Bristow Aviation Holdings Limited

Directors' report and consolidated financial statements

Registered number 03234500

31 March 2006

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2006.

Principal activities

The principal activity of the group (also referred to as 'Bristow') is to provide helicopter services.

Our principal service continues to be that of providing customers with helicopters and crew to transport personnel and time-sensitive equipment from onshore bases to offshore drilling rigs, platforms and other installations, both in the United Kingdom (UK) and overseas. We have operations in many of the major offshore oil and gas producing regions of the world, including Australia, Brazil, China and Nigeria and Trinidad. In addition to our oil and gas helicopter services we also provide engineering and maintenance services and operate search and rescue helicopters for the Maritime Coastguard Agency (MCA).

Business review

General market outlook

Our core business continues to be that of servicing operators in the oil and gas industry. We are currently operating in a climate of high global demand for oil and gas resource fuelled by economic expansion. This demand is expected to continue for the foreseeable future sustaining strength in oil and natural gas prices, driving further increases in offshore exploration and development activities by our customers. As a result of the current commodity price environment we have experienced a high level of fleet utilisation in all our present markets and expect this to continue. In addition, as operators increasingly pursue prospects in deepwater and push further offshore, we expect demand for medium and large helicopters to be sustained.

We expect significant growth in demand in West Africa and Asia, including the Caspian Sea region and accordingly expect the importance of our Southeast Asia and Other International business units to continue to increase as the major oil and gas companies increasingly focus on prospects outside North America and the North Sea. This growth will provide us with opportunities to add new aircraft to our fleet, as well as opportunities to redeploy aircraft from weaker markets into markets that will sustain higher rates for our services. Currently, helicopter manufacturers are indicating very limited supply availability during the next three years. We expect this tightness in availability from the manufacturers and the lack of suitable aircraft in the secondary market, coupled with the increase in demand for helicopter support, will result in upward pressure on the rates we charge for our services.

While contracts in the North Sea are generally long term, we have experienced a trend of increased spot market contracting of helicopters as exploration activity has increased in the North Sea. Our Other International operations have experienced high customer demand for aircraft to support new and ongoing operations, and we expect this trend to continue. Due to the current high levels of fleet utilisation, we have experienced, along with other helicopter operators, some difficulty in meeting our customers' needs for short-notice exploration drilling support, particularly in remote locations.

Despite our expectations of growth in demand for helicopter support, our operations in Nigeria may be negatively affected as a result of our remedial actions taken in relation to the Internal Review, as discussed in more detail in note 25.

Whilst current demand for our services is high and the general market outlook expectation is that demand will remain high, the demand for our services, revenue and profitability remain substantially dependant on the global level of oil and gas exploration, development and production activity. This activity in turn is dependant on trends in, and expectations of oil and gas price movements. Historically these price movements have been volatile and are subject to factors beyond our control. Our business could be adversely effected by downward movement in oil and gas prices.

Directors' report *(continued)*

General Operations overview

Overall flight activity increased by 4.2% compared to last year, reflecting decreased operating activity in both the European and wider International geographical markets. Turnover increased by 17.4% and direct operating costs increased by 12.3% (before exceptional items of £8.1m in 2005, note 3). The increased turnover and resulting increase in margin was partly attributable to retroactive rate increases with certain customers in the North Sea and Russia.

The major element of the group's financing continues to be provided by unsecured subordinated loan stock.

European Operations

Bristow is the second largest provider of helicopter services in the North Sea, where there are harsh weather conditions and geographically concentrated offshore facilities. The facilities in the North Sea are large and require frequent crew change flight services. We deploy the majority of our large aircraft in this region. In addition to our oil and gas helicopter services we are the sole civil supplier of search and rescue facilities to the MCA, in the UK. We also have an ownership interest in and lease aircraft to an unconsolidated associate in Norway for use in its North Sea operations.

In the North Sea our operations in support of oil and gas production have over recent years declined reflecting a predicted general decline in North Sea activity and a more general global increase in the competitiveness within our market. However Bristow has been successful in gaining additional contracts which introduce some stability to our operations for the coming years.

In December 2005 we were informed that a contract extension had not been awarded in relation to a search and rescue services contract with MCA. This contract involved the use of seven S61 aircraft covering four helicopter MCA bases. The MCA has however extended our existing agreement to effect the handover of work. At the end of this agreement and transition period we expect that we will either be able to employ these aircraft for other customers or trade them in for new aircraft.

We are currently working with two consortium partners, Serco Plc and FB Heliservices Ltd (a joint venture undertaking), on a 'UK Search and Rescue Harmonisation' tender issued by the Ministry of Defence (MOD) and the MCA . The private finance initiative contract, set to commence in 2012, would see the successful bidder take over existing MCA and MOD operations at twelve UK locations, incorporating the four MCA bases which Bristow presently services.

International Operations

Bristow has operations in many of the major offshore oil and gas producing regions of the world, including Australia, China, Nigeria, Russia and Trinidad. Many of the countries in which we operate limit foreign ownership of aviation companies. To comply with these regulations and yet expand, we have formed and acquired interests in numerous foreign helicopter operations, most recently in Russia.

We have experienced growth in demand and increased flight activity in many areas, notably West Africa and Asia, including the Caspian Sea region, Southeast Asia and Russia. The activity has stemmed from increased drilling activity by customers, introduction of new aircraft, increased ad-hoc work and from the inception of new contracts. Russian activities had their first full year of operations since the July 2004 acquisition of our Russian operations.

It is anticipated that our International operations will continue to be a significant growth area going forward.

Directors' report *(continued)*

Joint venture operations

We own a 50% interest in the FBS Limited, FBH Limited and FB Leasing Limited, outlined in note 26. These entities principally provide pilot training, maintenance and support services to the MOD under an agreement that runs to 31 March 2012.

Joint venture earnings increased by 10.0% over the prior year as a result of increased activity and support services provided under contract. The results were further augmented by the release of deferred profit stemming from a sale of aircraft to the joint venture companies in November 2004, as outlined in note 13.

Associate operations

We own a 51% interest in Norsk Helikopter A.S. ('Norsk'), a Norwegian company that provides helicopter transportation services in the Norwegian sector of the North Sea. In 2006 Norsk completed the acquisition of Lufttransport A.S., a Norwegian company, and its sister company Lufttransport A.B., a Swedish company which collectively engage in providing air ambulance services in Scandinavia.

Associate earnings increased from £0.9m in 2005 to £2.3m in 2006 as a result of the acquisition and from the introduction into service of one new large aircraft in late 2006.

Results and dividends

The audited financial statements for the year ended 31 March 2006 are set out on pages 9 to 44. The group loss for the year after taxation and minority interest was £12,327,000 *(2005: £31,552,000 loss).*

The directors do not recommend the payment of a dividend *(2005: £nil).*

Fixed Assets

A policy of annual revaluation was adopted, effective 31 March 2005, in relation to aircraft within these financial statements under Financial Reporting Standard 15 'Tangible Fixed Assets' ('FRS 15'). The valuation of the aircraft was undertaken internally using a worldwide industry recognised index, HeliValue$, Inc – 'The Official Helicopter Blue Book'. The index enables a desktop valuation of the aircraft appropriate to the age, condition and specification to be undertaken. The aircraft was revalued using this index as at 31 March 2006. Of the fleet of 75 aircraft, a total of 65 were revalued using this index at 31 March 2006. Certain aircraft held outside of the UK, which were not listed in the 'Blue Book' were not revalued. Further information is given in note 12.

In addition, whilst considering the aircraft valuations, the company has assessed, and amended accordingly, the residual useful economic lives of the aircraft. This exercise has been undertaken to ensure that the depreciation charge in relation to the aircraft matches the cost of utilising the aircraft for operational purposes. The amended residual useful economic lives of the aircraft are considered consistent with those in 'The Official Helicopter Blue Book'.

Fleet renewal

We expect to incur additional capital expenditure over the next couple of years as a result in investing in additional new medium and large aircraft.

In January 2004 we entered into a purchase agreement with Eurocopter, to purchase two large aircraft. These aircraft were delivered and became operational this year. In the current year we entered into further agreements with Eurocopter to purchase four additional large aircraft and four medium size aircraft. Two large aircraft have been delivered in 2006/7 with a further two due for delivery in 2007/8. Of the four medium aircraft, two have been delivered in 2006/7, one further is due in 2006/7 and the fourth is due in 2007/8.

Directors' report *(continued)*

Pensions

Financial Reporting Standard 17, 'Retirement Benefits' ('FRS 17'), was fully adopted in the prior year financial statements.

