International Oil and Gas Technology

INTERIM REPORT AND ACCOUNTS

for the six months to
30 June 2013

International
Oil and Gas
Technology

International Oil and Gas Technology Limited

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THE COMPANY

INVESTMENT OBJECTIVE

International Oil and Gas Technology Limited (the "Company" or "IOGT") aims primarily to generate long-term capital growth by investing expansion capital into companies that provide technologies, services and/or processes to the upstream oil and gas industry.

INVESTMENT POLICY

Expansion capital

To achieve its investment objective, the Company invests expansion capital into companies that have proprietary and proven technology, services and/or processes that can be deployed more rapidly or on a larger scale through the introduction of growth capital.

IOGT believes that such companies will typically have recurring annual revenues of between US$5 million and US$25 million, positive EBITDA and/or significant working capital, and strong management teams. The presence of an existing customer base and revenues helps to establish the commercial, as distinct from simply experimental, premise for the technology, service and/or process, which should be capable of having a significant impact within the energy sector.

STRATEGY

Sector strategy

The Company has identified a need for enhanced services and differential technological solutions to react to challenges in the oil and gas industry. Of these, the principal challenge is to increase recovery ratios from known and mature fields. In addition, the industry has to confront the pressing requirement to develop new exploration technologies, identify new oil and natural gas fields globally and exploit unconventional oil and natural gas resources. Furthermore, the industry needs to improve the environmental footprint of its activities and products.

Sector knowledge and contacts

The principals of Linton Capital (the "Investment Manager" or "Linton") have an extensive network from which to source investment opportunities and they apply a proactive approach to strategic selection and subsequent due diligence. This helps the Company identify those that are attractive and enhance their strategic, operational and technical capabilities across their market.

Joint ventures

The Investment Manager seeks to create local joint ventures or partnerships in regions such as the Middle East that enable portfolio companies to accelerate the growth of their market share across the sector and on a global scale.

CHAIRMAN'S LETTER

Dear shareholders

We have said a number of times over the last few years that the primary goal of the Company was to invest, develop and exit from portfolio companies and the Board has now concluded that it is time to complete orderly exits from all three remaining portfolio investments over the next 12 to 24 months and return the proceeds to shareholders. In order to avoid a rushed sales process, and bearing in mind the Company's deteriorating cash position, which has been exacerbated by the cost of litigation, the Company has canvassed shareholders representing more than 50 per cent of the issued share capital of the Company. Without additional funds, the Company's own liquidity position would become of some concern. Those shareholders have given their indicative support to a capital raising. This has given the Board the confidence to propose an issue of up to 9.99 per cent of the Company's existing share capital. In aggregate, Board members intend to subscribe for shares in excess of 20 per cent of their current holding. A circular will be issued in the near future and, over the next two weeks, the Board and Linton will endeavour to meet all those shareholders who wish to be consulted.

The team at Linton continues to work actively with the portfolio companies. During the half year to 30 June 2013, the emphasis has again been on consolidating their performance although both Strata and SR2020 have seen disappointing months of trading in 2013. In each case, Linton has focused on addressing the underlying issues and helping these companies produce more consistent results.

The headline figure of net asset value ("NAV") per preferred share has decreased by 14.7 per cent since 31 December 2012 from US$9.34 to US$7.98. This NAV calculation is based on the valuation model in use for several years. The Company's portfolio investments are private companies which are still on the steep portion of their individual learning and business development curves and I would emphasise that our valuations of the companies are based in part on estimates of future performance. They also assume an orderly sale process and consistent underlying financial performance. We believe that, given a successful share issue as indicated above, the Investment Manager has sufficient opportunity to avoid hurried exits, which would very significantly reduce these valuations.

The reduction in NAV is largely due to an adjustment in the valuation of the Company's investment in Strata Energy Services Inc ("Strata") caused by disappointing revenue in the first half of 2013, which followed a slow recovery from the 2012 downturn in Canadian drilling activity covered in previous reports. This has resulted in Strata being out of covenant on trailing EBITDA requirements of their banking agreements. The Investment Manager is working closely with the banks concerned to address the situation and is confident of a successful outcome.

As discussed in the Investment Manager's Report, Strata's contracted and awarded work for the next twelve months suggests full recovery in work contracted and a considerable increase in revenues for the second half of the year and into 2014.

SR2020 Inc ("SR2020") remains the only full service independent high-end borehole seismic processor. This is a growing market. However, for SR2020 to reach its potential, measures need to be taken to improve its acquisition capability. In the short term, it continues to have a need for working capital support.

Crest Energy Services ("Crest") was EBITDA positive in the first half of 2013 and has demonstrated the ability in the important Saudi Arabian market to provide services on a profitable basis. Crest's business is presently small in scale but does represent a potentially valuable franchise to a regional service provider or others seeking entry into the Saudi market.

Another material factor behind the reduction of working capital and NAV has been increased expenses incurred in connection with the Company's vigorous defence of its position against the legal action initiated by one of its former fund managers, QOGT Inc ("Quorum"). Exchange of documentary evidence has now taken place and witness statements are being prepared. The Company and its advisers remain of the opinion that the claim by Quorum is entirely without merit and the calculation of damages far-fetched. As before, the Company sees no reason whatsoever to make a provision for any payment to Quorum and expects to recover a significant proportion of the costs that it will have incurred up to the trial, currently scheduled for March 2014.

Given the need to retain sufficient funds to meet the legal costs of our defence through to trial and sufficient capital to meet the basic needs of the portfolio companies, the directors continue to believe that there should be no payment of dividends, which might otherwise hamper the successful outcome of litigation and realisation of assets.

