Bristow Aviation Holdings Limited

Directors' report and consolidated financial statements

Registered number 03234500

31 March 2012

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2012

Principal activities

The principal activity of the group (also referred to as 'Bristow' or 'company') 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, Norway, Nigeria, Russia and Trinidad Search and rescue helicopter services are provided in addition to supporting the oil and gas sector Engineering and maintenance activities are also performed on aircraft working in both markets

Business review

General market outlook

There is a cautious optimism that the economic conditions will continue to recover during the next financial year, however we continue to seek ways to operate more effectively and work with our clients to improve the efficiency of their operations This economic recovery should lead to an accelerated expansion in the next financial year and beyond and increased demand in many of our core markets

On 25th October 2012 the UK CAA issued a safety directive requiring operators to suspend operations of certain Eurocopter Super Puma aircraft following two accidents with other operators in the past six months Further information is outlined in note 32

General operations overview and key performance indicators

Flight activity increased by 5% compared to the comparative prior year, primary in Europe and Nigeria

Turnover, including share of joint ventures turnover, increased by 12 2% The additional turnover mainly came from organic growth and continued escalations of existing contracts within the North Sea Gross profit increased by £2 2m to £75 0m in the year to March 2012 The gross margin percentage decreased by 1% to 11% in 2012 due to the cost of flying and maintaining helicopters increasing faster than the growth in turnover The administrative expenses increased by £4 4m in the year and operating profit for the year decreased to £44 5m, £2 2m lower than the restated prior year

The company continued its constant review of quality and safety in the workplace and compliance under the Bristow Group Inc's Code of Business Integrity

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

European operations

Bristow is the 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

Whilst the North Sea remains a very competitive region, in respect of oil and gas support work, Bristow has reported another year of turnover growth

Directors' report *(continued)*

International operations

Bristow has operations in many of the major offshore oil and gas producing regions of the world, including Australia, 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

Demand within the international operations has continued to grow in almost every market mainly as a result of fleet upgrades, rate escalations and favourable movements in exchange rates

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

Joint venture operations

We own an interest in FBS Limited, FBH Limited and FB Leasing Limited, outlined in note 27 These entities principally provide pilot training, maintenance and support services to the UK Ministry of Defence and other international government organisations

Joint venture earnings post tax have increased by 2% to £7m

Associate operations

Associate post tax profits totalled £0 01m in 2012 (*2011 £0 1m*)

Safety

During the last financial year the company achieved zero aviation accidents in commercial operations, the third time in four years

The company has continued with the "Target Zero" campaign launched in 2007 It's called "Target Zero", as our common safety vision is to have zero accidents, zero harm to people, and zero harm to the environment Through this process, we are communicating safety information via our managers and supervisors to every staff member at all levels in all operations

Going Concern

The directors have considered the principal risks and uncertainties together with the current financial position of the group, and that of Bristow Group Inc who have confirmed their continued support Despite the current uncertain economic climate the directors believe the group is well placed to manage its business risks and that there is a reasonable expectation that the group has adequate resources to continue to operate for the foreseeable future (see note 1) Accordingly, the directors continue to adopt the going concern basis in preparing the consolidated financial statements

Principal risks and uncertainties:

- Our future growth depends on the level of international oil and gas activity and our ability to operate outside of the North Sea
- A failure to attract and retain qualified personnel could have an adverse effect on us
- We face substantial competition in the helicopter services business
- Environmental regulations and liabilities may increase our costs and adversely affect us
- Our dependence on a small number of helicopter manufacturers and aircraft types poses a significant risk to our business and prospects
- A less favourable safety record could affect our ability to win and/or retain work
- A shortfall in availability of aircraft components and parts required for maintenance, and repairs of our aircraft and supplier cost increases could adversely affect us

Directors' report *(continued)*

Results and dividends

The audited financial statements for the year ended 31 March 2012 are set out on pages 7 to 49 The group loss for the year after taxation and minority interest was £97 8m (2011 *restated £28 5m)*

