Weldex (International) Offshore Holdings Limited

Directors' report and financial statements

Registered number SC380577

30 November 2011

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Directors' report

The directors present their first annual report and the audited financial statements for the 17 month period from 17 June 2010 to 30 November 2011.

Principal activities

The principal activity of the Group during the period was the hire and supply of cranes, lifting equipment and labour.

The principal activity of the Company is as a holding company.

Incorporation and change of name

The Company was incorporated as Weldex Offshore 123 Limited on 17 June 2010. On 9 July 2010 it changed its name to Weldex (International) Offshore Holdings Limited.

Business review

On 21 June 2010 the company issued equity shares primarily to Dunedin Buyout Fund II LP. Using this funding and through the issue of preferences shares, the company then proceeded to acquire Weldex (International) Offshore Limited.

The Group's main key performance indicators are Turnover and Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA).

The trading company acquired during the period, has continued to trade profitably and to increase its market share. The directors are pleased with the results for the period.

The profit before tax for the period amounted to £2,266,000.

Principal risks and uncertainties affecting the business

The Group's principal financial instruments comprise bank balances, trade creditors, and hire purchase and finance lease agreements. The main purpose of these instruments is to raise funds for the Group's operations and to finance the Group's ongoing operations.

The Group is a lessee in respect of finance leased assets which are held on the balance sheet. The liquidity risk is managed by ensuring that there are sufficient funds to meet the payments.

Trade debtors are managed in respect of credit and cashflow risk by policies concerning the credit offered to customers and regular monitoring of amounts outstanding. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet the amounts as they fall due.

Proposed dividend

The directors do not recommend the payment of an equity dividend.

No dividends were paid during the period.

Issues of shares

The share at incorporation, being 1 ordinary shares of £1 each, was sub-divided and redesignated into 100 'A' ordinary shares of £0.01 on 21 June 2010.

On 21 June 2010 the company issued the following shares in connection with the acquisition of Weldex (International) Offshore Limited

- 611,631 'A' Ordinary shares of £0.10 each for a total of £611,631;
- 288,370 'B' Ordinary shares of £0.10 each for a total of £288,370;
- 40,000 'C' Ordinary shares of £0.01 each for a total of £40,000; and
- 18,196,846 6% cumulative redeemable preference shares for a total of £18,196,846

The total funds raised from the issue of share capital on 21 June 2010 amounted to £19,136,847.

Directors' report *(continued)*

Directors

The directors at the period end were as follows:

MM Ligertwood	(appointed 17 June 2010)
N Yarrow	(appointed 21 June 2010)
DM McGilvray	(appointed 21 June 2010)
MJ McGilvray	(appointed 21 June 2010)
IM McGilvray	(appointed 21 June 2010)

Political and charitable contributions

The Group made charitable donations of £2,650 during the period.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

During the period KPMG LLP were appointed as auditors of the company. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

MJ McGilvray
Secretary

18-20 Harbour Road
Inverness
IV1 1UA

15 March 2012

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent auditor's report to the members of Weldex (International) Offshore Holdings Limited

We have audited the financial statements of Weldex (International) Offshore Holdings Limited for the period from 17 June 2010 (date of incorporation) to 30 November 2011 set out on pages 5 to 25. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 November 2011 and of the group's profit for the period from 17 June 2010 to 30 November 2011;
- have been properly prepared in accordance with UK 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.

L Bennett

L Bennett (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

16 March 2012

Consolidated Profit and Loss Account

for the seventeen month period ended 30 November 2011

	Note	2011 £000
Turnover	2	**36,795**
Cost of sales		**(11,445)**
Gross profit		**25,350**
Administrative expenses		**(13,277)**
Other operating income		**40**
Operating profit		**12,113**
Other interest receivable and similar income	6	**2**
Interest payable and similar charges	7	**(9,849)**
Profit on ordinary activities before taxation	3	**2,266**
Tax on profit on ordinary activities	8	**(1,556)**
Profit for the financial period	19	**710**

There are no gains or losses other than as reported above.

All activities are continuing.

There is no difference between the historic cost profit and the profit as reported above.

