Company number: 06492082

EXPRO HOLDINGS UK 3 LIMITED

Unaudited Condensed Consolidated
Financial Statements

Quarterly Report

Three months to 30 June 2012

Contents

Financial summary

Q1 FY 2013 vs. Q4 FY 2012	3 months to June 2012 $'000	3 months to March 2012 $'000	Change
Revenue CCR[1]	284,591	268,454	6.0%
Adjusted revenue[2]	284,591	270,083	5.4%
Adjusted operating profit[3]	62,667	50,369	24.4%
Adjusted operating margin[4]	22.0%	18.6%	3.4pts
Revenue	284,591	270,083	5.4%
Operating profit/(loss)	16,976	(836,815)	(102.0%)

Q1 FY 2013 vs. Q1 FY 2012	3 months to June 2012 $'000	3 months to June 2011 (restated)[5] $'000	Change
Revenue CCR[1]	284,591	237,137	20.0%
Adjusted revenue[2]	284,591	244,736	16.3%
Adjusted operating profit[3]	62,667	47,837	31.0%
Adjusted operating margin[4]	22.0%	19.5%	2.5pts
Revenue	284,591	276,628	2.9%
Operating profit	16,976	31,772	(46.6%)

Financial position, liquidity and capital resources	30 June 2012 $'000	31 March 2012 $'000	Change
Cash	118,187	44,018	168.5%
Working capital percentage[6]	14.3%	12.4%	1.9pts
Net debt	1,743,267	2,193,933	(20.5%)
LTM leverage	6.7x	8.8x	(2.1x)
Liquidity headroom	254,024	179,855	41.2%

[1] "Revenue CCR" is defined as revenue excluding items that either distort the underlying trends of the business or are not considered by management to be part of the core operations of the Group; results for the comparative periods have been restated on a constant currency basis by converting each underlying transaction that arose in the period and applying the average monthly foreign exchange rate that prevailed in each month of the current period. Further details of adjustments are set out in note 3.

[2] "Adjusted revenue" is defined as revenue excluding items that either distort the underlying trends of the business or are not considered by management to be part of the core operations of the Group. Further details are set out in note 3.

[3] "Adjusted operating profit" is defined as operating profit excluding depreciation and amortisation and other similar non-cash items, together with other items that either distort the underlying trends of the business or are not considered by management to be part of the core operations of the Group. Further details are set out in note 3.

[4] "Adjusted operating margin" is the ratio of adjusted operating profit over adjusted revenue.

[5] The June 2011 figures have been restated to reclassify C&M results from continuing to discontinued operations.

[6] "Working capital percentage", "Net debt", "LTM leverage" and "Liquidity headroom" are defined within the business review on page 7.

Business review

Introduction
This report presents the quarterly results for Expro Holdings UK 3 Limited and its consolidated subsidiaries (the "Group").

Financial and operating results
The business review in the quarterly report presents financial and operating results for the following periods:

- Three months to 30 June 2012 compared to three months to 31 March 2012;
- Three months to 30 June 2012 compared to three months to 30 June 2011

Key points arising
In order to facilitate an understanding of the Group's performance and progression over prior periods, segmental revenue and adjusted measures have been provided to identify key trends over the periods under review. We would like to highlight the following points in this report:

Use of adjusted measures
Adjusted items, be that revenue, costs or operating profit exclude impairment, depreciation and amortisation and other similar non-cash items together with other items that either distort the underlying trends of the business or are not considered by management to be part of the core operations of the Group. In summary, the exclusion of non-cash charges such as depreciation, amortisation and impairment means that this measure is similar to EBITDA. Full details are set out in note 3.

Disposal of Connectors and Measurements
On 19 March 2012, the Group agreed to sell its Connectors & Measurements ("C&M") business, comprising the Tronic and Matre brands, to Siemens AG for a purchase consideration of $616.2m. At 31 March 2012 the transaction was conditional upon receipt of approval from competition authorities in Norway and the continuation of warranties. On 2 May 2012, all conditions for completion were met. Transaction costs in relation to the disposal are $14.7m, of which $10.3m have been recorded during the period to 30 June 2012 and $4.4m were recorded in the year to 31 March 2012. The gain on disposal is $236.2m. See note 6, Discontinued Operations.

The C&M results are presented within discontinued operations and excluded from the segmental financial information.

Bond tender offer
On 6 June 2012 the Group completed a tender offer to purchase $425.0m, inclusive of $13.6m of accrued and unpaid interest, of its outstanding 8.50% Senior Secured Notes due 2016.

Equity injection and covenant amendments
To support growth, the Group received an equity injection of $250.0m during the year to 31 March 2012. In addition, the Group increased its revolving credit facility by $60.0m to $160.0m and covenants on both the revolving credit facility and mezzanine loan were amended, resulting in additional headroom. Early settlement provisions were also amended in respect of the mezzanine loan.

