

**Expro Holdings UK 3 Limited**  
**Consolidated Statements of Operations**  
(Unaudited)  
(U.S. \$ in thousands, except per share data)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2013	2014	2013	2014
<b>Total revenue</b>	<b>333,300</b>	<b>343,679</b>	<b>667,078</b>	<b>670,108</b>
<b>Operating costs and expenses</b>				
Cost of sales	(269,241)	(291,231)	(543,600)	(570,760)
Selling, general and administrative	(11,535)	(15,135)	(28,189)	(30,332)
Restructuring	(820)	(419)	(1,344)	(1,152)
Total operating costs and expenses	(281,596)	(306,785)	(573,133)	(602,244)
<b>Operating income (loss)</b>	<b>51,704</b>	<b>36,894</b>	<b>93,945</b>	<b>67,864</b>
Interest expense, net	(54,969)	(134,517)	(107,012)	(190,471)
<b>Income (loss) before taxes and equity income of joint ventures</b>	<b>(3,265)</b>	<b>(97,623)</b>	<b>(13,067)</b>	<b>(122,607)</b>
Equity share of income from joint ventures	2,772	4,929	5,871	7,535
Income tax (expense) benefit	(13,617)	(4,557)	(20,691)	(14,352)
<b>Net Income (loss)</b>	<b>(14,110)</b>	<b>(97,251)</b>	<b>(27,887)</b>	<b>(129,424)</b>
<b>Basic and diluted income (loss) per share</b>				
<b>Net (loss) per share</b>	<b>(14,110)</b>	<b>(97,251)</b>	<b>(27,887)</b>	<b>(129,424)</b>
<b>Weighted average shares outstanding</b>				
Basic and diluted	1,000	1,000	1,000	1,000

The accompanying notes are an integral part of these consolidated financial statements.

**Expro Holdings UK 3 Limited**  
**Consolidated Statements of Comprehensive Loss**  
(Unaudited)  
(U.S. \$ in thousands)

	<u>Three Months Ended September 30,</u>		<u>Six Months Ended September 30,</u>	
	2013	2014	2013	2014
<b>Net Income (loss) for the period</b>	(14,110)	(97,251)	(27,887)	(129,424)
<b>Other comprehensive income (loss):</b>				
Transferred to statement of operations on cash flow hedges	(275)	-	(550)	-
Other comprehensive income (loss)	(275)	-	(550)	-
<b>Comprehensive income (loss)</b>	<b>(14,385)</b>	<b>(97,251)</b>	<b>(28,437)</b>	<b>(129,424)</b>

The accompanying notes are an integral part of these consolidated financial statements.

**Expro Holdings UK 3 Limited**  
**Consolidated Balance Sheets**  
(Unaudited)  
(U.S. \$ in thousands, except per share data)

	March 31, 2014	September 30, 2014
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	172,393	51,867
Restricted cash	3,459	2,972
Accounts receivable, net and unbilled	365,231	361,852
Inventories	65,678	99,030
Deferred tax assets	3,076	3,076
Tax receivables	9,784	9,626
Assets held for sale	463	463
Loan issuance costs	10,210	5,093
Other	52,013	57,504
<b>Total current assets</b>	<b>682,307</b>	<b>591,483</b>
<b>Non-current assets</b>		
Property, plant and equipment, net	521,807	540,766
Interests in joint ventures	25,193	27,743
Intangible assets, net	424,619	398,269
Goodwill	639,434	639,434
Loan issuance costs	20,655	25,539
Deferred tax assets	65,939	62,636
Other	5,635	8,065
<b>Total non-current assets</b>	<b>1,703,282</b>	<b>1,702,452</b>
<b>Total assets</b>	<b>2,385,589</b>	<b>2,293,935</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	283,101	220,821
Tax liabilities	25,762	19,551
Capital lease obligations	1,876	1,812
Other	80,017	77,507
<b>Total current liabilities</b>	<b>390,756</b>	<b>319,691</b>
<b>Non-current liabilities</b>		
Term loan	-	1,280,673
Senior secured notes	1,077,601	-
Other interest bearing loans	1,041,285	959,586
Capital lease obligations	15,199	14,059
Tax liabilities	49,264	47,165
Deferred tax liabilities	122,401	114,887
Post-retirement benefits	31,414	29,617
Other	11,306	11,318
<b>Total non-current liabilities</b>	<b>2,348,470</b>	<b>2,457,305</b>
<b>Total liabilities</b>	<b>2,739,226</b>	<b>2,776,996</b>
Commitments and contingencies		
<b>Stockholders' equity:</b>		
Common stock, ordinary \$1 shares, par value \$1.00 per share authorised 4,123,195,367, issued 1,000	1	1
Additional paid-in capital	4,373,070	4,373,070
Accumulated other comprehensive income (loss)	(65,114)	(65,114)
Retained earnings (loss)	(4,661,594)	(4,791,018)
<b>Total stockholders' equity (deficit)</b>	<b>(353,637)</b>	<b>(483,061)</b>
<b>Total liabilities and stockholders' equity (deficit)</b>	<b>2,385,589</b>	<b>2,293,935</b>

The accompanying notes are an integral part of these consolidated financial statements.

