ANNUAL REPORT **2013**

GREKA ENGINEERING

CONTENTS

HIGHLIGHTS

OPERATIONAL HIGHLIGHTS

- Sales of 136 gas station refueling equipment items in 2013, compared to 101 dispensers sales in 2012, sales of 3 wellhead compressors in 2013, compared with 7 compressors in 2012, sales of 2 SCADA in 2013, compared with 12 SCADA in 2012
- 1,038,263 thousand cubic feet of gas for sale were processed in 2013, compared with 564,680 thousand cubic feet in 2012, an 84% increase
- 10,714,823kwh of power sales in 2013, there were no power sales in 2012.
- 0.4km of trunk pipe line and 2.35km of sub-pipeline constructed in 2013, 37km of well gas gathering pipeline in place at the end of 2013.
- 0.5km of power line constructed in 2013, 68km of power line at the end of 2013

FINANCIAL SUMMARY

- Revenue of US$3.7m, a 29% decrease over same period last year of US$5.2m
- Total Assets decreased by US$0.6m to US$42.7m, a decrease of 1.3% year on year
- Cash and bank deposits as at 31 December 2013 of US$3.5m
- Loss for the year of US$1.9m, compared to a loss of US$1.4m in 2012

CORPORATE HIGHLIGHTS

- Addition of 30 new customers during 2013, an 39% increase over 2012
- A total of 107 customers in China
- No lost time due to injury or accident in 2013

CHAIRMAN'S STATEMENT

Randeep S. Grewal
Founder & Chairman

It is my pleasure to report these first year results for Greka Engineering & Technology Ltd., ("Greka Engineering").

2013 was the year of independence for Greka Engineering & Technology Ltd., becoming an independent and listed Company following the successful demerging from Green Dragon Gas Ltd. via a dividend in specie on 30 September 2013. Since the demerger, the Company has focused on establishing itself as an independent operator and on technology integration, resource optimization and productivity enhancements. The focus has been to enhance the human resources catered to win more market share by providing advanced infrastructure services, EPCM (engineering, procurement, construction and management services), SCADA, gas station refuelling equipment and technology to the customers within the unconventional gas sector in China.

Substantial high quality infrastructure assets including coal bed methane field compressors, pipeline gathering systems and an Integrated Production Facility (IPF) form the core assets of the Group and provide a reliable source of revenue on a steady basis. Quite similar to a toll road, Greka Engineering's unique business model provides it with a steady toll from Green Dragon Gas as its infrastructure is used which includes a fee for gas compression, gas transport and power utilization. The higher the utilization the higher the fee with very little incremental costs and certainly no incremental capital cost. During 2013, utilization rates were under 20% providing for significant upside which we expect will be achieved in 2014 and the years to follow.

The continued technology development resulted in us successfully installing boosters and Variable Frequency Devices at wellhead connections within the pipeline infrastructure which greatly increased the wellhead gas production. While such enhancement provides our client greater gas production, we directly benefit from earning a higher gas processing fee due to increased gas volumes. A true win-win partnership.

Our infrastructure team built an additional 0.4km trunk line and 2.35km branch line to connect 11 new wells which raised the gas processed by 84% YOY. Additionally, the Company has begun to generate incremental power to sell to unaffiliated users. Our 10MW powerplant has a utilization rate of 20% and thus we see a significant upside in third party sales which recently resulted in our first such client.

In regard to our equipment manufacturing and sales, the Company sold 101 dispensers, 11 cylinders, 24 un-loading cylinders and three 75KW well-head compressors, 2 SCADA systems for drill rigs and 1 IC card management system. The sales were in line with our expectations and to customers that are well known to us. At year end, we had a total of 107 customers.

The Year of the Snake (2013) gave us the independence to grow a business independent of Green Dragon, the Year of the Horse (2014) is providing us the opportunity to explore and acknowledge the abundance of customers that each need our purpose built leading edge technologies. The maturity of the upstream coal bed methane market is converging into the demands for our infrastructure aptitude, pressure management technologies, gas disbursement efficiencies and SCADA catered to this niche. We look forward to capitalizing on this unique niche in the years to come.

I look forward to keeping you updated on the development of Greka Engineering's market expansion and the enthusiasm with which the team of almost 100 employees is committed to capturing this unique opportunity.

Randeep S. Grewal
Chairman & CEO
9 June 2014

BUSINESS REVIEW

Greka Engineering & Technology Ltd., is an unconventional gas sector engineering and technology business with pipeline, gas compression and power generation assets in China. In 2013, the Company focused on technical skills improvement and successfully installed a Variable Frequency Device to improve wellhead gas production. As a result, gas processed increased by 84% over 2012. We also established a Business Development Department dedicated to market investigation and business development which resulted in dispenser sales increasing by 35% year on year. The Company proactively researched and developed new products – evidenced by the successful trial manufacture of LNG dispensers and 4-line dispensers, widening the Company's product offering.

OVERVIEW

Our 2013 financial and operating results include:

- Loss per share of US$0.47, compared with a loss per share of US$0.34 in same period last year.
- Total Assets decreased by US$0.6m to US$42.7m a decrease of 1.3% year on year.
- Dispenser sales increased 35% (from 101 for 2012 to 136 for 2013).
- Gas processed for sale increased by 84% from 564,680 thousand cubic feet in 2012 to 1,038,263 thousand cubic feet in 2013.
- Power sales 10,714,823 kwh in 2013, no power sales in 2012.
- Successfully added 2.75km of gas gathering pipeline during 2013 for a total of 37km at the end of 2013.
- 9.41km of gas transmission pipeline at the end of 2013.
- 68km of power line at the end of 2013.

PERSONNEL

- During 2013 17 new technical employees were recruited.
- In anticipation of increased levels of activity, the Company has bolstered its business development and HSE departments.

MANUFACTURING

- Successful development of LNG dispenser and Four line dispenser for CNG prototype.
- Finished 4 patents with 1 patent application in process.

TECHNOLOGY

- Successfully commissioned a Variable Frequency Device on GSS018 well on 13 June 2013. This device enables booster adjustment according to changes in wellhead pressure to enhance gas production from the well.
- Independently completed 4000 hours of in service maintenance for generating sets.
- Improved dewatering performance of the dehydrator.

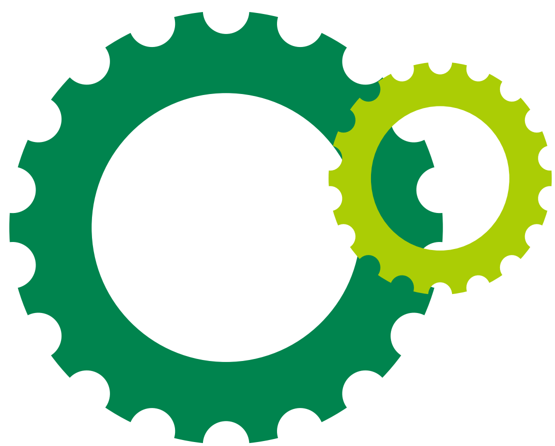
- Achieved cost savings by redesigning the control loop of the motor of oil pump to make it compatible with the original control system.

- Improvements in low-voltage protection systems of wellhead compressors have resulted in wellhead compressors recovery times being reduced to 30 minutes (previously 2.5 hours) of the large CNG compressor having started.

BUSINESS DEVELOPMENT

After negotiating with Green Dragon Gas Ltd. (AIM: GDG) the Company agreed to revised gas processing and electricity prices with effect 1 January 2014.

The Company signed the first power supply contract with an unaffiliated third party with expected commencement date in Q3 2014.



