

ASCO GROUP LIMITED

**ANNUAL REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended
31 December 2009**

Registered No: 05898050

ASCO GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2009

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ASCO GROUP LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors	MJL Salter (Chairman) WM Allan (Chief Executive) WA Loch IM Ross D Smith PH Lenon R Daw RD Lenthall J Cooper
Company Secretary	WS Kennedy
Registered Office	Great Yarmouth Offshore Supply Base South Denes Road Great Yarmouth Norfolk NR30 3LX
Auditors	PricewaterhouseCoopers LLP Chartered Accountants 32 Albyn Place Aberdeen AB10 1YL
Solicitors	Paul & Williamsons LLP Union Plaza 1 Union Wynd Aberdeen AB10 1DQ
Bankers	HSBC Bank plc 2 Queens Road Aberdeen AB15 4ZT

ASCO GROUP LIMITED

CHAIRMAN'S STATEMENT

2009 could have been a very difficult year for the Group following the dramatic events in the financial markets in the final quarter of 2008. The difficult economic conditions and a volatile energy market saw oil prices begin 2009 at \$37 per barrel, as the world economy struggled with the sharpest downturn in modern economic history. By the year end, oil prices had recovered to \$78 per barrel.

World oil consumption declined for a second successive year during 2009, with growing demand in non-OECD countries more than offset by falling consumption in OECD countries. Natural Gas prices also weakened in 2009 clearly reflecting recession. Although the second half of 2009 saw oil prices rise in line with the start of economic recovery, the recovery in natural Gas prices was constrained due to strong production during 2009 and the expected increases in LNG capacity in 2010.

2009 also saw a severe shortage of liquidity for the smaller players in Oil and Gas exploration and development which in turn led to significant reductions in their activities. There were also significant reductions in drilling and other programmes by the major Oil companies.

The economic downturn caused many of our larger customers to re-evaluate their near-term business plans including corporate re-organisations, delay or cancellation of projects and, for some, new strategies.

This was particularly evident in western Canada and in some parts of the UK North Sea. Fortunately the majority of the major Oil Companies considered the oil price reduction to be essentially a temporary phenomenon and continued with many programmes for which approval was already in place.

The Oil price fundamentals remain positive, and the outlook for 2010 points to clear indications of increased activity in a number of geographic areas. The gas price is currently subject to some new dynamics especially in North America, there are signs of a recovery in Gas development activity around the world and there may be more opportunity for the Company in North America as the majors increase their influence in that market.

Through all of this, the ASCO Management Team took an entirely positive and optimistic view of the future. The team have remained focused on the long-term ignoring much of the noise around short-term fluctuations in the business cycle.

I am glad to report performance in 2009 held up well. We continued to work closely with clients in order to meet the challenges. We continued to invest in people and assets and we secured new business in the UK and Norway. Acquisitions by ASCO Marine and our continued commitment to develop Joint Ventures are the right thing to do in order to sustain future growth.

The company had a very good year in 2008, and it is to the credit of the management that it maintained these levels for 2009. The overall environment does remain challenging, however, the positioning which the company undertook during 2009 should bear fruit in the short to medium term as the market eases and opportunities present themselves.

MJL Salter
Chairman
27 April 2010

ASCO GROUP LIMITED

CHIEF EXECUTIVE'S REVIEW

When we look back, 2009 may be seen as a defining year for ASCO, as it started with a global lack of certainty and markets suffered a liquidity crisis unknown in recent years. On the back of this, the oil and gas industry was experiencing its own high and lows. In 2008 the experience of a \$140 a barrel oil price, was starkly tempered by around \$40 a barrel at year end.

By the beginning of 2009, decisions to reduce oil and gas exploration and production activity were being made that would have a harsh impact on our industry.

At ASCO we understood the need to respond quickly and positively. It would have been easy to accept circumstances as they were and simply bury our heads; however, we took the initiative in order to ensure the long-term sustainability of our business.

We continued to invest heavily in Capital Expenditure during 2009. By doing this, we introduced greater efficiencies and spread our cost burden over a much longer term time period. At the same time we drove down our operational cost base. This included the painful but necessary decision to introduce a pay freeze.

Operationally, we responded by delivering what our customers value most - simply getting the basics right. Our focus on service delivery was enhanced and our safety record continues to set the industry standard.

During 2009 we set a number of safety records including 7 years Lost Time Incident (LTI) free in Aberdeen and 12 years LTI in Newfoundland, Canada. We also delivered 9 years LTI free in the Caspian.

During 2008 we had developed our plans to re-start our Graduate Development programme and despite the economic conditions this was launched in 2009, at a time when many organisations were responding to the conditions by ending their programmes. We continued our apprenticeship programme and began the process of introducing a major personal development and leadership programme.

Put simply, in 2009 we continued to do what we instinctively knew was right for the business. We understood that simply reacting to the immediate economic environment would not be enough. The fact that we took control of our costs did not distract us from investing in areas we knew were fundamental in growing ASCO's business.

We continued to develop our geographical presence and brought a broader diversity to the services we offer.

We completed the purchase of Seletar Shipping giving us the scale required to develop our marine capabilities initially in the UK and in time within Trinidad, Norway and Azerbaijan. We invested in three new Joint Venture (JV) projects - Scrabster Port Services, which allows us to create greater efficiencies in the support of our customers and their West of Shetland operations. In Holland, ASCO is now in a prime position to support Dutch Continental Shelf drilling and production operations alongside its new JV partner MSCIJ, and in Norway our JV agreement with Mongstadbase will allow us to deliver Supply Chain Management and logistics support to the oil and gas industry out of our Kristiansund base.

ASCO GROUP LIMITED

CHIEF EXECUTIVE'S REVIEW (CONTINUED)

Our UK waste management subsidiary, Enviroco, also acquired HFS Liquid Waste in order to develop its own Industrial Cleaning capability south of the Border.

Our entry into the Asia Pacific market, with the opening of an ASCO Freight Management office in Singapore, recognises the importance of the Australasian region as a key focus for oil and gas development over the coming decade.

As a consequence of our focus on safety & efficiency, a commitment to getting the basics right and continued strategic investment, we were also able to retain key logistics contracts with Total & Exxon Mobil in the UK, BP in the Caspian and Enviroco retained its UK contract with Shell, in addition to winning a major new contract with B&Q throughout the UK.

We also gained major new contracts such as BP Skarv in Norway and Team Marine in Aberdeen – a partnership of oil operators including Chevron, Hess, Britannia and ConocoPhillips.

So against the difficult and harsh economic background there is much we should be proud of. Despite what was going on around us, we have been able to demonstrate that ASCO is a formidable and robust business.

Our strength lies in the diversity of our revenue streams – both in terms of our service range and increasingly our geographical reach.

There is no doubt that 2008 was a very good year for ASCO. Therefore, given the economic backdrop in 2009, it is a testament to the strength of our business that we have produced a set of results, at the EBITDA level, in line with 2008. It also reflects the commitment of our staff who work tirelessly to deliver greater standards of service to our customers, safely.

