Company Registration No. SC286980

RAMCO HOLDINGS LIMITED

Annual report and financial statements

For the year ended 31 December 2012

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RAMCO HOLDINGS LIMITED

Report and financial statements

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RAMCO HOLDINGS LIMITED

Officers and professional advisers

Directors

N S Cumming
M L Edward
P Mitchell (appointed 4 June 2013)

Secretary and registered office

D M Company Services Limited
16 Charlotte Square
Edinburgh
Midlothian
EH2 4DF

Bankers

Clydesdale Bank PLC
1 Queens Cross
Aberdeen
AB15 4XU

Solicitors

Ledingham Chalmers LLP
Johnstone House
52-54 Rose Street
Aberdeen
AB10 1HE

Independent auditor

Deloitte LLP
Aberdeen
United Kingdom

Directors' report (continued)

The directors present their annual report on the affairs of the group, together with the financial statements and auditor's report, for the year ended 31 December 2012.

Principal activity

The company acts as a holding company for a group of companies involved primarily in abrasive cleaning and application of protective coatings to threaded downhole pipe, stockyard management, and material logistics for the oil and gas industry.

Business review

Both the level of business and year end financial position were satisfactory, and the directors expect that the present level of activity will continue in 2013. The directors consider turnover and gross profit to be the primary key performance indicators of the group. As shown in the group's consolidated profit and loss account on page 6, the group's turnover for the year was £22,794,102 (2011: £20,499,626) which is in line with management expectations. The gross margin achieved of 34% (2011: 33%) is in line with expectations.

The directors consider the group's profit on ordinary activities before finance charges of £5,619,338 (2011: £4,958,445) coupled with strong operating cash generation from trading to be satisfactory. Based on the strength of on-going trading and forecast cash balances, the group repaid the outstanding £7.5 million loan on its due date in early 2013.

The consolidated balance sheet on page 8 presents net assets of £21,250,404 (2011: £14,318,620).

The group has considerable financial resources together with ongoing contracts with some major oil companies. As a consequence, the directors believe the group is well placed to manage its business risk successfully despite the current uncertain economic outlook and reduction in operating costs being sought by operators and service companies across the sector.

Rámco Holdings Limited made a loss in the year of £408,116 (2011: £233,981) (see note 9) and has net assets of £3,723,137 (2011: £3,953,445). The company balance sheet on page 9 presents net current liabilities of £12,278,918 (2011: £4,578,460), however sufficient reserves are available in the subsidiary entities to make distributions to the parent company in the event that this is required.

After making enquiries, the directors have a reasonable expectation that the group and the company have adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Going concern

The company's ultimate holding company is Ramco Acquisitions Limited who acquired the entire issued share capital of Ramco Holdings Limited on 14th March 2013. The consideration for the acquisition price was financed by a combination of share capital, loan notes and bank borrowing. The bank have agreed to provide funding of £19m Term Loans and a £1m Revolving Facility based on forecasts supplied by the group and reviewed by the bank which will enable the company to meet its obligations for the foreseeable future. The repayment of the Term Loans reflects £10m repayable in instalments over a 6 year period, with a bullet repayment in year 6, £4.5m repayable over a 5 year period and £4.5m repayable in full after 6 years, which the directors consider to be appropriate form the cash generation of the business. Subsequent events are disclosed at note 28.

Results and dividends

The consolidated profit for the year after taxation was £3,926,941 (2011: £3,469,436) which has been transferred to reserves. No dividend was paid during the year and no dividends have been declared (2011: £nil.)

Directors

The names of the present directors, who served throughout the year and to the date of this report, are set out on page 1. A.F. Morrison (Chairman), V. Lall and A.J. Macfie all resigned as directors of the company on 26 March 2013.

Principal risks and uncertainties

The group operates in a competitive market which is a continuing risk to the group. The group manages this risk by providing a high quality service and maintaining strong relationships with its customers.

Directors' report (continued)

Environment

The group is conscious of its environmental responsibilities and endeavours to minimise any impact on the environment through safe disposal of waste, recycling and reducing energy consumption.

Political and charitable donations

No political or charitable donations were made in the current or preceding year.

Financial risk management objectives and policies

The group's activities expose it to a number of financial risks including credit risk, cashflow risk and liquidity risk.