Quarterly sequential performance

	3 months to June 2012 $'000	**3 months to March 2012 $'000**	**Change**
Revenue CCR[1]	284,591	268,454	6.0%
Adjusted revenue[2]	284,591	270,083	5.4%
Adjusted operating profit[3]	62,667	50,369	24.4%
Adjusted operating margin[4]	22.0%	18.6%	3.4pts
Revenue	284,591	270,083	5.4%
Operating profit/(loss)	16,976	(836,815)	(102.0%)

Business review

Overall trading performance

Adjusted revenue from continuing operations in the three months to 30 June 2012 of $284.6m was $16.1m, or 6.0%, higher than the prior quarter on a constant currency basis. Revenue was ahead in all businesses with the exception of Middle East and North Africa, and North America Offshore.

The adjusted operating margin from continuing operations was 3.4pts higher, reflecting the higher margin design and build of two subsea landing strings for BP in Angola and lower support costs across the Group.

Segmental revenue

	3 months to June 2012 $'000	**3 months to March 2012 constant currency $'000**	**Change constant currency %**
Europe CIS	82,216	73,384	12.0%
South and West Africa	56,936	52,124	9.2%
Middle East and North Africa	18,104	23,834	(24.0%)
Asia	22,701	22,103	2.7%
North America Land	17,592	16,416	7.2%
North America Offshore	22,492	23,182	(3.0%)
Latin America	29,644	26,013	14.0%
Expro PTI	23,865	23,506	1.5%
Equipment Sales	11,355	8,142	39.5%
Expro Meters	-	540	-
Eliminations of intra-group sales	(314)	(790)	-
Revenue CCR[1]	**284,591**	**268,454**	**6.0%**

Europe CIS
Revenue in the three months to 30 June 2012 of $82.2m was 12.0% higher than the previous quarter, driven by increased subsea and well test call out activity in the UK. An extended well test project commenced in the quarter.

South and West Africa
Revenue in the three months to 30 June 2012 of $56.9m was 9.2% higher than the prior quarter, reflecting the design and build of two subsea landing strings in Angola and increased activity in Nigeria and Kenya, partially offset by lower well test and DST activity in Ghana due to the end of E&A work.

Middle East and North Africa
Revenue in the three months to 30 June 2012 of $18.1m was 24.0% lower sequentially reflecting lower activity across all countries. The largest reductions were in Iraq where a well test campaign was not repeated and lower well test activity in Saudi Arabia.

Asia
Revenue in the three months to 30 June 2012 of $22.7m was 2.7% higher than the prior quarter with increased activity across all product lines in Australia offset by lower activity in Malaysia.

Business review

North America Land
Revenue in the three months to 30 June 2012 of $17.6m was 7.2% higher sequentially, reflecting a flat US Land market and increased activity in Mexico.

North America Offshore
Revenue in the three months to 30 June 2012 of $22.5m was 3.0% lower than the previous quarter, resulting from the conclusion of a well test campaign in Trinidad and projects coming to an end in Alaska.

Latin America
Revenue in the three months to 30 June 2012 of $29.6m was 14.0% higher than the prior quarter, reflecting increased well test activity and the ramp up of a new wireline contract with Petrobras in Brazil.

Expro PTI
Revenue in the three months to 30 June 2012 of $23.9m was 1.5% higher, in line with the previous quarter.

Equipment Sales
Revenue in the three months to 30 June 2012 of $11.4m was 39.5% higher sequentially reflecting higher burner boom sales as a result of customers increasing their rig fleet.

Expro Meters
In prior periods Expro Meters was recorded as a separate business segment but is now reported in the geography in which the sale is made.

Quarterly performance compared to prior year

	3 months to 30 June 2012 $'000	**3 months to 30 June 2011 (restated)[5] $'000**	**Change**
Revenue CCR[1]	284,591	237,137	20.0%
Adjusted revenue[2]	284,591	244,736	16.3%
Adjusted operating profit[3]	62,667	47,837	31.0%
Adjusted operating margin[4]	22.0%	19.5%	2.5pts
Revenue	284,591	276,628	2.9%
Operating profit	16,976	31,772	(46.6%)

Overall trading performance

Adjusted revenue from continuing operations for the three months to 30 June 2012 of $284.6m was up 20.0%, or $47.5m, on a constant currency basis. Revenue was ahead in all businesses with the exception of North America Land.

The adjusted operating margin from continuing operations was 2.5pts higher, reflecting the effect of increased activity in PTI, China and Equipment Sales. Although support costs were up compared to the same quarter last year, they have increased at a lower rate than revenues.

Business review

Segmental revenue

	3 months to June 2012 $'000	3 months to June 2011 constant currency (restated)[5] $'000	Change constant currency %
Europe CIS	82,216	69,129	18.9%
South and West Africa	56,936	56,283	1.2%
Middle East and North Africa	18,104	16,446	10.1%
Asia	22,701	15,151	49.8%
North America Land	17,592	18,804	(6.4%)
North America Offshore	22,492	20,607	9.1%
Latin America	29,644	21,029	41.0%
Expro PTI	23,865	13,150	81.5%
Equipment Sales	11,355	6,171	84.0%
Expro Meters	-	906	-
Elimination of intra-group sales	(314)	(539)	-
Revenue CCR[1]	**284,591**	**237,137**	**20.0%**
AX-S	-	31,892	-100%
Adjusted revenue CCR	**284,591**	**269,029**	**5.8%**

Europe CIS
Revenue in the three months to 30 June 2012 of $82.2m was 18.9% higher year on year, reflecting increased well test and subsea activity in offshore Israel and increased well test call out activity in the UK.