Christopher Hill
Chairman
International Oil and Gas Technology Limited

Guernsey, Channel Islands

30 August 2013

BOARD OF DIRECTORS

Christopher Hill *(non-executive chairman)*

Christopher Hill is an Associate of the Chartered Institute of Bankers and was managing director of Guernsey International Fund Managers Ltd ("GIFM"), part of the Barings Financial Services Group, from 1996 until the group was sold to Northern Trust in 2005. During this period, Christopher was also a director of GIFM's subsidiaries in Dublin and Jersey. In his 16 years with GIFM, the company administered funds with a wide range of investment strategies. In total, Christopher has over 35 years' experience in the field of offshore banking and fund administration.

He is currently non-executive chairman of UK Commercial Property Trust Limited and a non-executive director of Thames River Multi Hedge Limited (both London listed) and a number of other investment funds and financial institutions. Christopher, a resident of Guernsey, is a former chairman of the Guernsey Investment Funds Association.

Arthur Copple *(non-executive director)*

Arthur Copple has more than 30 years' experience of working in the world of investment, primarily specialising in investment companies. He was a main board director of Smith New Court PLC and, from October 1995 to March 2002, was a managing director at Merrill Lynch where he managed the investment company team.

Presently, Arthur acts as a consultant to the investment company division of BlackRock Investment Managers. He is also a non-executive director of Temple Bar Investment Trust Plc and chairman of the UTI India Fund. He was a non-executive director of Framlington Income & Capital Trust PLC until September 2008. Arthur is a resident of the UK.

John Imle *(non-executive director)*

John Imle has over 45 years of operating, management, executive and board experience in the global energy industry, with particular emphasis on oil, gas and geothermal exploration, development and midstream projects throughout the world.

Most of John's professional career was spent at Unocal Corporation, a California-based major oil and gas company known globally for innovation and excellence in exploration and production ("E&P"), pipeline and geothermal operations. He became responsible for all international E&P activity and then rose to the posts of executive vice-president for global energy resources, corporate president, and finally became vice-chairman of the board, on which he served as a director for over ten years.

Since retiring from Unocal in 2000, John has engaged in a number of board, executive (CEO) and consulting roles for small public and private companies, involving turnarounds, capital formation, asset divestment and public offering initiatives. Since 2000, he has lived in Sydney, Houston, London, California and New York.

A graduate of Texas A&M University, John earned degrees in petroleum and mechanical engineering and acquired continuing education at Kellogg School of Management. He is a Registered Petroleum Engineer in California and currently lives in New York City.

Jeremy Thompson *(non-executive director)*

Jeremy Thompson is a Guernsey resident with sector experience in finance, telecoms, aerospace and defence, and oil and gas. Since 2009, Jeremy has been a consultant to a number of businesses and holds non-executive directorships of investment vehicles, including those relating to the BT pension scheme. Between 2005 and 2009, he was a director of multiple businesses in the Novator private equity group. Prior to that, he was chief executive of four autonomous businesses at Cable & Wireless, and earlier held managing director roles within the Dowty Group. Additionally, Jeremy has worldwide experience in the oilfield services sector gained at what is now National Oilwell Varco.

Jeremy chairs the States of Guernsey Renewable Energy Team and is a commissioner at the Alderney Gambling Control Commission. He is a graduate of Brunel and Cranfield Universities.

INVESTMENT MANAGER'S REPORT

We present our report on the IOGT portfolio companies for the six months to 30 June 2013.

During the period, we have focused our resources on the expansion of services and market acceptance for SR2020 and Crest and, in the case of Strata, on further diversification away from its established Canadian stronghold into the more stable and larger US and Middle Eastern markets. In addition, we have assisted all three IOGT portfolio companies in their continued technical development to maintain their presence in high added-value segments of their respective sectors.

Our focus is to add shareholder value by developing the portfolio companies into differentiated organisations that are at the forefront of service excellence.

The H1/2013 period has provided mixed results for the three companies: Crest has exceeded plan but both Strata and SR2020 have experienced disappointing sales.

At the time of this report, Strata has its highest level of equipment utilisation for 18 months, with a full order book and anticipated sales at an annualised rate of over US$30 million. However, the slower than anticipated recovery of sales during the first half of 2013 has resulted in Strata breaching its bank covenants, resulting in its senior debt provider seeking additional coverage through a combination of cost savings and new capital.

Continued working capital support for SR2020 due to lower than forecast sales combined with Strata's inability to repay its outstanding loan to IOGT by the year-end have caused a significant reduction in IOGT's forecast cash reserves.

Portfolio update

Strata

Strata has for many years been one of the leading providers of underbalanced drilling (UBD) services in its home Canadian market, where it has the dominant market share. Strata has established an enviable reputation amongst the major Canadian oil and gas companies with its patented rotating flow diverter (RFD) equipment and the quality and efficiency of its service provision.

During 2012, Strata established UBD services in Kurdistan. Operations in this region have continued to expand, with two new long-term contracts due to commence in H2/2013.

An important development has been the increasing and industry-wide acceptance of managed-pressure drilling (MPD) services; these enable operators to increase drilling efficiency and safety by drilling close to balance with the formation pressure, with constant positive control of drilling fluids. Strata has developed a service package centred on its proprietary RFDs and automated drilling chokes. Strata's MPD services have started to gain market share in the US where, in concert with the appointment of a local country manager, the company is expanding operations with several major US operators. MPD is particularly attractive to operators in the booming shale drilling sector in the US, where safety and efficiency are coming under intense scrutiny.

This greater geographical diversification should allow Strata to mitigate the impact of downturns in the potentially more volatile Canadian home market.