**Expro Holdings UK 3 Limited**  
**Consolidated Statements of Cash Flow**  
(Unaudited)  
(U.S. \$ in thousands)

	<b>Six Months Ended September 30,</b>	
	<b>2013</b>	<b>2014</b>
<b>Cash flows from operating activities:</b>		
Net income (loss)	(27,887)	(129,424)
<i>Adjustments to reconcile net loss to net cash provided by (used in) operating activities:</i>		
Impairment property, plant and equipment	-	2,992
Amortisation of intangible assets	28,545	28,485
Depreciation of property, plant and equipment	49,323	57,580
Loss on / gain on disposal of property, plant and equipment	(529)	4,544
Equity share of income from joint ventures	(5,871)	(7,535)
Elimination on unrealised profit sale to joint ventures	-	745
Amortisation of loan issuance costs	6,933	34,396
Interest accreted to mezzanine loan balance	33,016	34,105
Fair value loss on cash flow hedges	539	-
Transferred to statement of operations on cash flow hedges	(550)	-
Deferred income tax credit	(7,121)	(4,158)
Unrealised foreign exchange	3,285	609
<i>Changes in assets and liabilities:</i>		
Accounts receivable, net and unbilled	(26,408)	(1,347)
Inventories	(4,351)	(26,111)
Other assets	13,773	(7,922)
Accounts payable	(18,646)	(43,984)
Other liabilities	1,822	(2,497)
Derivative financial instruments	(27,396)	-
Income taxes - net	(2,169)	(8,204)
Other	(478)	83
Dividend received from joint ventures	3,702	4,240
<b>Net cash provided by (used in) operating activities</b>	<b>19,532</b>	<b>(63,403)</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(76,314)	(113,454)
Proceeds on disposal of property, plant and equipment	910	14
Proceeds on sale of subsidiary, net of transaction costs	10,000	-
<b>Net cash provided by (used in) investing activities</b>	<b>(65,404)</b>	<b>(113,440)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings	20,111	-
Payment of borrowings	(20,111)	-
Repayment of senior secured notes	-	(1,091,493)
Repayment of mezzanine loan facility	-	(115,804)
Proceeds from issuance of senior secured notes	104,500	-
Proceeds from term loan	-	1,280,500
Payment of loan issuance costs	(4,176)	(14,757)
Repayment of capital leases	(857)	(1,544)
(Increase) decrease in restricted cash	27,363	487
<b>Net cash provided by (used in) financing activities</b>	<b>126,830</b>	<b>57,389</b>
Effect of exchange rate changes on cash and cash equivalents	(1,409)	(1,072)
<b>Increase (decrease) to cash and cash equivalents</b>	<b>79,549</b>	<b>(120,526)</b>
Cash and equivalents at beginning of period	68,589	172,393
<b>Cash and equivalents at end of period</b>	<b>148,138</b>	<b>51,867</b>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the period for:		
Income taxes	(29,982)	(26,715)
Interest	(93,822)	(146,331)

The accompanying notes are an integral part of these consolidated financial statements.

**Expro Holdings UK 3 Limited**  
**Consolidated Statements of Stockholders' Equity**  
(Unaudited)  
(U.S. \$ in thousands)

	Common Stock	Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained earnings (loss)	Total equity (deficit)
<b>Balance at April 1, 2013</b>	<b>1</b>	<b>4,373,070</b>	<b>(56,743)</b>	<b>(4,604,257)</b>	<b>(287,929)</b>
Net income (loss)	-	-	-	(27,887)	(27,887)
Other comprehensive income (loss):					
Transferred to statement of operations on cash flow hedges			(550)	-	(550)
<b>Balance at September 30, 2013</b>	<b>1</b>	<b>4,373,070</b>	<b>(57,293)</b>	<b>(4,632,144)</b>	<b>(316,366)</b>

	Common Stock	Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained earnings (loss)	Total equity (deficit)
<b>Balance at April 1, 2014</b>	<b>1</b>	<b>4,373,070</b>	<b>(65,114)</b>	<b>(4,661,594)</b>	<b>(353,637)</b>
Net income (loss)	-	-	-	(129,424)	(129,424)
<b>Balance at September 30, 2014</b>	<b>1</b>	<b>4,373,070</b>	<b>(65,114)</b>	<b>(4,791,018)</b>	<b>(483,061)</b>

The accompanying notes are an integral part of these consolidated financial statements.

# Expro Holdings UK 3 Limited

## Notes to the Financial Statements

Period Ended September 30, 2014

(Unaudited)

### 1. Business Description

Expro Holdings UK 3 Limited and our consolidated subsidiaries provide, services and products that measure, improve, control and process flow from high value oil and gas wells, from exploration and appraisal through to mature field production optimisation and enhancement.

Unless expressly stated or the context otherwise requires, the terms “the Company,” “the Group,” “we,” “our,” “us,” and “Expro” refer to Expro Holdings UK 3 and its subsidiaries.

Expro Holdings UK 3 Limited is an indirect subsidiary of Umbrellastream Limited Partnership Incorporated (“ULPI”), which is owned by the Investors and certain members of management and other investors. The Investors are three private equity investors; Arle Capital Partners, Goldman Sachs Capital Partners and AlInvest Partners.

Expro Holdings UK 3 Limited is a limited company incorporated in Great Britain with its registered office situated in England and Wales.

### 2. Basis of Preparation and Accounting Policies

#### Basis of Preparation

The accompanying unaudited condensed consolidated financial statements of Expro Holdings UK 3 Limited reflect the financial statements of our wholly owned subsidiaries and those of certain variable interest entities where we are the primary beneficiary and have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information. Accordingly, these interim financial statements do not include all of the information and footnotes required by U.S. GAAP for annual financial statements. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair statement have been included. Operating results for the three and six months ended September 30, 2014 are not necessarily indicative of the results that may be expected for the year ending March 31, 2015, or for any other period. The condensed consolidated balance sheet at March 31, 2014 has been derived from the audited consolidated financial statements at that date, but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements. These financial statements and notes should be read in conjunction with the audited financial statements and notes thereto for the year ended March 31, 2014 included in our Annual Report on Form F-1 filed with the SEC.