The group is showing a net pension deficit of £40.1m as at 31 March 2006 *(2005: £45.1m).* Movements in the valuation of the pension schemes are fully disclosed on the face of the financial statements.

Further information is outlined in note 27.

Directors and directors' interests

The directors who held office during the year were as follows:

R D Burman
W E Chiles
P N Buckley*
J H Cartwright*

* Non-executive directors

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of any group company.

None of the directors were granted options or exercised any right to subscribe for shares in any group company during the year.

Supplier payment policy

The group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensuring that suppliers are made aware of the terms of payments, and to abide by the terms of payment.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of a member of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and of the various factors affecting the performance of the company. This is achieved through formal and informal meetings and through company notices. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Political and charitable contributions

During the year the group made charitable donations of £2,721 *(2005: £12,485).* No political contributions were made by the group during the year *(2005: £nil).*

Directors' report *(continued)*

Auditors

In accordance with Section 384 of the Companies Act, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board

R D Burman
Director

Redhill Aerodrome
Redhill
Surrey
RH1 5JZ
31 January 2007

Statement of directors' responsibilities in respect of the director's report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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 are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Bristow Aviation Holdings Limited

We have audited the financial statements of Bristow Aviation Holdings Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

• the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its loss for the year then ended;

Independent auditor's report to the members of Bristow Aviation Holdings Limited *(continued)*

Opinion *(continued)*

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

1 Forest Gate
Brighton Road
Crawley
RH11 9PT
United Kingdom

2 February 2007

Consolidated profit and loss account

for the year ended 31 March 2006

	Note		2006 £000		2005 £000
Turnover: group and share of joint ventures		250,994		215,259	
Less: share of joint ventures' turnover		(28,221)		(25,473)	
Turnover	2		222,773		189,786
Cost of sales (including exceptional items)	3,5		(181,251)		(169,470)
Gross profit			41,522		20,316
Administrative expenses			(11,958)		(10,781)
Group operating profit			29,564		9,535
Share of operating profit in					
Joint ventures		6,391		5,585	
Associates		2,705		1,057	
			9,096		6,642
Total operating profit: Group and share of joint ventures and associates			38,660		16,177
Profit on disposal of fixed assets	6	910		1,000	
Investment income	7	236		77	
Interest receivable and similar income					
Group	8	5,959		1,873	
Joint ventures		505		505	
Associates		1,464		422	
			9,074		3,877
Interest payable and similar charges					
Group	9	(41,698)		(37,578)	
Joint ventures		(2,667)		(2,688)	
Associates		(1,857)		(569)	
			(46,222)		(40,835)
Net pension finance charges	27		(1,099)		(773)
Profit/(loss) on ordinary activities before taxation	10		413		(21,554)
Tax on profit/(loss) on ordinary activities	11		(12,702)		(9,995)
Loss on ordinary activities after taxation			(12,289)		(31,549)
Minority interests – equity	21		(38)		(3)
Retained loss for the year	20		(12,327)		(31,552)

The turnover and loss for the year and the preceding year were derived wholly from continuing operations.

Consolidated balance sheet
at 31 March 2006

	Note	£000	2006 £000	£000	2005 £000
Fixed assets					
Tangible assets	12	182,613		157,259	
Investments	13	15,888		10,379	
			198,501		167,638
Current assets					
Stocks	14	16,130		9,721	
Debtors - due within one year	15	97,771		73,878	
- due after one year	15	749		980	
Cash at bank and in hand		23,681		41,173	
		138,331		125,752	
Creditors: amounts falling due within one year	16	(369,896)		(325,795)	
Net current liabilities			(231,565)		(200,043)
Total assets less current liabilities			(33,064)		(32,405)
Creditors: amounts falling due after more than one year	17		(52,317)		(52,988)
Provisions for liabilities and charges	18		(10,734)		(11,161)
Net liabilities excluding pension liabilities			(96,115)		(96,554)
Pension liabilities	27		(40,084)		(45,112)
Net liabilities including pension liabilities			(136,199)		(141,666)
Capital and reserves					
Called up share capital	19		10,000		10,000
Revaluation reserve	20		30,768		17,362
Profit and loss account	20		(178,480)		(170,364)
Equity shareholders' funds			(137,712)		(143,002)
Minority interests – equity	21		1,513		1,336
			(136,199)		(141,666)

These financial statements were approved by the board of directors on 31 January 2007 and were signed on its behalf by:

R D Burman

R D Burman
Director

Company balance sheet
at 31 March 2006

	Note	£000	2006 £000	£000	2005 £000
Fixed assets					
Investments	*13*		**101,000**		101,000
Current assets					
Debtors – due after one year	*15*	**50,000**		50,000	
		50,000		50,000	
Creditors: amounts falling due within one year	*16*	**(314,335)**		(276,799)	
Net current liabilities			**(264,335)**		(226,799)
Total assets less current liabilities			**(163,335)**		(125,799)
Creditors: amounts falling due after more than one year	*17*		**(50,000)**		(50,000)
Net liabilities			**(213,335)**		(175,799)
Capital and reserves					
Called up share capital	*19*		**10,000**		10,000
Profit and loss account	*20*		**(223,335)**		(185,799)
Equity shareholders' funds			**(213,335)**		(175,799)

These financial statements were approved by the board of directors on 31 January 2007 and were signed on its behalf by:

R D Burman
Director

Consolidated cash flow statement

for the year ended 31 March 2006

Cash flow statement

	Note	£000	2006 £000	£000	2005 £000
Net cash flow from operating activities	22		**22,535**		27,292
Dividends from joint ventures and associates					
Dividends received from joint ventures		1,775		6,245	
Dividends received from associate		-		961	
Net cash inflow from dividends from joint ventures and associates			**1,775**		7,206
Returns on investments and servicing of finance					
Interest received		**2,092**		1,595	
Dividend received from trade investments		**236**		77	
Dividends paid to minority shareholders in subsidiary undertakings		-		(4)	
Interest on finance lease rentals		**(240)**		(183)	
Interest on other loans		**(67)**		(28)	
Interest paid		**(3,784)**		(4,305)	
Net cash outflow from return on investments and servicing of finance			**(1,763)**		(2,848)
Taxation			**(10,500)**		(9,800)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		**(24,009)**		(14,669)	
Sale of investments		-		25	
Sale of tangible fixed assets		**5,873**		13,885	
Loan to associated undertaking (net of repayments)		**(2,350)**		1,158	
Net cash (outflow)/inflow from capital expenditure			**(20,486)**		399
Acquisitions and disposals					
Acquisition of shares in subsidiary undertakings		-		(1,290)	
Acquisition of shares in joint venture		-		(4,250)	
Acquisition of shares in other unlisted investments		-		(129)	
Net cash outflow from acquisitions and disposals			-		(5,669)
Net cash (outflow)/inflow before financing			**(8,439)**		16,580
Financing					
Short term loan repayment		**(1,133)**		-	
Loans to related parties (net of repayments)	*24*	**(8,403)**		8,204	
Capital element of finance lease rental		**(567)**		(395)	
Capital element of other loans		**(157)**		(58)	
Net cash (outflow)/inflow from financing	*24*		**(10,260)**		7,751
(Decrease)/increase in cash in the year	*24*		**(18,699)**		24,331

Note of historical cost profit
for the year ended 31 March 2006

	Group 2006 £000	2005 £000
Reported profit/(loss) on ordinary activities before taxation	**413**	(21,554)
Differences between actual depreciation charge based on revalued amount and historic cost charge	**3,373**	-
Differences between profit on disposal of fixed assets based on revalued amount and a historic cost value	**(944)**	-
Historical value profit/(loss) on ordinary activities before taxation	**2,842**	(21,554)

Consolidated statements of total recognised gains and losses
for the year ended 31 March 2006

	Group 2006 £000	2005 £000	Company 2006 £000	2005 £000
Retained loss for the financial year	**(12,327)**	(31,552)	**(37,536)**	(32,921)
Actuarial gain/(loss) recognised on the pension schemes	**3,105**	(10,901)	-	-
Movement on deferred tax relating to actuarial losses on the pension schemes	**(2,162)**	2,731	-	-
Movement on current tax relating to actuarial losses on the pension schemes	**1,219**	493	-	-
Gain on foreign currency translation of reserves	**28**	72	-	-
Revaluation of aircraft	**15,427**	17,362	-	-
Total recognised gains/(losses) for the year	**5,290**	(21,795)	**(37,536)**	(32,921)

Reconciliation of movements in shareholders' funds
for the year ended 31 March 2006