Performance for H1/2013 has still been affected by the aftermath of the dramatic slump in drilling activity in Canada during H2/2012. Revenues for the six months to 31 May 2013 were C$10.3 million with EBITDA of C$0.3 million. The slow first six months means that the full-year revenue outturn is likely to be flat compared to FY/2012.

However, Strata forecasts that H2/2013 will show a significant improvement, with high current levels of equipment utilisation in all three operating regions. The outlook for the next 12 months is stronger, with monthly revenues, many already contracted, forecast to exceed significantly those of the previous twelve-month period.

The company has until recently continued with its development programme for offshore MPD technology. Two prototype RFDs for deployment to fixed platforms and jack-up rigs are ready for field testing. The RFD system for use on floating rigs is ready for fabrication and is scheduled for field testing in 2014. Both types of offshore RFD equipment will provide Strata with added technical differentiation and the potential to penetrate the lucrative offshore market. Currently, however, work on the offshore technology development has slowed due to Strata's cash shortage.

With high equipment utilisation anticipated for the next 12 months, successful expansion into the US and Middle East, and proprietary offshore technology close to field testing, Strata's future looks most promising if its short-term cash flow issues can be resolved. We are working assiduously with both Strata and its lenders.

INVESTMENT MANAGER'S REPORT CONTINUED

Crest

Crest currently focuses on providing nitrogen-purging services to national oil companies and other operators in the Middle East. Crest is headquartered in Dubai and has an operations base in al-Khobar, Saudi Arabia, from which it serves Saudi Aramco.

Crest continued to increase revenues at a rapid rate during H1/2013, with revenues for the six months of US$1.3 million compared to total revenues in 2012 of just over US$1.0 million. Based on current activity levels, full-year revenues are expected to exceed US$2.2 million. Margins remained high and Crest was EBITDA positive during the first half. As in 2012, this revenue was earned exclusively from operations in Saudi Arabia by providing nitrogen-purging services using Crest's membrane nitrogen-generation units.

During the six months, Crest continued to own two units: a single, high-capacity (2000 scf/m) membrane nitrogen unit that was deployed to major pipeline-purging projects and on power-station infrastructure-purging operations and a smaller (580scf/m) unit, which is on a long-term contract and assigned exclusively to nitrogen-purging operations on power-station infrastructure in Saudi Arabia. Although Crest has periodically deployed rental equipment on operations, it does not seek actively to pursue a business model based on significant usage of rental equipment, which carries lower margins with more cash-flow risk.

Crest has again had to decline offered work due to lack of available equipment. An increase in Crest's asset base would enable it to meet at least part of this excess demand. However, to take advantage of that demand will require further capital investment. Furthermore, current high utilisation levels of equipment restrict Crest's ability to tender for new work in H2/2013 because it cannot be certain when existing contracts will finish. Without investment in new equipment, Crest is likely to achieve lower revenues and working capital in the second six months.

Crest is actively developing further business activities in the upstream sector, such as well intervention and drilling support. It is also in the process of qualifying to provide nitrogen services in Gulf countries other than Saudi Arabia.

SR2020

SR2020 provides borehole seismic acquisition and processing services in the US. Its headquarters are in Brea, California, where the company's geophysicists undertake seismic-data processing for both its client borehole seismic data acquired by its own equipment and for data sets acquired by third parties. SR2020 processes both conventional and borehole seismic data from third parties, particularly specialising in difficult situations such as sub-salt surveys.

SR2020 has an operations base in Houston, Texas from where its proprietary tubing-conveyed borehole seismic-array equipment is deployed.

SR2020 enjoyed a three-fold increase in income during 2012. However, revenues of US$0.9 million in H1/2013 were disappointing. Reduced acquisition revenue, which was caused by a shortage of equipment, resulted in lower associated processing income. The key new acquisition equipment ordered from USSI in 2012 has been further delayed, with delivery not now expected until later in H2/2013. As a result, SR2020 expects full-year revenues to remain flat compared to 2012. Additional capital is required to purchase the new equipment and achieve sales growth, although SR2020 has continued to strengthen its sales team to provide better customer awareness of its capabilities.

We remain confident that SR2020 has the potential to provide shareholders with a significant return on investment. However, we believe that SR2020 is likely to need two years building its client base, including with a number of repeat customers, and deploying additional capital to build its sales, marketing and acquisition capabilities before its intrinsic value can be realised.

Conclusion

Progress has not been as we had expected in our year-end report. Disappointing sales revenues at Strata and SR2020 have created issues that have had an associated negative impact on the cash flows of IOGT. Working closely with the Board, we have taken and will continue to take steps to correct the position. As explained in the Chairman's letter, the Board has concluded that additional shareholder funds are required to enable orderly exits from the portfolio companies.

Linton Capital LLP
30 August 2013

David Sefton **Michael Goffin** **Roland Wessel**

INVESTMENT MANAGER

LINTON CAPITAL LLP

Linton Capital LLP, which was founded in 2005, is the sole investment manager for the Company.

Linton is an English limited liability partnership authorised and regulated by the Financial Conduct Authority. David Sefton, Michael Goffin and Roland Wessel, who are ultimate owners of Linton, are highly experienced professionals in private equity and the oil and gas sector.

At least two of the partners of Linton sit on the board of each portfolio company.

Website: www.linton-capital.com

PRINCIPALS

David Sefton *(partner)*

David, the founder of Linton, has been involved in private equity investment in the oil and gas industry since 2004. He has extensive experience of making and managing investments and achieving exits. David has been a specialist in the oil and gas industry across Europe, Russia, the Middle East and North America. He has worked with many of the world's leading international and national oil companies.

