NORTHBRIDGE

Northbridge Industrial Services plc
Annual report and accounts 2013

Creating a fully integrated, global industrial equipment group.

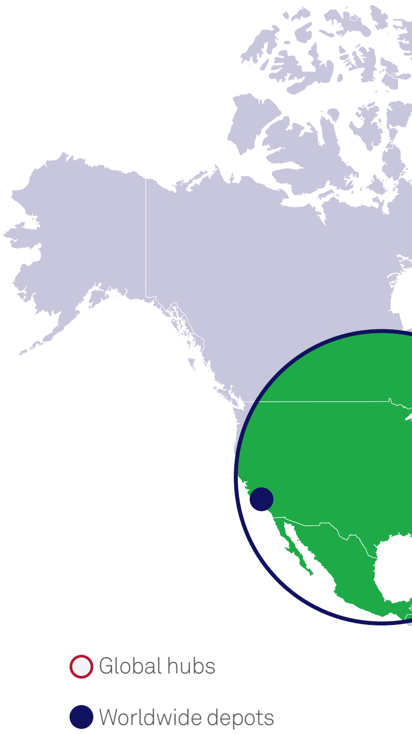
About us

Northbridge Industrial Services plc hires and sells specialist industrial equipment to a non-cyclical customer base and has grown organically and by the acquisition of companies in the UK and abroad and through investing in those companies to make them more successful.

Our worldwide positioning provides us with essential links and access to a global customer base.

Our base offices are ideally located across the globe to reach key markets in developed and emerging areas.

Read more about our **companies and geographies** from page 12



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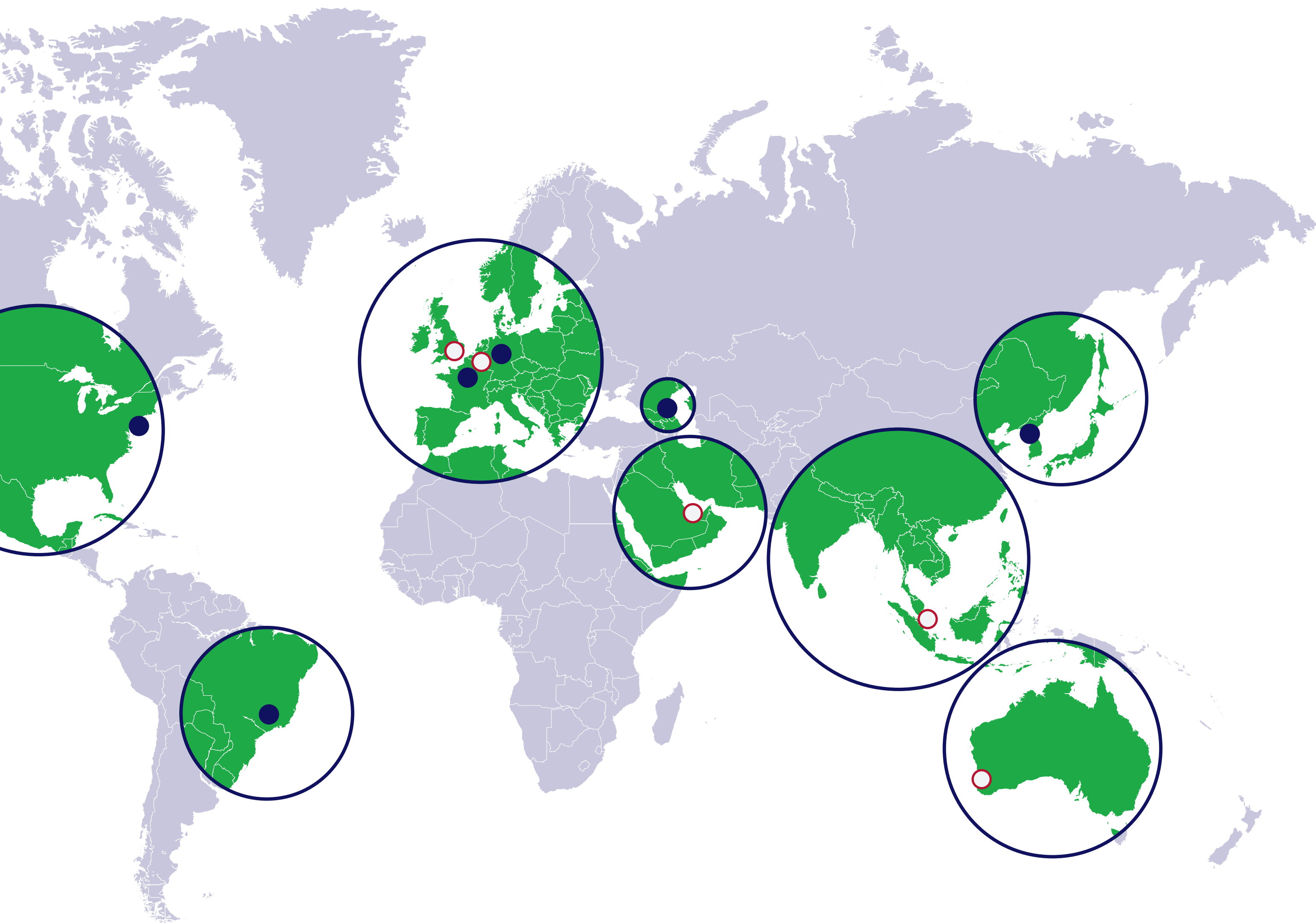
This report can also be viewed online at www.northbridgegroup.co.uk/ar13



Highlights

The Group enjoyed a much stronger start to 2013 compared with the previous year, assisted by the extensions of a number of hire contracts which overran from the second half of 2012.

TeeKay load bank project

Supply of 18MW test package at 11Kv for the commissioning of 4 x 14MW Gas Turbines, to run the production facility aboard a FPSO, in South Korea.

Highlight summary

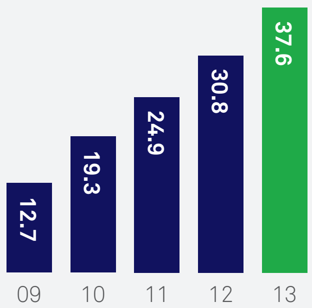
- Consolidated Group revenue up 22.0% to £37.6 million (2012: £30.8 million)
- Pre-exceptional Profit before tax up 22.3% to £6.0 million (2012: £4.9 million)
- Pre-exceptional EBITDA up 18.7% to £11.0 million (2012: £9.3 million)
- Pre-exceptional earnings per share 28.7 pence (2012: 24.0 pence)
- A successful placing of a further 1,561,700 new shares, raising £6.1 million
- Two strategic acquisitions completed during 2013
- Net book value of hire fleet increased by 30.3% to £27.8 million (2012: £21.3 million)
- Year-end gearing reduced to 31.5% (2012: 44.3%)
- Proposed final dividend increased to 3.9 pence raising the total dividend for the year to 5.90 pence (2012: 5.425 pence), an overall increase of 8.8%

Financial highlights

The Company has in place a set of Key Performance Indicators (KPIs) to enable us to measure performance through the success of our strategy.

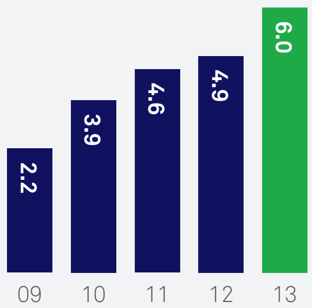
Revenue (£m)

+22%



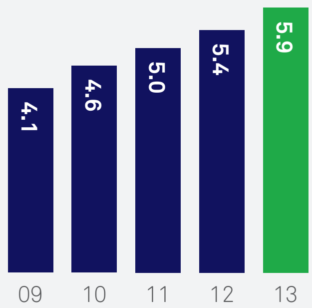
Pre-tax pre-exceptional profit (£m)

+22%



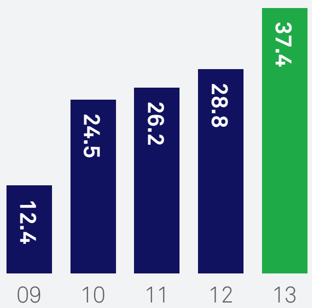
Dividend (p)

+9%



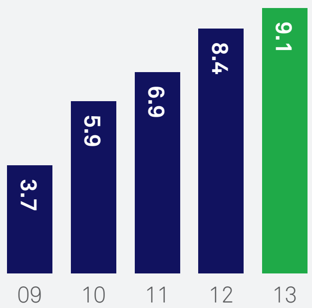
Net assets (£m)

+30%



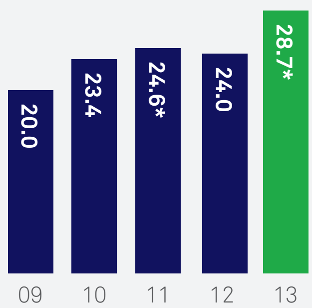
Cash generated from operations (£m)

+8%



EPS (p)

+20%



See how we measure performance in the **Finance Director's Report** on page 10

* Before exceptional items.

Northbridge can add significant value through organic expansion into new geographical or industry markets.

Our products and services

Northbridge Industrial Services plc is involved in an increasing range of activities around the world

Northbridge is a fully integrated global group with a product range that includes loadbanks, transformers and oil tools

Loadbanks

Transformers

Oil and gas drilling tools

What we do:

Northbridge is the largest designer, manufacturer, supplier and renter of specialist loadbanks and transformers in the world.

Provides the largest specialist fleet of loadbanks and transformers to the rental market. Assembled in the UK at our Crestchic factory in Burton to supply bespoke sales used for the commissioning and maintenance of independent power sources and systems such as diesel generators and gas turbines.

Industries we serve:

- Healthcare
- Oil and gas
- Banking
- Power and utilities
- Marine engineering
- Air transport
- Military
- Government

What we do:

Specialist hire of containerised transformers and switchgear and temporary packages substations globally.

Provides medium and low voltage transformers at various capacities with voltages from 230v to 36,000v. The containers are rapidly deployable with capacity that can be adapted according to the specific requirements of each client providing step up and step down capabilities.

Industries we serve:

- Healthcare
- Oil and gas
- Banking
- Power and utilities
- Marine engineering
- Air transport
- Military
- Government

What we do:

Over 4,000 different products to the onshore and offshore oil and gas industry.

Well positioned in Western Australia, Middle East and Singapore to meet growing demand.

Industries we serve:

- Oil
- Gas

Our expansion in the Middle and Far East and our continued investment into the hire fleet give us confidence of growth in the future.

Summary

- Crestchic again performed well and in particular the sales of manufactured units continued its strong growth
- Tasman had a good year. The first half benefitted from the continuing large contracts
- NME has seen further improvement following the steady growth in 2012
- Northbridge Transformers continued its good performance during 2013

L: **Peter Harris**
Chairman

R: **Eric Hook**
Chief Executive

We are pleased to present our review of the Group's trading performance for 2013.

The Group enjoyed a much stronger start to 2013 compared with the previous year, assisted by the extensions of a number of hire contracts which overran from the second half of 2012. This helped change the revenue mix towards rental which, for the full year, was 61% rental and 39% equipment sales as against 59% rental and 41% sales in 2012. Overall Group revenue for 2013 was £37.6 million (2012: £30.8 million), an increase of 22.0%. Allowing for the two acquisitions in the last four months of 2013, the underlying increase in sales was 18.2%.

Profit before tax (pre-exceptional) was £6.0 million (2012: £4.9 million), an increase of 22.3%. Post-exceptional profits of £6.6 million (2012: £4.9 million) included £1.1 million negative goodwill on the acquisition of Oilfield Material Management Limited. The overall movement of revenue mix towards rental increased the Group's cash generation, and EBITDA (pre-exceptional) for 2013 at £11.0 million (post-exceptional: £11.6 million) showed an 18.7% increase on 2012 (£9.3 million). Pre-exceptional Earnings Per Share were 28.7 pence, an increase of 19.6% (post-exceptional: 32.7 pence, 2012: 24.0 pence).

Crestchic, our main UK subsidiary, again performed well and in particular the sales of manufactured units continued its strong growth, with volumes up a further 25.7% compared with 2012. This was helped by the recent investment in our factory premises at Burton on Trent and a strengthening in demand within our customer base. It has been further advanced more recently by having an additional higher capacity overhead gantry crane installed in the last quarter. Rental revenue at Crestchic from the UK, Europe and West Africa was at a similar level to 2012, reflecting the more difficult trading environment in Europe. However, the opportunity was taken to redeploy surplus equipment into the Middle and Far East where utilisation remained high. Overall operating profits for Crestchic were up 23.7%.

Crestchic designs, manufactures, sells and hires loadbank equipment, which is primarily used for the commissioning and maintenance of independent power sources such as diesel generators and gas turbines. The need to test and maintain standby and independent power systems, together with the associated switchgear and controls, has become an increasingly important element within the power critical technology used by the banking, medical, marine and defence industries. This has resulted in continued strong demand for Crestchic's range of equipment and services throughout the world. Additionally Crestchic continues to benefit from a background of an increasingly unreliable global power infrastructure and an increase in the size and remoteness of certain projects.

On 13 September 2013 the Group acquired Crestchic (Asia-Pacific) PTE Limited (CAP) for a total price of Sing$13.0 million (£6.5 million) with the fair value of assets acquired totalling £5.4 million. This acquisition enhances Northbridge's presence in the Asia-Pacific Region and also re-unifies the well-known Crestchic brand. CAP is in the process of merging with our other loadbank rental operation in the region (Northbridge Asia-Pacific ("NAP")) and the combined entity will trade under the Crestchic brand name. The acquisition was funded by the placing of 1,561,700 new ordinary shares at 395 pence each, raising £6.17 million before expenses. The placing was well supported by both existing and new shareholders.

Read more about **our business and strategy** from page 14

Additional UK production facility incorporating a 30 tonne overhead gantry crane installed in the final quarter of 2013.

Crestchic continues to benefit from a background of an increasingly unreliable global power infrastructure and an increase in the size and remoteness of certain projects.

CAP was founded in 1994 in Singapore and has been trading as an independent distributor of Crestchic products focused on rental, and specialising in loadbanks and transformers with customers in Singapore, Malaysia, China and Indonesia for the last 20 years. CAP had a substantial hire fleet of both loadbanks and containerised distribution transformers with an historical cost in excess of Sing$15.0 million. The hire fleet comprises Crestchic loadbanks identical to those in the Group's hire fleet, together with a large fleet of complementary transformers, again of similar design to that of Northbridge's.

Tasman Oil Tools ("Tasman"), which specialises in renting drilling tools to the Australian oil and gas industry from its base in Perth WA and depots in New South Wales, Northern Territories and Queensland, also had a good year albeit slightly behind the record profits of 2012. The first half benefitted from the continuing large contracts running on from 2012 with a number of new contracts being won which started towards the end of 2013. Following the completion of the larger hires, the equipment has been serviced, recertified and deployed into the hire fleet. We start 2014 with a much enhanced hire fleet and a new tender season underway.

On 15 November 2013 the Group acquired the trade and assets of Oilfield Material Management Limited ("OMM BVI"), a company based in Abu Dhabi. OMM BVI is a rental provider of drilling tools for the oil and gas industry to customers in the Middle East and North Africa. Following the acquisition, OMM BVI will trade utilising the Group's existing oil tool rental identity as Tasman OMM FZE ("TOMM") and is in the process of relocating to our premises in the Jebel Ali Free Zone of Dubai. There is a high degree of commonality between the equipment and customer base of both Tasman and TOMM. Sharing resources will provide the combined entity with a solid base on which to grow.

