Company number: 06492082

EXPRO HOLDINGS UK 3 LIMITED

Unaudited Condensed Consolidated
Financial Statements

Quarterly Report
Six months to 30 September 2010

Contents

Financial highlights

	3 months to September 2010 $'000	3 months to June 2010 $'000	Change
Adjusted revenue on a constant currency basis[1]	244,893	233,033	5.1%
Adjusted operating profit[2]	63,033	66,382	(5.0%)
Adjusted operating margin[3]	25.7%	28.6%	-2.9pts
Adjusted free cash flow[4]	67,254	28,282	137.8%
Revenue	269,103	232,709	15.6%
Operating profit	28,102	9,764	187.8%
Operating margin	10.4%	4.2%	6.2pts
Cash flow generated by operations	90,238	20,321	344.1%

	30 September 2010 $'000	30 June 2010 $'000	Change
Cash	91,419	103,425	(11.6%)
Net debt[4]	(2,077,796)	(2,045,835)	1.6%

	6 months to September 2010 $'000	6 months to September 2009 $'000	Change
Adjusted revenue on a constant currency basis[1]	477,318	520,979	(8.4%)
Adjusted operating profit[2]	129,415	168,036	(23.0%)
Adjusted operating margin[3]	27.1%	32.4%	-5.3pts
Revenue	501,812	520,003	(3.5%)
Operating profit	37,866	60,609	(37.5%)
Operating margin	7.5%	11.7%	-4.2pts

	3 months to September 2010 $'000	3 months to September 2009 $'000	Change
Adjusted revenue on a constant currency basis[1]	244,893	251,631	(2.7%)
Adjusted operating profit[2]	63,033	74,739	(15.7%)
Adjusted operating margin[3]	25.7%	29.3%	-3.6pts
Revenue	269,103	255,229	5.4%
Operating profit	28,102	13,120	114.2%
Operating margin	10.4%	5.1%	5.3pts

[1] "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. 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.

[2] "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.

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

[4] "Adjusted free cash flow" and "net debt" are defined within the business review.

Business review

Introduction
This report represents the quarterly results to 30 September 2010 for Expro Holdings UK 3 Limited and its 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 September 2010 compared to three months to June 2010;
- Six months to September 2010 compared to six months to September 2009; and
- Three months to September 2010 compared to three months to September 2009.

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 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 and amortisation means that this measure is similar to EBITDA. The additional adjustments, being mainly in respect of the AX-S and Meters segments, have been excluded because these segments materially distort the performance of the core Group.

Full details are set out in note 3.

Restatement of comparative segmental information
The group has updated its segmental reporting as a result of geographical and product line reorganisations, as well as the impact of the acquisition and integration of the Production Testers International business ("PTI"). Accordingly, all comparative segmental financial information has been restated to reflect these changes and these are outlined below.

Expro PTI
The Group concluded the acquisition of PTI on 1st September 2010. PTI specialises in delivering early production facilities, production enhancement and well-testing services to its customers in Asia, predominantly in Thailand and Vietnam. The Group's existing operations in these countries were similar in nature and as a result have been integrated into the acquired business to create the Expro PTI business unit ("Expro PTI").

WWS
The Wireless Well Solutions product line was segmented as a separate business unit in previous reporting periods. As the route to market is essentially through the infrastructure of our regional businesses, the results are now reported within the regional businesses segment.

Equipment Sales
During the second quarter of the last financial year, the Equipment Sales business unit was set up to facilitate the build and sale of modular off-the shelf well test and well intervention equipment. These sales have now been excluded from the individual regional businesses and reported under the Equipment Sales business unit.

North America Land
From 1st April 2010, our operations in Mexico were transferred from the Latin American region to the North America Land region as the market characteristics of Mexico were considered to more closely align to our North America Land business.

Business review

Three months to September 2010 compared to three months to June 2010

	3 months to September 2010 $'000	3 months to June 2010 $'000	Change %
Adjusted revenue – constant currency[1]	**244,893**	233,033	5.1%
Adjusted operating profit[2]	**63,033**	66,382	(5.0%)
Adjusted operating margin[3]	**25.7%**	28.6%	-2.9pts

Overall trading performance

Adjusted revenues on a constant currency basis in the three months to September 2010 of $244.9m were 5.1% higher compared to the prior quarter, mainly as a result of higher levels of activity in Europe CIS. Adjusted operating profit decreased by $3.3m in the period to $63.0m, while the adjusted operating margin was 2.9pts lower at 25.7%. The lower margin was principally due to the conclusion of the design and build of the Block 31 landing string for bp and adverse foreign exchange movements.

Segmental revenue

	3 months to September 2010 $'000	3 months to June 2010 Constant currency[1] $'000	Change Constant %
Regional businesses			
Europe CIS	**72,809**	59,886	21.6%
South & West Africa	**44,220**	42,496	4.1%
Middle East North Africa	**21,200**	23,637	(10.3%)
Asia	**19,221**	20,482	(6.2%)
North America Land	**16,673**	17,017	(2.0%)
North America Offshore	**18,722**	19,742	(5.2%)
Latin America	**17,302**	20,534	(15.7%)
Global businesses			
Connectors & Measurements	**21,779**	22,153	(1.7%)
Expro PTI	**6,652**	2,376	180.0%
Equipment Sales	**6,599**	4,926	34.0%
Elimination of intra-group sales	**(284)**	(216)	31.5%
Adjusted revenue[1]	**244,893**	233,033	5.1%
Expro Meters	**584**	350	66.9%
AX-S	**23,685**	64	-
Elimination of intra-group sales	**(59)**	(129)	(54.3%)
Revenue	**269,103**	233,318	15.3%

Business review

Regional Businesses

Europe CIS
Revenues in the three months to September 2010 of $72.8m were 21.6% higher, with increased services provided to Shell and Exxon in the UK North Sea and increased Well Test activity in Norway with Statoil and Shell. In July, a four year contract extension was signed with Statoil to provide well testing and specialist data acquisition services across Statoil's Norwegian operations.

South and West Africa
Revenues in the three months to September 2010 of $44.2m were 4.1% higher, with increased well testing activity in Cameroon offsetting reduced activity in Ghana and Nigeria.

Middle East and North Africa
Revenues in the three months to September 2010 of $21.2m were 10.3% lower, with lower activity across the entire region. Lower well testing activity in Algeria and Libya accounted for the majority of the reduction.