FINANCIAL REVIEW

RESULTS FOR THE YEAR

The Group recorded revenue of US$3.7 million (2012: US$5.2 million) and a loss to equity holders of US$1.33 million (2012: US$1.36 million) for the year ended 31 December 2013. The general and administrative expenses amounted to US$2.22 million (2012: US$2.53 million). Loss per share were US$0.47 (2012: US$0.34).

The principal reasons for the reduction in revenue over the previous period was less revenue from building well site in 2013 than that in 2012.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2013, the Group has total assets of US$42.7 million (2012: US$43.2 million) and liabilities and equity holders' equity of US$11.2 million and US$31.5 million respectively (2012: US$46.3 million and a deficit of US$3 million respectively).

As at 31 December 2013, the Group's cash and bank balance was US$3.5 million (2012: US$3.9 million) with total borrowings of US$4.6 million (2012: US$3.9 million).

The Company has raised US$0.6 million of bank loan through the mortgage of an office building. The bank loan has a one year term with an average interest rate of 7%.

BOARD OF DIRECTORS

EXECUTIVE DIRECTOR

Randeep S. Grewal (aged 49), Chairman & CEO

Randeep Grewal is Chairman of Greka Engineering. He also acts as Chairman and Chief Executive Officer of Green Dragon Gas, having founded this business in 1997, and of Greka Drilling since its demerger from Green Dragon Gas in 2011. Mr Grewal also fills the same roles at private family companies including Greka Integrated Inc., a US-based heavy oil and gas production, oil transportation, oil refining and real estate business. From April 1997 to September 1997, Mr. Grewal served as Chairman and Chief Executive Officer for Horizontal Ventures, Inc., an oil and gas horizontal drilling technology company that became a subsidiary of Greka Energy Corporation in September 1997. From 1993 to 1996, Mr. Grewal was Corporate Vice President for the Rada Group with principal responsibility for global expansion and diversification. Mr. Grewal has a BSc in Mechanical Engineering from Northrop University.

NON-EXECUTIVE DIRECTORS

Sanjay Saxena (aged 50), Non-Executive Director

Sanjay has more than 30 years' experience in business leadership and entrepreneurial roles in business management, sales, marketing, business development and strategic investments across a number of regions including Europe, Russia, the Middle East, Africa and Asia Pacific.

Sanjay has spent 25 years with IBM, initially within its Software Division, and rose to his current position as a Leader in Global Technology Services, Central East West Africa – part of IBM's Services Division in 2011. Prior to joining IBM, Sanjay was co-founder and director of a number of emerging markets focussed businesses. Sanjay is a member of the Chartered Institute of Marketing and holds both a BA from Allahabad University and an MA in Political Science from Gorakhpur University.

Bryan Smart (aged 61), Non-Executive Director

Bryan spent 25 years at DaimlerChrysler (UK) Limited, where he worked initially in internal audit before moving up from Financial Controller to Chief Financial Officer. He resigned from DaimlerChrysler in 2006 having overseen turnover increase from £1.3 billion in 1995 to over £3.0 billion in 2006 and managing the acquisition, assimilation and reorganisation of Chrysler & Jeep in the UK. He remains Trustee Director of DaimlerChrysler Pension Fund.

Since leaving DaimlerChrysler, Bryan has advised a number of public and private companies. Between 2006 and 2010, he was Chairman of the supervisory board of CarboTech AG, a Salzburg-based designer and manufacturer of complex carbon fibre structures for automotive and industrial use. Bryan is a Non-Executive Director and member of the audit and remuneration committees of Greka Drilling Limited and, until recently, held the same positions at SCOTTY Group SE and was a Non-Executive Director of Rangers International Football Club plc. Bryan is a fellow of the Institute of Chartered Accountants in England and Wales.

DIRECTORS' REPORT

The Directors of Greka Engineering & Technology Ltd., have pleasure in submitting their Report with the audited financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

Greka Engineering & Technology Ltd., is the ultimate holding company and the indirect parent company of Gongyi Greka Transportation, Zhengzhou Greka Technology and Zhengzhou Greka Petro-Equipment, the companies incorporated in the PRC and the operating company through which the Group holds gas pipeline, gas compression and power generation assets in China. The principal activities of the Group are providing engineering, procurement, construction and management services for infrastructure projects in the unconventional gas sector in China. The Company is also involved in the research, development and delivery of technologies specific to the unconventional gas sector and incorporating such technologies into industry-specific hardware manufactured in-house. Greka Engineering & Technology Ltd. was incorporated in the Cayman Islands on 18 March 2013 and was registered as a Public Company on 30 September 2013. It acts as a holding company and provides financing and management services to its subsidiaries. The company is domiciled in the Cayman Islands.

BUSINESS REVIEW & FUTURE DEVELOPMENTS

A summary of the Group's main business developments for the year ended 31 December 2013 and potential future developments is contained within the Chairman's Statement, Business Review and Financial Review.

ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards (as adopted by the EU, refer note 2 to the financial statement).

SHARE CAPITAL AND RESERVES

Details of the Group's authorised and issued share capital and reserves as at 31 December 2013 and 2012 are contained in note 19 of the financial statements respectively.

RESULTS AND DIVIDENDS

An overview of the Group's results, covering the years ended 31 December 2013 and 2012, is provided in the Financial Review on page 8. Detailed financial information is included from page 16 to page 51 of the report. The Directors do not propose the payment of cash dividends until the Group is generating profit.

DIRECTORS REMUNERATION

See note 8 to the financial statements.

DIRECTORS AND THEIR INTERESTS

The table below sets out the interests of the Directors in Greka Engineering & Technology Ltd. as at 31 December 2013.

	No. of Ordinary Shares	**% age of Ordinary Shares**
Randeep Grewal	264,935,883	64.68%
Sanjay Saxena	0	0%
Bryan Smart	0	0%

SUBSTANTIAL SHAREHOLDINGS

The Group is aware of the following beneficial shareholdings, representing 10 per cent or more of the issued ordinary share capital of the Group, as at 31 December 2013.

	Number of ordinary shares	% of issued share capital
Green Dragon Gas (Holdings) Ltd.	262,205,082	64.01%
Mandolin Capital Pte. Ltd.	74,495,331	18.19%

THE BOARD

The Board of Directors is composed of three members, one Executive Director, who is also the Executive Chairman and three Non-Executive Directors. The Board has established Audit and Remuneration Committees with formally delegated duties, responsibilities and written terms of reference. From time to time, separate committees may be set up by the Board to consider specific issues as and when the need arises.

AUDIT COMMITTEE

The Audit Committee helps the Board discharge its responsibilities regarding financial reporting, external and internal Audits, and controls, as well as reviewing the Group's annual financial statements. It also assists by reviewing and monitoring the extent of non audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the Group's internal audit activities, internal controls and risk management systems. The ultimate responsibility for reviewing and approving the annual report and financial statements and the half-yearly reports remains with the Board. The Audit Committee comprises both Non-Executive Directors.

REMUNERATION COMMITTEE

The Remuneration Committee's remit is to review the scale and structure of the executive Directors' and senior employees' remuneration and the terms of their service or employment contracts, including share option schemes and other bonus arrangements. The remuneration and terms and conditions of the non-executive directors is set by the entire Board. No director or manager of the Company may participate in any meeting at which discussion or any decision regarding his or her own remuneration takes place. The Remuneration Committee will also administer any share option schemes or other employee incentive schemes adopted by the Company from time to time. The Remuneration Committee comprises the Executive Director and both Non-Executive Directors.

