NORTHBRIDGE

Northbridge Industrial Services plc
Annual report and accounts 2011

A world-class consolidator of specialist industrial businesses

Northbridge Industrial Services was incorporated for the purpose of acquiring companies that hire and sell specialist industrial equipment, supplying a non-cyclical customer base including utility companies, the public sector and the oil and gas industries.

We have a presence in the UK, US, UAE, Belgium, Germany, France, Australia, Singapore, India, Brazil, Korea and Azerbaijan.

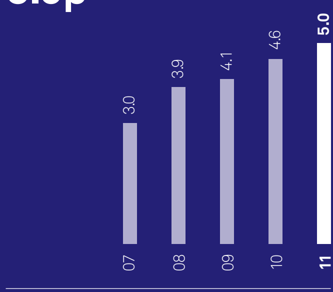
Highlights

- Group revenue up 29% to £24.9 million (2010: £19.3 million)
- Pre-tax profits pre-exceptionals up 18% at £4.6 million (2010: £3.9 million)
- 54% improvement in the like-for-like sale of manufactured units
- Strong cash flow generated from operations before movements in working capital of £6.9 million (2010: £5.9 million)
- Proposed increase in the final dividend to 3.25 pence, raising the total dividend for the year to 5.0 pence (2010: 4.6 pence), an increase of 8.7%
- Adjusted earnings per share up 5% to 24.6 pence (2010: 23.4 pence)*
- Acquisitions financed from cash flow and additional debt
- Tasman deferred consideration fully discharged

* Excluding the benefit/impact of the terminated Zincox contract asset disposals.

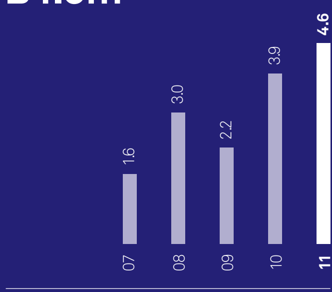
Dividend (pence)

5.0p



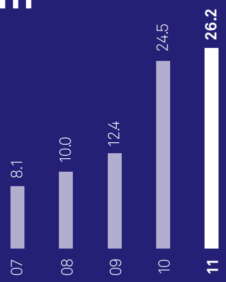
Pre-tax pre-exceptional profit (£m)

£4.6m



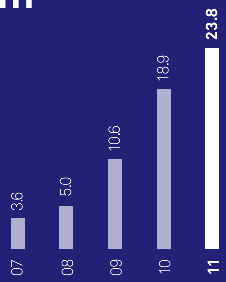
Net assets (£m)

£26.2m



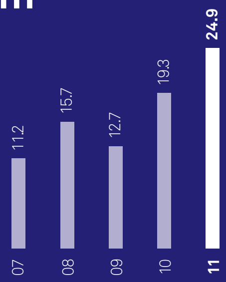
Hire fleet at cost (£m)

£23.8m



Revenue (£m)

£24.9m



This report can also be read online.
www.northbridgegroup.co.uk/ar11

Northbridge Industrial Services plc hires and sells specialist industrial equipment to a non-cyclical customer base

Northbridge is a fully integrated global group that hires and sells specialist industrial equipment to the oil & gas, shipping, construction and utilities sectors. The product range includes loadbanks, transformers, generators, compressors and oil tools.

We supply loadbanks, transformers, equipment for the oil and gas industry as well as compressors, loadcells and generators.

Loadbanks and transformers

We provide 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.

Crestchic Ltd

Established in 1983, 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.

Products and services
Loadbanks, generators, transformers

More: www.crestchic.co.uk

Northbridge (Middle East) FZE

NME was founded in the Jebel Ali Free Zone of Dubai to exploit opportunities in the Middle East.

Products and services
Loadbanks, generators, transformers

More: www.northbridge-me.com

Our smaller subsidiaries

We provide 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.

Allied Industrial Resources Ltd
Compressors

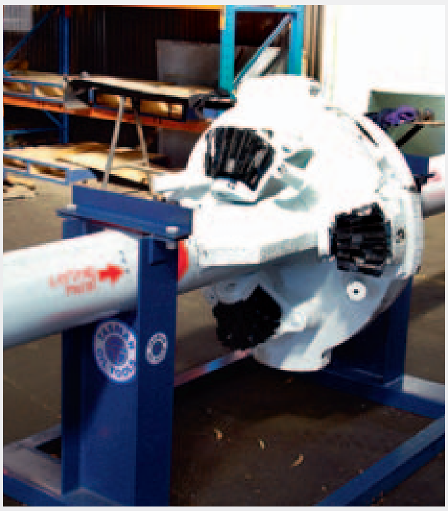
Northbridge Industrial Services Pte
Loadbanks, generators, transformers

Tyne Technical Equipment
Loadbanks, generators, transformers

RDS (Technical) Ltd
Hire, sale and service to Caspian region and central Asia

Equipment for the oil and gas industry

A portfolio of 4,000 different products to the onshore and offshore oil & gas industry. Well positioned in Western Australia to meet growing demand.



More information on all of our companies can be found at www.northbridgegroup.co.uk

Tasman Oil Tools Pty Ltd

Tasman Oil Tools is an Australian oilfield rental and service company that has been operating in Perth, Western Australia; Darwin, Northern Territory; and Sale, Victoria since 1980.

Products and services
Tools for onshore and offshore oil and gas drilling

More: www.tasmanoiltools.com.au

Northbridge Transformers

Specialist hire of containerised transformers and switchgear and temporary packaged substations on a global basis. The containers are rapidly deployable and the capacity of transformers and switches can be adapted according to requirements.

Products and services
Mobile containers

More: www.northbridgetransformers.com

A robust and sustainable business model

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

Demand drivers

Loadbanks and specialist equipment

The importance of reliable power and the need to test

Marine engineering and ship building

- Electric propulsion system
- Navigation system
- World's shipping fleet continues to grow

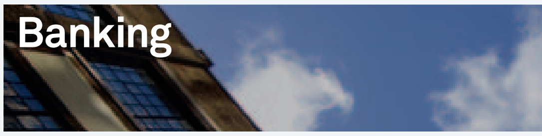
Oil and gas

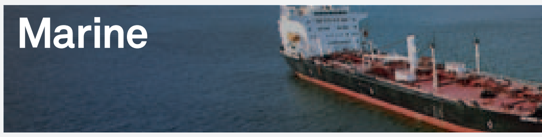
- Offshore drilling platforms
- LNG industry
- LNG transportation/FPSOs

Back up power

- Diesel generator and turbine testing
- Uninterruptible power supplies
- Emergency power systems: hospitals, banks
- Digitisation: data centres, telecoms and process industries

Active end markets





Our strategy

— **Focus on niche products and services**

— **Capitalise on growth markets**

— **Identify and source complementary specialist industrial products**

— **Actively seek acquisition opportunities**

More on our strategy on page 11

Oil and gas tools and testing equipment

Continued growth of onshore and offshore oil and gas industry in Australia

Demand for oil and gas

- Increasing demand for new rigs in Australia
- Further investment in offshore exploration
  - BHP and ESSO
- Future LNG opportunities
  - Annual Australian LNG demand forecast to grow to 384 million metric tonnes by 2020
  - Aus$51 billion of LNG projects in Gladstone, Queensland

More on our operations can be found in the Business Review on pages 06 to 11

Chairman and Chief Executive's review

Our manufacturing and sales activities enjoyed a much better year with demand strengthening in the second half; this helped to grow our overall trading profits before tax and exceptional items to £4.6 million (2010: £3.9 million).

Summary

- **Tasman Oil Tools had a successful first full year as part of the Group, with profits in excess of £2 million.**
- **Crestchic, our main UK subsidiary, performed well and its profits were up 14.3% during the year.**
- **We made two acquisitions at the end of 2011 and initial consideration payable for both was satisfied from the Group's existing cash resources and back facilities.**

We are pleased to present our review of the Group's trading performance for 2011.

Our manufacturing and sales activities enjoyed a much better year with demand strengthening in the second half; this helped to grow our overall trading profits before tax and exceptional items to £4.6 million (2010: £3.9 million). Adjusted basic earnings per share (as described in the financial performance section) improved to 24.6 pence (2010: 23.4 pence).

The worldwide economy continued its slow progress to recovery and whilst we have seen parts of our business perform strongly during the year, other parts have experienced more difficult trading conditions. In particular the larger international projects for power testing and commissioning have been slower to return to normal following the financial crisis in 2008. The normal gestation time for these types of projects is around three years and generally our services are engaged towards the end of this time. We are expecting an upturn in this part of our business later this year and into 2013 following substantial investment by the major oil companies into new rigs and FPSOs (floating production, storage and offloading vessels).

Tasman Oil Tools, the Western Australian business we acquired in the second half of 2010, had a successful first full year as part of the Group, with profits in excess of £2 million. We have continued to invest in the business, both organisationally and in its systems and hire fleet, and it gained its Quality Assurance Standards Accreditation in the second half of 2011. It has made the transition from a family run business to corporate parentage extremely well. Tasman is strongly focused towards renting its equipment into the oil and gas industry with over 85% of the total revenue coming from this activity.

Crestchic, our main UK subsidiary, performed well and its profits were up 14.3% during the year. This was led by a strong demand for manufactured units continuing the trend of the last quarter of 2010. The demand for these products is worldwide and it was encouraging to see demand from both the USA and South East Asian shipyards increasing once again. The additional sales compensated for a slower period for the larger rental projects where a number had been delayed or postponed until 2012 and beyond.

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 is benefiting from a background of an increasingly unreliable global power infrastructure and an increase in the size and remoteness of projects.

Northbridge Middle East ("NME") had a satisfactory year but profits fell from the record levels of 2010. This was partly due to the slowdown in major projects mentioned above and partly due to Dubai's own financial problems. In addition one

Peter Harris, Chairman (l)
Eric Hook, Chief Executive (r)

of our major customers in the region relocated some of its operations to Singapore. However this year has seen a steady start and we expect growth to return to this region for the future. NME is located in the Jebel Ali Free Zone of Dubai and acts as a distributor for the full range of Crestchic's products and services throughout the Middle East and Africa, as well as trading on its own account in the rental of transformers, generators and associated electrical equipment.

Our new operation in Singapore, Northbridge Industrial Services Pte ("NAP"), whose commencement was prompted by our Dubai customer's relocation, showed an inaugural profit and has been further strengthened by the acquisition of the assets of Loadcell Services ("NLS"). Both businesses are able to share premises and administrative support. NLS is a complementary business to others in the region and we look forward to it making a contribution to earnings this year.

RDS, our specialist generator and transformer rental subsidiary, which trades principally in the Caspian region, had a better year with a good increase in profits compared to 2010. In addition Allied industrial Resources ("AIR") in the UK, which offers high volume/high pressure compressed air equipment rental, made a profit during the year compared with a loss in 2010.

Our other acquisition in December 2011, DSG Rental NV, which is based in Antwerp, Belgium and rents transformers contributed to Group profits immediately and will continue to do so in 2012. We are now able to offer this service to a much wider customer base using Northbridge's worldwide depot base. Initial indications are that this strategy will be successful.

Impairment review

Towards the end of the year it became apparent that the remaining equipment acquired for the Jabal Salab Zinc Mine project in Yemen in 2009, which was cancelled in 2010, was unlikely to achieve the levels of utilisation or level of profits we would normally expect for this size of investment. At 20MW it was insufficient in size for an IPP (independent power producer) project and anticipated future maintenance costs would make the equipment uneconomic in the long run as part of our hire fleet and would act as a "drag" on the future profitability of the Group.