Asia
Revenues in the three months to September 2010 of $19.2m were 6.2% lower, with reduced data acquisition and well testing activities in Australia with Conoco Phillips partially offset by additional subsea activity in New Zealand.

North America Land
Revenues in the three months to September 2010 of $16.7m were 2.0% or $0.3m lower.

North America Offshore
Revenues in the three months to September 2010 of $18.7m were 5.2% lower. The deepwater drilling moratorium in the Gulf of Mexico ("GoM") resulted in lower well testing and subsea activity; however an increase in well intervention and well integrity services partially mitigated this. Outside GoM, the region benefited from increased levels of subsea activity off the east coast of Canada.

Latin America
Revenues in the three months to September 2010 of $17.3m were 15.7% lower, with reduced levels of activity in Brazil well testing and subsea.

Global Businesses

Connectors and Measurements
Revenues in the three months to September 2010 of $21.8m were 1.7% lower.

Expro PTI
The Group concluded the acquisition of the Production Testers International business on 1st September 2010 and the three months to September 2010 include one month of activity.

Equipment Sales
Revenues in the three months to September 2010 of $6.6m were $1.7m higher, reflecting increased sales in Saudi Arabia.

Other Global businesses
During the quarter, the Group sold the AX-S lightweight deepwater intervention prototype to Expro AX-S Technology Limited (a related party) for $23.7m (see note 14).

Business review

Financial position, liquidity and capital resources

Net cash flow

	3 months to September 2010 $'000	3 months to June 2010 $'000	Change $'000
Adjusted operating cash flow before movements in working capital	64,220	64,838	(618)
(Increase)/decrease in inventories	(3,017)	84	(3,101)
Decrease/(increase) in receivables	12,845	(15,110)	27,955
Increase/(decrease) in payables	7,011	(15,628)	22,639
Adjusted decrease in provision	(2,182)	(701)	(1,481)
Adjusted cash flow generated by operations	**78,877**	**33,483**	**45,394**
Purchase of property, plant and equipment	(11,938)	(5,217)	(6,721)
Proceeds on disposal of property, plant and equipment	315	16	299
Adjusted free cash flow	**67,254**	**28,282**	**38,972**

Adjusted free cash flow increased by $39.0m in the three months to September 2010 compared to the prior quarter primarily due to improvements in working capital.

Net debt

	30 September 2010 $'000	30 June 2010 $'000	Change $'000
Finance leases	(40,133)	(36,786)	(3,347)
Senior secured notes	(1,323,407)	(1,321,117)	(2,290)
Bank and other interest bearing loans	(805,675)	(791,357)	(14,318)
Less cash	91,419	103,425	(12,006)
Total net debt excluding shareholder loan	**(2,077,796)**	**(2,045,835)**	**(31,961)**

Net debt increased by $32.0m in the three months to September 2010 as a result of the mezzanine payment in kind interest and a decrease in cash.

Finance costs

	3 months to September 2010 $000	3 months to June 2010 $000	Change $000
Net finance costs	(174,151)	(158,825)	(15,326)
Adjustments (note 3)	114,651	101,722	12,929
Adjusted net finance costs	**(59,500)**	**(57,103)**	**(2,397)**

On an adjusted basis, which excludes material non-cash items as set out in note 3, the Group's net finance costs of $59.5m in the three months to September 2010 were broadly consistent being $2.4m higher when compared to the prior quarter.

Business review

Six months to September 2010 compared to six months to September 2009

	6 months to September 2010 $'000	6 months to September 2009 $'000	Change %
Adjusted revenue – constant currency[1]	**477,318**	520,979	(8.4%)
Adjusted operating profit[2]	**129,415**	168,036	(23.0%)
Adjusted operating margin[3]	**27.1%**	32.4%	-5.3pts

Overall trading performance

Adjusted revenues on a constant currency basis in the six months to September 2010 of $477.3m were 8.4% lower compared to the same period last year. The majority of the decline relates to a change in scope of two significant contracts in West Africa, together with the completion of contracts in Asia and lower levels of activity across Europe CIS. The adjusted operating margin was 5.3pts lower, reflecting the margin impact of the above contracts and the operating leverage impact from lower revenues.

Segmental revenue

	6 months to September 2010 $'000	6 months to September 2009 Constant currency[1] $'000	Change Constant currency %
Regional businesses			
Europe CIS	**132,321**	140,212	(5.6%)
South & West Africa	**86,641**	125,885	(31.2%)
Middle East North Africa	**44,892**	46,884	(4.2%)
Asia	**39,781**	52,055	(23.6%)
North America Land	**33,707**	24,276	38.8%
North America Offshore	**38,553**	37,596	2.5%
Latin America	**37,824**	32,875	15.1%
Global businesses			
Connectors & Measurements	**43,547**	46,126	(5.6%)
Expro PTI	**9,027**	5,970	51.2%
Equipment Sales	**11,525**	9,100	26.6%
Elimination of intra-group sales	**(500)**	-	-
Adjusted revenue[1]	**477,318**	**520,979**	**(8.4%)**
Expro Meters	**933**	670	39.3%
AX-S	**23,749**	58	-
Elimination of intra-group sales	**(188)**	-	-
Revenue	**501,812**	**521,707**	**(3.8%)**

Business review

Regional Businesses

Europe CIS
Revenues in the six months to September 2010 of $132.3m were 5.6% lower than revenues for the same period in the prior year. A reduction of activity in the Netherlands, predominantly with Shell, was partially offset by an increase in well testing activity in Norway.

South and West Africa
Revenues in the six months to September 2010 of $86.6m were 31.2% lower, reflecting a change in scope of two significant contracts between the two periods. The deployment of landing strings for bp in Angola and the sale of the Dibi early production facility to Chevron in Nigeria meant that current revenues primarily reflect operational and maintenance services, with some offset coming from the provision of well testing services in Cameroon.

Middle East and North Africa
Revenues in the six months to September 2010 of $44.9m were 4.2% lower, primarily due to lower levels of well testing activity in Egypt and Algeria. Additional well testing activity in Libya offset some of the shortfall.

Asia
Revenues in the six months to September 2010 of $39.8m were 23.6% lower, predominantly reflecting lower activity in Australia following the end of a contract with Santos and lower levels of well testing and wireline work with BHP and ENI.

North America Land
Revenues in the six months to September 2010 of $33.7m were 38.8% higher, reflecting the increased rig count between periods.