RELATIONS WITH SHAREHOLDERS

The Directors attach importance to the provision of clear and timely information to shareholders and the broader investment community. Information about the company is available on its website (www.grekaengineering.com). The Group's annual, and interim, reports will also be sent to shareholders and be made available through the Group's website.

DIRECTORS AND OFFICERS LIABILITY INSURANCE

The Group has in place a Directors and Officers insurance policy to cover relevant individuals against claims arising from their work on behalf of the company. The Board intends to keep the level of cover provided under annual or more frequent review, as appropriate.

GOING CONCERN

Based on the Group's budgets and cash flow projections for 2013, the Directors are satisfied that the Group has adequate resources to continue its operations and meet its commitments for the foreseeable future.

ANNUAL GENERAL MEETING

The 2014 Annual General Meeting will be held at 3:30 pm on 17 July 2014, at the office of Smith & Williamson located at 25 Moorgate, London EC2R 6AY. The Notice of Meeting, together with an explanation of the items of special business, is provided separately to shareholders with this report.

AUDITORS

BDO LLP has expressed its willingness to continue in office as auditors and a resolution for their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board

Randeep S. Grewal
Chairman and CEO
9 June 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' report and the financial statements for the Group. The Directors have prepared the financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year.

The Directors have chosen to use the International Financial Reporting Standards ("IFRS") as adopted by the European Union in preparing the Group's financial statements.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;

- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and

- State that the group has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements.

The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of financial statements.

Financial information is published on the Company's website. The maintenance and integrity of this website is the responsibility of the Directors; the work carried out by the Auditors does not involve consideration of these matters and, accordingly, the Auditors accept no responsibility for any changes that may occur to the financial statements after they are initially presented on the website.

Legislation in the Cayman Islands governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF GREKA ENGINEERING & TECHONOLOGY LIMITED

We have audited the financial statements of Greka Engineering & Technology Limited for the year ended 31 December 2013 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and a summary of significant accounting policies and other explanatory information. The Financial reporting framework that has been applied in their preparation is International Financial Reporting Standards ("IFRS") as adopted by the European Union.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (as issued by the International Federation of Accountants (IFAC)). Those standards require us to comply with the UK Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements give a true and fair view of the state of the group's affairs as at 31 December 2013 and of its loss for the year then ended and have been properly prepared in accordance with IFRSs as adopted by the European Union.

BDO LLP
Chartered Accountants
London
United Kingdom

9 June 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year Ended 31 December 2013 US$'000	Year Ended 31 December 2012 US$'000
Revenue	4	**3,701**	5,204
Cost of sales		**(3,349)**	(4,009)
Gross profit		**352**	1,195
Selling and distribution		**(224)**	(181)
Administrative expenses		**(1,975)**	(2,328)
Other operating loss		**(24)**	(16)
Total administrative expenses		**(2,223)**	(2,525)
Loss from operations	5	**(1,871)**	(1,330)
Finance income	6	**1**	8
Finance costs	6	**(3)**	–
Loss before income tax		**(1,873)**	(1,322)
Income tax	10	**71**	18
Loss for the year from continuing operations		**(1,802)**	(1,304)
Loss from discontinuing operations, net of tax	11	**(133)**	(81)
Loss for the year		**(1,935)**	(1,385)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating of foreign operations		**606**	25
Total comprehensive expense for the year		**(1,329)**	(1,360)
Loss attributable to:			
– Owners of the company		**(1,935)**	(1,385)
Total comprehensive expense attributable to:			
– Owners of the company		**(1,329)**	(1,360)
Basic and diluted loss per share attributable to owners of the company arising from:			
– Continuing operations (cents)	9	**(0.44)**	(0.32)
– Discontinuing operations (cents)	9	**(0.03)**	(0.02)
Total	9	**(0.47)**	(0.34)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2013 US$'000	As at 31 December 2012 US$'000
Assets			
Non-current assets			
Property, plant and equipment	12	**25,407**	24,503
Intangible assets	13	**2,399**	2,890
		27,806	27,393
Current assets			
Inventories	14	**2,009**	2,123
Trade and other receivables	15	**7,623**	8,470
Cash and cash equivalents		**3,494**	3,882
		13,126	14,475
Assets held for sale	11	**1,753**	1,384
Total assets		**42,685**	43,252
Liabilities			
Current liabilities			
Trade and other payables	16	**5,915**	41,663
Loans and borrowings	17	**4,656**	3,945
Current tax liabilities		**13**	43
		10,584	45,651
Non current liabilities			
Deferred tax liabilities	18	**599**	723
		599	723
Total liabilities		**11,183**	46,374
Total net assets/(liabilities)		**31,502**	(3,122)
Capital and reserves			
Share capital		**4**	–
Share premium account		**35,949**	–
Foreign exchange reserve		**635**	29
Retained deficit		**(5,086)**	(3,151)
Total equity/(deficit) attributable to owners of the Company		**31,502**	(3,122)

These financial statements were authorised and approved for issue by the Board on 9 June 2014.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital US$'000	Share premium US$'000	Foreign exchange reserve US$'000	Retained deficit US$'000	Total US$'000
At 1 January 2012	–	–	4	(1,766)	(1,762)
Loss for the year	–	–	–	(1,385)	(1,385)
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
– Exchange difference on translation of foreign operations	–	–	25	–	25
Total comprehensive income/(expense) for the year	–	–	25	(1,385)	(1,360)
At 31 December 2012	–	–	29	(3,151)	(3,122)
Loss for the year	–	–	–	(1,935)	(1,935)
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
– Exchange difference on translation of foreign operations	–	–	606	–	606
Total comprehensive income/(expense) for the year	–	–	606	(1,935)	(1,329)
New issue of ordinary shares	4	–	–	–	4
Capital contribution					
– waiver of amounts owed to Green Dragon Gas Ltd. (note 21 (a))	–	35,949	–	–	35,949
At 31 December 2013	4	35,949	635	(5,086)	31,502

The following describes the nature and purpose of each reserve within owners' equity.

- Share capital: Amount subscribed for share capital at nominal value.
- Share premium: Amount subscribed for share capital in excess of nominal value, including capital contributions
- Foreign exchange reserve: Foreign exchange differences arising on translating the results, assets and liabilities of foreign operations into the reporting currency.
- Retained deficit: Cumulative net gains and losses recognized in profit or loss.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2013 US$'000	Year ended 31 December 2012 US$'000
Operating activities			
Loss before income tax		**(1,873)**	(1,322)
Loss before tax from discontinuing operations		**(133)**	(81)
		(2,006)	(1,403)
Adjustments for:			
Depreciation		**1,120**	923
Amortisation of other intangible assets		**494**	495
Loss on disposal of property, plant and equipment		**–**	70
Finance income		**(1)**	(8)
Finance costs		**3**	–
Operating cash flows before changes in working capital		**(390)**	77
Movement in inventories		**114**	(736)
Movement in trade and other receivables		**847**	(1,745)
Movement in trade and other payables		**260**	18,449
Cash generated from operations after working capital changes		**831**	16,045
Income tax payment		**(83)**	(72)
Net cash generated from operating activities		**748**	15,973
Investing activities			
Payments for purchase of property, plant and equipment		**(1,827)**	(18,349)
Loan advanced		**–**	(4,000)
Interest received		**1**	8
Net cash used in investing activities		**(1,826)**	(22,341)
Financing activities			
Proceeds of short term loan		**656**	3,945
Finance costs paid		**(3)**	–
Net cash from financing activities		**653**	3,945
Net decrease in cash and cash equivalents		**(425)**	(2,423)
Cash and cash equivalents at the beginning of the year		**3,882**	6,348
		3,457	3,925
Effect of foreign exchange rate changes		**37**	(43)
Cash and cash equivalents at end of year		**3,494**	3,882

NOTES TO THE FINANCIAL INFORMATION

For the year ended 31 December 2013

1. GENERAL

Greka Engineering & Technology Limited ("the Company") was incorporated in Cayman Islands on 18 March 2013 under the Companies Law (2010 Revision) of the Cayman Islands. The registered office and principal place of business of the company are located at PO Box 472, 2nd floor, Harbour Place, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands and 12/F., No. 5 Building, Hua Meilong Plaza, Jing Wu Nan Road, Economy and Technology Development District, Zhengzhou, PRC respectively.