	Group 2006 £000	2005 £000	Company 2006 £000	2005 £000
Retained loss for the financial year	**(12,327)**	(31,552)	**(37,536)**	(32,921)
Goodwill impairment on items previously written off to reserves	**-**	997	**-**	-
Other recognised gains/(losses) relating to pension schemes	**2,162**	(7,677)	**-**	-
Gain on foreign currency translation of reserves	**28**	72	**-**	-
Revaluation of aircraft	**15,427**	17,362	**-**	-
Net reduction in shareholders' funds	**5,290**	(20,798)	**(37,536)**	(32,921)
Opening shareholders' funds	**(143,002)**	(122,204)	**(175,799)**	(142,878)
Closing shareholders' funds	**(137,712)**	(143,002)	**(213,335)**	(175,799)

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the group's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The financial statements have been prepared on a going concern basis, despite the shareholders' deficit, as Bristow Group Inc. have provided a letter of support confirming that for twelve months following the date on which the accounts are signed it will not seek repayment of the amounts owed to it on the 8.335% unsecured loan, or the 13.5% unsecured subordinated loan stock, if the effect of those repayments would otherwise render the group unable to meet its other liabilities as they fall due or make it unable to continue to carry out its trading. Accordingly the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings to 31 March 2006. Where appropriate, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

An associate is an undertaking in which the group has a long-term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence. A joint venture is an undertaking in which the group has a long-term interest and over which it exercises joint control. The group's share of the profits less losses of associates and of joint ventures is included in the consolidated profit and loss account and its interest in their net assets, other than goodwill, is included in investments in the consolidated balance sheet.

Where a group company is party to a joint arrangement that is not an entity, that company accounts directly for its part of the income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated financial statements on the same basis.

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account. The company's loss for the year was £37,536,000 *(2005: £32,921,000).*

Goodwill

Purchased goodwill, both positive and negative, arising on consolidation in respect of acquisitions before 1 April 1998, when FRS 10 *Goodwill and intangible assets* was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal. The cumulative amount taken to reserves is £15,858,000 *(2005: £15,858,000).* This goodwill is regularly reviewed for impairment and any impairment is taken to the profit and loss account. During the year £nil *(2005: £997,000)* of the goodwill previously taken to reserves was expensed through the profit and loss account within operating profit, following an impairment review.

Purchased goodwill, representing the excess of the fair value of the consideration and associated costs given over the fair value of the separable net assets acquired, arising on consolidation in respect of acquisitions since 1 April 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life of 14 years. Provision is made for any impairment.

On the subsequent disposal or termination of a business acquired since 1 April 1998, the profit or loss on disposal or termination is calculated after charging the un-amortised amount of any related goodwill.

Notes *(continued)*

1 Accounting policies *(continued)*

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	15 - 40 years
Long leasehold property	-	over lease period
Short leasehold property	-	over lease period
Plant, equipment and rotable spares	-	3 to 15 years
Vehicles	-	3 to 5 years
Aircraft	-	8 to 15 years

No depreciation is provided on freehold land.

A policy of revaluation has been adopted in relation to aircraft, under FRS 15 'Tangible Fixed Assets', which will require the annual revaluation of this asset class (further information is provided in note 12). The revaluation exercise involved the group revising the associated aircraft, using 'The Official Blue Helicopter Book', as at 31 March 2006.

As part of the exercise the group also revised its estimate of the remaining useful life of the revalued aircraft to 10 - 15 years and their residual values to 50%. Depreciation will therefore be provided to write off the revalued cost, less the estimated residual value, of these aircraft by equal instalments over their remaining estimated useful economic lives as follows:

Aircraft (revalued)	-	10 - 15 years

The change in useful economic life to 10 - 15 years *(2005: 8 – 15 years)*, and the change in estimated residual value to 50% *(2005: 30%)* of the fixed asset results in a £3,373,900 increase in the depreciation charge for the year.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads

Long-term contracts

The amount of profit attributable to the stage of completion of a long-term contract is recognised when the outcome of the contract can be seen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Notes *(continued)*

1 Accounting policies *(continued)*

***Foreign currencies** (continued)*

The assets and liabilities of overseas subsidiary undertakings and associated undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Post retirement benefits

The group operates a number of pension schemes under both defined contribution arrangements and providing benefits based on final pensionable pay. The group adopted Financial Reporting Standard 17, 'Retirement Benefits' ('FRS 17') in the prior year. Further details can be found in note 27.

The assets of the defined benefit schemes are held separately from those of the group and are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

Any pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full and shown in the balance sheet. The movement of the surplus or deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

The assets of the defined contribution schemes are held separately from those of the group in independently administered funds. The charge to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Aircraft and major component overhaul and maintenance

The group undertakes aircraft and major component overhauls and maintenance internally and also holds contracts with third party providers for such work.

Under certain contracts the providers invoice for their services by reference to units of economic consumption, typically hours flown. These invoiced amounts are recoverable from the third party providers to the point at which the overhaul or maintenance work takes place. Accordingly, amounts invoiced to the group by third party providers are charged to the profit and loss account when the maintenance work has been performed, and amounts invoiced to the group in advance of the work being performed are treated as prepayments. Other contractual work is expensed at the point where the work or service is performed.

The costs of major overhauls of aircraft and components held under operating leases are charged to the profit and loss account in accordance with the legal obligations under the terms of the lease.

Leased assets

Assets held under finance lease are capitalised at the fair value of the asset at the inception of the lease, and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future lease obligations

Notes *(continued)*

1 Accounting policies *(continued)*

***Leased assets** (continued)*

are recorded as liabilities, categorised as appropriate under creditors due within and after more than one year. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease on a reducing balance basis so as to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly except that assets are depreciated over their useful lives.

Rental income and rental costs arising from operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

2 Turnover

Turnover represents total revenue receivable for the period exclusive of VAT and intra-group transactions.

Revenue is recognised when it is realised or realisable, and earned. Revenue is considered to be realised or realisable and earned when the following conditions exist: the persuasive evidence of an arrangement, generally a customer contract; the services or products have been performed or delivered to the customer; the sales price is fixed or determinable within the contract; and collection is probable. More specifically, revenue from Helicopter Services is recognised based on contractual rates as the related services are performed. The charges under these contracts are generally based on a two-tier rate structure consisting of a daily or monthly fixed fee plus additional fees for each hour flown. These contracts are for varying periods and generally permit the customer to cancel the contract before the end of the term. We also provide services to customers on an "ad-hoc" basis, which usually entails a shorter notice period and shorter duration. The charges for ad-hoc services are based on an hourly rate or a daily or monthly fixed fee plus additional fees for each hour flown. In order to offset potential increases in operating costs, our long-term contracts may provide for periodic increases in the contractual rates charged for our services. We recognise these rate increases when the criteria outlined above have been met. This generally includes written recognition from the customers that they are in agreement with the amount of the rate escalation. In addition, our standard rate structure is based on fuel costs remaining at or below a predetermined threshold. Fuel costs in excess of this threshold are generally reimbursed by the customer.

No segmental reporting as required by Statement of Standard Accounting Practice 25 ('SSAP 25') or analysis of turnover by activity or geographical location as required by the Companies Act 1985 is given as, in the opinion of the directors, this would be seriously prejudicial to the commercial interests of the group.

3 Cost of sales

An internal review, that was completed late 2005, had identified issues in relation to the declaration and payment of payroll taxes for contract staff working in overseas operations spanning a number of years. An accrual was made in relation to these issues within the 2005 financial statements, totalling £8.1m. Remedial action has been taken to address and correct the underreported payroll taxes. Further detail is given in note 25.

4 Remuneration of directors

	2006	2005
	£000	£000
Directors' emoluments	**192**	238
Amounts paid to third parties in respect of directors' services	-	-

Notes *(continued)*

4 Remuneration of directors *(continued)*

	Number of directors	
	2006	2005
The number of directors who were members of pension schemes was as follows:		
Money purchase schemes	**1**	2
The number of directors who exercised share options of an affiliated company	**-**	1

Highest paid director	**2006**	2005
The above amounts include the following in respect of the highest paid director:	**£000**	£000
Emoluments	**192**	136

The amount paid into money purchase schemes in respect of the highest paid director at 31 March 2006 was £22,534 *(2005: £8,500).* The highest paid director exercised share options of an affiliated company in the prior year, no exercise of options was made in the current year. Compensation for loss of office paid in the year to 31 March 2006 was £nil *(2005: £392,208).*

5 Staff numbers and costs

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

	Number of employees	
	2006	2005
Operating staff	**1,697**	1,556
Management and administration	**233**	234
	1,930	1,790

The aggregate payroll costs of these persons were as follows:

	2006	2005
	£000	£000
Wages and salaries	**63,348**	57,980
Social security costs	**7,160**	12,577
Other pension costs	**2,538**	2,357
	73,046	72,914

Social security costs in 2005 included an exceptional accrual of £7,377,000 in relation to the under-declaration and payment of payroll taxes for contract staff working in overseas operations. Further detail is given in note 3 and note 25.

