



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 986 665 943
Organisasjonsform: Norskreg. utenlandsk foretak
Foretaksnavn: SINOMINE SPECIALTY FLUIDS LIMITED
Forretningsadresse: Tranesvegen 29
5347 ÅGOTNES

Regnskapsår

Årsregnskapets periode: 01.10.2018 - 31.12.2019

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Ja
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Christian Busengdal
Dato for fastsettelse av årsregnskapet: 21.11.2022

Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 07.12.2022



Resultatregnskap

Beløp i: USD	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Turnover	1	66 350 000	32 362 000
Sum inntekter		66 350 000	32 362 000
Kostnader			
Cost of goods sold		33 347 000	18 490 000
Distribution cost		4 265 000	3 645 000
Net operating expense	2	6 519 000	3 484 000
Sum kostnader		44 131 000	25 619 000
Driftsresultat		22 219 000	6 743 000
Finansinntekter og finanskostnader			
Annen renteinntekt	4	2 236 000	1 576 000
Sum finansinntekter		2 236 000	1 576 000
Netto finans		2 236 000	1 576 000
Ordinært resultat før skattekostnad			
Taxation	6	7 161 000	5 922 000
Ordinært resultat etter skattekostnad		17 294 000	2 397 000
Årsresultat		17 294 000	2 397 000



Balanse

Beløp i: USD	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Tangible assets	7	130 903 000	129 816 000
Sum varige driftsmidler		130 903 000	129 816 000
Finansielle anleggsmidler			
Investments	8	0	66 000
Sum finansielle anleggsmidler		0	66 000
Sum anleggsmidler		130 903 000	129 882 000
Omløpsmidler			
Varer			
Stocks	9	6 108 000	407 000
Sum varer		6 108 000	407 000
Fordringer			
Debtors	10	45 711 000	89 569 000
Sum fordringer		45 711 000	89 569 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		4 978 000	1 272 000
Sum bankinnskudd, kontanter og lignende		4 978 000	1 272 000
Sum omløpsmidler		56 797 000	91 248 000
SUM EIENDELER		187 700 000	221 130 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital



Balanse

Beløp i: USD	Note	2019	2018
Opptjent egenkapital			
Profit and loss reserve	14	170 022 000	190 805 000
Sum opptjent egenkapital		170 022 000	190 805 000
Sum egenkapital		170 022 000	190 805 000
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Creditor: amounts falling due within one year	11	10 589 000	25 706 000
Provision for liabilities	12	7 089 000	4 619 000
Sum kortsiktig gjeld		17 678 000	30 325 000
Sum gjeld		17 678 000	30 325 000
SUM EGENKAPITAL OG GJELD		187 700 000	221 130 000



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Sinomine Specialty Fluids Limited
(Formerly Cabot Specialty Fluids Limited)

Annual report and financial statements
for the fifteen month period ended 31 December 2019

Registered Number SC253611



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Sinomine Specialty Fluids Limited (Formerly Cabot Specialty Fluids Limited)

**Annual report and financial statements
for the fifteen month period ended 31 December 2019**

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Sinomine Specialty Fluids Limited (Formerly Cabot Specialty Fluids Limited)

Officers and professional advisers

Directors

Christian Magne Busengdal
Ian Strassheim – Resigned 19th December 2020
Pingwei Wang – Appointed 20th July 2020
Zhiwei Wang
Xiangyang Zeng
Yong Shang – Resigned 20th July 2020

Registered Office

Sinomine Specialty Fluids Limited (Formerly Cabot Specialty Fluids)
Ocean House
Harness Circle
Altens Industrial Estate
Aberdeen
AB12 3LY

Auditor

Grant Thornton UK LLP
110 Queen Street
Glasgow
G1 3BX

Bankers

HSBC UK Bank Plc
1 Centenary Square
Birmingham
B1 1HQ



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Sinomine Specialty Fluids Limited (Formerly Cabot Specialty Fluids Limited)

Strategic report

The directors, in preparing this Strategic report and the directors' report have complied with s414C of the Companies Act 2006.