The directors do not recommend the payment of a dividend *(2011 £nil)*

Fixed Assets

During the year there was a change in the accounting policy for aircraft from revaluation to historic cost This was to align the accounting policy with Bristow Group Inc, the ultimate parent The impact of this change has been to reduce the carrying value of fixed assets by £26 1m

Fleet renewal

During the year ended 31 March 12, changes were made to our fleet strategy as a result of (1) a continued shift in demand for our aircraft to newer technology aircraft types, (2) the introduction of the Bristow Client Promise through which the Group will position Bristow as the premium service provider of offshore transportation services and (3) the introduction of the financial metric of Bristow Value Added (a variant to EVA – Economic Value Added) The change in demand for our older aircraft has accelerated over the last few quarters as a result of a renewed focus on safety and reliability across the offshore energy industry after the Macondo oil spill in the U S Gulf of Mexico The change to fleet strategy resulted in the determination that the Group will operate certain older types of aircraft for a shorter period than originally anticipated and led to a global review of rotables and spare parts inventories supporting the fleet This review of rotables and inventories resulted in the identification of inventory that is dormant, obsolete or excess based on the review of our future needs As a result, an impairment charge of £4 2 million was recorded in the year to write-down certain spare parts within inventories to lower of cost or market value

Pensions

The group is showing a net pension deficit of £53 9m as at 31 March 2012 *(2011 £46 7m)* Movements in the valuation of the pension schemes are fully disclosed in the notes to the financial statements

Further information is outlined in note 29

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

Company information

The company's registered office is at, Redhill Aerodrome, Kingsmill Lane, Redhill, Surrey, RH1 5JZ and registration number is 03234500

Directors' report *(continued)*

Directors

The company directors who held office during the year and up to the date of signing the financial statements were as follows

R D Burman	(resigned 10 February 2012)
M M Imlach	(appointed 10 February 2012)
W E Chiles	
W Wyatt*	(resigned 21 September 2011)
J M May*	(resigned 21 September 2011)
S A King*	(appointed 21 September 2011)
M S Masters*	(appointed 30 September 2011)

* Non-executive directors

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 Trade creditors of the group at 31 March 2012 were equivalent to 34 days purchases (2011 25 days) based on the average daily amount invoiced by suppliers during the year

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 £39,200 *(2011 £58,494)* Within the current year's charitable contributions the group paid £8,473 towards a carbon neutral gift fund based in Australia and £9,140 to a UK based children's charity No political contributions were made by the group during the year *(2011 £nil)*

Auditors

In accordance with Section 487 of the Companies Act 2006, KPMG LLP are deemed to be re-appointed as auditors to the company

By order of the board,

M. M. Imlach.

M M Imlach
Director

Redhill Aerodrome
Redhill
Surrey
RH1 5JZ

Statement of directors' responsibilities in respect of the Directors' 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)

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006

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 2012 set out on pages 7 to 49 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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, and express an opinion on, 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 (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements
In our opinion the financial statements

• give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2012 and of the group's loss for the year then ended,

• have been properly prepared in accordance with UK 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 by the parent company, 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

Matt Lewis (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Forest Gate, Brighton Road, Crawley, RH11 9PT

26 December 2012

Consolidated profit and loss account

for the year ended 31 March 2012

	Note	2012	2012	2011 *Restated*	2011 *Restated*
		£000	£000	£000	£000
Turnover: group and share of joint ventures		693,799		618,200	
Less: share of joint ventures' turnover		(38,740)		(37,974)	
Turnover	2	655,059		580,226	
Cost of sales		(580,030)		(507,403)	
Gross profit			75,029		72,823
Administrative expenses			(41,918)		(37,540)
Other operating income	5		221		165
Group operating profit			33,332		35,448
Share of operating profit/(loss) in					
Joint ventures		11,172		11,099	
Associates		(11)		133	
			11,161		11,232
Total operating profit			44,493		46,680
Group and share of joint ventures and associates					
(Loss) / profit on disposal of fixed assets	6	(1,422)		1,156	
Profit on disposal of investments		647		389	
Interest receivable and similar income					
Group	7	2,197		2,017	
Joint ventures		42		52	
			1,464		3,614
Interest payable and similar charges					
Group	8	(83,060)		(72,126)	
Joint ventures		(1,598)		(1,549)	
			(84,658)		(73,675)
Net pension finance credit	29		843		23
Loss on ordinary activities before taxation	9		(37,858)		(23,358)
Tax on loss on ordinary activities	10		(14,933)		13,288
Loss on ordinary activities after taxation			(52,791)		(10,070)
Minority interests – equity	22		(45,018)		(18,404)
Retained loss for the year	21		(97,809)		(28,474)