Following an in-depth review of the likely options available, including external professional advice, we decided to allow for an impairment to the carrying value and seek to dispose of most of the equipment that we could not use elsewhere.

These accounts include a full provision for the loss of value, which amounts to £1.46 million, and since the year end the equipment has been sold. The proceeds of £860,000 have been invested in profit generating assets.

Acquisitions

On the 13 December 2011 we announced the acquisition of the assets of Loadcell Services Pte Ltd and Loadcell Services BVI ("Loadcell"), an oilfield instrumentation supplier based in Singapore. Loadcell was formed in 1982 and it now operates throughout South East Asia. It supplies its customers in the oil and gas sector with a broad range of services relating to drilling instrumentation, strain gauges and loadcells. Its rental activity includes loadcells from 10 to 1,000 tonnes and hydrostatic pressure test equipment to 20,000 psi.

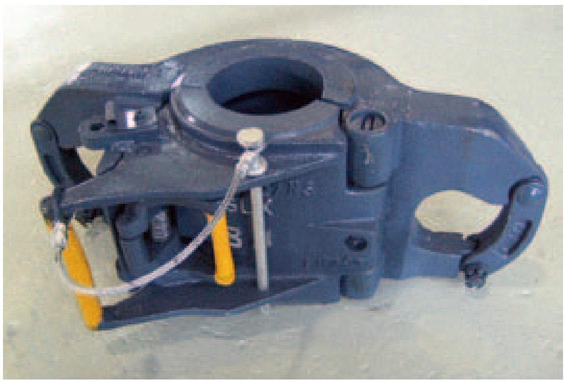
Consideration for the assets will be in cash and comprises payments totalling Sing$2,093,000 (c£1.0 million) payable in three tranches. The first payment of £257,000 has already been paid. Further payments will be made at six months (25%) and twelve months (50%) from the acquisition date from the Group's cash resources. In addition, the vendor is entitled to an earn-out payment based on the gross profits generated by the Loadcell assets over the 24 month period following the acquisition. The maximum total consideration, including the assets, is Sing$4,093,000 (c£2.0 million). The additional payment will only be made if gross profits from the Loadcell business exceed Sing$2.0 million per year in each of the two years following the acquisition.

A new company was incorporated to complete the acquisition, Northbridge Loadcell Services Pte Ltd, and the business will share premises with NAP in Singapore.

On 16 December 2011, we announced the acquisition of 100% of the shares in DSG Rental NV ("DSGR"), a transformer rental business based in Antwerp, Belgium. The total consideration was €2.9 million with €2.6 million paid in cash and a further €0.3 million deferred for four months. In addition Northbridge assumed the leasing and other debt of €3.2 million. DSGR was incorporated in 2006 and specialises in the hire of containerised transformers, switchgear and substations on a global basis. The containers are rapidly deployable and range from 230 volts to 36,000 volts. Each can be adapted according to the specific requirements of the client.

Chairman and Chief Executive's review continued

Tasman Oil Tools, the Western Australian business we acquired in the second half of 2010, had a successful first full year as part of the Group, with profits in excess of £2 million.



Based on this performance the Board is pleased to propose an increase in the final dividend for 2011 of 6.6% to 3.25 pence (2010: 3.05 pence) resulting in a total dividend for the year of 5.0 pence (2010: 4.6 pence) per share, an overall increase of 8.7% for the year. The final dividend will be paid on the 8 June 2012 to shareholders on the register on 18 May 2012, subject to shareholder approval at the Annual General Meeting.

Acquisitions continued

DSGR's main customer base is industrial companies, other rental companies, and international power projects in Europe, Africa and the Middle East. The product portfolio is complementary to Northbridge's existing transformer and loadbank rental equipment. The business has grown substantially since incorporation. Revenue in the twelve months ended 30 June 2011 was €1.8 million and EBITDA was €1.1 million.

The business has now been re-named as "Northbridge Transformers" and will be marketed on a worldwide basis through the Northbridge depot network alongside our other products.

The initial consideration payable for both Loadcell and DSGR was satisfied from the Group's existing cash resources and bank facilities.

Financial performance

The Group's consolidated revenue for the year ended 31 December 2011 was £24.9 million (2010: £19.3 million). This included a first full year from Tasman of £7.1 million (2010: £3.7 million). The activity split within the revenue was 56.9% rental and 43.1% sales. This is compared to the bias of 2010 which was 66.5% rental, despite a full 2011 inclusion of Tasman's revenue which is predominantly rental income. This was caused by a very strong performance of the sales of manufactured units, up 65.7% from 2011. Excluding Tasman, the overall increase in revenue was 14.1%.

Gross profits and pre-exceptional pre-tax profits were £14.7 million (2010: £12.1 million) and £4.6 million (2010: £3.9 million) respectively.

Basic earnings per share based on the average shares in issue during the period was 15.1 pence (2010: 25.8 pence). Adjusted earnings per share (before the loss made on certain assets originally purchased for the Jabal Salab Zinc Mine project of £1,455,000 (2010: profit of £292,000) improved to 24.6 pence (2010: 23.4 pence).

Net cash generated from operating activities amounted to £4.8 million (2010: £6.0 million), with a further £2.4 million (2010: £4.4 million) invested into the hire fleet. At the year end, stock and work-in-progress amounted to £2.5 million (2010: £1.0 million), the increase being largely due to increased demand for manufactured units and long lead times for some components. Total net assets at 31 December were £26.2 million (2010: £24.5 million) of which £18.2 million (2010: £15.5 million) was represented by the hire fleet. The final deferred payments relating to the acquisition of Tasman in 2010 were made during the year and these amounted to Aus$3.7 million (£2.4 million).

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 39.5% (2010: 14.3%).

Dividend

Based on this performance the Board is pleased to propose an increase in the final dividend for 2011 of 6.6% to 3.25 pence (2010: 3.05 pence) resulting in a total dividend for the year of 5.0 pence (2010: 4.6 pence) per share, an overall increase of 8.7% for the year. The final dividend will be paid on the 8 June 2012 to shareholders on the register on 18 May 2012, subject to shareholder approval at the Annual General Meeting, to be held at 12.00 noon on 30 May 2012 at the offices of Buchanan Communications, 107 Cheapside, London EC2V 6DN.

Business review

This year has seen a continued development of Group activities. Although our Middle Eastern business has seen a material decline in demand, it does remain profitable, however, and we believe the downturn will be short lived. The introduction of further income streams, particularly relating to transformers, has been encouraging. In the short term a large proportion of our loadbank hire fleet has been relocated to Singapore to service the needs of one of our larger customers who has also relocated their operations from Abu Dhabi to Singapore. In the UK the demand for our manufactured units continues to grow and has doubled since 2009.

Chairman and Chief Executive's review continued

Crestchic, our main UK subsidiary, performed well and its profits were up 14.3% during the year. The demand for these products is worldwide and it was encouraging to see demand from both the USA and South East Asian shipyards increasing once again.

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.

Business review continued

Tasman, the oil tool rental business in Western Australia, had a solid performance during its first full year as part of the Group. Management has been strengthened with the addition of new senior operational and accounting staff and in the last quarter we gained the Quality Assurance Standards Accreditation needed for the longer-term growth of the business.

We are determined to increase the awareness of the Crestchic brand of loadbanks particularly in Europe and the USA and during the year we have opened a small depot in the Paris region of France. We have also terminated the exclusive agency of our US agent and taken on the mantle of distribution ourselves and have established Crestchic Inc. and recruited our first direct sales person. The previous agent remains active and continues selling a range of products on a non-exclusive basis.

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; and
- capable of organic growth in their own right.

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 2011. In particular, we would like to welcome the employees of Loadcell and DSGR to the Group and thank them for the smooth transition to new ownership.

Outlook

Certain of our markets are showing signs of recovery and in particular the loadbank sales activity is very strong and we have now outgrown our current premises in Burton on Trent. Whilst we have been granted planning consent on our adjacent freehold land, we have decided instead that it would be both quicker and cheaper to acquire the freehold of the next door industrial unit which has become available. It comprises 26,000 sq ft of warehouse and office space and at a cost of £1.25 million represents around half of the cost of developing premises on our own land. This will be used to house all the non-manufacturing activity and boost our potential manufacturing capacity.

Tasman has also won three significant contracts for 2012 with major oil and gas companies and we look forward to further progress in the region.

Both our acquisitions of Loadcell and DSGR will help our business grow into the future and are very complementary to our current activities both in terms of product range and geography.

The growth of these parts of our business will help mitigate the slower activities in UK rental and international projects for commissioning and testing new standby and independent power plants.

Peter Harris
Chairman

Eric Hook
Chief Executive
17 April 2012

Finance Director's report

The Group's revenues are derived from the sale and rental of complementary industrial equipment and services across a range of sectors including oil and gas, banking, shipping, health care, utilities, and power generation. The Group's customer base is global and diverse and, whilst this minimises over reliance on any country or sector, the Group's revenues are dependent on global economic conditions and competitor activity.

Summary

- **During the year ended 31 December 2011 the Group achieved turnover of £24.9 million (2010: £19.3 million).**
- **Increased demand for the sale of our products resulted in the proportion of Group revenues from sales as opposed to rentals moving up to 43.1% (2010: 33.5%).**
- **During the year, the Group generated £4.8 million of cash from operations (2010: £6.0 million), of which £2.4 million (2010: £4.4 million) was reinvested into the hire fleet.**

Revenue and profit before tax

During the year ended 31 December 2011 the Group achieved turnover of £24.9 million (2010: £19.3 million) with Northbridge Loadcell Services and DSG Rental contributing a combined revenue figure of £0.2 million following their acquisition in November and December 2011. Increased demand for the sale of our products resulted in the proportion of Group revenues from sales as opposed to rentals moving up to 43.1% (2010: 33.5%).

With operating expenditure as a percentage of turnover reducing to 39.6% from 42.9% in 2010 the profit before tax pre-exceptional items is up for the year by 18.1% to £4.6 million (2010: £3.9 million).

Exceptional costs of £1.7 million (2010: £0.2 million) included acquisition costs of £0.2 million (2010: £0.2 million) and £1.5 million of impairments costs relating to certain under-utilised assets that were sold after the period end. Whilst this reduces the profit before tax this is not a cash charge.

Earnings per share

The basic EPS figure of 15.1 pence after exceptional items (2010: 25.8 pence) and diluted EPS of 14.9 pence (2010: 25.5 pence) have been arrived at in accordance with the calculations contained in note 10.

Balance sheet and debt

The balance sheet shows an increase in property, plant and equipment due to our investment into the hire fleet of £2.4 million (2010: £4.4 million). A further £4 million was added by the acquisitions of DSG Rental and Northbridge Loadcell bringing the carrying value of our hire fleet at cost to £23.8 million (2010: £18.9 million). Trade receivables have increased to £6.4 million (2010: £5.4 million) due to higher trading. Cash and cash equivalents reduced to £0.9 million (2010: £2.6 million).