Northbridge Middle East ("NME"), which experienced difficult trading during Dubai's financial crisis, has seen further improvement in its fortunes following the steady growth in 2012. Profits, which are not subject to tax, rose by 100% on turnover up by 94%. It not only enjoyed a strong performance from its additional activity of transformer rental, but also has seen a return of testing and commissioning work together with some signs that the local economy is over the worst.

NME operates from the Jebel Ali Freezone of Dubai and acts as a distributor for the full range of Crestchic's products and services throughout the Middle East and East Africa as well as trading on its own account in the rental of transformers, generators and associated electrical equipment.

Northbridge Transformers ("NT"), which was acquired from DSG NV, and renamed in December 2011, continued its good performance during 2013. Despite European demand being relatively soft, it is able to use NME in the Middle East and the newly acquired CAP in Singapore as a conduit for its activities. We have seen the brand "Northbridge Transformers" expand on the global stage during 2013 with equipment on hire in Pakistan, Peru, Indonesia and East Africa.

NT offers specialist transformers for rental throughout the world for high and low voltages at various capacities, generally packaged in ISO containers, which can be used for both "step up" and "step down" projects. Working alongside NME and CAP, it also provides packaged transformers for large independent power projects ("IPP"), where diesel generators are used to supplement national grids at high voltages in times of power shortage. Substantial further investment in this activity during the year meant we have been able to grow this business from its original base in Belgium to a worldwide audience, leveraging off our other depots throughout the world.

Northbridge Industrial Services (Asia-Pacific) Pte ("NAP"), the business we started in Singapore during 2011, had a successful year and achieved good profitability benefitting from high levels of utilisation and the Group's acquisition of its immediate competitor in September 2013. The businesses will be merged and continue trading under the Crestchic name. Currently the businesses operate from two separate leasehold premises and our plans are to relocate both activities to a larger unified site.

Financial performance

The Group's consolidated revenue for the year ended 31 December 2013 was £37.6 million (2012: £30.8 million). This included a contribution of £1.2 million from the two acquisitions in the last quarter of 2013. The activity split within the revenue was 61% rental and 39% sales compared with the split of 2012 which was 59% rental. This improvement in the mix towards rental was despite a continued strong performance of the sale of the Group's own manufactured units, up 26% from 2012.

Gross profits and pre-exceptional pre-tax profits were £20.3 million (2012: £17.6 million), an increase of 15.6% and £6.0 million (2012: £4.8 million) respectively. Pre-exceptional Earnings Per Share based on the average shares in issue during the period was 28.7 pence (2012: 24.0 pence), an increase of 19.6%.

Net cash generated from operating activities amounted to £9.1 million (2012: £8.4 million), of which £4.8 million (2012: £5.7 million) was invested into the hire fleet. At the year end, stock and work-in-progress amounted to £3.8 million (2012: £2.7 million). The increase was largely due to increased work-in-progress at the year end relating to one large contract, increasing demand for manufactured units and long lead times for key components. Total net assets at 31 December were £37.4 million (2012: £28.8 million) of which £34.5 million (2012: £28.0 million) was represented by the hire fleet. The written down value of the acquired hire fleets of CAP and TOMM was £6.9 million.

Hire fleet cost

£36.4m
2012: £27.6m

Total assets

£64.4m
2012: £50.5m

At 31 December the Group had net gearing, defined as the ratio of all short and long-term financial liabilities less cash held to net assets, of 31.5% (2012: 44.3%). At the end of June 2013, prior to the issue of new equity and the assumption of new debt relating to the two second half acquisitions, the net gearing was 36.8%. This reduction, despite the continued investment programme in our hire fleet, underlines the cash generative nature of the business.

Dividend

Based on this performance the Board is pleased to propose an increase in the final dividend for 2013 of 9.1% to 3.9 pence (2012: 3.575 pence) resulting in a total dividend for the year of 5.9 pence (2012: 5.425 pence) per share, an overall increase of 8.8% for the year. The final dividend will be paid on 4 June 2014 to shareholders on the register on 16 May 2014, subject to shareholder approval at the Annual General Meeting, to be held at 12.00 noon on 29 May 2014 at the offices of Buchanan Communications, 107 Cheapside, London EC2V 6DN.

Business review

2013 has seen the continued development of the Group, both organically and by acquisition. We were very pleased to be able to announce the acquisition of 100% of the shares of CAP in September, as it fitted our strategy so well.

As an independent Crestchic distributor, CAP's rental fleet of loadbanks was identical to our existing fleet and exactly matched both the age profile and range of specifications. Likewise the transformers were very similar to Northbridge's own hire fleet and had been cross-hired by us extensively in the past. The opportunity to unify the Crestchic brand in South East Asia was welcome and an outcome we had been working on for some time.

In addition, the acquisition of OMM BVI in Abu Dhabi, which has now been renamed as TOMM, has given us the opportunity to expand our successful Oil Tool Rental activity from Australia to the Middle East. We have also relocated TOMM to Northbridge's facility in Jebel Ali, Dubai, enabling both companies to share the same location and resources. The acquisition substantially increases the Group's rental revenue from oil tools into the growing Middle East region.

Following these acquisitions, and the steady growth of our existing activities with these products, we have further been able to refine our strategy to focus explicitly on loadbanks, transformers and oil tools.

We were very sorry to report the death of Jim Gould last year; he was a Director of the Company, but more importantly the founder and managing director of Crestchic Ltd. Crestchic was the first acquisition completed by Northbridge following its formation in 2005 and Jim played an active role until his death in October. He will be greatly missed, but leaves behind a vibrant and successful business.

Strategy

The Northbridge strategy is to acquire and consolidate specialist industrial equipment businesses. The criteria against which potential targets are assessed are:

- potential for expansion into complete outsourcing providers;
- supplying, or capable of supplying, a worldwide customer base;
- incorporating a strong element of rental and service work;
- capable of organic growth in their own right;
- active in the oil and gas and power related industries; and
- involved in the loadbank, transformer, oil tool and associated markets.

By consolidating a number of such companies Northbridge can add significant value through organic expansion into new geographical or industry markets and, by making complementary acquisitions, we can increase the Group's product offering to its international customer base.

In achieving this strategy we will be able to capitalise on the market opportunity to become a significant industrial services business serving an international market. The Board reviews this strategy periodically and believes it is still the correct one for the Group. We are actively continuing to search for suitable acquisitions.

Staff

We would like to take this opportunity to thank all the employees of the Group for their contribution to our success in 2013. In particular, we would like to welcome the employees of Crestchic Asia-Pacific and OMM BVI to the Group and thank them for the smooth transition to new ownership.

Outlook

The first quarter of 2014 has started well and the Group has been able to capitalise on the more buoyant market conditions in most parts of our business. Our expansion in the Middle East and the Far East, the increased production capacity and our continuing capital expenditure programme has resulted in a significantly larger and more balanced hire fleet and gives us confidence of continued growth.

Our operating cash flow remains strong and we continue to contemplate further acquisitions.

As a sign of the Board's confidence in the Group's prospects, an increase in the final dividend for 2013 of 9.1% has been proposed to 3.9 pence (2012: 3.575 pence).

We are pleased with the Group's progress in 2013 and, having started 2014 with good levels of demand for our products, we expect continued growth this year in line with management's expectations.

Peter Harris
Chairman
8 April 2014

Eric Hook
Chief Executive
8 April 2014

Finance Director's report

The Group's revenues are derived principally from the rental of its hire fleet and also from the sale of new equipment.

Summary

- Increased year-on-year revenue totalled £37.6 million (2012: £30.8 million)
- Gross Profit for the year increased from £17.6 million to £20.3 million
- Gearing reduced from 44.3% to 31.5%
- Cash generated from operations totalled £9.1 million during the year (2012: £8.4 million)
- The Group paid out £0.9 million (2012: £0.8 million) in dividends to shareholders

Revenue and profit before tax

The review of the financial performance for the year ended 31 December 2013 refers principally to the performance of the consolidated Group for the full year 2013 but also refers to the underlying performance of the Group. This measure excludes the post-acquisition performance of the two trading entities (Crestchic (Asia-Pacific) PTE Limited and OMM BVI) acquired during the second half of 2013 and we believe helps to aid comparison with prior periods and an understanding of the Group's financial performance as a whole.

The Group's revenues are derived principally from the rental of its hire fleet and also from the sale of new equipment. Increased year-on-year revenue totalled £37.6 million (2012: £30.8 million). Underlying revenue for the year totalled £36.4 million. The full year benefitted from several longer-term rental contracts secured in 2012 plus an enlarged hire fleet inventory.

As many of the Group's costs are of a fixed nature in the medium and short term any revenue movement, however small, will be highlighted at the gross profit level. Gross profit for the year increased from £17.6 million to £20.3 million, aided by the increased level of overall revenue and also the continuing shift in sales mix towards the higher margin rental revenue. Underlying gross profit totalled £19.7 million (2012: £17.6 million).

Despite the increased level of Group overhead, operating expenditure as a percentage of turnover continued its downward trend seen over recent years, decreasing to 36.9% from 39.3% in 2012.

Craig Robinson
Finance Director

Net bank debt

£11.8m

2012: £12.7m

Cash generated from operations

£9.1m

2012: £8.4m

Net finance costs for the year decreased to £0.5 million from £0.6 million following a reduction in the level of net debt achieved during the year.

Exceptional items relating principally to the acquisitions that took place during the year totalled a net gain of £0.6 million (2012: £nil).

Profit before tax (pre-exceptionals) totalled £6.0 million (2012: £4.9 million), an increase of 22.3%. Profit before tax totalled £6.6 million (2012: £4.9 million).

Earnings per share

The basic EPS figure of 32.7 pence after exceptional items (2012: 24.0 pence) and diluted EPS of 31.8 pence (2012: 23.8 pence) have been arrived at in accordance with the calculations contained in note 10.

Balance sheet and debt

A further strengthened balance sheet incorporates an increase in property, plant and equipment from £28.0 million to £34.5 million. This includes direct hire fleet investment of £4.8 million (2012: £7.8 million) and also £6.9 million representing the net book value of hire fleet assets of the two acquisitions that took place during 2013.

Trade receivables have increased to £9.4 million (2012: £7.6 million) impacted by strong trading performance in the final quarter of the financial year, the timing of certain larger rental contracts and the acquisitions in the second half of the year.

Cash and cash equivalents increased to £3.5 million (2012: £0.5 million) with the opportunity for good cash generation remaining in the current financial year.

Although borrowings increased as expected to £15.3 million (2012: £13.2 million), overall gearing reduced from 44.3% to 31.5%. Group cash flow from operating activities before movements in working capital totalled £9.9 million (2012: £8.9 million). The largest component of the difference between the profit before tax of £6.6 million and the cash flow from operating activities before movements in working capital of £9.9 million is depreciation which, at £3.9 million, is higher than in 2012 (£3.1 million) due to the Group's expanded hire fleet. The Directors feel that the current level of gearing is appropriate and, in the ordinary course of business, a further reduction in gearing is targeted for 2014. However, based on the Group's cash flow from operating activities there is capacity for increased borrowings should suitable opportunities arise to further grow the business.

Cash flow

The sustained and progressive level of cash generated from operations totalled £9.1 million during the year (2012: £8.4 million) of which £4.8 million (2012: £5.7 million) was reinvested into the hire fleet. Cash conversion, measured by cash generated from operating activities before tax as a percentage of pre-exceptional profit from operations, was 152% (2012: 165%), reflecting the continuing robust quality of earnings and the focus on working capital management. The Group closely monitors cash management and prioritises the repatriation of cash to the UK from its overseas subsidiaries.

During the year proceeds raised from the issue of share capital totalled £6.1 million. In addition to this, further Group bank borrowings were secured giving rise to a net inflow of funds from bank and other borrowings of £2.5 million (2012: £0.8 million). Both of these sources of funds were used to finance the cost of acquisitions of £7.9 million (2012: £0.6 million), business activities and also the fitting out and conversion of the additional production facility at Burton on Trent.

The Group paid out £0.9 million (2012: £0.8 million) in dividends to shareholders.

Income tax expense

The Group had an income tax expense for the year of £1.4 million (2012: £1.2 million) equating to a charge of 23% (2012: 24%) of pre-exceptional profit before tax. The Group benefitted from a reduced income tax rate for the current year following the continued utilisation of HMRC rules on overseas subsidiaries. We manage taxes such that we pay the correct amount of tax in each country that we operate in, utilising available reliefs and engaging with local tax authorities and advisors as appropriate.

Craig Robinson
Finance Director
8 April 2014

Our geographies

Operating through five major international hubs with a worldwide support network of depots and agents we are able to service the global demand for our products.

Asia-Pacific

Revenue breakdown by geography

38%

+2%

Europe and Americas

Revenue breakdown by geography

43%

-8%

Middle East

Revenue breakdown by geography

19%

+6%

Crestchic Asia-Pacific
Loadbanks, transformers
Singapore

www.northbridge-ap.com

Northbridge Asia-Pacific
Transformers
Singapore

www.northbridge-ap.com

Tasman Oil Tools
Oil and gas drilling tools
Australia

www.tasmanoiltools.com.au

Crestchic
Loadbanks, transformers
England

www.crestchic.co.uk

Northbridge Transformers
Transformers
Belgium

www.northbridgetransformers.com

Allied Industrial Resources
Compressors
England

www.alliedindustrialresources.co.uk

Crestchic Middle East
Loadbanks, transformers
Dubai

www.crestchic.com

Northbridge (Middle East) FZE
Transformers
Dubai

www.northbridge-me.com

Tasman OMM
Oil and gas drilling tools
Dubai

www.tasmanomm.com

Northbridge is in a unique position to take advantage of strong demand drivers from across the world. The services we provide are powered by an increasing demand from a variety of profitable and stable active end markets.

Our business model

A fully integrated, global, industrial equipment group:

Crestchic Loadbanks

Northbridge Transformers

Tasman Oil Tools

growing organically and through acquisitions...

...to reach more customers around the world...

...creating value for shareholders

Our strategy

The Northbridge strategy is to acquire and consolidate specialist industrial equipment businesses. The criteria against which potential targets are assessed are:

1. **potential for expansion into complete outsourcing providers;**
2. **supplying, or capable of supplying, a worldwide customer base;**
3. **incorporating a strong element of rental and service work;**
4. **capable of organic growth in their own right;**
5. **active in oil and gas and power related activities; and**
6. **involved in loadbank, transformer and oil tool market.**

By consolidating a number of such companies Northbridge can add significant value through organic expansion into new geographical or industry markets and, by making complementary acquisitions, we can increase the Group's product offering to its international customer base.

In achieving this strategy we will be able to capitalise on the market opportunity to become a significant industrial services business serving an international market. The Board reviews this strategy periodically and believes it is still the correct one for the Group. We are actively continuing to search for suitable acquisitions.

The need to test has become an increasingly important element with the power critical technology used by the banking, medical, marine and defence industries.

Active end markets

We have balanced exposure to secure and stable markets and blue chip clients throughout the world.