The Company was established as an investment holding company for a group of companies whose principal activities consist of the provision of engineering, procurement, construction and management for infrastructure projects in the PRC. These business are hereinafter collectively referred to as the "Group".

The financial statements are presented in United States dollars which is same as the functional currency of the Company.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with IFRSs as adopted by the European Union, that are effective for accounting periods beginning on or after 1 January 2013. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared under the historical cost basis.

On 18 March 2013, the Company was incorporated as a wholly-owned subsidiary of Green Dragon Gas Ltd. On 18 April 2013, as part of a group reorganisation, the Company acquired the entire share capital of fellow wholly-owned subsidiaries of Green Dragon Gas Ltd., Greka Integrated Products Ltd. (formerly known as Greka Transport and Infrastructure Ltd.), Greka Manufacturing Ltd. (formerly known as Greka Technology and Manufacturing Ltd.) and Greka Information Technology Ltd. (formerly known as Greka JXU Ltd.).

The Company's controlling interest in Greka Integrated Product Ltd., Greka Manufacturing Ltd., and Greka Information Technology Ltd. were acquired through a transaction under common control as defined in IFRS 3 Business Combinations. The controlling party of each company at 18 April 2013 was Green Dragon Gas Ltd.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Basis of preparation *(continued)*

The Company and its subsidiaries were subsequently demerged from Green Dragon Gas Ltd through a dividend in specie. On 30 September 2013, the Company was admitted for trading on the Alternative Investment Market of the London Stock Exchange.

The Directors note that transactions under common control are outside the scope of IFRS 3 and that there is no guidance elsewhere in IFRS covering such transactions.

IFRS does not contain specific guidance on the accounting for common control transactions. However, FRS 6 (and US GAAP) does include guidance for accounting for group reconstructions of this nature. Having considered the requirements of IAS 8 and the related UK and US guidance the transaction by which the Company acquired its controlling interest in Greka Integrated Products Ltd., Greka manufacturing Ltd. and Greka Information Technology Ltd. has been accounted for on a merger or pooling of interest basis as if both entities had always been combined. Consequently, the corresponding figures for the prior year reflect the results of the combined entities. No share capital or share premium is reflected for the comparative period as the Company was only incorporated in 2013 and issued shares during the current year. The combination has been accounted for using book values, with no fair value adjustments made nor goodwill created.

The subsidiaries of Greka Integrated Products Ltd., Greka Manufacturing Ltd. and Greka Information Technology Ltd. have been consolidated using the acquisition method.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3 to the financial statements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period of revision and future periods if the revision affects both current and future periods.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

New and amended standards adopted by the Group

The Group has adopted several new standards and amendments to standards are effective for financial year beginning from 1 January 2013 that is relevant to the Group. Except as noted, the implementation of these standards and amendments did not have a material effect on the Group's financial statements.

Standard	Description	Effective date
IAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income	1-Jul-12
IFRS 13	Fair Value Measurement	1-Jan-13
IAS 19 (Amendment 2011)	Employee Benefits	1-Jan-13
IFRS 7 (Amendment)	Offsetting Financial Assets and Financial Liabilities	1-Jan-13
IAS 16 (Improvements)	Classification of servicing equipment	1-Jan-13

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IAS 1 (Amendment) – Presentation of Items of Other Comprehensive Income

IAS 1 (Amendment) requires the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future and those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis. The tax effect of the transactions in the current and prior year is insignificant.

The Group has adopted the amendments retrospectively for the financial year ended 31 December 2013. Items of other comprehensive income that may and may not be reclassified to profit and loss in the future have been presented separately in the consolidated statement of profit or loss and other comprehensive income. The comparative information has been restated to comply with the amendments. As the amendments affect presentation only, there are no effects on the Group's financial position or performance.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

New and amended standards issued but not effective and not early adopted by the Group

Standards, amendments and interpretations effective for reporting periods beginning after the date of these financial statements, which are relevant to the Group but have not been adopted early or cannot be adopted early, are as follows:

Standard	Description	Effective date
IAS 32 (Amendment 2011)	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IFRS 10	Consolidated financial statements	1 January 2014
IFRS 11	Joint arrangements	1 January 2014
IFRS 12	Disclosure of interest in other entities	1 January 2014
IAS 27 (Amendment 2011)	Separate financial statements	1 January 2014
IAS 28 (Amendment 2011)	Investments in associates and joint ventures	1 January 2014
IFRIC 21	Levies	1 January 2014
IFRS 9	Financial Instruments	No effective date

The above new standards, amendments and interpretations are not expected to materially affect the Group's reporting or reported numbers.

Foreign currency translation

Transactions entered into by any of the group entities in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the exchange rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the consolidated statement of comprehensive income.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in the consolidated statement of comprehensive income in the period in which they arise. In respect of intercompany transactions, exchange differences arising on such items are recorded in the consolidated statement of comprehensive income unless the loans are deemed to be as permanent as equity and not subject to repayment in the foreseeable future.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Foreign currency translation *(continued)*

On consolidation, the results of overseas operations are translated into the presentation currency of the Group (i.e. United States dollars) at the average exchange rates for the period, unless exchange rates fluctuate significantly during the year, in which case, the rate approximating to those ruling when the transactions took place is used. All assets and liabilities of overseas operations are translated at the rate ruling at the end of the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in equity (the "foreign exchange reserve").

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Property, plant and equipment are depreciated so as to write off their costs net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives and residual value are reviewed, and adjusted if appropriate, at each reporting date. The useful lives of property, plant and equipment are as follows:

Buildings and structures:	20 years
Motor vehicles:	5 years
Fixtures, fittings and equipment:	5 years
Plant and machinery	5-15 years
Leasehold improvements	2-5 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Assets under construction are transferred to property, plant and equipment when they are available for use and depreciation begins.

The gain or loss on disposal of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Impairment of property plant and equipment

At the end of the reporting period, the Group reviews the carrying amounts of property, plant and equipment to determine whether there is any indication that these assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Intangible assets

Intangible assets that are acquired by the Group are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the consolidated statement of comprehensive income as incurred and included in administrative expenses.

Amortisation is recognised in the consolidated statement of comprehensive income on a straight line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Patents	10 years

Research and development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate: the technical feasibility of completing the intangible asset so that it will be available for use or sale; its intention to complete and its ability to use or sell the asset; how the asset will generate future economic benefits; the availability of resources to complete the asset; and the ability to measure reliably the expenditure during development. Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Segment 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 Board.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the consolidated profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of each reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs to its tax base, except for differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and investments in subsidiaries where the group are able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/assets are settled/recovered. Deferred tax balances are not discounted.

2. *PRINCIPAL ACCOUNTING POLICIES* *(continued)*

Taxation *(continued)*

Deferred tax assets and liabilities are offset when the group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or
- to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

In the consolidated income statement of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separate from income and expenses from continuing activities, down to the level of profit after taxes. The resulting profit or loss (after taxes) is reported separately in the income statement.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

Revenue recognition

Revenue is recognised when services are provided and the amount of the revenue and associated costs incurred in respect of the relevant transaction can be reliably measured.