North America Offshore
Revenues in the six months to September 2010 of $38.6m were 2.5% higher than in same period in the prior year. Reduced levels of subsea activity as a result of the deepwater drilling moratorium in the GoM were offset by increased subsea and well testing activity in Canada with EnCana.

Latin America
Revenues in the six months to September 2010 of $37.8m were 15.1% higher, reflecting much higher levels of well testing and subsea activities in Brazil with Petrobras, Anadarko and Repsol.

Global Businesses

Connectors and Measurements
Revenues in the six months to September 2010 of $43.5m were 5.6% lower than in the same period in the prior year.

Expro PTI
The Group concluded the acquisition of the Production Testers International business on 1st September 2010 and the three months to September 2010 include one month of activity of the new business.

Equipment Sales
Revenues in the six months to September 2010 of $11.5m were $2.4m higher than in the same period in the prior year.

Other Global businesses
During the quarter, the Group sold the AX-S lightweight deepwater intervention prototype to Expro AX-S Technology Limited (a related party) for $23.7m (see note 14).

Business review

Finance costs

	6 months to September 2010 $000	6 months to September 2009 $000	Change $000
Net finance costs	(332,976)	(273,306)	(59,670)
Adjustments (note 3)	216,373	186,505	29,868
Adjusted net finance costs	**(116,603)**	**(86,801)**	**(29,802)**

On an adjusted basis, which excludes material non-cash items as set out in note 3, the Group's net finance costs of $116.6m in the six months to September 2010 were $29.8m higher compared to the six months to September 2009, primarily due to the refinancing of the Group's debt structure in December 2009.

The refinancing involved the issuing of senior secured notes at a fixed coupon of 8.5%, which were used to settle the Group's senior bank loans on which interest was calculated based on US Dollar LIBOR plus 3-4% margin. In the six months to September 2010 interest on the senior secured notes was $59.5m compared to interest on the senior bank loans of $30.2m in the six months to September 2009.

In addition, the terms of the Group's mezzanine bank loan were modified such that the non-cash element increased from 5.75% to 6.5% and the overall interest rate margin above US LIBOR increased from 10% to 10.75%. From April 2009 until 31 December 2009 interest on the Group's variable loans was fixed at 4.1% through the use of interest rate swaps. With effect from 31 December 2009 the Group restructured its hedging arrangements to fix the interest on 90% of the variable mezzanine loan at 6.27%. The impact of these changes is detailed in note 4.

Taxation

The Group's tax charge of $6.5m in the six months to September 2010 is representative of the nature of the Group's operations, which have a wide geographic coverage, resulting in differing taxation regimes depending on the location in which those activities take place. The tax charge reflects this broad geographic spread of profits, unrecoverable losses in certain territories, a variety of imputed and higher rate overseas tax regimes, non-deductible items and limitations on the geographical spread of the Group's external interest payments.

The tax charge on the adjusted profit before tax at $21.3m is stated before the reduction in deferred tax liability of $14.1m due to amortisation of the intangibles arising on business combinations and the tax effect of adjustments to operating profit and finance costs of $0.6m. The tax effect of adjustments to operating profit and finance costs is low as the majority of these costs are incurred in jurisdictions where there are substantial tax losses.

Three months to September 2010 compared to three months to September 2009

	3 months to September 2010 $'000	3 months to September 2009 $'000	Change %
Adjusted revenue – constant currency[1]	**244,893**	251,631	(2.7%)
Adjusted operating profit[2]	**63,033**	74,739	(15.7%)
Adjusted operating margin[3]	**25.7%**	29.3%	-3.6pts

Overall trading performance

Adjusted revenues on a constant currency basis in the three months to September 2010 of $244.9m were 2.7% lower compared to the same period last year on a constant currency basis. The majority of the decline relates to a change in scope of two significant contracts in West Africa. The adjusted operating margin was 3.6pts lower, reflecting the margin impact of the above contracts and the operational gearing impact of lower revenues.

Business review

Segmental revenue

	3 months to September 2010 $'000	3 months to September 2009 Constant currency[1] $'000	Change Constant currency %
Regional businesses			
Europe CIS	**72,809**	69,430	4.9%
South & West Africa	**44,220**	63,507	(30.4%)
Middle East North Africa	**21,200**	23,236	(8.8%)
Asia	**19,221**	20,521	(6.3%)
North America Land	**16,673**	7,405	125.2%
North America Offshore	**18,722**	18,768	(0.2%)
Latin America	**17,302**	15,841	9.2%
Global businesses			
Connectors & Measurements	**21,779**	21,558	1.0%
Expro PTI	**6,652**	3,639	82.8%
Equipment Sales	**6,599**	7,726	(14.6%)
Elimination of intra-group sales	**(284)**	-	-
Adjusted revenue	**244,893**	**251,631**	**(2.7%)**
Expro Meters	**584**	196	198.0%
AX-S	**23,685**	58	-
Elimination of intra-group sales	**(59)**	-	-
Revenue	**269,103**	**251,885**	**6.8%**

Regional Businesses

Europe CIS
Revenues in the three months to September 2010 of $72.8m were 4.9% higher than revenues for the same period in the prior year, with higher levels of activity in the UK wireline and Norway subsea product lines.

South and West Africa
Revenues in the three months to September 2010 of $44.2m were 30.4% lower, reflecting a change in scope of two significant contracts between the two periods. The deployment of landing strings for bp in Angola and the sale of the Dibi early production facility to Chevron in Nigeria meant that current revenues primarily reflect operational and maintenance services, partially offset by the provision of well testing services to Bowleven and Victoria Oil and Gas in Cameroon.

Middle East and North Africa
Revenues in the three months to September 2010 of $21.2m were 8.8% lower, reflecting lower levels of well testing activity in Algeria, Egypt and Saudi Arabia.

Asia
Revenues in the three months to September 2010 of $19.2m were 6.3% lower, with reduced data acquisition and well testing activities in Australia offset by additional subsea activity in New Zealand.

North America Land
Revenues in the three months to September 2010 of $16.7m were 125.2% higher, reflecting the increased rig count between periods.

Business review

North America Offshore
Revenues in the three months to September 2010 of $18.7m were broadly in line with the same period in the prior year. Reduced levels of subsea activity in the GoM following the deepwater drilling moratorium were offset by higher levels of well testing activity in Canada and Alaska.

Latin America
Revenues in the three months to September 2010 of $17.3m were 9.2% higher, reflecting higher levels of well testing activity with Petrobras and Anadarko.

Global Businesses

Connectors and Measurements
Revenues in the three months to September 2010 of $21.8m were broadly in line with the same period in the prior year.