South and West Africa
Revenue in the three months to 30 June 2012 of $56.9m was 1.2% higher than the prior year. Although total revenue for South and West Africa has marginally increased overall, revenues in Cameroon were lower reflecting a reduction in pass-through revenue activities. This was more than offset by the design and build of two subsea landing strings for BP in Angola and increased subsea and well test activity in Nigeria and Kenya.

Middle East and North Africa
Revenue in the three months to 30 June 2012 of $18.1m was 10.1% higher than the first quarter of last year, reflecting increased well test activity in Saudi Arabia and increased activity in Libya, partially offset by the conclusion of a number of subsea projects in Egypt in the previous year.

Asia
Revenue in the three months to 30 June 2012 of $22.7m was 49.8% higher, reflecting increased well test and subsea activity in Australia and the ongoing subsea development projects in China.

North America Land
Revenue in the three months to 30 June 2012 of $17.6m was 6.4% lower, primarily reflecting the impact of lower gas prices in the United States.

North America Offshore
Revenue in the three months to 30 June 2012 of $22.5m was 9.1% higher, predominantly through increased subsea activity with Chevron and BHP in the Gulf of Mexico.

Latin America
Revenue in the three months to 30 June 2012 of $29.6m was 41.0% higher, reflecting increased well test and subsea activity, as well as the start-up of wireline work with Petrobras in Brazil.

Business review

Expro PTI
Revenue in the three months to 30 June 2012 of $23.9m was 81.5% higher than last year, primarily reflecting increased activity across the majority of product lines and additional equipment sales in Thailand and Malaysia.

Equipment Sales
Revenue in the three months to 30 June 2012 of $11.4m was 84.0% higher than the same period last year, reflecting increased sales of burner booms as customers increase their rig fleet.

Expro Meters
In prior periods Expro Meters was recorded as a separate business segment but is now reported in the geography in which the sale is made.

Foreign exchange rates

Foreign exchange rates at the reporting date

	30 June 2012 $1 equals	**31 March 2012 $1 equals**	**Change %**
AUD (Australian Dollar)	0.9930	0.9651	2.9%
BRL (Brazilian Real)	2.0904	1.8334	14.0%
EUR (Euro)	0.8026	0.7518	6.8%
GBP (Pound Sterling)	0.6430	0.6287	2.3%
NOK (Norwegian Kroner)	6.0496	5.7405	5.4%

Average foreign exchange rates

	3 months to 30 June 2012 $1 equals	**3 months to 31 March 2012 $1 equals**	**3 months to 30 June 2011 $1 equals**
AUD (Australian Dollar)	0.9809	0.9549	0.9430
BRL (Brazilian Real)	1.9088	1.7764	1.6008
EUR (Euro)	0.7700	0.7595	0.6968
GBP (Pound Sterling)	0.6284	0.6387	0.6119
NOK (Norwegian Kroner)	5.8336	5.8072	5.4403

Business review

Financial position, liquidity and capital resources

Working capital

A key performance indicator for the Group is working capital as a percentage of quarterly annualised sales. This relative measure has increased from 12.4% to 14.3%, and reflects the impact of increased activity in the first three months of the year relative to the final quarter in the prior year and the proportionally higher working capital buildup compared to revenue recognised in the period. The Group targets a range of between 13% and 15%.

	30 June 2012 $'000	31 March 2012 $'000	Change $'000
Adjusted revenue for the quarter	284,591	270,083	14,508
Annualised adjusted revenue (Adjusted revenue x4)	**1,138,364**	**1,080,332**	**58,032**
Working capital[7]	158,601	98,725	59,876
Add back accrued interest	3,746	35,159	(31,413)
Adjusted working capital	**162,347**	**133,884**	**28,463**
Working capital percentage[8]	**14.3%**	**12.4%**	**1.9pts**

Capital expenditure

	3 months to 30 June 2012 $'000	3 months to 30 March 2012 $'000	Change from prior quarter $'000	3 months to 30 June 2012 $'000	3 months to 30 June 2011 $'000	Change from prior year $'000
Capital expenditure	39,706	39,455	251	39,706	32,499	7,207

The Group continued to increase its capital expenditure during the three months to 30 June 2012 in response to its increasing order backlog and upcoming opportunities.

Net debt

	30 June 2012 $'000	31 March 2012 $'000	Change $'000
Finance leases	(10,900)	(11,244)	344
Senior secured notes	(945,877)	(1,337,800)	391,923
Other interest bearing loans	(904,677)	(888,907)	(15,770)
Less cash	118,187	44,018	74,169
Total net debt excluding shareholder loan	**(1,743,267)**	**(2,193,933)**	**450,666**

[7] "Working capital" is defined as inventories, trade and other receivables and asset held for sale, less trade and other payables as set out within the condensed consolidated statement of financial position.

[8] "Working capital percentage" is the ratio of adjusted working capital over annualised adjusted revenue

Business review

Leverage

At 30 June 2012, the Group's net debt is 6.7 times its adjusted operating profit as set out below (31 March 2012: 8.8 times).