The notes on pages 12 to 49 form part of these financial statements

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

Consolidated balance sheet
at 31 March 2012

	Note	**2012**	**2012**	2011 *Restated*	2011 *Restated*
		£000	**£000**	£000	£000
Fixed assets					
Goodwill	*11*	**5,797**		6,379	
Intangible assets	*12*	**2,882**		3,991	
Tangible assets	*13*	**564,847**		613,714	
Investments	*14*	**5,323**		5,599	
			578,849		629,683
Current assets					
Stocks	*15*	**26,892**		29,183	
Debtors - due within one year	*16*	**205,286**		193,234	
Cash at bank and in hand		**107,489**		51,778	
		339,667		274,195	
Creditors: amounts falling due within one year	*17*	**(697,036)**		(589,653)	
Net current liabilities			**(357,369)**		(315,458)
Total assets less current liabilities			**221,480**		314,225
Creditors: amounts falling due after more than one year	*18*		**(91,722)**		(120,167)
Provisions for liabilities and charges	*19*		**(2,811)**		(3,749)
Net assets excluding pension liabilities			**126,947**		190,309
Pension liabilities	*29*		**(53,890)**		(46,700)
Net assets including pension liabilities			**73,057**		143,609
Capital and reserves					
Called up share capital	*20*		**10,000**		10,000
Profit and loss account	*21*		**(458,690)**		(343,038)
Equity shareholders' deficit			**(448,690)**		(333,038)
Minority interests – equity	*22*		**521,747**		476,647
			73,057		143,609

The notes on pages 12 to 49 form part of these financial statements

These financial statements were approved by the board of directors on 20 December 2012 and were signed on its behalf by

m. m. Imlach

M M Imlach
Director

Company number 03234500

Company balance sheet
at 31 March 2012

	Note	2012 £000	2012 £000	2011 £000	2011 £000
Fixed assets					
Investments	*14*		**101,000**		101,000
Current assets					
Debtors - due within one year	*16*	**-**		9	
Creditors - amounts falling due within one year	*17*	**(584,762)**		(502,556)	
Net current liabilities			**(584,762)**		(502,547)
Total assets less current liabilities			**(483,762)**		(401,547)
Creditors amounts falling due after more than one year	*18*		**(91,000)**		(91,000)
Net liabilities			**(574,762)**		(492,547)
Capital and reserves					
Called up share capital	*20*		**10,000**		10,000
Profit and loss account	*21*		**(584,762)**		(502,547)
Equity shareholders' deficit			**(574,762)**		(492,547)

The notes on pages 12 to 49 form part of these financial statements

These financial statements were approved by the board of directors on 20 December 2012 and were signed on its behalf by

M.M. Imlach.

M M Imlach
Director

Company number 03234500

Consolidated cash flow statement

for the year ended 31 March 2012

Cash flow statement

	Note	2012 £000	2012 £000	2011 Restated £000	2011 Restated £000
Net cash flow from operating activities	23		**94,766**		39,016
Dividends from joint ventures and associates					
Dividends received from joint ventures		7,152		6,884	
Dividends received from associate		-		32	
Net cash inflow from dividends from joint ventures and associates			**7,152**		6,916
Returns on investments and servicing of finance					
Interest received		1,890		1,385	
Interest paid		(946)		(1,651)	
Net cash outflow from return on investments and servicing of finance			**944**		(266)
Taxation			**(16,179)**		(14,957)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(49,169)		(64,266)	
Sale of tangible fixed assets		47,019		4,416	
Sale of investments		647		997	
Net cash outflow from capital expenditure			**(1,503)**		(58,853)
Acquisitions and disposals					
Cash acquired through business combination		-		27,116	
Net cash inflow from acquisitions and disposals			-		27,116
Net cash inflow/(outflow) before financing			**85,180**		(1,028)
Financing					
Short term loan repayment		(7,145)		(685)	
Loans from related parties		(11,673)		11,673	
Capital element of finance lease rental & other loans		(10,651)		5,869	
Net cash (outflow)/inflow from financing			**(29,469)**		16,857
Increase in cash in the year	25		**55,711**		15,829