Notes *(continued)*

6 Profit on disposal of fixed assets

	2006 £000	2005 £000
Profit on sale of tangible fixed assets	**910**	1,000

The disposal of land and buildings, aircraft and plant and equipment in both 2006 and 2005 has had no material effect on the nature and focus of the group's operations.

7 Investment income

	2006 £000	2005 £000
Income from other unlisted investments	**236**	77

8 Interest receivable and similar income

	2006 £000	2005 £000
Interest receivable	**2,223**	1,873
Exchange gain on foreign currency balances (net)	**3,736**	-
	5,959	1,873

9 Interest payable and similar charges

	2006 £000	2005 £000
Interest on finance lease rentals	**311**	211
On all other loans	**41,378**	36,655
Other interest and similar charges	**9**	121
Exchange loss on foreign currency balances (net)	**-**	591
	41,698	37,578

Notes *(continued)*

10 Profit/(loss) on ordinary activities before taxation

	2006	2005
	£000	£000
Profit/(loss) on ordinary activities before taxation is stated after charging:		
Depreciation		
Owned	**8,853**	11,634
Assets held under finance leases	**496**	124
Operating lease rental expenses		
Aircraft hire	**9,895**	8,446
Rental of properties	**3,150**	2,559
Hire of plant and machinery	**126**	121
Auditors' remuneration:		
Audit fee – group	**174**	147
Audit fee – company	**45**	12
Other	**12**	10
Research and development expenditure	**334**	595
Impairment of goodwill	**-**	997
Amortisation of goodwill	**163**	163
Re-organisation expenses	**-**	1,508

Notes *(continued)*

11 Taxation

Analysis of charge in year

	2006 £000	2005 £000
UK corporation tax		
Current tax on income for the year	**7,567**	3,174
Double taxation relief	**(2,435)**	(325)
	5,132	2,849
Foreign tax		
Current tax on income for the year	**6,021**	3,912
	11,153	6,761
Adjustments in respect of prior year		
UK corporation tax	**(1)**	(71)
Foreign tax	**(18)**	1,024
	11,134	7,714
Share of joint ventures tax	**1,315**	1,020
Share of associates tax	**634**	258
Total current tax charge	**13,083**	8,992
Deferred taxation		
Origination and reversal of timing differences – current year	**(360)**	1,354
Origination and reversal of timing differences – prior years	**(21)**	(351)
Total deferred tax	**(381)**	1,003
Total tax on loss on ordinary activities	**12,702**	9,995

Notes *(continued)*

11 Taxation *(continued)*

Tax reconciliation

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2006 £000	2005 £000
Current tax reconciliation		
Loss on ordinary activities before tax	**413**	(21,554)
Current tax at 30 % *(2005: 30%)*	**124**	(6,466)
Effects of:		
Net expenses and income not deductible for tax purposes	**11,742**	14,858
Accelerated capital allowances	**360**	(1,409)
Other timing differences	**(55)**	55
Utilisation of tax losses	**(319)**	(599)
Tax rate differentials on overseas earnings	**(29)**	(112)
Irrecoverable overseas withholding tax	**1,279**	1,712
	13,102	8,039
Adjustments to tax charge in respect of previous periods	**(19)**	953
Total current tax charge	**13,083**	8,992

Notes *(continued)*

12 Tangible fixed assets

Group	Land and buildings £000	Aircraft £000	Plant, equipment and rotable spares £000	Assets in course of construction £000	Total £000
Cost					
At beginning of year	11,776	132,034	61,833	11,637	217,280
Exchange adjustments	131	435	150	89	805
Additions	1,357	370	3,500	18,829	24,056
Transfers	7	20,416	(7)	(20,416)	-
Transfer to current assets	-	(1,400)	-	-	(1,400)
Reclassification from stock	-	-	408	-	408
Disposals	(6)	(4,566)	(8,734)	(270)	(13,576)
Revaluation	-	9,679	-	-	9,679
At end of year	13,265	156,968	57,150	9,869	237,252
Depreciation					
At beginning of year	8,367	342	51,312	-	60,021
Exchange adjustments	36	27	75	-	138
Charge for year	220	6,750	2,379	-	9,349
Transfer to current assets	-	(383)	-	-	(383)
On disposals	-	(163)	(8,575)	-	(8,738)
Elimination on revaluation	-	(5,748)	-	-	(5,748)
At end of year	8,623	825	45,191	-	54,639
Net book value					
At 31 March 2006	**4,642**	**156,143**	**11,959**	**9,869**	**182,613**
At 31 March 2005	3,409	131,692	10,521	11,637	157,259

A policy of annual revaluation was adopted, effective 31 March 2005, in relation to aircraft within these financial statements under Financial Reporting Standard 15 "Tangible Fixed Assets". The valuation of the aircraft was undertaken internally using a worldwide industry recognised index, HeliValue$, Inc – 'The Official Helicopter Blue Book'. The index enables a desktop valuation of the aircraft appropriate to the age, condition and specification to be undertaken. All aircraft were revalued using this index as at 31 March 2006. Of the fleet of 75 aircraft, a total of 65 were revalued using this index at 31 March 2006. Certain aircraft held outside of the United Kingdom, which were not listed in the 'Blue Book' were not revalued, their net book value was £3,953,000 *(2005: £3,961,000).*

In addition, whilst considering the aircraft valuations, the company has assessed, and amended accordingly, the residual useful economic lives of the aircraft. This exercise has been undertaken to ensure that the depreciation charge in relation to the aircraft matches the cost of utilising the aircraft for operational purposes. The amended residual useful economic lives of the aircraft are considered consistent with those in 'The Official Helicopter Blue Book'.

The change in useful economic life to 10 - 15 years *(2005: 8 – 15 years)*, and the change in estimated residual value to 50% *(2005: 30%)* of the fixed asset results in a £3,373,900 increase in the depreciation charge for the year.

The historic fair market value of the aircraft was £189,787,000, accumulated depreciation £64,412,000 and net book value £125,375,000 *(2005: £114,330,000).*

Notes *(continued)*

12 Tangible fixed assets *(continued)*

The net book value of aircraft at 31 March 2006 includes £4,175,000 *(2005: £3,944,000)* in respect of aircraft under finance lease and hire purchase contracts. One of the aircraft held at the end of 2005 was moved to 'Aircraft held for resale', in current assets, value £568,000 *(2005: NBV £619,000)*. Aircraft depreciation for the year to 31 March 2006 includes £496,000 *(2005: £124,000)* relating to these aircraft.

The net book value of aircraft held by the group, as lessor for use in operating leases, was £156,143,000 *(2005: £131,692,000)*. The depreciation charge for the year in respect of these assets was £6,750,000 *(2005:£8,981,000)*.

Further analysis of land and buildings:

Group	**Freehold £000**	***Long* leasehold £000**	***Short* leasehold £000**	***Total land &* buildings £000**
Cost				
At beginning of year	1,589	1,331	8,856	11,776
Exchange adjustments	14	-	117	131
Additions	56	-	1,301	1,357
Transfers	-	-	7	7
Disposals	(6)	-	-	(6)
At end of year	1,653	1,331	10,281	13,265
Depreciation				
At beginning of year	414	393	7,560	8,367
Exchange adjustments	2	-	34	36
Charge for year	46	13	161	220
At end of year	462	406	7,755	8,623
Net book value				
At 31 March 2006	**1,191**	**925**	**2,526**	**4,642**
At 31 March 2005	1,175	938	1,296	3,409

Notes *(continued)*

13 Fixed asset investments

	Joint venture shares £000	Joint venture goodwill £000	Associate Shares £000	Associate Loans £000	Other Unlisted investments £000	Total £000
Group						
Cost						
At beginning of year	4,804	2,231	2,991	948	1,470	12,444
Exchange	-	-	176	170	-	346
Additions	-	-	-	3,549	-	3,549
Re-classification	-	-	19	-	(19)	-
Repayments	-	-	-	(1,199)	-	(1,199)
Dividends	(1,775)	-	-	-	-	(1,775)
Share of current year retained profits	2,621	-	1,678	-	-	4,299
Deferred group profit on asset disposal to joint ventures released	293	-	-	-	-	293
Interest	-	-	-	158	-	158
At end of year	5,943	2,231	4,864	3,626	1,451	18,115
Provisions/amortisation						
At beginning of year	-	1,109	-	-	956	2,065
Amortisation charged in year	-	162	-	-	-	162
At end of year	-	1,271	-	-	956	2,227
Net book value						
At 31 March 2006	**5,943**	**960**	**4,864**	**3,626**	**495**	**15,888**
At 31 March 2005	4,804	1,122	2,991	948	514	10,379

During the year ended 31 March 2005 a subsidiary sold certain assets to joint venture companies. A group elimination entry to defer the unrealised profit on the disposal of these assets was made for £1,844,000. The deferred group profit is being amortised over the same term, and on the same basis, that the related assets are being amortised in the books of the joint venture companies. At the year end the unamortized provision was £1,475,000.