Demand drivers

Oil tools and equipment

Oil and gas
- Continued growth of onshore and offshore oil and gas industry in Australia and Middle East
  - Increasing demand for new rigs in Australia and Middle East
  - Further investment in offshore exploration (BHP and ESSO)
  - Future LNG opportunities

Mining
- Future Mining opportunities including drilling tools and load testing

Unconventional gas
- Shale gas opportunities (drilling in Queensland)

Marketing
- Enhanced sales team

Loadbanks and transformers

Off grid
- Marine engineering and ship building
  - Electric propulsion system
  - Navigation system
  - World's shipping fleet continues to grow
- Oil and gas
  - Offshore drilling platforms
  - LNG industry/LNG transportation/FPSOs

On grid
- Back-up power
  - Diesel generator and turbine testing
  - Uninterruptible power supplies
  - Emergency power systems – hospitals, banks, financial services
  - Digitisation – data centres, telecoms and process industries
  - Independent Power Producers ("IPP")

In common with any organisation the Group can be subjected to a variety of risks in the conduct of its normal business operations that could have a material impact on the Group's long-term performance.

Principal risks and uncertainties

The Group has once again had a successful year but in common with any organisation the Group can be subjected to a variety of risks in the conduct of its normal business operations that could have a material impact on the Group's long-term performance. The Group seeks to mitigate exposure to all forms of risk where practical and to transfer risk to insurers where cost effective. In this respect the Group maintains a range of insurance policies against major identified insurable risks, including (but not limited to) business interruption, damage to or loss of property and equipment, and employment risks. The major risks are outlined here.

Risk
Operational and commercial risks
Information technology
Interest rate risk
Foreign currency exchange risk
Credit risk

Description	Mitigation
The Group's revenues are derived from the sale and rental of specialist complementary industrial equipment and services and are dependent upon global economic conditions and competitor activity. The Group operates in highly competitive markets across a range of sectors including oil and gas, banking, shipping, health care, utilities and power generation. There are a relatively small number of significant competitors serving the markets in which we operate although we often compete against larger capitalised companies who could pose a significant threat because of financial capability which may result in lower pricing and margins or loss of business.	The Group's market and customer base is global and diverse, minimising over reliance on individual countries, sectors or customers. Competition for products and services provided by the Group varies by subsidiary with some of our products and services being subject to less market competition than others. As the Group's global business continues to develop this increases and broadens both the customer and revenue base placing reduced reliance on individual customers, markets and regions. Our use of international hubs holding significant levels of equipment available for rent has enabled us to service our customer needs better, and the ability to readily transport our containerised loadbank and transformer fleet enables us to respond to changes in localised utilisation.
The Group is dependent on its information technology ("IT") systems to operate its business efficiently, without failure or interruption. Whilst data within key systems is regularly backed up and systems are subject to virus protection, any systems failure or other major IT interruption could have a disruptive effect on the Group's business.	The geographically diverse nature of each Group location reduces the global risk associated with IT failure or disruption. The use of recognised service providers and operating and communication platforms has strengthened the Group's technological infrastructure and reduced the risk of loss due to failure, breakdown, loss or corruption of data.
The Group delegates day-to-day control of its bank accounts to local management. Most Group borrowings and overdrafts attract variable interest rates although the Group has entered into capping arrangements for certain variable interest rate borrowings and has also more recently entered into certain fixed interest rate agreements. The Board accepts that this policy of not fixing interest rates for all borrowings neither protecting the Group entirely from the risk of paying rates in excess of current market rates nor eliminating fully cash flow risk associated with interest payments.	All Group borrowings are arranged and administered centrally with day-to-day control of bank accounts by local management being restricted to operation within agreed parameters. The Group's bank borrowings are made up primarily of revolving facilities, finance leases, mortgage and term loans. The rate on part of the term loan has been capped at the margin plus a maximum LIBOR rate of 2% for the remaining term of the loan. The Group also utilises short-term trade finance facilities, a temporary overdraft facility and leasing arrangements. The Board considers that it currently achieves an appropriate balance of exposure to these risks although this situation is constantly monitored.
The Group is exposed to movements in exchange rates for both foreign currency transactions and the translation of net assets and income statements of foreign subsidiaries. As local management have responsibility for their own bank accounts, cash at bank balances are held in Euro, US Dollar, Australian Dollar, Singaporean Dollar and UAE Dirham accounts. Outstanding balances for trade receivables, trade payables and financial liabilities are also held in these currencies.	The Board manages this risk by converting non-functional currency into Sterling as appropriate, after allowing for future similar functional currency outlays. The Board regularly seeks the opinion of foreign currency professionals to advise on potential foreign currency fluctuations especially when it is aware of future foreign currency requirements. It does not currently consider that the use of hedging facilities would provide a cost-effective benefit to the Group on an ongoing basis.
Exposure to credit risk arises principally from the Group's trade receivables. At 31 December 2013 the Group had £5,489,000 (2012: £3,648,000) of trade receivables which were past due but not impaired of which £4,831,000 (2012: £3,186,000) has been collected since the year end. At 31 December 2013 trade receivables of £582,000 (2012: £77,000) were past due and are considered to be impaired due to the fact that the debts are old and due from customers in financial difficulty. During the year the Group wrote off £18,000 (2012: £nil) of debts considered unrecoverable.	The Group's trade receivables are managed through stringent credit control practices both at a local and Group level including assessing all new customers, requesting external credit ratings (which are factored into credit decisions), regularly reviewing established customers and obtaining credit insurance where felt appropriate.

This strategic report was approved by the Board on 8 April 2014 and signed by order of the Board by the Chief Executive.

Eric Hook
Chief Executive
8 April 2014

Board of Directors

Peter Harris
Non-executive Chairman
Peter Harris, aged 62, qualified as a chartered accountant having studied at Sheffield University. After a number of years in the accountancy profession he joined Borden Inc., a multinational food packaging and industrial product company, where he spent 13 years in a variety of senior financial roles. In 1994 Peter was appointed as finance director of RAC plc (formerly Lex Service Plc), a leading automotive services provider. In 1999 he became a group managing director of RAC plc, heading a number of businesses including LexTransfleet, Lex Multipart, Lex Commercials, Lex Defence and RAC Software Solutions. In April 2006, following the acquisition of RAC plc by Aviva plc, Peter was appointed chief executive of Dawson Holdings plc, the media supply chain business, from which he retired in June 2009. Peter is also chairman of Atmaana Business Consulting Ltd and Coworth-Flexlands School Ltd. He is a member of the Remuneration and Audit Committees of the Company.

Eric Hook
Chief Executive
Eric Hook, aged 60, qualified as a chartered certified accountant ("FCCA") in 1983 and spent many years in financial roles, culminating in the appointment as finance director of Harvey Plant Ltd, a subsidiary of Lex Service Plc. In 1994 Eric was appointed chief executive of Andrews Sykes Group Plc, the listed support services company, where he led the turnaround of the loss-making group. Eric left Andrews Sykes in 1999 to lead the Longville Group, a private equity backed consolidation of three industrial hire businesses. He expanded Longville organically and by acquisition to gain a market-leading position in pumps, fluid chillers and diesel generators. Eric left the Longville Group to establish Northbridge Industrial Services in 2003.

Craig Robinson
Finance Director
Craig Robinson, aged 51, was appointed as a Director on 2 February 2011 and became Finance Director on 1 April 2011. He was previously finance director of the AIM quoted company Michelmersh Brick Holdings Plc which he joined in April 2002. He is a fellow of the Chartered Association of Certified Accountants and he spent eight years working in practice before moving into the construction industry in the early 1990s. In 1998, he joined Morgan Sindall plc and was appointed as finance director of its Midlands-based subsidiary Wheatley Construction Ltd.

Ash Mehta
Non-executive Director
Ash Mehta, aged 48, qualified as a Chartered Accountant with KPMG in 1992 following which he worked in commercial finance roles in US multinationals. Since 1999 he has held a number of senior financial roles in full-listed and AIM companies, including Ultrasis plc and Raft International plc, and has extensive experience in IPO-type fundraisings and acquisitions. In 2006, Ash founded Orchard Growth Partners, a professional services firm offering part-time and interim finance director services, which he grew until selling it to the management team of Orchard in 2010. Ash was part-time Finance Director of the Group from April 2007 to March 2011 when he become a Non-executive Director of Northbridge. He is currently chief financial officer of Adlens Group, an international variable focus lens technology company.

David Marshall
Non-executive Director (independent)
David Marshall, aged 69, is chairman of a number of public listed companies, including Western Selection PLC, which is a substantial shareholder of Northbridge Industrial Services plc. In recent years he has taken a leading role in the reorganisation and development of a number of medium-sized listed companies in the UK and overseas. He is a member of the Remuneration and Audit Committees of the Company.

Michael Dodson
Non-executive Director (independent)
Michael Dodson, aged 66, is a fellow of the Institutions of Chemical and Electrical Engineers and a chartered engineer. He has a degree in chemical engineering from Imperial College plus a master's degree from London Business School. He has held directorships in over 20 companies ranging from large utilities, through MOD agencies to high-tech start-ups. He is a member of the Remuneration and Audit Committees of the Company.

Iwan Phillips
Company Secretary
Iwan Phillips, aged 30, studied at Warwick University before joining BDO in 2005 where he qualified as a Chartered Accountant in 2008. He spent five years at BDO, working on the audits of a variety of businesses but specialising in fully listed and AIM companies. Iwan joined Northbridge in 2010 as the Group Accountant and is now the Group Financial Controller. He was appointed as Company Secretary in 2011.

Secretary
I C Phillips

Company number
05326580

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www.northbridgegroup.co.uk

Country of incorporation of parent company
England and Wales

Legal form
Public limited company

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Birmingham B3 3SD

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Lloyds Banking Group
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Solicitors
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Directors' report

The Directors present their report and the financial statements for the year ended 31 December 2013.

Statement of Directors' responsibilities in respect of the annual report and financial statements
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 Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the Company 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 statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

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 they have been prepared in accordance with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of 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.

Website publication
The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Principal activities
The Company was incorporated for the purpose of acquiring companies that manufacture, hire and sell specialist industrial equipment.

In particular it seeks to acquire specialist niche businesses that have the potential for expansion into complete outsourcing providers, capable of supplying a non-cyclical customer base including utility companies, the public sector and the oil and gas industries.

The principal activities of the subsidiary companies are as follows:

- Crestchic Ltd – design, manufacture, sale and hire of loadbank equipment which is primarily used for the commissioning and maintenance of independent power sources such as diesel generators and gas turbines;
- Crestchic France S.A.S. – sale and hire of loadbank equipment which is primarily used for the commissioning and maintenance of independent power sources such as diesel generators and gas turbines;
- Tasman Oil Tools Pty Ltd ("Tasman") – hire of tools and equipment for the oil and gas industry in Australia;
- Northbridge (Middle East) FZE ("NME") – hire of equipment for the oil and gas industry in the Middle East;
- Northbridge Industrial Services Pty Limited ("NIS Pty") – hire of equipment for the oil and gas industry in the Asia-Pacific region;
- Crestchic (Asia-Pacific) Pty Limited ("CAP") – hire of equipment for the oil and gas industry in the Asia-Pacific region;
- Tasman OMM FZE ("TOMM") – hire of tools and equipment for the oil and gas industry in the Middle East;
- Northbridge Transformers NV (formerly DSG Rental NV) ("NT") – hire of specialist transformers;
- Northbridge Loadcell Services Pty ("Loadcell") – hire of oilfield instrumentation for the oil and gas industry in the Asia-Pacific region;
- Tyne Technical Equipment Rental Services ("TTERS") – hire and service of generators and associated equipment to the oil and gas industries in the Middle East;
- RDS (Technical) Ltd ("RDS") – hire and service of generators and associated equipment to the oil and gas industries in the Caspian region; and
- Allied Industrial Resources Limited ("AIR") – hire of specialised high flow/high pressure compressors together with specialist dryer units for the oil and gas industry.

Profit

The profit for the year after taxation amounted to £5,255,000 (2012: £3,707,000).

The Directors are proposing a final dividend of 3.90 pence (2012: 3.575 pence) per share totalling £675,000 (2012: £553,000), resulting in dividends for the whole year of 5.90 pence (2012: 5.425 pence) per share. Subject to shareholder approval the dividend will be paid on 4 June 2014 to those shareholders on the register of members on 16 May 2014.

Directors and their interests

The present Directors are detailed on pages 18 and 19 together with brief biographies.

P R Harris retires in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election.

C W Robinson retires in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election.

The Directors who served during the year and their interests in the Company's issued share capital were:

	Ordinary shares of 10 pence each		Share options	
	31 December 2013	1 January 2013	**31 December 2013**	1 January 2013
P R Harris	**1,097,051**	893,150	**—**	103,901
E W Hook	**300,000**	300,000	**646,601**	598,601
C W Robinson	**1,850**	1,850	**66,000**	50,000
A K Mehta	**14,147**	14,147	**50,822**	50,822
J W Gould (deceased 24 October 2013)	**—**	290,750	**—**	106,235
M G Dodson	**89,250**	289,250	**—**	—
D C Marshall	**—***	—*	**—**	—

* D C Marshall is a director of Western Selection PLC, a substantial shareholder in the Company, which held 2,200,000 (2012: 2,200,000) ordinary shares at 31 December 2013 and at the date of this report.

Between 1 January 2013 and the date of this report there have been no changes to the above shareholdings or options. Further details on Directors' share options can be found in note 22.

Directors' indemnity insurance

Qualifying third party indemnity insurance was in place, for the benefit of the Directors, during the year and at the date of this report.

Substantial shareholdings

The Company has been notified that the following investors held interests in 3% or more of the Company's issued share capital (net of shares held in treasury) at 31 December 2013:

	Number	%
Artemis Investment Management Ltd	2,421,000	13.98
Western Selection plc	2,200,000	11.55
Blackrock Inc.	1,722,260	9.95
P R Harris	1,097,051	6.34
Hargreave Hale Ltd	1,041,987	6.02
Investec Wealth	865,401	5.00
R G Persey	678,645	3.92

From 31 December 2013 to the balance sheet date, the Directors were notified that Investec Wealth had increased their shareholding to 1,124,263 shares representing 6.49% of the share capital.

Purchase of own shares

At the year end the Company held 152,150 (2012: 152,150) of its own shares which represent 0.87% (2012: 0.97%) of the share capital of the Company. Between 1 January 2013 and the date of this report there have been no transactions in the shares of the Company.

All of the shares have been purchased to be held in treasury, to satisfy any obligations under the share-based payments scheme.

Special business to be transacted at the Annual General Meeting

In addition to the ordinary business referred to in resolutions 1 to 8 of the Notice of Meeting, the Directors propose certain special business set out in resolutions 6 to 8 of the Notice of Meeting.

Resolution 6 will renew the powers of the Board to allot, pursuant to Section 551 of the Companies Act 2006, the unissued ordinary shares of the Company. The authority sought by this resolution will replace the existing powers of the Directors which expire on the date of the Annual General Meeting and will provide the Directors with the flexibility to issue further ordinary shares if they deem it appropriate to do so.

Resolution 7 is a special resolution that dis-applies shareholders' pre-emption rights and grants authority to the Directors, without the need for further specific shareholder approval, to make allotments of equity securities for cash by way of rights issues, where practical considerations such as fractions and foreign securities laws make this desirable, and other issues up to an aggregate nominal amount equal to 10% of the issued share capital of the Company.

Resolution 8, if passed, will authorise the Company to continue to buy its own shares subject to the constraints set out in the resolution. The Board in future will only exercise this right if it is satisfied that it is in the interests of the shareholders as a whole to do so and that it is likely to result in an increase in EPS.

Corporate governance

The Directors acknowledge the importance of good corporate governance and, whilst the Group does not comply with the UK Corporate Governance Code (it is not required to do so), they apply its principles so far as is practicable, taking into account the Company's size and stage of development.

The Board meets regularly to monitor the current state of business and to determine its future strategic direction. During the year the Board comprised a Non-executive Chairman, two Executive Directors and three Non-executive Directors. Two of the Non-executive Directors are independent of executive management and do not participate in share option or other executive remuneration schemes, nor do they qualify for pension benefits.