In 2002, David joined LukOil Financial Services, which provided M&A and transactional services to the OAO LukOil group, as its chief legal officer. He began his career at Cleary, Gottlieb, Steen & Hamilton, where he was a senior associate based in the London and New York offices.

David completed undergraduate and postgraduate studies at the University of Oxford and qualified as a barrister with a practice in company, insolvency and construction work.

Michael Goffin, CGA *(partner)*

Michael has over 17 years of experience in investment management, accounting and corporate finance. He has worked with David Sefton since 2004.

Prior to joining Linton in 2010, he was a partner with a Canada-based private equity firm for 13 years and held financial positions in the services industry and manufacturing sector.

Michael has extensive experience across all aspects of fund management and oversight of portfolio investments. He has served on the boards of numerous funds as well as private and publicly listed companies.

Michael graduated from the University of Toronto in 1994 with a degree in economics and environmental management. He holds a certified general accountant professional designation.

Roland Wessel *(partner)*

Roland has over 30 years of experience in the oil and gas industry. He was initially involved in the drilling services sector and undertook managerial roles in most of the active oil and gas regions of the world, including West Africa, the Middle East, the North Sea, and North and South America.

Leaving his position as Eastern Hemisphere Manager at Teleco Oilfield Services, Roland founded a new company, Integrated Drilling Services (IDS) in 1992 with backing from 3i Group plc. While establishing IDS, he co-developed a rotary steerable system for Camco that (as the Power Drive system) is currently one of Schlumberger's most successful products. Roland sold IDS in 1998 before founding Star Energy, which is a leading onshore UK producer and developer of oil and gas and an operator of gas-storage facilities. After listing on the London Stock Exchange in 2004, Star Energy was bought by Petronas, the Malaysian state oil company in 2008.

Roland held a number of non-executive positions in the oil and gas sector, including at Dominion Petroleum, an AIM-listed, independent oil and gas exploration company operating in Africa. He is a geology graduate from University College London.

INVESTMENT MANAGER CONTINUED

OTHERS

James Cane FCA *(chief financial officer)*

James Cane, who joined Linton Capital in 2011, has been a chief executive and finance director in both listed and private equity-backed businesses. He was a non-executive director of the Lambeth Building Society until its sale to the Nationwide in 2006. James, a fellow of the Institute of Chartered Accountants and an associate of the Securities Institute, has operated a consultancy business for over thirty years.

James was the chief financial officer of 8 Miles LLP, a private equity firm managing a fund to invest in buyouts across Africa. He has also advised a number of national and international private-equity firms on strategy, fundraising, marketing and business development.

James has been a trustee of the UK's longest-established drama school, LAMDA (the London Academy of Music and Dramatic Art) since 2008 and chairs its finance committee. He is also a member of the finance committee of The Queen's Club, the UK's premier racquet sports club.

Nick Butler *(advisor)*

Nick Butler graduated in economics from Cambridge University before joining BP, the British oil firm, in 1977, ultimately becoming group vice-president for strategy and policy development.

Nick is a Visiting Professor and Chair of the King's Policy Institute at King's College, London. He is also energy policy adviser at the Cavendish Laboratory in Cambridge and a senior adviser to Coller Capital and Corporate Value Associates. From 2007 to 2009, he was chairman of the Cambridge Centre for Energy Studies. He was a special adviser to Gordon Brown, then British Prime Minister, from 2009 to 2010.

He is a non-executive director of Cambridge Econometrics and of Compact GTL and a trustee of Asia House.

Debra Feldman *(practice manager)*

Debra manages Linton's administration and finance functions. She joined from the American law firm Cleary Gottlieb Steen & Hamilton, where she spent ten years after previously working at County NatWest and the Port of London Authority.

PORTFOLIO COMPANIES

CURRENT INVESTMENTS

STRATA ENERGY SERVICES

Strata is one of the world's leading providers of underbalanced drilling (UBD) and managed-pressure drilling (MPD) services.

Strata has patented Rotating Flow Diverters (RFDs) that form an integral part of its UBD and MPD services. The company is developing a range of RFDs for deployment offshore, where the use of MPD as a way to drill wells more safely and efficiently is rapidly gaining acceptance.

With many of the world's major oil and gas operators as customers, Strata is expanding its international operations, both onshore and offshore.

Strata's headquarters are in Red Deer, Canada and the company has operational bases in the US, Canada and the Middle East.

CREST ENERGY SERVICES

Crest provides specialist nitrogen-purging services using in-situ membrane nitrogen-generation units. Crest is currently carrying out major pipeline-purging and power-station infrastructure-maintenance projects in Saudi Arabia.

Crest has been providing commercial services for 18 months and has already established a reputation for service quality and operational reliability with the largest operator in the Middle East, Saudi Aramco. The company's nitrogen-purging services have demonstrated significant advantages in cost and reliability over traditional cryogenic nitrogen supplies.

Crest has its headquarters in Dubai and has an operational base in al-Khobar, Saudi Arabia.

SR2020

SR2020 is a leading provider of borehole seismic acquisition and processing services. It provides customers with high-resolution three-dimensional vertical seismic profiling (3D VSP) surveys using a proprietary tubing-conveyed borehole-array system. The company also provides micro-seismic services for monitoring hydraulic fracturing in shale gas and shale oil reservoirs. SR2020 is recognised as one of the world leaders in the field of borehole-seismic and conventional-seismic data processing and interpretation.