Certain prior year balances have been reclassified to conform to the current year’s presentation. Such reclassifications did not affect total cash flows, total revenues, operating income, total assets, total liabilities or stockholders’ equity.

#### Use of Estimates

Preparation of the consolidated financial statements in accordance with U.S. GAAP requires us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes. The most significant estimates and assumptions are those associated with impairment of goodwill, pensions, tax provisions, recovery of deferred taxes and revenue recognition. Despite our intentions to establish accurate estimates and reasonable assumptions, actual results could differ from these estimates.

#### Revenue Recognition

We recognise revenue when there is persuasive evidence of an arrangement that sets a fixed or determinable price for the contract, usually a contract or purchase order, services are performed or products delivered, and collectability is reasonably assured.

The majority of our revenues arise on the provision of well flow management services to our customers. Contracts are typically structured on a time and materials basis and the associated revenue is recognized in the period in which services are performed.

We also enter into contracts to design and build equipment on behalf of our customers. Revenue on such contracts is recognized by reference to the stage of completion of the contract. Stage of completion is estimated using an appropriate measure according to the nature of the contract, such as the achievement of contract milestones. Typically components would comprise design, engineering, procurement, assembly, testing and delivery. Contract costs are recognized as expenses in the period in

# Expro Holdings UK 3 Limited

## Notes to the Financial Statements

Period Ended September 30, 2014

(Unaudited)

which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized immediately as an expense.

Where contractual arrangements contain multiple deliverables, we analyse each performance obligation within the sales arrangement to ensure we adhere to the separation guidelines for multiple-element arrangements. We allocate revenue for any transactions involving multiple elements to each unit of accounting based on its relative selling price, and recognize revenue when all revenue recognition criteria for a unit of accounting have been met.

### Goodwill

Goodwill represents the excess of the purchase price of acquired businesses over the estimated fair value assigned to the individual assets acquired and liabilities assumed. We do not amortise goodwill, but instead are required to test goodwill for impairment at the reporting unit level at least annually, or whenever there is an indication of impairment. A reporting unit is defined as an operating segment or a component of an operating segment that constitutes a business for which financial information is available and is regularly reviewed by management.

We follow a two-step process for the testing of goodwill for impairment. First, we estimate the fair value of the reporting unit using a discounted cashflow approach. Where this fair value is lower than the carrying value of the reporting unit, an exercise similar to a purchase price allocation in a business combination is performed to calculate the current value of the goodwill. Where this value is lower than the carrying value of the goodwill, an impairment loss is recorded to write the carrying value down to the current value.

Refer to Note 2. "Basis of Preparation and Accounting Policies," to our consolidated financial statements included in our Annual Report on Form F-1 for the year ended March 31, 2014 for a more complete summary of our significant accounting policies.

### Subsequent Events

We have evaluated subsequent events through to the date the consolidated financial statements were issued.

### New Accounting Pronouncements

In April 2014, the FASB issued amendments related to guidance for reporting discontinued operations and disposals of components of an entity. The amended guidance requires that a disposal representing a strategic shift that has (or will have) a major effect on an entity's financial results or a business activity classified as held for sale should be reported as discontinued operations. The amendments also expand the disclosure requirements for discontinued operations and add new disclosures for individually significant dispositions that do not qualify as discontinued operations. The amendments are effective prospectively for fiscal years, and interim reporting periods within those years, beginning after December 15, 2014 (early adoption is permitted only for disposals that have not been previously reported). The impact of implementation of the amended guidance on our consolidated financial statements has not yet been determined.

In May 2014, the Financial Accounting Standards Board issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* to achieve a consistent application of revenue recognition within the U.S., amending the existing accounting standards for revenue recognition and is based on the principle that revenue should be recognized to depict the transfer of goods or services to a customer at an amount that reflects the consideration a company expects to receive in exchange for those goods or services. In addition, the new standard requires that reporting companies disclose the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The new standard is effective for us on January 1, 2017. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. We are evaluating the effect that ASU 2014-09 will have on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.

In August 2014, the Financial Accounting Standards Board issued ASU 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. Under the new guidance, management will be required to assess an entity's ability to continue as a going concern and to provide related footnote disclosures in certain circumstances. The provisions of this ASU are effective for annual period beginning after December 15, 2016, and for annual interim periods thereafter. This ASU is not expected to have an impact on our financial statements or disclosures.

# Expro Holdings UK 3 Limited

## Notes to the Financial Statements

Period Ended September 30, 2014  
(Unaudited)

### 3. Segment Information

We operate globally and provide a range of well management products and services across three areas of capability. Our services are offered to our customers either as discrete services or integrated solutions depending on their requirements and needs.

Our Company's Chief Operating Decision Maker ("CODM") manages our operations through four operational segments that are aligned with our geographic regions.

- Europe and the Commonwealth of Independent States ("ECIS")
- Sub-Saharan Africa ("SSA")
- Asia, Middle East and North Africa ("AMENA")
- North and Latin America ("NLA")

Each of these operational segments include a range of solutions which are provided across three main areas of capability as presented above. The CODM does not review financial performance of these three main areas of capability as a measure of profitability is not available for these areas of capability; as such they are neither operating segments nor reporting units.