Credit risk

The group's principal financial assets are bank and cash balances, trade debtors, and amounts due from related parties. The group's credit risk is primarily attributed to trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The credit risk of liquid funds is limited because the counterparty is a bank with a credit rating assigned by international credit rating agencies. The group has no significant concentration of credit risk, with exposures spread over a number of customers.

Cash flow risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The group uses interest rate swap contracts and interest caps and forward contracts to hedge these exposures.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the group performs regular reviews of its cash flow requirements.

Auditor

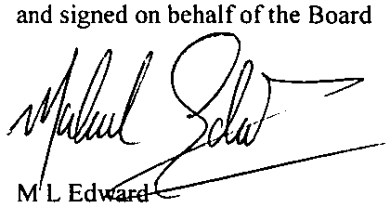
In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director 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.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



M L Edward
Director
27 June 2013

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 year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statement unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Ramco Holdings Limited

We have audited the financial statements of Ramco Holdings Limited for the year ended 31 December 2012, which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated Note of Historical Cost Profits and Losses, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement, the notes to the Consolidated Cash Flow Statement and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2012 and of the group's profit for the year 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Michael McGregor ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Aberdeen, United Kingdom
27 June 2013

RAMCO HOLDINGS LIMITED

Consolidated profit and loss account
For the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover: continuing operations	2		
Group and share of joint venture and associate		29,101,102	25,518,913
Less: share of joint venture and associate		(6,307,000)	(5,019,287)
Group turnover		22,794,102	20,499,626
Cost of sales		(15,011,578)	(13,705,051)
Gross profit		7,782,524	6,794,575
Administrative expenses		(3,721,686)	(2,883,059)
Other income		-	48,596
Operating profit: continuing operations	3	4,060,838	3,960,112
Share of operating profit in joint venture and associate		1,558,500	998,333
Profit on ordinary activities before finance charges		5,619,338	4,958,445
Interest receivable	6	47,000	25,103
Interest payable and similar charges	7	(235,805)	(240,131)
Profit on ordinary activities before taxation		5,430,533	4,743,417
Tax on profit on ordinary activities	8	(1,503,592)	(1,273,981)
Profit for the financial year	23	3,926,941	3,469,436

RAMCO HOLDINGS LIMITED

Consolidated statement of total recognised gains and losses
For the year ended 31 December 2012

	Note	2012 £	2011 £
Profit for the financial year:			
Group		2,757,941	2,703,103
Joint venture and associate	13	1,169,000	766,333
		3,926,941	3,469,436
Surplus on revaluation of land and buildings	23	2,717,305	-
Share based payments	23	177,226	-
Currency translation difference on foreign currency net investment	23	109,730	(61,534)
Total recognised gains and losses relating to the year		6,931,202	3,407,902

Consolidated note of historical cost profits and losses

	2012 £	2011 £
Reported profit on ordinary activities before taxation	5,430,533	4,743,417
Difference between historical cost depreciation charge and the actual depreciation charge for the year	21,628	21,628
Historical cost profit on ordinary activities before taxation	5,452,161	4,765,045
Historical cost profit for the year retained after taxation	3,948,569	3,491,064

RAMCO HOLDINGS LIMITED

Consolidated balance sheet
At 31 December 2012

	Note	2012 £	2011 £
Fixed assets			
Intangible assets	11	257,690	277,512
Tangible assets	12	17,888,647	14,100,944
Investment in associate	13	8,029	8,029
Investment in joint venture			
Share of gross assets	13	5,871,000	2,506,500
Share of gross liabilities	13	(3,883,000)	(915,500)
		1,988,000	1,591,000
		20,142,366	15,977,485
Current assets			
Stocks	14	400,617	312,681
Debtors	15	5,722,520	4,380,724
Cash at bank and in hand		7,220,150	5,487,842
		13,343,287	10,181,247
Creditors: Amounts falling due within one year	17	(12,218,030)	(4,358,949)
Net current assets		1,125,257	5,822,298
Total assets less current liabilities		21,267,623	21,799,783
Creditors: Amounts falling due after more than one year	18	-	(7,470,149)
Provision for liabilities and charges	19	(17,219)	(11,014)
Net assets		21,250,404	14,318,620
Capital and reserves			
Called up share capital	22	101,747	101,689
Share premium account	23	685,255	684,731
Revaluation reserve	23	5,669,517	2,973,840
Other reserve	23	464,464	177,508
Profit and loss account	23	14,329,421	10,380,852
Shareholders' funds	24	21,250,404	14,318,620

These financial statements of Ramco Holdings Limited, company number, SC286980, were approved by the Board of Directors on 27 June 2013.