Consolidated Balance Sheet
at 30 November 2011

	Note	2011 £000	2011 £000
Fixed assets			
Intangible assets – goodwill	9		27,747
Tangible assets	10		96,907
			124,654
Current assets			
Stocks	12	170	
Debtors	13	4,374	
Cash at bank and in hand		6,679	
		11,223	
Creditors: amounts falling due within one year	14	(18,206)	
Net current liabilities			(6,983)
Total assets less current liabilities			117,671
Creditors: amounts falling due after more than one year	15		(105,108)
Provisions for liabilities	16		(10,787)
Accruals and deferred income	17		(126)
Net assets			1,650
Capital and reserves			
Called up share capital	18		1
Share premium account	19		939
Profit and loss account	19		710
Shareholders' funds			1,650

These financial statements were approved by the board of directors on 15 March 2012 and were signed on its behalf by:

Iain McGilvray
Director

Company registered number: Registered number SC380577

Company Balance Sheet
at 30 November 2011

	Note	2011 £000	2011 £000
Fixed assets			
Investments	11		**57,746**
Current assets			
Debtors	13	**124**	
Cash at bank and in hand		**239**	
		363	
Creditors: amounts falling due within one year	14	**(1,103)**	
Net current liabilities			**(740)**
Total assets less current liabilities			**57,006**
Creditors: amounts falling due after more than one year	15		**(60,951)**
Net liabilities			**(3,945)**
Capital and reserves			
Called up share capital	18		**1**
Share premium account	19		**939**
Profit and loss account	19		**(4,885)**
Deficit on shareholders' funds			**(3,945)**

These financial statements were approved by the board of directors on 15 March 2012 and were signed on its behalf by:

Iain McGilvray
Director

Consolidated Cash Flow Statement

for the seventeen month period ended 30 November 2011

	Note	2011 £000
Cash flow statement		
Cash flow from operating activities	22	20,304
Returns on investments and servicing of finance	23	(4,996)
Taxation		(8)
Capital expenditure and financial investment	23	2,806
Acquisitions and disposals	23	7,818
Cash inflow before management of liquid resources and financing		25,924
Financing	23	(19,245)
Increase in cash in the period		6,679
Reconciliation of net cash flow to movement in net debt	24	
Increase in cash in the period		6,679
Cash outflow from increase in debt and lease financing		19,245
Change in net debt resulting from cash flows		25,924
Loans and finance leases acquired with subsidiary		(85,791)
New finance leases		(29,434)
Foreign exchange differences on finance leases		633
Movement in net debt in the period		(88,668)
Net debt at the start of the period		-
Net debt at the end of the period		(88,668)

Reconciliations of Movements in Shareholders' Funds

for the seventeen month period ended 30 November 2011

	Group 2011 £000	Company 2011 £000
Profit/(loss) for the period	**710**	**(4,885)**
New shares issued	**940**	**940**
Net addition/(deduction) to shareholders' funds	**1,650**	**(3,945)**
Opening shareholders' funds	**-**	**-**
Closing shareholders' funds/(deficit)	**1,650**	**(3,945)**

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Going concern

Notwithstanding the net current liabilities at the period end the financial statements are prepared on the going concern basis. The directors have prepared cash flow forecasts for the group for the period for at least twelve months from the date of signing these accounts. The group's cash flow forecasts show that the group can operate within its available funds for the foreseeable future.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 November each year. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Goodwill and negative goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. The estimated useful life of the group's goodwill is 20 years.

Investments

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less amounts written off.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by instalments over their estimated useful economic lives as follows:

Freehold Buildings	-	2% per annum on cost
Plant and Machinery – Cranes	-	7% per annum on cost
Plant and Machinery - Other	-	25% per annum on reducing balance basis
Motor Vehicles	-	25% per annum on reducing balance basis

No depreciation is provided on freehold land.

Notes *(continued)*

1 Accounting policies *(continued)*

Impairment of fixed assets and goodwill

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

Leases and similar hire purchase contracts

Assets acquired under finance leases and similar hire purchase contracts are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post-retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Classification of financial instruments issued by the Group

Following the adoption of FRS 25, financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Group's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Turnover

Turnover represents the net amount invoiced to customers for goods supplied, services provided and property rentals charged, excluding Value Added Tax. Where goods are sold revenue is recognised when the risks and rewards of ownership are passed to a third party.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Notes *(continued)*

2 Analysis of turnover

All turnover is attributable to the Group's principal activity.