An upturn in the market is inevitable, the difficulty is forecasting when that might happen but our board took the view that we should continue to invest in the business and develop our people, despite the uncertain economic conditions. I believe this was the correct decision and places ASCO in a very strong position to capitalise on the opportunities which will come as and when the market conditions improve.

We will continue to develop our service product, derive efficiencies and extend our international reach as we pursue growth and this will be done with an absolute commitment to the highest standards of safety for our workforce and those of our partners and clients.

The impact of 2009 will be seen for many years to come across every area of business and will change the way we at ASCO will do business in the future. Commercial risk will shift more to the service provider along with the responsibility to drive the necessary efficiencies and we will need to increase the effectiveness of our assets across the business. 'Innovation' will become an increasingly common word in our vocabulary.

Because of the quality of our people and the decisions to invest in their development and in new assets, we will be better placed than any of our competitors to take advantage of the opportunities which will emerge. It will be hard work, but I believe we have the people to deliver.

WM Allan
Chief Executive
27 April 2010

ASCO GROUP LIMITED

FINANCIAL REVIEW

Trading Performance

The group consolidated profit and loss account is shown on page 12 of these financial statements.

In a year that has seen uncertain trading conditions the financial results of the Group have held up well. Total revenue for the year was £391.8m (2008: £451.9m) producing an earnings before taxation, interest, depreciation, goodwill amortisation and exceptional items (EBITDA) of £27.2m (2008: £27.2m) and an operating profit before exceptional items of £16.3m (2008: £17.2m), 4.2% (2008: 3.8%) of revenue. A large proportion of turnover varies with both the oil price and the vessel market and movements up or down often has little effect on actual activity levels or profitability but can distort the margin percentage. 2009 saw a significant drop in the average fuel price over 2008.

Included in operating profit is £5.3m (2008: £5.2m) of goodwill amortisation costs relating to the write down of intangible assets arising on acquisitions. Also included in operating profit is an exceptional item of £3.2m relating to the settlement of costs of a fire in our Houston facility in 2008 (note 4).

Net interest costs of the Group were £11.5m (2008: £14.0m) and relates to interest both paid and payable on the term debt, mezzanine debt, shareholder loans and any outstanding bank balances. The reason for the reduction in the interest charge was the lower interest rates throughout 2009.

The taxation charge for the year is £2.4m (2008: £1.6m) against a profit on ordinary activities before taxation of £1.6m (2008: £3.2m). The effective tax rate of 143% (2008: 49%) appears high because goodwill amortisation and certain elements of the interest charge are not allowable for taxation relief and are added back to profit before calculating the taxation charge.

The minority interest charge of £0.1m (2008: £0.4m) equates to the share of profit after taxation belonging to the 10%, 5% and 20% minority shareholders in ASCO Trinidad, ASCO Marine and ASCO Freight Management PTE respectively. During the year the minority interest in ASCO Marine Limited was reduced from 25% to 5%.

Cash Flow

The group cash flow statement is shown on page 16 of these financial statements.

Cash flow generated from operating activities was strong at £27.1m (2008: £22.7m) with working capital decreasing marginally on lower turnover levels.

Net interest paid amounted to £7.4m (2008: £9.3m) and the difference between that and the profit and loss account charge of £11.5m (2008: £14.0m) relates to elements of our loans where the interest charge is rolled up into the debt rather than paid.

The group invested £6.9m (2008: £8.1m) in capital expenditure, with the major projects being the purchase of three cranes in Aberdeen, improving the infrastructure in Norway and continued investment in plant and equipment for Enviroco. The remainder was spent on improving our properties and replacing plant and equipment when appropriate.

ASCO GROUP LIMITED

FINANCIAL REVIEW (CONTINUED)

Cash Flow (Continued)

Cash spent on the purchase of subsidiary undertakings of £4.3m (2008: £13.5m) relates to the acquisition of Seletar Shipping Limited, HFS Liquid Waste and the repurchase of 20% of ASCO Marine Limited. Fees associated with these transactions amounted to £236,000. The acquisitions were funded through an additional capital expenditure facility of £3m and cash. During the year the Group also invested £0.5m (2008: £nil) in joint ventures in Holland, Norway and Scrabster in the north of Scotland.

In the year ended 31 December 2009 cash increased by £4.0m (2008: £3.1m). Net borrowings decreased by £0.2m (2008: increased £17.6m). The debt position at 31 December 2009 is shown in notes 27 and 28.

Financial Risk Management Objectives and Policies

The group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

The group's principal financial assets are bank balances and cash, trade and other receivables and investments. The group's credit risk is primarily attributable to its trade receivables. The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss making event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparty is a bank with high credit ratings assigned by international credit rating agencies. The group has no significant concentration of credit risk, with exposure spread over a number of customers.

The group's cash flow risk is managed by a mix of short term borrowings and group funding.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company is party to group funding arrangements and uses a mixture of long-term and short-term finance.

IM Ross

Finance Director
27 April 2010

ASCO GROUP LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2009

The directors present their annual report and the audited financial statements of the group for the year ended 31 December 2009.

Principal activity

ASCO is a leading provider of supply chain management services to the international oil and gas sector and other related industries encompassing logistics, fuels and lubricants, marine management, freight forwarding and environmental and waste management services. It operates primarily in the UK and Norwegian sectors of the North Sea, the Gulf of Mexico, Trinidad, Canada, Azerbaijan and Singapore. The principal activity of the company is that of a holding company.

Results and dividends

The loss for the year after interest, taxation and minority interest was £869,000 (2008: profit £1,251,000). During the year dividends of £nil (2008: £nil) were paid and the loss of £869,000 (2008: £1,251,000) will be deducted from / transferred to the profit and loss account reserve.

Business overview 2009

A detailed review of the business and future developments is given in the Chairman's Statement, Chief Executive's Review and Financial Review on pages 2 to 6.

Going concern

The group has adequate resources together with the cash inflows generated from its existing activities as set out in note 26 to the financial statements. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. Having made the appropriate enquiries, including a review of cash flow projections and key sensitivities, the directors consider the business is a going concern. Adequate resources exist for the group to continue in operational existence for the foreseeable future. ASCO Group Limited has also agreed to provide or procure sufficient funds as necessary to allow the company to continue its operations for at least twelve months from the date of signing these financial statements. For these reasons we continue to adopt the going concern basis in preparing the group and company financial statements.

Risks and uncertainties

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and Chief Executive's Review on pages 2 to 5. The financial position of the group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 5 to 6. In addition, page 6 includes the group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

ASCO GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2009

Like most businesses, the group operates in markets which can fluctuate, and faces strong competitive pressures. In all of our geographic markets we are dependant on the levels of drilling and production activity undertaken by the oil and gas companies. We cannot influence the level of activity in any one market. However, by building a portfolio of activities in a range of geographic markets, we can reduce the impact of a downturn in any one market or loss of any one major contract. This is a key driver of our strategy to develop our overseas activities and create a more balanced business.