Expro PTI
The Group concluded the acquisition of the Production Testers International business on 1st September 2010 and the three months to September 2010 include one month's activity of the new business. The results were in line with expectations.

Equipment Sales
Revenues in the three months to September 2010 of $6.6m were $1.1m lower than the same period last year.

Other Global businesses
During the quarter, the Group sold the AX-S lightweight deepwater intervention prototype to Expro AX-s Technology Limited (a related party) for $23.7m (see note 14).

Foreign exchange rates

Foreign exchange rates at the reporting date

	30 September 2010 $1 equals	31 March 2010 $1 equals	Change %
AUD (Australian dollar)	1.0308	1.0875	(5.2%)
BRL (Brazilian real)	1.7053	1.7952	(5.0%)
EUR (Euro)	0.7346	0.7432	(1.2%)
GBP (Pound Sterling)	0.6326	0.6635	(4.7%)
NOK (Norwegian Kroner)	5.8480	5.9737	(2.1%)

Average foreign exchange rates

	3 months to September 2010 $1 equals	3 months to June 2010 $1 equals	3 months to September 2009 $1 equals	6 months to September 2010 $1 equals	6 months to September 2009 $1 equals
AUD (Australian dollar)	1.1311	1.1185	1.2205	1.1248	1.3002
BRL (Brazilian real)	1.7770	1.7867	1.9255	1.7819	2.0508
EUR (Euro)	0.7906	0.7705	0.7080	0.7805	0.7264
GBP (Pound Sterling)	0.6494	0.6693	0.6099	0.6593	0.6400
NOK (Norwegian Kroner)	6.2891	6.1300	6.2448	6.2096	6.4201

Condensed consolidated income statement

Period ended 30 September 2010

	Note	3 months to September 2010 Adjusted $'000	3 months to September 2010 Adjustments* $'000	3 months to September 2010 Total $'000	3 months to September 2009 Adjusted $'000	3 months to September 2009 Adjustments* $'000	3 months to September 2009 Total $'000
Continuing operations							
Revenue		244,893	24,210	269,103	254,975	254	255,229
Cost of sales		(171,738)	(57,314)	(229,052)	(172,278)	(60,309)	(232,587)
Gross profit		73,155	(33,104)	40,051	82,697	(60,055)	22,642
Administration expenses		(10,122)	(1,827)	(11,949)	(7,958)	(1,564)	(9,522)
Operating profit/(loss)		**63,033**	**(34,931)**	**28,102**	**74,739**	**(61,619)**	**13,120**
Post tax share of results from joint venture		994	-	994	1,699	-	1,699
		64,027	(34,931)	29,096	76,438	(61,619)	14,819
Net finance costs	4	(59,500)	(114,651)	(174,151)	(43,014)	(98,795)	(141,809)
Profit/(loss) before tax		**4,527**	**(149,582)**	**(145,055)**	**33,424**	**(160,414)**	**(126,990)**
Tax	5	(9,213)	6,826	(2,387)	(18,031)	13,641	(4,390)
(Loss)/profit after tax		**(4,686)**	**(142,756)**	**(147,442)**	**15,393**	**(146,773)**	**(131,380)**
Attributable to Equity holders of the parent		**(4,686)**	**(142,756)**	**(147,442)**	**15,393**	**(146,773)**	**(131,380)**

*Details of adjustments are included in note 3.

Condensed consolidated income statement

Period ended 30 September 2010

	Note	6 months to September 2010 Adjusted $'000	6 months to September 2010 Adjustments* $'000	6 months to September 2010 Total $'000	6 months to September 2009 Adjusted $'000	6 months to September 2009 Adjustments* $'000	6 months to September 2009 Total $'000
Continuing operations							
Revenue		477,318	24,494	501,812	519,275	728	520,003
Cost of sales		(330,901)	(112,113)	(443,014)	(341,523)	(103,816)	(445,339)
Gross profit		146,417	(87,619)	58,798	177,752	(103,088)	74,664
Administration expenses		(17,002)	(3,930)	(20,932)	(9,716)	(4,339)	(14,055)
Operating profit/(loss)		**129,415**	**(91,549)**	**37,866**	**168,036**	**(107,427)**	**60,609**
Post tax share of results from joint venture		1,953	-	1,953	2,727	-	2,727
		131,368	(91,549)	39,819	170,763	(107,427)	63,336
Net finance costs	4	(116,603)	(216,373)	(332,976)	(86,801)	(186,505)	(273,306)
Profit/(loss) before tax		**14,765**	**(307,922)**	**(293,157)**	**83,962**	**(293,932)**	**(209,970)**
Tax	5	(21,281)	14,748	(6,533)	(37,722)	22,356	(15,366)
(Loss)/profit after tax		**(6,516)**	**(293,174)**	**(299,690)**	**46,240**	**(271,576)**	**(225,336)**
Attributable to Equity holders of the parent		**(6,516)**	**(293,174)**	**(299,690)**	**46,240**	**(271,576)**	**(225,336)**

*Details of adjustments are included in note 3.

Condensed consolidated statement of comprehensive income

Period ended 30 September 2010

	Note	3 months to September 2010 $'000	3 months to September 2009 $'000	6 months to September 2010 $'000	6 months to September 2009 $'000
Loss for the period		**(147,442)**	**(131,380)**	**(299,690)**	**(225,336)**
Fair value loss on cash flow hedges	9	(18,131)	(22,308)	(41,238)	(11,855)
Transferred to income statement on cash flow hedges	4	16,206	15,607	33,302	28,968
Actuarial gain/(loss) on defined benefit pension		8,395	9,964	-	(13,673)
Other comprehensive profit/(loss) for the period, net of tax		**6,470**	**3,263**	**(7,936)**	**3,440**
Total comprehensive loss for the period, net of tax		**(140,972)**	**(128,117)**	**(307,626)**	**(221,896)**
Attributable to Equity holders of the parent		**(140,972)**	**(128,117)**	**(307,626)**	**(221,896)**