	30 June 2012 $'000	31 March 2012 $'000	Change $'000
Net debt	1,743,267	2,193,933	(450,666)
Adjusted operating profit from continuing operations over last 12 months	206,503	191,673	14,830
Adjusted operating profit from discontinued operations over last 12 months	54,594	58,567	(3,973)
Total adjusted operating profit over last 12 months	261,097	250,240	10,857
LTM leverage	**6.7x**	**8.8x**	**-2.1x**

Liquidity

At 30 June 2012, the Group had total liquidity headroom of $254.0m as set out below (31 March 2012: $179.9m).

	30 June 2012 $'000	31 March 2012 $'000	Change $'000
Cash	118,187	44,018	74,169
Undrawn loan facilities	135,837	135,837	-
Liquidity headroom	**254,024**	**179,855**	**74,169**

Covenants

The Group has maintenance covenants on its mezzanine loan and revolving credit facility. During the period under review and at 30 June 2012, the Group was in compliance with these covenants, and continues to closely monitor these covenants against its financial projections.

Outlook and risk factors

The Group's performance this quarter has been encouraging, with revenue ahead compared to both the previous quarter and the same quarter in the prior year in almost all regions.

As regards the next nine months, the Group remains cautiously optimistic and expects to see an improvement in performance, reflecting the continued strengthening in the international oil and gas sector and the benefits of its increased capital expenditure. This anticipated near term improvement is, however, subject to the timing of significant offshore oil and gas developments, which in turn are subject to the decision making processes of both International and National Oil Companies.

In the longer term, the Group continues to believe it has excellent growth prospects reflecting the opportunities arising from the continued demand for hydrocarbons, the tightening of supply and its position within the Oil Field Service sector.

A key financial risk facing the Group is the level of capital expenditure required to maintain both the existing level of activity and the level of capital expenditure required to grow into its current capital structure. Capital expenditure is subject to covenant requirements and availability of liquidity. To mitigate this risk in the near term, the Group reviews projections for earnings, capital expenditure, liquidity and covenants.

Condensed consolidated income statement

Period ended 30 June 2012

	Note	3 months to 30 June 2012 Adjusted $'000	3 months to June 2012 Adjustments[9] $'000	3 months to 30 June 2012 Total $'000	3 months to June 2011 Adjusted (restated)[5] $'000	3 months to June 2011 Adjustments (restated)[5 9] $'000	3 months to June 2011 Total (restated)[5] $'000
Continuing operations							
Revenue	3	284,591	-	284,591	244,736	31,892	276,628
Cost of sales		(209,417)	(43,706)	(253,123)	(183,783)	(46,406)	(230,189)
Gross profit		**75,174**	**(43,706)**	**31,468**	**60,953**	**(14,514)**	**46,439**
Administration expenses		(12,507)	(1,985)	(14,492)	(13,116)	(1,551)	(14,667)
Operating profit	3	**62,667**	**(45,691)**	**16,976**	**47,837**	**(16,065)**	**31,772**
Post tax share of results from joint venture				4,167			2,243
				21,143			**34,015**
Net finance costs	4			(189,168)			(176,348)
Loss before tax				**(168,025)**			**(142,333)**
Tax	5			(11,602)			(7,719)
Loss after tax				**(179,627)**			**(150,052)**
Discontinued operations							
Profit after tax	6			219,411			7,743
Profit/(loss) for the period				**39,784**			**(142,309)**
Attributable to:							
Equity holders of the parent				**39,784**			**(142,309)**

[9] Details of adjustments are included in note 3.

Condensed consolidated statement of comprehensive income

Period ended 30 June 2012

	Note	3 months to June 2012 $'000	3 months to June 2011 (restated)[5] $'000
Profit/(loss) for the period		**39,784**	**(142,309)**
Fair value loss on cash flow hedges		-	-
Transferred to income statement on cash flow hedges	4	712	3,293
Other comprehensive income for the period, net of tax		**712**	**3,293**
Total comprehensive income/(loss) for the period, net of tax		**40,496**	**(139,016)**
Attributable to Equity holders of the parent		**40,496**	**(139,016)**

Condensed consolidated statement of financial position

At 30 June 2012

	Note	30 June 2012 $'000	31 March 2012 $'000
Non-current assets			
Goodwill		1,265,732	1,265,732
Intangible assets		848,063	868,298
Property, plant and equipment	7	382,109	375,557
Interest in joint venture		27,690	23,523
Deferred tax assets		35,164	13,413
		2,558,758	**2,546,523**
Current assets			
Inventories		43,676	41,628
Trade and other receivables		360,371	314,416
Tax receivables		10,293	9,945
Cash		118,187	44,018
Asset held for sale	6	463	447,387
		532,990	**857,394**
Current liabilities			
Derivative financial instruments	10	(38,815)	(49,555)
Trade and other payables		(245,446)	(257,319)
Finance leases		(2,640)	(2,667)
Tax liabilities		(66,958)	(67,737)
Provisions	8	(11,579)	(11,041)
Liabilities held for sale	6	-	(86,758)
		(365,438)	(475,077)
Net current assets		**167,552**	**382,317**
Non-current liabilities			
Finance leases		(8,260)	(8,577)
Derivative financial instruments	10	(37,427)	(38,072)
Senior secured notes	9	(945,877)	(1,337,800)
Other interest bearing loans	9	(904,677)	(888,907)
Provisions	8	(2,077)	(2,980)
Deferred tax		(273,235)	(250,185)
Pension deficit		(15,002)	(18,691)
Shareholder loan	9	(3,737,064)	(3,621,433)
		(5,923,619)	**(6,166,645)**
Total assets less total liabilities		(3,197,309)	(3,237,805)
Total assets less total liabilities excluding shareholder loan[10]		**539,755**	**383,628**
Equity attributable to owners of the parent			
Share capital		200	200
Share premium		249,676	249,676
Other reserves		(49,209)	(49,921)
Accumulated deficit		(3,397,976)	(3,437,760)
Total equity		(3,197,309)	(3,237,805)
Total equity and shareholder loan[10]		**539,755**	**383,628**