Signed on behalf of the Board of Directors

Director
M L Edward

Director
N S Cumming

RAMCO HOLDINGS LIMITED

Company balance sheet
At 31 December 2012

	Note	2012 £	2011 £
Fixed assets			
Investment in subsidiary undertakings	13	16,002,054	16,002,054
Current assets			
Debtors	15	170,768	30,768
Cash at bank and in hand		3,525	6,114
		174,293	36,882
Creditors: Amounts falling due within one year	17	(12,453,210)	(4,615,342)
Net current liabilities		(12,278,917)	(4,578,460)
Total assets less current liabilities		3,723,137	11,423,594
Creditors: Amounts falling due after more than one year	18	-	(7,470,149)
Net assets		3,723,137	3,953,445
Capital and reserves			
Called up share capital	22	101,747	101,689
Share premium	23	685,255	684,731
Other reserves	23	177,226	-
Profit and loss account	23	2,758,909	3,167,025
Shareholders' funds		3,723,137	3,953,445

These financial statements of Ramco Holdings Limited, company number, SC286980, were approved by the Board of Directors on 27 June 2013.

Signed on behalf of the Board of Directors

Director
M L Edward

Director
N S Cumming

RAMCO HOLDINGS LIMITED

Consolidated cash flow statement
Year ended 31 December 2012

	Note	2012 £	2011 £
Net cash inflow from operating activities	(i)	3,842,840	4,154,551
Dividends from joint venture and associate		772,000	855,000
Returns on investments and servicing of finance	(ii)	(113,793)	(184,705)
Taxation	(ii)	(1,346,010)	(610,700)
Capital expenditure	(ii)	(1,461,886)	(285,931)
Cash inflow before financing		1,693,151	3,928,215
Financing	(ii)	582	(2,333,678)
Cash inflow in the year	(iii)	1,693,733	1,594,537
Impact of foreign exchange movements	(iii)	38,575	(17,878)
Increase in cash in the year	(iii)	1,732,308	1,576,659

RAMCO HOLDINGS LIMITED

Notes to the consolidated cash flow statement
Year ended 31 December 2012

(i) Reconciliation of operating profit to net cash inflow from operating activities

	2012 £	2011 £
Operating profit	4,060,838	3,960,112
Depreciation and amortisation	422,011	372,219
Share options granted	177,226	-
(Increase)/decrease in stocks	(83,816)	18,786
Increase in debtors	(1,263,338)	(1,002,353)
Increase in creditors	529,919	805,787
Net cash inflow from operating activities	3,842,840	4,154,551

(ii) Analysis of cash flows

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	46,987	23,104
Interest paid	(160,780)	(207,809)
	(113,793)	(184,705)
Taxation		
UK corporation tax paid	(613,144)	(471,637)
Foreign tax paid	(732,866)	(139,063)
	(1,346,010)	(610,700)
Capital expenditure		
Purchase of tangible fixed assets	(1,461,886)	(285,931)
	(1,461,886)	(285,931)
Financing		
Share issue	582	-
Repayment of borrowings	-	(2,333,678)
	582	(2,333,678)

Notes to the consolidated cash flow statement (continued)
Year ended 31 December 2012

(iii) Analysis and reconciliation of net debt

	1 January 2012 £	Cash flow £	Non-cash changes £	Exchange movement £	31 December 2012 £
Cash at bank and in hand	5,487,842	1,693,733	-	38,575	7,220,150
Debt due within 1 year	-	-	(7,500,000)	-	(7,500,000)
Debt due after more than 1 year	(7,470,149)	-	7,470,149	-	-
	(7,470,149)	-	(29,851)	-	(7,500,000)
Net debt	(1,982,307)	1,693,733	(29,851)	38,575	(279,850)

Non-cash changes comprise the amortisation of debt issue costs.