Consolidated statements of total recognised gains and losses
for the year ended 31 March 2012

	Group 2012 £000	Group 2011 *Restated* £000	Company 2012 £000	Company 2011 £000
Retained loss for the financial year	**(97,809)**	(28,474)	**(82,215)**	(72,222)
Actuarial loss recognised on the pension schemes	**(22,299)**	(2,778)	-	-
Movement on deferred tax relating to actuarial losses on the pension schemes	**1,618**	(3,223)	-	-
Movement on current tax relating to actuarial losses on the pension schemes	**2,974**	3,212	-	-
Gain/(loss) on foreign currency translation of reserves	**(136)**	(12,197)	-	-
Gain on transaction	-	7,447	-	-
Total recognised gains/(losses) for the year	**(115,652)**	(36,013)	**(82,215)**	(72,222)
Prior year adjustment (as explained in note 1)	**(686)**			
Total gains and losses recognised since last annual report	**(116,338)**			

Reconciliation of movements in shareholders' deficit
for the year ended 31 March 2012

	Group 2012 £000	Group 2011 *Restated* £000	Company 2012 £000	Company 2011 £000
Retained loss for the financial year	**(97,809)**	(28,474)	**(82,215)**	(72,222)
Other recognised losses relating to pension schemes	**(17,707)**	(2,789)	-	-
Gain/(loss) on foreign currency translation of reserves	**(136)**	(12,197)	-	-
Gain on transaction	-	7,447	-	-
Net movement in shareholders' deficit	**(115,652)**	(36,013)	**(82,215)**	(72,222)
Opening shareholders deficit	**(333,038)**	(297,025)	**(492,547)**	(420,325)
Closing shareholders' deficit	**(448,690)**	(333,038)	**(574,762)**	(492,547)

Notes to the financial statements
(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 During the year there was a change in the accounting policy for aircraft from revaluation to historic cost This was to align the accounting policy with Bristow Group Inc, the ultimate parent The impact of this change has been to reduce carrying value of fixed assets by £26 1m

Going concern

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 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, its subsidiary undertakings and other legal entities/partnerships where the company holds control to 31 March 2012 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

Subsidiaries are entities controlled by the Group Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities

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, including goodwill on acquisition, 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 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account The company's loss for the year was £82 2m *(2011 £72 2m)*

Notes *(continued)*

1 Accounting policies *(continued)*

Group structure and minority interest

Bristow Aviation Holdings Limited ('BAHL) is general partner in Bristow Worldwide Limited Partnership (BWWLP) The Limited partner in this limited partnership is Bristow (UK) Limited Liability Partnership ("BUKLLP"), a sister entity of BAHL that is 100% controlled by Bristow Group Inc ('BGI') On entering the partnership, BAHL contributed to BWWLP as capital 100% of the issued share capital of Bristow Helicopters Group Limited ("BHGL"), an intermediate holding company which owns all the trading subsidiaries, affiliates and joint ventures of BAHL group as listed in note 27 Under UK partnership law, BAHL as general partner, has management control of the Partnership, the right to use the partnership property, share the profits of the firm in predefined proportions, and has joint and several liability for the debts of the partnership

BUKLLP contributed to BWWLP as capital 100% of the issued share capital of Brilog Leasing Limited ('BLL') and Bristow Cayman Limited ("BCL"), BLL is also a 100% owned subsidiary that owns aircraft Under the partnership legislation, BUKLLP as limited partner has limited liability (capped at capital contributed) and the right to share the profits of the Partnership in predefined proportions, but has no management authority and does not take part in the management of the Partnership business