Review of activities and business developments

On 28 June 2019, the Company's ultimate parent changed from Cabot Corporation Inc to Sinomine Resources Group Co. Ltd following Sinomine Resources Group Co Ltd purchasing Cabot Corporation Inc's fluid business which the Company formed part of. Following this change in ultimate owner, on 5 July 2019, the Company changed its name to Sinomine Specialty Fluids Limited and the accounting reference date was changed to 31 December for the period starting 1 October 2018 to end 31 December 2019.

The business operations were unaffected by the change in ownership and the business continues to operate in Oil and Gas applications globally and sales of Fine Cesium Chemical products within Europe.

The profit and loss account for the fifteen month period is set out on page 9.

During 2019 the main activity was a multi well campaign with a customer in Egypt which concluded in September 2019. The global COVID-19 pandemic has impacted schedules of upcoming projects and opportunities which led business focus to cash flow and longer term planning. The UK government furlough scheme was utilised in April and May. On the other hand, following the government imposed lockdowns in spring 2020 the planned projects in the Norwegian North Sea resumed with minimal interruption.

Key performance indicators ("KPIs")

Revenue has increased from \$32m to \$66m due to activity on a multi-well project in Egypt and increased presence in Norway. In 2019 a sale of pollucite ore was made to a related party. The company's commercial team continues to pursue worldwide opportunities where cesium formate brine will bring optimal performance and value for customers. Gross margin increased to 50% (2018 restated: 44%) due to existing infrastructure supporting international projects - the company continues to focus closely on cost control.

The net asset position has decreased: 2019 \$170m, 2018 \$191m. The tangible assets have decreased due to the production of cesium formate at the Tantalum mine in Canada being frozen in September 2019, it is deemed that there is sufficient formate brine assets to meet upcoming customer demand. Debtors decreased due to there being a dip in operational activity toward the end of 2019.

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements. This is discussed in more detail in the accounting policies on page 13.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes on price risk, credit risk, and liquidity risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

The company continually monitors the activity levels of the oil and gas industry in particular in the areas that the company is actively engaged in. Through continued commitment to research and development projects the company strives to look for additional applications of cesium formate, to increase its exposure within the oil and gas sector.

The UK has left the European Union, the business continues to monitor the changing environment as trade deals are agreed. The company reviewed European storage locations and concluded it is not currently necessary to have a warehouse location in the European Union. Customers can be supplied from UK and Norway locations, the business must keep abreast of customs regulations. Following guidance from European Chemicals Agency and the UK government the



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Sinomine Specialty Fluids Limited (Formerly Cabot Specialty Fluids Limited)

Strategic report

company has chosen to set up an entity in the EEA (Norway) which is responsible for product registrations. This will maintain registrations in both UK and Europe hence maintaining access to both UK and European markets.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. There were no financial instruments issued as at the end of the current and prior financial periods.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, considering the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors monitor the increase in the level of the company's operations compared to prior financial periods and will continue to revisit the appropriateness of this policy should the company's operations continue to change in size or nature.

Credit risk

Sales are predominately contracted directly to major international oil companies or through two major oilfield service companies on behalf of major international oil companies. Sales of potassium and fine cesium chemicals to smaller customers account for approx. 4% of total revenues. Appropriate credit checks in accordance with company policy are completed on all potential customers before any sale agreements are implemented.

Liquidity risk

The company is principally financed from cash flows from operating activities. Funding can be requested from the immediate parent if required.

Covid-19 Pandemic

During 2020 the global COVID-19 pandemic impacted the business as global projects in the pipeline shifted in timing. Government imposed lockdowns impacted the facilities in UK and Norway, facilities were operational following a two month shut down in April and May 2020. Staff adapted well to the changes and the business has continued to supply customers with the same high quality product and service. Government guidelines on social distancing and safe working practices are adhered to and essential travel to customer locations is planned to covid quarantine and testing rules. This is an additional cost to the business but is necessary to ensure continuing operations.

Business focus on cash flow when the government lockdowns commenced ensured the business survival during the resulting economic downturn. The UK furlough scheme was utilised in April and May 2020. There was a resulting restructure which reduced headcount in the UK.

Xiangyang Zeng

Approved by the board of directors and signed on its behalf by Xiangyang Zeng.

26/8/2021



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Sinomine Specialty Fluids Limited (Formerly Cabot Specialty Fluids Limited)

Directors' report

The directors present their annual report and the audited financial statements of the company for the fifteen month period 31 December 2019.