#### Well Testing and Appraisal Services

Services used for the safe production, measurement and sampling of hydrocarbons from a well during either exploration and appraisal testing of a new field, the flowback and clean-up of a new well prior to production or inline testing of a well during its producing life. Well testing typically involves the measurement of production rates, the recording of transient pressure data from the reservoir and the sampling of reservoir fluids. By analysing this information it is possible for the operator to estimate hydrocarbon reserves and determine rock properties, reservoir size and connectivity.

#### Subsea, Completion and Intervention Services

A well completion consists of providing the in well tubulars and equipment needed for the safe production of hydrocarbons from the reservoir to the surface production facilities. Completion services are required to install the completion string in the well and our subsea completion landing strings facilitate this for subsea wells. We can also provide wireline intervention services to subsequently service and monitor the performance of the well.

#### Production Services

Production systems are used to provide a safe and efficient means of processing produced oil, gas and water. Solids control equipment is used to remove sand or debris from the well, followed by a separation system to split the three different well streams. Gas is usually separated from the well stream for either export, flaring or reinjection into the well or reservoir. Water is typically separated, treated and either disposed of overboard or re-injected into the reservoir for pressure maintenance. Oil is typically separated, treated as necessary, and pumped to storage facilities or an export pipeline. We can provide a range of production packages, onshore and offshore, for early production or for production enhancement.



# Expro Holdings UK 3 Limited

## Notes to the Financial Statements

Period Ended September 30, 2014

(Unaudited)

### 3. Segment Information (continued)

Financial information about our operating segments, during the three and six months ended September 30, 2013 and 2014 was as follows: (U.S. \$ in thousands).

	Three Months Ended September 30,		Six Months Ended September 30,	
	2013	2014	2013	2014
Europe and the Commonwealth of Independent States	103,712	80,592	191,079	165,438
Sub-Saharan Africa	69,614	76,868	141,057	142,766
Asia, Middle East and North Africa	74,867	102,190	167,674	195,380
North and Latin America	85,107	84,029	167,268	166,524
<b>Total revenue by geographical segment</b>	<b>333,300</b>	<b>343,679</b>	<b>667,078</b>	<b>670,108</b>
Europe and the Commonwealth of Independent States	34,924	19,953	55,186	41,328
Sub-Saharan Africa	25,292	28,773	51,818	55,466
Asia, Middle East and North Africa	26,161	38,817	61,961	73,594
North and Latin America	24,946	17,028	47,853	38,485
<b>Trading EBITDA <sup>(1) (3)</sup></b>	<b>111,323</b>	<b>104,571</b>	<b>216,818</b>	<b>208,873</b>
Corporate, product line management and other administrative costs	(19,973)	(24,303)	(45,890)	(48,590)
Equity share of income from joint ventures	2,772	4,929	5,871	7,535
<b>Adjusted EBITDA <sup>(2) (4)</sup></b>	<b>94,122</b>	<b>85,197</b>	<b>176,799</b>	<b>167,818</b>
Depreciation and amortisation <sup>(4)</sup>	(38,826)	(42,955)	(75,639)	(91,267)
Restructuring	(820)	(419)	(1,344)	(1,152)
Interest expense, net	(54,969)	(134,517)	(107,012)	(190,471)
Income tax (expense) benefit	(13,617)	(4,557)	(20,691)	(14,352)
<b>Income (loss) from continuing operations</b>	<b>(14,110)</b>	<b>(97,251)</b>	<b>(27,887)</b>	<b>(129,424)</b>

The following table sets forth the total amount of revenue by area of capability for the three and six months ended September 30, 2013 and 2014 : (U.S. \$ in thousands).

	Three Months Ended September 30,		Six Months Ended September 30,	
	2013	2014	2013	2014
Well testing and appraisal services	175,264	180,250	338,078	351,583
Subsea, completion and intervention services	121,705	119,201	243,641	236,059
Production services	36,331	44,228	85,359	82,466
<b>Total revenue by area of capability</b>	<b>333,300</b>	<b>343,679</b>	<b>667,078</b>	<b>670,108</b>

<sup>1</sup>Trading EBITDA is calculated as net income before taxes, interest expense, restructuring, depreciation and amortisation, equity share of income from joint ventures and corporate, product line management and other general and administrative costs.

<sup>2</sup>Adjusted EBITDA is calculated as Trading EBITDA after corporate, product line management and other administrative costs and the equity share of income from joint ventures.

<sup>3</sup>Trading EBITDA and Adjusted EBITDA are not recognised terms under generally accepted accounting principles in the United States, or U.S. GAAP, and should not be considered as alternatives to net income (loss) or other measures of financial performance or liquidity derived in accordance with U.S. GAAP.

<sup>4</sup>Depreciation and amortisation presented here excludes amortization of capitalised borrowing costs, which are reported within interest expense.

# Expro Holdings UK 3 Limited

## Notes to the Financial Statements

Period Ended September 30, 2014  
(Unaudited)

### 4. Interests in Joint Ventures

Equity method investments at March 31, 2014 and September 30, 2014 were as follows (U.S. \$ in thousands).

	March 31,	September 30,
	2014	2014
COSL - Expro Testing Services (Tianjin) Co. Ltd ("CETS")	21,427	23,903
PV Drilling Expro International Company Limited ("PVD-Expro")	3,766	3,840
<b>Interest in joint ventures</b>	<b>25,193</b>	<b>27,743</b>

Within Asia we have non-consolidated interests in two joint venture companies through partnerships with COSL in China and PVD in Vietnam. Both of these joint venture companies provide us access to markets that otherwise would be challenging to penetrate and develop effectively on our own.