Condensed consolidated statement of financial position

At 30 September 2010

	Note	30 September 2010 $'000	31 March 2010 $'000
Non-current assets			
Goodwill	7	2,611,437	2,570,376
Intangible assets	7	1,217,067	1,213,045
Property, plant and equipment	8	307,607	309,383
Investments		837	837
Interest in joint ventures		21,572	9,316
Deferred tax assets		15,805	16,423
		4,174,325	4,119,380
Current assets			
Inventories		67,448	64,393
Trade and other receivables		256,979	253,496
Cash		91,419	193,086
Asset classified as held for sale		1,988	1,988
		417,834	512,963
Current liabilities			
Trade and other payables		(197,648)	(206,332)
Derivative financial instruments	9	(45,513)	(42,815)
Finance leases		(2,603)	(2,497)
Tax liabilities		(60,820)	(67,003)
Provisions	10	(36,222)	(25,084)
		(342,806)	(343,731)
Net current assets		**75,028**	**169,232**
Non-current liabilities			
Derivative financial instruments	9	(97,190)	(77,698)
Finance leases		(37,530)	(35,256)
Senior secured notes	11	(1,323,407)	(1,319,545)
Other interest bearing loans	11	(805,675)	(777,402)
Shareholder loan	11	(2,964,244)	(2,746,880)
Provisions	10	(2,809)	(3,159)
Deferred tax		(350,845)	(350,765)
Pension deficit	12	(17,506)	(19,899)
		(5,599,206)	(5,330,604)
Total assets less total liabilities		**(1,349,853)**	**(1,041,992)**
Total assets less total liabilities excluding shareholder loan*		**1,614,391**	**1,704,888**
Equity attributable to owners of the parent			
Share capital		200	200
Translation reserve		(53,404)	(53,404)
Hedging reserve		(34,670)	(26,734)
Equity reserve		-	235
Retained earnings		(1,261,979)	(962,289)
Total equity		**(1,349,853)**	**(1,041,992)**
Total equity and shareholder loan*		**1,614,391**	**1,704,888**

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

The accounts were approved by the directors and authorised for issue on 22 November 2010.

Condensed consolidated cash flow statement

Period ended 30 September 2010

	Note	6 months to September 2010 Adjusted $'000	6 months to September 2010 Adjustments* $'000	6 months to September 2010 Total $'000	6 months to September 2009 Adjusted $'000	6 months to September 2009 Adjustments* $'000	6 months to September 2009 Total $'000
Operating profit/(loss)		129,415	(91,549)	37,866	168,036	(107,427)	60,609
Non cash items	13	(357)	92,225	91,868	(3,068)	86,886	83,818
Operating cash flows before movements in working capital		129,058	676	129,734	164,968	(20,541)	144,427
Increase in inventories		(2,933)	-	(2,933)	(771)	-	(771)
Increase in receivables		(2,265)	-	(2,265)	(6,031)	-	(6,031)
(Decrease)/increase in payables		(8,617)	-	(8,617)	8,268	-	8,268
(Decrease) in provision	10	(2,883)	(2,477)	(5,360)	(2,334)	(5,011)	(7,345)
Cash generated by operations		**112,360**	**(1,801)**	**110,559**	**164,100**	**(25,552)**	**138,548**
Income taxes paid		(25,770)	-	(25,770)	(17,962)	-	(17,962)
Interest paid		(104,517)	-	(104,517)	(81,818)	-	(81,818)
Net cash from operating activities		**(17,927)**	**(1,801)**	**(19,728)**	**64,320**	**(25,552)**	**38,768**
Investing activities							
Interest received				41			357
Purchase of property, plant and equipment	8			(17,155)			(23,193)
Proceeds on disposal of property, plant and equipment				331			1,068
Purchase of intangible assets	7			(3,203)			(387)
Proceeds on disposal of intangible asset	14			-			14,571
Contribution to defined benefit scheme				(2,595)			-
Acquisition of business	6			(84,000)			-
Payment of deferred consideration				(1,424)			(3,532)
Dividend received from joint venture				2,113			1,709
Net cash used in investing activities				**(105,892)**			**(9,407)**
Financing activities							
Exercise of share options				680			495
Bond transaction fees				(6,600)			-
Repayment of borrowings	11			(53,250)			(28,917)
Proceeds from borrowings	11			84,000			-
Repayment of finance leases				(2,166)			(3,446)
Net cash from financing activities				**22,664**			**(31,868)**
Net decrease in cash				(102,956)			(2,507)
Cash at beginning of period				193,086			163,293
Effect of foreign exchange				1,289			6,881
Cash at end of period				**91,419**			**167,667**

*Details of adjustments are included in note 3.

Condensed consolidated statement of changes in equity

Period ended 30 September 2010

	Share capital $'000	Translation Reserve $'000	Hedging Reserve $'000	Equity Reserve $'000	Retained Earnings $'000	Attributed to equity holders of parent $'000
As at 1 April 2010	200	(53,404)	(26,734)	235	(962,289)	(1,041,992)
Comprehensive loss	-	-	(7,936)	-	(299,690)	(307,626)
Share-based payments	-	-	-	(235)	-	(235)
At 30 September 2010	**200**	**(53,404)**	**(34,670)**	**-**	**(1,261,979)**	**(1,349,853)**

Period ended 30 September 2009

	Share Capital $'000	Translation Reserve $'000	Hedging Reserve $'000	Equity Reserve $'000	Retained Earnings $'000	Attributed to equity holders of parent $'000
As at 1 April 2009	200	(53,404)	(119,913)	171	(303,757)	(476,703)
Comprehensive income/(loss)	-	-	17,113	-	(239,009)	(221,896)
Share based payment	-	-	-	27	-	27
At 30 September 2009	**200**	**(53,404)**	**(102,800)**	**198**	**(542,766)**	**(698,572)**

Notes to the condensed consolidated financial statements

Period ended 30 September 2010

1. Corporate information

The condensed consolidated financial statements of the Group for the six months ended 30 September 2010 were authorised for issue by the Company's Directors on 22 November 2010. The Company is a private company limited by shares incorporated in Great Britain and registered 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 2010 have been applied in the preparation of these condensed consolidated financial statements as disclosed below. The condensed consolidated financial statements for the six months ended 30 September 2010 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 2010.

The figures for the six months ended 30 September 2010 and six months ended 30 September 2009 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 2010, 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 s498(2) or s498(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 2010. 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.

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 2010.