Going concern and financial risks are discussed in the strategic report.

Principal activity

The primary activity of the company is to lease and sell formate fluids to the oil and gas industry. The company operates in four main areas. Norway (through an overseas branch), Africa, South East Asia, India and the Middle East. Activity in the North Sea and Asia continues to be the primary area of focus for future growth.

Research and development

The company invests in research and development to enhance the marketability of its products and also to improve operational processes. The company strives for continual improvements in processes to remove contaminants from products which will enhance their reuse. The directors' note that the Oil & Gas sector is focussed on operational efficiencies which drives the company to develop expanded application use of Cesium Formate, and the continued improvement in the operational processes of the company.

Existence of branches outside the UK

The company has branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK in Norway and Singapore.

Dividends and transfers to reserves

An interim dividend was announced in June 2019 of \$38,077k to the shareholder Cabot GB Limited (prior to the sale of the business).

The profit for the fifteen month period to 31 December 2019 \$17,294k (2018: profit of \$2,397k) has been taken to reserves.

Directors

The directors who served the company during the fifteen month period to 31 December 2019, except as noted, were as follows:

Mr C M Busengdal (resigned on 28th June 2019 and reappointed on 15th August 2019)

Mrs L M Dumont (resigned 28th June 2019)

Mr I Strassheim (resigned on 28th June 2019 and reappointed on 15th August 2019. Resigned 19th December 2020)

Mr A W Rees (appointed 24th September 2018, resigned 28th June 2019)

Pingwei Wang (appointed 20th July 2020)

Xiangyang Zeng (appointed on 28th June 2019)

Zhiwei Wang (appointed on 28th June 2019)

Yong Shang (appointed on 15th August 2019, resigned 20th July 2020)

Brian Berube (appointed on 15th January 2019 resigned 3rd June 2019)

Directors responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with the Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. Under company law the directors must not approve the financial



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Sinomine Specialty Fluids Limited (Formerly Cabot Specialty Fluids Limited)

Directors' report

statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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.

Qualifying third party indemnity provisions

Directors' indemnity insurance was in place throughout the financial period.

Auditor

The directors confirm that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Grant Thornton UK LLP were appointed as auditors during the course of the current period and are deemed to be reappointed as auditors of the company under section 487(2) of the Companies Act 2006

Approval of reduced disclosures

The Company, as a qualifying entity, has taken advantage, in respect of its separate financial statements, of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

Future developments

The Company is expected to continue trading as normal with efforts to explore new market opportunities in a volatile oil and gas environment ongoing.

Xiangyang Zeng

Approved by the board of directors and signed on its behalf by Xiangyang Zeng.

26/8/2021



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Independent auditor's report to the members of Sinomine Specialty Fluids Limited

Opinion

We have audited the financial statements of Sinomine Specialty Fluids Limited (the 'company') for the year ended 31 December 2019, which comprise the Profit and Loss account, Balance sheet, Statement of changes in equity, Statement of cash flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 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, 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

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 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.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve



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Independent auditor's report to the members of Sinomine Specialty Fluids Limited

months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; 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 directors' responsibilities statement set out on page 4, 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.



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Independent auditor's report to the members of Sinomine Specialty Fluids Limited

In preparing the financial statements, the directors are responsible for assessing the 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 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.

James Chadwick
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow
26/8/2021



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Sinomine Specialty Fluids Limited (Formerly Cabot Specialty Fluids Limited)

**Profit and loss account
for the fifteen month period ended 31 December 2019**

	Note	15 Months Ended 31 December 2019 \$'000	12 Months Ended 31 December 2018 Restated \$'000
Turnover	1	66,350	32,362
Cost of goods sold		(33,347)	(18,490)
Gross profit		33,003	13,872
Distribution costs		(4,265)	(3,645)
Net operating expenses	2	(6,519)	(3,484)
Operating profit	3	22,219	6,743
Interest receivable	4	2,236	1,576
Profit before taxation		24,455	8,319
Taxation	6	(7,161)	(5,922)
Profit for the financial period		17,294	2,397

All items included in the profit and loss account for 2019 and 2018 relate to continuing operations.