Client investment and activity levels are, of course, influenced to some extent by the oil price (as well as other factors like the need to replace depleted reserves and rig availability). During the first quarter of 2009 the oil price was relatively low at around \$40 per barrel and this undoubtedly had an adverse effect on activity levels and capital and operating spending plans. Since then the oil price has stabilised at between \$70 and \$80 per barrel but any increases in activity levels or spending have yet to be seen.

Overall, this has not seriously impacted reported results, but in order to offset competitive pressures we are focused on adding value to the services we deliver to our clients and to building strong, enduring, long-term client relationships. We are in negotiations with our business partners, both customers and suppliers, to collectively mitigate the impact of the current economic situation.

KPIs

The group's activities are managed by teams of dedicated people whose performance is monitored by a series of key performance indicators (KPIs). At board level these are based on profitability and cash, debt and liquidity management.

Operationally, the number one priority is the safety of all our people and anyone who may be affected by our work activities. KPIs have been implemented such that all staff are aware of the emphasis the group places on safety.

Each operational business unit generates annual budgets and monthly management accounts which are consolidated on a group wide basis and contain key performance requirements for turnover, margin, cash flow, capital expenditure, tonnages handled and asset utilisation.

Environmental policy

The Group recognises the importance of its environmental responsibilities. The directors are aware of the need to comply with environmental regulations and are subject to regular visits by the Environmental Agencies in the regions in which it operates.

Post balance sheet events

There have been no significant events since the balance sheet date.

Fixed assets

The market value of land and buildings on an existing use basis is not significantly different from the value stated in the financial statements.

ASCO GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2009

Creditor payment policy

The policy of the group is to pay its suppliers in accordance with the terms of trade which are agreed at the time of order. At the year end, the amount owed to trade creditors by the group was equivalent to 46 (2008: 43) days of purchases from suppliers. The company has no trade creditors.

Employees

Details concerning employees are shown in note 6. Good relations with employees are regarded as paramount, and communication is maintained through regular visits by management to all departments. The Health and Safety of all employees is constantly reviewed.

Disabled employees are employed where possible and people with disabilities have full and fair consideration for all suitable vacancies. Training is available as necessary and should an employee become disabled when working for the company efforts are made to continue their employment and retraining is provided if required.

Most employees are members of company pension schemes.

Charitable and political contributions

No political contributions were made. Donations for charitable purposes amounted to £26,481 (2008: £38,723).

Directors

The present membership of the Board is set out on page 1. There have been no changes in membership during the year.


Statement of disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the auditors are unaware. Each director has taken the appropriate steps as a director to make themselves aware of such information and to establish that the auditors are aware of it.

Auditors

The reappointment of PricewaterhouseCoopers LLP as auditors of the group will be proposed at the forthcoming AGM.

Approved by the Board and signed on its behalf by:


WS Kennedy
Secretary
27 April 2010

ASCO GROUP LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the group and company and of the profit or loss for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ASCO GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASCO GROUP LIMITED

We have audited the group and parent company financial statements of ASCO Group Limited for the year ended 31 December 2009 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses, the Group and Parent Company Reconciliation of Movements in Shareholders' Funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement (set out on page 10), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and the parent company's affairs as at 31 December 2009 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you, if in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Kevin Reynard (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
27 April 2010

ASCO GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2009

	Note	2009			2008		
		Existing	Acquisitions	Continuing	Existing	Acquisitions	Continuing
		£'000	£'000	operations	£'000	£'000	operations
				£'000			£'000
TURNOVER							
Group and share of joint ventures		379,321	12,512	391,833	437,021	14,831	451,852
Less share of joint venture turnover		-	(949)	(949)	-	-	-
	2	<u>379,321</u>	<u>11,563</u>	<u>390,884</u>	<u>437,021</u>	<u>14,831</u>	<u>451,852</u>
Cost of sales		(339,855)	(9,009)	(348,864)	(398,649)	(9,302)	(407,951)
GROSS PROFIT		<u>39,466</u>	<u>2,554</u>	<u>42,020</u>	<u>38,372</u>	<u>5,529</u>	<u>43,901</u>
Administrative expenses		(23,603)	(2,233)	(25,836)	(23,852)	(2,810)	(26,662)
Exceptional costs	4	(3,185)	-	(3,185)	-	-	-
GROUP OPERATING PROFIT	5	<u>12,678</u>	<u>321</u>	<u>12,999</u>	<u>14,520</u>	<u>2,719</u>	<u>17,239</u>
Share of profit from joint ventures		-	140	140	-	-	-
TOTAL OPERATING PROFIT		<u>12,678</u>	<u>461</u>	<u>13,139</u>	<u>14,520</u>	<u>2,719</u>	<u>17,239</u>
Interest payable and similar charges	8			(11,541)			(14,221)
Interest receivable	9			59			238
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				<u>1,657</u>			<u>3,256</u>
Taxation	10			(2,378)			(1,623)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION				<u>(721)</u>			<u>1,633</u>
EQUITY MINORITY INTEREST	14			<u>(148)</u>			<u>(382)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	24			<u>(869)</u>			<u>1,251</u>
				=====			=====
Retained in:							
Holding company				(19)			(19)
Subsidiary undertakings				(850)			1,270
				<u>(869)</u>			<u>1,251</u>
				=====			=====

A statement of movement on reserves is given in note 24.

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

ASCO GROUP LIMITED
CONSOLIDATED BALANCE SHEET

At 31 December 2009

	Note	2009 £'000	2008 £'000
FIXED ASSETS			
Intangible assets	11	92,570	95,670
Tangible assets	12	60,076	57,307
Investments	13	-	-
Investments in joint ventures	15		
Share of gross assets		695	-
Share of gross liabilities		(315)	-
Goodwill		180	-
		-----	-----
		560	-
		-----	-----
		153,206	152,977
		-----	-----
CURRENT ASSETS			
Stock	16	4,391	2,568
Debtors	17	58,619	63,890
Cash at bank and in hand		16,561	13,233
		-----	-----
		79,571	79,691
		-----	-----
CREDITORS: Amounts falling due within one year	18	(65,804)	(65,920)
		-----	-----
NET CURRENT ASSETS		13,767	13,771
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		166,973	166,748
		-----	-----
CREDITORS: Amounts falling due outwith one year	19	(149,354)	(148,597)
		-----	-----
PROVISIONS FOR LIABILITIES AND CHARGES	21	(4,422)	(4,251)
		-----	-----
NET ASSETS		13,197	13,900
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	22	100	100
Share premium account	23	9,900	9,900
Profit and loss account	24	2,760	3,219
		-----	-----
TOTAL SHAREHOLDERS' FUNDS	25	12,760	13,219
		-----	-----
MINORITY INTERESTS	14	437	681
		-----	-----
CAPITAL EMPLOYED		13,197	13,900
		=====	=====

