelihood or impact of each risk occurring, although the Board recognises that it will not be possible to eliminate these risks entirely. The risks listed do not necessarily comprise all those relating to the Group's operations, or with an investment in the Group. The impact of "Brexit" is not considered a risk as all product are shipped, and hence revenue is generated, from the US.

If any of the following risks were to materialise, the Group's businesses, financial condition, results or future operations could be materially adversely affected.

INDUSTRY SPECIFIC RISKS

Fluctuations in oil and gas prices
Short-term fluctuations in oil and gas prices may lead to uncertainty in the oil and gas industry which can lead to reduced investment in equipment by the Group's customers. 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 energy commodity prices and other industry parameters and if appropriate, acts expeditiously to manage costs and working capital as necessary.

Economic fluctuations in territories where the Group's products are used
Economic fluctuations in territories where the Group's products are used create uncertainty and discourage investment. The Group's products are used by service companies, which may deploy its equipment and services in territories outside their national markets. Fluctuations in such territories could reduce the market size for the Group's products.

Management and the Board, using their experience and judgment, monitor political and economic developments as appropriate in order to minimise, where possible, the impact of such adverse events on the Group. Further, the Group's strategy of diversifying its customers, product lines and geographic markets helps to mitigate these risks.

RISKS RELATING TO THE GROUP'S STRATEGY

Acquisition opportunities
The Board continues to adopt a cautious approach to acquisition opportunities. The Board continues to monitor and assess potential earning enhancing acquisitions.

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 and key employees. The loss of the services of any of its Directors or other key employees could have a material adverse effect on the Group.

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.

With the increase in staff numbers during the year, this risk has decreased. The Board continues to balance this risk with the requirement to keep overhead spend constantly under review.

Dependence on key customers
The Group is dependent on a relatively small number of key customers and the size of any individual order may be substantial. The timing of these orders may materially impact on the Group results. The loss of business due to any North America based customer going out of business has decreased during the year due to the stabilization of the oil price and rising rig count numbers.

As well as active management of key customer relationships, the Group's strategy also involves broadening the customer base especially outside North America, providing mitigation against such dependence.

Cash balances
The level of the Group's cash balance gives the Board significant comfort as to the future viability of the Group. The majority of cash is held in deposit accounts in USD.

NON-SPECIFIC RISK FACTORS

Health, Safety & Environment
Safety is one of our core priorities. The Group is subject to a number of Health, Safety & Environment ("HSE") 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 HSE 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 HSE liabilities, to maintain compliance with current or future HSE laws and regulations or to undertake any necessary remedy.

The Board closely monitors safety reporting and HSE compliance both at each monthly meeting and during visits to the Group's businesses. The group has the appropriate insurance policies in place to cover any actions brought against related to breaches in health and safety.

Infringement upon intellectual property rights
Patents and/or Know-How 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 protects the validity of its intellectual property via thorough patent and trademark applications and will robustly defend any claims against it, if appropriate.

Business Interruption
Business interruption may occur as a result of a number of events, which are either within or outside the Group's control. These include: the failure or unavailability of operational and IT infrastructure; delay or interruptions in the availability of products or services provided by third-party suppliers and natural disasters such as earthquake, flooding and storms.

Mitigation is achieved by having a business continuity plan, relevant insurances and managing dependence on key supplier relationships.

Threats to Cyber security
A compromise of the Group's IT systems could cause significant disruption in production, shipments and cash collection and lead to financial, intellectual property or commercially sensitive data losses.

The Group is mindful of the risk of cyber-attacks and breaches of cyber security. The company maintains appropriate controls (such as IT system password protection, managing user access and privileges, malware protection and network security) and compliance with relevant data protection regulations.

The Strategic Report set out on pages 4 to 11 was approved by the Board of Directors on 11 June and signed on its behalf by:

Martin Perry

Chief Executive Officer

11 June 2019

Corporate Social Responsibility

Enteq is committed to developing relationships with its key stakeholders – employees, shareholders, customers, suppliers and communities within the areas we operate. This report describes the policies and responsibilities which Enteq has adopted to ensure that it is and remains a responsible global corporate citizen.

Our commitment to shareholders, employees and other key stakeholders is to create a sustainable organisation, capable of delivering long-term positive returns and providing stability to our employees.

The Group has implemented key policies in respect of:

- Anti-bribery and Corruption
- Embargo compliance
- Data protection and privacy
- Corporate ethics & standards code of conduct, including employee 'speak up' policy

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; and
- meets the highest standards of business ethics in all its dealings, including strict compliance with both UK and US legislation introduced to prevent bribery

Investor Communications

Communicating with the Company's shareholders is of key importance to the Directors. We do so by press releases, issued via the London Stock Exchange and institutional investor presentations. The Chief Executive and Finance Director meet with major shareholders at least twice a year, following the announcement of the Group's half and full year results.

Employees

We continue to recognise that our employees are our most valuable asset. Both senior and local management have ensured that all staff are kept informed of the changes to our trading patterns and fully explained the reasons behind the actions taken during the year. As at 31 March 2019, the Group had 33 employees (2018: 33).

Health and Safety

The Group is committed to achieving and maintaining the highest standards of safety for its employees, customers, suppliers and the public. Enteq aims for best practice and employs rigorous health and safety practices.
Health and Safety policies include:

- Regular audit and maintenance reviews of facilities, equipment, practices and procedures to ensure compliance with prevailing standards and legislation and a safe environment for all those who work within and around our facilities.
- Seeking accreditation and alignment with internationally recognised Quality Assurance standards.
- Monitoring and reporting to each Board meeting.
- Appropriate training and education of all staff.

The Group's target is to achieve zero recordable incidents. Each local business is required to develop tailored policies to reflect its daily business. These incorporate the Group's approach to putting safety first and, at a minimum, to comply with local regulatory requirements.

During the year, there were no fatalities across the Group's operations with no reportable incidents (2018: nil).

Environment

The Group is committed to the protection of the environment and developing manufacturing processes and procedures which ensure that any adverse effects on the environment are kept to a practicable minimum. We take the view that sustainable development is in the interests of all our stakeholders and include environmental issues in our planning and decision-making.

The Group's environmental policy is to look for opportunities and adopt practices that create a safer and cleaner environment. We are particularly sensitive to the challenges for the industry in which we operate.

Key aspects of our environmental policies include:

- Keeping any adverse effects on the environment to a practicable minimum.
- Encouraging the reduction of waste and emissions and promoting awareness of recycled materials and use of renewable resources.
- Encouraging employees to pay special regard to environmental issues and requirements in the communities in which the Group operates.
- Incorporating health, safety and environment considerations into the design of new facilities.

Business Ethics

The Group's Directors and employees promote the highest standards of honesty and integrity in the way it goes about its business, recognising that the Group's reputation is of critical importance in the industry in which we operate.

Through the Group's Code of Conduct and compliance with the UK Bribery Act and the US Foreign and Corrupt Practices Act, the Group has policies and controls in place detailing procedures on how the Group interacts with customers, suppliers and governments around the world. These include a Global Gift and Entertainment Guideline which codifies the standards and conduct which we set for our employees' interactions with customers, suppliers and other external parties.

David Steel

Company Secretary

11 June 2019

Report of the Directors

For the year to 31 March 2019

The directors present their report with the financial statements of the Group and the Company for the year to 31 March 2019.

DIRECTORS
The directors holding office at the year end are as follows:

Martin Perry ***Chief Executive Officer***
Martin Perry (57), formerly CEO of Sondex plc. Martin entered the oil industry in 1984, initially as a field engineer after gaining an engineering degree at Exeter University. Martin then worked in the IT and Data Communications industry, before leading the 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 private equity-backed businesses.

David Steel ***Finance Director***
David Steel (58), is a Chartered Accountant who qualified in KPMG's London office. David has held senior finance positions in a wide variety of industries including international trade exhibitions and aerospace manufacturing. Prior to joining Enteq he was Deputy Finance Director of a global provider of geoprediction tools to the upstream oil and gas industry.

Iain Paterson ***Non-Executive Chairman***
Iain Paterson (72), formerly Chairman of Sondex plc and ITE Group plc, Non-Executive Director of Hunting plc, Paladin Resources plc, MOL NyRt and of the Advisory Board of the Oman Oil Company, Iain has over 45 years' experience in the oil industry. He held senior management positions at BP and was a main Board director of Enterprise Oil plc. Iain also chairs the Company's Nomination Committee.

Robin Pinchbeck ***Non-Executive Director***
Robin Pinchbeck (66), formerly Executive Director at Petrofac Limited, where he founded and led the Operations Services division, from 2002 until IPO in 2005. His earlier career included senior management roles at BP plc. Former non-executive directorships include IGas plc, Sparrows Offshore Group Limited (Chairman), Sondex plc and EnQuest plc. Robin chairs both the Company's Audit and Remuneration Committees.

No director requires re-election at the forthcoming Annual General Meeting.

Dividends
No dividends will be distributed for the year ended 31 March 2019 (year ended 31 March 2018: nil).

Changes in the Group during the Financial Year
There were no changes during the current financial year.

Post Balance Sheet Events
There were no post balance sheet events.

Research and Development
The Company maintains its commitment to research and development through the activities undertaken by the Engineering team, now based in the South Houston location.

Risks and uncertainties
A review of the key risks and uncertainties affecting the Group is set out on pages 10 and 11. The Group's exposure to key financial risks is set out in note 25 to the financial statements, see page 56.

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 25 September, 2019 at 30 Gresham Street, London EC2V 7QP commencing at 12.00 noon. At the meeting, as well as routine matters, members will be asked to receive the Report of the Directors and Accounts 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.

Share Capital
The Company's issued share capital comprises Ordinary shares of 1p each and Incentive shares of £1 each. As at 31 March 2019, there were 63,885,427 Ordinary shares and 50,000 Incentive shares in issue. The movements in share capital during the year are set out in note 18, see page 53.