	2012 £	2011 £
Increase in cash in the year	1,693,733	1,594,537
Cash outflow from decrease in borrowings	-	2,333,678
Change in net debt resulting from cash flows	1,693,733	3,928,215
Translation difference	38,575	(17,878)
Amortisation of debt issue cost	(29,851)	(32,205)
Movement in net debt in year	1,702,457	3,878,132
Net debt at start of year	(1,982,307)	(5,860,439)
Net debt at end of year	(279,850)	(1,982,307)

Notes to the financial statements
Year ended 31 December 2012

1. Accounting policies

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

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold land and buildings, and in accordance with applicable United Kingdom accounting standards.

The company's business activities, together with the factors likely to affect its future prospects, are discussed in the directors' report on pages 2 and 3 which form part of these financial statements. After making enquiries, the directors have a reasonable expectation that the group and the company have adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the years from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Investments in subsidiary undertakings

In the company balance sheet, investments in subsidiaries are stated at cost less provision for impairment.

Investments in associates

In the consolidated financial statements, investments in associates are accounted for using the equity method. The consolidated profit and loss account includes the group's share of the associate's profits less losses while the group's share of the net assets of the associate is shown in the consolidated balance sheet. Goodwill arising on the acquisition of associates is accounted for in accordance with the policy set out below. Any unamortised balance of goodwill is included in the carrying value of the investment in associates. In addition the group's share of turnover, operating profit and taxation relating to associates is separately disclosed.

Investments in joint ventures

Where the group owns a long term investment of 50% jointly with another party this investment is defined as a joint venture and accounted for using the gross equity method. The consolidated financial statements include the appropriate share of these undertakings' results and net assets based on financial statements to 31 December. In addition the group's share of turnover, operating profit and taxation relating to joint ventures is separately disclosed.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its estimated useful economic life, which is 20 years. Provision is made for any impairment.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes. Revenue associated with the provision of tubular services and pipeline coating is recognised upon completion of appropriate certification procedures.

Notes to the financial statements (continued)
Year ended 31 December 2012

1. **Accounting policies (continued)**

Tangible fixed assets

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

Freehold buildings	2% to 2.7%
Plant, fixtures and equipment	0% to 25%

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

Revaluation of properties

Individual freehold land and buildings are revalued by a full valuation at least every five years and an interim valuation is performed in year 3 with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is made up of the purchase price of raw materials and consumables. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

The results of overseas operations are translated at the closing rate of exchange during the year and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

Financial liabilities and equity instruments

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.

Notes to the financial statements (continued)
Year ended 31 December 2012

1. **Accounting policies (continued)**

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Taxation

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

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

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying tax differences can be deducted. Deferred tax is measured on a non-discounted basis.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average 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.

Leases

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, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Pension costs

For defined contribution schemes, the amounts of contributions payable to the pension schemes in the year are charged to the profit and loss account. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Derivative financial instruments

The group uses derivative financial instruments to manage its exposure to market risks resulting from fluctuations in foreign exchange rates and interest rates. The group does not enter into derivative financial instruments for trading or speculative purposes.

Gains or losses are recognised once realised. The fair value of derivative financial instruments is not recorded in the balance sheet at the period end.

Notes to the financial statements (continued)
Year ended 31 December 2012

1. Accounting policies (continued)

Share-based payments

The Group has applied the requirements of FRS 20 Share-based Payment. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2006.

The Group issues equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

2. Turnover

Geographical analysis of turnover:

	2012 £	2011 £
Turnover by origin:		
United Kingdom	16,894,804	13,945,423
Japan	132,410	235,809
Romania	1,036,145	-
Norway	11,037,743	11,337,681
	29,101,102	25,518,913
Less: joint venture and associate (UK)	(6,307,000)	(5,019,287)
	22,794,102	20,499,626

Turnover represents the invoiced value, excluding value added tax, of goods sold and services rendered to customers. All turnover arises from the group's principal activities.