Investment in joint venture shares comprises the cost of shares of £5,978,000, plus the group's share of retained post-acquisition reserves of £1,440,000 less the elimination of group profit on disposal of fixed assets to the joint venture of £1,475,000. Positive goodwill of £2,231,000 relating to a joint venture acquisition post 1998 has been capitalised, and is being amortised over its useful life of 14 years.

Investment in associated undertakings comprises the cost of shares of £1,195,000, plus the group's share of retained post-acquisition reserves of £3,669,000. Goodwill of £516,025 has previously been written off to reserves relating to an acquisition prior to 1998.

Notes *(continued)*

13 Fixed asset investments *(continued)*

The following information is given in respect of the group's share of the results of all joint venture undertakings.

	2006	2005
	£000	£000
Turnover	**28,221**	25,473
Profit before tax	**3,936**	3,402
Taxation	**(1,315)**	(1,020)
Profit after tax	**2,621**	2,382
Fixed assets	**36,770**	40,356
Current assets	**14,126**	12,426
Share of gross assets	**50,896**	52,782
Liabilities due within one year	**(3,996)**	(5,519)
Liabilities due after one year	**(39,482)**	(40,691)
Share of gross liabilities	**(43,478)**	(46,210)
Share of net assets (pre-deferred group profit adjustment)	**7,418**	6,572
Less: unamortized deferred group profit	**(1,475)**	(1,768)
Group share of net assets	**5,943**	4,804

FBS Limited accounts for the substantial part of the amounts included within the investment in joint venture undertaking figures disclosed above.

Notes *(continued)*

13 Fixed asset investments *(continued)*

The following information is given in respect of the group's share of the results of all associated undertakings.

	2006 **£000**	2005 £000
Turnover	**40,074**	18,815
Profit before tax	**2,312**	910
Taxation	**(634)**	(258)
Profit after tax	**1,678**	652
Fixed assets	**41,594**	6,194
Current assets	**11,981**	4,967
Share of gross assets	**53,575**	11,161
Liabilities due within one year	**(10,325)**	(4,395)
Liabilities due after one year	**(38,386)**	(3,775)
Share of gross liabilities	**(48,711)**	(8,170)
Share of net assets	**4,864**	2,991

Norsk Helikopter A.S. accounts for the majority of the amounts included within the investment in associated undertakings figures disclosed above.

Company	**Shares in subsidiary undertakings £000**
Cost	
At beginning and end of year	***101,000***

The principal subsidiary, joint venture and associated undertakings at 31 March 2006 are shown in note 26.

Notes *(continued)*

14 Stocks

Group	2006 £000	2005 £000
Raw materials and consumables	**15,434**	9,632
Work in progress	**696**	89
	16,130	9,721

15 Debtors

	Group 2006 £000	2005 £000	Company 2006 £000	2005 £000
Amounts due within one year				
Trade debtors	**50,233**	38,563	-	-
Amounts due from joint venture undertakings	**584**	602	-	-
Amounts due from associated undertakings	**1,549**	1,115	-	-
Other debtors	**18,617**	10,377	-	-
Aircraft held for resale	**1,017**	-	-	-
Prepayments and accrued income	**25,771**	23,221	-	-
	97,771	73,878	-	-
Amounts due after one year				
Unsecured loan to subsidiary undertakings	-	-	**50,000**	50,000
Other debtors	**749**	980	-	-
	749	980	**50,000**	50,000

16 Creditors: amounts falling due within one year

	Group 2006 £000	2005 £000	Company 2006 £000	2005 £000
Obligations under finance lease	**745**	530	-	-
Other loans	**195**	147	-	-
Short term loan	**805**	1,800	-	-
Unsecured subordinated loan stock 13.5%	**306,331**	268,816	**306,331**	268,816
Trade creditors	**21,787**	13,546	-	-
Amounts owed to subsidiary undertakings	-	-	**3,119**	3,098
Corporation tax	**1,258**	1,800	-	-
Taxation and social security	**17,568**	13,206	-	-
Other creditors	**5,257**	5,225	**4,885**	4,885
Accruals and deferred income	**15,950**	20,725	-	-
	369,896	325,795	**314,335**	276,799

Notes *(continued)*

16 Creditors: amounts falling due within one year *(continued)*

The unsecured subordinated loan stock 13.5% is due to Bristow Group Inc. and has no scheduled date for repayment. The 'other loans' carry interest at 8.5%, are secured on certain aircraft, and are due to a company affiliated with the shareholders of a subsidiary undertaking, Aviashelf.

17 Creditors: amounts falling due after more than one year

	Group 2006 £000	2005 £000	Company 2006 £000	2005 £000
Obligations under finance lease	**1,686**	2,232	-	-
Other loans	**631**	756	-	-
Unsecured loan 8.335%	**50,000**	50,000	**50,000**	50,000
	52,317	52,988	**50,000**	50,000

The unsecured loan 8.335% is due to Bristow Group Inc. and is repayable in full on 15 January 2008.

Other borrowings are repayable as follows:

	Group 2006 £000	2005 £000	Company 2006 £000	2005 £000
Finance leases				
Between two and five years	**1,686**	**2,232**	-	-
Other loans				
Between two and five years	**631**	**729**	-	-
After five years	-	**27**	-	-
	631	**756**	-	-

18 Provisions for liabilities and charges

	Deferred taxation £000
Group	
At beginning of year	11,161
Exchange	(46)
Movement in provision charged to the profit and loss account for the year	(381)
At end of year	**10,734**

Notes *(continued)*

18 Provisions for liabilities and charges *(continued)*

Deferred tax is provided as follows:	**2006 Provided £000**	2005 Provided £000
Accelerated capital allowances	**10,734**	11,152
Other timing differences	**-**	9
Undiscounted provision for deferred tax	**10,734**	11,161

No deferred tax is provided on the revaluation of aircraft. In the event of the aircraft being sold at the revalued amount a tax liability of £36.8m *(2005: £32.3m)* may arise.

19 Called up share capital

	2006 £000	2005 £000
Authorised		
4,600,000 'A' Ordinary shares of £1 each	**4,600**	4,600
4,900,000 'B' Ordinary share of £1 each	**4,900**	4,900
500,000 'C' Ordinary shares of £1 each	**500**	500
8,000,000 Deferred shares of £1 each	**8,000**	8,000
	18,000	18,000

	2006 £000	2005 £000
Issued and fully paid		
920,000 'A' Ordinary shares of £1 each	**920**	920
980,000 'B' Ordinary share of £1 each	**980**	980
100,000 'C' Ordinary shares of £1 each	**100**	100
8,000,000 Deferred shares of £1 each	**8,000**	8,000
	10,000	10,000

The 'A', 'B' and 'C' Ordinary shares and the Deferred shares all rank pari-passu in the event of the winding up of the company. The 'A', 'B' and 'C' Ordinary shares carry equal dividend rights, whilst the Deferred shares carry no dividend rights. The 'A' and 'B' Ordinary shares carry equal voting rights, at 0.7894 votes per £1 share, the 'C' Ordinary shares carry voting rights at 5 votes per £1 share, and the Deferred shares carry no voting rights.

The holders of 'A' and 'C' Ordinary shares have a 'put' option allowing them to require the holders of the 'B' Ordinary shares, or an EU national acceptable to the holders of the 'B' Ordinary shares, to buy their holding. The price is calculated at a rate equal to LIBOR plus 3% fixed on a quarterly basis and compounded annually.

The holders of the 'B' Ordinary shares have a 'call' option to enable them, or a related party or nominated EU national, to acquire the 'A' and 'C' Ordinary shares. The price is calculated at a rate equal to LIBOR plus 3% fixed on a quarterly basis and compounded annually.