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. The holders of the Incentive shares have no rights to vote or receive dividends. 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. Shareholder's 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 Conduct Authority, the major shareholders (over 4%) of the Company were as follows:

Shareholder	Number of Ordinary shares held	Percentage of issued Ordinary Shares
Canaccord Genuity Wealth Mgt	8,615,000	13.5
Enteq Upstream plc Directors & Related Parties	6,788,028	10.6
Allianz Global Investors	5,895,000	9.2
Soros Fund Mgt	5,895,000	8.2
Mr P R Evershed	3,115,000	4.9
Octopus Investments	2,919,000	4.6

Political Donations
During the year the Company made no 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 Strategic Report, 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 prepared the Group financial statements in accordance with International Financial Reporting Standards ("IFRS") 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 including Financial Reporting Standard 101 – 'The Reduced Disclosure Framework' (FRS 101) and applicable laws including the Companies Act 2006. 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 Company and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to Disclosure of Information to Auditors

The directors confirm that, in so far as each of the directors is aware, there is no relevant audit information of which the Company's auditors are 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 Company's auditors are 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 is now operating in a stabilised market, especially in North America. 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.

Auditors

Grant Thornton UK LLP will be proposed for reappointment at the forthcoming Annual General Meeting in accordance with Section 489(4) of the Companies Act 2006.

Signed on behalf of the Board

David Steel

Company Secretary

11 June 2019

Remuneration Committee Report

For the year to 31 March 2019

Introduction
The Company is AIM-listed and therefore is 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 Quoted Company Alliance Code 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.

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. Executive directors also receive taxable benefits including life insurance policies and healthcare.

The Remuneration Committee has considered the requirements of the UK Corporate Governance Code (April 2016) to set an upper limit for executive pay levels. However, the committee also recognises the need to attract and incentivise management and therefore does not believe it is appropriate to set such limits at this stage of the Group's development, although the appropriateness of all incentive packages are considered by the Committee. Any bonus will be subject to Remuneration Committee approval. The Remuneration Committee will continue to monitor this policy.

Annual Bonus Plan
The annual grant of bonuses is conditional upon the achievement of targets by reference to agreed financial performance measures. The scheme is applicable to all executive directors. For the financial year ended 31 March 2019, the targets related to the group achieving the following targets: an underlying adjusted EBITDA at least equal to the Board approved budget; a specific year-end cash balance; acquiring a certain number of new customers and the launch of new technologies. All financial targets were achieved and, thus, the Remuneration Committee decided to pay the full amount as provided under the scheme.

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 Share Option Plan. All Group employees participate in the Plan, except for members of the Board and two senior executives. The executive directors (Martin Perry and David Steel) plus three senior executives are incentivised via the PSP scheme (see below).

On 17 September 2014, the Company introduced a Performance Share Plan (“PSP”) for the Executive Directors and other key senior executives. The Remuneration Committee were given the power to grant awards at the nominal value of the shares, but the exercise of which is subject to certain performance conditions. Such awards will lapse if not exercised within 10 years of grant. The participants in this Plan are no longer eligible for awards under the Share Option Plan or other Long-term Incentive Plan. The details of the grants awarded under all incentive plans, to date, are shown in a table on page 19.

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 year ended 31 March 2019 were as follows (all salaries denominated in £ Sterling have been converted to US dollars):

	Annual Salaries, Fees, Bonus and Benefits *31/03/2019* [a]	Actual amounts paid during the year to *31/03/2019* [b]	Annual Salaries, Fees, Bonus and Benefits *31/03/2018* [a]	Actual amounts paid during the year to *31/03/2018* [b]
	$ 000's	*$ 000's*	*$ 000's*	*$ 000's*
Martin Perry	613	727	555	324
David Steel	362	382	333	202
Total - Executive	**975**	**1,109**	**888**	**526**
Iain Paterson	39	42	42	42
Robin Pinchbeck	39	42	42	42
Total – Non executive	**78**	**84**	**84**	**84**
Total	**1,053**	**1,193**	**972**	**610**

Notes:
a *includes share-based payments and bonuses awards to be paid in following year*
b *includes payments relating to the previous year*

Martin Perry and David Steel received no increase in their salaries in the year to 31 March 2019 and have not received any increases since they were appointed to the Board.

From 1st February 2015, elements of the Board's remuneration were agreed to be settled in shares rather than cash. The following elements of Board members' compensation were settled in shares during year:

	31 March 2019 *$ 000's*	31 March 2018 *$ 000's*
Martin Perry	415	128
David Steel	200	57
Total - Executive	**615**	**185**
Iain Paterson	42	42
Robin Pinchbeck	42	42
Total – Non executive	**84**	**84**
Total	**699**	**269**

Interests in share options and PSP options

	Number of Share Options at 31/3/19	Number of Share Options at 31/3/18	Option Price (p)	Vesting dates
David Steel:	-	40,000	63.0	February 2017
	-	50,000	62.0	July 2017
	-	120,000	48.6	January 2017
Total	**-**	**210,000**		

Given the share price at the date of signing of the financial statements, there is no value in any of the share options that are currently vested.

	Number of PSP Options at 31/3/19	Number of PSP Options at 31/3/18	Vesting dates
Martin Perry	-	460,526	June 2018 *(exercised)*
David Steel	-	157,895	June 2018 *(exercised)*
Martin Perry	457,692	457,692	June 2019
David Steel	230,769	230,769	June 2019
Martin Perry	540,000	540,000	June 2020
David Steel	270,000	270,000	June 2020
Martin Perry	714,286	-	June 2021
David Steel	367,347	-	June 2021
Total	**2,580,094**	**2,116,882**	

The performance conditions for each of the PSP awards are as follows:

Vesting Date:	June 2019	June 2020	June 2021
Proportion awarded for compound annual growth rate in Total Shareholder Return ("TSR") * of:			
30% or greater	100%	n/a	100%
10%	33%	n/a	33%
Less than 10%	0%	n/a	0%
Note: Award pro- rated if growth between 10% and 30%			
Proportion awarded for adjusted EBITDA:			
Maximum of range achieved	n/a	100%	100%
Minimum of range achieved	n/a	33%	33%
Weighting:			
TSR (share price) growth	100%	n/a	50%
Adjusted EBITDA	n/a	100%	50%
Start point:			
TSR (share price) growth	13p	n/a	24.5p
Adjusted EBITDA range	n/a	$1.5m to $3.7m	$2.5m to $4.7m

The total amount to be expensed over the vesting period of all the above 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 TSR is defined as the difference between the share price on the date of the award (plus the sum of all dividends paid by the Company on one ordinary share during the three-year measurement period) and the share price on the measurement date.*

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 2019.

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. Details of this remuneration are set out in note 7, see page 46.

Robin Pinchbeck

Chairman of the Remuneration Committee

11 June 2019

Corporate Governance Report

This report for shareholders sets out Enteq Upstream Plc's approach to Corporate Governance. We have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code (April 2016) we consider to be relevant to the company. More details are given on page 24.

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
Martin Perry	Chief Executive Officer	*Member*	-	-	*Member*
David Steel	Finance Director	*Member*	-	-	-
Iain Paterson	Non-Executive Director	*Chairman*	*Member*	*Member*	*Chairman*
Robin Pinchbeck	Non-Executive Director	*Member*	*Chairman*	*Chairman*	*Member*

In the year under review the Board formally met on 8 scheduled occasions, with additional meetings and conference calls held as deemed necessary. All the directors attended every meeting.

The division of responsibilities between Iain Paterson, Chairman, and Martin Perry, CEO, has been clearly established by way of written role statements, which have been prepared by the Board. The Chairman's main responsibilities are to lead the Board, liaising as necessary with the CEO on developments between meetings of the Board, and to ensure the CEO and his executive management team have appropriate objectives and that their performances against those objectives are reviewed. The CEO is responsible to the Board for the executive management of the Group and for liaising with the Chairman and keeping him informed on all matters.

Board Evaluation

Between the year end and the date of signing these accounts a Board evaluation was carried out by both the Non-Executive and Executive Directors. The Board was regarded as effective and possessed sufficient skills and experience to enable it to discharge its responsibilities appropriately. The evaluation further confirms the Board's belief that the Board balance and the composition of each main Board Committee is appropriate. In reviewing the Board, it was concluded that the skills and experience the Executive Directors bring to the Board are complementary to each other and those of the Non-Executive Directors.

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. Whilst no members of the committee have direct, recent financial experience they are considered to have the necessary skills to fulfil their duties based on their knowledge of, and experience of working in, our core market. Financial advice is available externally as and when they require it. The committee has met twice during the year under review.

Responsibilities
The responsibilities of the Audit Committee are set out on page 24.

External audit
The external auditors' full year report includes a statement on their independence, their ability to remain objective and to undertake an effective audit. The committee considers and assesses this independence statement on behalf of the Board taking into account the level of fees paid particularly for non-audit services. The committee considers the effectiveness of the audit by reviewing and taking account of Financial Reporting Council reports on the auditors; input from executive management; consideration of responses to questions from the audit committee and the audit findings reported to the committee.

Grant Thornton UK LLP have been the Group's auditor since incorporation. The Audit Committee is satisfied with their effectiveness and their independence and has, to date, not considered it necessary to require an independent tender process.

The committee closely monitors fees paid to the auditors in respect of non-audit services, which are analysed within note 9 on page 47. In 2019, fees for non-audit services totalled $41k in comparison to audit fees of $70k. The scope and extent of non-audit work undertaken by the external auditor is monitored by, and, above certain thresholds, requires prior approval from the committee to ensure that the provision of such services does not impair their independence or objectivity.

Internal audit
To date, the Board has not considered it necessary or cost effective to employ a separate internal audit team. The senior finance team carries out reviews on an on-going basis. These reviews are available to the Committee and encompass the identification of the key business, financial, compliance and operational risks facing each operating location, together with an assessment of the controls in place for managing and mitigating these risks. The committee will continue to monitor the need for a separate internal audit function.

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 met twice during the year under review.

Nomination Committee
The Nomination Committee is responsible for reviewing and recommending executive and Non-Executive Board appointments for the Group. The committee has not met during the year under review.

Prior to the appointment of a Director, the Nomination Committee undertakes an evaluation of the Board's requirements to ensure the balance of skill and experience is maintained to fulfil the Group's strategy. When considering appointments due consideration is also given to the diversity of the Board to ensure there is an appropriate mix of experience and skill to enable the Board to operate as effectively as possible.