	2011 Turnover £000
By geographical market	
United Kingdom	**31,679**
Continental Europe	**5,116**
	36,795

3 Profit on ordinary activities

	2011 £000
Profit on ordinary activities before taxation is stated after charging/(crediting:)	
Depreciation and other amounts written off tangible fixed assets:	
Owned	**2,060**
Leased and held under similar hire purchase contracts	**6,077**
Profit on disposal of tangible fixed assets	**(476)**
Amortisation of goodwill	**2,084**
Hire of land and buildings – rentals payable under operating leases	**43**
Foreign exchange losses	**(633)**

Auditors' remuneration:

	2011 £000
Audit of these financial statements	**5**
Amounts receivable by the auditors and their associates in respect of:	
Audit of financial statements of subsidiaries pursuant to legislation	**25**
Other services relating to taxation	**12**
All other services	**2**

Amounts paid to the Company's auditor and their associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

Notes *(continued)*

4 Remuneration of directors

	2011 £000
Directors' emoluments	603

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £185,333.

Retirement benefits are accruing to 2 directors under defined contribution pension schemes.

5 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the period, analysed by category, was as follows:

	Number of employees 2011
Operational	108
Administrative	12
	120

The aggregate payroll costs of these persons were as follows:

	2011 £000
Wages and salaries	8,464
Social security costs	878
Other pension costs	32
	9,374

6 Other interest receivable and similar income

	2011 £000
Other	2

7 Interest payable and similar charges

	2011 £000
On bank loans and overdrafts	226
On other loans	3,279
Finance charges payable in respect of finance leases and hire purchase contracts	4,772
Finance charges on shares classified as liabilities	1,572
	9,849

Notes *(continued)*

8 Taxation

Analysis of charge in period

	2011 £000
UK corporation tax	
Current tax on income for the period	382
Total current tax	382
Deferred tax (see note 16)	
Origination/reversal of timing differences	2,037
Effect of decreased tax rate	(863)
Total deferred tax	1,174
Tax on profit on ordinary activities	1,556

Factors affecting the tax charge for the current period

The current tax charge for the period is lower than the standard rate of corporation tax in the UK of 27%. The differences are explained below.

	2011 £000
Current tax reconciliation	
Profit on ordinary activities before tax	2,266
Current tax at 27%	612
Effects of:	
Expenses not deductible for tax purposes (primarily goodwill amortisation)	794
Difference between depreciation charged and capital allowance claimed	(1,895)
Gain on disposal of fixed assets	(140)
Depreciation on ineligible assets	45
Disallowed interest charge	1,310
Utilisation of tax losses	(340)
Other short term timing differences	(4)
Total current tax charge (see above)	382

Factors that may affect future current and total tax charges

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of four years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010, a reduction to 26% was substantively enacted on 29 March 2011, effective from 1 April 2011 and a further reduction to 25% was substantively enacted on 5 July 2011 and will be effective from 1 April 2012. It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the group's future current tax charge and reduce the group's deferred tax liabilities accordingly.

Notes *(continued)*

9 Intangible fixed assets

Group	Goodwill £000
Cost	
Additions during the period (note 25)	29,831
At end of period	29,831
Amortisation	
Charged in period	2,084
At end of period	2,084
Net book value	
At 30 November 2011	**27,747**

Notes *(continued)*

10 Tangible fixed assets

Group	Land and buildings £000	Plant and machinery £000	Motor vehicles £000	Total £000
Cost				
On acquisition of subsidiary	2,666	84,039	636	87,341
Additions	65	29,434	42	29,541
Fair value adjustment on acquisition of subsidiary	-	6,830	-	6,830
Disposals	-	(5,182)	(236)	(5,418)
At end of period	2,731	115,121	442	118,294
Depreciation				
On acquisition of subsidiary	189	15,735	307	16,231
Charge for period	75	7,971	91	8,137
On disposals	-	(2,876)	(105)	(2,981)
At end of period	264	20,830	293	21,387
Net book value				
At 30 November 2011	**2,467**	**94,291**	**149**	**96,907**

Included in the total net book value of fixed assets is £75,964,000 in respect of assets held under finance leases and similar hire purchase contracts as follows:

	Plant and Machinery £000
Cost	
On acquisition of subsidiary	64,988
Additions	25,419
Disposals	(1,405)
Completion of lease / hire purchase agreement	(852)
At end of period	88,150
Depreciation	
On acquisition of subsidiary	7,042
Charge for period	6,077
On disposals	(600)
Completion of lease / hire purchase agreement	(333)
At end of period	12,186
Net book value	
At 30 November 2011	**75,964**

Notes *(continued)*

11 Fixed asset investments

	Shares in group undertaking £000
Company	
Cost	
On acquisition of subsidiary (note 25)	57,746
At end of period	57,746
Net book value	
At 30 November 2011	**57,746**

The Company owns 100% of the issued share capital of Weldex (International) Offshore Limited. This company is incorporated in Scotland and its principal activity is the hire and supply of cranes, lifting equipment and labour.