The financial statements were approved by the directors and authorised for issue on 20 August 2012.

[10] Non-statutory measure in line with management's view of the capital structure of the Group to aid the users of the financial statements.

Condensed consolidated cash flow statement

Period ended 30 June 2012

	Note	3 months to June 2012 Total $'000	3 months to June 2011 Total $'000
Operating profit from continuing operations		16,976	31,772
Operating profit from discontinued operations	6	6,261	5,204
Operating profit		**23,237**	**36,976**
Non cash items before movements in working capital	11	45,224	46,596
Operating cash flows before movements in working capital		**68,461**	**83,572**
Increase in inventories		(2,809)	(6,719)
Increase in receivables		(49,543)	(47,323)
Increase/(decrease) in payables		20,548	(26,156)
(Decrease)/increase in provisions and defined benefit contributions		(3,213)	1,027
Cash generated by operations		**33,444**	**4,401**
Income taxes paid		(10,874)	(9,502)
Interest paid		(82,901)	(79,041)
Net cash from operating activities		**(60,331)**	**(84,142)**
Investing activities			
Interest received		49	74
Purchase of property, plant and equipment		(39,706)	(32,499)
Proceeds on disposal of property, plant and equipment		311	-
Purchase of intangible assets		(1,367)	(1,244)
Net cash inflow on disposal of subsidiary		575,154	-
Payment of deferred consideration		(34)	(17)
Dividend received from joint venture		2,324	1,113
Net cash from/(used in) investing activities		**536,731**	**(32,573)**
Financing activities			
Issue of share capital		-	223,627
Proceeds from borrowings	9	121,810	75,837
Repayment of borrowings	9	(531,769)	-
Payment of transaction costs		-	(22)
Repayment of finance leases		(432)	(679)
Net cash (used in)/from financing activities		**(410,391)**	**298,763**
Net increase in cash		66,009	182,048
Cash at beginning of period		44,018	66,525
Cash from discontinued operations classified as held for sale at the beginning of the period		8,005	-
Effect of foreign exchange		155	891
Cash at end of period		**118,187**	**249,464**

Condensed consolidated statement of changes in equity

Period ended 30 June 2012

	Share capital	Share premium	Translation reserve	Hedging reserve	Equity reserve	Accumulated deficit	Attributed to equity holders of parent
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 April 2012	200	249,676	(53,404)	408	3,075	(3,437,760)	(3,237,805)
Comprehensive income	-	-	-	712	-	39,784	40,496
At 30 June 2012	**200**	**249,676**	**(53,404)**	**1,120**	**3,075**	**(3,397,976)**	**3,197,309**

Period ended 30 June 2011

	Share capital	Share premium	Translation reserve	Hedging reserve	Equity reserve	Accumulated deficit	Attributed to equity holders of parent
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 April 2011	200	-	(53,404)	(6,625)	4,710	(1,941,814)	(1,996,933)
Comprehensive income/(loss)	-	-	-	3,293	-	(142,309)	(139,016)
Share issue	-	223,627	-	-	-	-	223,627
At 30 June 2011	**200**	**223,627**	**(53,404)**	**(3,332)**	**4,710**	**(2,084,123)**	**(1,912,322)**

Notes to the condensed consolidated financial statements

Period ended 30 June 2012

1. Corporate information

The condensed consolidated financial statements of the Group for the three months ended 30 June 2012 were authorised for issue by the Company's directors on 20 August 2012. The Company is a limited company incorporated in Great Britain and domiciled in England and Wales.

2. Basis of preparation and accounting policies

Basis of preparation

The basis of preparation and accounting policies set out in the annual report and accounts for the year ended 31 March 2012 have been applied in the preparation of these condensed consolidated financial statements as disclosed below. The condensed consolidated financial statements for the three months ended 30 June 2012 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2012.

The figures for the three months ended 30 June 2012 and three months ended 30 June 2011 are unaudited and do not constitute full accounts within the meaning of s.435 of the Companies Act 2006. The financial statements for the year ended 31 March 2012, which have been delivered to the Registrar of Companies and on which the auditors have issued an unqualified audit report, did not contain a statement under s.498(2) or s.498(3) of the Companies Act 2006.

The financial risks are detailed in the business review of the Group's annual financial statements as at 31 March 2012. Having considered these risks and the current economic environment it is expected that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly the condensed consolidated financial statements have been prepared on a going concern basis.