Bank borrowings increased to £7.8 million (2010: £5.1 million) with overall gearing (ratio of financial liabilities less cash held to net assets) increasing to 39.5% (2010: 14.3%). The Group remained within its banking covenants during the year which were revised at the time of taking on additional borrowings in 2010. The Group cash flow from operating activities before movements in working capital was £6.9 million (2010: £5.9 million). The largest component of the difference between the profit before tax of £2.9 million and the cash flow from operating activities before movements in working capital of £6.9 million is depreciation, which at £2.2 million is significantly higher than in 2010 (£1.6 million) due to the larger hire fleet in the Group. Based on the Group's cash flow from operating activities there is further capacity for increased borrowings.

Craig Robinson, Finance Director

Cash flow

During the year, the Group generated £4.8 million of cash from operations (2010: £6.0 million), of which £2.4 million (2010: £4.4 million) was reinvested into the hire fleet. The Group also secured additional bank borrowings during the year giving rise to a net inflow of funds from bank borrowings of £2.8 million (2010: £2.1 million) which in part was used to finance business activities and the cost of acquisitions of £4.5 million. The Group also paid out £0.7 million (2010: £0.5 million) in dividends to shareholders.

Income tax expense

The Group has an income tax expense for the year of £0.6 million (2010: £0.6 million) equating to a charge of 19.6% (2010: 17.5%) of profit before tax. The Group has benefited from reduced taxation on the current year and previous year's profits in two of its businesses following utilisation of HMRC rules on overseas subsidiaries.

Principal risks and uncertainties

In common with all trading businesses the Group is subjected to a variety of risks in the conduct of its normal business operations and 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 below.

Operational and commercial risks

The Group's revenues are derived from the sale and rental of complementary industrial equipment and services across a range of sectors including oil and gas, banking, shipping, health care, utilities, and power generation. The Group's customer base is global and diverse and, whilst this minimises over reliance on any country or sector, the Group's revenues are dependent on global economic conditions and competitor activity. The competition for the products and services that the Group provides varies subsidiary by subsidiary and some of our products and services are subject to less market competition than others. Where there is increased competition this may result in lower pricing and margins or loss of business to competitors.

Information technology

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 failure of back-up systems or other major IT interruption could have a disruptive effect on the Group's business.

EPS adjusted*

24.6p

2010: 23.4p +5%

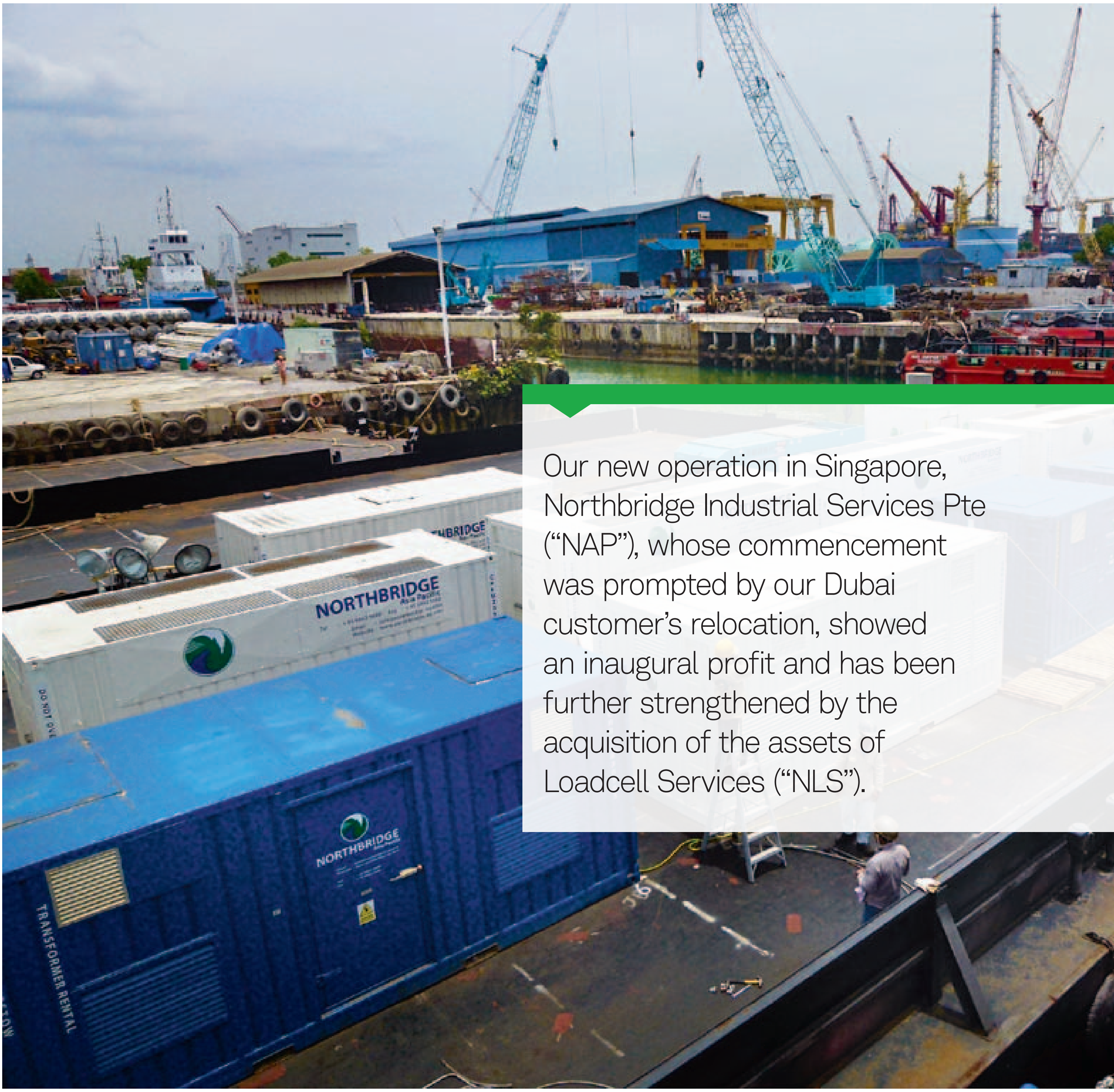
* Excluding the benefit/impact of the terminated Zincox contract asset disposals.

Dividend

5.0p

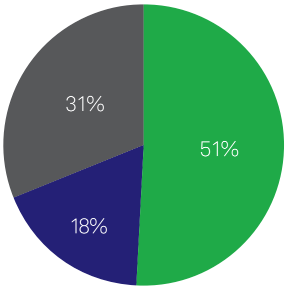
2010: 4.6p +8.7%

Finance Director's report continued



Our new operation in Singapore, Northbridge Industrial Services Pte ("NAP"), whose commencement was prompted by our Dubai customer's relocation, showed an inaugural profit and has been further strengthened by the acquisition of the assets of Loadcell Services ("NLS").

Revenue by region



Revenue

£24.9m

2010: £19.3m +29%

Pre-tax pre-exceptional profit

£4.6m

2010: £3.9m +18%

Principal risks and uncertainties continued

Interest rate risk

Although the Group delegates day-to-day control of its bank accounts to local management within agreed parameters it has a centrally managed policy and most Group borrowings and overdrafts attract variable interest rates although on occasion the Group may enter into capping arrangements for certain variable interest rate borrowings. 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. The Board considers that it achieves an appropriate balance of exposure to these risks. 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 total has been capped at the margin plus a maximum LIBOR rate of 2% for the remaining term of the loan. The Group also utilises a short-term trade finance facility, a temporary overdraft facility and leasing arrangements.

Foreign currency exchange risk

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. Also part of the cash at bank is held in Euro, US Dollar, Australian Dollar and UAE Dirham accounts and there are also trade balances and investments 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. It does not currently consider that the use of hedging facilities would provide a cost-effective benefit to the Group on an ongoing basis although a forward currency contract was used to fix part of the cash consideration paid to the vendors of DSGR on completion of the acquisition.

Credit risk

Exposure to credit risk arises principally from the Group's trade receivables which is managed through stringent credit control practices including assessing all new customers, setting credit ratings which are factored into credit decisions, regularly reviewing established customers and credit insurance where felt appropriate. At 31 December 2011 the Group had £2,614,000 (2010: £3,237,000) of trade receivables which were past due but not impaired of which £2,219,000 (2010: £2,672,000) has been collected since the year end. At 31 December 2011 trade receivables of £15,000 (2010: £109,000) 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 £97,000 (2010: £68,000) of debts considered unrecoverable.

Craig Robinson
Finance Director
17 April 2012

Board of Directors

1 **Peter Harris**
Non-executive Chairman

2 **Eric Hook**
Chief Executive

3 **Craig Robinson**
Finance Director

4 **Ash Mehta**
Non-executive Director

5 **Jim Gould**
Non-executive Director

6 **David Marshall**
Non-executive Director (independent)

7 **Michael Dodson**
Non-executive Director (independent)

Secretary
I C Phillips

Company number
05326580

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Second Avenue
Centrum 100
Burton on Trent DE14 2WF
+44 (0)1283 531 645
www.northbridgegroup.co.uk

Country of incorporation of parent company
England and Wales

Legal form
Public limited company

Independent auditors
BDO LLP
125 Colmore Row
Birmingham B3 3SD

Bankers
Lloyds Banking Group
Butt Dyke House
33 Park Row
Nottingham NG1 6GY

Solicitors
Freeth Cartwright LLP
Cardinal Square
2nd Floor, West Point
10 Nottingham Road
Derby DE1 3QT

Nominated advisors and brokers
Westhouse Securities Limited
1 Angel Court
London EC2R 7HJ

Registrars
Capita Registrars plc
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Tel: +44 (0)20 8639 2157

1 Peter Harris
Non-executive Chairman

Peter Harris, aged 60, 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.

2 Eric Hook
Chief Executive

Eric Hook, aged 58, 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.

3 Craig Robinson
Finance Director

Craig Robinson, aged 49, was appointed as a Director on 2 February 2011 and became Finance Director on 1 April 2011 and 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.

4 Ash Mehta
Non-executive Director

Ash Mehta, aged 46, 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.

5 Jim Gould
Non-executive Director

Jim Gould, aged 77, founded the main subsidiary Crestchic Limited in 1983. As a qualified electrical engineer he has been at the forefront of developing the technology for testing and proving the performance of power plant. Since founding Crestchic, Jim has built the business into its world-leading position and continues to be its Managing Director. Jim has also served as a local magistrate in Burton on Trent.

6 David Marshall
Non-executive Director (independent)

David Marshall, aged 66, 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.

7 Michael Dodson
Non-executive Director (independent)

Michael Dodson, aged 64, is a fellow of the Institutions of Chemical and Electrical Engineers and a chartered engineer. He has a first degree in chemical engineering from Imperial College plus a Masters 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.

Directors' report

The Directors present their report and the financial statements for the year ended 31 December 2011.

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;

— 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;

— DSG Rental NV ("DSG R") – hire of specialist transformers;

— Northbridge Loadcell Services Pty ("Loadcell") – hire of oilfield instrumentation for the oil and gas industry in the Asia-Pacific region;

— 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.

Business review

The Chairman and Chief Executive's Review on pages 06 to 11 the Finance Director's Report on pages 12 to 15 (including the Group's principal risks and uncertainties) and the notes to the accounts on pages 27 to 51 provide detailed information relating to the Group, the operation and development of the business and the results and financial position for the year ended 31 December 2011.

Profit

The profit for the year after taxation amounted to £2,321,000 (2010: £3,036,000).

The Directors are proposing a final dividend of 3.25 pence (2010: 3.05 pence) per share totalling £504,000 (2010: £468,000), resulting in dividends for the whole year of 5.0 pence (2010: 4.6 pence) per share. Subject to shareholder approval the dividend will be paid on 8 June 2012 to those shareholders on the register of members on 18 May 2012.