Revenue generated from the sale of gas equipment is recognised on transfer of the significant risks and rewards of ownership have passed. The risks and rewards pass to the customers when the gas equipment is delivered and accepted by the customer. Certain contracts provide that 5-10% of the contract price is withheld for up to one year after installation and acceptance by the customer as a quality guarantee period. Revenue is recognised in respect of this amount as there are no ongoing goods or services to perform and there is no history of claims under the guarantee period.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Revenue generated from the provision of infrastructure services is recognised based on the measured amount of gas processed and power supplied and contractual prices. Measured amounts are based on physical quantities of gas processed and power supplied.

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

Financial instruments

(i) Financial assets

Loans and receivables

The Group's receivables comprise trade and other receivables.

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are principally trade and other receivables and also incorporate other types of contractual monetary asset. Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment is established when there is objective evidence that the asset will not be collectible in full according to the original terms of the instruments. Significant financial difficulties of the customers, probability that the customers will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the loans and receivables are impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated statement of comprehensive income. When loans and receivables are uncollectible, they are written off against the allowance account for loans and receivables. Subsequent recoveries of amounts previously written off are credited to the consolidated statement of comprehensive income, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

Cash includes cash on hand and demand deposits with any bank or other financial institution. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

(ii) Financial liabilities

Financial liabilities held at amortised cost

Trade payables and other short-term monetary liabilities are recognised initially at fair value and subsequently carried at amortised cost using the effective interest rate method.

Loan and borrowings are initially recognised at the amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. "Interest expense" in this context includes initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Employee benefits

(i) Defined contribution pension plan

Contributions to defined contribution pension plan are recognised as an expense in the consolidated statement of comprehensive income as the services giving rise to the company's obligations are rendered by the employees.

The employees of the operations in the PRC are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions payable are charged to the consolidated statement of comprehensive income when they become payable in accordance with the rules of the central pension scheme and are disclosed under Employer's national social security contributions in note 7.

(ii) Other benefits

Other benefits, being benefits in kind, are charged to the consolidated statement of comprehensive income in the period to which they relate.

Leases

Where substantially all of the risks and rewards incidental to ownership are retained by the lessor (an "operating lease"), the total rentals payable under the lease are charged to the profit or loss on a straight-line basis over the lease term.

The land and buildings elements of property leases are considered separately for the purpose of lease classification.

3. CRITICAL ACCOUNTING ESTIMATES

The Group makes estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may deviate from these estimates and assumptions. The estimates and assumptions that have a significant risk or cause a material adjustment to the carrying amounts of assets and liabilities during the years are as follows:

Impairment of property plant and equipment

In performing an impairment evaluation, management estimate the value in use of assets using future discounted net cash flows from the use and eventual disposition of property plant and equipment, grouped at the lowest level that cash flows can be identified. There are considered to be two cash generating units in the business, gas equipment sales and infrastructure services. If the sum of the estimated future discounted net cash flows is less than the carrying amount of the property plant and equipment for these asset grouping levels, then an impairment charge is recognised. The amount of an impairment charge would be measured as the difference between the carrying amount and the value in use of these assets. We did not record an impairment charge on any property plant and equipment for any of the years ended 31 December 2013 or 2012.

The value in use calculations involve estimates regarding customer demand, pricing, expenditures, PRC growth rates and discount rates. The carrying value of the infrastructure services assets is dependent upon achieving anticipated volume growth following the commissioning of facilities in 2013 and successful resolution of the market wide current ban on vehicle based gas transportation in the local region, which is anticipated by the directors to be resolved in the coming months. The assumptions used in the impairment evaluation for property plant and equipment are inherently uncertain and require management judgement.

Carrying value of trade receivables

Management reviewed the carrying amount of trade receivables at year end to determine whether there are objective indicators of impairment. Judgment is involved in assessing the appropriate level of potential provisioning. Management reviewed the receivables and assessed the need for a provision based on the circumstances of each individual balance. Circumstances considered included the age of the debt, the credit worthiness and financial condition of the counterparty and the payment history of the customer. As at 31 December 2013, we have recognised a provision of $103,000 against trade receivables.

3. CRITICAL ACCOUNTING ESTIMATES *(continued)*

Business combination

As detailed in note 2, judgment has been applied in determining the Group's accounting policy for the acquisition of the Company's subsidiaries in a transaction under common control. IFRS does not contain specific guidance on the accounting for common control transactions. However, FRS 6 (and US GAAP) does include guidance for accounting for group reconstructions of this nature. Having considered the requirements of IAS 8 and the related UK and US guidance the transaction by which the Company acquired its controlling interest in Greka Integrated Products Ltd., Greka manufacturing Ltd. and Greka Information Technology Ltd. has been accounted for on a merger or pooling of interest basis as if both entities had always been combined. Consequently, the corresponding figures for the prior year reflect the results of the combined entities. No share capital or share premium is reflected for the comparative period as the Company was only incorporated in 2013 and issued shares during the current year. The combination has been accounted for using book values, with no fair value adjustments made nor goodwill created. This is a material accounting policy selection.

4. REVENUE AND SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers ("CODMs") that are used to make strategic decisions.

The Group reports its operations as two reportable segment: gas equipment sales and the provision of contract infrastructure services in the People's Republic of China (the "PRC"). The division of the engineering and technology operations into two reportable segment is reflective of how the CODMs manage the business.

The accounting policies of the reportable segments are the same as those described in the summary of principal accounting policies (see Note 2). We evaluate the performance of our operating segments based on revenues from external customers and segmental profits.

Year Ended 31 December 2013

	Gas equipment sales US$'000	Infrastructure services US$'000	Intercompany US$'000	Consolidated from continuing operations US$'000
Revenue	2,423	1,400	(122)	3,701
Cost of sales	(1,818)	(1,649)	118	(3,349)
Gross profit/(loss)	605	(249)	(4)	352

4. REVENUE AND SEGMENT INFORMATION *(continued)*

As at 31 December 2013

	Gas equipment sales US$'000	Infrastructure services US$'000	Transportation Services (Discontinued Operations) US$'000	Intercompany US$'000	Consolidated US$'000
Segment assets	**7,702**	**33,685**	**1,753**	**(455)**	**42,685**
Segment liabilities	**10,033**	**37,471**	**–**	**(36,321)**	**11,183**

Year Ended 31 December 2012

	Gas equipment sales US$'000	Infrastructure services US$'000	Intercompany US$'000	Consolidated from continuing operations US$'000
Revenue	2,605	2,707	(108)	5,204

As at 31 December 2012

	Gas equipment sales US$'000	Infrastructure services US$'000	Transportation Services (Discontinued Operations) US$'000	Intercompany US$'000	Consolidated US$'000
Segment assets	11,146	50,713	1,384	(19,991)	43,252
Segment liabilities	16,953	68,919	–	(39,498)	46,374

Gas equipment sales represent the net invoiced value of gas equipment sales provided to 63 (2012:56) customers for the year. Infrastructure services represent sales to wholly owned subsidiaries of the Green Dragon Gas group and the Greka Drilling Limited group.