Oil and gas operators are increasingly appreciating the benefits of borehole-seismic data acquisition over conventional (surface) seismic surveys, a recognition that has extended to micro-seismic services in the important shale plays in the USA. Linton believes that this sector is growing in strategic importance for operators seeking to redevelop mature fields or exploit the large unconventional (shale) reserves in the US. SR2020 is gaining recognition as one of the few independent borehole-seismic companies able to compete with the major service companies.

The headquarters of SR2020 are in Brea, California and it has an operational base in Houston, Texas.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors confirm that, to the best of their knowledge, the 2013 condensed unaudited interim report has been prepared in accordance with applicable law and Canadian Accounting Standards (Canadian Generally Accepted Accounting Principles) CICA 1751, Interim Financial Statements and gives a true and fair view of the assets, liabilities, financial position and return of the Company as required by the Disclosure and Transparency Rules DTR 4.2.4R.

The Report includes a fair value review of the information required by:

a) **DTR 4.2.7R** of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and

b) **DTR 4.2.8R** of the Disclosure and Transparency Rules, being related-party transactions that have taken place in the first six months of the current financial year that have materially affected the financial position or performance of the Company during that period and any changes in the related-party transactions described in the last Annual Report that could do so.

BY ORDER OF THE BOARD

Christopher Hill
Chairman

30 August 2013

CONDENSED BALANCE SHEET

at 30 June 2013

	Note	**30 June 2013 US$**	31 December 2012 US$
ASSETS			
Cash and cash equivalents		**2,967,139**	5,055,889
Accounts receivable and prepaid expenses	10	**215,572**	713,811
Loan	11	**512,285**	586,600
Investments	2,12	**54,898,561**	62,955,458
		58,593,557	69,311,758
LIABILITIES			
Accounts payable and accrued liabilities	13	**398,157**	391,283
Performance fee accrual	13	**–**	841,550
		398,157	1,232,833
Net assets		**58,195,400**	68,078,925
SHAREHOLDERS' EQUITY			
Common (founder) shares	14	**2**	2
Participating redeemable preferred shares	14	**7,292,367**	7,292,367
Contributed surplus	2	**62,571,971**	62,571,971
Retained earnings		**(11,668,940)**	(1,785,415)
Total equity		**58,195,400**	68,078,925
Net asset value per share		**7.98**	9.34

The accompanying notes are integral to these condensed financial statements.

Approved by the Board of Directors and signed on its behalf by:

Christopher Hill
Chairman

30 August 2013

CONDENSED STATEMENT OF OPERATIONS

for the six months to 30 June 2013

	Note	30 June 2013 US$	30 June 2012 US$
INVESTMENT INCOME			
Portfolio interest income		**40,000**	40,000
Non-portfolio interest income		**19,614**	1,078
Realised gain (loss) on foreign exchange		**2,519**	(3,104)
		62,133	37,974
EXPENDITURE			
Administrative expenses	6	**1,595,711**	1,487,359
		1,595,711	1,487,359
Net investment expense		**(1,533,578)**	(1,449,385)
(LOSSES) GAINS ON INVESTMENTS			
Unrealised change in valuation of investments	12	**(9,256,897)**	2,619,286
Realised profit on investments		**65,400**	–
Change in investment management performance fee accrual		**841,550**	188,842
		(8,349,947)	2,808,128
Net (expense) income		**(9,883,525)**	1,358,743
Average number of preferred shares		**7,292,367**	7,293,675
Basic (loss) earnings per preferred share	9	**(1.36)**	0.19
Average number of preferred shares (diluted)		**7,292,367**	7,293,675
Diluted (loss) earnings per preferred share	9	**(1.36)**	0.19
Dividend paid per preferred share	8	**–**	0.10

The accompanying notes are integral to these condensed financial statements.

CONDENSED STATEMENT OF CASH FLOWS

for the six months to 30 June 2013

Net outflow of cash related to the following activities	Note	**30 June 2013 US$**	30 June 2012 US$
OPERATING			
Net investment expense		**(1,533,578)**	(1,449,385)
Net change in non-cash working capital	10,13	**(29,183)**	(668,188)
		(1,562,761)	(2,117,573)
INVESTING			
Purchase of investments	12	**(1,200,000)**	(1,995,000)
Disposals of investments		**599,696**	–
Repayment of loan		**74,315**	–
		(525,989)	(1,995,000)
FINANCING			
Purchase of own shares	14	**–**	(107,966)
Dividend paid	8	**–**	(729,237)
		–	(837,203)
Net decrease in cash during the period		**(2,088,750)**	(4,949,776)
Cash, beginning of period		**5,055,889**	12,851,711
Cash, end of period		**2,967,139**	7,901,935

The accompanying notes are integral to these condensed financial statements.

CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the six months to 30 June 2013

	Share capital US$	Treasury shares US$	Contributed surplus US$	Retained earnings US$	**Total US$**
At 1 January 2013	**7,292,369**	**–**	**62,571,971**	**(1,785,415)**	**68,078,925**
Net expense	–	–	–	(9,883,525)	(9,883,525)
At 30 June 2013	**7,292,369**	**–**	**62,571,971**	**(11,668,940)**	**58,195,400**
At 1 January 2012	8,156,350	(5,749,345)	67,565,301	5,306,073	75,278,379
Repurchase of own shares	–	(107,966)	–	–	(107,966)
Net income	–	–	–	1,358,743	1,358,743
Dividend paid	–	–	–	(729,237)	(729,237)
At 30 June 2012	8,156,350	(5,857,311)	67,565,301	5,935,579	75,799,919

The accompanying notes are integral to these condensed financial statements.