Directors and their interests

The present Directors are detailed on pages 16 to 17 together with brief biographies.

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

M G Dodson retires in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election.

J W Gould retires in accordance with his letter of appointment 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 2011	1 January 2011	**31 December 2011**	1 January 2011
P R Harris	**880,000**	880,000	**103,901**	103,901
E W Hook	**300,000**	300,000	**538,601**	463,601
C W Robinson	**—**	—	**30,000**	—
A K Mehta	**29,147**	29,147	**50,822**	50,822
J W Gould	**290,750**	290,750	**86,235**	66,235
M G Dodson	**289,250**	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 (2010: 2,200,000) ordinary shares at 31 December 2011 and at the date of this report.

Between 1 January 2012 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 23.

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 2011:

	Number	%
Western Selection PLC	2,200,000	14.33
Artemis Investment Management Limited	1,849,669	12.05
Blackrock investment Management (UK) Limited	1,152,261	7.50
HBG Holdings UK LLP	880,000	5.73
P R Harris	880,000	5.73
Invesco Limited	850,000	5.54
R Luck	738,048	4.81
R G Persey	721,750	4.70
Hargreave Hale Nominees	576,780	3.76
Hermes	477,699	3.11

From 31 December 2011 to the balance sheet date, the Directors have been notified that Artemis Investment Management (UK) Limited has increased its shareholding to 2,315,000 shares (15.09%), Hermes has increased its shareholding to 715,000 shares (4.66%), Blackrock Investment Management (UK) Limited has decreased its shareholding to 566,635 (3.70%), Investec Wealth and Investment Limited has increased its shareholding to 462,496 (3.01%) and HBG Holdings UK LLP has disposed of all of its shareholding.

Directors' report continued

Purchase of own shares
At the year end the Company held 152,150 (2010: 152,150) of its own shares which represent 0.98% (2010: 0.98%) of the share capital of the Company. Between 1 January 2012 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.

Policy on payment of creditors
The Group's policy is to settle the terms of payment with suppliers when agreeing the terms of each transaction and to ensure that suppliers are made aware of the terms of payment and abide by them, provided the supplier complies with all relevant terms and conditions. The Group does not follow any code or standard on payment practice. Individual operating businesses within the Group are responsible for establishing appropriate policies with regard to the payment of their suppliers. The Group's number of days' purchases outstanding for payment at the year end was 59 (2010: 56).

Special business to be transacted at the Annual General Meeting
In addition to the ordinary business referred to in resolutions 1 to 6 of the Notice of Meeting, the Directors propose certain special business set out in resolutions 7 to 9 of the Notice of Meeting.

Resolution 7 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 8 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 9, 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 not required to comply with the Combined Code, 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 2011

The Board met on six 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)	6	6	6	5	6	6	5	6
Audit Committee	2	2	2	2	2	2	2	2
Remuneration Committee	1	1	—	1	—	—	1	—

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 26 of the financial statements.

Auditors' independence

The non-audit work undertaken in the year by the Group auditors, BDO LLP, was restricted to advice on tax matters for the Group and due diligence relating to the acquisition of DSGR.

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 were Directors 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 17 April 2012 and signed by order of the Board by the Company Secretary.

I C Phillips
Company Secretary
17 April 2012

Independent auditors' 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 2011 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 auditors' 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 Auditing Practices Board's ("APB's") Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

— the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2011 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 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 auditor
Birmingham
United Kingdom
17 April 2012

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 2011

	Note	2011 £'000	2010 £'000
Revenue	1,2	**24,904**	19,327
Cost of sales		**(10,220)**	(7,264)
Gross profit		**14,684**	12,063
Selling and distribution costs		**(5,529)**	(3,848)
Administrative expenses			
Excluding exceptional items		**(4,320)**	(4,123)
Exceptional items	4	**(1,688)**	(195)
Total administrative expenses		**(6,008)**	(4,318)
Profits from operations		**3,147**	3,897
Finance income		**18**	8
Finance costs	8	**(277)**	(226)
Profit before income tax excluding exceptional items		**4,576**	3,874
Exceptional items	4	**(1,688)**	(195)
Profit before income tax	3	**2,888**	3,679
Income tax expense	9	**(567)**	(643)
Profit for the year attributable to the equity holders of the parent		**2,321**	3,036
Other comprehensive income			
Exchange differences on translating foreign operations		**(56)**	1,802
Other comprehensive income for the year, net of tax		**(56)**	1,802
Total comprehensive income for the period attributable to equity holders of the parent		**2,265**	4,838
Earnings per share			
– basic (pence)		**15.1**	25.8
– diluted (pence)		**14.9**	25.5

All amounts relate to continuing operations.

The notes on pages 27 to 51 form part of these financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2011

	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 2010	1,547	13,153	849	1,644	(201)	7,508	24,500
Profit for the year	—	—	—	—	—	2,321	2,321
Other comprehensive income	—	—	—	(56)	—	—	(56)
Total comprehensive income for the year	—	—	—	(56)	—	2,321	2,265
Issue of share capital	4	50	—	—	—	—	54
Deferred tax on share options	—	—	—	—	—	81	81
Share option expense	—	—	—	—	—	54	54
Dividends paid	—	—	—	—	—	(736)	(736)
Balance at 31 December 2011	**1,551**	**13,203**	**849**	**1,588**	**(201)**	**9,228**	**26,218**

Consolidated statement of changes in equity

For the year ended 31 December 2010

	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 2009	909	6,967	—	(158)	(201)	4,908	12,425
Profit for the year	—	—	—	—	—	3,036	3,036
Other comprehensive income	—	—	—	1,802	—	—	1,802
Total comprehensive income for the year	—	—	—	1,802	—	3,036	4,838
Issue of share capital	638	6,186	849	—	—	—	7,673
Share option expense	—	—	—	—	—	42	42
Dividends paid	—	—	—	—	—	(478)	(478)
Balance at 31 December 2010	1,547	13,153	849	1,644	(201)	7,508	24,500

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.
Share premium account	Amount subscribed for share capital in excess of nominal value.
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 2011

Company number: 05326580	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
ASSETS					
Non-current assets					
Intangible assets	11		**11,134**		9,755
Property, plant and equipment	12		**23,323**		20,504
			34,457		30,259
Current assets					
Inventories	13	**2,468**		1,010	
Trade and other receivables	14	**8,451**		6,215	
Cash and cash equivalents		**878**		2,588	
			11,797		9,813
Total assets			**46,254**		40,072
LIABILITIES					
Current liabilities					
Trade and other payables	15	**3,691**		3,424	
Financial liabilities	16	**3,195**		1,703	
Other financial liabilities	16	**993**		2,310	
Provisions	17	**—**		71	
Current tax liabilities		**426**		1,098	
			8,305		8,606
Non-current liabilities					
Financial liabilities	16	**8,031**		4,382	
Other financial liabilities	16	**725**		—	
Deferred tax liabilities	18	**2,975**		2,584	
			11,731		6,966
Total liabilities			**20,036**		15,572
Total net assets			**26,218**		24,500
Capital and reserves attributable to equity holders of the Company					
Share capital	19		**1,551**		1,547
Share premium			**13,203**		13,153
Merger reserve			**849**		849
Foreign exchange reserve			**1,588**		1,644
Treasury share reserve			**(201)**		(201)
Retained earnings			**9,228**		7,508
Total equity			**26,218**		24,500

The notes on pages 27 to 51 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 17 April 2012.

E W Hook
Director

Consolidated cash flow statement

For the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Cash flows from operating activities			
Net profit from ordinary activities before taxation		**2,888**	3,679
Adjustments for:			
– amortisation and impairment of intangible assets	11	**617**	376
– amortisation of capitalised debt fee		**28**	18
– depreciation of property, plant and equipment	12	**2,164**	1,605
– (profit)/loss on disposal of property, plant and equipment		**(447)**	1
– impairment of property, plant and equipment		**1,455**	—
– decrease in provision for future employment costs		**(71)**	(70)
– investment income		**(18)**	(7)
– finance costs	8	**277**	226
– share option expense	23	**54**	42
		6,947	5,870
(Increase)/decrease in inventories		**(1,085)**	490
(Increase)/decrease in receivables		**(765)**	506
Decrease in payables		**(329)**	(901)
Cash generated from operations		**4,768**	5,965
Finance costs	8	**(277)**	(226)
Taxation		**(1,493)**	(1,188)
Hire fleet expenditure	12	**(2,437)**	(4,361)
Sale of assets within hire fleet		**919**	387
Net cash from operating activities		**1,480**	577
Cash flows from investing activities			
Finance income		**18**	8
Acquisition of subsidiary undertaking (net of cash acquired)	24	**(2,096)**	(6,509)
Payment of deferred consideration		**(2,390)**	—
Purchase of property, plant and equipment	12	**(364)**	(252)
Sale of property, plant and equipment		**66**	28
Net cash used in investing activities		**(4,766)**	(6,725)
Cash flows from financing activities			
Proceeds from share capital issued		**54**	6,748
Proceeds from bank and other borrowings		**3,801**	4,241
Repayment of bank borrowings		**(953)**	(2,111)
Repayment of finance lease creditors		**(588)**	(529)
Dividends paid in the year		**(736)**	(478)
Net cash from financing activities		**1,578**	7,871
Net (decrease)/increase in cash and cash equivalents		**(1,708)**	1,723
Cash and cash equivalents at beginning of period		**2,588**	776
Exchange (losses)/gains on cash and cash equivalents		**(2)**	89
Cash and cash equivalents at end of period	25	**878**	2,588

During the period the Group acquired property, plant and hire equipment with an aggregate cost of £2,961,000 (2010: £4,665,000) of which £160,000 (2010: £52,000) was acquired by means of finance leases.

Notes to the consolidated financial statements

For the year ended 31 December 2011

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 52 to 59.

1.2 Basis of consolidation

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

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

Inter-company 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
Customer orders	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.

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

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 2010, 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 2010, 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 2010, 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 2010, 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 2010, 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 through the process of evaluation, review and discussion, relating the acquired goodwill to the current trading performance of the subsidiary.

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

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.

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 valued 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 the statement of comprehensive income 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.

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

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.

(c) Share capital

The Group's ordinary shares are classified as equity instruments. The Group is not subject to any externally imposed capital requirements. Share capital includes the nominal value of the shares and any share premium attaching to the shares.

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 cash-generating units 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 cash-generating unit 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 cash-generating unit 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).

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 standard has been adopted:

— IAS 24 "Related Party Disclosures (Revised)" (effective date: 1 January 2011); and

— Improvements to IFRS (1 January 2011).

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:

— IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" (1 July 2010);

— Amendment to IAS 32 "Financial Instruments: Presentation: Classification of Rights Issues" (1 February 2010); and

— Amendments to IFRIC 14 "Prepayments of a Minimum Funding Requirement" (1 January 2011).

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

— Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) (1 July 2012);

— IFRS 9 "Financial Instruments" (1 January 2015);

— IFRS 10 "Consolidated Financial Statements" (1 January 2013);

— IFRS 11 "Joint Arrangements" (1 January 2013);

— IFRS 12 "Disclosure of Interests in Other Entities" (1 January 2013);

— IFRS 13 "Fair Value Measurement" (1 January 2013);

— Amendments to IAS 27 "Separate Financial Statements" (1 January 2013);

— Amendments to IAS 28 "Investments in Associates and Joint Ventures" (1 January 2013); and

— Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) (1 January 2013).