The company has no other items of comprehensive income other than the profit for the current fifteen month period and preceding year and therefore no separate statement of comprehensive income has been presented.



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Sinomine Specialty Fluids Limited (Formerly Cabot Specialty Fluids Limited)

**Balance sheet
At 31 December 2019**

	Note	2019 \$'000	2018 \$'000
Fixed assets			
Tangible assets	7	130,903	129.816
Investments	8	-	66
		130,903	129.882
Current assets			
Stocks	9	6,108	407
Debtors	10	45,711	89.569
Cash at bank and in hand		4,978	1.272
		56,797	91.248
Creditors: amounts falling due within one year	11	(10,589)	(25.706)
Net current assets		46,208	65.542
Total assets less current liabilities		177,111	195.424
Provisions for liabilities	12	(7,089)	(4.619)
Net assets		170,022	190.805
Capital and reserves			
Called up share capital	13	-	-
Profit and loss reserve	14	170,022	190.805
Total shareholder's funds		170,022	190.805

Approved by the board of directors and signed on its behalf by Xiangyang Zeng.

Xiangyang Zeng
26/8/21



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Sinomine Specialty Fluids Limited (Formerly Cabot Specialty Fluids Limited)

**Statement of changes in equity
At 31 December 2019**

	Called-up share capital \$'000	Profit and loss account \$'000	Total \$'000
At 30 September 2017	-	188,408	188,408
Profit for the financial year	-	2,397	2,397
Total comprehensive income	-	190,805	190,805
At 30 September 2018	-	190,805	190,805
Profit for the fifteen month period to 31 December 2019	-	17,294	17,294
Interim Dividend	-	(38,077)	(38,077)
Total comprehensive income	-	170,022	170,022
At 31 December 2019	-	170,022	170,022



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Sinomine Specialty Fluids Limited (Formerly Cabot Specialty Fluids Limited)

**Statement of cash flow
At 31 December 2019**

	Note	2019 \$'000	2018 \$'000
Cash Flow from Operations:			
Net cash flow from operations	15	80,783	18,517
Taxation refund		2,735	-
Interest received on tax refund		443	-
Interest paid prior year tax		(547)	-
Withholding tax		(7,709)	(198)
Tax group relief		334	-
Net Cash Flow from Operations		76,039	18,319
Cash Flow from Investment Activities:			
Purchase of fixed assets		(18,473)	(15,845)
Proceeds from disposal of fixed assets		(186)	-
Dividend received from associate		367	-
Net Cash Flow from Investment Activities		(18,292)	(15,845)
Cash Flow from Financing Activities:			
Dividend payments		(38,078)	-
Intercompany loan granted		(17,183)	-
Intercompany interest		1,220	1,576
Group cash pool arrangement		-	(4,008)
Net Cash Flow from Financing Activities		(54,041)	(2,432)
Net Change in Cash and Equivalents		3,706	42
Bank Deposits, Cash and Equivalents at beginning of financial period		1,272	1,230
Cash and Equivalents at end of the financial period		4,978	1,272

In the 2018 period the entity belonged to cash pooling within Cabot Corporation.



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Sinomine Specialty Fluids Limited (Formerly Cabot Specialty Fluids Limited)

Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current 15 month period and the preceding year.

Basis of preparation

Sinomine Specialty Fluids Limited (Formerly Cabot Specialty Fluids Limited) ("the company") is a company limited by shares incorporated in Scotland, United Kingdom under the Companies Act. The financial statements, which are separate financial statements, have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company meets the definition of a qualifying entity and has taken advantage of the following exemptions:

- disclosing related party transactions with wholly owned entities of the Sinomine group

The company presents its financial statements in US Dollars as this represents the currency of the primary economic environment in which it operates and generates net cash flows.