Recent accounting developments

IFRS 3 *Business Combinations (Revised)*

The Group applies the revised standards to business combinations where the acquisition date is on or after the beginning of annual periods starting on or after 1 July 2009. IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

Notes to the condensed consolidated financial statements

Period ended 30 September 2010

3. Adjustments

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 September 2010 $'000	3 months to September 2009 $'000	6 months to September 2010 $'000	6 months to September 2009 $'000
Revenue	**269,103**	**255,229**	**501,812**	**520,003**
AX-S	(23,685)	(58)	(23,749)	(58)
Expro Meters	(525)	(196)	(745)	(670)
Adjusted revenue	**244,893**	**254,975**	**477,318**	**519,275**

Adjusted operating profit is defined as operating profit excluding depreciation, 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 September 2010 $'000	3 months to September 2009 $'000	6 months to September 2010 $'000	6 months to September 2009 $'000
Operating profit	**28,102**	**13,120**	**37,866**	**60,609**
AX-S	(14,822)	10,129	(6,970)	14,257
Expro Meters	1,757	1,976	3,696	3,666
Property, plant and equipment depreciation	19,455	21,508	38,414	44,510
Loss on disposal of property, plant and equipment	408	(284)	433	(86)
Amortisation of intangible assets	27,091	26,933	53,613	57,005
Profit on sale of intangible asset	-	-	-	(14,571)
Business improvement initiatives	416	1,042	416	1,791
Business rationalisation and other costs	(51)	161	(51)	475
Acquisition related costs	912	127	2,233	353
Share based payments	(235)	27	(235)	27
Adjusted operating profit	**63,033**	**74,739**	**129,415**	**168,036**

	6 months to September 2010 $'000	6 months to September 2009 $'000
Net cash from operating activities	**(19,728)**	**38,768**
AX-S	(6,970)	14,257
Expro Meters	3,696	3,666
Business improvement initiatives	416	1,791
Business rationalisation and other costs	312	614
Acquisition related costs	2,233	353
Cash outflow on certain issues from the acquisition	2,114	4,871
Adjusted net cash from operating activities	**(17,927)**	**64,320**

Notes to the condensed consolidated financial statements

Period ended 30 September 2010

AX-S and Expro Meters

Both of these segments are focused on the development of revolutionary products and are not considered by management to be part of the core operations of the Group. While management monitors the performance of these segments closely, the revenue and costs are excluded from the adjusted results in order to evaluate the underlying trend of the business.

Business improvement initiatives

Costs relate primarily to one-off consultancy fees and relate to specific projects focussed on improving operational efficiency.

Business rationalisation and other costs

Business rationalisation costs primarily relate to employee redundancy and charges in respect of vacated property. Following the global economic crisis and consequential reduction in demand, the Group completed a comprehensive review of all of its operations during the year ended 31 March 2010 and executed significant restructuring primarily focused on its North America Land and West Africa business.

Acquisition related costs

Acquisition related costs in the six months to September 2010 include legal and professional fees in connection with the acquisition of PTI (note 6). Acquisition related costs in the six months to September 2009 primarily comprise legal and professional fees in connection with the acquisition of Expro International Group PLC.

Finance costs

Adjusted finance costs exclude material non-cash items as detailed below.

	3 months to September 2010 $'000	3 months to September 2009 $'000	6 months to September 2010 $'000	6 months to September 2009 $'000
Net finance costs	**(174,151)**	**(141,809)**	**(332,976)**	**(273,306)**
Fair value loss on cash flow hedges	1,274	-	2,605	-
Mezzanine loan payment in kind interest	13,534	11,255	26,704	22,228
Shareholder loan interest	99,393	87,540	186,614	164,277
Unwinding of discount on contingent consideration	450	-	450	-
Adjusted net finance costs	**(59,500)**	**(43,014)**	**(116,603)**	**(86,801)**

Fair value loss on cash flow hedges

The Group enters into interest rate swaps in order to mitigate its exposure to cash flow interest rate risk, and designates these swaps as hedging instruments where they are highly effective hedges (within the 80-125% range permitted by *IAS 39 – Financial Instruments: Recognition and Measurement)*. For designated hedges that are 100% effective this allows all the mark to market volatility to be taken to the hedging reserve included within equity.

For cash flow hedges that are highly effective but not 100% effective, a proportion of fair value movements, the ineffectiveness, is recognised directly against earnings rather than in equity. Where cash flow hedges cannot be shown to be highly effective, hedge accounting cannot be applied at all and fair value movements are fully recognised directly against earnings. In both these cases, as this volatility is not reflected in the Group's cash flows, these fair value movements are excluded from adjusted earnings.

Discount on contingent consideration

As detailed in note 6, the purchase consideration for the acquisition of PTI includes contingent consideration of $30.0m. This has been discounted over a period of twelve months from the date of acquisition at a rate of 25%. The unwinding of the discount is included in finance costs in the income statement, and has been excluded from adjusted finance costs on the basis that the unwinding of the discount is a material non-cash item.

Non cash interest

Mezzanine loan payment in kind interest and shareholder loan interest have been excluded from adjusted net finance costs as there is no cash outflow until the end of the contractual period.

Notes to the condensed consolidated financial statements

Period ended 30 September 2010

4. Net finance costs

	3 months to September 2010 $'000	3 months to September 2009 $'000	6 months to September 2010 $'000	6 months to September 2009 $'000
Finance income:				
Bank interest receivable	14	269	43	357
Expected return on defined benefit pension assets	2,816	1,232	4,998	2,843
Other finance income	-	-	2,515	-
	2,830	**1,501**	**7,556**	**3,200**
Finance Costs:				
Senior secured notes interest	(29,750)	-	(59,500)	-
Senior loan interest	-	(14,041)	-	(30,173)
Revolving credit facility interest	(34)	-	(34)	-
Mezzanine loan cash settled interest	(9,960)	(9,488)	(19,160)	(19,927)
Mezzanine loan payment in kind interest	(13,534)	(11,255)	(26,704)	(22,228)
Shareholder loan interest	(99,393)	(87,540)	(186,614)	(164,277)
Amortisation of financing costs	(3,088)	(2,194)	(5,940)	(4,387)
Commitment fees	(255)	(683)	(607)	(1,363)
Finance leases	(627)	(599)	(1,112)	(1,095)
Other interest payable	(14)	(19)	(14)	(56)
Total interest expense	**(156,655)**	**(125,819)**	**(299,685)**	**(243,506)**
Transferred to income statement on cash flow hedges	(16,206)	(15,607)	(33,302)	(28,968)
Finance cost on defined benefit pension obligation	(2,248)	(1,738)	(4,342)	(3,786)
Fair value loss on cash flow hedges	(1,274)	-	(2,605)	-
Discount on contingent consideration	(450)	-	(450)	-
Other payable	(148)	(146)	(148)	(246)
Total finance costs	**(176,981)**	**(143,310)**	**(340,532)**	**(276,506)**
Net finance costs	**(174,151)**	**(141,809)**	**(332,976)**	**(273,306)**

5. Tax

	3 months to September 2010 $'000	3 months to September 2009 $'000	6 months to September 2010 $'000	6 months to September 2009 $'000
Current tax:				
Current period	(8,582)	(10,512)	(22,060)	(29,566)
Prior period	(699)	-	1,395	-
	(9,281)	(10,512)	(20,665)	(29,566)
Deferred tax:				
Current period	6,894	6,122	14,132	14,200
	(2,387)	**(4,390)**	**(6,533)**	**(15,366)**

The effective income tax rate in the six months to September 2010 before the inclusion of post tax profits from joint ventures and associates is -2.2% (six months to September 2009: -7.3%). 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 six month period.