12 Stocks

	Group 2011 £000	Company 2011 £000
Raw materials and consumables	**170**	**-**

13 Debtors

	Group 2011 £000	Company 2011 £000
Trade debtors	**4,012**	**-**
Amounts due from subsidiary undertakings	**-**	**93**
Prepayments and accrued income	**362**	**-**
Other debtors	**-**	**31**
	4,374	**124**

Notes *(continued)*

14 Creditors: amounts falling due within one year

	Group 2011 £000	Company 2011 £000
Bank loans *(see note 15)*	2,200	-
Amounts due to subsidiary undertaking	-	1,055
Obligations under finance leases and hire purchase contracts *(see note 15)*	11,087	-
Trade creditors	1,317	-
Corporation tax	374	-
Other creditors	2,369	-
Other taxes and social security	464	-
Accruals and deferred income	395	48
	18,206	1,103

15 Creditors: amounts falling due in more than one year

	Group 2011 £000	Company 2011 £000
Shares classified as liabilities *(see note 18)*	18,197	18,197
Other loans	37,903	37,903
Obligations under finance leases and hire purchase contracts	44,157	-
Accruals and deferred income	4,851	4,851
	105,108	60,951

Borrowings are repayable as follows:

	Group 2011 £000	Company 2011 £000
Within one year or on demand	2,200	-
Between one and two years	-	-
Between two and five years	-	-
In more than five years	37,903	37,903
	40,103	37,903

The bank loan bears interest at 3.25% over base rate. The bank loan is secured by means of standard securities and a bond and floating charge over the assets of the Group.

The other loans comprise unsecured fixed rate loan notes repayable on 30 November 2017 or earlier in the event of a sale or other transaction or at the company's option. The loan notes bear interest at 6% which is payable on redemption of the loan notes.

Notes *(continued)*

15 Creditors: amounts falling due in more than one year *(continued)*

The maturity of obligations under finance leases and hire purchase contracts is as follows:

Group	2011 £000
Within one year	14,424
In the second to fifth years	45,011
Over five years	4,978
	64,413
Less future finance charges	(9,169)
	55,244

The finance leases and hire purchase contracts are secured over the related assets.

16 Provisions for liabilities

Group	Deferred taxation £000
On acquisition of subsidiary	9,613
Charge to the profit and loss for the period	2,037
Effect of tax rate change	(863)
At end of period	10,787

The elements of deferred taxation are as follows:

	2011 £000
Difference between accumulated depreciation and amortisation and capital allowances	10,839
Other timing differences	(52)
	10,787

17 Accruals and deferred income

Group	Government grants £000
On acquisition of subsidiary	146
Credit to the profit and loss for the period	(20)
At end of period	126

Notes *(continued)*

18 Called up share capital

	2011 £000
Authorised, allotted, called up and fully paid	
611,631 A Ordinary shares of £1 each	**612**
288,370 B Ordinary shares of £1 each	**288**
40,000 C Ordinary shares of £1 each	**40**
18,196,846 6% cumulative redeemable preference shares of £1 each	**18,197**
	19,137

	£000
Shares classified as liabilities (including share premium)	**18,197**
Shares classified in shareholders' funds (including share premium)	**940**
	19,137

The preference shares are redeemable on 30 November 2017 at the option of the shareholder or at any earlier date at the option of the Company. The preference shares bear interest at 6% per annum payable at redemption. The premium on redemption is £0.99.

During the year the Company issued 611,632 A £0.01 ordinary shares, 288,370 B £0.01 ordinary shares, 40,000 C £0.01 ordinary shares and 18,196,846 preference shares for a total consideration of £19,136,847, settled in cash.

The A, B and C Ordinary shares rank par passu expect in an Event of Default as set out in the Company's Articles of Association.