The financial statements on pages 12 to 41 were approved by the board of directors on 27 April 2010 and signed on its behalf by:



 WM Allan
 Director



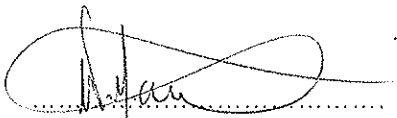
 IM Ross
 Director


ASCO GROUP LIMITED
COMPANY BALANCE SHEET

At 31 December 2009

	Note	2009 £'000	2008 £'000
FIXED ASSETS			
Investments	13	10,000	10,000
CURRENT ASSETS			
Debtors	17	14	8
Cash at bank and in hand		29	6
		-----	-----
		43	14
CREDITORS: Amounts falling due within one year	18	(93)	(45)
		-----	-----
NET CURRENT LIABILITIES		(50)	(31)
		-----	-----
NET ASSETS		9,950	9,969
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	22	100	100
Share premium account	23	9,900	9,900
Profit and loss account – deficit	24	(50)	(31)
		-----	-----
TOTAL SHAREHOLDERS' FUNDS	25	9,950	9,969
		=====	=====

The financial statements on pages 12 to 41 were approved by the board of directors on 27 April 2010 and signed on its behalf by:


 WM Allan
 Director


 IM Ross
 Director

ASCO GROUP LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2009

	2009	2008
	£'000	£'000
(Loss)/profit for the financial year	(869)	1,251
Exchange rate variances	410	730
TOTAL RECOGNISED GAINS AND LOSSES	(459)	1,981

ASCO GROUP LIMITED

CONSOLIDATED CASHFLOW STATEMENT

For the year ended 31 December 2009

	Note	2009 £'000	2008 £'000	2008 £'000
Net cash inflow from operating activities	26		27,069	22,663
 RETURN ON INVESTMENTS AND SERVICING OF FINANCE				
Interest paid		(7,211)		(9,442)
Finance lease interest paid		(257)		(103)
Interest received		59		238
			(7,409)	(9,307)
 TAXATION				
Corporation tax paid			(2,871)	(2,056)
 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
Proceeds from sale of fixed assets		107		220
Purchase of fixed assets	12	(6,956)		(8,113)
			(6,849)	(7,893)
 ACQUISITIONS				
Cash acquired with subsidiary undertakings		-		220
Debt acquired with subsidiary undertakings		-		(341)
				(121)
Purchase of subsidiary undertakings		(4,345)		(13,479)
Investment in joint ventures	15	(454)		-
			(4,799)	(13,600)
 CASH OUTFLOW BEFORE FINANCING				
			5,141	(10,193)
 FINANCING				
Inception of new bank loans		3,000		11,134
Repayment of capital element of bank loans		(5,529)		(2,220)
Inception of new mezzanine loans		-		3,250
Issue costs on debt		(49)		(580)
Inception of new shareholder loans		50		11
Repayment of shareholder loans		(18)		-
Inception of new finance leases		3,073		2,772
Repayment of capital element of finance leases		(1,691)		(1,069)
			(1,164)	13,298
 INCREASE IN CASH IN YEAR	28		3,977	3,105

ASCO GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the going concern basis, in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. The particular policies adopted, and applied consistently, are described below.

Consolidation

The consolidated financial statements include the results of the company and all of its subsidiary and associate undertakings. The results of those subsidiary undertakings based in foreign countries are translated at the average exchange rate for the year and their balance sheets are translated at the year end exchange rate. Any differences arising from the application of these rates or on opening net assets are accounted for through reserves. All intra group transactions and balances are eliminated on consolidation.

In accordance with Section 408 of the Companies Act 2006, a separate profit and loss account for ASCO Group Limited is not presented.

Acquisition accounting

Business combinations are accounted for by acquisition accounting. The identifiable assets and liabilities of the companies acquired are included in the group's consolidated balance sheet at their fair value at the date of acquisition. The results and cash flows of the acquired companies are brought into the group financial statements only from the date of acquisition. The difference between the fair value of the net identifiable assets acquired and the fair value of the purchase consideration is treated as either positive or negative goodwill and is amortised on a straight-line basis, over its useful economic life.

Joint ventures

Entities that the Group controls jointly with one or more other parties are defined as joint ventures. The Group's share of profits less losses of joint ventures is included in the consolidated profit and loss account. The group's interest in such undertakings are included in the Group's consolidated balance sheet under the equity method of accounting, being the total of its share of net assets (other than goodwill) and goodwill (or negative goodwill) arising on the acquisition of the relevant interests. These amounts are taken from the latest audited financial statements or management accounts of the entities concerned, all of which have the same accounting reference date. Goodwill is amortised on a straight-line basis over 10 years which is deemed to be the useful economic life of the joint ventures to the group.

Intangible assets

Goodwill arising on the acquisition of subsidiary undertakings is capitalised and amortised on a straight line basis over its useful economic life of no more than 20 years, the period over which, in the opinion of the directors, the company will derive direct economic benefit from the goodwill acquired as part of that business. The group tests goodwill for impairment if there are indications that goodwill might be impaired and provision would be made for any impairment identified in this review.

ASCO GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

1 ACCOUNTING POLICIES (CONTINUED)

Fixed assets and depreciation

The cost of fixed assets is their purchase cost together with any directly related costs of acquisition. Tangible fixed assets are stated at cost less aggregate depreciation.

Depreciation is provided on all tangible fixed assets, other than freehold land, at annual rates calculated to write off the cost on a straight line basis over the expected useful economic lives of the assets. The rates of depreciation are as follows:

Heritable property	50 years
Leasehold property	Over the period of the lease
Plant and office equipment	2-50 years

Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Leases and hire purchase agreements

Assets held under finance leases and hire purchase agreements are capitalised at their fair values on the inception of the leases and hire purchase agreements and depreciated over the shorter of lease term and their estimated useful lives. Finance charges are allocated over the periods of the leases and hire purchase agreements in proportion to the capital amounts outstanding.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the length of the lease. Income in respect of operating leases is credited on a straight line basis over the length of the lease.

Taxation

Tax expense for the year comprises current tax and deferred tax.

Current tax is based on assessable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes or includes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that are enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

ASCO GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

1 ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a discounted basis to reflect the time value of money over the period between the balance sheet date and the dates on which it is estimated that the underlying timing differences will reverse. The discount rates used reflect the post-tax yields to maturity that can be obtained on government bonds with similar maturity dates and currencies to those of the deferred tax assets or liabilities.

Provisions

Provisions are recognised when the group has a present obligation as a result of a past event, and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.

Borrowings

Fixed rate bank borrowings are initially stated at the amount of the consideration received after deduction of issue costs. Issue costs together with finance costs are charged to the profit and loss account over the terms of borrowings and represent a constant proportion of the balance of capital repayments outstanding.