During the 15-month period to 31 December 2019 the company implemented a new chart of accounts to align with Sinomine Group. The following cost categories were previously mapped to 'distribution' and are now classes as 'cost of sales': freight, lease, depreciation, contract services, operating supplies. The 2018 costs have been restated as follows, this has no impact to profit:

	2018 As Presented	Reclassification	2018 Restated
Cost of Goods Sold	(12,525)	(5,965)	(18,490)
Gross Profit	19,837	(5,965)	13,872
Distribution Costs	(9,880)	6,235	(3,645)
Net Operating Expenses	(3,214)	(270)	(3,484)
Operating Profit	6,743	-	6,743

Going concern

In carrying out their duties in respect of going concern, the directors have carried out a review of the company's financial position and cash flow forecast for a period of 12 months from the date of signing these financial statements. Following this review, including consideration of the uncertainties brought about by the current economic environment and taking into account the strength of the company's net asset position, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they have adopted the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover represents the rental and sale of specialty chemicals, primarily cesium and potassium formate. Revenue from formate rental is recognised throughout the rental period based on the contracted rental amount. Customers are also billed, and revenue is recognised, at the end of the job for leased formate product that is not subsequently returned once the value can be accurately determined. The company also makes direct sales of formate and these are invoiced on delivery.



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Sinomine Specialty Fluids Limited (Formerly Cabot Specialty Fluids Limited)

Accounting policies

Tangible fixed assets

Fixed assets are stated at cost less depreciation. Depreciation is calculated to write off the cost of the plant and machinery on a straight-line basis over its expected useful life of 10 years.

Assets held for rent represent formate product that will be rented to customers in the normal course of business. Assets held for rent and assets under construction are stated at cost and are not depreciated.

Investments

Investments are stated at cost less any provision for impairment in value.

Leased assets

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost, where appropriate, includes all direct expenditure and overhead expenditure incurred in bringing products to their current state under normal operating conditions. Net realisable value is the price at which the stock can be realised in the normal course of business after allowing for the cost of realisation and, where appropriate, the cost of conversion from its existing state to a finished condition. Provision is made for obsolete, slow-moving or defective items where appropriate.

Research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period the company is expected to benefit.

Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

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.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.



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Sinomine Specialty Fluids Limited (Formerly Cabot Specialty Fluids Limited)

Accounting policies

(ii) Investments

In the Company balance sheet, investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Taxation

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

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay or recover more tax in the future have occurred at the balance sheet date. Timing differences are the differences between the company's taxable profits and its results as stated in the financial statements.

Deferred taxation is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on a non-discounted basis and deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Foreign currencies

Monetary assets and liabilities denominated in currencies other than US Dollars (the functional currency of the company) are translated into US Dollars at the rates of exchange ruling at the balance sheet date. Transactions in currencies other than US Dollars are translated into US Dollars at the contracted rates of exchange ruling at the date of the transaction. Exchange differences arising are taken into account in arriving at the operating result.

Pension scheme arrangements

The company is part of a group Personal Pension Plan which is a defined contribution scheme, the assets of which are held separately from those of the company in independently managed funds. The costs of contributions are charged to the profit and loss account as they are incurred. Differences between contributions payable in the financial period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.



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Sinomine Specialty Fluids Limited (Formerly Cabot Specialty Fluids Limited)

Accounting policies

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in the accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following is the critical judgment, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Assets held for rent depreciation

Assets Held for Rent (comprising cesium and potassium formate drilling fluids) are not depreciated as they are considered to have a infinite useful life. The Company rents the fluids to customers, at the end of the rental agreement the returned fluids are processed and cleaned to restore their original chemical composition. The cleaning process restores the fluids to their original condition. The costs associated with processing and cleaning the fluid to restore the original quality condition are charged to the profit and loss account.

Key source of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Corporation Tax Payable

The 2019 financial statements include \$1.693k corporation tax payable to the UK Authorities in relation to prior years taxes (2018: \$5.449k receivable). This relates to a Mutual Agreement Procedure (MAP) between the UK and Norway tax authorities with regard to the split of taxable income of the Company's branch in Norway from 2010 onwards. There is an agreement in principle between the authorities. The Company submitted revised tax returns for the tax years 2010 – 2017 in the UK and Norway. The Norway authorities issued a refund in December 2019 and payment was made to the UK authorities in June 2021 based on revised assessments. There are no further changes to be made in relation to tax charges for 2010 to 2017.