Our CETS joint venture in China offers extensive offshore well testing capabilities and has a strong market share with National and International oil companies and independent customers.

Our PVD-Expro joint venture in Vietnam offers the full suite of our products and services to the domestic Vietnam market and has a track record in the provision of offshore well testing and subsea completion landing string services.

Both companies are independently managed with the full capabilities and technology of Expro.

### 5. Interest Expense

Interest expense consisted of the following during the three and six months ended September 30, 2013 and 2014: (U.S. \$ in thousands).

	Three Months Ended September 30,		Six Months Ended September 30,	
	2013	2014	2013	2014
Interest income	21	2	57	54
Term Loan interest	-	(5,814)	-	(5,814)
Senior secured notes interest	(22,816)	(15,745)	(43,886)	(38,915)
Revolving credit facility interest	-	-	(32)	-
Mezzanine loan cash settled interest	(11,712)	(11,844)	(22,983)	(23,869)
Interest accreted to Mezzanine loan	(16,821)	(16,996)	(33,016)	(34,105)
Amortisation of financing costs	(3,684)	(30,525)	(6,933)	(34,396)
Early repayment fees	-	(53,203)	-	(53,203)
Capitalised interest, net of depreciation	1,038	926	1,766	2,042
Other finance expense	(995)	(1,318)	(1,985)	(2,265)
<b>Interest expense, net of interest income</b>	<b>(54,969)</b>	<b>(134,517)</b>	<b>(107,012)</b>	<b>(190,471)</b>

During the three months ended September 30, 2014 we incurred early repayment fees of \$53.3 million primarily consisting of \$6.8 million related to the repayment of our Mezzanine loan and \$46.4 million related to the repayment of our senior secured notes.

# Expro Holdings UK 3 Limited

## Notes to the Financial Statements

Period Ended September 30, 2014

(Unaudited)

### 6. Income Taxes

Our effective tax rates were (412.1)% and (158.3)% for the three and six months ended September 30, 2013, respectively, and (4.6)% and (11.7)% for the three and six months ended September 30, 2014, respectively. The UK statutory rate for the three and six months ended September 30, 2013 and September 30, 2014 was 23% and 21%, respectively. Our effective tax rate is impacted primarily by losses arising in particular jurisdictions (mainly the UK) which have been fully valued against, partially offset by losses received from group parent holding companies outside the consolidated Expro Holding UK 3 Limited group and prior year tax adjustments.

### 7. Inventories

Inventories consisted of the following at March 31, 2014 and September 30, 2014: (U.S. \$ in thousands).

	March 31,	September 30,
	2014	2014
Raw materials	1,072	1,135
Equipment, spares and consumables	57,450	65,200
Work-in progress	7,156	32,695
	<b>65,678</b>	<b>99,030</b>

**Expro Holdings UK 3 Limited**  
**Notes to the Financial Statements**

Period Ended September 30, 2014  
(Unaudited)

**8. Property, Plant and Equipment**

Property, plant and equipment consisted of the following at March 31, 2014 and September 30, 2014: (U.S. \$ in thousands).

	<b>March 31,</b>	<b>September 30,</b>
	<b>2014</b>	<b>2014</b>
<b>Cost</b>		
Land	2,172	2,172
Buildings	30,617	33,408
Plant and equipment	858,826	918,666
	<b>891,615</b>	<b>954,246</b>
Less accumulated depreciation	(369,808)	(413,480)
	<b>521,807</b>	<b>540,766</b>

Depreciation expense relating to property, plant and equipment, including assets under capital leases, was \$25.9 million and \$49.3 million for the three and six months ended September 30, 2013 respectively, and was \$29.2 million and \$57.6 million for the three and six months ended September 30, 2014, respectively.

The carrying amount of our property, plant and equipment recognised in respect of assets held under capital leases at March 31, 2014 and September 30, 2014 were as follows: (U.S. \$ in thousands).

	<b>March 31,</b>	<b>September 30,</b>
	<b>2014</b>	<b>2014</b>
<b>Gross value</b>		
Buildings	29,257	29,295
Plant and equipment	1,499	1,252
	<b>30,756</b>	<b>30,547</b>
Less accumulated amortisation	(15,651)	(16,488)
	<b>15,105</b>	<b>14,059</b>

# Expro Holdings UK 3 Limited

## Notes to the Financial Statements

Period Ended September 30, 2014  
(Unaudited)

### 9. Intangible Assets

The following table summarises our intangible assets at March 31, 2014 and September 30, 2014: (U.S. \$ in thousands).

	March 31, 2014			September 30, 2014		
	Cost	Accumulated impairment and amortisation	Net Book Value	Cost	Accumulated impairment and amortisation	Net Book Value
Customer relationships and contracts	959,763	(641,133)	318,630	959,763	(663,702)	296,061
Trademarks	43,851	(22,984)	20,867	43,851	(24,135)	19,716
Technology	185,769	(100,795)	84,974	185,769	(105,433)	80,336
Software	12,783	(12,635)	148	14,917	(12,761)	2,156
	<b>1,202,166</b>	<b>(777,547)</b>	<b>424,619</b>	<b>1,204,300</b>	<b>(806,031)</b>	<b>398,269</b>

Amortisation expense for intangible assets was \$14.2 million and \$28.5 million for the three and six months ended September 30, 2013, and was \$14.3 million and \$28.5 million for the three months and six months ended September 30, 2014, respectively. These expenses were included in cost of services.