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:

— "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters" (Amendments to IFRS 1) (1 July 2011);

— "Deferred Tax: Recovery of Underlying Assets" (Amendments to IAS 12) (1 January 2012);

— Amendments to IFRS 7 "Financial Instruments: Disclosures: Transfers of Financial Assets" (1 July 2011);

— Amendments to IAS 19 "Employee Benefits" (1 January 2013); and

— IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" (1 January 2013).

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 51% (2010: 50%) of the Group's revenue. This includes the Crestchic, DSGR and AIR businesses;

— Middle East – this segment is involved in the hire of specialist industrial equipment and contributes 18% (2010: 31%) of the Group's revenue. This includes the NME, RDS and TTERS businesses; and

— Asia-Pacific – this segment is involved in the hire and sale of specialist industrial equipment and generated 31% (2010: 19%) of the Group's revenue. This includes the Tasman, NIS Pty 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.

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

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	**2011 Total £'000**
Revenue from external customers	12,747	4,449	7,708	24,904	—	—	**24,904**
Inter-segment revenue	1,157	—	—	1,157	(1,157)	—	**—**
Finance income	5	—	12	17	—	1	**18**
Finance expense	(62)	(6)	(5)	(73)	—	(204)	**(277)**
Depreciation	(791)	(512)	(761)	(2,064)	—	(100)	**(2,164)**
Amortisation	(51)	—	—	(51)	—	(566)	**(617)**
Profit before tax before exceptional costs	2,471	893	2,390	5,754	(14)	(1,164)	**4,576**
Exceptional costs	(9)	(1,455)	(38)	(1,502)	—	(186)	**(1,688)**
Profit before tax	2,462	(562)	2,352	4,252	(14)	(1,350)	**2,888**
Balance sheet							
Assets	18,735	12,796	13,295	44,826	(18,890)	20,318	**46,254**
Liabilities	(10,909)	(5,950)	(5,125)	(21,984)	18,890	(16,942)	**(20,036)**
	7,826	6,846	8,170	22,842	—	3,376	**26,218**
Other							
Non-current tangible assets additions	1,093	1,061	2,219	4,372	(1,417)	6	**2,961**

	Europe £'000	Middle East £'000	Asia-Pacific £'000	Total £'000	Inter-company £'000	Other including consolidation adjustments £'000	2010 Total £'000
Revenue from external customers	9,679	5,948	3,700	19,327	—	—	19,327
Inter-segment revenue	603	—	—	603	(603)	—	—
Finance income	—	—	4	4	—	4	8
Finance expense	(73)	(17)	—	(90)	—	(136)	(226)
Depreciation	(770)	(526)	(308)	(1,604)	—	(1)	(1,605)
Amortisation	(22)	—	—	(22)	—	(326)	(348)
Profit before tax before exceptional costs	2,071	1,821	1,507	5,399	(41)	(1,484)	3,874
Exceptional costs	—	—	—	—	—	(195)	(195)
Profit before tax	2,071	1,821	1,507	5,399	(41)	(1,679)	3,679
Balance sheet							
Assets	13,939	15,255	8,536	37,730	(15,994)	18,336	40,072
Liabilities	(5,735)	(7,895)	(1,586)	(15,216)	15,994	(16,350)	(15,572)
	8,204	7,360	6,950	22,514	—	1,986	24,500
Other							
Non-current tangible assets additions	1,423	2,090	2,067	5,580	(894)	(21)	4,665

2. Segment information continued

	External revenue by location		Non-current assets by location	
	2011 £'000	2010 £'000	**2011 £'000**	2010 £'000
UK	**12,576**	9,679	**11,152**	9,930
Australia	**7,077**	3,700	**11,064**	12,411
United Arab Emirates	**3,492**	4,941	**4,925**	7,088
Azerbaijan	**957**	1,007	**994**	830
Singapore	**631**	—	**2,978**	—
Belgium	**171**	—	**3,344**	—
	24,904	19,327	**34,457**	30,259

	External revenue by type		Non-current assets by type	
	2011 £'000	2010 £'000	**2011 %**	2010 %
Hire of equipment	**14,164**	12,646	**56.9**	65.4
Sale of product	**10,740**	6,681	**43.1**	34.6
	24,904	19,327	**100.0**	100.0

3. Profit from operations

The operating profit is stated after charging:

	2011 £'000	2010 £'000
Amortisation:		
– customer relationships	**510**	285
– order backlog	**17**	13
– deferred research and development expenditure	**22**	22
– non-competition agreements	**68**	28
Depreciation of property, plant and equipment:		
– owned by the Company	**1,980**	1,397
– held under finance leases	**184**	208
Operating lease rentals:		
– property leases	**671**	372
– other operating leases	**40**	82
Cost of inventories recognised as an expense during the year	**4,046**	3,311
Foreign exchange losses	**89**	61
Share-based payment remuneration	**54**	42

See note 7 for auditors' fees.

4. Exceptional costs

Exceptional costs incurred during the year were as follows:

	2011 £'000	2010 £'000
Acquisition costs(1)	**233**	195
Impairment of property plant and equipment(2)	**1,455**	—
Exceptional costs	**1,688**	195

(1) The exceptional costs relate to fees incurred on the acquisition of DSG Rental NV and the assets of Loadcell Services Pte Ltd and Loadcell Services BVI (2010: Tasman Oil Tools Pty). In line with IFRS 3 (revised) these costs have been disclosed in the statement of comprehensive income.

(2) As part of the ongoing review of the Group's assets, the Board has recognised that certain rental assets have not achieved the levels of utilisation that are considered acceptable in comparison to Group activities and have been written down to their recoverable amount being their fair value less costs to sell. The recoverable value of the assets was calculated as the higher of their value in use and fair value less costs to sell. These assets were originally purchased to supply generators, transformers and ancillary equipment for the terminated rental contract to the Jabali Zinc Project in Yemen and have been sold since the year end.

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

5. Staff costs

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

	2011 £'000	2010 £'000
Wages and salaries	**5,298**	4,186
Social security costs	**410**	354
Other pension costs	**261**	110
Share-based payments	**54**	42
	6,023	4,692

Of the share-based payments made in the year £31,000 (2010: £21,000) related to key management personnel.

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

	2011 Number	2010 Number
Technical and production	**89**	74
Sales	**20**	13
Administration	**30**	31
	139	118

6. Directors' remuneration

	2011					2010				
	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**	—	—	—	**48**	30	—	—	—	30
E W Hook	**185**	—	—	**2**	**187**	131	10	30	2	173
C W Robinson	**100**	—	—	—	**100**	—	—	—	—	—
A K Mehta	**48**	—	—	—	**48**	90	10	—	—	100
J W Gould	**75**	—	—	**13**	**88**	65	20	—	14	99
M G Dodson	**16**	—	—	—	**16**	7	—	—	—	7
D C Marshall	**16**	—	—	—	**16**	7	—	—	—	7
	488	—	—	**15**	**503**	330	40	30	16	416

7. Auditors' remuneration

	2011 £'000	2010 £'000
Fees payable to the Group's auditors for the audit of the consolidated financial statements	**32**	33
Fees payable to the Group's auditors and associates in respect of:		
– audit	**48**	44
– other services	**21**	15
– tax services	**31**	42
– corporate finance services	**26**	32

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

	2011 £'000	2010 £'000
On bank loans and overdrafts	**233**	139
On finance leases and hire purchase contracts	**44**	62
Other interest	**—**	25
	277	226

9. Income tax expense

	2011 £'000	2010 £'000
Current tax expense	**889**	547
Prior year over provision of tax	**(235)**	(39)
	654	508
Prior year over provision of deferred tax	**(174)**	—
Deferred tax expense resulting from the origination and reversal of temporary differences	**87**	135
Tax on profit on ordinary activities	**567**	643

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 (26.5%). The differences are explained below:

	2011 £'000	2010 £'000
Profit on ordinary activities before tax	**2,888**	3,679
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010: 28%)	**765**	1,030
Effects of:		
– Group adjustments not allowable for tax	**(180)**	41
– income not subject to tax	**(236)**	(480)
– expenses not allowable for tax purposes	**582**	52
– difference in tax rates	**45**	39
– prior year (over)/under provision of tax and deferred tax	**(409)**	(39)
Total tax charge for the year	**567**	643

The standard rate of corporation tax in the UK is now 24% since 5 April 2012.

10. Earnings per share

	2011 £'000	2010 £'000
Numerator		
Earnings used in basic and diluted EPS	**2,321**	3,036

	2011 Number	2010 Number
Denominator		
Weighted average number of shares used in basic EPS	**15,338,369**	11,749,249
Effects of share options	**264,530**	158,951
Weighted average number of shares used in diluted EPS	**15,602,899**	11,908,200

At the end of the year, the Company had in issue 178,397 (2010: 99,701) 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.

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

11. Intangible assets

	Customer relationships £'000	Order backlog £'000	Development £'000	Non-competition agreements £'000	Goodwill £'000	Total £'000
Cost						
At 1 January 2011	4,141	30	152	338	5,884	10,545
Exchange differences	12	—	—	1	(6)	7
Acquired through business combination	858	15	—	—	1,116	1,989
At 31 December 2011	**5,011**	**45**	**152**	**339**	**6,994**	**12,541**
Amortisation						
At 1 January 2011	617	14	103	28	28	790
Charge for the year	511	16	22	68	—	617
At 31 December 2011	**1,128**	**30**	**125**	**96**	**28**	**1,407**
Net book value						
At 31 December 2011	**3,883**	**15**	**27**	**243**	**6,966**	**11,134**
At 31 December 2010	3,524	16	49	310	5,856	9,755

	Customer relationships £'000	Order backlog £'000	Development £'000	Non-competition agreements £'000	Goodwill £'000	Total £'000
Cost						
At 1 January 2010	1,064	2	152	—	2,511	3,729
Fair value adjustments	—	—	—	—	(135)	(135)
Exchange differences	370	3	—	41	422	836
Acquired through business combinations	2,707	25	—	297	3,086	6,115
At 31 December 2010	4,141	30	152	338	5,884	10,545
Amortisation						
At 1 January 2010	332	1	81	—	—	414
Charge for the year	285	13	22	28	—	348
Impairment	—	—	—	—	28	28
At 31 December 2010	617	14	103	28	28	790
Net book value						
At 31 December 2010	3,524	16	49	310	5,856	9,755
At 31 December 2009	732	1	71	—	2,511	3,315

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	4.25	1.25	—	—	262	27	—	—
LHS	5.25	—	—	—	149	—	—	—
RDS	5.75	—	—	—	24	—	—	—
TTERS	1.33	—	—	—	47	—	—	—
Tasman	6.58	—	3.58	—	2,538	—	243	—
DSG	10.00	—	—	1.00	225	—	—	15
Loadcell	10.00	—	—	—	638	—	—	—

11. Intangible assets continued

Impairment of goodwill

The carrying amount of goodwill is allocated to the cash-generating units "CGUs" as follows:

	2011 £'000	2010 £'000
Crestchic	**2,192**	2,192
Tasman	**3,515**	3,508
DSG	**907**	—
Loadcell	**196**	—
Other	**156**	156
	6,966	5,856

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. DSG 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.