Prior year restatement

The comparative in the consolidated income statement has been restated to reclassify C&M results from continuing to discontinued operations (note 6).

Accounting policies

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2012.

3. Adjustments

Adjusted revenue

Adjusted revenue is defined as revenue excluding items that either distort the underlying trends of the business or are not considered by management to be part of the core operations of the Group.

	3 months to June 2012 $'000	3 months to June 2011 (restated)[5] $'000
Revenue	**284,591**	**276,628**
AX-S	-	(31,892)
Adjusted revenue	**284,591**	**244,736**

AX-S

During the year to 31 March 2011, the Group sold the AX-S prototype to Expro AX-S Technology Limited, a company under common control, for $23.7m. The sale agreement included an earn-out conditional on future events that was pre-paid to the Group for $31.9m at 31 March 2011. The earn-out was recognised in revenue during the quarter to 30 June 2011, reflecting the achievement of the earn-out conditions.

Notes to the condensed consolidated financial statements

Period ended 30 June 2012

Adjusted operating profit

Adjusted operating profit is defined as operating profit excluding impairment, depreciation and amortisation and other similar non-cash items, together with other items that either distort the underlying trends of the business or are not considered by management to be part of the core operations of the Group.

	3 months to June 2012 $'000	3 months to June 2011 (restated)[5] $'000
Operating profit	**16,976**	**31,772**
Amortisation of intangible assets	23,196	22,826
Release of Property, plant and equipment impairment provision	(91)	-
Property, plant and equipment depreciation	21,355	18,824
(Profit)/loss on disposal of property, plant and equipment	(92)	86
AX-S	-	(31,892)
Business rationalisation	724	1,372
Business improvement initiatives	802	735
Other (income)/costs	(203)	4,114
Adjusted operating profit	**62,667**	**47,837**

Business rationalisation

Business rationalisation costs relate mainly to redundancy costs.

Business improvement initiatives

Costs primarily to third party consultancy fees in relation to specific projects focused on facilitating change.

Other costs

The income during the period relates to a bad debt provision release. The costs in the prior year relate to a provision in connection with the adverse outcome of claims in relation to the acquisition of Expro International Group PLC.

Notes to the condensed consolidated financial statements

Period ended 30 June 2012

4. Net finance costs

	3 months to June 2012 $'000	3 months to June 2011 (restated)[5] $'000
Finance income:		
Bank interest receivable	49	74
Expected return on defined benefit pension assets	2,546	2,800
Total finance income	**2,595**	**2,874**
Finance Costs:		
Senior secured notes interest	(27,339)	(29,750)
Revolving credit facility interest	(425)	(291)
Mezzanine loan cash settled interest	(10,779)	(9,861)
Mezzanine loan payment in kind interest	(14,847)	(14,060)
Amortisation of financing costs	(17,768)	(3,093)
Commitment fees	(375)	(223)
Finance leases	(251)	(269)
Shareholder loan interest	(115,630)	(101,569)
Other interest payable	(605)	(4)
Total interest expense	**(188,019)**	**(159,120)**
Fair value loss on cash flow hedges	(671)	(12,832)
Transferred to income statement on cash flow hedges	(712)	(3,293)
Finance cost on defined benefit pension obligation	(2,271)	(2,315)
Unwinding of discounted contingent consideration	-	(1,568)
Other payable	(90)	(94)
Total finance costs	**(191,763)**	**(179,222)**
Net finance costs	**(189,168)**	**(176,348)**

5. Tax

	3 months to June 2012 $'000	3 months to June 2011 (restated)[5] $'000
Current tax:		
Current period	(8,970)	(12,397)
Prior period	(1,676)	111
	(10,646)	(12,286)
Deferred tax:		
Current period	(956)	4,567
	(11,602)	**(7,719)**

The effective income tax rate in the three months to 30 June 2012 is -6.9% (three months to 30 June 2011: -5.4%). The tax charge has been calculated by categorising income and applying the best estimate of the annual effective income tax rate for each category of income to the pre-tax income arising in that category for the three month period.

Notes to the condensed consolidated financial statements

Period ended 30 June 2012

6. Discontinued operations

On 19 March 2012, the Group agreed to sell its C&M business, comprising the Tronic and Matre brands, to Siemens AG for a purchase consideration of $616.2m. On 2 May 2012, all conditions for completion were met.

Results from discontinued operations were as follows:

	3 months to June 2012 $'000	3 months to June 2011 $'000
Revenue	12,754	26,404
Cost of sales	(6,602)	(16,418)
Administration expenses	109	(4,782)
Operating profit from discontinued operations	**6,261**	**5,204**
Net finance costs	(126)	(394)
Tax	105	2,933
Trading profit after tax from discontinued operations	**6,240**	**7,743**
Gain on sale of business	213,171	-
Profit after tax from discontinued operations	**219,411**	**7,743**

Pro forma income statement (excluding the C&M business):