### 10. Goodwill

Goodwill summarised by segment, consisted of the following at March 31, 2014 and September 30, 2014 (U.S. \$ in thousands).

	March 31, 2014		September 30, 2014	
	Gross carrying amount	Cumulative impairment	Gross carrying amount	Cumulative impairment
Europe and the Commonwealth of Independent States	636,082	(458,004)	636,082	(458,004)
Sub-Saharan Africa	798,111	(598,786)	798,111	(598,786)
Asia, Middle East North Africa	513,281	(382,566)	513,281	(382,566)
North and Latin America	495,460	(364,144)	495,460	(364,144)
	<b>2,442,934</b>	<b>(1,803,500)</b>	<b>2,442,934</b>	<b>(1,803,500)</b>

### 11. Derivative Financial Instruments

Our currency risk management program at September 30, 2014 consisted of a currency swap contract, which is not hedge accounted for and matures within 12 months. We record net gains and losses within foreign currency gains and losses in our consolidated condensed statement of income.

At March 31, 2014 and September 30, 2014 the fair values of derivative instruments included in our consolidated balance sheet was \$0.0 million and \$0.0 million, respectively and was included within the caption Current liabilities in our condensed consolidated balance sheet. The amount recognized in income for these derivatives in the three and six months ended September 30, 2013 was a loss of \$1.7 million and a loss of \$2.0 million, respectively, and was a loss of \$1.5 million, and a loss of \$0.1 million in the three and six months ended September 30, 2014

# Expro Holdings UK 3 Limited

## Notes to the Financial Statements

Period Ended September 30, 2014  
(Unaudited)

### 12 . Interest Bearing Loans

Our long-term debt consisted of the following at March 31, 2014 and September 30, 2014: (U.S. \$ in thousands).

	Effective interest rate %	Maturity date	March 31, 2014	September 30, 2014
<b>Term loan</b>				
Principal	USD LIBOR + 4.75%	September 2, 2021	-	(1,300,000)
Original issue discount			-	19,327
<b>Total Term loan</b>			-	<b>(1,280,673)</b>
<b>Senior secured notes</b>				
Principal	9.91%	December 15, 2016	(991,493)	-
Original issue discount			17,543	-
Principal	8.30%	December 15, 2016	(100,000)	-
Original issue premium			(3,651)	-
<b>Total senior secured notes</b>			<b>(1,077,601)</b>	-
<b>Other interest bearing loans</b>				
Mezzanine loan facility	USD LIBOR + 10.75%	July 15, 2018	(1,041,285)	(959,586)
Revolving credit facility	USD LIBOR + 2.75%	September 2, 2019	-	-
<b>Principal</b>			<b>(1,041,285)</b>	<b>(959,586)</b>
<b>Total other interest bearing loans</b>			<b>(1,041,285)</b>	<b>(959,586)</b>
<b>Total interest bearing loans</b>			<b>(2,118,886)</b>	<b>(2,240,259)</b>

#### Term loan

On September 2, 2014 we raised \$1,300 million (net proceeds after an issue discount \$1,281 million) via a Senior-secured Term loan ("Term loan") with a full contractual maturity date of September 2, 2021. The final maturity date of the Term loan is linked to the maturity date of the Mezzanine debt or any debt used to refinance the Mezzanine.

The Term loan bears interest at a rate of Libor + 4.75% and is subject to a Libor floor of 1%. The proceeds of this new facility were used to fully repay the Senior Secured Notes in issue and to make a \$116 million partial repayment of the 10.75% Mezzanine loan.

Under the terms of the Term loan we are mandated to make a 1% quarterly loan principal repayment in addition to quarterly interest payment. The facility is guaranteed in full by the consolidated subsidiaries of the Group and is rated "B" by S&P and Ba3 by Moodys.

#### Mezzanine

The Mezzanine facility was partially repaid in September 2014 using the proceeds of the Term loan above.

#### Revolving credit facilities

On September 2, 2014, we entered into a new Revolving Credit Facility ("RCF") with an overall commitment of \$250 million (available in multiple currencies as approved by the lenders). The new facility bears interest at a rate of Libor + 3% and is guaranteed in full by our consolidated subsidiaries. The full contractual maturity date of this facility is September 2, 2019, but again is linked to the maturity date of the Mezzanine debt or any debt used to refinance the Mezzanine.

Since inception of the facility, there have been various amendments and restatements to the facility. At the September 30, 2014 the following facilities are carved out of HSBC's commitment of the RCF; multi-currency overdraft of \$1.5 million, forward exchange contracts and currency options of \$1.8 million and engagements line (bonds and guarantees) of \$30.0 million.

At September 30, 2014, \$216.7 million were available for drawings under the RCF. The RCF is rated "B" by S&P and Ba3 by Moodys.

The Term loan, the Mezzanine loan and the credit facility contain certain covenants. We were in compliance with these covenants at September 30, 2014.

# Expro Holdings UK 3 Limited

## Notes to the Financial Statements

Period Ended September 30, 2014  
(Unaudited)

### 13 . Fair Value Measurements

The following is a description of the valuation techniques that we use to measure fair value of assets and liabilities that we measure and report at fair value on a recurring basis:

*Derivative assets and liabilities.* At March 31, 2014 and September 30, 2014 our derivative assets and liabilities consisted of foreign exchange currency swap contracts. Since our derivative assets and liabilities are not traded on an exchange, we value them using industry standard models. Where applicable, these models project future cash flows and discount the future amounts to present value using market-based observable inputs including foreign exchange rates and forward and spot prices for currencies. These inputs are observable in active markets over the contract term of the derivative instrument we hold, and accordingly we classify these valuation techniques as Level 2.