Board committees

The principal committees established by the Directors are:

Audit Committee

The committee meets at least twice a year and examines any matters relating to the financial affairs of the Group including the review of annual and interim results, internal control procedures and accounting practices. The Audit Committee meets with the auditors periodically and as necessary. This committee is comprised of the three Non-executive Directors and is chaired by David Marshall. The Finance Director and other Executive Directors may also attend meetings as appropriate to the business in hand but are not members of the committee.

Remuneration Committee

The Remuneration Committee reviews the performance of the Executive Directors and any senior management and sets and reviews their remuneration and the terms of their service contracts, determines the payment of bonuses to Executive Directors and senior management and considers any bonus and option schemes which may be implemented by the Group. This committee is comprised of the three Non-executive Directors and is chaired by Michael Dodson. Executive Directors may also attend meetings as appropriate to the business in hand but are not members of the committee. None of the Executive Directors were present at meetings of the committee during consideration of their own remuneration.

No advice has been provided to the committee by external advisors or consultants.

Attendance at Board and other meetings for 2013

The Board met on eight occasions during the year following a formal agenda. Attendance at formal Board meetings during the year is shown in the following table:

	Number of meetings in year	P R Harris	C W Robinson	M G Dodson	J W Gould	E W Hook	D C Marshall	A K Mehta
Board (scheduled)	8	8	8	7	6	8	8	8
Audit Committee	2	2	2	2	2	2	2	2
Remuneration Committee	2	2	—	2	—	—	2	—

Relations with shareholders
The Company holds meetings from time to time with institutional shareholders to discuss the Company's strategy and financial performance. The Annual General Meeting is used to communicate with private and institutional investors.

Financial instruments
Details of the use of financial instruments by the Group are contained in note 25 of the financial statements.

Auditors' independence
The non-audit work undertaken in the year by the Group's auditors, BDO LLP, was restricted to due diligence work and advice on tax matters for the Group.

Auditors
A resolution to re-appoint the independent auditors, BDO LLP, will be proposed at the next Annual General Meeting.

In the case of each of the persons who was a Director of the Company at the date when this report was approved and so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditors are unaware, and each of the Directors has taken all of the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved by the Board on 8 April 2014 and signed by order of the Board by the Company Secretary.

Iwan Phillips
Company Secretary
8 April 2014

Independent auditor's report

To the shareholders of Northbridge Industrial Services plc

We have audited the financial statements of Northbridge Industrial Services plc for the year ended 31 December 2013 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements 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 auditors

As explained more fully in the Statement of Directors' Responsibilities, 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 Financial Reporting Council's ("FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

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 31 December 2013 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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;
- the parent company financial statements are not in agreement with the accounting records and returns;
- 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.

Stephen Ward (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditors
Birmingham
United Kingdom
8 April 2014

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

Consolidated statement of comprehensive income

For the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Revenue	1,2	**37,594**	30,813
Cost of sales		**(17,285)**	(13,247)
Gross profit		**20,309**	17,566
Operating costs			
Excluding exceptional items		**(13,864)**	(12,107)
Exceptional items	4	**637**	—
Total operating costs		**(13,227)**	(12,107)
Profits from operations		**7,082**	5,459
Finance income		**54**	30
Finance costs	8	**(530)**	(609)
Profit before taxation excluding exceptional items		**5,969**	4,880
Exceptional items	4	**637**	—
Profit before taxation	3	**6,606**	4,880
Taxation	9	**(1,351)**	(1,173)
Profit for the year attributable to the equity holders of the parent		**5,255**	3,707
Other comprehensive income			
Exchange differences on translating foreign operations		**(2,638)**	(583)
Other comprehensive income for the year, net of tax		**(2,638)**	(583)
Total comprehensive income for the period attributable to equity holders of the parent		**2,617**	3,124
Earnings per share			
– basic (pence)		**32.7**	24.0
– diluted (pence)		**31.8**	23.8

All amounts relate to continuing operations.

The notes on pages 29 to 55 form part of these financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2013

	Share capital £'000	Shares to be issued £'000	Share premium £'000	Merger reserve £'000	Foreign exchange reserve £'000	Treasury share reserve £'000	Retained earnings £'000	Total £'000
Changes in equity								
Balance at 31 December 2012	1,562	—	13,367	849	1,005	(201)	12,228	28,810
Profit for the year	—	—	—	—	—	—	5,255	5,255
Other comprehensive income	—	—	—	—	(2,638)	—	—	(2,638)
Total comprehensive income for the year	—	—	—	—	(2,638)	—	5,255	2,617
Issue of share capital	178	311	6,281	—	—	—	—	6,770
Share issue costs	—	—	(330)	—	—	—	—	(330)
Deferred tax on share options	—	—	—	—	—	—	333	333
Share option expense	—	—	—	—	—	—	96	96
Dividends paid	—	—	—	—	—	—	(903)	(903)
Balance at 31 December 2013	**1,740**	**311**	**19,318**	**849**	**(1,633)**	**(201)**	**17,009**	**37,393**

Consolidated statement of changes in equity

For the year ended 31 December 2012

	Share capital £'000	Share premium £'000	Merger reserve £'000	Foreign exchange reserve £'000	Treasury share reserve £'000	Retained earnings £'000	Total £'000
Changes in equity							
Balance at 31 December 2011	1,551	13,203	849	1,588	(201)	9,228	26,218
Profit for the year	—	—	—	—	—	3,707	3,707
Other comprehensive income	—	—	—	(583)	—	—	(583)
Total comprehensive income for the year	—	—	—	(583)	—	3,707	3,124
Issue of share capital	11	164	—	—	—	—	175
Deferred tax on share options	—	—	—	—	—	31	31
Share option expense	—	—	—	—	—	48	48
Dividends paid	—	—	—	—	—	(786)	(786)
Balance at 31 December 2012	1,562	13,367	849	1,005	(201)	12,228	28,810

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

Reserve	**Description and purpose**
Share capital account	Amount subscribed for share capital.
Shares to be issued reserve	Amount subscribed for share capital which has been committed to but not yet issued.
Share premium account	Amount subscribed for share capital.
Merger reserve	Excess of the fair value of shares issued over their nominal value when such shares are issued as part of the consideration to acquire at least a 90% equity holding in another company.
Foreign exchange reserve	Amount arising on the retranslation of foreign subsidiaries.
Treasury share reserve	Amount used to purchase ordinary shares for holding in treasury.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Consolidated balance sheet

As at 31 December 2013

Company number: 05326580	Note	2013 £'000	2013 £'000	2012 £'000	2012 £'000
ASSETS					
Non-current assets					
Intangible assets	11	**10,656**		10,267	
Property, plant and equipment	12	**34,457**		28,006	
			45,113		38,273
Current assets					
Inventories	13	**3,847**		2,652	
Trade and other receivables	14	**11,950**		9,080	
Cash and cash equivalents		**3,513**		459	
			19,310		12,191
Total assets			**64,423**		50,464
LIABILITIES					
Current liabilities					
Trade and other payables	15	**7,474**		3,689	
Financial liabilities	16	**7,873**		4,174	
Other financial liabilities	16	**144**		834	
Current tax liabilities		**989**		1,093	
			16,480		9,790
Non-current liabilities					
Financial liabilities	16	**7,436**		9,029	
Other financial liabilities	16	**364**		234	
Deferred tax liabilities	17	**2,750**		2,601	
			10,550		11,864
Total liabilities			**27,030**		21,654
Total net assets			**37,393**		28,810
Capital and reserves attributable to equity holders of the Company					
Share capital	18		**1,740**		1,562
Shares to be issued			**311**		—
Share premium			**19,318**		13,367
Merger reserve			**849**		849
Foreign exchange reserve			**(1,633)**		1,005
Treasury share reserve			**(201)**		(201)
Retained earnings			**17,009**		12,228
Total equity			**37,393**		28,810

The notes on pages 29 to 55 form part of these financial statements. The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 8 April 2014.

Eric Hook
Director

Consolidated cash flow statement

For the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Cash flows from operating activities			
Net profit before taxation		**6,606**	4,880
Adjustments for:			
– amortisation and impairment of intangible assets	11	**667**	698
– amortisation of capitalised debt fee		**62**	60
– depreciation of property, plant and equipment	12	**3,894**	3,117
– profit on disposal of property, plant and equipment		**(737)**	(221)
– negative goodwill	4	**(1,131)**	—
– non-cash settlement of contingent consideration		**60**	(260)
– investment income		**(54)**	(30)
– finance costs	8	**530**	609
– share option expense	22	**96**	48
		9,993	8,901
(Increase)/decrease in inventories		**(1,615)**	330
Increase in receivables		**(1,901)**	(840)
Increase in payables		**2,609**	16
Cash generated from operations		**9,086**	8,407
Finance costs	8	**(530)**	(577)
Taxation		**(1,204)**	(723)
Hire fleet expenditure	12	**(4,830)**	(5,731)
Sale of assets within hire fleet		**991**	1,552
Net cash from operating activities		**3,513**	2,928
Cash flows from investing activities			
Finance income		**54**	30
Acquisition of subsidiary undertaking (net of cash acquired)	23	**(6,499)**	—
Payment of deferred consideration		**(20)**	(581)
Purchase of property, plant and equipment	12	**(422)**	(2,079)
Sale of property, plant and equipment		**89**	33
Net cash used in investing activities		**(6,798)**	(2,597)
Cash flows from financing activities			
Proceeds from share capital issued		**6,137**	175
Proceeds from bank borrowings		**4,018**	2,501
Repayment of bank borrowings		**(1,533)**	(1,690)
Repayment of finance lease creditors		**(1,405)**	(944)
Dividends paid in the year		**(903)**	(786)
Net cash from/(used in) financing activities		**6,314**	(744)
Net increase/(decrease) in cash and cash equivalents		**3,029**	(413)
Cash and cash equivalents at beginning of period		**459**	878
Exchange gains/(losses) on cash and cash equivalents		**25**	(6)
Cash and cash equivalents at end of period	24	**3,513**	459

During the period the Group acquired property, plant and hire equipment with an aggregate cost of £5,496,000 (2012: £9,925,000) of which £244,000 (2012: £2,115,000) was acquired by means of finance leases.

Notes to the consolidated financial statements

For the year ended 31 December 2013

1. Accounting policies

1.1 Basis of preparation of financial statements

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The Group financial statements have been prepared under the historical cost convention subject to fair valuing certain financial instruments and in accordance with International Financial Reporting Standards and International Accounting Standards and Interpretations (collectively, "IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by European Union ("adopted IFRS") and with those parts of the Companies Act 2006 applicable to companies preparing financial statements in accordance with IFRS.

The parent company's financial statements have been prepared under applicable United Kingdom accounting standards and are on pages 56 to 62.

1.2 Basis of consolidation

The financial statements consolidate the accounts of Northbridge Industrial Services plc and its subsidiary undertakings.

The results of any business acquired during the year are included from the effective date of acquisition.

Intercompany transactions and balances between companies are eliminated in full.

1.3 Revenue

Revenue comprises the fair value of the consideration receivable by the Group in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

Sales are recognised when the goods are delivered, being when the risks and rewards are substantially transferred to the customer. Hire sales are recognised over the period of hire.

1.4 Intangible assets and amortisation

Development products

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over seven years. The amortisation expense is included within the selling and distribution cost line in the statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the statement of comprehensive income under cost of sales.

Intangible assets in acquired companies

Intangible assets in acquired companies are valued by an independent expert valuer and amortised over their expected useful life under administrative expenses.

Current experience has shown this to be over the periods shown below:

Customer relationships	Between five and ten years
Order backlog	Less than one year
Non-competition agreements	Five years

1.5 Leasing and hire purchase

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the fair value or, if lower, the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

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

1. Accounting policies continued

1.6 Goodwill

Goodwill represents the excess of the cost of a business combination over, in the case of business combinations completed prior to 1 January 2011, the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities acquired and, in the case of business combinations completed on or after 1 January 2011, the total fair value of the identifiable assets, liabilities and contingent liabilities acquired as at the acquisition date.

For business combinations completed prior to 1 January 2011, cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus any direct cost of acquisition. Changes in the estimated value of contingent consideration arising on business combinations completed by this date are treated as an adjustment to cost and, in consequence, result in a change in the carrying value of goodwill.

For business combinations completed on or after 1 January 2011, cost comprised the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, it is re-measured subsequently through profit or loss. For combinations completed on or after 1 January 2011, direct costs of acquisition are taken immediately as an expense.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceeds the fair value of consideration paid, the excess is credited in full to profit or loss.

Impairment tests on goodwill are undertaken annually on 31 December. The Company carries out an impairment review by evaluating the recoverable amount, which is the higher of the fair value less costs to sell and value in use. In assessing the value-in-use amount, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

1.7 Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of property, plant and equipment, excluding freehold land, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	— 2%	Straight line
Plant and machinery	— 10%	Reducing balance
Motor vehicles	— 25%	Reducing balance
Furniture and fittings	— 10–33%	Reducing balance and straight line
Hire equipment	— 10%	Straight line

In the course of ordinary activities items from the hire fleet may be sold. The sale proceeds and the related cost of sales arising from the sale of hire fleet assets are included within revenue and cost of sales. Cash payments to acquire or manufacture hire fleet assets and cash received on the sale of hire fleet assets are included with cash flows from operating activities.

The manufactured hire equipment is capitalised, including materials, labour costs and an overhead cost allocation.

1.8 Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing the value-in-use amount, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Inventories

Inventories are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving items. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1. Accounting policies continued

1.10 Current and deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs to its tax base, except for differences arising on:

- the initial recognition of goodwill;
- goodwill for which amortisation is not tax deductible; and
- investments in subsidiaries where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

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

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

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

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

1.11 Foreign currencies

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss in the statement of comprehensive income.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in other comprehensive income and are credited/(debited) to the foreign exchange reserve.

Exchange differences recognised in the statement of comprehensive income of the Group's entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are re-classified to the foreign exchange reserve on consolidation.

1.12 Pensions

Contributions to defined contribution pension schemes are charged to profit or loss in the statement of comprehensive income in the year to which they relate.

1.13 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of the options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the vesting period.

1.14 Treasury shares

Consideration paid for the purchase of treasury shares is recognised directly in equity. The cost of treasury shares held is presented as a separate reserve (the "treasury share reserve"). Any excess of the consideration received on the sale of treasury shares over the weighted average cost of the shares sold is credited to the share premium account.

1. Accounting policies continued

1.15 Financial instruments

(a) Financial assets

The Group's financial assets fall into the categories discussed below, with the allocation depending to an extent on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity.

Unless otherwise indicated, the carrying amounts of the Group's financial assets are a reasonable approximation of their fair values.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables) and deposits held at banks, but may also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The effect of discounting on these financial instruments is not considered to be material.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

(b) Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired.

Unless otherwise indicated, the carrying amounts of the Group's financial liabilities are a reasonable approximation of their fair values.

Other financial liabilities include the following items:

- trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method; and
- bank borrowings and loan notes are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. Interest expense in this context includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding. Interest is recognised as a finance expense in the statement of comprehensive income.

Fair value is calculated discounting estimated future cash flows using a market rate of interest.

Financial instruments are recognised when the Group becomes party to the contractual terms of the instrument and derecognised on expiry of the contractual terms or conditions attaching to the instrument.

1.16 Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of the size or incidence to enable a full understanding of the Group's financial performance.