The exercise of options is subject to prior consultation with the Civil Aviation Authority, and there are provisions in the Articles that are designed to secure that the holding of any Civil Aviation Authority licence within the group is not jeopardised by a share transfer.

Notes *(continued)*

20 Reserves

Group

	Revaluation reserve £000	Profit and loss account £000
At beginning of year	17,362	(170,364)
Retained loss for the year	-	(12,327)
Net actuarial gain on pensions	-	2,162
Exchange adjustments	408	(380)
Revaluation of aircraft	15,427	-
Differences between actual depreciation charge based on revalued amount and historic cost charge	(3,373)	3,373
Differences between profit on disposal of fixed assets based on revalued amount and a historic cost value	944	(944)
At end of year	**30,768**	**(178,480)**

Company

	Profit and loss account £000
At beginning of year	(185,799)
Retained loss for the year	(37,536)
At end of year	**(223,335)**

Notes *(continued)*

21 Minority interest

	2006 Equity £000	2005 Equity £000
At beginning of year	**1,336**	78
Exchange	**139**	-
Dividends paid	-	(4)
Share of profit on ordinary activities after tax	**38**	3
Acquisition of subsidiary undertakings	-	1,259
At end of year	**1,513**	1,336

22 Reconciliation of operating profit to operating cash flows

Group

	2006 £000	2005 £000
Group operating profit	**29,564**	9,535
Depreciation	**9,349**	11,758
(Increase)/decrease in stocks	**(6,817)**	3,081
Increase in debtors	**(13,296)**	(9,917)
Increase in creditors	**8,757**	14,099
Goodwill amortisation	**162**	163
Impairment of goodwill	-	997
Difference between pension charge and cash contribution	**(5,184)**	(2,424)
Net cash inflow from operating activities	**22,535**	27,292

23 Reconciliation of net cash flow to movement in net debt

Group

	2006 £000	2005 £000
(Decrease)/increase in cash in the year	**(18,699)**	24,331
Cash (outflow)/inflow from financing	**10,260**	(7,751)
Changes in net debt resulting from cash flows	**(8,439)**	16,580
Acquired – finance lease and other loans	-	(4,118)
Reclassifications – short term loan debtors	-	6,998
Interest accrued on loan balances	**(37,515)**	(32,914)
Exchange losses	**1,320**	(399)
Movement in net debt in the year	**(44,634)**	(13,853)
Net debt at beginning of year	**(276,629)**	(262,776)
Net debt at end of year	**(321,263)**	(276,629)

Notes *(continued)*

24 Analysis of net debt

	Note	At beginning of year £000	Cash flow £000	Other non cash changes £000	**At end of year £000**
Cash in hand, at bank		**41,173**	(18,699)	1,207	**23,681**
Other debtors - short term loans	*29*	**6,479**	8,403	567	**15,449**
Debt due in less than one year		**(271,293)**	1,857	(38,640)	**(308,076)**
Debt due after one year		**(52,988)**	-	671	**(52,317)**
		(317,802)	10,260	(37,402)	**(344,944)**
Total net debt		**(276,629)**	(8,439)	(36,195)	**(321,263)**

25 Contingent liabilities

UK Bank facilities

The company is party to bank agreements guaranteeing its obligations and those of certain of its subsidiary undertakings. The agreements contain charges over certain property as security for such guarantees or obligations which have arisen, or may arise, pursuant to bank loans and overdrafts and revolving credit and guarantee facilities provided to Bristow Aviation Holdings Limited and its subsidiary undertakings by its principal bankers.

As of 31 March 2006 there was a £6m *(2005:£6m)* facility for revolving credit and guarantee facilities and a £1m *(2005: £1m)* overdraft facility in place with National Westminster Bank Plc. On 31 March 2006 the amount due under revolving credit and guarantee facilities was £0.4m *(2005: £1.6m)* and there were no borrowings outstanding under the overdraft facility *(2005: £nil).*

The group has given joint and several guarantees of up to £15m *(2005: £15m)* in relation to 'Defence Helicopter Flying School' contract entered into in 1996 between the UK Government and an associated company. The guarantees relate to the performance of a fifteen year contract valued at £500m over the full term. The associated company purchased and modified 47 aircraft dedicated to conducting these training activities, which commenced in 1997. The group has also guaranteed repayment of up to £10m of the associated company's outstanding debt obligation, which is primarily secured over the aircraft utilised in the training activities.

Internal review

Bristow Group Inc. ('BGI') owns 49% of the share capital of Bristow Aviation Holdings Limited ('BAHL'). BGI is listed on the New York Stock Exchange which is regulated by the United States Securities and Exchange Commission ('SEC').

In February 2005, BGI voluntarily advised the staff of the SEC that the Audit Committee of BGI's Board of Directors had engaged special outside counsel to undertake a review of certain payments made by two of its affiliated entities in a foreign country, one of which is a subsidiary of BAHL. The review of these payments, which initially focused on Foreign Corrupt Practices Act matters, was subsequently expanded by such special outside counsel to cover operations in other countries in which subsidiary, associated and affiliated companies of BAHL ('The BAHL group') operate and other issues (the 'Internal Review'). In connection with this review, special outside counsel to the Audit Committee retained forensic accountants. The SEC were provided with documentation resulting from the Internal Review, which eventually resulted in a formal SEC investigation.

In October 2005, the Audit Committee reached certain conclusions with respect to the findings to date from the Internal Review. The Audit Committee concluded that, over a considerable period of time, (a) improper payments were made by, and on behalf of, certain foreign affiliated entities directly ,or indirectly to foreign officials, (b)

Notes *(continued)*

25 Contingent liabilities *(continued)*

Internal review (continued)

improper payments were made by certain foreign affiliated entities to employees of certain customers, (c) inadequate employee payroll declarations and, in certain instances, tax payments were made by us or our affiliated entities in certain jurisdictions, (d) inadequate valuations for customs purposes may have been declared in certain jurisdictions resulting in the underpayment of import duties.

Based on the Audit Committee's findings and recommendations, the Board of Directors of BAHL took disciplinary action with respect to personnel who it determined bore responsibility for these matters. The disciplinary actions included termination or resignation of employment (including of certain members of senior management) changes of job responsibility, reductions in incentive compensation payments and reprimands.

The BAHL group has initiated remedial action, including correcting under-reporting of payroll tax, disclosing to certain customers inappropriate payments made to customer personnel and terminating certain agency and business relationships. Steps have been taken to reinforce our commitment to conduct our business with integrity by creating an internal corporate compliance function, instituting a new code of business integrity, and developing and implementing a training programme for all employees. In addition to the disciplinary actions referred to above, action was taken to strengthen our control environment by employing new key members of senior and financial management, including people with appropriate technical accounting and legal expertise, expanding our accounting function and internal audit staff, re-aligning reporting lines within the accounting function so that field accounting reports directly to the corporate accounting function instead of operations management, and improving the management of our tax structure to comply with its intended design. The compliance programme is in full operation, and clear corporate policies have been established and communicated to relevant personnel.

The BAHL group has communicated the Audit Committee's conclusions with respect to the findings of the Internal Review to regulatory authorities in all of the jurisdictions in which the relevant activities took place, where appropriate. Until final resolution of all of these issues, such disclosure may result in legal and administrative proceedings, the institution of administrative, civil injunctive or criminal proceedings involving us and/or current or former employees, officers and/or directors who are within the jurisdictions of such authorities, the imposition of fines and other penalties, remedies and/or sanctions, including precluding us from participating in business operations in their countries. To the extent that violations of the law may have occurred in countries in which BAHL companies operate, related proceedings could also result in sanctions requiring curtailment of business operations in one or more such countries for a period of time. In the event that business operations are curtailed in any such country, difficulties may then be faced exporting aircraft from such country.

The ultimate outcome of the SEC investigation on the BAHL group cannot be predicted, nor can we predict whether other U.S. and foreign governmental authorities will initiate separate investigations. The outcome of the SEC investigation and any related legal and administrative proceedings could include the institution of administrative, civil injunctive or criminal proceedings involving us and/or current or former employees, officers and/or directors, the imposition of fines and other penalties, remedies and/or sanctions, modifications to business practices and compliance programs and/or referral to other governmental agencies for other appropriate actions. It is not possible to accurately predict at this time when matters relating to the SEC investigation will be completed, the final outcome of the SEC investigation, what if any actions may be taken by the SEC or by other governmental agencies in the U.S. or in foreign jurisdictions, or the effect that such actions may have on the BAHL group consolidated financial statements. As a result of the disclosure and remediation of a number of activities identified in the Internal Review the BAHL group may encounter difficulties in conducting business in certain foreign countries and retaining and attracting additional business with certain customers. The extent of these difficulties cannot be predicted; however the ability to continue conducting business in these countries and with these customers and through agents may be significantly impacted. It is also possible we may become subject to claims by third parties, possibly resulting in litigation.