5. LOSS FROM OPERATIONS

Loss from continuing operations is stated after charging:

	2013 US$'000	2012 US$'000
Auditor's remuneration	**58**	–
Staff costs (note 7)	**1,486**	1,526
Depreciation of property, plant and equipment	**1,120**	923
Amortisation of intangible assets	**494**	495
Operating lease expense (property)	**150**	605
Loss on disposal of property, plant and equipment	**–**	71
Foreign exchange losses	**–**	7

6. FINANCE INCOME/EXPENSES

	2013 US$'000	2012 US$'000
Bank interest income	**1**	8
Bank interest expense	**3**	–

7. STAFF COSTS

	2013 US$'000	2012 US$'000
Staff costs (including directors' remuneration (note 8) comprise:		
Wages and salaries	**1,133**	1,172
Employer's national social security contributions	**329**	328
Other benefits	**24**	26
	1,486	1,526

8. DIRECTORS' REMUNERATION

	2013 US$'000	2012 US$'000
Executive Directors:		
Randeep Grewal	**63**	–
Independent Non-executive Directors:		
Sanjay Krishna Saxena	**10**	–
Frederick Bryan Smart	**10**	–
	83	–

No share options or similar equity based share awards have been granted to directors or employees during the current or prior year.

9. LOSS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2013 US$'000	2012 US$'000
Numerators		
Loss for the year		
– Continuing operations	**(1,802)**	(1,304)
– Discontinuing operations	**(133)**	(81)
Loss for the purpose of basic and diluted loss per share	**(1,935)**	(1,385)
Denominators		
Number of shares used in basic and diluted loss calculations	**409,622,133**	409,622,133
Basic and diluted loss per share (cents)		
– Continuing operations	**(0.44)**	(0.32)
– Discontinuing operations	**(0.03)**	(0.02)

9. LOSS PER SHARE *(continued)*

There were no potentially dilutive instruments in 2013 and 2012. The basic and diluted loss per share are equal as the Company has no dilutive instruments. There have been no shares or potentially dilutive instruments issued between year-end and the date these financial statements were approved. The 2013 year loss per share and 2012 comparative is calculated as if the shares legally issued during 2013 had been in issue since 1 January 2012 (refer to note 2).

10. TAXATION

	2013 US$'000	2012 US$'000
Current tax Charges for current year	**53**	106
Deferred tax liabilities Movement in deferred tax (note 18)	**(124)**	(124)
Income tax credit	**(71)**	(18)

The reasons for the difference between the actual tax charge for the years presented and the standard rate of corporation tax in the PRC, as the primary operating environment, applied to the loss for the years presented are as follows:

	2013 US$'000	2012 US$'000
Loss before income tax (including discontinued activities)	**(2,006)**	(1,403)
Expected tax credit based on the standard rate of corporation tax in the PRC of 25% (2012: 25%)	**(502)**	(351)
Effect of: Tax losses not recognized	**431**	333
Income tax	**(71)**	(18)

The Company is incorporated in the Cayman Islands and is not subject to income tax. The primary operating companies are incorporated in the PRC and are subject to 25% tax rates.

11. ASSETS HELD FOR SALE/DISCONTINUING OPERATIONS

The strategy of the Group is to develop its engineering and technology operations. In order to focus on the delivery of this strategy, prior to the demerger from Green Dragon Gas Ltd, during 2012 one of the Company's subsidiaries agreed a proposal to sell its non-core transportation operations to subsidiaries being retained within the Green Dragon Gas Ltd group following the demerger. Subsequently, it entered a legal agreement with Green Dragon Gas Limited on 1 July 2013 to dispose of motor vehicles and equipment for US$1,753,357 of cash consideration in line with the previously agreed proposals. Notwithstanding the period that has elapsed between meeting the requirements for classification as assets held for sale, the Group remains committed to the disposal and expects it completion in due course. The completion of the transaction is subject to obtaining necessary legislative approvals.

The following are the totals for the major classes of assets relating to the Group's transportation operation at the end of the reporting period:

	2013	2012
	US$'000	US$'000
Motor vehicles	**1,733**	1,347
Fixtures, fittings and equipment	**17**	34
Plant and machinery	**3**	3
	1,753	1,384

The increase in assets held for sale refers to additional assets acquired during 2013 included within the disposal group.

11. ASSETS HELD FOR SALE/DISCONTINUING OPERATIONS *(continued)*

The loss on discontinuing operations in the Consolidated Statement of Comprehensive Income can be analysed, as follows:

	2013 **US$'000**	2012 US$'000
Transportation service revenue	**589**	712
Cost of sales	**(553)**	(793)
Administrative expenses	**(169)**	–
Loss before and after taxation	**(133)**	(81)

The Consolidated Statement of Cash Flows contains the following elements related to discontinuing operations:

	2013 **US$'000**	2012 US$'000
Net cash flows attributable to operating activities	**(133)**	(81)
Net cash flows attributable to investing activities	**(482)**	(20)
Net cash flows attributable to financing activities	**–**	–

The discontinued operations and assets held for sale are classified within the transportation services segment in Note 4.

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures US$'000	Motor vehicles US$'000	Fixtures, fittings and equipment US$'000	Plant and machinery US$'000	Leasehold improvements US$'000	Construction in process US$'000	Total US$'000
Cost							
At 1 January 2012	1,094	2,047	220	4,849	206	942	9,358
Additions	239	–	27	116	114	17,853	18,349
Disposals	–	–	–	(2)	(86)	–	(88)
Transfers	–	–	–	36	–	(36)	–
Exchange movement	2	4	1	13	–	2	22
Transfers to assets held for sale	–	(1,923)	(27)	(7)	–	–	(1,957)
At 31 December 2012	1,335	128	221	5,005	234	18,761	25,684
Additions	21	498	13	601	73	621	1,827
Transfers	–	–	–	15,245	–	(15,245)	–
Exchange movement	42	39	7	412	8	121	629
Transfers to assets held for sale	–	(369)	–	–	–	–	(369)
At 31 December 2013	1,398	296	241	21,263	315	4,258	27,771
Depreciation							
At 1 January 2012	9	402	34	374	27	–	846
Charge for the year	61	234	61	498	69	–	923
Eliminated upon disposals	–	–	–	–	(17)	–	(17)
Exchange movement	–	1	1	–	–	–	2
Transfers to assets held for sale	–	(562)	(8)	(3)	–	–	(573)
At 31 December 2012	70	75	88	869	79	–	1,181
Charge for the year	65	119	136	701	99	–	1,120
Exchange movement	3	13	5	38	4	–	63
At 31 December 2013	138	207	229	1,608	182	–	2,364
Net book value							
At 31 December 2013	1,260	89	12	19,655	133	4,258	25,407
At 31 December 2012	1,265	53	133	4,136	155	18,761	24,503

Loans and borrowings of US$656,000 (2012:Nil) (note 17) are secured by buildings and structures of the Group. Construction in process in both years relates to the on-going work being undertaken on the Group's infrastructure facilities and pipelines.

13. INTANGIBLE ASSETS

	US$'000
Cost	
At 1 January 2012 and 31 December 2012	4,946
Exchange alignment	3
At 31 December 2013	4,949
Accumulated amortisation	
At 1 January 2012	1,561
Charge for the year	495
At 31 December 2012	2,056
Charge for the year	494
Exchange movement	0
At 31 December 2013	2,550
Net book value	
At 31 December 2013	2,399
At 31 December 2012	2,890

Intangible assets relate to patents acquired by the Group. They are amortised over a life of 10 years.

14. INVENTORIES

	2013 US$'000	2012 US$'000
Raw materials and consumables	**1,243**	1,274
Work-in-progress	**27**	400
Finished goods	**739**	449
	2,009	2,123

The amount of cost of sales recognised in respect of inventories utilised $1,695,000 (2012: $1,712,000) which is recognised in cost of sales. There has been no significant impairment of inventories in either year.