Foreign currencies

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rate ruling at the dates of the transaction: monetary assets and liabilities at the balance sheet date are translated at year end rates of exchange. All exchange differences arising are reported as part of the results for the year.

Pensions

The company operates a defined contribution scheme. The pension cost charge represents contributions payable by the group during the accounting period.

Revenue recognition

Revenue derived from the supply of logistics services is recognised upon provision of the services. Revenue is recognised on the basis of services provided to date and revenue is deferred in circumstances where it has not yet been earned. Costs incurred on providing the services in terms of these contracts are recognised in the period in which they are incurred. Revenue derived from the supply of fuels and lubricants is recognised upon despatch when the risks and rewards of ownership pass to the customer.

ASCO GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

2 TURNOVER

Turnover is derived from the group's principal activity of supply chain management services and is stated net of value added tax.

Analysis of turnover by geographical markets comprises:

	2009	2008
	£'000	£'000
United Kingdom	299,874	353,055
Overseas	91,959	98,797
	-----	-----
	391,833	451,852
Joint ventures	(949)	-
	-----	-----
	390,884	451,852
	=====	=====

3 SEGMENTAL REPORTING

The group's principal activity consists of the provision of supply chain management services to the international oil and gas sector and other related industries encompassing logistics, fuels and lubricants, freight forwarding and environmental and waste management services. This activity is treated as one business segment.

4 EXCEPTIONAL COSTS

The exceptional costs of £3,185,000 relate to the settlement of claims and professional fees relating to a major fire on 25 October 2008 in a warehouse at the group's Houston, Texas based freight management business. Last year's financial statements reported a contingent liability in respect of claims against ASCO for the significant damage that was caused to customers' goods stored in the warehouse. Although the Group have not admitted liability, during the year, the Board made a decision to come to a mediated settlement with all parties involved to avoid a protracted and expensive legal process. In October 2009, agreement was reached with all parties and the Group agreed to pay £2,600,000 in full settlement of all outstanding claims, over and above those amounts covered by the Group's insurance. A further £585,000 was paid to professional advisers, including those Lawyers and Forensic experts who had been consulted in respect of the claim.

ASCO GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

5 OPERATING PROFIT

	2009	2008
	£'000	£'000
Operating profit is stated after charging/(crediting):		
Depreciation:		
Owned assets	3,809	3,871
Assets held under hire purchase contracts	1,768	887
Amortisation of goodwill	5,295	5,245
Operating lease rentals:		
Land and buildings	8,032	6,553
Plant and machinery	51,623	73,045
Equipment	1,623	1,351
(Gain)/loss on disposal of fixed assets	(56)	32
	=====	=====

Services provided by the group's auditor

During the year the group obtained the following services from its auditor at costs shown below:

	2009	2008
	£'000	£'000
Audit services		
- UK audit	117	117
- Overseas audit	98	92
Tax services	50	81
Other services	28	154
	-----	-----
	293	444
	=====	=====

ASCO GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

6 STAFF COSTS

	2009 £'000	2008 £'000
Wages and salaries	46,025	41,698
Social security costs	4,795	4,363
Pension costs	1,065	852
	-----	-----
	51,885	46,913
	=====	=====

The average weekly number of persons employed by the group, including directors, during the year was as follows:

	2009 Number	2008 Number
Administration	393	352
Operations	1,151	1,142
	-----	-----
	1,544	1,494
	=====	=====

The average weekly number of persons employed by the company, including directors, during the year was nil (2008: nil).

7 DIRECTORS' EMOLUMENTS

	2009 £'000	2008 £'000
Executive directors' remuneration	693	841
Non-executive directors' costs	177	164
Pension scheme contributions	61	59
	-----	-----
	931	1,064
	=====	=====

The emoluments receivable by the highest paid director in the year were £217,000 (2008: £282,000) and £19,000 (2008: £19,000) company pension contributions were made on his behalf.

	2009 Number	2008 Number
Retirement benefits are accruing to the following number of directors under:		
Defined contribution scheme	4	4
	----	----

ASCO GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

8 INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £'000	2008 £'000
Overdraft interest	220	276
Bank term loan interest	6,474	6,831
Interest payable on finance leases	257	103
Other loan interest	4,170	6,605
Amortisation of debt issue costs	420	406
	11,541	14,221

9 INTEREST RECEIVABLE

	2009 £'000	2008 £'000
Bank interest	59	238
	59	238

10 TAXATION

	2009 £'000	2008 £'000
Corporation tax		
United Kingdom		
Corporation tax at 28% (2008: 28.5%)	1,799	1,170
Adjustment in respect of prior year	(740)	(1,505)
Double taxation relief	(684)	(75)
Overseas		
Corporate tax	1,843	1,848
	2,218	1,438
Deferred tax		
Origination and reversal of timing differences	87	412
Decrease in discount	(195)	(227)
Adjustment in respect of prior year	268	-
	2,378	1,623

ASCO GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

10 TAXATION (CONTINUED)

Factors affecting the tax charge for the current year

The standard rate of corporation tax in the UK changed from 30% to 28% with effect from 1st April 2008. The company's profits are now taxed at 28%.

The current tax charge for the year is lower (*2008: higher*) than that obtained by applying the standard rate of corporation tax in the UK of 28% (*2008: 28.5%*) to the profit on ordinary activities before tax. The difference is explained below:

	2009	2008
	£'000	£'000
Factors affecting tax charge for year		
Profit on ordinary activities for year before tax	1,657	3,256
	=====	=====
UK corporation tax at standard rate 28% (<i>2008: 28.5%</i>)	464	928
Effects of:		
Expenses not deductible for tax purposes	626	569
Accelerated capital allowances and other timing differences	(369)	32
Adjustments in respect of prior years	(740)	(1,505)
Goodwill amortisation	1,392	1,414
Other	845	-
	-----	-----
	2,218	1,438
	=====	=====

ASCO GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

11 INTANGIBLE ASSETS

	Group £'000	Company £'000
Goodwill		
Cost		
At 31 December 2008	106,414	-
Additions	3,863	-
Write back of deferred consideration provision	(1,797)	-
Exchange rate variances	163	-
	-----	-----
At 31 December 2009	108,643	-
	-----	-----
 Accumulated amortisation		
At 31 December 2008	10,744	-
Amortisation for year	5,295	-
Exchange rate variances	34	-
	-----	-----
At 31 December 2009	16,073	-
	-----	-----
 Net book value		
At 31 December 2009	92,570	-
	=====	=====
At 31 December 2008	95,670	-
	=====	=====