The matters identified in the Internal Review and their effects could have a material adverse effect on our business, financial condition and results of operations.

Notes *(continued)*

25 Contingent liabilities *(continued)*

Internal review (continued)

As part of our ongoing compliance programme, we received evidence that foreign affiliates of our minority owned operating entity in Kazakhstan may have made improper gifts or payments to government employees. An outside accounting firm has been engaged to investigate this matter. The results of such investigation, including our view as to whether improper activities took place, will be disclosed through BGI to the SEC, as appropriate. In addition, as we continue to operate our compliance program, other situations involving foreign operations, similar to those matters disclosed to the SEC in February 2005 and described above, could arise that warrant further investigation and subsequent disclosures.

As of this date, neither BAHL nor any group company nor any of their directors or officers have been cited in court, or been served with any legal action, or, received any formal notice of being under investigation in relation to the above matters. Further, at present, there has been no formal determination that there have been any violations of applicable laws.

In the light of the above, the Directors are of the view that, except in relation to the under-reporting of employee payroll, there is no requirement to make a provision in respect of the above matters.

Legal issues

In November 2005, one of our consolidated foreign affiliates was named, as second defendant, in a lawsuit filed with the High Court of Lagos State, Nigeria by Mr. Benneth Osita Onwubalili and his affiliated company, Kensit Nigeria Limited, which allegedly acted as agents in Nigeria. The claimants allege that an agreement between the parties was terminated without justification and seek damages of $16.3 million. The claim is denied and a defence has been lodged with the courts. The directors do not consider that any potential liability would be material for inclusion in these financial statements.

Notes *(continued)*

26 Principal subsidiary, joint venture and associated undertakings

Name	Country of incorporation/ registration	Principal activity	Shares held Class	Shares held % held
Principal subsidiary undertakings				
Aviashelf*	Russia	Helicopter contractor	Ordinary	48.5
Bristow Caribbean Limited*	Trinidad	Helicopter contractor	Ordinary	40.0
Bristow Helicopters Australia Pty Ltd*	Australia	Helicopter contractor	Ordinary	100.0
Bristow Helicopters Group Limited	England	Holding company	Ordinary	100.0
			Deferred	100.0
Bristow Helicopters (International)	England	Helicopter contractor	Ordinary	100.0
Limited*			Preference	100.0
Bristow Helicopters Leasing Ltd*	England	Helicopter contractor	Ordinary	51.0
Bristow Helicopters Limited*	England	Helicopter contractor	Ordinary	100.0
			5% Non-cumulative preference	100.0
Bristow Helicopters (Nigeria) Limited*	Nigeria	Helicopter contractor	Ordinary	40.0
Bristow Technical Services Limited*	England	Helicopter maintenance	Ordinary	100.0
British Island Airways (Guernsey) Limited	Guernsey	Personnel support	Ordinary	-
Caledonian Helicopters Limited*	England	Helicopter contractor	Ordinary	100.0
Sakhalin Bristow Air Services Limited*	England	Helicopter contractor	Ordinary	51.0
United Helicopters Limited*	England	Helicopter lease rental	Ordinary	100.0
Associated undertakings				
Norsk Helikopter A.S.*	Norway	Air transport	Ordinary	49.0
Joint venture undertakings				
FBS Limited*	England	Helicopter flying school	Ordinary	50.0
FBH Limited*	England	Helicopter support	Ordinary	50.0
FB Leasing Limited*	England	Helicopter rental	Ordinary	50.0

* Indicates entities held indirectly.

All companies in the group provide services connected with air transport or associated activities. Bristow Caribbean Limited, Bristow Helicopters (Nigeria) Limited and British Island Airways (Guernsey) Limited have been treated as subsidiary undertakings due to the dominant influence of the group over the operating and financial policies of those companies. Aviashelf is considered a subsidiary undertaking due to the presence of share options which, if exercised, would confer a majority of the voting rights. All of these principal subsidiaries have been included in the consolidation.

The company has taken advantage of the exemption available in schedule 5 of the Companies Act 1985 and has only included those undertakings whose results or financial position principally affect the figures in the company's individual and group accounts.

Notes *(continued)*

27 Pensions

The group maintains defined benefit schemes and also operates defined contribution schemes for its employees.

The group operates two pension schemes that provide benefits based on final pensionable pay. The schemes cover most full-time employees of the group who were employed on, or before, 31 December 1997. The main scheme is The Bristow Staff Pension Scheme ('Staff Scheme'), which covers UK based staff. The other scheme is The Bristow Expatriate Pension Scheme ('Expatriate Scheme'), which covers internationally based staff. These schemes have two sections, the defined benefit section and the defined contribution section.

Members of the defined benefit schemes ceased to accrue defined benefit entitlements in respect of service with effect from 1 February 2004, however death-in-service benefit continued to be provided. The age distribution of the defined benefit section of the schemes is expected to increase over time and the cost of providing the death-in-service benefit is expected to increase as the members approach retirement.

From 1 February 2004 defined benefit scheme members became eligible to receive an employer contribution into a defined contribution section of the respective scheme. For those members who have stayed in the schemes company contributions into the defined contribution sections were made at a rate of 5%. The group contribution increased to 7% with effect from 1 January 2005 if employees contribute up to the same level themselves. Both the defined contribution and defined benefit sections of the Expatriate Scheme were closed to new members on 31 December 1997.

The most recent valuations of the schemes were carried out as at 1 April 2004 for the Staff Scheme and 1 April 2005 for the Expatriate Scheme. These have been updated to 31 March 2006 by an independent qualified actuary in accordance with FRS 17.

The defined benefit liabilities of both schemes have been measured using the projected unit method.

The following table set out the key FRS 17 assumptions which are common to both schemes. The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions that, due to the timescale covered, may not necessarily be borne out in practice.

Financial assumptions:

	As at 31 March 2006 % pa	As at 31 March 2005 % pa	As at 31 March 2004 % pa
Inflation rate	**2.70**	2.70	2.60
Rate of increase in pensionable salary *	**2.70**	2.70	2.60
Rate of increase of pensions in payment **	**2.70**	2.70	2.60
Rate of increase for deferred pensioners **	**2.70**	2.70	2.60
Discount rate	**4.95**	5.45	5.50

* reflecting the Scheme amendments with effect from 31 March 2003
** *in excess of any Guaranteed Minimum Pension (GMP) element*

	Expected rate of return		
Scheme assets	**2006 % pa**	2005 % pa	2004 % pa
Equities	**7.80**	8.00	8.20
Bonds	**4.50**	5.00	5.00
Other – Property	**3.70**	3.70	4.00

The following table sets out the market values of the respective scheme assets split into the main asset classes, showing the expected rate of return on each asset class, and the present value of the FRS 17 liabilities and the deficit of assets below the FRS 17 liabilities (which equals the group pension liability). The scheme assets are not intended to be realised in the short term and their value may be subject to significant change before they are realised. The

Notes *(continued)*

27 Pensions *(continued)*

present value of the respective scheme liabilities is derived from cash flow projections over long periods and thus inherently uncertain.