In accordance with the Corporate Governance Code's guidance for non-FTSE 350 companies on the re-election of directors and the articles of association of the Company, all directors are subject to re-election at the first annual general meeting after their appointment, and to re-election thereafter on a triennial basis.

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 year 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 – 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. The Group has implemented 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.

The Directors recognise the value and importance of maintaining the highest standards of corporate governance. To this effect, on 10 July 2018, the Board agreed that the Quoted Companies Alliance's ("QCA") code of corporate governance was the most appropriate for Enteq Upstream plc to follow, and so, was formally adopted. The main principles of the QCA Code and how Enteq ensures that it is fully compliant with these principles are set out below:

- Establish a strategy and business model which promote long-term value for shareholders;
    - Enteq has an established strategy and business model supplying the global Oil & Gas directional drilling market with high-end, differentiated, robust Measurement While Drilling equipment and associated parts and components. Both the strategy and business model are subject to Board review on at least an annual basis to ensure that they provide the most appropriate way to provide long-term value for shareholders.

- Seek to understand and meet shareholder needs and expectations;
    - The Executive Directors offer to meet the major shareholders after the announcement of both the year end and interim results. As well as presenting an explanation of these results, these meetings give the shareholders an opportunity to inform the Directors of both their needs and expectations. The AGM is an opportunity for all shareholders to present their views to the whole Board. The Chairman is also available to meet shareholders at any time.

- Consider wider stakeholder and social responsibilities and their implications for long-term success;
    - Regular meetings are held with the staff to ensure that the strategic vision of the company is clearly presented.
    - Meetings are held with other stakeholders as required.
    - The manufacturing plant regularly re-assesses its impact on the environment and implements the appropriate procedures minimise any adverse effects.
    - Regular Health and Safety meetings are held with all staff to minimise the likelihood of any accidents and "near misses".

- Embed effective risk management, considering both opportunities and threats, throughout the organisation;
    - The Board is responsible for the Group's risk management and undertakes a systematic review of the key risks and uncertainties which face the Group. It seeks to embed risk management and to facilitate the implementation of risk management measures throughout the Group's businesses.
    - A comprehensive risk register is maintained, which is regularly reviewed by the Board.
    - Monthly reports relating to health and safety at work is presented to the Board.

- Maintain the board as a well-functioning, balanced team led by the chair;
    - A "Board Effectiveness Review" is completed annually, with the results debated at the appropriate Board meeting. This review includes an assessment of whether the Board has functioned in compliance with this principle through assessing, inter alia, directors' level of skills and experience, the Board's performance, review of company strategy, quantity and quality of board meetings.

- Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities;
    - In addition to being part of the "Board Effectiveness Review" outlined above, attendance at appropriate external training courses and seminars is encouraged.

- Evaluate board performance based on clear and relevant objectives, seeking continuous improvement;
    - A Board Effectiveness Review is carried out annually and is a rigorous process.

- Promote a corporate culture that is based on ethical values and behaviours;
    - There are formalised policies covering areas such as anti-bribery and corruption, embargo compliance.
    - There is a company-wide "speak up" policy covering breaches or potential breaches of our business principles, unlawful conduct, financial malpractice or dangers to the public and the environment.
    - The importance of ethical value and behaviours is included in the regular staff meetings mentioned above.

- Maintain governance structures and processes that are fit for purpose and support good decision-making by the board; and
    - In addition to the Board, that comprise two executive and two non-executive directors, the following sub-committees of the Board are in place, each having their own terms of reference and comprise solely of Non-Executive Directors of the Company, except for the Nomination Committee which includes the Chief Executive Officer:
    -
        - Audit Committee whose main responsibilities are:
            - monitor and review reports from the Executive Directors, including the Group's financial statements and Stock Exchange announcements;
            - monitor and review the Group's systems of internal control;
            - review reports from the Group's external auditors;
            - monitor any corporate governance and accounting developments;
            - monitor the Group's bribery act compliance procedures;
            - consider and recommend to the Board the reappointment of the external auditor;

        - Remuneration Committee whose main responsibilities are 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

        - Nomination Committee whose main responsibilities are the reviewing and recommending executive and Non-Executive Board appointments for the Group.

- Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.
    - The compliance with this principle has been addressed through regular meetings with investors and regular staff and other stakeholder meetings as outlined above.

David Steel

Company Secretary

11 June 2019

Independent auditor’s report to the members of Enteq Upstream plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Enteq Upstream plc (the ‘company’) and its subsidiaries (together, the ‘group’) for the year ended 31 March 2019, 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, the company statement of financial position, the company statement of changes in equity, the company statement of cash flows, and the related notes, including summaries of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 ‘Reduced Disclosures Framework’ (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group’s and of the parent company’s affairs as at 31 March 2019 and of the group’s loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the ‘Auditor’s responsibilities for the audit of the financial statements’ section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group’s or the parent company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Overview of our audit approach

- Overall materiality: $250,000 which represents approximately 1% of the group's total assets at the planning stage.
- The key audit matters identified were:
  - Occurrence of unpaid revenues arising from the sale of goods, and valuation of trade receivables
  - Valuation of intercompany balances (parent company only)
- We performed full scope audit procedures on the financial information of each of Enteq Upstream plc, the UK parent company and on the financial information of Enteq Upstream USA Inc, the significant group component in the USA.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter - Group	How the matter was addressed in the audit – Group
Occurrence of unpaid revenues arising from the sale of goods, and valuation of trade receivables Total revenues in the year were $10.204m, including $6.502m from the sale of goods. In addition, $2.089m of trade receivables were outstanding at the year end, the majority of which relate to the sale of goods. This key audit matter concerns unpaid revenue arising from the sale of goods. The lower oil prices seen in recent years have made cash conservation a priority for all businesses in the industry. Enteq's trade receivables days are high, and certain customers have lengthy extended credit terms. Even though these extended terms are standard practice in the industry, it does raise a risk regarding recoverability of the balances, given the associated judgments regarding recoverability made by management. At the same time, Enteq has been looking to expand its customer base, and so is working with new customers in unfamiliar territories as demonstrated by the increase in sales to customers based outside North America (up to $953k from $443k in the prior year). This can create judgments around the recoverability of receivable balances. It can also create judgments around the initial recognition of the revenue, given Enteq are establishing agreements with new customers which could lead to potential returns, in particular where there has been no payment due to the extended credit terms. We therefore identified the occurrence of unpaid revenues arising from the sale of goods, and valuation of trade receivables, as a significant risk, and as one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • Testing the appropriateness of revenue recognition policies by comparing the policies adopted by management against IFRS, including the new revenue standard IFRS 15; • Testing a sample of unpaid revenue invoices at the year-end, and agreeing to sales invoices and evidence that the risks and rewards were transferred (such as proof of delivery); • Analysing trade receivable balances over 90 days old and identifying the higher risk balances based on invoice date, amount, and customer location; and • Obtaining management's assessment of the recoverability of these balances, and corroborating it by reference to correspondence with counterparties, historic payment patterns and payments received since the yearend; and • Evaluating management's ability to appropriately estimate the bad debt provision by comparing current year bad debt write-offs to previous provision estimates for the last two years. The group's accounting policies on revenues and receivables are shown in note 4, on pages 38 and 41 respectively, and related disclosures are included in note 15 on page 52. **Key observations** The audit work described above provided sufficient appropriate audit evidence over the occurrence of unpaid revenues, and the recoverability of associated receivables. Where we identified balances for further discussion, management had already considered their recoverability, and could provide evidence to support their judgments. After considering the likely timing of future receipts, management reclassified a portion of trade receivables to be due in more than one year, in line with similar assumptions made in the prior year.

Key Audit Matter – Parent	How the matter was addressed in the audit – Parent
Valuation of intercompany balances Intercompany balances at the year end stand at net $27.528m owed from Enteq Upstream USA Inc (Inc) to Enteq Upstream Plc, which is made up of $18.936m in trading balances and $8.592m in inter-company loan notes. The directors make an annual assessment to determine whether there are indicators that these balances are impaired. In 2015 an impairment was posted of $29.336m against the inter-company loan notes which have a gross value of $37.928m. Where indicators of impairment are identified and in order to determine if these balances are impaired management prepare discounted cash flow forecasts. Assumptions to be applied can be highly judgemental and can significantly impact the results of the impairment review. As the intercompany trade loan balance increased significantly by $4.664m in the last year and Enteq Upstream USA Inc was estimated to have a negative cashflow, we therefore identified valuation of intercompany balances as a significant risk, due to it being an area of significant management judgement and as one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • obtaining management's assessment, which included an intercompany balance repayment schedule and an overall impairment review for the group's non-current assets, which principally comprise the assets related to Inc; • recalculating the arithmetical accuracy of both those calculations; • testing the assumptions utilised in the impairment review, including growth rates and discount rates by corroborating to third market data; • testing the accuracy of management's forecasting through a comparison of budget to actual data and historical variance trends, as well as performing sensitivity analysis on the key assumption which is revenue growth. The group's accounting policies on intercompany balances are shown in note 1, on page 63, and related disclosures are included in note 5 on page 65. **Key observations** The audit work described above provided sufficient and appropriate audit evidence and the following conclusions were drawn: • our analysis indicates headroom is sensitive to changes in key assumptions • we found that the assumptions made, and estimates used were balanced • We found no errors in the calculations • as a result of the impairment review management recorded an impairment of $5.0m. Our audit work did not identify any additional impairment after the management provision of $5.0m

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

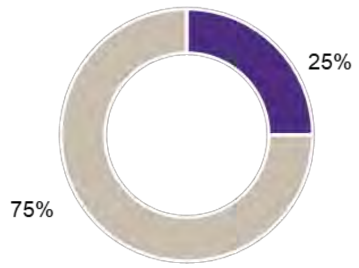
Materiality was determined as follows:

Materiality measure	Group	Parent
Financial statements as a whole	$250,000 which is approximately 1% of the group's total assets at the planning stage. This benchmark is considered the most appropriate because cash makes up a significant portion of total assets, which is a key metric for investors. The group key audit matter identified above relates to unpaid revenue, which impacts the year end cash and total asset position of the group, demonstrating total assets to be the appropriate benchmark. Materiality for the current year is lower than the level that we determined for the year ended 31 March 2018 due to the estimated decrease in the group's total assets at the planning stage when materiality was determined.	$249,000, which is approximately 1% of the group's total assets at the planning stage, capped at an amount less than group materiality. Group total assets is considered the most appropriate benchmark as cash makes up a significant portion of the parent company, and consequently the group's total assets, which is a key metric for investors. The parent company is a holding company with significant intercompany balances with other group components, and therefore group total assets is the most appropriate benchmark . Materiality for the current year is higher than the level that we determined for the year ended 31 March 2018 due to a change in benchmark used from the prior year.
Performance materiality used to drive the extent of our testing	$188,000, which is 75% of financial statement materiality.	$187,000, which is 75% of financial statement materiality.
Specific materiality	We determined a lower level of specific materiality, for certain areas such as related party transactions and directors' emoluments.	We determined a lower level of specific materiality, for certain areas such as related party transactions and directors' emoluments.
Communication of misstatements to the audit committee	Amounts above $13,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	Amounts above $12,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Group

Overall materiality – Parent



▪ Tolerance for potential uncorrected mis-statements ▪ Performance materiality

An overview of the scope of our audit

Our audit approach was a risk based approach founded on a thorough understanding of the group's business, it's environment and risk profile and in particular included:

- Evaluation by the group audit team of identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality. Our assessment was based on the relative materiality of each component entity to the group and an assessment of their audit risk;
- Performing full scope audit procedures at Enteq Upstream plc and Enteq Upstream USA Inc;
- Attendance at the stock count in Houston in respect of inventory held at the US component;
- Evaluating the group's internal control environment, including an assessment of the design effectiveness of controls over key financial statement risk areas identified as part of our audit risk assessment;
- On-site audit fieldwork visits to the sites Amersham (UK) and Houston (US);
- Reperforming the group consolidation, to confirm the accuracy of management's computations and to demonstrate the group financial information was consistent with the financial information per the audited financial statements of the significant group components; and
- Substantive testing of 100% of group revenues

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the report of the directors.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

Responsibilities of directors for the financial statements

As explained more fully in the statement of directors' responsibilities set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Mark Bishop FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Reading

11 June 2019

Enteq Upstream Plc
Consolidated Income Statement

	Notes	*Year to 31 March 2019* $ 000's Total	*Year to 31 March 2018* $ 000's Total
Revenue	*5*	**10,204**	6,460
Cost of Sales		**(3,546)**	(2,141)
Gross Profit		**6,658**	4,319
Administrative expenses before amortisation	*9*	**(6,952)**	(4,994)
Amortisation of acquired intangibles	*9*	**(116)**	(92)
Other exceptional items	*6*	**(7)**	(57)
Foreign exchange profit on operating activities		**6**	48
Total Administrative expenses		**(7,069)**	(5,095)
Operating loss		**(411)**	(776)
Finance income	*8*	**246**	175
Loss before tax		**(165)**	(601)
Tax	*10*	**67**	(3)
Loss for the period		**(98)**	(604)
Loss attributable to:			
Owners of the parent		**(98)**	(604)
Loss per share (in US cents):	*11*		
Basic		**(0.2)**	(1.0)
Diluted		**(0.2)**	(1.0)
Adjusted loss per share (in US cents):	*11*		
Basic		**-**	(0.8)
Diluted		**-**	(0.8)

Enteq Upstream Plc

Consolidated Statement of Comprehensive Income

	Year to 31 March 2019	*Year to 31 March 2018*
	$ 000's	*$ 000's*
Loss for the year	**(98)**	(604)
Other comprehensive income for the year:		
Items that will not be reclassified subsequently to profit and loss	**-**	-
Items that will be reclassified subsequently to profit and loss	**-**	-
Total comprehensive income for the period	**(98)**	(604)
Total comprehensive income attributable to:		
Owners of the parent	**(98)**	(604)

Enteq Upstream Plc

Consolidated Statement of Financial Position

	Notes	***As at 31 March 2019***	*As at 31 March 2018*
	Notes	*$ 000's*	*$ 000's*
Assets			
Non-current			
Goodwill	*12a*	-	-
Intangible assets	*12b*	2,394	1,222
Property, plant and equipment	*13*	5,895	4,503
Trade and other receivables	*15*	334	238
Non-current assets		8,623	5,963
Current			
Trade and other receivables	*15*	2,020	2,104
Inventories	*16*	4,512	3,302
Cash and cash equivalents	*17*	11,930	15,501
Current assets		18,462	20,907
Total assets		**27,085**	**26,870**
Equity and liabilities			
Equity			
Share capital	*18*	1,005	982
Share premium	*18*	91,398	91,031
Share based payment reserve		750	910
Retained earnings		(69,105)	(69,351)
Total equity		24,048	23,572
Liabilities			
Current			
Trade and other payables	*19*	3,037	3,298
Total liabilities		3,037	3,298
Total equity and liabilities		**27,085**	**26,870**

The financial statements were authorised for issue and approved by the Board of Directors on 11 June 2019 and were signed on its behalf by:

David Steel

Director

Enteq Upstream Plc

Consolidated Statement of Changes in Equity

	Called up share capital *$ 000's*	Retained earnings *$ 000's*	Share premium *$ 000's*	Share based payment reserve *$ 000's*	Total equity *$ 000's*
As at 1 April 2018	**982**	**(69,351)**	**91,031**	**910**	**23,572**
Issue of share capital	23	-	367	-	390
Share based payment charge	-	-	-	184	184
Transfer of reserves	-	344		(344)	-
Transactions with owners	23	344	367	(160)	574
Loss for the year	-	(98)	-	-	(98)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income	-	(98)	-	-	(98)
Total movement	23	246	367	(160)	476
As at 31 March 2019	**1,005**	**(69,105)**	**91,398**	**750**	**24,048**

	Called up share capital *$ 000's*	Retained earnings *$ 000's*	Share premium *$ 000's*	Share based payment reserve *$ 000's*	Total equity *$ 000's*
As at 1 April 2017	**963**	**(68,747)**	**90,718**	**806**	**23,740**
Issue of share capital	19	-	313	-	332
Share based payment charge	-	-	-	104	104
Transactions with owners	19	-	313	104	436
Loss for the year	-	(604)	-	-	(604)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income	-	(604)	-	-	(604)
Total movement	19	(604)	313	104	(168)
As at 31 March 2018	**982**	**(69,351)**	**91,031**	**910**	**23,572**

Enteq Upstream Plc

Consolidated Statement of Cash Flows

	Year to 31 March 2019	Year to 31 March 2018
	$ 000's	*$ 000's*
Cash flows from operating activities		
Loss for the year	(98)	(604)
Tax (credit)/charge	(67)	3
Net finance income	(246)	(175)
Gain on disposal of fixed assets	(9)	(82)
Share-based payment non-cash charges	186	104
Foreign exchange charge	(6)	(48)
Depreciation and Amortisation charges	2,691	853
	2,451	51
Tax paid	-	(1)
(Increase)/decrease in inventory	(1,210)	64
(Increase)/decrease in trade and other receivables	(14)	1,582
(Decrease)/increase in trade and other payables	(197)	910
Net cash from operating activities	**1,030**	**2,781**
Investing activities		
Purchase of Property Plant and Equipment	(213)	(236)
Increase in rental fleet assets	(3,754)	(2,222)
Disposal proceeds of tangible fixed assets	9	133
Purchase of intangible fixed assets	(1,286)	(670)
Interest received	246	175
Net cash from investing activities	(4,998)	(2,995)
Financing activities		
Share issue	391	332
Net cash from financing activities	391	332
Decrease/(increase) in cash and cash equivalents	**(3,577)**	**118**
Non-cash movements - foreign exchange	6	48
Cash and cash equivalents at beginning of period	15,501	15,335
Cash and cash equivalents at end of period	**11,930**	**15,501**

Notes to the Consolidated Financial Statements

For the year to 31 March 2019

1. NATURE OF OPERATIONS

The principal activity of Enteq Upstream Plc and its 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.

2. 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.

3. 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. The only standard that is expected to be relevant to the Group's financial statements is IFRS 16 'Leases'. On 13 January 2018, the IASB released IFRS 16 'Leases', completing its long-running project on lease accounting. IFRS 16 will require lessees to account for leases 'on-balance sheet' by recognising a 'right-of-use' asset and a lease liability. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019. This may lead to assets being recognised on the balance sheet for rented office space in Amersham, UK. Management do not expect any changes to the treatment of revenue from rental kits.

4. ACCOUNTING POLICIES

Overall considerations

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

Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention, with the exception of contingent consideration which is carried at fair value.

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.

Basis of consolidation

The Group financial statements consolidate those of the parent Company and all of its subsidiaries as of 31 March 2019. 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 2019.

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:

Name	Country of incorporation	Nature of business	Holding
Enteq Upstream USA Inc.	United States of America	Manufacturer of down hole drilling equipment	100%
Jeteq Drilling Limited	England & Wales	Dormant	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. There are no non-conforming accounting policies in any of the subsidiaries.

Going concern
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 Group has significant cash resources which will enable it to trade through these conditions. 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.

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.

Where the consideration for the business combination includes contingent consideration, management assess the expected future liability based on the available information at the time of the acquisition, taking into account the expected probability of achieving the relevant conditions and milestones. The expected liability is discounted to its present value and unwound over the life of the liability, with the impact of the unwinding included in finance costs over the life of the contingency. At each reporting date management re-estimates the total consideration expected to be paid. Where, during the first 12 months following the acquisition, a change in the estimated contingent consideration arises as a result of changes in underlying assumptions which should have been identified at the time of the acquisition, the acquisition accounting is adjusted to reflect this. All other changes are reflected in profit or loss for the period.

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: $1.30 (31 March 2018 £1: $1.40). 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 or collection by the customer, following approval of the product by the customer.

Revenue from rentals paid under operating leases is recognised in the profit and loss account on a straight-line basis over the period of the lease.