3. Group operating profit

	2012 £	2011 £
Group operating profit is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's and group's accounts	40,500	37,850
Fees payable to another auditor for the audit of the accounts of a subsidiary	16,868	12,049
Fees payable to the company's auditor for other services – tax services	36,880	28,575
Amortisation of goodwill (note 11)	19,822	19,822
Depreciation of tangible fixed assets (note 12)	402,189	352,397
Operating lease rentals – plant and machinery	500,739	275,371
Operating lease rentals – buildings	68,033	58,512
Loss/(Gain) on foreign currency exchange	103,645	(71,821)

Notes to the financial statements (continued)
Year ended 31 December 2012

4. Staff costs

The average monthly number of persons (including directors) employed by the group during the year was:

	2012 Number	2011 Number
Group		
Oil services	152	146

	2012 £	2011 £
Their aggregate remuneration comprised:		
Wages and salaries	6,688,957	6,036,941
Social security costs	785,660	710,231
Other pension costs (note 25)	139,415	129,193
	7,614,032	6,876,365

The average monthly number of persons (including directors) employed by the company during the year was:

	2012 Number	2011 Number
Company		
Oil services	5	5

	2012 £	2011 £
Their aggregate remuneration comprised:		
Wages and salaries	70,000	70,000
Social security costs	3,539	3,835
	73,539	73,835

Notes to the financial statements (continued)
Year ended 31 December 2012

5. Directors' remuneration

	2012 £	2011 £
Emoluments	649,208	613,712
Company contributions to money purchase pension schemes	39,137	37,814

Retirement benefits are accruing to three (2011: three) directors under a money purchase pension scheme.

	2012 £	2011 £
Remuneration of the highest paid director		
Emoluments	341,425	316,951
Company contributions to money purchase pension schemes	31,492	30,428

6. Interest receivable and similar income

	2012 £	2011 £
Bank interest	47,000	23,103
Other interest	-	2,000
	47,000	25,103
Group	47,000	23,103
Associate	-	2,000
	47,000	25,103

7. Interest payable and similar charges

	2012 £	2011 £
Bank loan interest	209,107	202,268
Loan note interest	-	3,060
Other interest	3,838	2,600
Amortisation of debt issue costs	22,860	32,203
	235,805	240,131

Notes to the financial statements (continued)
Year ended 31 December 2012

8. Tax on profit on ordinary activities

The tax charge comprises:

	2012 £	2011 £
Current tax		
UK corporation tax	550,226	330,102
Foreign tax	517,449	709,225
Adjustments in respect of prior years – UK corporation tax	21	(25)
Total current tax	1,067,696	1,039,302
Deferred tax asset (note 16)		
Utilised tax losses	39,787	(10,335)
Deferred tax liability (note 19)		
Origination and reversal of timing differences	6,609	11,674
Adjustment in respect of previous periods	-	(660)
	6,609	11,014
Share of joint venture and associate's tax	389,500	234,000
Total tax on profit on ordinary activities	1,503,592	1,273,981

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2012 £	2011 £
Profit on ordinary activities before tax	5,430,533	4,743,417
Less: share of joint venture and associate's profit before tax	(1,588,500)	(1,000,000)
Group profit on ordinary activities before tax	3,842,033	3,743,417
Tax on group profit on ordinary activities at standard UK corporation tax rate of 24.5% (2011: 26.49%)	941,298	991,543
Effects of:		
Tax rates in other jurisdictions	70,577	-
Expenses not deductible for tax purposes	102,600	49,902
Capital allowances in excess of depreciation	-	(15,023)
Depreciation in excess of capital allowances	7,808	-
Movement in short term timing differences	(54,608)	12,928
Adjustments in respect of prior period	21	(25)
Rounding	-	(23)
Group current tax charge for the year	1,067,696	1,039,302

Notes to the financial statements (continued)
Year ended 31 December 2012

8. Tax on profit on ordinary activities (continued)

The Finance Act 2012 announced a reduction in the main rate of corporation tax for the financial year beginning 1 April 2012 from 26% to 24%. The tax law was substantively enacted in the House of Commons on 26 March 2012. A further reduction in the corporation tax rate to 23% from 1 April 2013 was also announced in the Finance Act 2012 and was substantively enacted at the balance sheet date.

On 20 March 2013, the Finance Act 2013 announced that the corporation tax rate from 1 April 2015 would be 20%, however as this change in rate was not substantively enacted at the balance sheet date, this change in rate has not been reflected in these financial statements.

9. Loss attributable to the company

The loss for the financial year dealt with in the financial statements of the parent company was £408,116 (2011: £233,981). As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements.