15. TRADE AND OTHER RECEIVABLES

	2013 US$'000	2012 US$'000
Trade receivable	**1,318**	878
Prepayments	**575**	41
Other receivables	**4,024**	5,224
Amounts due from related parties (note 21)	**1,706**	2,327
	7,623	8,470

The fair values of trade and other receivables approximate their respective carrying amounts at the end of each reporting periods due to their short maturities. The average terms of trade are 1 year but certain customers have extended credit terms. Trade receivables of US$1,318,000 are past due and not impaired (2012: US$878,000). A provision of US$103,000 has been raised against trade receivables considered to be past due and impaired (2012: US$114,000).

The Group has entered into a single agreement with Aowei International (H.K) Co., Limited (Awoei HK) Henan Boao Trading Co., Ltd. ("Henan Boao") whereby Greka Integrated Products Ltd (a wholly owned subsidiary of Greka Engineering and Technology Limited) has provided US$4,000,000 to Awoei HK with Henan Boao so providing a RMB loan facility of equal value to Gongyi Greka Transport Company Limited, another wholly owned subsidiary, as part of a foreign currency arrangement. The loans have the same settlement date and are unsecured and repayable on demand. A margin based fee was payable as part of the transaction. Awoei HK and Henan Boao are unrelated to the Group.

16. TRADE AND OTHER PAYABLES

	2013 US$'000	2012 US$'000
Trade payables	**1,238**	2,943
Other current liabilities	**4,609**	2,065
Amounts due to related parties (note 21)	**68**	36,655
	5,915	41,663

Trade and other payables are expected to be settled within one year. Their fair values approximate their respective carrying amounts at the end of each reporting periods due to their short maturities.

17. LOANS AND BORROWINGS

	2013 **US$'000**	2012 US$'000
Loans and borrowings	**4,656**	3,945

On 11 April 2012, GTIG, Greka Integrated Products, Henan Boao Trading Co Limited and Aowei International (H.K.) Co., Limited (Aowei HK) entered into a loan agreement, pursuant to which Henan Boao Trading Co Limited made available a loan facility in the amount of the RMB equivalent of US$4,000,000. The facility is fully drawn and is repayable on demand but is matched by a US$4,000,000 receivable. Further details are in provided in note 15.

Included within loans and borrowings is a bank loan of US$656,000 (2012: nil) which is secured by buildings and structures (note 12) with a book value of US$1,265,000 (2012:US$1,260,000).

18. DEFERRED TAXATION

	2013 **US$'000**	2012 US$'000
Deferred tax liabilities		
At the beginning of the year	**723**	847
Reversal of temporary differences	**(124)**	(124)
At the end of the year	**599**	723
Recognised deferred tax liabilities at PRC rate of 25%		
Deferred tax assets and liabilities are attributable to the following:		
Accelerated depreciation	**599**	723
	599	723

There were no unrecognised deferred tax assets or liabilities in either year. Tax losses in the PRC expire after 5 years. The Group have not offset deferred tax assets and liabilities across different jurisdictions.

19. SHARE CAPITAL

	Authorised		Issued and fully paid	
	No. of shares	US$'000	No. of shares	US$'000
At 1 January 2012 and 2013	–	–	–	–
Issue of an ordinary share as subscriber share upon incorporation of the Company of US$0.00001 each	5,000,000,000	50	1	–
Placement of shares of 409,622,132 on 18 April 2013	–	–	409,622,132	4
Issue of an ordinary share – waiver of liabilities	–	–	1	–
Surrender of an ordinary share for nil consideration	–	–	(1)	–
At 31 December 2013	5,000,000,000	50	409,622,133	4

The authorised share capital of the Company on incorporation was US$50,000 divided into 5,000,000,000 ordinary shares of US$0.00001 each, of which one share was issued to the subscriber of the memorandum of association.

Upon incorporation, issued one subscriber share at par. On 18 April 2013 the sole director at that time, Randeep Grewal, approved the transfer of the one subscriber share from International Corporation Services Ltd. to Green Dragon Gas Ltd. On 18 April 2013, the Company acquired the entire issued share capital of Greka Integrated Products, Greka Information Technology and Greka Manufacturing from Greka China Ltd. as part of a group restructuring, in consideration for which it issued and allotted as fully paid an additional 409,622,132 shares to Green Dragon Gas Ltd. On 19 September 2013 Greka Gas China Ltd. subscribed for one additional share in the capital of the Company in satisfaction of certain inter-company debts outstanding in the amount of US$35,953,235.31. Following issue, this one share was sold and transferred to Green Dragon Gas Ltd. To ensure that the exact and correct number of shares are in issue in the capital of the Company, Green Dragon Gas surrendered one share in the capital of the Company for no consideration on 19 September 2013.

Subsequently, the shares of the Company were distributed to the shareholders of Green Dragon Gas Ltd., by way of a dividend in specie.

20. SUBSIDIARIES

Name	Country of incorporation	Ownership% Direct	Ownership% Indirect	Principal activities
Greka Technology and Manufacturing Ltd.	British Virgin Islands	100%	–	Investment holding
Zhengzhou Greka Technology Development Ltd.	People's Republic of China	–	100%	Supply and distribution of gas control systems
Zhengzhou Greka Petro-Equipment Ltd.	People's Republic of China	–	100%	Supply and distribution of gas equipment
Greka Transport and Infrastructure Ltd.	British Virgin Islands	100%	–	Investment holding
Henan Gongyi Greka Transportation Co., Ltd.	People's Republic of China	–	100%	Provision of infrastructure services

21. RELATED PARTY TRANSACTIONS

Green Dragon Gas Ltd ("GDG") is a related party as the Company's shareholder during part of the year and by virtue of common directorship and control. The ultimate controlling party is Randeep Grewal.

a) Demerger from Green Dragon Gas

The Company was incorporated as a new subsidiary of GDG in March 2013. The Company acquired the entire share capital of fellow wholly-owned subsidiaries of GDG as detailed in note 2 and issued an ordinary share as consideration for liabilities to the GDG group as detailed in note 19. Subsequently, GDG demerged the engineering division (i.e. the new consolidated group of Greka Engineering and Technology) by means of a dividend in specie of its shares in the Company.

b) Agreement to sell transportation business

The Group has entered into an agreement to sell its transportation business to GDG. Further details are included in note 11.

21. RELATED PARTY TRANSACTIONS *(continued)*

c) Amounts due from/to related parties and corresponding transactions:

The related parties of the Group, which are noted below, are companies that are all fellow subsidiaries of Green Dragon Gas Limited which are under common management and control.

Amounts due from/to related parties comprise:

	2013 **US$'000**	2012 US$'000
Amounts due from related companies (note (i)):		
– Zhengzhou Greka Gas Co., Ltd	**2**	2
– Greka (Zhengzhou) Technical Services Co., Ltd	**33**	39
– Greka Energy (International) B.V.	**1,405**	2,273
– Pindingshan Sinoenergy Ltd	**266**	14
Total of the above which is included in other receivables (note 15)	**1,706**	2,328
Amounts due to related companies (note (i)):		
– Greka Gas China Ltd	**62**	33,782
– Zhengzhou Greka Gas Co., Ltd	**–**	2,761
– Greka Energy (International) B.V.	**6**	106
– Pindingshan Sinoenergy Ltd	**–**	6
Total of the above which is included in trade and other payables (note 16)	**68**	36,655

21. RELATED PARTY TRANSACTIONS *(continued)*

c) Amounts due from/to related parties and corresponding transactions: *(continued)*

Notes:

(i) These balances are unsecured, interest-free and are repayable on demand.