1.17 Critical accounting estimates and judgements

The preparation of consolidated financial statements under IFRS requires the Group to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Estimated impairment of goodwill

The Group is required to test whether goodwill has suffered any impairment. The recoverable amounts of the CGUs have been determined based on value-in-use estimations. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the CGU as shown in note 11.

Impairment of assets

Property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted (see note 12), the recoverable amount of an asset or a CGU is determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates.

Income taxes

The Group recognises expected liabilities for tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual liability arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax provisions in the period when such determination is made (see note 9).

Share-based payments

A key factor in determining the value of the share options is the likelihood of vesting. The likelihood of vesting is estimated based on the past behaviour of option holders and the changes on the Group's share price.

1. Accounting policies continued

1.18 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors.

1.19 New standards and interpretations

In preparing the Group financial statements, the following new standards and interpretations have been adopted but have had no impact on the Group financial statements:

- Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income" (1 July 2012);
- IFRS 13 "Fair Value Measurement" (1 January 2013);
- Amendments to IAS 19 "Employee Benefits" (1 January 2013);
- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" (1 January 2013);
- Amendments to IFRS 1 "Separate Financial Statements" (1 January 2013);
- Amendments to IFRS 7 "Financial Instruments: Disclosures: Transfers of Financial Assets" (1 January 2013); and
- Amendments to IAS 12 "Deferred Tax: Recovery of Underlying Assets" (1 January 2013).

The following new standards, amendments and interpretations have been issued but are not yet effective and management is assessing their impact on the Group financial statements:

- IFRS 9 "Financial Instruments" (not yet available for adoption in the EU);
- IFRS 10 "Consolidated Financial Statements" (1 January 2014);
- IFRS 11 "Joint Arrangements" (1 January 2014);
- IFRS 12 "Disclosure of Interests in Other Entities" (1 January 2014);
- Amendments to IAS 27 "Separate Financial Statements" (1 January 2014);
- Amendments to IAS 28 "Investments in Associates and Joint Ventures" (1 January 2014);
- Amendments to IAS 32 "Financial Instruments" (1 January 2014);
- Amendments to IAS 36 "Impairment of assets" (1 January 2014); and
- Amendments to IAS 39 "Financial Instruments" (1 January 2014).

The following new standards, amendments and interpretations have been issued but are not yet effective and are not either currently relevant or expected to be relevant to the Group's operations:

- IFRIC 21 "Levies" (1 January 2014);
- Amendments to IAS 19 "Employee Benefits" (1 July 2014); and
- IFRS 14 "Regulatory Deferral Accounts" (1 January 2016).

1.20 Dividends

Interim dividends are recognised when they are paid. Final dividends are recognised when they are approved by shareholders at the Annual General Meeting.

2. Segment information

The Group currently has three main reportable segments:

- Europe – this segment is involved in the manufacture, hire and sale of specialist industrial equipment. It is the largest proportion of the Group's business and generated 43% (2012: 51%) of the Group's revenue. This includes the Crestchic, NT, AIR and Crestchic France businesses;
- Middle East – this segment is involved in the hire of specialist industrial equipment and contributes 19% (2012: 13%) of the Group's revenue. This includes the NME, RDS, TOMM and TTERS businesses; and
- Asia-Pacific – this segment is involved in the hire and sale of specialist industrial equipment and generated 38% (2012: 36%) of the Group's revenue. This includes the Tasman, NIS Pty, CAP and Loadcell businesses.

Factors that management used to identify the Group's reportable segments

The Group's reportable segments are strategic business units that offer different products and services which operate in different locations around the world. They are managed separately because they require different marketing and distribution strategies.

2. Segment information continued

Measurement of operating segment profit or loss, assets and liabilities

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss before tax.

Segment assets and liabilities include an aggregation of all assets and liabilities relating to businesses included within each segment. Other adjustments relate to the non-reportable head office along with consolidation adjustments which include goodwill and intangible assets. All inter-segment transactions are at arm's length.

	Europe £'000	Middle East £'000	Asia-Pacific £'000	Total £'000	Inter-company £'000	Other including consolidation adjustments £'000	**2013 Total £'000**
Revenue from external customers	16,305	6,998	14,291	37,594	—	—	**37,594**
Inter-segment revenue	3,501	—	11	3,512	(3,512)	—	**—**
Finance income	50	—	4	54	—	—	**54**
Finance expense	(252)	(43)	(25)	(320)	—	(210)	**(530)**
Depreciation	(1,680)	(750)	(1,312)	(3,742)	—	(152)	**(3,894)**
Amortisation	(35)	(6)	(65)	(106)	—	(561)	**(667)**
Profit before tax before exceptional items	4,283	1,374	2,739	8,396	41	(2,468)	**5,969**
Exceptional items	—	1,131	—	1,131	—	(494)	**637**
Profit before tax	4,283	2,505	2,739	9,527	41	(2,962)	**6,606**
Balance sheet							
Assets	26,888	22,412	27,967	77,267	(34,639)	21,795	**64,423**
Liabilities	(16,091)	(13,484)	(16,428)	(46,003)	35,361	(16,388)	**(27,030)**
	10,797	8,928	11,539	31,264	722	5,407	**37,393**
Non-current asset additions							
Property, plant and equipment additions	2,440	1,899	2,195	6,534	(1,041)	3	**5,496**
Investment additions	—	2,226	6,480	8,706	(8,706)	—	**—**
Intangible asset additions	—	280	1,728	2,008	—	—	**2,008**

The reconciling adjustments between the total segmental profit before tax and the profit before tax of the Group include amortisation (£561,000) and head office expenditure (£1,474,000). The reconciling adjustments between the total segmental net assets to the net assets of the Group include the addition of the head office net assets and consolidation adjustments.

	Europe £'000	Middle East £'000	Asia-Pacific £'000	Total £'000	Inter-company £'000	Other including consolidation adjustments £'000	2012 Total £'000
Revenue from external customers	15,621	4,062	11,130	30,813	—	—	30,813
Inter-segment revenue	1,157	—	—	1,157	(1,157)	—	—
Finance income	29	—	1	30	—	—	30
Finance expense	(188)	(19)	(139)	(346)	—	(263)	(609)
Depreciation	(1,332)	(579)	(1,151)	(3,062)	—	(55)	(3,117)
Amortisation	(51)	—	(64)	(115)	—	(583)	(698)
Profit before tax before exceptional items	3,425	365	3,268	7,058	(40)	(2,138)	4,880
Exceptional items	—	—	—	—	—	—	—
Profit before tax	3,425	365	3,268	7,058	(40)	(2,138)	4,880
Balance sheet							
Assets	21,462	13,968	17,934	53,364	(21,968)	19,068	50,464
Liabilities	(12,603)	(7,217)	(7,632)	(27,452)	22,703	(16,905)	(21,654)
	8,859	6,751	10,302	25,912	735	2,163	28,810
Non-current asset additions							
Property, plant and equipment additions	5,144	1,702	3,987	10,833	(908)	—	9,925

The reconciling adjustments between the total segmental profit before tax and the profit before tax of the Group include amortisation (£583,000) and head office expenditure (£1,055,000). The reconciling adjustments between the total segmental net assets to the net assets of the Group include the addition of the head office net assets and consolidation adjustments.

2. Segment information continued

Measurement of operating segment profit or loss, assets and liabilities continued

	External revenue by location of sale origination		Non-current assets by location	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000
UK	**15,046**	14,349	**12,677**	11,906
Australia	**9,140**	9,097	**9,592**	12,189
United Arab Emirates	**5,910**	3,114	**8,305**	4,527
Azerbaijan	**1,088**	949	**691**	789
Singapore	**5,151**	2,032	**9,217**	3,399
Belgium	**942**	1,092	**4,621**	5,463
Other	**317**	180	**10**	—
	37,594	30,813	**45,113**	38,273

	External revenue by type		Non-current assets by type	
	2013 £'000	2012 £'000	**2013 %**	2012 %
Hire of equipment	**22,982**	18,029	**61.1**	58.5
Sale of product	**14,612**	12,784	**38.9**	41.5
	37,594	30,813	**100.0**	100.0

3. Profit from operations

The operating profit is stated after charging:

	2013 £'000	2012 £'000
Amortisation:		
– customer relationships	**577**	594
– order backlog	**22**	15
– deferred research and development expenditure	**5**	22
– non-competition agreements	**63**	67
Depreciation of property, plant and equipment:		
– owned by the Company	**3,088**	2,529
– held under finance leases	**806**	588
Operating lease rentals:		
– property leases	**739**	754
– other operating leases	**75**	68
Cost of inventories recognised as an expense during the year	**5,808**	5,569
Foreign exchange (gains)/losses	**(44)**	62
Share-based payment remuneration	**96**	48

See note 7 for auditors' fees.

Notes to the consolidated financial statements continued

For the year ended 31 December 2013

4. Exceptional items

Exceptional items incurred during the year were as follows:

	2013 £'000	2012 £'000
Acquisition costs(1)	494	—
Negative goodwill(2)	(1,131)	—
Exceptional items	(637)	—

(1) The exceptional costs relate to settlement costs on the deferred payment due on the acquisition of Loadcell and fees incurred on the acquisition of Crestchic (Asia-Pacific) Pte Limited and the trade and assets of Oilfield Material Management Limited. In line with IFRS 3 (revised) acquisition costs have been charged to profit and loss.

(2) The fair value of the trade and assets Oilfield Material Management Limited purchased during the year is deemed to be in excess of the fair value of the consideration paid. In line with IFRS 3 the negative goodwill has been taken to profit and loss.

5. Staff costs

Staff costs, including Directors' remuneration, were as follows:

	2013 £'000	2012 £'000
Wages and salaries	7,506	6,417
Social security costs	987	807
Other pension costs	308	280
Share-based payments	96	48
	8,897	7,552

Of the share-based payments made in the year £62,000 (2012: £44,000) related to key management personnel. Of the £7,506,000 of wages and salaries paid during the year £977,000 (2012: £765,000) related to key management personnel.

The average monthly number of employees, including the Directors, during the year was as follows:

	2013 Number	2012 Number
Technical and production	110	106
Sales	33	24
Administration	39	35
	182	165

6. Directors' remuneration

	2013					2012				
	Salary £'000	Bonus £'000	Gain on share options £'000	Benefits £'000	Total £'000	Salary £'000	Bonus £'000	Gain on share options £'000	Benefits £'000	Total £'000
P R Harris	48	—	236	—	284	48	—	—	—	48
E W Hook	200	122	—	2	324	191	—	—	2	193
C W Robinson	118	35	—	1	154	110	—	—	—	110
A K Mehta	12	—	—	—	12	12	—	—	—	12
J W Gould	78	—	48	12	138	105	25	—	13	143
M G Dodson	16	—	—	—	16	16	—	—	—	16
D C Marshall	16	—	—	—	16	16	—	—	—	16
	488	157	284	15	944	498	25	—	15	538

7. Auditors' remuneration

	2013 £'000	2012 £'000
Fees payable to the Group's auditors for the audit of the consolidated financial statements	**28**	25
Fees payable to the Group's auditors and associates in respect of:		
– audit	**83**	57
– audit related assurance services	**9**	9
– tax compliance	**27**	26
– other tax services	**39**	17
– corporate finance services	**97**	—

Amounts paid to the Company's auditors 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.

8. Finance costs

	2013 £'000	2012 £'000
On bank loans and overdrafts	**379**	459
On finance leases and hire purchase contracts	**151**	114
Other interest	**—**	36
	530	609

9. Income tax expense

	2013 £'000	2012 £'000
Current tax expense	**1,277**	1,391
Prior year (over)/under provision of tax	**(105)**	85
	1,172	1,476
Deferred tax expense resulting from the origination and reversal of temporary differences	**179**	(303)
Taxation	**1,351**	1,173

Factors affecting tax charge for the year

The tax assessed for the year is different to the standard rate of corporation tax in the UK. The differences are explained below:

	2013 £'000	2012 £'000
Profit before taxation	**6,606**	4,880
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	**1,536**	1,196
Effects of:		
– Group adjustments not allowable for taxation	**99**	(139)
– income not subject to tax	**(189)**	(203)
– expenses not allowable for taxation purposes	**224**	228
– difference in taxation rates	**(214)**	6
– prior year (over)/under provision of taxation and deferred taxation	**(105)**	85
Total taxation charge for the year	**1,351**	1,173

The standard rate of corporation tax in the UK is now 21% since 1 April 2014.

10. Earnings per share

	2013 £'000	2012 £'000
Numerator		
Earnings used in basic and diluted EPS	**5,255**	3,707

	2013 Number	2012 Number
Denominator		
Weighted average number of shares used in basic EPS	**16,067,459**	15,422,404
Effects of share options	**437,926**	183,964
Weighted average number of shares used in diluted EPS	**16,505,385**	15,606,368

At the end of the year, the Company had in issue nil (2012: 284,833) share options which have not been included in the calculation of diluted EPS because their effects are anti-dilutive. These share options could be dilutive in the future.

11. Intangible assets

	Customer relationships £'000	Order backlog £'000	Development £'000	Non-competition agreements £'000	Goodwill £'000	Total £'000
Cost						
At 1 January 2013	4,939	45	152	331	6,890	12,357
Exchange differences	(536)	(7)	—	(54)	(594)	(1,191)
Acquired through business combination	721	177	—	—	1,110	2,008
At 31 December 2013	**5,124**	**215**	**152**	**277**	**7,406**	**13,174**
Amortisation						
At 1 January 2013	1,709	45	147	161	28	2,090
Exchange differences	(204)	—	—	(35)	—	(239)
Charge for the year	577	22	5	63	—	667
At 31 December 2013	**2,082**	**67**	**152**	**189**	**28**	**2,518**
Net book value						
At 31 December 2013	**3,042**	**148**	**—**	**88**	**7,378**	**10,656**
At 31 December 2012	3,230	—	5	170	6,862	10,267

11. Intangible assets continued

	Customer relationships £'000	Order backlog £'000	Development £'000	Non-competition agreements £'000	Goodwill £'000	Total £'000
Cost						
At 1 January 2012	5,011	45	152	339	6,994	12,541
Exchange differences	(72)	—	—	(8)	(104)	(184)
At 31 December 2012	4,939	45	152	331	6,890	12,357
Amortisation						
At 1 January 2012	1,128	30	125	96	28	1,407
Exchange differences	(13)	—	—	(2)	—	(15)
Charge for the year	594	15	22	67	—	698
At 31 December 2012	1,709	45	147	161	28	2,090
Net book value						
At 31 December 2012	3,230	—	5	170	6,862	10,267
At 31 December 2011	3,883	15	27	243	6,966	11,134

The remaining amortisation periods for intangible assets are as shown below:

	Remaining amortisation period (years)				Carrying value £'000			
	Customer relationships	Development	Non-competition agreements	Order backlog	Customer relationships	Development	Non-competition agreements	Order backlog
Crestchic	2.25	—	—	—	138	—	—	—
LHS	3.25	—	—	—	92	—	—	—
RDS	3.75	—	—	—	16	—	—	—
Tasman	4.58	—	1.58	—	1,442	—	88	—
Northbridge Transformers	8.00	—	—	—	180	—	—	—
Loadcell	8.00	—	—	—	490	—	—	—
CAP	7.75	—	—	1.75	410	—	—	148
OMM	5.88	—	—	—	274	—	—	—

Impairment of goodwill

Certain goodwill balances are denominated in foreign currencies and are therefore subject to currency fluctuations.