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Sinomine Specialty Fluids Limited (Formerly Cabot Specialty Fluids Limited)

**Notes to the financial statements
For the fifteen month period ended 31 December 2019**

1. Turnover

An analysis of the company's turnover by geographical market is set out below:

	2019	2018
	\$'000	\$'000
United Kingdom	824	693
Europe	10,968	8,581
Asia	7,590	4,620
Africa	46,228	17,991
South America	-	477
North America	740	-
	66,350	32,362

An analysis of the company's turnover by class of business is set out below:

	2019	2018
	\$'000	\$'000
Oil and Gas – Rental and Mobilisation	22,529	11,256
Oil and Gas – Sales and Losses	35,083	16,353
Fine Cesium Chemicals	3,147	4,753
Sales of other cesium related products	5,591	-
	66,350	32,362

Revenue in the category 'other cesium products' relates to a sale from inventory to Jiangxi Dongpeng New Materials Co Ltd, an associated company of the parent Sinomine Resources Group Co Ltd.

2. Net operating expenses

	2019	2018
	\$'000	\$'000
Administration expenses	4,710	2,337
Other operating expense	1,809	1,147
	6,519	3,484



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Sinomine Specialty Fluids Limited (Formerly Cabot Specialty Fluids Limited)

**Notes to the financial statements
For the fifteen month period ended 31 December 2019**

3. Operating profit

Operating profit is stated after charging:

	2019 \$'000	2018 \$'000
Depreciation	695	569
Cost of assets held for rent recognised as an expense	16,439	7,230
Operating lease rentals		
Land and buildings	2,127	1,740
Other	38	39
Fees payable to the company's auditor for the audit of the company's annual financial statements	48	37
Foreign exchange loss	(495)	103

4. Interest receivable

	2019 \$'000	2018 \$'000
Interest receivable from group undertakings	2,236	1,576

5. Directors and employees

Number of employees (including directors):

	2019 Number	2018 Number
Operations	27	25
Administration	16	19
	43	44

Staff costs, excluding the director's remuneration were:

	2019 \$'000	2018 \$'000
Wages and salaries	5,779	3,634
Social security costs	620	483
Other pension costs	321	226
	6,720	4,343



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Sinomine Specialty Fluids Limited (Formerly Cabot Specialty Fluids Limited)

**Notes to the financial statements
For the fifteen month period ended 31 December 2019**

Directors' remuneration:

	2019 \$'000	2018 \$'000
Emoluments	802	504
Company contributions to money purchase schemes	31	23
	833	527

The number of directors who:

	2019 Number	2018 Number
Are members of a money purchase pension scheme	2	2
Receive awards in the form of shares under a long term incentive scheme	-	1

Remuneration of the highest paid director:

	2019 \$'000	2018 \$'000
Emoluments	435	298
Company contributions to money purchase schemes	10	9

Contributions paid to defined contribution pension schemes during the fifteen month period amounted to \$352k (2018: \$249k). At the balance sheet date, there were no outstanding contributions to this scheme and no prepaid contributions (2018: \$nil).

6. Taxation

	2019 \$'000	2018 \$'000
UK corporation tax		
Current tax on income for the financial period	3,104	1,308
Group relief payable/(receivable)	-	330
Adjustments in respect of prior periods	(401)	5,214
UK corporation tax before double taxation relief	2,703	6,852
Double taxation relief	(2,508)	(1,308)
UK corporation tax after double taxation relief	195	5,544
Foreign tax		
Current tax on income for the financial period	5,392	2,402
Adjustments in respect of prior periods	144	(2,093)
Total foreign tax	5,536	309
Current tax charge	5,731	5,853



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Sinomine Specialty Fluids Limited (Formerly Cabot Specialty Fluids Limited)

Notes to the financial statements For the fifteen month period ended 31 December 2019

	2019	2018
	\$'000	\$'000
UK corporation tax		
Deferred taxation		
Origination and reversal of timing differences	1,439	(533)
Adjustments in respect of previous periods	(9)	539
Adjustments in respect of changes in rate of tax	-	63
Deferred tax charge for the financial period (note 12)	1,430	69
Tax charge	7,161	5,922

The charge for the financial period is different than the standard rate of corporation tax. The differences are explained below.