Notes to the condensed consolidated financial statements

Period ended 30 September 2010

6. Business combinations

On 1st September 2010 the Group acquired PTI from Production Testers International HK Ltd and Production Testers International Ltd. Based in Asia, PTI is a leading well services business providing fast track production systems to the upstream oil and gas industry. The Group has acquired PTI to expand its business and capabilities in Asia.

The acquisition has been accounted for using the acquisition method and the results for the quarter include the results of PTI for the one month period from the acquisition date.

The Group obtained control through an Asset Purchase Agreement. The fair value of the assets and liabilities at the acquisition date is preliminary and may be adjusted during the measurement period. The provisional fair value of the identifiable assets and liabilities of PTI as at the date of acquisition was:

	Fair Value recognised on acquisition $'000
Assets	
Intangible assets	51,350
Property, plant and equipment	20,057
Inventories	121
Investment in joint venture (note 14)	10,303
	81,831
Liabilities	
Deferred tax liability	(14,892)
Total identifiable net assets at fair value	66,939
Goodwill arising on acquisition	41,061
Fair value of purchase consideration	**108,000**
Analysis of cash flows on acquisition:	
Cash paid	**(84,000)**

The purchase consideration includes a contingent consideration of $30.0m conditional on earn-out clauses which management is confident will be met within 1 year from the date of acquisition. The purchase consideration has been discounted over a period of twelve months from the date of acquisition at a rate of 25%, being the interest rate on a new shareholder loan used to partially finance the acquisition. A contingent liability at a fair value of $24.0m has been determined at the acquisition date. A charge of $0.5m has been included in finance costs as at 30 September 2010 (note 4). No other contingent liability has been acquired.

The goodwill recognised above is attributed to the expected synergies and other benefits from combining the assets and activities of PTI with those of the Group, in particular to develop a broader oilfield service in Asia as well as in other geographical areas. None of the recognised goodwill is expected to be deductible for income tax purposes.

PTI specialises in delivering early production facilities, production enhancement and well-testing services to its customers in Asia, predominantly in Thailand and Vietnam. Expro's existing business in these countries was similar in nature and as a result these have been integrated into the acquired business to create Expro PTI. As a result of the integration of the business the revenue and operating profit of PTI for the post acquisition period is not identifiable and has not been disclosed.

If the combination had taken place at the beginning of the year the adjusted revenue of the Group would have been $497.8m and the adjusted operating profit would have been $140.1m in the six months to September 2010. The loss after tax of the Group would have been $291.1m in the six months to September 2010.

Transaction costs associated with the business combination have been disclosed in note 3.

Notes to the condensed consolidated financial statements

Period ended 30 September 2010

7. Goodwill and Intangible assets

During the six months to September 2010, the Group acquired intangible assets with a cost of $57.6m, of which $51.4m relates to the acquisition of PTI (note 6) and $3.0m relates to new finance leases.

Goodwill of $41.1m has been recognised on the acquisition of PTI (note 6).

The Group considers the performance of the group, among other factors, when reviewing for indicators of impairment. As at 30 September 2010, certain cash generating units were impacted by lower levels of activity than planned but since this impact is not expected to continue beyond the second half of the year and long term growth expectations have not materially changed, the Group has not performed additional impairment testing at this date.

8. Property, plant and equipment

During the six months to September 2010, the Group acquired plant and equipment with a cost of $37.4m of which $20.1m relates to the acquisition of PTI and $0.2m relates to new finance leases (year ended 31 March 2010: $65.8m additions of which $26.2m relates to finance leases).

Assets with a net book value of $0.8m were disposed of by the Group during the six months to September 2010 (year ended 31 March 2010: $6.3m).

As at 30 September 2010 the Group entered into contractual commitments for the acquisition of property, plant and equipment with an expected capitalised value of $34.8m (year ended 31 March 2010: $7.0m).

9. 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 September 2010 the Group held interest rate swaps designated as cash flow hedges with a fixed swap rate of 6.27% and a combined nominal value of $745.4m and a fair value liability of $142.7m.

The swaps were assessed to be highly effective at the 30 September 2010, i.e. within the 80-125% range permitted by *IAS 39 – Financial Instruments: Recognition and Measurement*. In the six months to September 2010 a fair value loss of $41.2m has been recognised in the consolidated statement of comprehensive income and a fair value loss of $2.6m has been recognised in profit and loss, representing the ineffective element of the swaps.

Notes to the condensed consolidated financial statements

Period ended 30 September 2010

10. Provisions

	Deferred consideration $000	Legal and other provisions $000	Total $000
At 1 April 2010	2,599	25,644	28,243
Payments or amounts utilised	(1,400)	(8,828)	(10,228)
Unused amounts reversed	(187)	(3,720)	(3,907)
Increase in period	24,501	500	25,001
Exchange difference	89	(167)	(78)
At 30 September 2010	**25,602**	**13,429**	**39,031**
Included in current liabilities	24,869	11,353	36,222
Included in non-current liabilities	733	2,076	2,809
	25,602	**13,429**	**39,031**

As detailed in note 6, a contingent liability of $24.0m has been recognised on the acquisition of PTI. A discount charge of $0.5m has been included in contingent consideration as at 30 September 2010.

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

The provisions released during the period relate to a number of disputes that have been settled at amounts less than originally anticipated. The amounts utilised during the period relate to payments in relation with issues provided for in the last financial year. Except for the items disclosed above, the Group had no material contingent liabilities as at 30 September 2010.