ASCO GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

12 TANGIBLE FIXED ASSETS

	Land and buildings £'000	Plant and equipment £'000	Total £'000
Group			
Cost or valuation			
At 31 December 2008	42,061	23,137	65,198
On acquisition	-	1,632	1,632
Additions	928	6,028	6,956
Disposals	(2)	(760)	(762)
Reclassification	(121)	121	-
Exchange rate variances	(646)	40	(606)
At 31 December 2009	42,220	30,198	72,418
Depreciation			
At 31 December 2008	2,404	5,487	7,891
Charge for the year	1,587	3,990	5,577
Disposals	-	(711)	(711)
Reclassification	74	(74)	-
Exchange rate variances	(320)	(95)	(415)
At 31 December 2009	3,745	8,597	12,342
Net book value			
At 31 December 2009	38,475	21,601	60,076
At 31 December 2008	39,657	17,650	57,307
		2009	2008
		£'000	£'000
Land and buildings NBV:			
Heritable		27,081	27,558
Long leasehold		6,993	7,802
Short leasehold		3,049	2,982
Freehold		1,352	1,315
		38,475	39,657

ASCO GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

12 TANGIBLE FIXED ASSETS (CONTINUED)

Analysis of land and buildings at cost or valuation:

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
At cost	42,220	42,061	-	-

Assets held under hire purchase contracts and capitalised in plant and equipment:

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Depreciation charge	1,768	887	-	-
Net book value	7,234	4,812	-	-

ASCO GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

13 INVESTMENTS HELD AS FIXED ASSETS

	Group £'000	Company £'000
Subsidiaries, at cost		
At 31 December 2008 and 31 December 2009	-	10,000
	=====	=====

The principal subsidiary undertakings at 31 December 2009, all of which operate mainly in their country of origin, were:

	Class of Shares	% owned	Country of Registration	Nature of Business
* ASCO Acquisitions Limited	Ordinary £1	100%	England	Company Holding
ASCO Funding Limited	Ordinary £1	100%	England	Company Holding
* ASCO Holdings Limited	Ordinary £1	100%	Scotland	Company Holding
* ASCO UK Limited	Ordinary £1	100%	Scotland	Oil services
* ASCO Norge AS	Ordinary NOK1	100%	Norway	Oil services
* Oilbase Management Limited	Ordinary £1	100%	Scotland	Oil services
* ASCO Freight Management Limited	Ordinary £1	100%	Scotland	Freight management
* ASCO Properties Limited	Ordinary £1	100%	Scotland	Property Company
* Enviroco Limited	Ordinary £1	100%	Scotland	Waste management
* ASCO Marine Limited	Ordinary £1	95%	Scotland	Marine services
* ASCO Trinidad Limited	Ordinary \$1	90%	Trinidad	Oil services
* AFM US LLC	Ordinary \$1	100%	United States of America	Freight management
* ASCO Canada	Ordinary C\$1	100%	Canada	Oil services
* MOKO Oilfield Services	Ordinary C\$1	100%	Canada	Oil services
* CSM Caspian Holdings SA	Ordinary \$1	100%	Panama	Oil services
* Seletar Shipping Limited	Ordinary £1	100%	Scotland	Marine services
* ASCO Freight Management PTE	Ordinary S\$1	80%	Singapore	Freight management

* An asterisk indicates that the share capital is held by an intermediate holding company.

All subsidiary undertakings are included in the consolidation.

ASCO GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

14 MINORITY INTEREST

Minority interest in the profit and loss account of £148,000 (2008: £382,000) represents the share of subsidiary undertakings' results for the year which does not belong to the group.

The balance sheet figure at 31 December 2009 of £437,000 (2008: £681,000) represents the percentage of the subsidiary undertakings' net assets at that date, which do not belong to the group.

	Group 2009 £'000
At 1 January 2009	681
Purchase of additional shares in subsidiary	(400)
Profit and loss account	148
Exchange differences	8
At 31 December 2009	437
	=====

15 JOINT VENTURES

	£'000	Group 2009 £'000
At 1 January 2009		-
Additions – investment cost		454
<u>Share of current year results:</u>		
Share of operating profit	140	
Share of interest	(12)	
Share of taxation	(28)	
		100
Exchange differences		6
At 31 December 2009		560
		=====

The principal joint ventures at 31 December 2009, all of which operate mainly in their country of origin, were:

	Class of Shares	% owned	Country of Registration	Nature of Business
Scrabster Port Services Limited	Ordinary £1	50%	Scotland	Oil services
ASCO Holland Limited	Ordinary £1	50%	Holland	Oil services
Kristiansund Base AS	Ordinary NOK1	50%	Norway	Oil services

ASCO GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

16 STOCK

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Raw materials and consumables	1,236	1,655	-	-
Finished goods	3,155	913	-	-
	<u>4,391</u>	<u>2,568</u>	<u>-</u>	<u>-</u>

17 DEBTORS

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Trade debtors	42,249	42,873	-	-
Prepayments and accrued income	12,222	16,927	-	-
Other debtors	3,993	4,048	14	8
Corporation tax	104	-	-	-
Deferred tax asset	51	42	-	-
	<u>58,619</u>	<u>63,890</u>	<u>14</u>	<u>8</u>

ASCO GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

18 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Group	Company	Company
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Bank loans (secured)	6,941	4,511	-	-
HP/Finance lease liabilities (secured)	1,448	1,143	-	-
	-----	-----	-----	-----
Total borrowings < 1 year	8,389	5,654	-	-
Issue costs on debt	(420)	(420)	-	-
	-----	-----	-----	-----
	7,969	5,234	-	-
Trade creditors	31,213	25,055	-	-
Amounts due to group undertakings	-	-	93	45
Corporation tax	798	1,334	-	-
Other taxation and social security	2,318	1,871	-	-
Accruals and deferred income	19,216	27,439	-	-
Other creditors	3,809	4,987	-	-
Deferred consideration	481	-	-	-
	-----	-----	-----	-----
	65,804	65,920	93	45
	=====	=====	=====	=====

The bank overdraft and bank loan are secured by a bond and floating charge over the assets of the group and standard securities over certain properties of the group.

The hire purchase and finance lease obligations are secured over the assets concerned.

Cross guarantees also exist with other group companies. The contingent liability of the group under these arrangements at 31 December 2009 amounted to £112,393,000 (2008: £109,433,000).

ASCO GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

19 CREDITORS: AMOUNTS FALLING DUE OUTWITH ONE YEAR

	Group	Group	Company	Company
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Bank loans (secured)	87,156	93,079	-	-
HP/Finance lease liabilities (secured)	4,897	3,191	-	-
Mezzanine loan (secured)	19,653	18,519	-	-
Shareholder loans (unsecured)	39,478	36,009	-	-
	-----	-----	-----	-----
Total borrowings > 1 year (note 20)	151,184	150,798	-	-
Issue costs on debt	(1,830)	(2,201)	-	-
	-----	-----	-----	-----
	149,354	148,597	-	-
	=====	=====	=====	=====

The mezzanine loan is secured by a bond and floating charge over the assets of the company and standard securities over certain properties of the company.

Interest Rate Swap

An interest swap was entered into in July 2009 against £50,000,000 of the group's bank loans, replacing the previous swap and ending in December 2011. Interest on £50,000,000 of the bank loans is fixed at 2.38%. In order to exit the previous swap, £1,070,000 was paid by the group which is being amortised over the remaining period of the swap term.