		2006	
	Staff	***Expatriate***	***Total***
	£000	**£000**	**£000**
Market value of assets			
Equities	**123,551**	**2,628**	**126,179**
Bonds	**62,433**	**582**	**63,015**
Other – Property	**357**	**-**	**357**
Total value of plan assets	**186,341**	**3,210**	**189,551**
Actuarial value of plan liability	**(242,700)**	**(4,000)**	**(246,700)**
Gross pension liability	**(56,359)**	**(790)**	**(57,149)**
Deferred tax	**16,908**	**158**	**17,066**
Net pension liability at 31 March 2006	**(39,451)**	**(632)**	**(40,083)**

		2005	
	Staff	Expatriate	Total
	£000	£000	£000
Market value of assets			
Equities	97,966	2,409	100,375
Bonds	57,612	549	58,161
Other – Property	625	-	625
Total value of plan assets	156,203	2,958	159,161
Actuarial value of plan liability	(219,800)	(3,700)	(223,500)
Gross pension liability	(63,597)	(742)	(64,339)
Deferred tax	19,079	148	19,227
Net pension liability at 31 March 2005	(44,518)	(594)	(45,112)

Notes *(continued)*

27 Pensions *(continued)*

	Staff £000	2004 Expatriate £000	Total £000
Market value of assets			
Equities	92,999	2,320	95,319
Bonds	54,482	580	55,062
Other – Property	1,930	-	1,930
Total value of plan assets	149,411	2,900	152,311
Actuarial value of plan liability	(204,200)	(3,200)	(207,400)
Gross pension liability	(54,789)	(300)	(55,089)
Deferred tax	16,437	60	16,497
Net pension liability at 31 March 2004	(38,352)	(240)	(38,592)

Analysis of movement in deficit during the year

Year to 31 March 2006	**Staff £000**	**2006 Expatriate £000**	**Total £000**
Gross pension liability at start of the year	**(63,597)**	**(742)**	**(64,339)**
Company contributions paid	**5,267**	**74**	**5,341**
Current service cost	**(139)**	**(18)**	**(157)**
Other finance (charges)/income	**(1,108)**	**9**	**(1,099)**
Actuarial gain/(loss)	**3,218**	**(113)**	**3,105**
Gross pension liability at end of year	**(56,359)**	**(790)**	**(57,149)**

Year to 31 March 2005	Staff £000	2005 Expatriate £000	Total £000
Gross pension liability at start of the year	(54,789)	(300)	(55,089)
Company contributions paid	2,764	-	2,764
Current service cost	(138)	(18)	(156)
Past service cost	(184)	-	(184)
Other finance (charges)/income	(819)	46	(773)
Actuarial loss	(10,431)	(470)	(10,901)
Gross pension liability at end of year	(63,597)	(742)	(64,339)

Notes *(continued)*

27 Pensions *(continued)*

Analysis of amount recognised in the statement of total recognised gains and losses

Year ended 31 March 2006	**Staff £000**	**2006 Expatriate £000**	**Total £000**
Gain on assets	**(22,927)**	**(500)**	**(23,427)**
Experience loss on liabilities	**509**	**413**	**922**
Loss on change of assumptions (financial and demographic)	**19,200**	**200**	**19,400**
Total (gain)/loss recognised in the statement of total recognised gains and losses before adjustment for tax	**(3,218)**	**113**	**(3,105)**

Year ended 31 March 2005	Staff £000	2005 Expatriate £000	Total £000
Gain on assets	(3,073)	(77)	(3,150)
Experience (gain)/loss on liabilities	(896)	347	(549)
Loss on change of assumptions (financial and demographic)	14,400	200	14,600
Total loss recognised in the statement of total recognised gains and losses before adjustment for tax	10,431	470	10,901

History of experience gains and losses

Year ended 31 March 2006	**Staff £000**	**2006 Expatriate £000**	**Total £000**
Gain on assets	**(22,927)**	**(500)**	**(23,427)**
% of plan assets at end of year	***12.3***	***15.6***	***12.4***
Experience loss on liabilities	**509**	**413**	**922**
% of plan assets at end of year	***0.2***	***10.3***	***0.0***
Total (gain)/loss recognised in the statement of total recognised gains and losses before adjustment for tax	**(3,218)**	**113**	**(3,105)**
% of plan assets at end of year	***1.3***	***2.8***	***1.6***

Year ended 31 March 2005	Staff £000	2005 Expatriate £000	Total £000
Gain on assets	(3,073)	(77)	(3,150)
% of plan assets at end of year	*2.0*	*2.6*	*2.0*
Experience (gain)/loss on liabilities	(896)	347	(549)
% of plan assets at end of year	*0.6*	*11.7*	*0.3*
Total loss recognised in the statement of total recognised gains and losses before adjustment for tax	10,431	470	10,901
% of plan assets at end of year	*6.7*	*15.9*	*6.8*

Notes *(continued)*

27 Pensions *(continued)*

Analysis of amount charged through to the profit and loss account

Analysis of amount charged to operating profit

		2006	
Year ended 31 March 2006	**Staff £000**	**Expatriate £000**	**Total £000**
Current service cost	**139**	**18**	**157**
Total charged to operating profit	**139**	**18**	**157**

Analysis of amount charged to net pension finance charges

		2006	
Year ended 31 March 2006	**Staff £000**	**Expatriate £000**	**Total £000**
Interest on pension plan liabilities	**11,767**	**174**	**11,941**
Expected return on assets in the pension plan	**(10,659)**	**(183)**	**(10,842)**
Total charge/(credit) to net pension finance charge	**1,108**	**(9)**	**1,099**

Analysis of amount charged to operating profit

		2005	
Year ended 31 March 2005	Staff £000	Expatriate £000	Total £000
Current service cost	138	18	156
Past service costs	184	-	184
Total charged to operating profit	322	18	340

Analysis of amount charged to net pension finance charges

		2005	
Year ended 31 March 2005	Staff £000	Expatriate £000	Total £000
Interest on pension plan liabilities	11,054	175	11,229
Expected return on assets in the pension plan	(10,235)	(221)	(10,456)
Total charge/(credit) to net pension finance charge	819	(46)	773

Notes *(continued)*

27 Pensions *(continued)*

The defined benefit sections of both schemes were closed to new members on 31 December 1997. Most staff who commenced employment after this date were able to join a company defined contribution scheme operated by private insurance companies and a stakeholder pension plan. Contributions to these schemes by the group matched those of the employee up to a maximum of 7% of gross pensionable salary over the year.

Contributions into defined contribution schemes by the group during the year totalled £2,211,000 *(2005: £2,018,000)*.

28 Commitments

(a) Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

Group	**2006 £000**	2005 £000
Contracted	**60,128**	11,900

(b) Annual commitments under non-cancellable operating leases are as follows:

Group	**2006 Land and buildings £000**	**Aircraft, plant and machinery £000**	2005 Land and buildings £000	Aircraft, plant and machinery £000
Operating leases which expire:				
Within one year	**10**	**4,306**	-	95
In the second to fifth years inclusive	**92**	**719**	-	5,726
Over five years	**710**	-	729	-
	812	**5,025**	729	5,821

In January 2004 we entered into a purchase agreement with Eurocopter, to purchase two large aircraft. These aircraft were delivered and became operational during this year. We entered into further agreements this year with Eurocopter to purchase four additional large aircraft and four medium size aircraft. Two large aircraft have been delivered in 2006/7 with a further two are due in 2007/8. Of the four medium aircraft, two have been delivered in 2006/7, one further is due in 2006/7 and the fourth is due in 2007/8.

Notes *(continued)*

29 Related party transactions

a) Transactions with joint venture and associated undertakings

	2006 £000	2005 £000
Sales to joint ventures in respect of aircraft rental and related services	**783**	4,086
Sale to joint venture of contracts and aircraft	**-**	7,850
Sales to associated undertakings in respect of aircraft rental and related services	**5,353**	5,316
Purchases from joint ventures in respect of aircraft and related services	**345**	420
Purchases from associated undertakings in respect of aircraft and related services	**104**	285
Loans outstanding to associated undertakings	**3,598**	916
Interest receivable from associated undertakings on loans charged at commercial rates	**205**	105
Other amounts receivable from joint ventures	**1,012**	602
Other amounts receivable from associated undertakings	**1,599**	1,115
Other amounts payable to joint ventures	**429**	1
Other amounts payable to associated undertakings	**50**	7

b) Transactions with other related parties

	2006 £000	2005 £000
Purchases from Bristow Group Inc. in respect of aircraft rental and related services	**13,209**	11,982
Sales to Bristow Group Inc. in respect of aircraft rental and related services	**4,205**	1,305
Interest payable to Bristow Group Inc. in respect of		
- unsecured loan 8.335%	**3,863**	3,738
- unsecured subordinated loan stock 13.5%	**37,515**	32,917
Interest receivable from Bristow Group Inc. in respect of		
- loans charged at commercial rates	**744**	551
Amounts due to Bristow Group Inc.		
- management fees	**4,855**	4,855
- unsecured loan	**50,000**	50,000
- unsecured subordinated loan stock 13.5% including interest	**306,331**	268,816
- trade creditors	**2,463**	2,344
- interest on unsecured loan 8.335%	**1,151**	1,060
Amounts due from Bristow Group Inc.		
- debtors	**3,117**	232
Other debtors - short term loans to Bristow Group Inc.	**15,449**	6,479
Other loans - debt due to company affiliated with shareholders of Aviashelf	**826**	903

Bristow Group Inc. owns 49% of the share capital of Bristow Aviation Holdings Limited.