The carrying amount of goodwill is allocated to the CGUs as follows:

	2013 £'000	2012 £'000
Crestchic	**2,192**	2,192
Tasman	**2,873**	3,430
Northbridge Transformers	**903**	885
Loadcell	**188**	199
CAP	**1,066**	—
Other	**156**	156
	7,378	6,862

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For the year ended 31 December 2013

11. Intangible assets continued

Impairment of goodwill continued

Crestchic was acquired by the Group in March 2006 giving rise to goodwill of £1,890,000. The goodwill arising on the trade and assets of LHS in March 2007 was £304,000. LHS has been integrated into Crestchic such that the two businesses now operate as a single CGU. The total goodwill allocated to this CGU is £2,192,000.

Tasman was acquired by the Group in July 2010 giving rise to goodwill of £3,086,000. Northbridge Transformers was acquired by the Group in December 2011 giving rise to goodwill of £923,000 and Loadcell was acquired in November 2011 giving rise to goodwill of £193,000. CAP was acquired by the Group in September 2013 giving rise to goodwill of £1,110,000.

The recoverable amount of all of the above CGUs have been determined from value-in-use calculations based on cash flow projections from budgets covering a five-year period to 31 December 2018. Management does not believe that any CGU will see a change in their market share. Other major assumptions are as follows:

2013	**Discount rate %**	**Operating (gross) margin %**	**Growth rate %**	**Wage inflation %**
Crestchic	**12**	**50**	**3**	**3**
Tasman	**12**	**70**	**3**	**3**
Northbridge Transformers	**13**	**50**	**3**	**3**
Loadcell	**13**	**50**	**5**	**3**
CAP	**13**	**50**	**3**	**3**

2012	Discount rate %	Operating (gross) margin %	Growth rate %	Wage inflation %
Crestchic	11	50	3	3
Tasman	11	70	3	3
Northbridge Transformers	11	50	3	3
Loadcell	11	50	3	3

Operating margins have been based on past experience and future expectations in the light of anticipated economic and market conditions. Discount rates are based on the Group's beta adjusted to reflect management's assessment of specific risks related to the CGU. Growth rates and wage inflation have been based on prior year experience and expected future economic conditions.

The recoverable amount for each CGU exceeds its carrying amount and given the level of the excess the Directors do not consider the impairment calculations to be sensitive to movements in the above assumptions.

12. Property, plant and equipment

	Land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Furniture and fittings £'000	Hire fleet £'000	Total £'000
Cost						
At 1 January 2013	5,490	864	740	900	27,576	35,570
Exchange differences	(36)	(113)	(17)	(70)	(2,124)	(2,360)
On acquisition of business	—	77	3	53	6,771	6,904
Additions	82	167	112	127	5,008	5,496
Disposals	—	(8)	(147)	(78)	(794)	(1,027)
At 31 December 2013	**5,536**	**987**	**691**	**932**	**36,437**	**44,583**
Depreciation						
At 1 January 2013	355	295	326	332	6,256	7,564
Exchange differences	(5)	(64)	(11)	(31)	(901)	(1,012)
Charge for the year	101	76	110	114	3,493	3,894
On disposals	—	(7)	(103)	(14)	(196)	(320)
At 31 December 2013	**451**	**300**	**322**	**401**	**8,652**	**10,126**
Net book value						
At 31 December 2013	**5,085**	**687**	**369**	**531**	**27,785**	**34,457**
At 31 December 2012	5,135	569	414	568	21,320	28,006

	Land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Furniture and fittings £'000	Hire fleet £'000	Total £'000
Cost						
At 1 January 2012	3,882	788	784	723	23,837	30,014
Exchange differences	(73)	(21)	(5)	(15)	(528)	(642)
Transfer to inventories	—	—	—	—	(384)	(384)
Reclassification	—	—	—	35	(35)	—
Additions	1,681	140	39	219	7,846	9,925
Disposals	—	(43)	(78)	(62)	(3,160)	(3,343)
At 31 December 2012	5,490	864	740	900	27,576	35,570
Depreciation						
At 1 January 2012	280	231	280	281	5,619	6,691
Exchange differences	(5)	(9)	(4)	(8)	(239)	(265)
Charge for the year	80	96	103	117	2,721	3,117
On disposals	—	(23)	(53)	(58)	(1,845)	(1,979)
At 31 December 2012	355	295	326	332	6,256	7,564
Net book value						
At 31 December 2012	5,135	569	414	568	21,320	28,006
At 31 December 2011	3,602	557	504	442	18,218	23,323

Bank borrowings are secured on the Group's assets, including freehold land and buildings (see note 16).

The net book value of assets held under finance leases or hire purchase contracts, included above, is as follows:

	2013 £'000	2012 £'000
Motor vehicles	**114**	157
Plant and machinery	**89**	72
Hire fleet	**4,874**	5,533

Notes to the consolidated financial statements continued

For the year ended 31 December 2013

13. Inventories

	2013 £'000	2012 £'000
Raw materials	**3,225**	1,543
Work in progress	**447**	349
Finished goods	**175**	760
	3,847	2,652

14. Trade and other receivables

	2013 £'000	2012 £'000
Due within one year		
Trade receivables	**9,953**	7,700
Less provision for impairment of receivables	**(582)**	(77)
Trade receivables – net	**9,371**	7,623
Other receivables	**1,344**	620
Prepayments	**1,235**	837
	11,950	9,080

The carrying value of the Group's trade and other receivables is denominated in the following currencies:

	2013 £'000	2012 £'000
Pound Sterling	**2,508**	2,083
Euro	**1,334**	1,639
US Dollar	**2,419**	1,188
Australian Dollar	**1,735**	1,986
UAE Dirham	**927**	420
Singapore Dollar	**1,696**	813
Other	**96**	114
	10,715	8,243

At 31 December 2013 trade receivables of £5,489,000 (2012: £3,648,000) were past due but not impaired. They relate to customers with no default history. The ageing of these receivables is as follows:

	2013 £'000	2012 £'000
Up to three months past due	**4,668**	3,294
Three to six months past due	**654**	271
Six to twelve months past due	**165**	10
Greater than twelve months past due	**2**	73
	5,489	3,648

Since the year end £4,831,000 of the £5,489,000 has been received from customers.

14. Trade and other receivables continued

At 31 December 2013 trade receivables of £582,000 (2012: £77,000) were past due and are considered to be impaired due to the fact that the debts are old and due from customers in financial difficulty. The receivables relate to trade debtors. The ageing of these receivables is as follows:

	2013 £'000	2012 £'000
Less than twelve months	**490**	19
Greater than twelve months	**92**	58

The Group records impairment losses on its trade receivables separately from gross receivables. The movements on this allowance account during the year are summarised below:

	2013 £'000	2012 £'000
Opening balance	**77**	15
Amounts written off	**(18)**	—
On acquisition of subsidiary	**356**	—
Increases in provisions	**167**	62
Closing balance	**582**	77

The maximum exposure to credit risk, including cash balances, at 31 December 2013 is £14,228,000 (2012: £8,702,000).

15. Current liabilities

Trade and other payables – current

	2013 £'000	2012 £'000
Trade payables	**3,911**	2,035
Social security and other taxes	**272**	274
Other payables	**471**	9
Accruals and deferred income	**2,820**	1,371
	7,474	3,689

Included within the trade and other payables is £709,000 (2012: £115,000) denominated in United Arab Emirates Dirham and £1,033,000 (2012: £264,000) denominated in Australian Dollar.

16. Financial liabilities

Current

	2013 £'000	2012 £'000
Bank borrowings – secured	**6,928**	3,173
Capitalised debt fees	**(82)**	(91)
Total	**6,846**	3,082
Net obligations under finance leases and hire purchase agreements	**1,027**	1,092
Total	**7,873**	4,174

The fair value of the Group's bank loans at the balance sheet date was £12,600,000 (2012: £9,925,000). For the Group's other loans and borrowings, the carrying amounts are a reasonable approximation of the financial instruments' fair values.

16. Financial liabilities continued

Current continued

The bank loans are secured by:

- a first and legal charge over the property;
- a first and only debenture from each Group company;
- a composite guarantee by each Group company (as guarantor) in favour of Bank of Scotland on account of each Group company (as principal); and
- an assignment in security of keyman policies.

The trade finance facility is secured over specific trade receivables.

Since the year-end date certain bank facilities have been refinanced which has decreased the amounts due in less than one year.

The Group has committed to borrowing facilities drawn at 31 December which are repayable as follows:

	2013		2012	
	Floating rate £'000	**Fair value £'000**	Floating rate £'000	Fair value £'000
Expiry within one year	**6,928**	**6,928**	3,082	3,082
More than one year and less than two years	**1,264**	**1,264**	4,388	4,388
More than two years and less than five years	**3,661**	**3,661**	939	939
More than five years	**747**	**747**	1,316	1,316
Total	**12,600**	**12,600**	9,725	9,725

Fair value has been established at the market rate prevailing as at 31 December 2013.

Other financial liabilities

	2013 £'000	2012 £'000
Deferred consideration for purchase of subsidiary	**144**	600
Contingent consideration for purchase of subsidiary	**—**	234
	144	834

Obligations under finance leases and hire purchase contracts can be analysed as follows:

2013	**Minimum lease payments £'000**	**Interest £'000**	**Present value £'000**
Not later than one year	**1,114**	**87**	**1,027**
Between one and five years	**2,036**	**153**	**1,883**
	3,150	**240**	**2,910**

2012	Minimum lease payments £'000	Interest £'000	Present value £'000
Not later than one year	1,200	108	1,092
Between one and five years	2,543	158	2,385
	3,743	266	3,477

16. Financial liabilities continued

Non-current financial liabilities

	2013 £'000	2012 £'000
Bank borrowings – secured	**5,672**	6,752
Capitalised debt fees	**(119)**	(108)
Total	**5,553**	6,644
Net obligations under finance leases and hire purchase agreements	**1,883**	2,385
	7,436	9,029

Non-current other financial liabilities

	2013 £'000	2012 £'000
Deferred consideration for purchase of subsidiary	**364**	—
Contingent consideration for purchase of subsidiary	**—**	234
	364	234

17. Deferred taxation

	2013 £'000	2012 £'000
Opening provision	**2,601**	2,975
Taken to statement of comprehensive income in current year	**179**	(303)
Taken to retained earnings	**(333)**	(31)
On acquisition	**563**	—
Foreign exchange difference	**(260)**	(40)
Closing provision	**2,750**	2,601

The provision for deferred taxation is made up as follows:

	2013 £'000	2012 £'000
Accelerated capital allowances	**2,436**	1,746
Fair value adjustment to land and buildings	**103**	112
Fair value of intangibles on acquisition	**751**	928
Share-based payments	**(540)**	(185)
	2,750	2,601

18. Share capital

	2013 £'000	2012 £'000
Authorised		
30,000,000 ordinary shares of 10 pence each (2012: 30,000,000 ordinary shares of 10 pence each)	**3,000**	3,000
Allotted, called up and fully paid		
17,397,503 ordinary shares of 10 pence each (2012: 15,616,981 ordinary shares of 10 pence each)	**1,740**	1,562

	2013		2012	
	Number	£'000	Number	£'000
Ordinary shares of 10 pence each				
At beginning of year	**15,616,981**	**1,562**	15,506,015	1,551
Issue of new shares	**1,780,522**	**178**	110,966	11
At end of year	**17,397,503**	**1,740**	15,616,981	1,562

During the year 1,561,700 shares were issued through a placing and 218,822 shares were issued as share options were exercised.

	2013 Number	2012 Number
Treasury shares held by the Company	**152,150**	152,150

Capital management

The Group considers its capital to comprise its ordinary share capital, shares not yet in issue, share premium and accumulated retained earnings. In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions.

In order to achieve this objective, the Group monitors its gearing to balance risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues or the reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives. Gearing is a key performance indicator and is discussed in the Chairman and Chief Executive's Review and Finance Director's Report.

19. Pension commitments

The Group operates defined contribution pension schemes. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Group to the funds and amounted to £308,000 (2012: £280,000).

20. Operating lease commitments

At 31 December 2013 the total future value of minimum lease payments are due as follows:

	2013 £'000	2012 £'000
Property		
Not later than one year	**688**	662
Later than one year and not later than five years	**284**	696
	972	1,358
Other assets		
Not later than one year	**65**	50
Later than one year and not later than five years	**62**	31
	127	81
Total	**1,099**	1,439

The Group leases motor vehicles and properties in its locations other than in Dubai and the head office in Burton on Trent.

21. Principal subsidiaries

The following are the principal subsidiary undertakings of the Company:

Company name	Country of incorporation	Percentage shareholding
Crestchic Limited	United Kingdom	100%
Northbridge (Middle East) FZE	United Arab Emirates	100%
Loadbank Hire Service	United Kingdom	100%
Northbridge Industrial Services Pte Limited	Singapore	100%
Crestchic (Asia-Pacific) Pte Limited	Singapore	100%*
Northbridge Transformers NV	Belgium	100%
Crestchic France S.A.S.	France	100%
Tasman OMM FZE	United Arab Emirates	100%*
Allied Industrial Resources Ltd	United Kingdom	100%*
RDS (Technical) Ltd	Azerbaijan	100%*
Tyne Technical Equipment Rental Services	United Arab Emirates	100%*
Tasman Oil Tools Pty Ltd	Australia	100%*
RDS (Trading) Limited	United Kingdom	100%*
Crestchic (Middle East) Technical Services LLC	United Arab Emirates	100%*
Northbridge Loadcell Services Pte Limited	Singapore	100%*
Tasman OMM Limited	United Arab Emirates	65%*
Duck Trading FZCO	United Arab Emirates	100%*
Northbridge Australia Limited	United Kingdom	100%*
Northbridge Australia Pty Limited	Australia	100%*

* These subsidiaries are indirectly held by the Company.

Of the subsidiaries listed, Crestchic is involved in both the manufacture and hire of loadbanks. Northbridge Australia Limited, Northbridge Australia Pty Limited and Tasman OMM Limited are holding companies. Loadbank Hire Services Limited and RDS (Trading) Limited are dormant companies. All the other subsidiaries are involved in the hire of specialist industrial equipment.

22. Share-based payments

The Company operates three equity-settled share-based remuneration schemes: an HMRC approved scheme, an unapproved scheme and a non-executive and consultant share option scheme.

	2013		2012	
	Weighted average exercise price (pence)	**Number**	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the year	**183**	**1,257,794**	162	1,156,760
Granted during the year	**328**	**193,400**	282	227,000
Exercised during the year	**133**	**(218,822)**	157	(110,966)
Share options lapsed during the year	**—**	**—**	209	(15,000)
Outstanding at the end of the year	**213**	**1,232,372**	183	1,257,794

The exercise price of options outstanding at the end of the year ranged between 100.64 pence and 327.50 pence (2012: 100.64 pence and 281.50 pence) and their weighted average contractual life was one year seven months (2012: one year eight months). The weighted average exercise price of the options is 213.11 pence (2012: 183.27 pence).

Of the total number of options outstanding at the end of the year, 637,972 (2012: 570,794) had vested and were exercisable at the end of the year. The schemes have been valued using the Black Scholes pricing model.

22. Share-based payments continued

Details of the share options issued during the year are shown below:

	2013
Options granted during the year	193,400
Date of grant	18 April 2013
Fair value per option at measurement date	327.5 pence
Share price	327.5 pence
Exercise price	327.5 pence
Weighted average exercise price	327.5 pence
Weighted average exercise life	2 years 4 months
Expected volatility	33%
Earliest exercisable point	3 years
Option life	10 years
Risk-free interest rate	0.5%

	2012
Options granted during the year	227,000
Date of grant	18 April 2012
Fair value per option at measurement date	281.5 pence
Share price	281.5 pence
Exercise price	281.5 pence
Weighted average exercise price	281.5 pence
Weighted average exercise life	1 year 4 months
Expected volatility	33%
Earliest exercisable point	3 years
Option life	10 years
Risk-free interest rate	0.5%

The volatility rate is based on the average share price movement during the year ended 31 December 2013 and during the year ended 31 December 2012.