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 2016. Management does not believe that any CGU will see a change in their market share. Other major assumptions are as follows:

2011	Discount rate %	Operating (gross) margin %	Growth rate %	Wage inflation %
Crestchic	**11**	**50**	**3**	**3**
Tasman	**11**	**70**	**3**	**3**
DSG	**11**	**70**	**3**	**3**
Loadcell	**11**	**50**	**3**	**3**

2010	Discount rate %	Operating (gross) margin %	Growth rate %	Wage inflation %
Crestchic	11	55	5	5
Tasman	11	65	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.

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For the year ended 31 December 2011

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 2011	3,700	739	779	611	18,863	24,692
Exchange differences	2	(1)	5	—	(46)	(40)
On acquisition of business	—	—	—	—	4,047	4,047
Reclassification	—	—	—	18	(18)	—
Additions	185	50	179	110	2,437	2,961
Disposals	(5)	—	(179)	(16)	(1,446)	(1,646)
At 31 December 2011	**3,882**	**788**	**784**	**723**	**23,837**	**30,014**
Depreciation						
At 1 January 2011	212	126	251	186	3,413	4,188
Exchange differences	1	—	—	—	(9)	(8)
Impairment	—	—	—	—	1,455	1,455
Charge for the year	67	105	150	108	1,734	2,164
On disposals	—	—	(121)	(13)	(974)	(1,108)
At 31 December 2011	**280**	**231**	**280**	**281**	**5,619**	**6,691**
Net book value						
At 31 December 2011	**3,602**	**557**	**504**	**442**	**18,218**	**23,323**
At 31 December 2010	3,488	613	528	425	15,450	20,504

	Land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Furniture and fittings £'000	Hire fleet £'000	Total £'000
Cost						
At 1 January 2010	3,645	220	706	319	10,577	15,467
Exchange differences	48	84	18	28	1,195	1,373
On acquisition of business	—	418	65	60	3,132	3,675
Additions	7	17	76	204	4,361	4,665
Disposals	—	—	(86)	—	(402)	(488)
At 31 December 2010	3,700	739	779	611	18,863	24,692
Depreciation						
At 1 January 2010	146	43	139	106	1,528	1,962
Exchange differences	1	30	9	18	635	693
Charge for the year	65	53	160	62	1,265	1,605
On disposals	—	—	(57)	—	(15)	(72)
At 31 December 2010	212	126	251	186	3,413	4,188
Net book value						
At 31 December 2010	3,488	613	528	425	15,450	20,504
At 31 December 2009	3,499	177	567	213	9,049	13,505

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:

	2011 £'000	2010 £'000
Motor vehicles	**196**	237
Hire fleet	**2,929**	1,137

13. Inventories

	2011 £'000	2010 £'000
Raw materials	**1,957**	779
Work in progress	**511**	231
	2,468	1,010

14. Trade and other receivables

	2011 £'000	2010 £'000
Due within one year		
Trade receivables	**6,363**	5,447
Other receivables	**1,068**	441
Prepayments	**1,021**	327
	8,451	6,215

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

	2011 £'000	2010 £'000
Pound Sterling	**2,368**	2,063
Euro	**1,989**	302
US Dollar	**838**	866
Australian Dollar	**1,497**	2,127
UAE Dirham	**423**	487
Singapore Dollar	**185**	—
Other	**131**	43
	7,431	5,888

At 31 December 2011 trade receivables of £2,614,000 (2010: £3,237,000) were past due but not impaired. They relate to customers with no default history. The ageing of these receivables is as follows:

	2011 £'000	2010 £'000
Up to three months past due	**2,481**	2,443
Three to six months past due	**87**	715
Six to twelve months past due	**27**	35
Greater than twelve months past due	**19**	44
	2,614	3,237

Since the year end £2,219,000 of the £2,614,000 has been received from customers.

At 31 December 2011 trade receivables of £15,000 (2010: £109,000) 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 amount of the provision at 31 December 2011 was £15,000 (2010: £109,000). The receivables relate to trade debtors. The ageing of these receivables is as follows:

	2011 £'000	2010 £'000
Less than twelve months	**—**	23
Greater than twelve months	**15**	86

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:

	2011 £'000	2010 £'000
Opening balance	**109**	97
Amounts written off	**(97)**	(68)
Increases in provisions	**3**	80
Closing balance	**15**	109

The maximum exposure to credit risk, including cash balances, at 31 December 2011 is £8,309,000 (2010: £8,476,000).

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

15. Current liabilities

Trade and other payables – current

	2011 £'000	2010 £'000
Trade payables	**2,314**	2,041
Social security and other taxes	**245**	213
Other payables	**109**	565
Accruals and deferred income	**1,023**	605
	3,691	3,424

Included within the trade and other payables is £343,000 (2010: £456,000) denominated in United Arab Emirates Dirham and £891,000 (2010: £1,134,000) denominated in Australian Dollar.

16. Financial liabilities

Current

	2011 £'000	2010 £'000
Trade finance facility	**1,045**	497
Bank loans – secured	**890**	891
Capitalised debt fees	**(42)**	(42)
Other loans	**353**	—
Total	**2,246**	1,346
Net obligations under finance leases and hire purchase agreements	**949**	357
Total	**3,195**	1,703

The fair value of the Group's bank loans at the balance sheet date was £7,831,000 (2010: £5,137,000). For the Group's other loans and borrowings, the carrying amounts are a reasonable approximation of the financial instruments' fair values.

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 on Eric Hook and Daryl Robinson.

The trade finance facility is secured over specific trade receivables.

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

	2011		2010	
	Floating rate £'000	Fair value £'000	Floating rate £'000	Fair value £'000
Expiry within one year	**2,245**	**2,245**	1,346	1,346
More than one year and less than two years	**1,199**	**1,199**	849	849
More than two years and less than five years	**4,789**	**4,789**	2,207	2,207
More than five years	**646**	**646**	735	735
Total	**8,879**	**8,879**	5,137	5,137

Fair value has been established at the market rate prevailing as at 31 December 2011.

16. Financial liabilities continued

Other financial liabilities

	2011 £'000	2010 £'000
Deferred consideration for purchase of subsidiary	**993**	2,310

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

2011	**Minimum lease payments £'000**	**Interest £'000**	**Present value £'000**
Not later than one year	**1,049**	**100**	**949**
Between one and five years	**1,534**	**136**	**1,398**
	2,583	**236**	**2,347**

2010	Minimum lease payments £'000	Interest £'000	Present value £'000
Not later than one year	397	40	357
Between one and five years	647	56	591
	1,044	96	948

Non-current financial liabilities

	2011 £'000	2010 £'000
Bank loans – secured	**3,069**	3,949
Capitalised debt fees	**(131)**	(158)
Banking facility	**3,000**	—
Other loan	**694**	—
Total	**6,633**	3,791
Net obligations under finance leases and hire purchase agreements	**1,398**	591
	8,031	4,382

Non-current other financial liabilities

	2011 £'000	2010 £'000
Contingent consideration for purchase of subsidiary	**725**	—

17. Provisions

	2011 £'000	2010 £'000
At 1 January	**71**	141
Released during the year	**(71)**	(70)
	—	71

The provision for employment costs was reviewed during 2009. The Board of Directors believes that no claim is expected beyond 2011 and agreed to release the provision to the consolidated statement of comprehensive income over three years, which commenced in 2009.

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

18. Deferred taxation

	2011 £'000	2010 £'000
Opening provision	**2,584**	1,091
Taken to statement of comprehensive income in current year	**(88)**	135
Taken to retained earnings	**(81)**	—
On acquisition	**563**	1,193
Foreign exchange difference	**(3)**	165
Closing provision	**2,975**	2,584

The provision for deferred taxation is made up as follows:

	2011 £'000	2010 £'000
Accelerated capital allowances	**1,746**	1,141
Fair value adjustment to land and buildings	**127**	132
Fair value of intangibles on acquisition	**1,157**	1,181
Other temporary differences	**(55)**	130
	2,975	2,584

19. Share capital

	2011 £'000	2010 £'000
Authorised		
30,000,000 ordinary shares of 10 pence each (2010: 30,000,000 ordinary shares of 10 pence each)	**3,000**	3,000
Allotted, called up and fully paid		
15,506,015 ordinary shares of 10 pence each (2010: 15,470,055 ordinary shares of 10 pence each)	**1,551**	1,547

	2011		2010	
	Number	£'000	Number	£'000
Ordinary shares of 10 pence each				
At beginning of year	**15,470,055**	**1,547**	9,092,257	909
Issue of new shares	**35,960**	**4**	6,377,798	638
At end of year	**15,506,015**	**1,551**	15,470,055	1,547

During the year 35,960 shares issued as share options were exercised.

During the prior year 738,048 shares were issued as consideration on the acquisition of Tasman, 5,606,000 shares were issued through the placing completed in July 2010 and 33,750 shares issued as share options were exercised.

	2011 Number	2010 Number
Treasury shares held by the Company	**152,510**	152,510

Capital management

As described in the share capital accounting policy note, the Group considers its capital to comprise its ordinary share capital, 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.

20. 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 £261,000 (2010: £110,000).

21. Operating lease commitments

At 31 December 2011 the total future value of minimum lease payments are due as follows:

	2011 £'000	2010 £'000
Property		
Not later than one year	**691**	543
Later than one year and not later than five years	**1,278**	1,654
	1,969	2,197

	2011 £'000	2010 £'000
Other assets		
Not later than one year	**62**	68
Later than one year and not later than five years	**62**	41
	124	109

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

22. 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%
DSG Rental NV	Belgium	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%*
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 and Northbridge Australia Pty 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.

23. 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.

	2011		2010	
	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the year	**—**	**947,720**	—	788,380
Granted during the year	**223**	**245,000**	186	230,000
Exercised during the year	**149**	**(35,960)**	101	(33,750)
Share options lapsed during the year	**—**	**—**	120	(36,910)
Outstanding at the end of the year	**162**	**1,156,760**	145	947,720

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

23. Share-based payments continued

The exercise price of options outstanding at the end of the year ranged between 100.64 pence and 237.00 pence (2010: 100.64 pence and 186.00 pence) and their weighted average contractual life was one year eight months (2010: one year eight months). The weighted average exercise price of the options is 161.82 pence (2010: 145.51 pence).

Of the total number of options outstanding at the end of the year, 562,577 (2010: 453,668) 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 are shown below:

	2011
Options granted during the year	**120,000**
Date of grant	**30 March 2011**
Fair value per option at measurement date	**208.5 pence**
Share price	**208.5 pence**
Exercise price	**208.5 pence**
Weighted average exercise price	**208.5 pence**
Weighted average exercise life	**2 years 3 months**
Expected volatility	**50%**
Earliest exercisable point	**3 years**
Option life	**10 years**
Risk-free interest rate	**0.5%**

	2011
Options granted during the year	**125,000**
Date of grant	**21 April 2011**
Fair value per option at measurement date	**237 pence**
Share price	**237 pence**
Exercise price	**237 pence**
Weighted average exercise price	**237 pence**
Weighted average exercise life	**2 years 3 months**
Expected volatility	**50%**
Earliest exercisable point	**3 years**
Option life	**10 years**
Risk-free interest rate	**0.5%**

	2010
Options granted during the year	230,000
Date of grant	30 September 2010
Fair value per option at measurement date	186 pence
Share price	186 pence
Exercise price	186 pence
Weighted average exercise price	186 pence
Weighted average exercise life	2 years 9 months
Expected volatility	50%
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 2011 and during the year ended 31 December 2010.