	2019	2018
	\$'000	\$'000
Profit on ordinary activities before tax	24,455	8,319
Profit before tax multiplied by the standard rate of corporation tax in the UK of 19%	4,646	1,580
Effect of:		
Adjustments in respect of prior periods	(266)	3,630
Expenses not deductible / (income not taxable) for tax purposes	154	(66)
Overseas tax	2,783	611
Exchange rate difference between opening and closing spot rates	13	104
Effect of changes in tax rates	(169)	63
Tax charge for the financial period	7,161	5,922

Under FRS102, deferred tax is required to be calculated using rates that have been substantively enacted at the balance sheet date. On 17 March 2020 a corporation tax rate of 19% (effective from 1 April 2020) was substantively enacted. On 24 May 2021 a further increase to a rate of 25% (effective from 1 April 2023) was substantively enacted. Deferred tax continues to be calculated using the 17% rate for the 31 December 2019 balance sheet date. If the 25% rate had been substantively enacted at the balance sheet date the deferred tax liability would have been increased by \$2.134k.



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Sinomine Specialty Fluids Limited (Formerly Cabot Specialty Fluids Limited)**Notes to the financial statements
For the fifteen month period ended 31 December 2019****7. Tangible assets**

	Assets held for rent *	Plant and machinery	Assets under construction	Total
	\$'000	\$'000	\$'000	\$'000
Cost				
At 1 October 2018	126,956	6,813	36	133,805
Additions	18,317	101	55	18,473
Disposals	(1,989)	(136)	-	(2,125)
Transfer to Inventory	(14,702)			(14,702)
Transfers from assets under construction	-	36	(36)	-
At 31 December 2019	128,582	6,814	55	135,451
Accumulated depreciation				
At 1 October 2018	-	(3,990)	-	(3,990)
Charge for the financial period	-	(694)	-	(694)
Disposals	-	136	-	136
At 31 December 2019	-	(4,548)	-	(4,548)
Net book amount				
At 30 September 2018	126,956	2,824	36	129,816
At 31 December 2019	128,582	2,266	55	130,903

*Assets held for rent represent formate product that is rented to customers and during 2019. This is not depreciated since the fluid can be rented out multiple times once returned fluid has been processed to remove any impurities. Any losses of fluid quantity or quality are billed to the customer and the related cost disclosed as disposals.

8. Investments

	2019	2018
	\$'000	\$'000
Shares in group undertakings at cost	66	66
Impairment	(66)	-
	-	66

Investments represent 100% ordinary shares in Sinomine Specialty Fluids (Singapore) PTE Limited (formerly Cabot Specialty Fluids (Singapore) PTE Limited up until 5 July 2019), a company incorporated in Singapore. The principal activity of Sinomine Specialty Fluids (Singapore) PTE Limited (formerly Cabot Specialty Fluids (Singapore) PTE Limited up until 5 July 2019), is to provide employee support services to employees based in the Singapore branch. The group made the decision to close the entity in Singapore. ACRA (Accounting and Corporate Regulatory Authority) issued notice in June 2021 that Sinomine Specialty Fluids (Singapore) PTE Limited has been struck off the register of companies in Singapore. The investment has been impaired in 2019 as it is deemed to have no value.



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Sinomine Specialty Fluids Limited (Formerly Cabot Specialty Fluids Limited)

Notes to the financial statements For the fifteen month period ended 31 December 2019

9. Stocks

	2019	2018
	\$'000	\$'000
Finished goods and goods for resale	6,108	407

There is no material difference between the balance sheet value of stocks and their replacement cost. The 2019 balance includes pollucite ore which is the raw material used to produce cesium formate.

10. Debtors

	2019	2018
	\$'000	\$'000
Amounts falling due within one year:		
Trade debtors	6,148	12,827
Amounts owed by group companies	29,056	60,522
Prepayments and accrued income	10,507	15,164
Corporation tax receivable	0	1,056
	45,711	89,569

Related party receivable from Jiangxi Dongpeng New Materials Co Ltd accrued \$5,591k, this is included in 'prepayments and accrued income' category above.

Group relief and corporation tax are offset to the extent that they relate to the same tax jurisdiction. Cabot intercompany balances were settled prior to the sale of the business in June 2019.

The interest rate on intercompany loan to Tantalum mining is 3-month USD LIBOR plus a spread of 125 basis points, for the fifteen month period to 31 December 2019 the equivalent interest rate is 1.81%.