The share-based remuneration expense for the year is £96,000 (2012: £48,000) of which £62,000 (2012: £44,000) relates to key management personnel.

22. Share-based payments continued

The following share options were outstanding at 31 December 2013:

Type of scheme	Date of grant	**Number of shares 2013**	Number of shares 2012
Unapproved share option	30 May 2006	**130,760**	130,760
Approved share option	30 May 2006	**27,899**	27,899
Non-executive and consultant share option	30 May 2006	**—**	103,901
Non-executive and consultant share option	2 April 2007	**18,494**	18,494
Unapproved share option	2 April 2007	**102,746**	102,746
Approved share option	2 April 2007	**—**	10,275
Non-executive and consultant share option	9 April 2008	**6,164**	6,164
Unapproved share option	9 April 2008	**41,098**	47,262
Approved share option	9 April 2008	**—**	24,659
Non-executive and consultant share option	20 April 2009	**6,164**	6,164
Unapproved share option	20 April 2009	**58,647**	82,196
Approved share option	20 April 2009	**—**	10,274
Non-executive and consultant share option	30 September 2010	**20,000**	20,000
Unapproved share option	30 September 2010	**170,000**	200,000
Approved share option	30 September 2010	**—**	10,000
Unapproved share option	30 March 2011	**94,270**	94,270
Approved share option	30 March 2011	**10,730**	10,730
Unapproved share option	21 April 2011	**112,342**	112,342
Approved share option	21 April 2011	**12,658**	12,658
Unapproved share option	18 April 2012	**13,506**	13,506
Approved share option	18 April 2012	**213,494**	213,494
Unapproved share option	18 April 2013	**170,241**	—
Approved share option	18 April 2013	**23,159**	—
		1,232,372	1,257,794

Directors' share options

	Date of grant	Number of shares	Exercise price of shares (pence)	Normal exercise period	Scheme type
E W Hook	30 May 2006	27,899	100.64	30/05/2009–30/05/2016	Approved
E W Hook	30 May 2006	130,760	100.64	30/05/2009–30/05/2016	Unapproved
E W Hook	2 April 2007	102,746	146.96	02/04/2010–02/04/2017	Unapproved
E W Hook	9 April 2008	41,098	150.86	09/04/2011–09/04/2018	Unapproved
E W Hook	20 April 2009	41,098	149.88	20/04/2012–20/04/2019	Unapproved
E W Hook	30 September 2010	120,000	186.00	30/09/2013–30/09/2020	Unapproved
E W Hook	21 April 2011	75,000	237.00	21/04/2014–21/04/2021	Unapproved
E W Hook	18 April 2012	60,000	281.50	18/04/2015–18/04/2022	Unapproved
E W Hook	18 April 2013	48,000	327.50	18/04/2016–18/04/2023	Unapproved
A K Mehta	2 April 2007	18,494	146.96	02/04/2010–02/04/2017	Non-executive/consultants
A K Mehta	9 April 2008	6,164	150.86	09/04/2011–09/04/2018	Non-executive/consultants
A K Mehta	20 April 2009	6,164	149.88	20/04/2012–20/04/2019	Non-executive/consultants
A K Mehta	30 September 2010	20,000	186.00	30/09/2013–30/09/2020	Non-executive/consultants
C W Robinson	21 April 2011	12,658	237.00	21/04/2014–21/04/2021	Approved
C W Robinson	21 April 2011	17,342	237.00	21/04/2014–21/04/2021	Unapproved
C W Robinson	18 April 2012	20,000	281.50	18/04/2015–18/04/2022	Unapproved
C W Robinson	18 April 2013	16,000	327.50	18/04/2016–18/04/2023	Unapproved
		763,423			

22. Share-based payments continued
Directors' share options continued

	2013 Number of options	2012 Number of options
P R Harris	—	103,901
E W Hook	**646,601**	598,601
J W Gould	—	106,235
A K Mehta	**50,822**	50,822
C W Robinson	**66,000**	50,000
	763,423	909,559

Options are normally exercisable from the third anniversary from the date of grant.

2006 options were exercisable subject to a share price performance condition; 50% were exercisable at a share price of £1.50 and the remainder were exercisable between £1.50 and £3.00 on a pro rata basis.

23. Acquisitions during the year
Crestchic (Asia-Pacific) Pte Limited ("CAP")
On 13 September 2013, the Group purchased 100% of CAP. CAP is registered in Singapore and its principal business is the hire of loadbanks and transformers. The fair value of the total consideration is £6,480,000, which was satisfied by £5,357,000 in cash on acquisition and £1,123,000 of deferred consideration paid in November. Acquisition expenses of £236,000 have been taken to profit or loss (see note 4).

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	£'000	£'000
Fair value of assets acquired		
Property, plant and equipment	4,210	
Cash	1,329	
Trade receivables	579	
Other current assets	56	
Contract and customer related intangible assets (recognised on acquisition)	618	
Finance lease debt	(532)	
Trade payables and other payables	(281)	
Taxation liabilities	(46)	
Deferred taxation on intangible assets	(105)	
Deferred taxation on property, plant and equipment	(458)	
		5,370
Consideration		
Cash paid on acquisition	5,357	
Deferred cash consideration paid	1,123	
		6,480
Goodwill		**1,110**

Current assets acquired include trade receivables with a book and fair value of £579,000 representing contractual receivables of the same value.

The net cash sum expended on the acquisition in 2013 was as follows:

	£'000
Cash paid as consideration	6,480
Less cash acquired on acquisition	(1,329)
Net cash movement	**5,151**

23. Acquisitions during the year continued

Crestchic (Asia-Pacific) Pte Limited ("CAP") continued

The acquisition was in line with the Group's stated strategy of acquiring earnings-enhancing specialist businesses in niche sectors which are capable of further organic growth. CAP is an excellent fit with the Group's existing business and the acquisition will serve to consolidate the operations in Singapore and across the Far East.

The main factors which led to the recognition of goodwill were the presence of certain intangible assets in the acquired entity. These included the assembled work force of the acquired entity which did not qualify for separate recognition. Moreover, elements of goodwill such as the strong position in a market were typically not contractual or separable from the entity. They remain within goodwill.

None of the goodwill recognised is expected to be deductible for income tax purposes.

From the acquisition date to 31 December 2013, CAP contributed £757,000 to Group revenues and £165,000 to Group profit after tax. If the acquisition had occurred on the first day of the accounting period Group revenue would have been £39,264,000 and Group profit for the period after tax would have been £6,738,000.

Oilfield Material Management Limited ("OMM BVI")

On 15 November 2013, the Group purchased the trade and assets of OMM BVI and transferred them into Tasman OMM FZE ("TOMM"), a newly incorporated entity in Dubai. TOMM's principal business is the hire of tools and equipment for the oil and gas industry in the region. The fair value of the total consideration is £2,226,000, which was satisfied by £1,395,000 in cash on acquisition, £303,000 in shares on acquisition and £528,000 of deferred consideration. Acquisition expenses of £187,000 have been taken to profit or loss (see note 4).

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	£'000	£'000
Fair value of assets acquired		
Property, plant and equipment	2,694	
Contract and customer related intangible assets (recognised on acquisition)	280	
Trade receivables	979	
Cash	47	
Other current assets	272	
Trade and other creditors	(792)	
Financial liabilities	(123)	
		3,357
Consideration		
Cash	1,395	
Shares	303	
Deferred consideration	528	
		2,226
Negative goodwill		**1,131**

£121,000 of the deferred consideration is due to be paid during 2016 with the remainder paid in equal monthly instalments over a period of 36 months post acquisition.

Current assets acquired include trade receivables with a book and fair value of £979,000 representing contractual receivables of £1,335,000. Whilst the Group will make every effort to collect all contractual receivables, it considers that a provision of £356,000 is reasonable given that there is some doubt surrounding the collection of certain receivables.

The net cash sum expended on the acquisition in 2013 was as follows:

	£'000
Cash paid as consideration	1,395
Less cash acquired on acquisition	(47)
Net cash movement	**1,348**

The acquisition was in line with the Group's stated strategy of acquiring earnings-enhancing specialist businesses in niche sectors which are capable of further organic growth. TOMM is an excellent fit with the Group's existing business, particularly in the Middle East region, building on the previous acquisition of Tasman in Australia.

The negative goodwill has been recognised within exceptional operating costs. The negative goodwill represents the fair value attributed to the assets acquired less liabilities, in excess of the consideration paid for the trade and assets of OMM BVI.

From the acquisition date to 31 December 2013, TOMM contributed £408,000 to Group revenues and a loss of £125,000 to Group profit after tax. It is not practicable to calculate the effect of acquiring TOMM on the first day of the accounting period on the Group revenue and Group profit after tax for the period.

24. Note supporting cash flow statement

	2013 £'000	2012 £'000
Cash and cash equivalents comprises:		
– cash available on demand	**3,513**	459

25. Financial instruments

Financial instrument risk exposure and management

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been changes to the Group's exposure to financial instrument risks although its objectives, policies and processes for managing those risks or the methods used to measure them have not changed from previous periods unless otherwise stated in this note. The Group's exposure to currency risk on the Singapore Dollar and the US Dollar has increased due to the addition of CAP and TOMM to the Group. The Group has also increased its bank borrowings.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- trade receivables;
- cash at bank;
- bank overdrafts;
- trade and other payables;
- bank loans;
- finance leases;
- contingent consideration; and
- deferred consideration.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Categories of financial assets and financial liabilities

	Loans and receivables at amortised cost	
	2013 £'000	2012 £'000
Current financial assets		
Trade and other receivables	**10,715**	8,243
Cash and cash equivalents	**3,513**	459
Total current financial assets	**14,228**	8,702

25. Financial instruments continued

Financial instrument risk exposure and management continued

Categories of financial assets and financial liabilities continued

	Contingent consideration measured at fair value through profit and loss		Financial liabilities measured at amortised cost	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000
Current financial liabilities				
Trade and other payables	**—**	—	**7,202**	3,415
Loans and borrowings	**—**	—	**7,873**	4,174
Deferred consideration	**—**	234	**144**	600
Total current financial liabilities	**—**	234	**15,219**	8,189
Non-current financial liabilities				
Loans and borrowings	**—**	—	**7,436**	9,029
Deferred consideration	**—**	234	**364**	—
Total non-current financial liabilities	**—**	234	**7,800**	9,029
Total financial liabilities	**—**	468	**23,019**	17,218

Trade and other payables are all considered to be current and due in less than one year.

Credit risk

Credit risk arises principally from the Group's trade receivables. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument. Credit risk also arises from cash and cash equivalents and deposits with banks. The quality of the cash and debtors is considered to be high through trading with a well established customer base and arrangements with reputable banks.

Trade receivables

Credit risk is managed locally by the management of each division. Prior to accepting new customers, a credit assessment is made using trade industry knowledge and credit scoring database services as appropriate.

Based on this information, credit limits and payment terms are established, although for some large customers and contracts credit risk is not considered to be high risk and credit limits can sometimes be exceeded. These exceeded accounts are closely monitored and if there is a concern over recoverability accounts are put on stop and no further goods will be sold before receiving payment. Pro-forma invoicing is sometimes used for new customers or customers with a poor payment history until creditworthiness can be proven or re-established.

Management teams at each subsidiary receive monthly ageing reports and these are used to chase relevant customers for outstanding balances. The Executive team of the Group also receives monthly reports analysed by trade receivable balance and ageing profile of each of the key customers individually. The Board receives periodic reports summarising the ageing position and any significant issues regarding credit risk.

No major renegotiation of terms has taken place during the year. There are no significant customers with restricted accounts.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances or agreed facilities to meet expected requirements for a period of at least twelve months. The cash position is continually monitored and the overdraft facilities are utilised at the appropriate time to ensure that there is sufficient cash and that the optimum interest rate is obtained. The Board monitors annual cash budgets against actual cash position on a monthly basis.

The Group also utilises an agreed trade finance facility whereby amounts can be drawn down against sales orders and repaid once the related sales invoice has been settled. This gives the Group greater flexibility and decreases some of the usual liquidity risks associated with taking on large or long-term projects.

Market risk

Market risk arises from the Group's use of interest-bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

25. Financial instruments continued

Financial instrument risk exposure and management continued

Interest rate risk

The Group has a centrally managed policy. All Group borrowings and overdrafts attract variable interest rates except that the Group may enter into capping arrangements for certain variable interest rate borrowings. Although the Board accepts that this policy of not fixing interest rates neither protects the Group entirely from the risk of paying rates in excess of current market rates nor eliminates fully cash flow risk associated with interest payments, it considers that it achieves an appropriate balance of exposure to these risks.

The Group's bank borrowings are made up of a mortgage, term loan and a new revolving credit facility. The rate on the term loan has been capped at the margin plus a maximum LIBOR rate of 2% for the remaining term of the loan which is three years and seven months. The Group also utilises a short-term trade finance facility.

The annualised effect of a 0.5% decrease in the interest rate at the balance sheet date on the variable rate bank facilities carried at that date would, all other variables held constant, have resulted in an increase in post-tax profit for the year of £52,000 (2012: £41,000). A 0.5% increase in the interest rate would, on the same basis, have decreased post-tax profit by the same amount.

Currency risk

Foreign exchange risk arises when individual Group operations enter into transactions denominated in a currency other than their functional currency. It is the Group's policy to convert all non-functional currency to Sterling at the first opportunity after allowing for similar functional currency outlays. It does not consider that the wide use of hedging facilities would provide a cost-effective benefit to the Group, although in certain circumstances where large balances denominated in a foreign currency are due short-term forward contracts are used.

The cash and cash equivalents at 31 December were as follows:

	2013 Floating rate £'000	2012 Floating rate £'000
Pound Sterling	**567**	(477)
Euro	**775**	318
US Dollar	**701**	268
United Arab Emirate Dirham	**72**	317
Australian Dollar	**702**	(190)
Singapore Dollar	**529**	123
Other	**167**	100
	3,513	459

The following table shows the impact (due to the retranslation of non-functional currency monetary assets and liabilities in the Group's operations) of a 10% movement in the Group's principal foreign currency exchange rates at the year-end date:

	10% increase		10% decrease	
	Effect on profit before tax £'000	Effect on shareholders' equity £'000	Effect on profit before tax £'000	Effect on shareholders' equity £'000
31 December 2013				
Euro	**(116)**	**168**	**141**	**(206)**
US Dollar	**(103)**	**(192)**	**126**	**235**
United Arab Emirate Dirham	**—**	**(1)**	**—**	**1**
Singapore Dollar	**—**	**(82)**	**—**	**99**
Australian Dollar	**—**	**(81)**	**—**	**100**
Other	**—**	**(18)**	**—**	**23**
31 December 2012				
Euro	(75)	215	92	(263)
US Dollar	(132)	(132)	162	162
United Arab Emirate Dirham	—	(36)	—	44
Singapore Dollar	—	(74)	—	90
Australian Dollar	—	(93)	—	113
Other	—	(19)	—	23

The effect on the profit before taxation is due to the retranslation of trade receivables and other receivables, trade and other payables, cash and borrowings at the rates in effect on the year-end date.

26. Related parties

The employee benefits and share-based payments expense for the key management personnel are disclosed in note 5 and note 6.