At March 31, 2014 and September 30, 2014, the fair value measurements of our assets and liabilities that we measure on a recurring basis were as follows (U.S. \$ in thousands):

	Level 1	Level 2	Level 3	Total
<b>March 31, 2014</b>				
<i>Derivative assets / (liabilities)</i>	-	(55)	-	(55)
<b>September 30, 2014</b>				
<i>Derivative assets / (liabilities)</i>	-	(26)	-	(26)

### Fair Value of Financial Instruments

The carrying values and fair values of our financial instruments at March 31, 2014 and September 30, 2014 were as follows (U.S.\$ in thousands):

	Carrying amount March 31, 2014	Fair value March 31, 2014	Carrying amount September 30, 2014	Fair value September 30, 2014
Interest bearing loans	1,041,285	954,740	959,586	958,396
Term Loan	-	-	1,280,673	1,280,673
Senior secured notes	1,077,601	951,691	-	-
Capital lease obligations	17,075	17,075	15,871	15,871

The carrying values on our condensed consolidated balance sheets of our cash and cash equivalents, accounts receivable and unbilled, other assets, accounts payable and accrued liabilities approximate their fair values due to their nature and relatively short maturities; therefore, we exclude them from the foregoing table.

We estimate fair value of our interest bearing loans, term loan and senior secured notes using the most recently observed market price at the reporting date. We estimate the fair value of our capital lease obligations and other financial liabilities using discounted future cash flows applying rates available for debt on similar terms, credit risk and remaining maturities. Such fair value measurements are considered Level 2 under the fair value hierarchy.

At March 31, 2014 and September 30, 2014 none of the assets held for sale represent financial assets.

# Expro Holdings UK 3 Limited

## Notes to the Financial Statements

Period Ended September 30, 2014

(Unaudited)

### 14 . Commitments and Contingencies

#### Commercial Commitments

During the normal course of business, we enter into commercial commitments in the form of letters of credit and bank guarantees to provide financial and performance assurance to third parties.

#### Litigation

We are routinely involved in litigation claims on disputes incidental to our business. In our opinion, none of the existing litigation or results from compliance reviews are likely to have a material adverse effect on these financial statements.

### 15 . Post-Retirement Benefits

Net periodic pension costs for our significant non - U.S. defined benefit plans include the following components:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2013	2014	2013	2014
Service cost	1,091	858	1,680	1,470
Interest cost	2,217	2,595	4,423	5,350
Expected return on plan assets	(2,401)	(2,732)	(4,846)	(5,801)
	<b>907</b>	<b>721</b>	<b>1,257</b>	<b>1,019</b>

In the three and six months ended September 30, 2014 the Company contributed \$1.6 million and \$2.4 million respectively to defined benefit schemes.



# Expro Holdings UK 3 Limited

## Notes to the Financial Statements

Period Ended September 30, 2014  
(Unaudited)

### 16. Stockholders' Equity

The following table summarizes total shares of common stock outstanding:

	March 31, 2014		September 30, 2014	
	Authorised capital number of shares	Allotted, called up and fully paid value	Authorised capital number of shares	Allotted, called up and fully paid value
Ordinary shares of £1 each, 1 vote per share	100,100	-	100,100	-
Ordinary shares of \$1 each, 1 vote per share	4,123,195,367	\$1,000	4,123,195,367	\$1,000

### Accumulated other comprehensive loss:

Accumulated other comprehensive loss consisted of the following: (U.S. \$ in thousands).

	March 31, 2014	September 30, 2014
Cumulative translation adjustment	(53,404)	(53,404)
Defined benefit pension plans	(11,710)	(11,710)
<b>Total accumulated other comprehensive loss</b>	<b>(65,114)</b>	<b>(65,114)</b>

### 17. Earnings (Loss) Per Share

The following reflects the income (loss) and the share data used in the basic and diluted earnings (loss) per share computations: (U.S. \$ in thousands, except per share data).

	Three Months Ended September 30,		Six Months Ended September 30,	
	2013	2014	2013	2014
<b>Net income (loss)</b>	<b>(14,110)</b>	<b>(97,251)</b>	<b>(27,887)</b>	<b>(129,424)</b>
<b>Basic and diluted weighted average number of shares outstanding</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
<b>Total basic and diluted loss per share (US\$)</b>	<b>(14,110)</b>	<b>(97,251)</b>	<b>(27,887)</b>	<b>(129,424)</b>

We have had no potentially dilutive instruments outstanding during the periods.

# Expro Holdings UK 3 Limited

## Notes to the Financial Statements

Period Ended September 30, 2014

(Unaudited)

### 18. Related Party Transactions

During the three and six months ended September 30, 2013 and September 30, 2014, we entered into transactions with related parties as follows: (U.S. \$ in thousands).