IFRS 15 ‘Revenue from Contracts with Customers’ has now been adopted. Following a management review, it was concluded that it had no impact on revenue recognition either in the current or previous reported figures.

Government grants
Enteq has partnered with Imperial College London and the Chinese Institute of Petroleum Beijing to deliver smart technologies for the optimal drilling, completion, design and management of wells including geothermal wells. This project is funded by a grant from Innovate UK for a two-year period ending 30 April 2019.

Grant income is netted off against the related expenses in the statement of comprehensive income. It is recognised as necessary to match it with the related costs, for which it is intended to compensate, on a systematic basis. It is recognised only when there is reasonable assurance that (a) there is full compliance with any conditions attached to the grant and (b) the grant will be received.

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. 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 expenditure 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.

Exceptional items relate to such categories as impairment charges, change to contingent consideration, and severance costs.

Intangible Assets and Goodwill

a) Goodwill

Goodwill represents amounts arising on the acquisition of trade and related assets and liabilities.

Goodwill on acquisitions comprises the excess of the fair value of the consideration transferred over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

b) Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment.

c) Research and Development Expenditure

Research expenditure is recognised as an expense when it is incurred. Development expenditure is recognised as an expense except that expenditure incurred on development projects is capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if the Group can demonstrate all of the following: -

- its ability to measure reliably the expenditure attributable to the asset under development;
- the product or process is technically and commercially feasible;
- its future economic benefits are probable;
- its ability to use or sell the developed asset;
- the availability of adequate technical, financial and other resources to complete the asset under development; and
- its intention to complete the intangible asset and use or sell.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period. Development expenditure is amortised on a straight-line method over the useful lives of each product from when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

Subsequent measurement

All intangible assets (other than Goodwill), 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.

Amortisation

Amortisation is charged to overheads, within total administrative expenses, in the income statement on a straight-line basis over the estimated useful lives of the intangible assets unless such lives are indefinite. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are determined separately for each acquisition and fall within the following ranges:

Brand names	5 – 20 years
Customer relationships	11 – 13 years
Developed Technology	4 – 7 years
Non-compete agreement	5 years

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.

There is deemed to be just one cash generating unit ("CGU") within the Group.

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, but only to the extent that this does not exceed the original carrying value, had no impairment been recorded.

Property, plant and equipment

Tangible Property, Plant & Equipment are stated at cost, net of depreciation and any provision for impairment. Depreciation is included within administrative expenses for 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:

Land	Not depreciated
Leasehold improvements	Over life of lease, or useful economic life, if shorter
Buildings	35 years
Production equipment	4 to 7 years
Other equipment	3 to 7 years
Rental assets	Over the life of the asset, up to a maximum of 2 years

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

Leased assets

Leases where the third-party lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred. Lease incentives received are recognised in the statement of comprehensive income on a straight-line basis as an integral part of the total lease expense. Leases where substantially all the risks and rewards of ownership are transferred to the Group are classified as finance leases.

Financial instruments

Recognition, initial measurement and derecognition

Financial assets and liabilities are recognised on the Group's Statement of Financial Position 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 total administrative 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, for inventory items that involve significant manufacturing time, includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. The cost of inventory that do not incur significant levels of manufacturing time are held at material cost only. 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 Statement of Financial Position 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 Statement of Financial Position 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 income statement, 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.

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.

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.

Share based payment reserve
Represents the total accumulated share-based payment charge less any amounts transferred following the issue of the relevant shares.

Pensions and short-term employee benefits

Pensions
The Group does not operate its own pension scheme but makes contributions to an individual's personal pension scheme, where appropriate.

Share based payments
All employees receive remuneration in the form of share-based payment transactions, whereby they render services in exchange for rights over shares under the Enterprise Management Incentive Plan option scheme. The executive directors and other senior managers receive remuneration in the form of share-based payment transactions, whereby they render services in exchange for rights over shares under the Performance Share Plan. Both these schemes have options that vest three years after the date of grant. 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 Black-Scholes 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 reassessment of the initial fair value. The charge is annually reassessed, based on the total number of options expected to vest. In addition, where there are changes to the terms of any agreements, the fair value is reassessed at that time. The movement in cumulative expense is recognised in the profit and loss, with a corresponding entry to the share-based payment reserve.

On 17 September 2014, the Company introduced a Performance Share Plan ("PSP") for the Executive Directors and other key senior managers. Any awards are made at the nominal value of the shares, but the exercise of these awards is subject to certain performance conditions. During the life of each award a charge is made to the profit and loss account representing the fair value of the benefit represented by each award the other side of the accounting entry is to a corresponding reserve.

Incentive Shares
The amounts subscribed for the Incentive Shares that have previously lapsed have been recognised as a current liability on the Statement of Financial Position 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. 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 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 Black-Scholes model. The total expense is based upon initial conditions and will crystallise smoothly over the vesting period of three and four years.

Accounting judgements 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 administrative expenses.
Acquired intangibles and goodwill	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. Neither intangibles nor goodwill were acquired during the year. Management shall ensure that no reasonably possible change in any of the key assumptions would cause the carrying value of the 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 led 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$; Company has funded its overseas subsidiary in a loan denominated in US$. 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$.
Impairment of intangible assets	An impairment test is carried out annually and involves a significant level of judgement regarding factors such as future growth rates. Senior management base this judgement on the best available industry and market data at that point in time. The critical judgements and estimates are set out in note 12. As the Group strategy unfolds, these assumptions may change. Any significant downward variance in the assumptions may result in an impairment.
Recoverability of trade debtors	Management carries out monthly reviews regarding the recoverability of balances owed by customers. Where there is concern regarding the recoverability of all or an element of a customer's outstanding balance, an appropriate bad debt provision is charge to the profit and loss account.

5. SEGMENTAL REPORTING

For management purposes, the Group is currently organised into a single business unit, the Drilling Tools division, which is currently based solely in the USA.

The principal activities of the Drilling Tools division are the design, manufacture and selling of specialised parts and products for Directional Drilling and Measurement While Drilling operations for use in the energy exploration and services sector of the Oil and Gas industry.

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. A key measurement used by the board is Adjusted EBITDA. This reconciliation is included in note 6, below.

The revenues, net assets and non-current assets of the Group can be analysed by geographic location (post-consolidation adjustments) as follows:

Revenues

	31 March 2019 *$ 000's*	31 March 2018 *$ 000's*
North America	9,251	6,017
Rest of the world	953	443
Total Group revenue	10,204	6,460

Net Assets

	31 March 2019 *$ 000's*	31 March 2018 *$ 000's*
Europe (UK)	10,315	13,673
United States	13,733	9,899
Total Group net assets	24,048	23,572

Non-current Assets

	31 March 2019 *$ 000's*	31 March 2018 *$ 000's*
Europe (UK)	-	-
United States	8,623	5,963
Total Group non-current assets	8,623	5,963

All of the Group's revenue arises from the sale and rental of specialised parts and products for Directional Drilling and Measurement While Drilling operations. The Group had 3 customers that contributed in excess of 10% of the Group's total sales for the year (2018: 3). These customers contributed $2,617k, $1,286k and $1,122k respectively. (2018: $1,371k, $927k and $881k). No revenue relates to customers based in the UK (2018: none).

6. PROFIT AND LOSS ANALYSIS

The following analysis illustrates the performance of the Group's activities, and reconciles the Group's loss for the period, as shown in the consolidated income statement, to adjusted earnings and adjusted EBITDA.

Adjusted earnings and adjusted EBITDA are presented to provide a better indication of overall financial performance and to reflect how the business is managed and measured on a day-to-day basis.

	31 March 2019 *$ 000's*	31 March 2018 *$ 000's*
Loss attributable to ordinary shareholders	(98)	(604)
Exceptional items	7	57
Amortisation of acquired intangible assets *(note 12b)*	116	92
Foreign exchange movements	(6)	(48)
Adjusted earnings	**19**	**(503)**
Depreciation charge *(note 13)*	2,575	760
Finance income *(note 8)*	(246)	(175)
Performance Share Plan charge *(note 20)*	173	138
Tax (credit)/charge *(note 10)*	(67)	3
Adjusted EBITDA	**2,454**	**223**

The exceptional items can be analysed as follows:

	31 March 2019 *$ 000's*	31 March 2018 *$ 000's*
Severance payments and other plant closure costs	16	143
Gain on sale of fixed assets	(9)	(82)
Other	-	(4)
Total exceptional items	7	57

7. EMPLOYEES AND DIRECTORS

	31 March 2019 $ 000's	31 March 2018 $ 000's
Wages and salaries	3,951	2,856
Social security costs	314	262
Equity settled transactions – in lieu of salaries	87	269
Equity settled transactions – share option and PSP charge	186	104
Pension and health costs	494	365
	5,032	3,856

The average monthly number of employees during the year was as follows:

	No.	No.
Directors	4	4
Senior management	2	4
Sales & marketing	2	3
Manufacturing & Technical	21	9
Finance & administration	2	2
	31	22

	$ 000’s	$ 000’s
Directors' remuneration	1,053	972
Information regarding the highest paid director is as follows:		
Emoluments	613	555

The directors are deemed to be 'Key Management'. This is detailed further in Note 23. Further details of emoluments paid to directors, including details of the highest paid director are contained in the Remuneration Committee report on pages 18 to 21.

Share plans

The Group has an equity-settled share option scheme. 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 at the end of the year are shown in note 20.

Enterprise Management Incentive Plan

The Group has established a share option plan that entitles all employees to purchase shares in the Company. See note 20 for further details.

Performance Share Plan

The Group has established a share plan that entitles certain senior employees to acquire shares in the Company if certain performance conditions are met. See note 20 for further details.