27. Dividends

	2013 £'000	2012 £'000
Final dividend of 3.575 pence (2012: 3.25 pence) per ordinary share proposed and paid during the year relating to the previous year's results	**559**	500
Interim dividend of 2.00 pence (2012: 1.85 pence) per ordinary share paid during the year	**344**	286
	903	786

The Directors are proposing a final dividend of 3.90 pence (2012: 3.575 pence) per share totalling £675,000 (2012: £559,000), resulting in dividends for the whole year of 5.90 pence (2012: 5.425 pence) per share. The dividend has not been accrued at the balance sheet date.

Parent company accounts under UK GAAP

Parent company balance sheet

As at 31 December 2013

Company number: 05326580	Note	2013 £'000	2012 £'000
Fixed assets			
Fixed asset investments	4	**19,679**	19,635
Tangible fixed assets	5	**2**	12
		19,681	19,647
Current assets			
Cash and cash equivalents		**1,033**	—
Debtors	6	**14,907**	6,448
		15,940	6,448
Creditors: amounts falling due within one year	7	**(5,493)**	(2,648)
Net current assets		**10,447**	3,800
Total assets less current liabilities		**30,128**	23,447
Creditors: amounts falling due after more than one year	8	**(3,880)**	(5,080)
Net assets		**26,248**	18,367
Capital and reserves			
Called up share capital	11	**1,740**	1,562
Shares to be issued	12	**311**	—
Share premium account	12	**19,318**	13,367
Merger reserve	12	**849**	849
Treasury share reserve	12	**(201)**	(201)
Profit and loss account	12	**4,231**	2,790
Shareholders' funds	13	**26,248**	18,367

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 8 April 2014.

Eric Hook
Director

The notes on pages 57 to 62 form part of these financial statements.

The Directors' Report is on pages 20 to 23 and the Strategic Report is on pages 6 to 17 of the annual report and accounts.

Notes to the parent company financial statements

For the year ended 31 December 2013

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK Accounting Standards and the Companies Act 2006.

1.2 Investments

Investments in subsidiaries are stated at cost less provision for impairment.

1.3 Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

1.4 Share options

When share options are awarded to employees, the fair value of the options at the date of the grant is charged to the profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of the options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit and loss account over the vesting period.

Where equity instruments are granted to persons other than employees, the profit and loss account is charged with the fair value of goods and services rendered.

Where share-based payments granted by the Company relate to employees of subsidiary companies, the amount of the charge that would arise is added to the cost of investment in the subsidiary company as a capital contribution and the related credit is taken to reserves.

1.5 Finance costs

Finance costs are charged to the profit and loss account over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.6 Foreign currencies

In accordance with SSAP 20 foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets are translated at the rate of exchange ruling at the balance sheet date. Any differences are taken to the profit and loss account.

1.7 Related party transactions

The Company has taken advantage of the exemption conferred by Financial Reporting Standard ("FRS") 8 "Related Party Disclosures" not to disclose related party transactions with wholly owned members of the Northbridge Industrial Services plc Group.

1.8 Cash flow statement

The Company has taken advantage of the exemption conferred by FRS 1 "Cash Flow Statements" (revised 1996) not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the Company are controlled within the Group headed by Northbridge Industrial Services plc and the Company is included in consolidated financial statements.

1.9 Dividends

Interim dividends are recognised when they are paid. Final dividends are recognised when they approved by shareholders at the Annual General Meeting.

Notes to the parent company financial statements continued

For the year ended 31 December 2013

2. Company profit and loss account

Northbridge Industrial Services plc has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The Company's profit after tax was £2,248,000 (2012: £1,306,000).

3. Directors' remuneration

Details of Directors' remuneration including that of the highest paid Director are set out in note 6 to the consolidated financial statements.

4. Fixed asset investments

	Shares in Group undertakings £'000
Cost	
At 31 December 2012	19,635
Additions	44
At 31 December 2013	**19,679**

Subsidiary undertakings

The following are the principal subsidiary undertakings of the Company:

Company name	Country of incorporation	Percentage shareholding
Crestchic Limited	United Kingdom	100%
Northbridge (Middle East) FZE	United Arab Emirates	100%
Loadbank Hire Service	United Kingdom	100%
Northbridge Industrial Services Pte Limited	Singapore	100%
Crestchic (Asia-Pacific) Pte Limited	Singapore	100%*
Northbridge Transformers NV	Belgium	100%
Crestchic France S.A.S.	France	100%
Tasman OMM FZE	United Arab Emirates	100%*
Allied Industrial Resources Ltd	United Kingdom	100%*
RDS (Technical) Ltd	Azerbaijan	100%*
Tyne Technical Equipment Rental Services	United Arab Emirates	100%*
Tasman Oil Tools Pty Ltd	Australia	100%*
RDS (Trading) Limited	United Kingdom	100%*
Crestchic (Middle East) Technical Services LLC	United Arab Emirates	100%*
Northbridge Loadcell Services Pte Limited	Singapore	100%*
Tasman OMM Limited	United Arab Emirates	65%*
Duck Trading FZCO	United Arab Emirates	100%*
Northbridge Australia Limited	United Kingdom	100%*
Northbridge Australia Pty Limited	Australia	100%*

* These subsidiaries are indirectly held by the Company.

5. Tangible fixed assets

	Fixtures and fittings £'000
Cost	
At 1 January 2013	40
Additions	3
At 31 December 2013	**43**
Depreciation	
At 1 January 2013	28
Charge for the year	13
At 31 December 2013	**41**
Net book value	
At 31 December 2013	**2**
At 31 December 2012	12

6. Debtors

	2013 £'000	2012 £'000
Amounts owed by Group undertakings	**14,758**	6,254
Other debtors	**40**	1
Prepayments and accrued income	**30**	8
Deferred taxation	**79**	185
	14,907	6,448

Deferred taxation

	2013 £'000	2012 £'000
Opening provision	**185**	143
Taken to the profit and loss account in current year	**(106)**	42
Closing provision	**79**	185

The provision for deferred taxation is made up as follows:

	2013 £'000	2012 £'000
Deferred tax on share options	**79**	185

Notes to the parent company financial statements continued

For the year ended 31 December 2013

7. Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Bank loans and overdraft net of capitalised debt fees	**3,814**	1,254
Trade creditors	**144**	22
Other creditors	**261**	98
Amounts payable to Group undertakings	**1,274**	1,274
	5,493	2,648

Bank securities are detailed in note 8 to the parent company financial statements.

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

	2013 £'000	2012 £'000
Bank loan net of capitalised debt fees	**3,880**	5,080

Creditors include amounts not wholly repayable within five years as follows:

	2013 £'000	2012 £'000
Bank loan net of debt fees, repayable by instalments	**456**	551

The bank loan is secured by:

- a first and only debenture from each Group company;
- a first and legal charge over a property held within the Group;
- a composite guarantee by each Group company (as guarantor) in favour of Bank of Scotland on account of each Group company (as principal); and
- an assignment of the keyman policies on Eric Hook and Daryl Robinson.

9. Financial instruments

Borrowing facilities

The Company has committed borrowing facilities drawn at 31 December which are repayable as follows:

	2013 £'000	2012 £'000
Expiry within one year	**3,814**	1,254
More than one year and less than two years	**680**	3,946
More than two years and less than five years	**2,752**	583
More than five years	**448**	551
Total	**7,964**	6,334

The Company has no undrawn, uncommitted borrowing facilities at 31 December 2013.

Cash flow interest rate risk

Bank overdrafts as at 31 December were as follows:

	2013 £'000	2012 £'000
Pound Sterling	**—**	399

10. Share-based payments

The Company operates three equity-settled share-based remuneration schemes: an HMRC approved scheme, an unapproved scheme and a non-executive and consultant share option scheme.

	2013		2012	
	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the year	183	1,257,794	162	1,156,760
Granted during the year	328	193,400	282	227,000
Exercised during the year	133	(218,822)	157	(110,966)
Share options lapsed during the year	—	—	209	(15,000)
Outstanding at the end of the year	213	1,232,372	183	1,257,794

The exercise price of options outstanding at the end of the year ranged between 100.64 pence and 327.50 pence (2012: 100.64 pence and 281.50 pence) and their weighted average contractual life was one year seven months (2012: one year eight months). The weighted average exercise price of the options is 213.11 pence (2012: 183.27 pence).

Of the total number of options outstanding at the end of the year, 637,972 (2012: 570,794) had vested and were exercisable at the end of the year. The schemes have been valued using the Black Scholes pricing model.

Details of the share options issued during the year, share options outstanding at 31 December 2013 and Directors' share options are detailed in note 22 to the consolidated financial statements.

Options are normally exercisable from the third anniversary from the date of grant.

2006 options were exercisable subject to a share price performance condition; 50% were exercisable at a share price of £1.50 and the remainder were exercisable between £1.50 and £3.00 on a pro rata basis.

All options are exercisable subject to three-year EPS targets set by the Remuneration Committee.

11. Share capital

	2013 £'000	2012 £'000
Authorised		
30,000,000 ordinary shares of 10 pence each (2012: 30,000,000 ordinary shares of 10 pence each)	3,000	3,000
Allotted, called up and fully paid		
17,397,503 ordinary shares of 10 pence each (2012: 15,616,981 ordinary shares of 10 pence each)	1,740	1,562

	2013		2012	
	Number	£'000	Number	£'000
Ordinary shares of 10 pence each				
At beginning of year	15,616,981	1,562	15,506,015	1,551
Issue of new shares	1,780,522	178	110,966	11
At end of year	17,397,503	1,740	15,616,981	1,562

During the year 1,561,700 shares were issued through a placing and 218,822 shares were issued as share options were exercised.

	2013 Number	2012 Number
Treasury shares held by the Company	152,510	152,510

Notes to the parent company financial statements continued

For the year ended 31 December 2013

12. Reserves

	Shares to be issued £'000	Share premium account £'000	Merger reserve £'000	Treasury share reserve £'000	Profit and loss account £'000
At 1 January 2013	—	13,367	849	(201)	2,790
Issue of shares during the year	311	5,951	—	—	—
Profit retained for the year	—	—	—	—	2,248
Dividends paid during the year	—	—	—	—	(903)
Share option expense for the year	—	—	—	—	96
At 31 December 2013	**311**	**19,318**	**849**	**(201)**	**4,231**

13. Reconciliation of movement in shareholders' funds

	2013 £'000	2012 £'000
Opening shareholders' funds	**18,367**	17,624
Profit for the year	**2,248**	1,306
Dividends paid during the year	**(903)**	(786)
Shares issued during the year	**6,440**	175
Share option expense	**96**	48
Closing shareholders' funds	**26,248**	18,367

14. Dividends

	2013 £'000	2012 £'000
Final dividend of 3.575 pence (2012: 3.25 pence) per ordinary share proposed and paid during the year relating to the previous year's results	**559**	500
Interim dividend of 2.00 pence (2012: 1.85 pence) per ordinary share paid during the year	**344**	286
	903	786

The Directors are proposing a final dividend of 3.90 pence (2012: 3.575 pence) per share totalling £675,000 (2012: £559,000), resulting in dividends for the whole year of 5.90 pence (2012: 5.425 pence) per share. The dividend has not been accrued at the balance sheet date.

Notice of Annual General Meeting

Notice is hereby given that the seventh Annual General Meeting of Northbridge Industrial Services plc will be held at the offices of Buchanan Communications, 107 Cheapside, London EC2V 6DN on 29 May 2014, commencing at 12.00 noon for the following purposes:

Ordinary business

1. To receive and adopt the financial statements for the year ended 31 December 2013 together with the Directors' Report and the Independent Auditors' Report.
2. To declare a final dividend of 3.90 pence per share for the year.
3. To re-elect as a Director P R Harris who retires in accordance with the Company's Articles of Association.
4. To re-elect as a Director C W Robinson who retires in accordance with the Company's Articles of Association.
5. To re-appoint BDO LLP as auditors to the Company to hold office until the next general meeting at which accounts are laid before the Company and to authorise the Directors to determine their remuneration.

Special business

6. To consider and, if thought fit, pass the following ordinary resolution:

   That the Directors be generally and are unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the "Act"), to exercise all powers of the Company to allot, make offers or agreements to allot or grant rights to subscribe for or convert other securities into relevant securities of the Act, provided that:

   a) such authority shall be limited to an aggregate nominal amount of £1,253,668;

   b) this authority shall expire at the sooner of the close of the following Annual General Meeting or the expiry of 15 months from the date of passing of this resolution; and

   c) the Company may before such expiry date make an offer or agreement which would or might require relevant securities to be allotted after such expiry.

7. To consider and, if thought fit, pass the following special resolution:

   That the Directors be and are generally empowered (in substitution for any specific authority conferred upon the Directors pursuant to Section 570 of the Act) to allot equity securities pursuant to Section 570 of the Act wholly for cash pursuant to the authority referred to in resolution 6 as if Section 561 of the Act did not apply to any such allotment provided that such power shall be limited to the allotment of equity securities:

   a) in connection with a rights issue;

   b) the allotment (otherwise than pursuant to sub-paragraph 7(a) above of equity securities up to an aggregate nominal amount of £173,975 representing 10% of the issued share capital; and

   c) such authority shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling 15 months after the date of the passing of this resolution.

8. To consider and, if though fit, pass the following special resolution:

   That, subject to the Company's Articles of Association and Section 701 of the Companies Act 2006, the Company be and is hereby generally and unconditionally authorised to make one or more market purchases (within the meaning of Section 163(3) of that Act) of its own ordinary shares on such terms and in such manner as the Directors of the Company shall determine, provided that:

   a) the maximum aggregate number of ordinary shares hereby authorised to be acquired is 10% of the present issued share capital of the Company;

   b) the maximum price which may be paid for each ordinary share is no more than 5% above the average of the price of the ordinary shares of the Company (derived from the London Stock Exchange Daily Official List) for the five business days prior to the date of purchase and the minimum price per ordinary share is the nominal value thereof in each case exclusive of any expenses payable by the Company;

   c) the authority hereby given shall expire at the conclusion of the next Annual General Meeting of the Company save that the Company may make a purchase of ordinary shares after expiry of such authority in execution of a contract of purchase that was made under and before the expiry of such authority; and

   d) any shares purchased will be held in treasury and may be resold at any time.

By order of the Board

Iwan Phillips
Company Secretary
8 April 2014

Financial calendar

2014

May	Annual General Meeting
June	Final dividend paid
June	Half year end
September	Interim results announced
October	Interim report published
November	Interim dividend paid
December	Year end

2015

January	Trading update issued
April	Preliminary results announced
April	Annual report published

Jim Gould

Chairman and Managing Director of Crestchic Ltd and main Board Director of Northbridge Industrial Services plc who passed away on Thursday 24 October 2013.

An electrical engineer by profession, Jim formed Crestchic in Burton on Trent over 30 years ago, with his two sons, David and Jonathan, and brother-in-law. Crestchic was then sold to Northbridge Industrial Services plc in 2006 with Jim agreeing to remain, playing an active role in the running of Crestchic and Northbridge right up until the time of his death.

Jim qualified as an electrical engineer in Burton before being called up for National Service, choosing to follow in the footsteps of his father, Regt. Sgt Major F. W. Gould, and join the 6th North Staffordshire Regiment.

As a sportsman, Jim joined Burton Leander Rowing Club in 1954 and was a member of the highly successful coxless four that won the Wyfold Challenge Cup at Henley Royal Regatta in 1958.
He later became secretary, chairman and president of the club.

Jim is sadly missed by all.

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