#### Trading transactions

		Goods and services provided to related party	Goods and services provided by related party	Amounts owed by related party	Amounts owed to related party
The "Investors"	Ultimate owner	-	118	-	-
Goldman Sachs International	Company under common control	-	905	-	-
Umbrellastream Ltd Partnership Inc.	Ultimate parent company	-	-	938	-
Expro International Group Holdings Limited	Company under common control	-	-	2,528	-
Expro Holdings UK 2 Limited	Company under common control	-	-	1	-
CETS	Joint venture	2,521	-	2,867	-
PVD-Expro	Joint venture	216	-	-	-
Group directors	Key management personnel	-	-	805	-
<b>Three months end September 30, 2013</b>		<b>2,737</b>	<b>1,023</b>	<b>7,139</b>	<b>-</b>
The "Investors"	Ultimate owner	-	241	-	-
Goldman Sachs International	Company under common control	-	905	-	-
Umbrellastream Ltd Partnership Inc.	Ultimate parent company	-	-	938	-
Expro International Group Holdings Limited	Company under common control	-	-	2,528	-
Expro Holdings UK 2 Limited	Company under common control	-	-	1	-
CETS	Joint venture	5,651	-	2,867	-
PVD-Expro	Joint venture	390	-	-	-
Group directors	Key management personnel	-	-	805	-
<b>Six months end September 30, 2013</b>		<b>6,041</b>	<b>1,146</b>	<b>7,139</b>	<b>-</b>
The "Investors"	Ultimate owner	-	90	-	-
Goldman Sachs International	Company under common control	-	2,975	-	-
Umbrellastream Ltd Partnership Inc.	Ultimate parent company	-	-	1,699	-
Expro International Group Holdings Limited	Company under common control	-	-	2,675	-
Expro Holdings UK 2 Limited	Company under common control	-	-	1	-
CETS	Joint venture	529	-	3,004	-
PVD-Expro	Joint venture	748	-	638	-
Group directors	Key management personnel	-	-	-	-
<b>Three months September 30, 2014</b>		<b>1,277</b>	<b>3,065</b>	<b>8,017</b>	<b>-</b>
The "Investors"	Ultimate owner	-	215	-	-
Goldman Sachs International	Company under common control	-	2,975	-	-
Umbrellastream Ltd Partnership Inc.	Ultimate parent company	-	-	1,699	-
Expro International Group Holdings Limited	Company under common control	-	-	2,675	-
Expro Holdings UK 2 Limited	Company under common control	-	-	1	-
CETS	Joint venture	6,574	-	3,004	-
PVD-Expro	Joint venture	1,221	-	638	-
Group directors	Key management personnel	-	-	-	-
<b>Six months September 30, 2014</b>		<b>7,795</b>	<b>3,190</b>	<b>8,017</b>	<b>-</b>

# Expro Holdings UK 3 Limited

## Notes to the Financial Statements

Period Ended September 30, 2014

(Unaudited)

### 18. Related Party Transactions (continued)

#### Transactions with the "Investors"

The "Investors" is a consortium comprising of funds managed or advised by Arle Capital Partners, together with Goldman Sachs Capital Partners and AlInvest Partners N.V. The costs charged us are the directors' fees of the Investor-nominated directors of, and board observers connected to, Expro International Group Holdings Ltd, Expro Holdings UK 3 Limited's principal holding company. This is in accordance with the Consortium Deed between the Expro Holdings UK 3 Limited's subsidiary Expro Holdings UK 4 Ltd and the "Investors", dated November 6, 2008.

We also incurred advisory fees from Goldman Sachs International in connection with the issue of senior secured notes during the three and six months ended September 30, 2013, in the amount of \$0.9 million and \$0.9 million, respectively. In the three and six months ended September 30, 2014, we incurred advisory fees from Goldman Sachs International in connection with the issue of term loan in the amount of \$3.0 million and \$3.0 million, respectively.

#### Transactions with Umbrellastream Ltd Partnership Inc

The amounts owed by Umbrellastream Ltd Partnership Inc. is the balance due under the loan agreements whereby the group funds the administrative costs relating to the Partnership.

#### Transactions with CETS and PVD-Expro

At March 31, 2014 and at September 30, 2014, we held a 50% stake in a joint venture, COSL – Expro Testing Services (Tianjin) Co. Ltd ("CETS") and a 49% stake in a joint venture, PV Drilling Expro International Company Limited ("PVD-Expro"). The transactions in the table above arose from trading activities between us and the joint ventures.

#### Transactions with Group directors

The Group had previously extended loans to certain Directors in order to fund their investment in a management incentive plan. On June 26, 2014, the outstanding balance of these loans of \$0.8 million was repaid in full.

On this date, the Group also made a loan of \$0.9 million to Expro International Group Holdings Ltd, a parent company. This loan was subsequently forgiven resulting in an expense to the Group of \$0.9 million.

**Expro Holdings UK 3 Limited**  
**Notes to the Financial Statements**

Period Ended September 30, 2014  
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**18. Related Party Transactions (continued)**

**Investing transactions**

The following table presents the investing transactions during the three and six month period ended September 30, 2013 and September 30, 2014 : (U.S. \$ in thousands).

		Dividends received from joint venture	Dividends due from joint venture
CETS	Joint venture	1,170	1,419
PVD-Expro	Joint venture	343	-
<b>Three months ended September 30, 2013</b>		<b>1,513</b>	<b>1,419</b>
CETS	Joint venture	3,359	1,419
PVD-Expro	Joint venture	343	-
<b>Six months ended September 30, 2013</b>		<b>3,702</b>	<b>1,419</b>
CETS	Joint venture	1,496	-
PVD-Expro	Joint venture	-	-
<b>Three months ended September 30, 2014</b>		<b>1,496</b>	<b>-</b>
CETS	Joint venture	3,117	-
PVD-Expro	Joint venture	1,123	-
<b>Six months ended September 30, 2014</b>		<b>4,240</b>	<b>-</b>