Under the terms of the Limited Partnership Agreement, BAHL beneficially owns, through its interest in BWWLP, 95% of the ordinary share capital of BHGL and 4 1176% of the ordinary share capital of BLL and BCL Correspondingly, BUKLLP beneficially owns, through its interest in BWWLP, 5% of the ordinary share capital of BHGL and 95 8824% of the ordinary share capital of BLL and BCL Profits of the BWWLP partnership are allocated on these predefined proportions, such that BAHL receives 95% of BHGL profits and 4 1176% of BLL and BCL profits, and BUKLLP correspondingly receives 5% of BHGL profits and 95 8824% of BLL and BCL profits

As the partnership agreement gives BAHL control of BWWLP, the Company is deemed to control both BCL and BLL and these are accounted for as subsidiaries Therefore the assets and liabilities of BCL and BLL have been recognised in full in the BAHL balance sheet and the BAHL profit and loss account presents the results of the consolidated group including 100% of BCL and BLL results BAHL then recognises non-controlling interest of 5% of BHGL and 95 8824% of BLL and BCL results as minority interest in reserves

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 *(2011 £15,858,000)*

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 up to 20 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)*

Intangible assets

An intangible asset acquired as part of a business combination is recognised separately from goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably

Intangible assets are included at deemed cost, being fair value at point of acquisition, and amortised by equal instalments over their estimated useful economic lives as follows

Contracts	-	over remaining life of contract
Customer Relationships	-	10 years
Licences	-	over licence period remaining

Tangible fixed assets, capitalised interest costs 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 - 15 years
Vehicles	-	3 - 5 years
Aircraft	-	2 - 15 years with a 30% - 50% residual value

No depreciation is provided on freehold land

The interest costs attributable to progress payments or deposits on aircraft purchase contracts and construction projects are capitalised as part of the cost of that asset

Investments

Fixed asset investments are shown at cost less provision for impairment

Stocks

Stocks are stated at the lower of cost or 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

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

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

The charge for taxation is based on the result 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

Share based payments

The share option programme allows employees to acquire shares of Bristow Group Inc The fair value of the options and those not yet invested is recognised as an employee expense The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting

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 a prior year Further details can be found in note 29

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

Notes *(continued)*

1 Accounting policies *(continued)*

Leased assets

Assets held under finance leases 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 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 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

Assets under finance leases are treated as disposed of on inception of the lease The fair value of the rentals receivable are treated as consideration of the assets leased and are credited to the profit and loss account in the year The capital elements of future lease receivables are recorded as other debtors, and the interest element of the rental obligation are credited over the period of the lease so as to produce a constant periodic rate of return on the net cash investment

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 Services are also provided 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, the long-term contracts may provide for periodic increases in the contractual rates charged for our services These rate increases are recognised 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, the Company's 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 2006 is given as, in the opinion of the directors, this would be seriously prejudicial to the commercial interests of the group

Notes *(continued)*

3 Remuneration of directors

	2012 £000	2011 £000
Directors emoluments	**406**	314
Compensation for loss of office	**1,126**	-
Amounts receivable under long term incentive schemes	**369**	150
Company contributions to money purchase pension schemes	**32**	73
	1,933	537

	Number of directors 2012	2011
Retirement benefits are accruing to the following number of directors under		
Defined contribution schemes	**2**	1
The number of directors who exercised share options of an affiliate company in the year	**1**	1
The number of directors who received share options of an affiliate company in the year	**1**	1

Highest paid director

The above amounts include the following in respect of the highest paid director	2012 £000	2011 £000
Directors emoluments	**379**	314
Compensation for loss of office	**1,126**	-
Amounts receivable under long term incentive schemes	**369**	150
Company contributions to money purchase pension schemes	**29**	73
Emoluments	**1,903**	537

The highest paid director received and exercised share options in an affiliated company during the year

4 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 2012	2011
Operating staff	**2,013**	1,955
Management and administration	**391**	405
	2,404	2,360

Notes *(continued)*

4 Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows

	2012 £000	2011 £000
Wages and salaries	**174,083**	153,879
Social security costs	**20,202**	11,091
Other pension costs	**9,632**	12,156
	203,917	177,126