10. Share based payments

Equity-settled share option schemes

The company has a share option scheme for certain employees of the group. Options are exercisable at a price equal to the estimated fair value of the company's shares on the date of grant. The vesting period is eleven months. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited if the employee leaves the group before the options vest.

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

	2012 Number of share options
Outstanding at beginning of period	-
Granted during the period	31,418
Outstanding at the end of the period	31,418

No share options were exercised during the period. The options outstanding at 31 December 2012 had a weighted average exercise price of £7.30 and a weighted average remaining contractual life of two and a half months. The options were granted on 3 April 2012.

The group recognised total expenses of £177,226 relating to equity-settled share-based payment transactions in 2012.

Notes to the financial statements (continued)
Year ended 31 December 2012

11. Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2012	396,444
Amortisation	
At 1 January 2012	118,932
Charge during year	19,822
At 31 December 2012	138,754
Net book value	
At 31 December 2012	257,690
At 31 December 2011	277,512

12. Tangible fixed assets

Group	Freehold land and buildings £	Plant, fixtures and equipment £	Total £
Cost or valuation			
At 1 January 2012	13,520,000	6,890,658	20,410,658
Additions	592,571	869,315	1,461,886
Disposals	-	(87,703)	(87,703)
Exchange adjustment	-	10,702	10,702
Revaluation	2,437,430	-	2,437,430
At 31 December 2012	16,550,001	7,682,972	24,232,973
Accumulated depreciation			
At 1 January 2012	183,104	6,126,610	6,309,714
Charge for the year	96,770	305,419	402,189
Disposals	-	(87,703)	(87,703)
Adjustment on revaluation	(279,874)	-	(279,874)
At 31 December 2012	-	6,344,326	6,344,326
Net book value			
At 31 December 2012	16,550,001	1,338,646	17,888,647
At 31 December 2011	13,336,896	764,048	14,100,944

Freehold land and buildings includes interest capitalised of £236,000 (2011: £236,000). All of the freehold land and buildings were valued on an open market basis for existing use on 31 December 2012 by Rydens, Chartered Surveyors and approved RICS with subsequent revaluation surplus as follows:

Notes to the financial statements (continued)
Year ended 31 December 2012

12. Tangible fixed assets (continued)

The historical cost and accumulated depreciation of freehold land and buildings prior to revaluations are as follows:

	2012 £	2011 £
At 31 December 2012		
Historical cost	11,379,316	10,786,745
Accumulated depreciation	(581,387)	(480,173)
	10,797,929	10,306,572

13. Investments

Group	Associate undertaking £	Joint venture £	Total £
Cost and net book value			
At 1 January 2012	8,029	1,591,000	1,599,029
Share of profit for financial year	-	1,169,000	1,169,000
Dividend received	-	(772,000)	(772,000)
At 31 December 2012	8,029	1,988,000	1,996,029

Set out below are additional disclosures required in respect of the group's share in its joint venture:

	2012 £	2011 £
Share of:		
Fixed assets	850,500	806,500
Current assets	5,020,500	1,700,000
Liabilities due within one year	(3,883,000)	(915,500)
	1,988,000	1,591,000
Share of:		
Turnover	6,307,000	5,021,500
Profit before tax	1,558,500	1,006,000
Taxation	(389,500)	(234,000)
Profit after tax	1,169,000	772,000

Notes to the financial statements (continued)
Year ended 31 December 2012

13. Investments (continued)

Company	Subsidiary undertakings £
Cost and net book value	
At 31 December 2011 and 31 December 2012	16,002,054

A listing of investments held by the group is detailed below:

Subsidiary undertakings	Country of incorporation/ registration	Description of shares held	Proportion of nominal value of issued shares held	Nature of business
Ramco Oil Services Limited	Scotland	Ordinary shares	100%	Holding company
Ramco Oil Services International Limited [2]	Scotland	Ordinary shares	100%	Holding company
Ramco Pipeline Services Limited [2]	Scotland	Ordinary shares	100%	Dormant
Ramco Tubular Services Limited [2]	Scotland	Ordinary shares	100%	Tubular services
Ramco Norway A/S [1]	Norway	Ordinary shares	100%	Tubular services
Ramco Pipe Services SRL	Romania	Ordinary shares	100%	Tubular services
Associate and joint venture				
Badentoy Tubular Services Limited [2]	Scotland	Ordinary shares	33.3%	Tubular services
BSR Pipeline Services Limited [2]	England	'A' ordinary shares	50%	Pipeline coating