CONDENSED STATEMENT OF INVESTMENT PORTFOLIO

at 30 June 2013

Company/type of security	Par value/ number of securities US$/No.	**30 June 2013** **Cost US$**	**Estimated fair value US$**	31 December 2012 Cost US$	Estimated fair value US$
Crest Energy Services Limited					
Convertible secured debentures	6,996,499	**7,399,683**		7,399,683	
Promissory note	2,989,858	**2,989,858**	**4,000,000**	2,689,858	4,000,000
SR2020 ***Inc***					
Common stock	7,000,000	1		1	
Convertible and non-convertible secured debenture	5,161,821	5,161,821		5,161,821	
Promissory note	7,793,368	7,817,224		6,917,224	
1474559 Alberta Ltd[(1)]					
Secured promissory note	2,751,074	2,751,074	**14,000,000**	2,751,074	17,837,436
Strata Energy Services Inc					
Common shares	840,890	22,879,668	**34,898,561**	22,879,668	39,118,022
Secured promissory note	2,000,000	2,000,000	**2,000,000**	2,000,000	2,000,000
Total		**50,999,329**	**54,898,561**	49,799,329	62,955,458

1. The investment in SR2020 is held both directly and through 1474559 Alberta Ltd, a wholly owned subsidiary of the Company.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

for the six months ended 30 June 2013

1. GENERAL INFORMATION

This condensed interim financial information was approved for issue on 30 August 2013. This condensed interim financial information does not constitute statutory accounts under Guernsey Company Law and has not been audited.

Business registration

International Oil and Gas Technology Limited (the "Company" or "IOGT") is a closed-ended investment company incorporated and registered in Guernsey on 20 November 2007. The Company's participating redeemable preference shares are listed on the London Stock Exchange as a standard listing.

The currency used in the condensed financial statements is the United States dollar, which is the currency of the primary economic environment in which the Company operates.

Authorisation

The Company is designated as authorised pursuant to The Authorised Closed-Ended Investment Scheme Rules 2008.

Basis of preparation

This condensed set of financial statements does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual report and financial statements for the year ended 31 December 2012.

Going concern

The directors believe it is appropriate to adopt the going-concern basis in preparing the Financial Statements as, after due consideration, the directors consider that the Company will have adequate resources to continue in operational existence for the foreseeable future. In making this assessment, the directors note that a majority of the shareholders have orally agreed to subscribe for a rights issue to raise around US$3 million. This additional finance will enable the Company to continue to defend the litigation through to trial and proceed in an orderly manner to dispose of one or more portfolio companies. In addition, the Company has no gearing and the Preferred Shares are only redeemable at the discretion of the Company.

Litigation

As previously reported, QOGT Inc. ("Quorum") issued proceedings in the High Court, Queen's Bench (Commercial Court) on 17 January 2012 claiming damages of US$15.7 million for wrongful termination of the original investment management agreement.

The exchange of documentary evidence has taken place and the exchange of witness statements is scheduled to occur in September 2013. The Board continues to take advice on the merits and defence of the case from Norton Rose LLP and Queen's Counsel. A date for trial has been fixed for March 2014.

The Board and its advisers continue to view the claim by Quorum as entirely without merit and the damages claimed as inflated, speculative and far-fetched.

As reported in the year-end accounts, of Quorum's total claim for US$15.7 million, the first head of damage claims loss of management and transaction fees during the three-year notice period and (based on the Company's NAV at the date of termination) amounts to approximately US$4 million. The recovery by Quorum of this head of damage can only occur if the Court rules at trial that (contrary to advice taken by the Board in 2010) dismissal of the co-managers was wrongful and represented a breach of contract. The second head of damages, which seeks compensation for lost future transaction fees, performance fees and options, and other consequential losses, amounts to approximately US$11.7 million. This part of the claim makes a number of assumptions, including that the Company would not only have permitted Quorum to make further and new investments but that the Company would have also raised more capital and both existing and new investments would have performed well. The Board has been advised that, as a matter of English law, Quorum will fail to recover the second head of damages.

Notwithstanding the rules of the High Court of England and Wales on the recoverability of costs of litigation, parties generally find that around 25 per cent of such costs are not recoverable even on a successful outcome. The Company has budgeted to incur a further US$1.4 million in defending the claim. Legal costs incurred to date of nearly US$1.5 million have been expensed. No provision or asset has been recognised for any future costs or recoveries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The same accounting policies, methods of computation and presentation are followed in the condensed set of financial statements as those applied in the Company's latest Annual Report and Accounts, where they were set out on pages 33 to 35.

Annual financial statements are prepared by the Company in accordance with Canadian generally accepted accounting principles ("GAAP"). The Company is an investment company and accounted for in accordance with the Canadian Institute of Chartered Accountants Accounting Guideline 18 - Investment Companies.

Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting period. Significant estimates and judgments in these financial statements are required principally in determining the reported estimated fair value of investments since these determinations include estimates of expected future cash flows, rates of return and the impact of future events. Actual results could differ significantly from these estimates.

Valuation of investments

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I Unadjusted quoted prices in an active market for identical assets or liabilities provide the most reliable evidence of fair value. This is used to measure fair value whenever available.

Level II Inputs other than unadjusted quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level III Inputs that are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

All of the investments of the Company are classified as Level III.

Investment management performance fee ("Performance Fee")

Incentive fees are accrued where the valuation of a portfolio asset is such that, upon a realisation at that value, a fee would become payable under the terms of the investment management agreement. No Performance Fee has been accrued in the condensed financial statements. A proportion of any Performance Fee due may be held in escrow pending future realisations.

Investment transactions and income

Investment transactions are accounted for as at the trade date. Interest income is recorded on an accrued basis. Realised and unrealised gains and losses from investment transactions are calculated on an average-cost basis. Interest income received in advance is recorded as deferred interest income and is included on the balance sheet as a liability. Where interest receivable is capitalised, it is added to the relevant investment's cost of investment and is not shown as interest receivable in debtors.