8. NET FINANCE INCOME

	31 March 2019 $ 000’s	31 March 2018 $ 000’s
Interest earned on bank deposits	246	175

9. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging/(crediting):

	31 March 2019 $ 000's	31 March 2018 $ 000's
Depreciation of tangible assets	2,575	760
Amortisation of intangible assets	116	92
Auditors' remuneration:		
- Fees payable to the Company's auditor for the audit of the Company's and Group's annual accounts	70	73
- Tax compliance services	41	28
Share based payments	186	104
Foreign exchange gains	(6)	(48)
Gain on disposal of Property, Plant & Equipment	(9)	(82)

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 the standard rate of corporation tax in the UK. The difference is explained below:

	31 March 2019 $ 000's	31 March 2018 $ 000's
Loss on ordinary activities before tax	(165)	(601)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%):	(31)	(114)
Effects of:		
Items not subject to corporation tax	511	170
Tax losses to carry forward	(480)	(56)
Texas State Franchise Tax	5	3
Release of previous year over accrual for Texas State Franchise Tax	(72)	-
Total income tax	(67)	3

There has been no deferred taxation recognised in these financial statements due to the uncertainty surrounding the timing of the recovery of these amounts. The total losses available to the Group in the relevant tax jurisdictions are as follows: UK $0.7m; United States $15.7m (2018: UK $1.7m; United States $15.9m). There were no significant deferred tax liabilities.

11. EARNINGS PER SHARE AND DIVIDENDS

Basic earnings per share
Basic earnings per share is calculated by dividing the loss attributable to ordinary shareholders for the year of $98k (31 March 2018: loss of $604k) by the weighted average number of ordinary shares in issue during the year of 63,297k (31 March 2018: 61,616k).

Adjusted earnings per share
Adjusted earnings per share is calculated by dividing the earnings attributable to ordinary shareholders, excluding exceptional items, amortisation of intangible assets and foreign exchange profits or losses for the year of a profit of $19k (31 March 2018: loss of $503k), by the weighted average number of ordinary shares in issue during the year of 63,297k (31 March 2018: 61,616k).

As the Group is loss making, any potential ordinary shares have the effect of being anti-dilutive. Therefore, the diluted EPS is the same as the basic EPS. As the year end share price is below the weighted average option price of all the options issued, the adjusted diluted EPS is the same as adjusted EPS.

The adjusted diluted earnings per share information are considered to provide a fairer representation of the Group's trading performance. A reconciliation between basic earnings and adjusted earnings is shown below.

March 2019: EPS	Earnings	Weighted average number of shares	Per-share amount
	$ 000's	*000's*	*US cents*
Loss attributable to ordinary shareholders	(98)	63,297	(0.2)
Exceptional items	7		
Amortisation of acquired intangible assets	116		
Foreign exchange movements	(6)		
Adjusted profit attributable to ordinary shareholders	19	63,297	-

March 2018: EPS	Earnings	Weighted average number of shares	Per-share amount
	$ 000's	*000's*	*US cents*
Loss attributable to ordinary shareholders	(604)	61,616	(1.0)
Exceptional items	57		
Amortisation of acquired intangible assets	92		
Foreign exchange movements	(48)		
Adjusted loss attributable to ordinary shareholders	(503)	61,616	(0.8)

During the year Enteq Upstream Plc did not pay any dividends (2018: nil).

12. INTANGIBLE ASSETS

a) Goodwill

	$ 000's
Cost:	
As at 1 April 2018 and as at 31 March 2019	19,619
Impairment:	
As at 1 April 2018 and as at 31 March 2019	19,619
Net Book Value:	
As at 1 April 2018 and as at 31 March 2019	-

b) Other Intangible Assets

	Developed technology	IPR&D technology	Brand names	Customer relationships	Non-compete agreements	Total
	$ 000's	*$ 000's*	*$ 000's*	*$ 000's*	*$ 000's*	*$ 000's*
Cost:						
As at 1 April 2018	12,676	8,164	1,240	20,586	5,931	48,597
Capitalised in period	147	1,141	-	-	-	1,288
As at 31 March 2019	12,823	9,305	1,240	20,586	5,931	49,885
Amortisation/Impairment:						
As at 1 April 2018	12,510	7,108	1,240	20,586	5,931	47,375
Charge for the year	116	-	-	-	-	116
As at 31 March 2019	12,626	7,108	1,240	20,586	5,931	47,491
Net Book Value:						
As at 1 April 2018	165	1,057	-	-	-	1,222
As at 31 March 2019	197	2,197	-	-	-	2,394

	Developed technology	IPR&D technology	Brand names	Customer relationships	Non-compete agreements	Total
	$ 000's	*$ 000's*	*$ 000's*	*$ 000's*	*$ 000's*	*$ 000's*
Cost:						
As at 1 April 2017	12,676	7,495	1,240	20,586	5,931	47,928
Capitalised in period	-	669	-	-	-	6,769
As at 31 March 2018	12,676	8,164	1,240	20,586	5,931	48,597
Amortisation/Impairment:						
As at 1 April 2016	12,418	7,108	1,240	20,586	5,931	47,283
Charge for the year	92	-	-	-	-	92
As at 31 March 2018	12,510	7,108	1,240	20,586	5,931	47,375
Net Book Value:						
As at 1 April 2017	258	387	-	-	-	645
As at 31 March 2018	165	1,057	-	-	-	1,222

The main categories of Intangible Assets are as follows:

Developed technology:
This is technology which is currently commercialised and embedded within the current product offering.

IPR&D technology:
This is technology which is in the final stages of field testing, has demonstrable commercial value and is expected to be launched within the foreseeable future.

Brand names:
The value associated with the various trading names used within the Group.

Customer relationships:
The value associated with the on-going trading relationships with the key customers acquired.

Non-compete agreements:
The value associated with the agreements signed by the Vendors of the acquired businesses not to compete in the markets of the businesses acquired.

Goodwill and Impairment

The Group tests goodwill and other intangible assets annually for impairment. The impairment test carried out on the balances as at 31 March 2019 indicated that there was no impairment of the full carrying value of both goodwill and intangible assets.

There is deemed to be just one cash generating unit ("CGU") within the Company. In previous years there were deemed to be two, but from a financial & operational perspective both US locations are now being run as one unit.

The recoverable amount of the CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the future revenues, discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessment of the time value of money and the risks specific to the CGU. The growth rates are based on management forecasts for the five years to March 2024. Cash flow forecasts are prepared from the most recent financial plans approved by the Board.

The forecasts assume annual growth rates between 1% and 20% until 2024 and 3% thereafter in the long term. These long-term growth rates do not exceed the long-term average growth rates for the industry as a whole.

The pre-tax rate used to discount cash flow forecasts is 13.5% (2018: 13.6%). Management have based this rate on the following factors: a Risk Free Rate of 3.0%; a levered equity beta of 1.5; a market risk premium of 5.5%; a small cap premium of 3.8% and an implied cost of debt of 4.5%.

Intangible assets

Any intangible assets acquired during the year represents their fair value at the date of acquisition.

Amortisation

All categories of intangible assets, apart from the Goodwill and the IPR&D technology, are being amortised over their respective useful lives, on a straight-line basis. The remaining amortisation period of the intangible assets is between 26 and 34 months.

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Leasehold improvements	Buildings	Production Equipment	Rental Fleet	Other Equipment	Total
	$000's	*$000's*	*$000's*	*$000's*	*$000's*	*$000's*	*$000's*
Cost:							
As at 1 April 2018	461	-	2,295	1,153	2,559	336	6,804
Additions	-	-	94	89	4,028	29	4,240
Disposals and transfers	-	-	-	(4)	(509)	-	(513)
As at 31 March 2019	461	-	2,389	1,238	6,078	365	10,531
Depreciation:							
As at 1 April 2018	-	-	461	1,111	440	289	2,301
Charge for the year	-	-	104	19	2,426	26	2,575
Disposals	-	-	-	(4)	(236)	-	(240)
As at 31 March 2019	-	-	565	1,126	2,630	315	4,636
Net Book Value:							
As at 1 April 2018	461	-	1,834	42	2,119	47	4,503
As at 31 March 2019	461	-	1,824	112	3,449	50	5,895

	Land	Leasehold improvements	Buildings	Production Equipment	Rental Fleet	Other Equipment	Total
	$000's	*$000's*	*$000's*	*$000's*	*$000's*	*$000's*	*$000's*
Cost:							
As at 1 April 2017	461	102	2,120	1,334	789	322	5,128
Additions	-	-	175	27	2,559	32	2,793
Disposals	-	(102)	-	(208)	(789)	(18)	(1,117)
As at 31 March 2018	461	-	2,295	1,153	2,559	336	6,804
Depreciation:							
As at 1 April 2017	-	40	372	1,302	272	284	2,270
Charge for the year	-	10	89	18	620	23	760
Disposals	-	(50)	-	(209)	(452)	(18)	(729)
As at 31 March 2018	-	-	461	1,111	440	289	2,301
Net Book Value:							
As at 1 April 2017	461	62	1,748	32	517	38	2,858
As at 31 March 2018	461	-	1,834	42	2,119	47	4,503

14. DEFFERED TAX

No deferred tax balances have been recognised in the statement of financial position on the basis that the only material balances related to taxable losses carried forward, which are uncertain as to their recoverability.

As disclosed in Note 10, deferred tax assets in the UK of $0.7m (tax value of $0.1m at 19%) and in the US of $15.7m (tax value of $4.7m at 30%) (2018: UK $1.7m; US $15.9m), in relation to losses carried forward have not been recognised.

15. TRADE AND OTHER RECEIVABLES

	31 March 2019	31 March 2018
	$000's	*$000's*
Trade receivables	2,089	2,087
Prepayments	123	158
Other receivables	142	97
	2,354	2,342

The above can be analysed as follows:

Non-current	334	238
Current	2,020	2,104
	2,354	2,342

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

Bad debt provision	31 March 2019	31 March 2018
	$000's	*$000's*
As at 1 April	-	69
Charged/released to income statement	68	(50)
Allowances used	-	(19)
As at 31 March	68	-

Aging profile of unprovided trade receivables	31 March 2019	31 March 2018
	$000's	*$000's*
Not past due	603	842
Past due 31-90 days	996	653
Past due 91-120 days	42	39
Past due more than 120 days	448	553
	2,089	2,087

16. INVENTORIES

	31 March 2019	31 March 2018
	$000's	*$000's*
Finished goods	3,625	2,722
Work in progress	621	229
Raw Materials	266	351
	4,512	3,302

The value of inventory recognised within cost of sales was $3,610k (2018: $1,777k). The 31 March 2019 balance includes a provision for slow moving stock of $418k (31 March 2018: $213k). The stock provision increased from $213k as at 31 March 2018 to $273k as at 31 March 2019.