(1) Shares held by Ramco Oil Services International Limited

(2) Shares held by Ramco Oil Services Limited

Notes to the financial statements (continued)
Year ended 31 December 2012

14. Stocks

	2012 £	2011 £
Group		
Raw materials and consumables	400,617	312,681

15. Debtors

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Trade debtors	4,886,511	3,940,788	-	-
Amounts due from related parties (note 27)	85,778	-	-	-
Prepayments and accrued income	750,231	401,042	140,000	-
Deferred tax asset (note 16)	-	38,894	-	-
Amounts owed by group undertakings	-	-	30,768	30,768
	5,722,520	4,380,724	170,768	30,768

All amounts are due within one year.

16. Deferred tax asset

Group	£
At 1 January 2012	38,894
Credited to profit and loss account (note 8)	(39,787)
Exchange difference	893
At 31 December 2012	-

Deferred taxation is provided as follows:

Group	2012 £	2011 £
Deferred tax asset		
Unutilised tax losses	-	38,894

The deferred tax asset in 2011 related to trading losses incurred in prior years.

Notes to the financial statements (continued)
Year ended 31 December 2012

17. Creditors: amounts falling due within one year

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Bank loans (note 20)	7,500,000	-	7,500,000	-
Trade creditors	1,257,760	519,951	-	-
Corporation tax	783,999	1,039,369	-	-
Other taxes and social security	836,673	615,401	-	-
Accruals and deferred income	1,839,598	2,157,531	69,151	20,490
Amounts owed to group undertakings	-	-	4,884,059	4,594,852
Amounts owed to related parties (note 27)	-	26,697	-	-
	12,218,030	4,358,949	12,453,210	4,615,342

18. Creditors: amounts falling due after more than one year

Group and company	2012 £	2011 £
Bank loans (note 20)	-	7,470,149

19. Provision for liabilities

	Deferred tax £
At 1 January 2012	11,014
Charged to the profit and loss account (note 8)	6,205
At 31 December 2012	17,219

	2012 £
Deferred tax is provided as follows:	
Accelerated capital allowances	6,186
Short term timing differences – trading	(3,384)
Ramco Norway AS	14,417
	17,219

Notes to the financial statements (continued)
Year ended 31 December 2012

20. Borrowings

Group and company	2012 £	2011 £
Bank loans		
These are repayable as follows:		
Within one year	7,500,000	-
Between one and two years	-	7,500,000
	7,500,000	7,500,000
Less: unamortised issue costs	-	(29,851)
	7,500,000	7,470,149

Security and interest rates

(i) The group and company had a loan of £7,500,000. The loan was advanced on 16 December 2005. The loan was repaid in full on 14 March 2013. The loan carried interest rates at 1.77% above LIBOR.

The loan was secured by floating charges and cross guarantees over group companies; standard security over properties of Ramco Tubular Services Limited; negative pledge; assignation of Keyman insurance policies; and letter of pledge over the company's shares.

21. Derivatives not included at fair value

Interest rate swap and caps

During the year, the group and company used an interest rate swap and interest rate caps to manage exposure to interest rate movements on bank borrowings, however these contracts expired before 31 December 2012.

Forward foreign exchange contracts

The group, through one of its subsidiaries enters into forward exchange contracts to manage its exposure to changes in foreign exchange rates arising from foreign currency payments and remittances. Under these forward exchange contracts, the company is allowed to exchange part of the contracted amount at the spot rate if the spot rate is more favourable than the contracted rate on the settlement date.

The company had no commitments at year end.

Notes to the financial statements (continued)
Year ended 31 December 2012

22. Called up share capital

Group and company	2012 £	2011 £
Authorised:		
"A" Ordinary shares of £0.10 each	47,200	47,200
"B" Ordinary shares of £0.10 each	48,979	48,979
"C" Ordinary shares of £0.10 each	8,710	8,710
	104,889	104,889
Called up, allotted and fully paid:		
440,582 "A" Ordinary shares of £0.10 each	44,058	44,000
489,790 "B" Ordinary shares of £0.10 each	48,979	48,979
87,100 "C" Ordinary shares of £0.10 each	8,710	8,710
	101,747	101,689

All classes of ordinary shares rank pari passu with respect to rights for dividends, voting, and capital.