11. Interest bearing loans

	Effective interest rate %	Maturity date	30 September 2010 $'000	31 March 2010 $'000
Senior secured notes	9.91%	15 December 2016		
Principal			(1,400,000)	(1,400,000)
Original issue discount			48,848	51,685
Transaction costs			27,745	28,770
			(1,323,407)	**(1,319,545)**
Loans				
Mezzanine	USD LIBOR +10.75%	15 July 2018	(828,273)	(801,569)
Revolving credit facility	USD LIBOR +3%	21 December 2014	-	-
Principal			(828,273)	(801,569)
Transaction costs			22,598	24,167
			(805,675)	**(777,402)**
Total interest bearing loans (excluding shareholder loan)			**(2,129,082)**	**(2,096,947)**
Shareholder loan	14%	15 July 2019	(2,933,010)	(2,746,880)
	25%	15 July 2019	(31,234)	-
			(2,964,244)	**(2,746,880)**
Total interest bearing loans (including shareholder loan)			**(5,093,326)**	**(4,843,827)**

Notes to the condensed consolidated financial statements

Period ended 30 September 2010

On 31 August 2010 $53.2m of the revolving credit facility was drawn, this was used to partially finance the acquisition of PTI and was repaid on 7 September 2010.

On 7 September 2010 a new shareholder loan of $30.8m has been issued to partially finance the acquisition of PTI. This shareholder loan consists of an unsecured term loan due to the parent company of Expro Holdings UK 3 Ltd at a rate fixed at 25%. Interest compounds into the principal and the loan matures and falls due in full on 15 July 2019.

12. Retirement benefit schemes

In the six months to September 2010 the Group has accounted for its defined benefit obligation using the assumptions in the IAS19 valuation at March 2010. The defined benefit plan assets have been calculated in line with expected returns at the start of the year and allowing for actual cash flows. Defined benefit obligations have been calculated allowing for expected interest costs, service cost and cash flows. This method does not include actual market returns and does not allow for any changes in market conditions since the IAS19 valuation at March 2010.

The amount included in the statement of financial position arising from the Group's obligations in respect of its defined retirement benefit schemes is as follows:

	30 September 2010 $'000	**31 March 2010 $'000**
Present value of defined benefit obligations	(175,017)	(162,041)
Fair value of scheme assets	157,511	142,142
Deficit recognised in the statement of financial position under non-current liabilities	**(17,506)**	**(19,899)**

13. Non cash items

	6 months to September 2010 Total $'000	**6 months to September 2009 Total $'000**
Adjustments for:		
Depreciation of property, plant and equipment	38,414	44,510
Loss on disposal of property, plant and equipment	433	(86)
Amortisation of intangible asset	53,613	57,005
Profit on disposal of intangible asset	-	(14,571)
Share based payments	(235)	27
Retirement benefit	236	155
Unrealised foreign exchange	(593)	(3,222)
Non cash items	**91,868**	**83,818**

14. 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.

During the six months to September 2010 costs of $0.4m (six months to September 2009: $0.2m) were charged to the Group by Goldman Sachs, Candover Investments and AlpInvest (the "Investors") in accordance with the terms of the Consortium Deed between the Company's subsidiary Expro Holdings UK 4 Ltd and the Investors, dated 6 November 2008. Costs include directors' fees incurred by the Investor-nominated directors of Expro International Group Holdings Ltd, the Company's principal holding company.

Notes to the condensed consolidated financial statements

Period ended 30 September 2010

At 30 September 2010 the Group held a 50% stake in a joint venture, COSL – Expro Testing Services (Tianjin) Co. Limited ("CETS") and a 49% stake in PV Drilling Production Testers International Company Limited ("PVD-PTI") which was acquired as part of PTI (note 6). PVD-PTI qualifies as a joint venture under IAS 31 as the unanimous consent of all parties is required when making strategic financial and operating decisions.

Trading transactions

During the six months to September 2010, Group companies entered into transactions with related parties who were not members of the Group:

	Goods and services provided to related party	Goods and services provided by related party	Amounts owed by related party	Amounts owing to related party
	$'000	$'000	$'000	$'000
Expro AX-S Technology Limited	99	8,615	63	3,672
CETS	4,248	37	608	-
PVD-PTI	100	-	100	-
At 30 September 2010	**4,447**	**8,652**	**771**	**3,672**
Expro AX-S Technology Limited	58	3,807	1,176	-
CETS	2,864	74	2,137	-
At 30 September 2009	**2,922**	**3,881**	**3,313**	**-**

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

At 30 September 2010 the Group owed $2,964.2m (30 September 2009: $2,591.0m) to Expro Holdings UK 2 Limited, of which $186.6m of interest has been expensed during the six months to September 2010 (September 2009: $164.3m).

During the six months to September 2009, the Group acquired shares in Umbrellastream Limited Partnership Incorporated, the Company's ultimate parent company and ultimate controlling party, for $0.8m (£0.5m).

During the six months to September 2009 the Group sold part of its interest in the AX-S intellectual property to Expro AX-S Technology Limited, a company under common control, for $14.6m (£9.9m) following a valuation on an arms length basis by an independent third party.

During the quarter, the Group sold the AX-S lightweight, deepwater intervention prototype to Expro AX-S Technology Limited for $23.7m, following a valuation on an arms length basis by an independent third party. An additional $34.0m is receivable by the Group dependent on the successful deployment of the technology on a commercial basis. No asset has been recognised in respect of this earn-out.

15. 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 September 2010

	3 months to September 2010 $'000	3 months to June 2010 $'000	3 months to March 2010 $'000	3 months to December 2009 $'000	3 months to September 2009 $'000
Adjusted revenue	244,893	232,425	242,862	255,267	254,975
Adjusted operating profit	63,033	66,382	61,820	73,465	74,739
Adjusted operating margin	25.7%	28.6%	25.5%	28.8%	29.3%
Adjustments[5]:					
AX-S	(14,822)	7,852	14,213	14,688	10,129
Expro Meters	1,757	1,939	2,095	1,882	1,976
Property, plant and equipment depreciation	19,455	18,959	19,152	19,117	21,508
Loss/(profit) on disposal of property, plant and equipment	408	25	559	4,275	(284)
Amortisation of intangible assets	27,091	26,522	26,825	26,573	26,933
Business improvement initiatives	416	-	171	454	1,042
Business rationalisation and other costs	(51)	-	13,469	2,240	161
Acquisition related costs	912	1,321	(1,053)	2,043	127
Share based payment	(235)	-	21	16	27
	34,931	56,618	75,452	71,288	61,619
Operating profit/(loss)	28,102	9,764	(13,632)	2,177	13,120

[5] Details of adjustments are included in Note 3