11. Creditors: amounts falling due within one year

	2019	2018
	\$'000	\$'000
Trade creditors	629	1,141
Amounts owed to group companies		
- due to fellow subsidiaries	5,508	22,856
Other taxation and social security	297	253
Group relief and corporation tax payable	885	0
Accruals and deferred income	4,552	1,456
	11,871	25,706

The amounts owed to group companies do not carry interest are unsecured and are repayable on demand.

Cabot intercompany balances were settled prior to the sale of the business in June 2019.



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Sinomine Specialty Fluids Limited (Formerly Cabot Specialty Fluids Limited)

Notes to the financial statements For the fifteen month period ended 31 December 2019

12. Provision for liabilities

Movements on the provision for deferred taxation are as follows:

	2019	2018
	\$'000	\$'000
As at 1 October	4,619	4,550
Charge to profit and loss account (note 6)	1,430	69
At 31 December 2019/30 September 2018	6,049	4,619

Analysis of provision and potential liability:

	2019	2018
	\$'000	\$'000
Accelerated capital allowances	8,634	7,204
Short term timing differences	(1)	(1)
Unrelieved overseas tax	(2,584)	(2,584)
Total deferred taxation	6,049	4,619

Other provisions

	2019	2018
	\$'000	\$'000
Asset Retirement Obligation	1,040	-
Total Provision for Liabilities	7,089	4,619

Asset Retirement Obligation is the estimated cost to decommission and leave leased sites at the end of lease term.

13. Called up share capital

	2019	2018
	\$	\$
Allotted, called up and fully paid		
1 ordinary share of £1.00 each	2	2

The company has one class of ordinary shares which carry no right to fixed income.

14. Profit and Loss Reserve

The profit and loss reserve includes all current and prior periods profits and losses.



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Sinomine Specialty Fluids Limited (Formerly Cabot Specialty Fluids Limited)

Notes to the financial statements For the fifteen month period ended 31 December 2019

15. Cash From Operations

	2019	2018
	\$'000	\$'000
Profit for the financial period	17,294	2,397
Taxes for the period	7,161	5,922
Net interest income	(1,427)	(1,576)
Dividend income	(367)	-
Operating Profit	22,661	6,743
Depreciation and amortisation	695	569
Movement in asset retirement obligation provision	1,040	-
Movement in provision assets held for rent	345	-
	24,741	7,312
Working capital movements:		
Change in inventory	10,487	7,524
Change in receivables	60,297	1,215
Change in payables	(14,742)	2,466
Net cash flow from operations	80,783	18,517

Change in inventory includes movement in assets held for rent relating to sales, the assets are transferred to inventory and sold. The cash to purchase the assets was suffered in prior periods.

16. Operating lease rental commitments

At 31 December 2019, the company had total commitments under non-cancellable operating leases as follows:

	2019	2019	2018	2018
	Land &	Other	Land &	Other
	buildings		buildings	
	\$'000	\$'000	\$'000	\$'000
Within one year	940	22	1,654	38
Between two and five years	1,367	10	507	31
	2,307	32	2,161	69

17. Ultimate and immediate holding company

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Sinomine Resources Group Co Ltd incorporated and registered in the People's Republic of China with effect from 28 June 2019. Sinomine Resources Group Co Ltd registered address is Floor 5, Building A, Wanliuyicheng Plaza 11, Changchun Road, Haidian District, Beijing, China - copies of the Sinomine Resources Group Co Ltd consolidated financial statements can be obtained from this address. The ultimate controlling party is Sinomine Resources Group Co Ltd.

Sinomine (Hong Kong) Rare Metals Resources Co., Limited is the company's immediate parent.



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Sinomine Specialty Fluids Limited (Formerly Cabot Specialty Fluids Limited)

Notes to the financial statements For the fifteen month period ended 31 December 2019

18. Post Balance Sheet Items: Impact of Ongoing COVID-19 Pandemic

During 2020 the global COVID-19 pandemic impacted the business as global projects in the pipeline shifted in timing. Government imposed lockdown in the UK which led to the Aberdeen plant being closed for two months, the Bergen plant location did not close but all office based staff worked from home. Staff adapted well to the changes and the business continued to supply customers with the same high quality product and service.

The business focus became short term cash flow to ensure the business survival during the resulting economic downturn. The UK furlough scheme was utilised in April and May 2020 and a restructure was carried out mid-year, six positions were made redundant during the process.