5 Other operating income

	2012 £000	2011 £000
Exchange gain on foreign currency trading transactions	**221**	165

6 Loss on disposal of fixed assets

	2012 £000	2011 *Restated* £000
Loss / (profit) on sale of tangible fixed assets	**1,422**	(1,156)

7 Interest receivable and similar income

	2012 £000	2011 £000
Interest receivable	**1,890**	1,385
Exchange gain on foreign currency balances	**307**	632
	2,197	2,017

Notes *(continued)*

8 Interest payable and similar charges

	2012	2011 *Restated*
	£000	£000
On all other loans	**83,060**	72,126
	83,060	72,126

9 Loss on ordinary activities before taxation

	2012	2011 *Restated*
	£000	£000
Loss on ordinary activities before taxation is stated after charging.		
Depreciation		
Owned assets	**43,153**	23,809
Impairment of fixed assets	**5,575**	18,742
Operating lease rental expenses		
Aircraft hire	**66,760**	89,933
Rental of properties	**6,113**	11,210
Hire of plant and machinery	**12**	108
Auditor s remuneration		
Fees payable to the Company s auditor for the audit of the Company s annual accounts	**68**	108
Fees payable to the Company s auditor for the audit of the Company s subsidiaries	**629**	557
Amortisation of goodwill	**519**	449
Amortisation of intangible assets	**1,015**	802

Notes *(continued)*

10 Taxation

Analysis of charge in year

	2012	2011
		Restated
	£000	£000
UK corporation tax		
Current tax on income for the year	**4,488**	4,939
Double taxation relief	**(1,477)**	(2,036)
	3,011	2,903
Foreign tax		
Current tax on income for the year	**11,689**	7,202
	14,700	10,105
Adjustments in respect of prior year		
UK corporation tax	**10**	79
Foreign tax	**(15)**	(911)
	14,695	9,273
Share of joint ventures' tax	**2,580**	2,521
Total current tax charge	**17,275**	11,794
Deferred taxation		
Origination and reversal of timing differences – current year	**(5,498)**	(25,173)
Origination and reversal of timing differences – prior years	**2,935**	(565)
Rate change	**221**	656
Total deferred tax	**(2,342)**	(25,082)
Total tax on loss on ordinary activities	**14,933**	(13,288)

Notes *(continued)*

10 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

	2012	2011 *Restated*
	£000	£000
Current tax reconciliation		
Loss on ordinary activities before tax	**(37,858)**	(23,358)
Current tax at 26% *(2011 28%)*	**(9,843)**	(6,540)
Effects of		
Net expenses and income not deductible for tax purposes	**13,832**	17,194
Depreciation (less than)/in excess of accelerated capital allowances	**(636)**	992
Losses not recognised for tax	**(16)**	(12)
Tax rate differentials on overseas earnings	**(303)**	(634)
Other timing differences	**6,156**	(593)
Irrecoverable overseas withholding tax	**8,090**	2,219
	17,280	12,626
Adjustments to tax charge in respect of previous periods	**(5)**	(832)
Total current tax charge	**17,275**	11,794

Notes *(continued)*

11 Goodwill

Group

	£000
Cost	
At beginning of year *(Restated)*	7,174
Exchange	(276)
At end of year	**6,898**
Amortisation	
At beginning of year *(Restated)*	795
Charge	369
Exchange	(63)
At end of year	**1,101**
Net book value	
At 31 March 2012	**5,797**
At 31 March 2011 *(Restated)*	6,379

12 Intangible assets

Group	**Contracts £000**	**Customer relationships £000**	**Licences £000**	**Total £000**
Cost				
At beginning of year *(Restated)*	4,779	1,149	547	6,475
Exchange adjustments	(130)	(31)	(15)	(176)
At end of year	4,649	1,118	532	6,299
Amortisation				
At beginning of year *(Restated)*	2074	278	132	2,484
Exchange adjustments	(69)	(9)	(4)	(82)
Charge for year	848	113	54	1,015
At end of year	2,853	382	182	3,417
Net book value				
At 31 March 2012	**1,796**	**736**	**350**	**2,882**
At 31 March 2011 *(Restated)*	2,705	871	415	3 991