Translation of foreign currencies

Investments and other financial assets and liabilities denominated in foreign currencies are translated into United States dollars at the exchange rates prevailing on each valuation day. Purchases and sales of investments, income and expenses are translated into United States dollars at the exchange rate prevailing on the respective dates of such transactions.

Provisions and contingent liabilities

The Company recognises the need to make provisions for liabilities that can be measured but where the timing of payment is uncertain, and to treat as contingent those liabilities whose existence will be confirmed only by the occurrence of one or more uncertain future events that are not within the Company's control.

3. MATERIAL AGREEMENTS

The investment management agreement entered into between the Company and the Investment Manager was described on pages 35 and 36 of the 2012 Annual Report and Accounts.

4. RELATED-PARTY TRANSACTIONS

The Investment Manager and the directors are regarded as related parties. The Investment Manager has undertaken that no co-investments will be made in any other funds that may at any time be managed by the Investment Manager or any entity controlled by the principals of the Investment Manager.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS CONTINUED

4. RELATED-PARTY TRANSACTIONS CONTINUED

Details of investment management fees paid are set out in note 6 and the Performance Fee accrued is set out in note 13.

Directors' fees and expenses are included in administrative expenses and detailed in note 6.

Strata Energy Services ("Strata"), in which the Company owns 43 per cent of the equity, is deemed a related party under Canadian GAAP.

5. SEGMENTAL INFORMATION

The directors are of the opinion that the Company is engaged in a single segment of business, being an investment company investing capital in companies that provide services and technology to the upstream oil and gas industry, and therefore no segmental reporting is required.

6. ADMINISTRATIVE EXPENSES

The administrative expenses of the Company for the six months to 30 June 2013 are set out in the table below:

	30 June 2013 US$	30 June 2012 US$
Administration fees	**86,931**	86,083
Audit fees	**64,243**	39,591
Directors' fees and expenses	**104,942**	114,031
Insurance costs	**7,375**	7,750
Investor communications costs	**12,519**	(4,345)
Investment management fees	**660,000**	660,000
Legal and professional fees	**586,298**	481,477
Listing and licence fees	**9,883**	6,978
Marketing expenses	–	43,278
Other expenses	**6,176**	5,046
Registrar and custodian fees	**20,853**	17,992
Stockbroker's fees	**25,152**	25,604
Travel and entertainment costs	**11,339**	3,874
	1,595,711	1,487,359

7. TAX

The Company has been granted exemption from income tax in Guernsey under the Income Tax (Exempt Bodies) (Bailiwick of Guernsey) Ordinance, 1989 for which it pays an annual fee of £600 (2012: £600). With this exemption, the Company will not be liable to income tax in Guernsey other than on Guernsey source income (excluding deposit interest on funds deposited with a Guernsey bank). No withholding tax is applicable to distributions by the Company to shareholders.

8. DIVIDEND

No dividend was paid during the period.

For the period ending 30 June 2012, a dividend of US$0.10 per participating redeemable share, totalling US$729,237, was paid on 30 May 2012 to shareholders on the register on 27 April 2012.

9. BASIC AND DILUTED (LOSS) EARNINGS PER SHARE

(Loss) earnings per share is computed by dividing net (loss) income available to preferred shareholders by the weighted average number of preferred shares outstanding for the period. Diluted (loss) earnings per share reflects the potential dilution that could occur if additional preferred shares are issued under warrants and stock options that entitle their holders to obtain common shares in the future, to the extent that such entitlement is not subject to unresolved contingencies. The number of additional shares for inclusion in diluted (loss) earnings per share calculations is determined using the treasury-stock method. Under this method, warrants and stock options whose exercise price is less than the average market price of the preferred shares are assumed to be exercised, with the proceeds used to repurchase preferred shares at the average market price for the period. The incremental number of preferred shares issued under warrants and stock options and repurchased from proceeds is included in the calculation of diluted (loss) earnings per share.

9. BASIC AND DILUTED (LOSS) EARNINGS PER SHARE CONTINUED

For each of the periods ended 30 June 2013 and 30 June 2012, the Company excluded potential share equivalents comprised of stock options and warrants for the diluted (loss) earnings per share as these would be considered anti-dilutive.

	30 June 2013 US$	30 June 2012 US$
Basic (loss) earnings per share		
Net (expense) income	**(9,883,525)**	1,358,743
Average number of preferred shares	**7,292,367**	7,293,675
Basic (loss) earnings per share	**(1.36)**	0.19
Diluted earnings per share		
Net (expense) income	**(9,883,525)**	1,358,743
Average number of preferred shares (diluted)	**7,292,367**	7,293,675
Diluted (loss) earnings per share	**(1.36)**	0.19

10. ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

	30 June 2013 US$	31 December 2012 US$
Accounts receivable and prepaid expenses	**215,572**	179,515
Due on disposal of investment	**–**	534,296
	215,572	713,811

The amount due on disposal of investment was receivable in two equal instalments, 12 months and 18 months after the date of the disposal of the investment.

11. LOAN

In accordance with an agreement dated 1 December 2012, the loan to SR2020 Inc attracts interest at 7 per cent and is repayable in 36 equal monthly instalments commencing on 1 February 2013.

12. INVESTMENTS

1) Strata

The Company made no further investment in Strata during the period.

The investment in Strata was valued using a blend of comparable-company multiples and discounted cash flow, incorporating actual and budget figures (US$36.9 million at 30 June 2013).