23. Share-based payments continued

The share-based remuneration expense for the year is £54,000 (2010: £42,000) of which £31,000 (2010: £21,000) relates to key management personnel.

The following share options were outstanding at 31 December 2011:

Type of scheme	Date of grant	**Number of shares 2011**	Number of shares 2010
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**	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	**14,385**	28,770
Unapproved share option	27 September 2007	**41,098**	41,098
Non-executive and consultant share option	9 April 2008	**6,164**	6,164
Unapproved share option	9 April 2008	**83,223**	89,387
Approved share option	9 April 2008	**33,907**	49,318
Non-executive and consultant share option	20 April 2009	**6,164**	6,164
Unapproved share option	20 April 2009	**102,745**	102,745
Approved share option	20 April 2009	**10,274**	10,274
Non-executive and consultant share option	30 September 2010	**20,000**	20,000
Unapproved share option	30 September 2010	**200,000**	200,000
Approved share option	30 September 2010	**10,000**	10,000
Unapproved share option	30 March 2011	**109,270**	—
Approved share option	30 March 2011	**10,730**	—
Unapproved share option	21 April 2011	**112,342**	—
Approved share option	21 April 2011	**12,658**	—
		1,156,760	947,720

Directors' share options

	Date of grant	Number of shares	Exercise price of shares (pence)	Normal exercise period	Scheme type
P R Harris	30 May 2006	103,901	100.64	30/05/2009–30/05/2016	Non-executive/consultants
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
J W Gould	9 April 2008	19,522	150.86	09/04/2011–09/04/2018	Approved
J W Gould	9 April 2008	6,164	150.86	09/04/2011–09/04/2018	Unapproved
J W Gould	20 April 2009	20,549	149.88	20/04/2012–20/04/2019	Unapproved
J W Gould	30 September 2010	20,000	186.00	30/09/2013–30/09/2020	Unapproved
J W Gould	21 April 2011	20,000	237.00	21/04/2014–21/04/2021	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
		809,559			

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

	2011 Number of shares	2010 Number of shares
P R Harris	**103,901**	103,901
E W Hook	**538,601**	463,601
J W Gould	**86,235**	66,235
A K Mehta	**50,822**	50,822
C W Robinson	**30,000**	—
	809,559	684,559

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.

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

24. Acquisitions during the year and prior year
DSG Rental NV ("DSGR")

On 30 November 2011, the Group purchased 100% of DSGR. DSGR is registered in Belgium and its principal business is the hire of transformers. The fair value of the total consideration is £2,429,000, which was satisfied by £2,177,000 in cash on acquisition and £252,000 of deferred consideration.

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	3,392	
Cash	338	
Trade receivables	1,273	
Other receivables	219	
Contract and customer related intangible assets (recognised on acquisition)	244	
Finance lease and other debt	(2,710)	
Trade payables	(519)	
Other payables	(108)	
Taxation liabilities	(166)	
Deferred taxation on property plant and equipment	(374)	
Deferred taxation on intangible assets	(83)	
		1,506
Consideration		
Cash at bank and in hand	2,177	
Deferred consideration	252	
		2,429
Goodwill		**923**

Current assets acquired include trade receivables with a book and fair value of £1,273,000 representing contractual receivables of the same value.

The net cash sum expended on the acquisition in 2011 was as follows:

	£'000
Cash paid as consideration	2,177
Less cash acquired on acquisition	(338)
Net cash movement	**1,839**

24. Acquisitions during the year and prior year continued

DSG Rental NV ("DSGR") 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. DSGR is an excellent fit with the Group's existing business and the acquisition will serve to consolidate the operations in Europe as well as act as a base from which the Group can meet the growing needs of its clients across Europe.

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 2011, DSGR contributed £171,000 to Group revenues and £46,000 to Group profit after tax. It is not practicable to calculate the effect of acquiring DSGR on the first day of the accounting period on the Group revenue and Group profit after tax for the period due to differing accounting standards used.

Loadcell Services Pte Ltd and Loadcell Services BVI ("Loadcell")

On 4 November 2011, the Group purchased the assets of Loadcell and transferred them into Northbridge Loadcell Services Pte Ltd, a newly incorporated entity in Singapore. Loadcell's principal business is the supply of oilfield instrumentation. The fair value of the total consideration is £1,744,000, which was satisfied by £257,000 in cash on acquisition, £732,000 of deferred consideration, £40,000 of above market remuneration to the previous owner and £715,000 of contingent consideration.

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	655	
Inventory	373	
Contract and customer related intangible assets (recognised on acquisition)	629	
Deferred taxation on intangible assets	(106)	
		1,551
Consideration		
Cash	257	
Deferred consideration	732	
Above market remuneration	40	
Contingent consideration	715	
		1,744
Goodwill		**193**

The deferred consideration is payable in May 2012 (£249,000) and November 2012 (£483,000).

The contingent consideration is payable based on the gross profits achieved in 2012 and 2013 subject to a maximum consideration of £860,000. At this level of consideration gross profits would be £983,000 in 2012 and 2013. Based on an assessment at the acquisition date, £715,000 has been included as the fair value of the contingent consideration.

The net cash sum expended on the acquisition in 2011 is the initial consideration of £257,000.

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. Loadcell is an excellent fit with the Group's existing business, particularly in the Asia-Pacific region, building on the previous acquisition of Tasman in Australia.

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 2011, Loadcell contributed £70,000 to Group revenues and a loss of £29,000 to Group profit after tax. It is not practicable to calculate the effect of acquiring Loadcell on the first day of the accounting period on the Group revenue and Group profit after tax for the period due to the quality of previous accounting records kept.

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

24. Acquisitions during the year and prior year continued

Prior year

Tasman Oil Tools Pty Limited ("Tasman")

On 30 July 2010, the Group purchased 100% of Tasman. Tasman is registered in Australia and its principal business is the hire of tools and equipment for the oil and gas industry in Australia. The fair value of the total consideration was £10,066,000, which was satisfied by £7,110,000 in cash on acquisition, £925,000 in shares by the issue of 738,048 new ordinary shares at a price of 125 pence per ordinary share and £2,031,000 of deferred consideration. The share price was based on the closing bid price at the time control was obtained. Acquisition expenses of £195,000 were taken to profit or loss in the statement of comprehensive income (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	3,675	
Inventory	207	
Cash	601	
Trade receivables	1,686	
Other receivables	1,428	
Contract and customer related intangible assets (recognised on acquisition)	3,029	
Other payables	(1,798)	
Taxation liabilities	(655)	
Deferred taxation on provisions and property, plant and equipment	(284)	
Deferred taxation on intangible assets	(909)	
		6,980
Consideration		
Cash	7,110	
Shares	925	
Contingent consideration	991	
Deferred consideration	1,040	
		10,066
Goodwill		**3,086**

The contingent consideration was based on a formula applied to the net assets on 30 June 2011 and the profit after tax for the year ended 30 June 2010 per the audited financial statements of Tasman.

Current assets acquired include trade receivables with a book and fair value of £1,685,000 representing contractual receivables of £1,688,000. Whilst the Group will make every effort to collect all contractual receivables, it considers it unlikely that the £3,000 will ultimately be received.

The net cash sum expended on the acquisition in 2010 was as follows:

	£'000
Cash paid as consideration	7,110
Less cash acquired on acquisition	(601)
Net cash movement	**6,509**

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. It also significantly increased the size of Northbridge and gives it greater critical mass and broadens the Group's presence in the Asia-Pacific region. Tasman is strongly focused towards renting its equipment into the oil and gas industry with over 70% of the total revenue coming from this activity. Tasman also creates opportunities to cross-sell Northbridge's existing products from Tasman's locations and Tasman will also benefit from Northbridge's Middle East and Caspian presence where there are some common customers.

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 2010, Tasman contributed £3,700,000 to Group revenues and £952,000 to Group profit after tax. If the acquisition had occurred on the first day of the prior accounting period Group revenue for 2010 would have been £26,958,000 and Group profit for the period after tax for 2010 would have been £7,184,000 (this includes a one-off profit on disposal of property of £3,949,000).

25. Note supporting cash flow statement

	2011 £'000	2010 £'000
Cash and cash equivalents comprises:		
– cash available on demand	**878**	2,588

26. 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 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 Euro has increased due to the addition of DSGR and Loadcell 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; and

— deferred and contingent 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	
	2011 £'000	2010 £'000
Current financial assets		
Trade and other receivables	**7,431**	5,888
Cash and cash equivalents	**878**	2,588
Total current financial assets	**8,309**	8,476

	Contingent consideration measured at fair value through profit and loss		Financial liabilities measured at amortised cost	
	2011 £'000	2010 £'000	**2011 £'000**	2010 £'000
Current financial liabilities				
Trade and other payables	**—**	—	**3,446**	3,211
Loans and borrowings	**—**	—	**3,195**	1,703
Deferred consideration	**—**	—	**993**	2,310
Total current financial liabilities	**—**	—	**7,634**	7,224
Non-current financial liabilities				
Loans and borrowings	**725**	—	**8,031**	4,382
Deferred consideration	**—**	—	**—**	—
Total non-current financial liabilities	**725**	—	**8,031**	4,382
Total financial liabilities	**725**	—	**15,665**	11,606

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

Notes to the consolidated financial statements continued

For the year ended 31 December 2011

26. Financial instruments continued

Financial instrument risk exposure and management continued

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).

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 £39,000 (2010: £20,000). 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:

	2011 Floating rate £'000	2010 Floating rate £'000
Pound Sterling	**831**	(44)
Euro	**(176)**	201
US Dollar	**61**	347
United Arab Emirate Dirham	**97**	100
Australian Dollar	**(181)**	1,805
Singapore Dollar	**134**	—
Other	**112**	179
	878	2,588

26. Financial instruments continued

Financial instrument risk exposure and management continued

Currency risk continued

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 2011				
Euro	**15**	**(139)**	**(18)**	**170**
US Dollar	**81**	**81**	**(100)**	**(100)**
United Arab Emirate Dirham	**—**	**16**	**—**	**(20)**
Singapore Dollar	**—**	**18**	**—**	**(22)**
Australian Dollar	**—**	**49**	**—**	**(60)**
Other	**—**	**22**	**—**	**(26)**
31 December 2010				
Euro	45	45	(56)	(56)
US Dollar	110	110	(135)	(135)
United Arab Emirate Dirham	—	12	—	(15)
Australian Dollar	—	254	—	(311)
Other	—	20	—	(25)

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.

27. Related parties

During the year the Group paid fees for the provision of company secretarial services of £20,000 (2010: £24,000) to City Group PLC of which David Marshall is a director. At the year end £nil (2010: £6,000) remained outstanding.

The Directors are considered to be the key management personnel and their employee benefits and share-based payments expense are disclosed in note 6 and note 23 accordingly.

28. Dividends

	2011 £'000	2010 £'000
Final dividend of 3.05 pence (2010: 2.70 pence) per ordinary share proposed and paid during the year relating to the previous year's results	**468**	241
Interim dividend of 1.75 pence (2010: 1.55 pence) per ordinary share paid during the year	**268**	237
	736	478

The Directors are proposing a final dividend of 3.25 pence (2010: 3.05 pence) per share totalling £504,000 (2010: £468,000), resulting in dividends for the whole year of 5.0 pence (2010: 4.6 pence) per share. The dividend has not been accrued at the balance sheet date.