	Note	3 months to 30 June 2012 Total $'000	3 months to 30 June 2011 Total $'000
Continuing operations			
Revenue	3	284,591	276,628
Cost of sales		(253,123)	(230,189)
Gross profit		**31,468**	**46,439**
Administration expenses		(14,492)	(14,667)
Operating profit	3	**16,976**	**31,772**
Post tax share of results from joint venture		4,167	2,243
		21,143	**34,015**
Net finance costs	4	(189,168)	(176,348)
Loss before tax		**(168,025)**	**(142,333)**
Tax	5	(11,602)	(7,719)
Loss for the period		**(179,627)**	**(150,052)**
Attributable to:			
Equity holders of the parent		**(179,627)**	**(150,052)**

Notes to the condensed consolidated financial statements

Period ended 30 June 2012

Net cash flows relating to discontinued operations, excluding intercompany transactions, were as follows:

	3 months to June 2012 $'000	3 months to June 2011 $'000
Net cash inflow from operating activities	2,354	9,044
Net cash outflow from investing activities	(12)	(215)
Net cash outflow from financing activities	550	(100)
Net cash increase from discontinued operations	**2,892**	**8,729**

The gain on disposal after the reporting date is as follow:

	$'000
Proceeds on disposal, net of transaction costs	601,482
Net assets on completion	(365,269)
Gain on disposal	**236,213**

The proceeds on disposal of $601.5m are net of transaction costs of $14.7m, of which $4.4m which were recorded in the year ended 31 March 2012. At the date of authorisation of the accounts $27.5m was held in escrow.

7. Property, plant and equipment

During the three month period to 30 June 2012, the Group acquired plant and equipment with a cost of $28.1m (year ended March 2012: $155.1m).

Assets with a net book value of $0.2m were disposed of by the Group during the three months to 30 June 2012 (year ended March 2012: $1.4m).

Assets with a net book value of $28.6m were disposed of as part of the Group's sale of its Connectors and Measurements business.

As at 30 June 2012, the Group had entered into contractual commitments for the acquisition of property, plant and equipment with an expected capitalised value of $54.6m (31 March 2012: $56.3m).

8. Provisions

	Deferred and contingent consideration $'000	Legal and other provisions $'000	Total $'000
At 1 April 2012	1,346	12,675	14,021
Payments or amounts utilised	(32)	(191)	(223)
Released	(490)	(313)	(803)
Increase including unwinding of discounted consideration	30	764	794
Exchange difference	(29)	(104)	(133)
At 30 June 2012	**825**	**12,831**	**13,656**
Included in current liabilities	148	11,431	11,579
Included in non-current liabilities	677	1,400	2,077
	825	**12,831**	**13,656**

Notes to the condensed consolidated financial statements

Period ended 30 June 2012

Legal and other provisions comprise management's best estimate of potential costs, penalties and fines in respect of the review of certain issues resulting from the acquisition process, and arising from the potential adverse outcome of various legal claims and unfavourable tax assessments in foreign jurisdictions.

Except for the items disclosed above, the Group had no material contingent liabilities as at 30 June 2012.

9. Interest bearing loans

	Effective interest rate %	Maturity date	June 2012 $'000	March 2012 $'000
Senior secured notes				
Principal	9.91%	15 December 2016	(991,493)	(1,400,000)
Original issue discount			28,957	39,426
Transaction costs			16,659	22,774
			(945,877)	**(1,337,800)**
Loans				
Mezzanine	USD LIBOR +10.75%	15 July 2018	(928,527)	(913,680)
Revolving credit facility	USD LIBOR +3%	21 December 2014	-	-
Principal			(928,527)	(913,680)
Transaction costs			23,850	24,773
			(904,677)	**(888,907)**
Total interest bearing loans (excluding shareholder loan)			**(1,850,554)**	**(2,226,707)**
Shareholder loan	14%	15 July 2019	(3,690,811)	(3,577,494)
	25%	15 July 2019	(46,253)	(43,939)
			(3,737,064)	**(3,621,433)**
Total interest bearing loans (including shareholder loan)			**(5,587,618)**	**(5,848,140)**

During the 3 months to 30 June 2012, a series of drawdowns on the revolving credit facility totalling $121.8m were made. The balance was fully repaid by 14 June 2012.

On 6 June 2012, the Group settled $425.0m, inclusive of $13.6m accrued and unpaid interest, of its outstanding 8.5% Senior Notes due 2016. As a result of the repurchase, an additional $8.9m of the discount and $5.3m of the transactions costs were amortised to the income statement in the three months to 30 June 2012.

10. Derivative financial instruments

The Group's mezzanine term loan is at a floating rate and bears interest fixed for periods of three months, based upon 3 month US Dollar LIBOR. As a result, the Group is exposed to cash flow interest rate risk.

As at 30 June 2012, the Group held interest rate swaps designated as cash flow hedges with a fixed swap rate of 6.27%. Interest payable or receivable under the swap is the difference between the prevailing 3 month US Dollar LIBOR rate and the fixed swap rate. The swaps re-price on a quarterly basis when contractual cash flows fall due.

The Group assessed the hedge effectiveness of its swaps both prospectively and retrospectively at 31 March 2011; the swaps were assessed to be ineffective retrospectively and as a result, hedge accounting ceased from 1 January 2011. The hedging reserve relating to the swaps is being amortised through profit and loss over the remaining life of the instruments. A fair value loss of $0.7m has been recognised in the income statement in the three month period to 30 June 2012.