2) Crest Energy Services Limited ("Crest")

During the period, Crest issued promissory notes to the Company in the principal amount of US$300,000, bringing the total promissory notes outstanding at 30 June 2013 to US$2,989,858.

The Company's investment in Crest was valued using adjusted cost (US$4 million at 30 June 2013).

3) SR2020 Inc ("SR2020")

During the period, SR2020 issued promissory notes to the Company in the principal amounts of US$900,000, bringing the total promissory notes outstanding at 30 June 2013 to US$7,793,368.

The Company's investment in SR2020 was valued using a multiple of projected sales (US$14 million at 30 June 2013).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS CONTINUED

12. INVESTMENTS CONTINUED

During the period ending 30 June 2013, the reconciliation of investments measured at fair value using unobservable inputs (Level III) is presented as follows:

	30 June 2013 US$	31 December 2012 US$
Fair level disclosure by fair value hierarchy level:	**Level III**	
Investments	**54,898,561**	62,955,458

	30 June 2013 US$	31 December 2012 US$
Reconciliation of Level III fair values	**Trading securities**	
Opening balance	**62,955,458**	63,471,383
Total unrealised gains in net income	**(9,256,897)**	(4,284,182)
Additions	**1,200,000**	3,768,257
Closing balance	**54,898,561**	62,955,458

13. LIABILITIES

	30 June 2013 US$	31 December 2012 US$
Accounts payable and accrued liabilities	**398,157**	391,283
Performance fee accrued	**–**	841,550
	398,157	1,232,833

14. SHAREHOLDERS' EQUITY

	30 June 2013 US$	31 December 2012 US$
Authorised		
Common (founder) shares	**20,000**	20,000
Unclassified shares	**50,000,000**	50,000,000
Issued		
Common (founder) shares of US$1.00	**2**	2
Participating redeemable preference shares	**7,292,367**	7,292,367

	Nominal value US$	Nominal value US$
Authorised		
Common (founder) shares	**20,000**	20,000
Unclassified shares	**50,000,000**	50,000,000
Issued		
Common (founder) shares	**2**	2
Participating redeemable preference shares	**7,292,367**	7,292,367

The unclassified shares may be allotted and issued as one or more classes of shares, including participating redeemable preference shares ("preferred shares" or "Shares"). To qualify as participating redeemable preference shares, the preferred shares are required under Guernsey Law to have a preference over another class of share capital. The preferred shares may be redeemed at the option of the Company, subject to the discretion of the directors.

14. SHAREHOLDERS' EQUITY CONTINUED

The common or founder shares have been created so that preferred shares may be issued. The common or founder shares are not redeemable and do not carry any right to vote or receive dividends and are only entitled to participate in the assets of the Company on a winding-up.

REPURCHASED

In the period ended 30 June 2013, no shares were repurchased (2012: 18,000 shares for a total cost of US$107,966).

SHARE-BASED PAYMENTS

The Company has the ability to issue share options representing 20 per cent of the fully diluted capital of the Company under its share-option plan. The share options are exercisable in three equal tranches on the first three anniversaries of the grant date and have ten-year lives. At 30 June 2013, 1,552,927 share options (31 December 2012: 1,552,927) were exercisable, with a weighted average exercise price of US$12.99 (31 December 2012: US$12.49).

Summary of share-option activity	Number of share options	Weighted average exercise price US$
At 31 December 2011	**1,552,927**	**11.66**
Granted	–	–
Exercised	–	–
Cancelled	–	–
At 31 December 2012	1,552,927	12.49
Granted	–	–
Exercised	–	–
Cancelled	–	–
At 30 June 2013	**1,552,927**	**12.99**

There is no expense in 2013 (2012: nil) as no share options were issued during the period.

15. FINANCIAL RISK MANAGEMENT

In the normal course of business, the Company is exposed to a variety of financial risks: credit risk, liquidity risk and market risks, which include interest-rate risk, currency risk and other price risk.

The value of investments within the Company's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions, the market and company news related to specific securities within the Company. The level of risk may depend on, inter alia, the Company's investment objective and the type of securities in which it invests.

The primary investment objective of the Company is to generate long-term capital growth by investing expansion capital in companies that provide services and technology to the upstream oil and gas industry. On a quarterly basis, the Company performs a formal review of its investments. This review includes, but is not limited to, an assessment of the global macro-economic environment, the outlook for credit and the amount of active risk being taken in the Company.

The Company's overall risk management programme seeks to minimise the potentially adverse effect of risk on the Company's financial performance in a manner consistent with the Company's investment objective.

Full details of potential risks faced by the Company were set out in the latest Annual Report and Accounts. These risks did not change during the period to 30 June 2013 and are not expected to change during the six months to 31 December 2013. An abbreviated summary of these risks is set out below.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

Liquidity risk

Liquidity risk is defined as the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS CONTINUED

15. FINANCIAL RISK MANAGEMENT CONTINUED

Market risks

Interest-rate risk

Interest-rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest-rate risk arises when the Company invests in interest-bearing financial instruments.

Other price risk

Other price risk is the risk that the market value or future cash flows of financial instruments will fluctuate because of changes in market prices other than those arising from interest-rate risk.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

16. CAPITAL MANAGEMENT

The Company considers Shareholders' Equity to be its capital. The Company does not have any externally imposed capital requirements.

17. POST-BALANCE SHEET EVENT

As noted in the chairman's letter, the deteriorating cash position of the Company has led the Board to propose a share issue of up to 9.99 per cent of the Company's existing share capital. The Company has canvassed shareholders representing more than 50 per cent of the issued share capital of the Company and they have given their indicative support to a capital raising.

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