19 Share premium and reserves

Group	**Share premium account £000**	**Profit and loss account £000**
Profit for the period	-	710
Premium on share issues, less expenses	19,118	-
At end of period	**19,118**	**710**
Attributable to equity shareholders	939	710
Attributable to preference shareholders and included in liabilities	18,179	-
	19,118	**710**

Notes *(continued)*

19 Share premium and reserves *(continued)*

Company	Share premium account £000	Profit and loss account £000
Loss for the period	-	(4,885)
Premium on share issues, less expenses	19,118	-
At end of year	**19,118**	**(4,885)**
Attributable to equity shareholders	939	(4,885)
Attributable to preference shareholder and included in liabilities	18,179	-
	19,118	**(4,885)**

20 Commitments

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

Group	2011 Land and buildings £000
Operating leases which expire:	
Within one year	-
In the second to fifth years inclusive	-
Over five years	30
	30

21 Pension scheme

Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £32,000.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial period.

Notes *(continued)*

22 Reconciliation of operating profit to operating cash flows

	2011 £000
Operating profit	12,113
Depreciation, amortisation and impairment charges	10,221
Profit on sale of fixed assets	(476)
Foreign exchange gains on hire purchase contracts	(633)
Amortisation of government grants	(20)
Increase in stocks	(38)
Decrease in debtors	886
Decrease in creditors	(1,749)
Net cash inflow from operating activities	**20,304**

23 Analysis of cash flows

	2011 £000
Returns on investment and servicing of finance	
Interest received	2
Interest paid	(226)
Interest element of finance lease rental payments	(4,772)
	(4,996)
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(107)
Sale of tangible fixed assets	2,913
	2,806
Acquisitions and disposals	
Purchase of subsidiary undertaking (note 25)	(1,941)
Net cash acquired with subsidiary	9,759
	7,818
Financing	
Debt due after more than one year:	
New secured loan	1,235
Capital element of finance lease rental payments	(20,480)
	(19,245)

Notes *(continued)*

24 Analysis of net debt

	Acquisition (excluding cash and overdrafts) £000	Cash flow £000	Non cash movements £000	Translation differences £000	At end of period £000
Net cash:					
Cash in hand, at bank	-	6,679	-	-	**6,679**
	-	6,679	-	-	**6,679**
Debt:					
Debt due within one year	(2,200)	-	-	-	**(2,200)**
Debt due after one year	(36,668)	(1,235)	-	-	**(37,903)**
Finance leases	(46,923)	20,480	(29,434)	633	**(55,244)**
Total	(85,791)	(25,924)	(29,434)	633	**(88,668)**

25 Purchase of subsidiary undertaking

On 21 June 2010 the Company acquired all of the ordinary shares of Weldex (International) Offshore Limited. The resulting goodwill of £29,831,000 was capitalised and will be written off over 20 years, being the directors estimation of its economic life.

	Book value £000	Revaluation £000	Fair value £000
Net assets acquired			
Tangible fixed assets	**71,110**	**6,830**	**77,940**
Stocks	**132**	**-**	**132**
Debtors	**5,260**	**-**	**5,260**
Cash at bank and in hand	**9,759**	**-**	**9,759**
Creditors	**(6,440)**	**-**	**(6,440)**
Loans and finance leases	**(49,670)**	**547**	**(49,123)**
Deferred taxation	**(9,613)**	**-**	**(9,613)**
	20,538	**7,377**	**27,915**
Goodwill			**29,831**
			57,746
Satisfied by			
Shares allotted			**19,137**
Loan notes			**36,668**
Cash			**250**
Acquisition costs			**1,691**
			57,746

Notes *(continued)*

25 Purchase of subsidiary undertaking *(continued)*

The tangible fixed assets held by the acquired subsidiary have been increased by £6.8million as part of the fair value adjustments on acquisition. This is to reflect the fair value of the crane portfolio held by the subsidiary and is based on the market value of the assets at the date of acquisition.

The finance lease liabilities have been decreased by £0.5million, to reflect the exchange rate prevailing on the date of acquisition, for those finance leases held in euros.

The acquired undertaking made a profit of £2.6million from the beginning of its financial year to the date of acquisition. In its previous financial year commencing on 1 December 2008 the profit was £6.5million.

The subsidiary undertaking acquired during the period contributed £17.7 million to the Group's net operating cash flows, paid £5.0million in respect of net returns on investments and servicing of finance, paid £0.09million in respect of taxation and utilised £26.6million for capital expenditure.

26 Related party disclosures

During the period the Group recharged expenses of £42,958 to DKMI Trading Limited, a company owned by the McGilvray family. At the period end £nil was included in trade debtors.

During the period the group paid rental of £42,500 to 1820 Property LLP, a company owned by the McGilvray family.

During the period the group paid management charges of £58,389 to Dunedin Capital Partners Limited, the management company of one of the company's shareholders.