17. CASH AND CASH EQUIVALENTS

	31 March 2019 *$000's*	31 March 2018 *$000's*
Denominated in USD	11,771	15,387
Denominated in GBP	159	114
	11,930	15,501

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid ordinary shares of GBP 0.01 nominal value:

	Number 000's	*Share Capital $000's*	*Share Premium $000's*
As at 1 April 2018	62,138	982	91,031
Issued during the year	1,747	23	367
As at 1 March 2019	63,885	1,005	91,398

All shares issued carry the same voting rights.

The fair value of the lapsed incentive shares ($79,937) has been recognised as a current liability on the Statement of Financial Position as it becomes repayable if the incentive shareholders leave office.

There were no costs associated with the share capital issued during the year.

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

Details of the incentive shares are included in note 7.

19. TRADE AND OTHER PAYABLES

	31 March 2019 *$000's*	31 March 2018 *$000's*
Trade payables	1,157	1,140
Accrued expenses	1,559	1,853
Social security and other taxes	232	214
Other creditors	89	91
	3,037	3,298

The management believe the carrying value is an approximation of the fair value. The average creditor days for the period ending 31 March 2019 is 70 days (2018: 64 days).

20. EMPLOYEE BENEFITS

Enterprise Management Incentive Plan

The Group has established a share option plan that entitles all employees to purchase shares in the Company. During the year to 31 March 2019 grants under the plan were made. In accordance with the scheme rules options are exercisable at the market price of the shares at the date of the grant once all vesting conditions have been met. Options vest after three years from the date of grant and expire after ten years.

The number and weighted average exercise prices of share options are as follows:

	31 March 2019		31 March 2018	
	Weighted average exercise price (pence)	*Number of options*	*Weighted average exercise price (pence)*	*Number of options*
Outstanding at the beginning of the period	28.5	649,500	24.4	793,500
Granted during the period	31.5	219,000	22.5	180,000
Exercised during the period	-	-	13.8	(214,000)
Forfeited during the period	54.5	(210,000)	17.8	(110,000)
Outstanding at the end of the period	21.0	658,500	28.5	649,500
Exercisable at the end of the period	13.0	199,500	34.7	409,500
Highest exercise price (p)	31.0		63.0	
Lowest exercise price (p)	13.0		13.0	

The weighted average remaining contractual life of all outstanding share options is 2,608 days (2018: 2,405 days). The fair value of services received in return for share options are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes model and expectations of early exercise are incorporated into this model.

The grant made during the year were as follows:

Grant Date	*June 2018*
Fair value for option at grant date (pence)	9.3
Weighted average share price at date of grant (pence)	31.5
Weighted average exercise price	31.5
Expected volatility	50%
Option life	10 years
Risk free interest rate	2.5%

The expected volatility is based on the historic volatility.

During the year, a charge of $12k (2018: $34k) has been included within the income statement in relation to the above options.

Performance Share Plan

On the 17 September 2014, a Performance Share Plan was introduced for the executive directors and other senior managers. In accordance with the scheme rules options are exercisable at the nominal value of the shares at the date of the grant once all vesting conditions have been met. Options vest after three years from the date of grant and expire after ten years. Options are settled in equity.

The number and weighted average exercise prices of share options are as follows:

	31 March 2019 *Number of options*	31 March 2018 *Number of options*
Outstanding at the beginning of the period	4,257,932	4,482,216
Granted during the period	1,974,026	1,850,000
Exercised during the period	(548,592)	-
Lapsed during the period	(605,616)	(2,074,284)
Outstanding at the end of the period	5,077,750	4,257,932
Exercisable at the end of the period	77,849	1,232,057

The weighted average remaining contractual life of all outstanding Performance Share Plan options is 3,040 days (2018: 3,051 days).

The fair value of services received in return for share options are measured by reference to the fair value of share options granted, measured using the Black-Scholes model and expectations of early exercise are incorporated into this model. The balance is adjusted each year in accordance with the number of awards expected to vest.

The grants made during the year were as follows:

	Non market based conditions
Fair value for option at grant date (pence)	24.5
Share price at date of grant (pence)	24.5
Option life	3 years

During the year a charge of $172k (2018: $138k) has been included within the income statement as a charge, for the above options.

The charge of $184k (2018: $104k) shown in note 7 includes the charges for both the above schemes.

21. OPERATING LEASES

The Group has lease agreements in respect of properties and other equipment, for which payments extend over a number of years. The total gross payments over the life of these leases, split by maturity date and type, are as follows:

At 31 March 2019	Property *$000's*	Equipment *$000's*	Total $000's
Within one year	6	3	9
Within two to five years	-	-	-
	6	3	9

At 31 March 2018	Property *$000's*	Equipment *$000's*	Total $000's
Within one year	25	12	37
Within two to five years	7	7	14
	32	19	51

The lease expense during the year amounted to $27k (2018: $162k), representing the minimum lease payment.

22. OPERATING LEASES AS LESSOR

The Group leases out equipment under operating leases, the carrying value of which is shown in note 13.

Rental income during the year amounts to $3,703k (2018: $984k) included within revenue.

The lease contracts are all non-cancellable for 3 months from the commencement of the lease. As at 31 March 2019 there were no significant future minimum lease rentals (2018: nil).

23. RELATED PARTY DISCLOSURES

Transactions with key management personnel

The remuneration of the current directors, who are the key management personnel of the Group, is set out in the remuneration committee report for each of the categories specified in IAS 24: 'Related party disclosures'.

24. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.

25. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate, and currency and liquidity risk arises in the normal course of the Group's business. The Group's overall strategy to minimise this risk is discussed below.

Objectives, policies and procedures
Treasury operations are conducted within a framework of policies and guidelines authorised by the Board and are subject to internal control procedures. The objectives of the framework are to provide flexibility whilst minimising risk and prohibiting speculative transactions or positions to be taken.

The Group's principal financial instruments comprise cash and lines of bank credit. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit, interest rate, and currency and liquidity risks. The Board reviews and agrees policies for managing these risks and they are summarised below.

Credit risk
Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The group is exposed to credit risk from financial assets including cash and cash equivalents held at banks, trade and other receivables.

Credit risk management
The credit risk is managed on a group basis based on the Group's credit risk management policies and procedures. The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits, and are only with major reputable financial institutions.

The Group continuously monitors the credit quality of customers based on a credit rating scorecard. Where available, external credit ratings and/or reports on customers are obtained and used. The group's policy is to deal only with credit worthy counterparties. The credit terms range between 30 and 90 days. The credit terms for customers as negotiated with customers are subject to an internal approval process which considers the credit rating scorecard. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer.

Trade receivables consist of a large number of customers in various industries and geographical areas.

Security
The Group does not hold any security on the trade receivables balance. In addition, the group does not hold collateral relating to other financial assets (e.g. derivative assets, cash and cash equivalents held with banks).

Trade receivables
The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade

receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

The expected loss rates are based on the payment profile for sales over the past 48 months before 31 March 2019 and 1 April respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. On this basis the expected loss rates applicable to the outstanding unprovided trade debtor balances for are zero.

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

Interest rate risk
The Group's exposure to risk for changes in market interest rates relates primarily to the Group's cash and cash equivalents. The Group minimises that risk by using a series of short-term interest rate fixes.

A 1% increase in interest rates, in the average balances held on deposit during the year end, would result in an increase in finance income of $128k per annum.

Foreign currency risk
The Group is exposed to foreign currency risk on cash balances denominated in sterling, as its reporting currency is USD. The amount of currency held in sterling is reviewed on a regular basis, together with the cash flows denominated in sterling, to ensure that this risk is minimised.

The Group's funding strategy is to ensure that the business has sufficient resources to meet its various financial commitments on an on-going basis. It achieves this objective by actively monitoring its forecast cash flows and requirements. The Group is cautious in its approach, applying appropriate sensitivities to both the quantum and timing of its projections.

A 1% increase in the GBP/USD foreign exchange rate, on the GBP denominated year end cash balances, would result in a foreign exchange gain of $2k. The year-end balance was chosen due to the highly fluctuating level of GBP denominated cash held during the year.

Liquidity risk
The Group manages its liquidity risk by ensuring that the balances of cash on deposit gives it sufficient access to liquid funds to meet both its immediate and longer-term needs. In addition, the Group regularly reviews the access to commercial bank lines of credit.

Capital management
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its current business, and allow it to take advantage of development opportunities when they arise therefore allowing the Group to maximise Shareholder value at all times.

The Group manages its capital structure, primarily Shareholders' equity, and makes adjustments to it, in light of changes in economic conditions and development opportunities. To maintain or adjust the capital structure, the Group may adjust the dividend payment to Shareholders, return capital to Shareholders or issue new shares. 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. There are no capital requirements that are externally imposed.

No changes were made in the objectives, policies or processes during the years ending 31 March 2019.

Estimation of fair values
The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table, below.

Trade and other receivables/payables
The directors consider that the carrying amount of these balances approximates to their fair value.

The only allowances maintained by the Company for credit losses relate to allowances for bad and doubtful debts relating to trade receivables.