A further interest swap was entered into in July 2009 against \$13,800,000 of the group's bank loans, also ending in December 2011. Interest on \$13,800,000 of the bank loans is fixed at 1.98%.

The fair value of the swaps as at 31 December 2009 would result in a loss of £793,000 (2008: £1,171,000 loss). No gain or loss has been recognised in respect of a fair value adjustment.

The interest differential amounts due to/from the bank on interest rate swaps are accrued until the settlement date and are recognised as an adjustment to interest expense in the profit and loss account.

ASCO GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

20 BORROWINGS

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Repayable in one to two years:				
Bank loans	7,253	6,429	-	-
Finance lease liabilities	1,139	843	-	-
	-----	-----	-----	-----
	8,392	7,272	-	-
	-----	-----	-----	-----
Repayable in two to five years:				
Bank loans	47,655	20,733	-	-
Finance lease liabilities	2,151	660	-	-
Shareholder loans	13,141	-	-	-
	-----	-----	-----	-----
	62,947	21,393	-	-
	-----	-----	-----	-----
Repayable after more than five years:				
Bank loans	32,248	65,917	-	-
Finance lease liabilities	1,607	1,688	-	-
Mezzanine loans	19,653	18,519	-	-
Shareholder loans	26,337	36,009	-	-
	-----	-----	-----	-----
	79,845	122,133	-	-
	-----	-----	-----	-----
	151,184	150,798	-	-
	=====	=====	=====	=====

The bank term loans are fully repayable by 31 December 2015 and bear interest at LIBOR plus a range varying between 2% and 3.25%.

The mezzanine loan is fully repayable by 30 September 2016 and bears interest at 15.125%, 9% paid and 6.125% accrued annually.

Shareholder loans (Note 35) are due for repayment by 31 December 2016. The loans bear interest at 10% which is accrued on an annual basis and added to the loan outstanding.

Included in loans repayable after more than five years is a loan of £134,000 (2008: £222,000) which is payable by instalments.

ASCO GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

21 PROVISIONS FOR LIABILITIES AND CHARGES

Summary	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Deferred tax	1,875	1,704	-	-
Other provisions	2,547	2,547	-	-
	<u>4,422</u>	<u>4,251</u>	<u>-</u>	<u>-</u>
Deferred tax				
Accelerated capital allowances	2,893	2,615	-	-
Other timing differences	(60)	(148)	-	-
	<u>2,833</u>	<u>2,467</u>	<u>-</u>	<u>-</u>
Undiscounted provision for deferred tax				
Discount	(958)	(763)	-	-
	<u>1,875</u>	<u>1,704</u>	<u>-</u>	<u>-</u>
Discounted provision for deferred tax				
The movement on the provision for deferred tax is as follows:				
At 31 December 2008	1,704	1,510	-	-
On acquisition	27	30	-	-
Transferred to profit and loss account	160	185	-	-
Exchange difference	(16)	(21)	-	-
	<u>1,875</u>	<u>1,704</u>	<u>-</u>	<u>-</u>
At 31 December 2009	1,875	1,704	-	-

The deferred tax liability is based on a corporation tax rate of 28%.

Unrecognised deferred tax liability/ (asset)	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Accelerated capital allowances	36	(19)	-	-
Losses	(255)	(235)	-	-
Short term timing differences	(16)	(16)	-	-
Discount on timing differences	958	763	-	-
	<u>723</u>	<u>493</u>	<u>-</u>	<u>-</u>

ASCO GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

21 PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Property dilapidation provisions				
Movement in year				
At 31 December 2008	2,547	2,786	-	-
Transfer to profit and loss account	-	(239)	-	-
At 31 December 2009	2,547	2,547	-	-

An undiscounted provision of £2,547,000 (2008: £2,547,000) has been recorded in respect of the estimated cost for dilapidations on certain leased properties, which the group is obliged to remediate prior to returning.

22 CALLED UP SHARE CAPITAL

	Group and Company 2009 £'000	Group and Company 2008 £'000
Allotted, called up and fully paid		
1,500,000 'A' ordinary shares of 1p each	15	15
300,000 'B' ordinary shares of 1p each	3	3
200,000 'C' ordinary shares of 1p each	2	2
8,000,000 preference shares of 1p each	80	80
	100	100

The preference shares of 1p each do not confer the right to receive a dividend. The preference shares are redeemable at any time at the discretion of the Board or on the sale or listing of the group. In the event of the company winding up, the holders of preference shares will be entitled to payment prior to holders of other shares.

The holders of ordinary shares are entitled to one vote per share held. The other shareholders are only entitled to vote in exceptional circumstances as defined in the Articles of Association.

ASCO GROUP LIMITED

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23 SHARE PREMIUM ACCOUNT

	Group and Company 2009 £'000	Group and Company 2008 £'000
'A' ordinary shares	1,485	1,485
'B' ordinary shares	297	297
'C' ordinary shares	198	198
Preference shares	7,920	7,920
At 31 December 2009	9,900	9,900

24 PROFIT AND LOSS ACCOUNT

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
At 31 December 2008	3,219	1,238	(31)	(12)
(Loss)/profit for the financial year	(869)	1,251	(19)	(19)
Exchange rate variances	410	730	-	-
At 31 December 2009	2,760	3,219	(50)	(31)

25 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
(Loss)/profit for the financial year	(869)	1,251	(19)	(19)
Exchange rate variances	410	730	-	-
Net (decrease) / increase in shareholders' funds	(459)	1,981	(19)	(19)
Opening shareholders' funds at 1 January 2009	13,219	11,238	9,969	9,988
Closing shareholders' funds at 31 December 2009	12,760	13,219	9,950	9,969

ASCO GROUP LIMITED

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26 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2009 £'000	2008 £'000
Operating profit	13,139	17,239
Amortisation of goodwill	5,295	5,245
Depreciation	5,577	4,758
Gain on disposal of tangible fixed assets	(56)	(32)
Exchange movements	402	(177)
Increase in joint venture investments	(100)	-
(Increase)/decrease in stocks	(1,842)	200
Decrease/(increase) in debtors	9,006	(3,132)
(Decrease)/increase in creditors	(4,352)	(1,438)
Net cash inflow from operating activities	27,069	22,663

27 ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2009 £'000	Cash Flow £'000	New borrowings £'000	On acquisition £'000	Non cash changes £'000	At 31 December 2009 £'000
Cash at bank and in hand	13,233	3,977	-	-	(649)	16,561
		----- 3,977				
Debt due within one year	(4,511)	5,627	-	-	(8,057)	(6,941)
Debt due after more than one year	(147,607)	-	(3,050)	-	4,370	(146,287)
HP/Finance lease liabilities	(4,334)	1,691	(3,073)	(619)	(10)	(6,345)
	----- (143,219)	----- 11,295	----- (6,123)	----- (619)	----- (4,346)	----- (143,012)
	=====	=====	=====	=====	=====	=====