Related party transactions comprise:

	2013 US$'000	2012 US$'000
Equipment sales to related companies:		
– Zhengzhou Greka Gas Co., Ltd	**123**	693
– Greka (Zhengzhou) Technical Services Co., Ltd	**125**	128
– Greka Energy (International) B.V.	**90**	243
– Pindingshan Sinoenergy Ltd	**16**	32
– Beijing Huayou United Gas Development Co., Ltd	**–**	14
Provision of infrastructure services to related companies:		
– Zhengzhou Greka Gas Co., Ltd	**337**	437
– Greka (Zhengzhou) Technical Services Co., Ltd	**115**	173
– Greka Energy (International) B.V.	**1,324**	2,558
– Pindingshan Sinoenergy Ltd	**268**	250
Vehicle rental expense from related companies:		
– Zhengzhou Greka Gas Co., Ltd	**4**	56
– Greka (Zhengzhou) Technical Services Co., Ltd	**31**	131
Purchases from related companies:		
– Zhengzhou Greka Gas Co., Ltd	**–**	16
– Greka Energy (International) B.V.	**934**	60
– Pindingshan Sinoenergy Ltd	**–**	61

d) Subsidiary companies

Transactions between the Group have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are described above.

e) Key management personnel

Key management personnel of the Group are the directors. Directors' remuneration is disclosed in note 8.

22. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group had commitments, as lessee, for future minimum lease payments under non-cancellable operating lease in respect of land and buildings which fall due as follows:

	2013 US$'000	2012 US$'000
Within one year	**60**	117
Within two to five years	**–**	17

23. CAPITAL COMMITMENTS

	2013 US$'000	2012 US$'000
Capital expendiure contracted but not provided for in respect of: acquisition of property, plant and equipment	**3,395**	3,126

24. FINANCIAL INSTRUMENTS

The Group's financial instruments were as follows:

	2013 US$'000	2012 US$'000
Financial assets		
Loans and receivables:		
Cash and cash equivalents	**3,494**	3,882
Trade and other receivables	**7,048**	8,429
	10,542	12,311
Financial liabilities		
At amortised cost:		
Trade and other payables	**5,915**	41,663
Loans and borrowings	**4,656**	3,945
	10,571	45,608

24. FINANCIAL INSTRUMENTS *(continued)*

a) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's exposure to interest rate risk related primarily to the variable interest bearing bank loans. The Group's have not entered into any cash flow interest rate hedging contracts or any other derivative financial instruments for hedging purposes. However, management closely monitors its exposure to future cash flow as a result of changes in market interest rates, and will consider hedging should the need arise.

The interest rate profile of the Group's financial assets at the end of each reporting periods was as follows:

	2013 **US$'000**	2012 US$'000
Cash and cash equivalents		
US dollars (Floating rate)	**2,795**	3,483
RMB (Floating rate)	**699**	399
Other financial assets		
US dollars (Non-interest bearing)	**4,000**	4,000
RMB (Non-interest bearing)	**3,048**	4,429
	10,542	12,311

The weighted average interest rate earned during the year was 0.02% on floating rate US dollar cash balances and 0.14% for the years ended 31 December 2013 and 2012 on floating rate RMB balances. At the end of the reporting period, the Group had cash on short-term deposit for periods of between over-night and one week.

The interest rate profile of the Group's financial liabilities at the end of the reporting period was as follows:

	2013 **US$'000**	2012 US$'000
Loans and borrowings		
RMB(Non-interest bearing)	**4,000**	3,945
-RMB(Fixed rate of 7.84%)	**656**	–
Other financial liabilities		
US dollars (Non-interest bearing)	**–**	22,685
RMB (Non-interest bearing)	**5,915**	18,978
	10,571	45,608

24. FINANCIAL INSTRUMENTS *(continued)*

b) Foreign currency risk

The Group undertakes transactions principally in RMB. While the Group continually monitors its exposure to movements in currency rates, it does not utilise hedging instruments to protect against currency risks. The directors consider the foreign currency exposure to be limited. Details of the currency profile of assets and liabilities are shown below:

As at 31 December 2013

	In USD US$'000	In RMB US$'000	Total in USD US$'000
Financial assets			
Trade and other receivables	**4,000**	**3,048**	**7,048**
Cash and cash equivalents	**2,795**	**699**	**3,494**
	6,795	**3,747**	**10,542**
Financial liabilities			
Trade and other payables	**–**	**5,915**	**5,915**
Loans and borrowings	**–**	**4,656**	**4,656**
	–	**10,571**	**10,571**

As at 31 December 2012

	In USD US$'000	In RMB US$'000	Total in USD US$'000
Financial assets			
Trade and other receivables	4,000	4,429	8,429
Cash and cash equivalents	3,483	399	3,882
	7,483	4,828	12,311
Financial liabilities			
Trade and other payables	22,685	18,978	41,663
Loans and borrowings	–	3,945	3,945
	22,685	22,923	45,608

Some of the above RMB cash and cash equivalents, trade and other receivables and trade and other payables balances are denominated in a currency other than US dollars. A 5% increase or decrease in the US dollar/RMB exchange rate would result in reported losses for the year being US$141,000 higher or lower.

24. *FINANCIAL INSTRUMENTS (continued)*

c) *Liquidity risk*

The liquidity risk of each group entity is managed centrally by the Group's treasury function. The investment budgets and work plans are set by the operating teams in the PRC and agreed by the board annually in advance, enabling the Group's cash requirements to be anticipated. Where facilities of group entities need to be increased, approval must be sought from the board.

All surplus cash is held centrally to maximise the returns on deposits through economies of scale while required cash will be remitted to the PRC based on monthly cash-call basis.

The maturity profile of the Group's financial liabilities at the end of each reporting periods based on contractual undiscounted payments are summarised below:

	Six months or less US$'000	Six months to one year US$'000	Within one to five years US$'000	Undiscounted payments US$'000 (note i)	Adjustments US$'000 (note ii)	Carrying value US$'000 (note iii)
At 31 December 2012						
Trade and other payables	41,663	–	–	41,663	–	41,663
Loans and borrowings	3,945	–	–	3,945	–	3,945
	45,608	–	–	45,608	–	45,608
At 31 December 2013						
Trade and other payables	5,915	–	–	5,915	–	5,915
Loans and borrowings	4,656	–	–	4,656	–	4,656
	10,571	–	–	10,571	–	10,571

Notes:

(i) Undiscounted payments are drawn up based on the earliest date on which the Group can be required to pay. They include both principal and interest cash outflows.

(ii) Carrying value represents the balance per consolidated statement of financial positions at the end of each reporting period.

N

24. FINANCIAL INSTRUMENTS *(continued)*

f) Fair value

The carrying value of significant financial assets and liabilities approximate their respective fair values as at 31 December 2013 and 2012.

The carrying values of cash and cash equivalents, other receivables, trade and other payables and bank loans approximate their respective fair values because of their short maturities.

25. SIGNIFICANT NON CASH TRANSACTIONS

The table below summarises the significant non cash transactions for the Group

	2013 US$'000	2012 US$'000
Operating activities		
Depreciation of property, plant and equipment	**1,120**	923
Amortisation of intangibles	**494**	495
Movements in amounts due (to)/from related parties	**(36,008)**	–
	(34,394)	1,418
Financing activities		
Non-cash issue of shares	**35,953**	–
	35,953	–

26. ULTIMATE CONTROLLING PARTY

The ultimate controlling party of the Group is Mr Randeep Grewal, who holds 64.68%of the issued share capital of the Group.

27. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 9 June 2014.

28. POST REPORTING DATE EVENTS

There are no disclosable post reporting date events.

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Non-Executive Director

Frederick Bryan Smart
Non-Executive Director

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