Categories of financial instruments
Financial liabilities and assets included in the Statement of Financial Position relate to the following IAS 39 categories:

31 March 2019

	Other Financial Liabilities	*Non-Financial Liabilities*	*Total for Statement of Financial Position heading*
	$000	*$000*	*$000*
Statement of Financial Position headings – liabilities			
Trade payables	1,157	-	1,157
Social security and other taxes	-	232	232
Other creditors	89	-	89
Accrued expenses	1,559	-	1,559
Total	2,805	232	3,037

	Loans and receivables	*Non-Financial Assets*	*Total for Statement of Financial Position heading*
	$000	*$000*	*$000*
Statement of Financial Position headings – assets			
Trade receivables	2,089	-	2,089
Prepayments	-	123	123
Other receivables	142	-	142
Cash and cash equivalents	11,930	-	11,930
Total	14,161	123	14,284

31 March 2018

	Other Financial Liabilities	*Non-Financial Liabilities*	*Total for Statement of Financial Position heading*
	$000	*$000*	*$000*
Statement of Financial Position headings – liabilities			
Trade payables	1,140	-	1,140
Social security and other taxes	-	214	214
Other creditors	91	-	91
Accrued expenses	1,853	-	1,853
Total	3,084	214	3,298

	Loans and receivables	*Non-Financial Assets*	*Total for Statement of Financial Position heading*
	$000	*$000*	*$000*
Statement of Financial Position headings – assets			
Trade receivables	2,087	-	2,087
Prepayments	-	158	158
Other receivables	97	-	97
Cash and cash equivalents	15,501	-	15,501
Total	17,685	158	17,843

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. The contractual maturity of all financial liabilities are as follows:

	Within 3 months	3 to 12 months	12 to 18 months
	$000's	*$000's*	*$000's*
31 March 2019	2,754	-	-
31 March 2018	3,084	-	-

26. CAPITAL COMMITMENTS

Other than those included in the statement of financial position, there were no material capital or other financial commitments in place at the year end. Further, there was no authorised but not contracted for capital expenditure at the year end.

27. POST-REPORTING DATE EVENTS

No adjusting events have occurred.

Enteq Upstream Plc

Company Statement of Financial Position

	Notes	31 March 2019 *$ 000's*	31 March 2018 *$ 000's*
Fixed assets			
Tangible Fixed Assets	*3*	-	-
Investments	*4*	-	-
		-	-
Current assets			
Trade and other receivables	*5*	14,119	14,408
Cash and cash equivalents	*6*	11,212	14,702
		30,331	29,110
Debtors: amounts falling due after one year			
Inter-Company loan notes	*7*	8,592	8,592
Creditors: amounts falling due within one year			
Trade and other payables	*8*	(1,080)	(1,163)
Total assets less current liabilities		**32,843**	**36,539**
Capital and reserves			
Called up share capital	*9*	1,005	982
Share premium	*9*	91,398	91,031
Share based payment reserve		750	910
Retained earnings		(60,310)	(56,384)
Total equity		**32,843**	**36,539**

The parent Company's loss for the financial year was $4,270k (2018: Profit of $831k). The financial statements were approved by the Board of Directors on 11 June 2019 and were signed on its behalf by:

David Steel

Director

Enteq Upstream Plc

Company Statement of Changes in Equity

	Called up share capital *$ 000's*	Retained earnings *$ 000's*	Share premium *$ 000's*	Share based payment reserve *$ 000's*	Total equity *$ 000's*
As at 1 April 2018	**982**	**(56,384)**	**91,031**	**910**	**36,539**
Issue of share capital	23	-	367	-	390
Share based payment credit	-	-	-	184	184
Transfer of reserves	-	344		(344)	-
Transactions with owners	23	344	367	(160)	574
Loss for the period	-	(4,270)	-	-	(4,270)
Other comprehensive expense for the year	-	-	-	-	-
Total comprehensive income	-	(4,270)	-	-	(4,270)
Total movement	23	(3,926)	367	(160)	(3,696)
As at 31 March 2019	**1,005**	**(60,310)**	**91,398**	**750**	**32,843**

	Called up share capital *$ 000's*	Retained earnings *$ 000's*	Share premium *$ 000's*	Share based payment reserve *$ 000's*	Total equity *$ 000's*
As at 1 April 2017	**963**	**(57,215)**	**90,718**	**807**	**35,273**
Issue of share capital	19	-	313	-	332
Share based payment charge	-	-	-	103	103
Transactions with owners	19	-	313	103	435
Profit for the period	-	831	-	-	831
Other comprehensive expense for the year	-	-	-	-	-
Total comprehensive income	-	831	-	-	831
Total movement	19	831	313	103	1,266
As at 31 March 2018	**982**	**(56,384)**	**91,031**	**910**	**36,539**

Notes to the Company Statement of Financial Position

For the year to 31 March 2019

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 3.

Statement of compliance
These financial statements have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 – 'The Reduced Disclosure Framework' (FRS 101). The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have all been applied consistently throughout the year unless otherwise stated.

Basis of preparation
The financial statements have been prepared on a going concern basis under the historical cost convention.

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 the majority of the Company's subsidiaries' activities and transactions are in US dollars.

Management notes 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.

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 Company's profit is disclosed on page 62.

In preparing these financial statements the Company has taken advantage of the following disclosure exemptions conferred by FRS 101:

- The requirements of IAS 24: related party disclosures to disclose related party transactions entered in to between two or more members of the group as they are wholly owned within the group;
- Presentation of comparative reconciliations for intangible assets and property, plant and equipment;
- Disclosure of key management personnel compensation;
- Capital management disclosures;
- Presentation of a comparative reconciliation of the number of shares outstanding at the beginning and at the end of the period;
- The effect of future accounting standards not adopted;
- Certain share-based payment disclosures; and
- Disclosures in respect of financial instruments (other than disclosures required as a result of recording financial instruments at fair value).

Parent company
The Company is a wholly owned subsidiary of Enteq Upstream PLC which prepares publicly available consolidated financial statements in accordance with IFRS. This Company is included in the consolidated financial statements of Enteq Upstream PLC for the year ended 31 March 2019. These accounts are available from The Courtyard, High Street, Ascot, Berkshire, SL5 7HP.

Foreign currencies
Foreign currency transactions are translated into the local currency of the Company, US dollars, 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 assets
Tangible 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.

The estimated useful lives are determined separately for each category and are as follows:

Computer equipment	3 years
Office equipment	1 year

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 administrative expenses in the year the item is derecognised.

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

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 Company 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.

Amounts due from or to group companies
Amounts due from or to group companies are initially recognised at fair value being the present value of future interest and capital receipts discounted at the market rate of interest for a similar financial asset or liability. For group loans which are due on demand or where there is no significant difference between the amount due/payable and fair value on initial recognition then such loans are carried at the amount due/payable on an amortised cost basis. Interest receivable or payable on the loan is recognised in profit or loss under the effective interest method.

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.

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.

Share based payment reserve
Represents the total accumulated share-based payment charge less any amounts transferred following the issue of the relevant shares.

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 Statement of Financial Position date.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the Statement of Financial Position 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 Statement of Financial Position date. Temporary 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
All employees receive remuneration in the form of share-based payment transactions, whereby they render services in exchange for rights over shares under the Enterprise Management Incentive Plan option scheme. The executive directors and other senior managers receive remuneration in the form of share-based payment transactions, whereby they render services in exchange for rights over shares under the Performance Share Plan. Both these schemes have options that vest three years after the date of grant. 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 Black-Scholes 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 reassessment of the initial fair value. The charge is annually reassessed, based on the total number of options expected to vest. In addition, where there are changes to the terms of any agreements, the fair value is reassessed at that time. The movement in cumulative expense is recognised in the profit and loss, with a corresponding entry to the share-based payment reserve.

On 17 September 2014, the Company introduced a Performance Share Plan ("PSP") for the Executive Directors and other key senior managers. The awards at the nominal value of the shares, but the exercise of which is subject to certain performance conditions.

Incentive Shares
The Incentive Shares do not carry any voting or dividend rights and are not transferable. The amounts subscribed for the Incentive Shares have been recognised as a current liability on the Statement of Financial Position as they become repayable if the Executive Directors leave office.

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 $4,270k (2018: profit of $831k).

3. TANGIBLE FIXED ASSETS

	Computer equipment $000's	Office equipment $000's	Total $000's
Cost:			
As at 1 April 2018 and 31 March 2019	10	5	15
Depreciation:			
As at 1 April 2018	10	5	15
Charge for the year	-	-	-
As at 31 March 2019	10	5	15
Net Book Value:			
As at 1 April 2018	-	-	-
As at 31 March 2019	-	-	-

4. INVESTMENTS

	Shares in Group undertakings $000's
Cost	
As at 1 April 2018 and 31 March 2019	23,285
Impairment	
As at 1 April 2018 and 31 March 2019	23,285
Net book value	
As at 1 April 2018 and 31 March 2019	-

The Group or the Company's investments at the Statement of Financial Position date in the share capital of companies represent the following:

Name	Country of incorporation	Nature of business	Holding
Enteq Upstream USA Inc.	United States of America	Manufacturer of down hole drilling equipment	100%
Jeteq Drilling Limited	England & Wales	Dormant	100%

5. DEBTORS

Amounts falling due within one year:	31 March 2019 $000's	31 March 2018 $000's
Amounts owed by Group undertakings	13,936	14,272
Prepayments	41	39
Other debtors	142	97
	14,119	14,408

The management believe that the carrying value is an approximation of fair value. The 31 March 2019 balance includes a provision of $5,000k to cover any issues regarding recoverability (31 March 2018: $nil).

6. **CASH AT BANK AND IN HAND**

	31 March 2019	31 March 2018
	$000's	*$000's*
Denominated in USD	11,054	14,588
Denominated in GBP	158	114
	11,212	14,702

7. **INTER-COMPANY LOAN NOTES**

	31 March 2019	31 March 2018
	$000's	*$000's*
Receivable from Enteq Upstream USA Inc:		
As at 1 April	37,928	37,928
Provision	(29,336)	(29,336)
As at 31 March	8,592	8,592

8. **CREDITORS**

	31 March 2019	31 March 2018
	$000's	*$000's*
Accrued expenses	910	943
Trade payables	3	94
Social security and other taxes	87	46
Other creditors	80	80
	1,080	1,163

The management believe the carrying value is an approximation of the fair value. The average creditor days for the period ending 31 March 2019 is 30 days (2018: 35 days).

9. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid ordinary shares of GBP 0.01 nominal value:

	Number 000's	*Share Capital $000's*	*Share Premium $000's*
As at 1 April 2018	62,138	982	91,031
Issued during the year	1,747	23	367
As at 1 March 2019	63,885	1,005	91,398

All shares issued carry the same voting rights.

10. **RELATED PARTY DISCLOSURES**

Details of directors' remuneration and other transactions are set out on pages 17 to 20.

11. **ULTIMATE CONTROLLING PARTY**

There is no ultimate controlling party.