29. Post balance sheet events

On 16 April 2012 hire fleet assets were sold for consideration equivalent to their carrying amount of £860,000. These assets were impaired during the year as detailed in note 4.

Parent company accounts under UK GAAP

Parent company balance sheet
As at 31 December 2011

Company number: 05326580	Note	2011 £'000	2010 £'000
Fixed assets			
Fixed asset investments	4	**19,635**	15,245
Tangible fixed assets	5	**26**	32
		19,661	15,277
Current assets			
Cash		**640**	—
Debtors	6	**5,784**	6,605
		6,424	6,605
Creditors: amounts falling due within one year	7	**(2,522)**	(1,581)
Net current assets		**3,902**	5,024
Total assets less current liabilities		**23,563**	20,301
Creditors: amounts falling due after more than one year	8	**(5,939)**	(3,791)
Net assets		**17,624**	16,510
Capital and reserves			
Called up share capital	11	**1,551**	1,547
Share premium account	12	**13,203**	13,153
Merger reserve	12	**849**	849
Treasury share reserve	12	**(201)**	(201)
Profit and loss account	12	**2,222**	1,162
Shareholders' funds	13	**17,624**	16,510

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 17 April 2012.

E W Hook
Director

The notes on pages 53 to 59 form part of these financial statements.

The Directors' Report is on pages 18 to 21 of the annual report and accounts.

Notes to the parent company financial statements

For the year ended 31 December 2011

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.

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 £1,742,000 (2010: £804,000).

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.

Notes to the parent company financial statements continued

For the year ended 31 December 2011

4. Fixed asset investments

	Shares in Group undertakings £'000
Cost	
At 31 December 2010	15,245
Additions	4,390
At 31 December 2011	**19,635**

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 Services	United Kingdom	100%
Northbridge Industrial Services Pte Limited	Singapore	100%
DSGR NV	Belgium	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%*
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 2011	33
Additions	7
At 31 December 2011	**40**
Depreciation	
At 1 January 2011	1
Charge for the year	13
At 31 December 2011	**14**
Net book value	
At 31 December 2011	**26**
At 31 December 2010	32

6. Debtors

	2011 £'000	2010 £'000
Amounts owed by Group undertakings	**5,340**	6,530
Other debtors	**13**	75
Prepayments and accrued income	**288**	—
Deferred taxation	**143**	—
	5,784	6,605

Deferred taxation

	2011 £'000	2010 £'000
Opening provision	**—**	—
Taken to the profit and loss account in current year	**143**	—
Closing provision	**143**	—

The provision for deferred taxation is made up as follows:

	2011 £'000	2010 £'000
Deferred tax on share options	**143**	—

7. Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Bank loan and overdraft	**848**	1,008
Trade creditors	**149**	189
Other creditors	**—**	219
Deferred consideration	**252**	—
Amounts payable to Group undertakings	**1,273**	165
	2,522	1,581

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

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

	2011 £'000	2010 £'000
Bank loan net of capitalised debt fees	**5,938**	3,791

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

	2011 £'000	2010 £'000
Bank loan net of debt fees, repayable by instalments	**644**	735

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.

Notes to the parent company financial statements continued

For the year ended 31 December 2011

9. Financial instruments

Borrowing facilities

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

	2011 £'000	2010 £'000
Expiry within one year	**848**	849
More than one year and less than two years	**848**	849
More than two years and less than five years	**4,446**	2,207
More than five years	**644**	735
Total	**6,786**	4,640

The Company has no undrawn, uncommitted borrowing facilities at 31 December 2011.

Cash flow interest rate risk

Bank overdrafts as at 31 December were as follows:

	2011 £'000	2010 £'000
Pound Sterling	**—**	160

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.

	2011		2010	
	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the year	**—**	**947,720**	—	788,380
Granted during the year	**223**	**245,000**	186	230,000
Exercised during the year	**149**	**(35,960)**	101	(33,750)
Share options lapsed during the year	**—**	**—**	120	(36,910)
Outstanding at the end of the year	**162**	**1,156,760**	145	947,720

The exercise price of options outstanding at the end of the year ranged between 100.64 pence and 237.00 pence (2010: 100.64 pence and 186.00 pence) and their weighted average contractual life was one year eight months (2010: one year eight months). The weighted average exercise price of the options is 161.82 pence (2010: 145.51 pence).

Of the total number of options outstanding at the end of the year, 562,577 (2010: 453,668) 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 are shown below:

	2011
Options granted during the year	**120,000**
Date of grant	**30 March 2011**
Fair value per option at measurement date	**208.5 pence**
Share price	**208.5 pence**
Exercise price	**208.5 pence**
Weighted average exercise price	**208.5 pence**
Weighted average exercise life	**2 years 3 months**
Expected volatility	**50%**
Earliest exercisable point	**3 years**
Option life	**10 years**
Risk-free interest rate	**0.5%**

10. Share-based payments continued

	2011
Options granted during the year	**125,000**
Date of grant	**21 April 2011**
Fair value per option at measurement date	**237 pence**
Share price	**237 pence**
Exercise price	**237 pence**
Weighted average exercise price	**237 pence**
Weighted average exercise life	**2 years 3 months**
Expected volatility	**50%**
Earliest exercisable point	**3 years**
Option life	**10 years**
Risk-free interest rate	**0.5%**

	2010
Options granted during the year	230,000
Date of grant	30 September 2010
Fair value per option at measurement date	186 pence
Share price	186 pence
Exercise price	186 pence
Weighted average exercise price	186 pence
Weighted average exercise life	2 years 9 months
Expected volatility	50%
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 2011 and during the year ended 31 December 2010.

The share-based remuneration expense for the year is £54,000 (2010: £42,000) of which £31,000 (2010: £21,000) relates to key management personnel.

The following share options were outstanding at 31 December 2011:

Type of scheme	Date of grant	Number of shares 2011	Number of shares 2010
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**	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	**14,385**	28,770
Unapproved share option	27 September 2007	**41,098**	41,098
Non-executive and consultant share option	9 April 2008	**6,164**	6,164
Unapproved share option	9 April 2008	**83,223**	89,387
Approved share option	9 April 2008	**33,907**	49,318
Non-executive and consultant share option	20 April 2009	**6,164**	6,164
Unapproved share option	20 April 2009	**102,745**	102,745
Approved share option	20 April 2009	**10,274**	10,274
Non-executive and consultant share option	30 September 2010	**20,000**	20,000
Unapproved share option	30 September 2010	**200,000**	200,000
Approved share option	30 September 2010	**10,000**	10,000
Unapproved share option	30 March 2011	**109,270**	—
Approved share option	30 March 2011	**10,730**	—
Unapproved share option	21 April 2011	**112,342**	—
Approved share option	21 April 2011	**12,658**	—
		1,156,760	947,720

Notes to the parent company financial statements continued

For the year ended 31 December 2011

10. Share-based payments continued

Directors' share options

	Date of grant	Number of shares	Exercise price of shares (pence)	Normal exercise period	Scheme type
P R Harris	30 May 2006	103,901	100.64	30/05/2009–30/05/2016	Non-executive/consultants
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
J W Gould	9 April 2008	19,522	150.86	09/04/2011–09/04/2018	Approved
J W Gould	9 April 2008	6,164	150.86	09/04/2011–09/04/2018	Unapproved
J W Gould	20 April 2009	20,549	149.88	20/04/2012–20/04/2019	Unapproved
J W Gould	30 September 2010	20,000	186.00	30/09/2013–30/09/2020	Unapproved
J W Gould	21 April 2011	20,000	237.00	21/04/2014–21/04/2021	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
		809,559			

	2011 Number of shares	2010 Number of shares
P R Harris	**103,901**	103,901
E W Hook	**538,601**	463,601
J W Gould	**86,235**	66,235
A K Mehta	**50,822**	50,822
C W Robinson	**30,000**	—
	809,559	684,559

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.

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

11. Share capital

	2011 £'000	2010 £'000
Authorised		
30,000,000 ordinary shares of 10 pence each (2010: 30,000,000 ordinary shares of 10 pence each)	**3,000**	3,000
Allotted, called up and fully paid		
15,506,015 ordinary shares of 10 pence each (2010: 15,470,055 ordinary shares of 10 pence each)	**1,551**	1,547

11. Share capital continued

	2011 Number	2011 £'000	2010 Number	2010 £'000
Ordinary shares of 10 pence each				
At beginning of year	**15,470,055**	**1,547**	9,092,257	909
Issue of new shares	**35,960**	**4**	6,377,798	638
At end of year	**15,506,015**	**1,551**	15,470,055	1,547

During the year 35,960 shares issued as share options were exercised.

During the prior year 738,048 shares were issued as consideration on the acquisition of Tasman, 5,606,000 shares were issued through the placing completed in July 2010 and 33,750 shares issued as share options were exercised.

	2011 Number	2010 Number
Treasury shares held by the Company	**152,510**	152,510

12. Reserves

	Share premium account £'000	Merger reserve £'000	Treasury share reserve £'000	Profit and loss account £'000
At 1 January 2011	13,153	849	(201)	1,162
Issue of shares during the year	50	—	—	—
Profit retained for the year	—	—	—	1,742
Dividends paid during the year	—	—	—	(736)
Share option expense for the year	—	—	—	54
At 31 December 2011	**13,203**	**849**	**(201)**	**2,222**

13. Reconciliation of movement in shareholders' funds

	2011 £'000	2010 £'000
Opening shareholders' funds	**16,510**	8,469
Profit for the year	**1,742**	804
Dividends paid during the year	**(736)**	(478)
Shares issued during the year	**54**	7,673
Share option expense	**54**	42
Closing shareholders' funds	**17,624**	16,510

14. Related parties

During the year the Group paid fees for the provision of Company secretarial services of £20,000 (2010: £24,000) to City Group PLC of which David Marshall is a director. At the year end £nil (2010: £6,000) remained outstanding.

15. Dividends

	2011 £'000	2010 £'000
Final dividend of 3.05 pence (2010: 2.70 pence) per ordinary share proposed and paid during the year relating to the previous year's results	**468**	241
Interim dividend of 1.75 pence (2010: 1.55 pence) per ordinary share paid during the year	**268**	237
	736	478

The Directors are proposing a final dividend of 3.25 pence (2010: 3.05 pence) per share totalling £504,000 (2010: £468,000), resulting in dividends for the whole year of 5.0 pence (2010: 4.6 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 fifth Annual General Meeting of Northbridge Industrial Services plc will be held at the offices of Buchanan Communications, 107 Cheapside, London EC2V 6DN on 30 May 2012, commencing at 12 noon for the following purposes:

Ordinary business

1. To receive and adopt the financial statements for the year ended 31 December 2011 together with the Directors' Report and the Independent Auditors' Report.
2. To declare a final dividend of 3.25 pence per share for the year.
3. To re-elect as a Director M G Dodson who retires in accordance with the Company's Articles of Association.
4. To re-elect as a Director D C Marshall who retires in accordance with the Company's Articles of Association.
5. To re-elect as a Director J W Gould who retires in accordance with his letter of appointment.
6. 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

7. 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 £1,449,398;

   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.

8. 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 7 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 a) above of equity securities up to an aggregate nominal amount of £155,060 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.

9. 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 1,550,602 (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

I C Phillips
Company Secretary
17 April 2012

Financial calendar

2012	
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

2013	
January	Trading update issued
March	Preliminary results announced
April	Annual report published

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