During the year the Company issued 582 "A" ordinary shares with a nominal value of £58 to existing shareholders which resulted in a share premium of £524.

23. Reserves

Group	Share premium account £	Revaluation reserve £	Other reserve £	Profit and loss account £
At 1 January 2012	684,731	2,973,840	177,508	10,380,852
Profit for the financial year	-	-	-	3,926,941
Premium on shares issued	524	-	-	-
Surplus on revaluation of land and buildings	-	2,717,305	-	-
Share based payments	-	-	177,226	-
Currency translation difference on foreign currency net investment	-	-	109,730	-
Realised revaluation surplus	-	(21,628)	-	21,628
At 31 December 2012	685,255	5,669,517	464,464	14,329,421

Notes to the financial statements (continued)
Year ended 31 December 2012

23. Reserves (continued)

Company	Other reserve £	Share premium account £	Profit and loss account £
At 1 January 2012	-	684,731	3,167,025
Loss for the financial year	-	-	(408,116)
Share based payments	177,226	-	-
Premium on shares issued	-	524	-
At 31 December 2012	177,226	685,255	2,758,909

24. Reconciliation of movements in group shareholders' funds

Group	2012 £	2011 £
Profit for the financial year	3,926,941	3,469,436
Other recognised gains and losses (net)	3,004,261	(61,534)
Share issue	582	-
Net addition to shareholders' funds	6,931,784	3,407,902
Opening shareholders' funds	14,318,620	10,910,718
Closing shareholders' funds	21,250,404	14,318,620

25. Pension schemes

The group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to £139,415 (2011: £129,193). Contributions totalling £15,122 (2011: £14,713) were payable to the funds at the year end and are included in creditors.

Notes to the financial statements (continued)
Year ended 31 December 2012

26. Other financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	Plant and Machinery	
	2012	2011
	£	£
Operating leases which expire:		
Within one year	12,890	2,559
In the second to fifth years inclusive	7,274	10,332
	20,164	12,891

27. Related party transactions

The group has taken advantage of the exemptions available under Financial Reporting Standard 8 with regard to non-disclosure of transactions between group companies which are eliminated in the consolidated financial statements.

Ramco Oil Services Limited, a subsidiary of Ramco Holdings Limited, owns 50% of the share capital of BSR Pipeline Services Limited. Ramco Tubular Services Limited, a subsidiary of Ramco Oil Services Limited, provided accounting and administrative services during the year amounting to £8,000 (2011: £8,000) to BSR Pipeline Services Limited. The amounts owed by BSR Pipeline Services at the end of the year were £85,778 (2011: £26,697 owed to BSR Pipeline Services).

Ramco Oil Services Limited owns 33.3% of the share capital of Badentoy Tubular Services Limited. Ramco Tubular Services Limited recorded sales of £nil (2011: £6,638) to Badentoy Tubular Services Limited during the year. Amounts owed to Badentoy Tubular Services Limited at the end of the year were £ nil (2011: £ nil).

28. Subsequent events

On 14 March 2013 the entire issued share capital of Ramco Holdings Limited was acquired by Ramco Acquisition Limited. Ramco Acquisition is owned by LDC II LP, a managed fund, which became the ultimate parent company.

29. Controlling party

Until 14 March 2013 the company was the ultimate parent for the underlying group entities. Ramco Holdings Limited was the smallest and largest group undertaking which consolidates the results of this company.

On 14 March 2013 the entire issued share capital of Ramco Holdings Limited was acquired by Ramco Acquisition Limited. Ramco Acquisition Limited is owned by LDC II LP, a managed fund, which became the ultimate parent company. At that date Ramco Acquisition Limited became the largest group undertaking which consolidates the results of this company and the smallest group undertaking which consolidates the results of the group remained Ramco Holdings Limited.

Copies of both the immediate parent company and ultimate parent company financial statements can be obtained from Companies House, 139 Fountainbridge, Edinburgh.