Notes to the condensed consolidated financial statements

Period ended 30 June 2012

11. Non-cash items before movements in working capital

	3 months to June 2012 $'000	3 months to June 2011 $'000
Adjustments for:		
Release of PPE impairment provision	(307)	-
Amortisation of intangible asset	23,196	27,291
Depreciation of property, plant and equipment	21,903	19,653
(Profit)/Loss on disposal of property, plant and equipment	(92)	86
Retirement benefit	(115)	125
Unrealised foreign exchange	639	(559)
Non-cash items	**45,224**	**46,596**

12. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The current structure of the Group was formed by a consortium comprising funds managed or advised by Arle Capital Partners (formerly Candover Partners Limited until 16 June 2011) ("Arle") together with Goldman Sachs Capital Partners ("Goldman Sachs") and AlphInvest Partners N.V. ("AlphInvest").

During the period to 30 June 2012, costs of $0.1m (June 2011: $0.2m) were charged to the Group by Goldman Sachs, Arle and AlphInvest Partners N.V. (the "Investors"), in accordance with the terms of the Consortium Deed between the Company's subsidiary Expro Holdings UK 4 Limited and the Investors, dated 6 November 2008. Costs include directors' fees incurred by the Investor-nominated directors of, and board observers connected to, Expro International Group Holdings Limited, the Company's principal holding company.

At 30 June 2012, the Group held a 50% stake in a joint venture, COSL – Expro Testing Services (Tianjin) Co. Limited ("CETS") and a 49% stake in a joint venture, PV Drilling Production Testers International Company Limited ("PVD-PTI"). As at 30 June 2012, a dividend of $2.4m was receivable from CETS (June 2011: nil).

At 30 June 2012, the Group owed $3,737.1m (June 2011: $3,273.1m) to the immediate parent company, Expro Holdings UK 2 Limited, of which $115.6m of interest has been expensed during the period to 30 June 2012 (period to 30 June 2012: $101.6m).

Notes to the condensed consolidated financial statements

Period ended 30 June 2012

Trading transactions

During the three month period to 30 June 2012, the Group entered into transactions with related parties who were not members of the Group:

		Goods and services provided to related party $'000	Goods and services provided by related party $'000	Amounts owed by related party $'000	Amounts owing to related party $'000
Umbrellastream Ltd Partnership Inc	Ultimate parent company	-	-	706	-
Expro International Group Holdings Limited	Company under common control	716	-	1,545	-
Expro Holdings UK 2 Limited	Company under common control	-	-	1	-
Expro AX-S Technology Limited	Company under common control	187	53	4,124	-
CETS	Joint venture	4,075	37	4,093	-
PVD-PTI	Joint venture	346	-	-	-
Group directors	Key management personnel	-	-	1,718	-
At 30 June 2012		**5,324**	**90**	**12,187**	**-**
Umbrellastream Ltd Partnership Inc	Ultimate parent company	-	-	195	-
Expro International Group Holdings Limited	Company under common control	65	-	82	-
Expro AX-S Technology Limited	Company under common control	797	121	1,609	-
CETS	Joint venture	171	22	685	-
PVD-PTI	Joint venture	68	-	-	-
Group directors	Key management personnel	-	-	1,477	-
At 30 June 2011		**1,101**	**143**	**4,048**	**-**

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. Included within the amounts owed by related parties in relation to Group Directors, is a provision of $97k (2011: $nil).

13. Events after the reporting date

There were no events between the reporting date and the date the financial statements were authorised for issue that require disclosure.

Quarterly summary

Period ended 30 June 2012

	3 months to June 2012 (Unaudited) $'000	3 months to March 2012 (Unaudited) $'000	3 months to December 2011 (Unaudited) $'000	3 months to September 2011 (Unaudited) $'000	3 months to June 2011 (Unaudited) $'000
Adjusted revenue	284,591	270,083	245,758	253,067	244,736
Adjusted operating profit	62,667	50,369	46,675	46,792	47,837
Adjusted operating margin	22.0%	18.6%	19.0%	18.5%	19.5%
Adjustments[11]:					
Impairment of goodwill	-	(854,069)	-	-	-
Impairment of intangible	91	-	-	-	-
Amortisation of intangible assets	(23,196)	(21,621)	(21,552)	(21,557)	(22,826)
Property, plant and equipment depreciation	(21,355)	(15,689)	(21,071)	(18,311)	(18,824)
Loss on disposal of property, plant and equipment	92	(554)	(233)	(249)	(86)
AX-S	-	-	-	-	31,892
Business improvement initiatives	(802)	(2,148)	(731)	(2,958)	(735)
Business rationalisation	(724)	(1,208)	(1,492)	(264)	(1,372)
Pension curtailment gain	-	6,552	-	-	-
Formation costs in respect of the management incentive plan	-	(572)	-	-	-
Other costs/(income)	203	488	(540)	(146)	(4,114)
Share based payment	-	1,636	-	-	-
	(45,691)	(887,185)	(45,619)	(43,485)	(16,065)
Operating profit/(loss)	16,976	(836,816)	1,056	3,307	31,772

[11] Details of adjustments are included in note 3.