ASCO GROUP LIMITED

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28 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2009	2009	2008	2008
	£'000	£'000	£'000	£'000
Increase in cash in the year		3,977		3,105
Cashflow from decrease in debt		7,318		3,289
		-----		-----
Change in net debt resulting from cash flows		11,295		6,394
New finance leases	(3,073)		(2,772)	
New bank loans	(3,000)		(11,134)	
New mezzanine loans	-		(3,250)	
New shareholder loans	(50)		(11)	
		-----		-----
		(6,123)		(17,167)
Non cash interest	(4,651)		(4,676)	
Non cash exchange rate variances	305		(2,054)	
		-----		-----
		(4,346)		(6,730)
Finance leases and cash acquired with subsidiary undertakings		(619)		(121)
		-----		-----
		207		(17,624)
Net debt at 1 January 2009		(143,219)		(125,595)
		-----		-----
Net debt at 31 December 2009		(143,012)		(143,219)
		=====		=====

29 CAPITAL COMMITMENTS

	Group	Group	Company	Company
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Commitments authorised but not contracted for at year end	733	-	-	-
Commitments contracted for at year end	2,405	433	-	-
		-----		-----
	3,138	433	-	-
		-----		-----

ASCO GROUP LIMITED

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For the year ended 31 December 2009

30 OPERATING LEASE COMMITMENTS

At 31 December 2009 the company had no non-cancellable commitments under operating leases.

At 31 December 2009 the group had non-cancellable commitments under operating leases which will result in the following payments falling due in the next twelve months.

	Land and buildings 2009 £'000	Plant and machinery 2009 £'000	Vessels 2009 £'000	Total 2009 £'000	Land and buildings 2008 £'000	Plant and machinery 2008 £'000	Vessels 2008 £'000	Total 2008 £'000
Group								
On leases which expire:								
Within one year	573	296	-	869	71	445	12,762	13,278
Within two to five years	3,061	1,802	4,106	8,969	3,112	1,459	6,869	11,440
After five years	2,281	723	-	3,004	3,789	908	-	4,697
	-----	-----	-----	-----	-----	-----	-----	-----
	5,915	2,821	4,106	12,842	6,972	2,812	19,631	29,415
	-----	-----	-----	-----	-----	-----	-----	-----

31 GUARANTEES

The HSBC Bank plc holds standard securities in respect of certain properties in addition to a bond and floating charge over the group's assets, as security over the bank facility.

32 PENSION COMMITMENTS

The pension charge of £1,065,000 (2008: £852,000) shown in note 6 represents contributions paid/payable by the group to the defined contribution scheme. The amount outstanding at 31 December 2009 was £56,000 (2008: £56,000).

ASCO GROUP LIMITED

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For the year ended 31 December 2009

33 ACQUISITIONS

On 29 May 2009 the Group acquired 100% of the ordinary share capital of Seletar Shipping Limited, and on 30 April 2009 it acquired the business and assets of HFS Liquid Waste for a combined cash consideration of £4,124,000. The deferred consideration relates to HFS Liquid Waste and is payable based on the profits achieved in the first two years following acquisition. The £481,000 is arrived at by taking into account the current forecasts of profitability for the first two years. The maximum payable could be £750,000. These transactions have been accounted for as acquisitions and the fair values and goodwill arising are set out below:

	Book value £'000	Adjustments £'000	Fair value £'000
Fixed assets	1,629	-	1,629
Stock	8	-	8
Debtors	3,281	-	3,281
Creditors less than 1 year	(4,257)	(69)	(4,326)
Other creditors	(29)	-	(29)
	-----	-----	-----
Net assets	632	(69)	563
	=====	=====	=====
Share of assets acquired		£'000	£'000
Net assets acquired			563
Consideration in cash		3,407	
Acquisition costs		236	
Deferred consideration		481	
		-----	4,124
Goodwill arising on acquisitions			3,561

Adjustment to goodwill in respect of a current year minority interest acquisition			52
Adjustment to goodwill in respect of a prior year subsidiary acquisition			250
Total goodwill additions in the year			3,863
			=====

ASCO GROUP LIMITED

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33 ACQUISITIONS (CONTINUED)

Seletar Shipping Limited and HFS Liquid Waste had a combined cash outflow of £974,000 from operating activities in the period, paid £Nil in respect of corporation tax and utilised £4,000 on capital expenditure.

They made a pre tax profit of £1,258,000 in the year ended 31 December 2007 and £996,000 for the year ended 31 December 2008. For the period from the end of the last financial year to the date of acquisition, management accounts for these entities show:

	£'000
Turnover	5,185 =====
Operating profit	140
Profit before taxation	140
Taxation	-
Profit after taxation	140 =====

34 POST BALANCE SHEET EVENTS

There have been no significant events since the balance sheet date.

35 RELATED PARTY TRANSACTIONS

During the period, the group made the following payments to related parties:

		2009 £'000	2008 £'000	Balance at 31 December 2009 £'000	Balance at 31 December 2008 £'000
Phoenix Equity Partners Limited	Directors' fees	51	51	-	-
Senior Management	Shareholder loan interest	80	96	80	80
Europa Support Services Limited	Facilities management services	3,102	833	505	-
Callander Estates Limited	Property advice	31	93	-	5

Mr WM Allan is a director of Europa Support Services Limited and Callander Estates Limited.
Mr WA Loch is a director of Europa Support Services Limited.
Mr J Cooper is a director of Callander Estates Limited.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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35 RELATED PARTY TRANSACTIONS (CONTINUED)

During the year, the group received the following amounts from related parties:

		2009	2008	Balance at 31	Balance at 31
		£'000	£'000	December	December
				2009	2008
				£'000	£'000
Phoenix Equity	Shareholder	-	-	34,809	31,644
Nominees Limited	loan				
Indigo Capital IV	Shareholder	-	-	3,028	2,752
LLP	loan				
Senior	Shareholder	50	11	1,641	1,533
Management	loan				

The shareholder loans attract rolled up interest at 10% per annum. Shareholder loans outstanding at the period end are included within shareholder loans falling due after more than one year.

36 CONTINGENT LIABILITIES

A significant claim was lodged by a shipping company against a subsidiary company seeking compensation for alleged damage to a vessel in a previous year. The group has taken legal advice and considers that any exposure arising would be substantially covered by insurance. Accordingly, no provision has been made in the financial statements for this claim.

37 ULTIMATE CONTROL

ASCO Group Limited's majority shareholder is Phoenix Equity Nominees Limited. Phoenix Equity Nominees Limited is a nominee company that holds shares on behalf of the Limited Partners and Co-investors that constitute the Phoenix Equity Partners 2006 Fund, a private equity collective investment scheme managed by Phoenix Equity Partners Limited. The financial statements of Phoenix Equity Nominees Limited, which do not reflect the consolidation of the group, are available from the Company Secretary at 33 Glasshouse Street, London, W1B 5DG.