Notes *(continued)*

13 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 *(Restated)*	30,880	598,739	90,605	22,775	742,999
Exchange adjustments	(301)	(37)	770	57	489
Additions	613	3,007	4,457	49,808	57,885
On transfers	(8,860)	62,959	(200)	(63,930)	(10,031)
Disposals	(921)	(63,361)	(14,607)	(2,429)	(81,318)
Reclassification of assets held for sale	-	(14,442)	-	-	(14,442)
At end of year	21,411	586,865	81,025	6,281	695,582
Depreciation					
At beginning of year *(Restated)*	10,975	64,770	53,540	-	129,285
Exchange adjustments	(12)	(45)	(18)	-	(75)
Charge for year	1,185	35,064	6,904	-	43,153
On transfers	(896)	-	(420)	-	(1,316)
On disposals	(407)	(18,396)	(14,073)	-	(32,876)
Reclassification of assets held for sale	-	(7,436)	-	-	(7,436)
At end of year	10,845	73,957	45,933	-	130,735
Net book value					
At 31 March 2012	**10,566**	**512,908**	**35,092**	**6,281**	**564,847**
At 31 March 2011 *(Restated)*	19,905	533,969	37,065	22,775	613,714

The net book value of aircraft held by Bristow Aviation Holdings Ltd as lessor for use in operating leases was £16 5m (2011 £16 8m) The depreciation charge for the year in respect of these assets was £570k (2011 £225k)

Capitalised interest on aircraft for the year ended 31 March 2012 was £2 1m (2011 £1 7m)

Notes *(continued)*

13 Tangible fixed assets *(continued)*

Further analysis of land and buildings

Group	Freehold £000	Long leasehold £000	Short leasehold £000	Total land & buildings £000
Cost				
At beginning of year	12,620	7,224	11,036	30,880
Exchange adjustments	1,820	(1,727)	(394)	(301)
Additions	195	281	137	613
Reclassifications	(1,086)	1,086	-	-
On transfers	(9,125)	265	-	(8,860)
Disposals	(467)	(350)	(104)	(921)
At end of year	3,957	6,779	10,675	21,411
Depreciation				
At beginning of year	855	2,341	7,779	10,975
Exchange adjustments	1,217	(695)	(534)	(12)
Charge for year	241	505	439	1,185
Reclassifications	(447)	447	-	-
On transfers	(896)	-	-	(896)
On disposals	(54)	(288)	(65)	(407)
At end of year	916	2,310	7,619	10,845
Net book value				
At 31 March 2012	**3,041**	**4,469**	**3,056**	**10,566**
At 31 March 2011	11,765	4,883	3,257	19,905

Notes *(continued)*

14 Fixed asset investments

	Joint venture shares £000	Joint venture goodwill £000	Associate Shares £000	Other Unlisted Investments £000	Total £000
Group					
Cost					
At beginning of year	5,334	2,231	113	2	7,680
Dividends	(7,152)	-	-	-	(7,152)
Share of current year retained profits	7,037	-	(11)	-	7,026
At end of year	5,219	2,231	102	2	7,554
Provisions/amortisation					
At beginning of year	-	2,081	-	-	2,081
Amortisation charged in year	-	150	-	-	150
At end of year	-	2,231	-	-	2,231
Net book value					
At 31 March 2012	**5,219**	-	**102**	**2**	**5,323**
At 31 March 2011	5,334	150	113	2	5,599

Investment in joint venture shares comprises the cost of shares of £6 0m, plus the group's share of retained post-acquisition reserves of £0 6m less the elimination of group profit on disposal of fixed assets to the joint venture of £0 5m Positive goodwill of £2 2m relating to a joint venture acquisition post 1998 has been capitalised, and is being amortised over its useful life of 14 years

Notes *(continued)*

14 Fixed asset investments *(continued)*

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

	2012 £000	2011 £000
Turnover	**38,740**	37,974
Profit before tax	**9,616**	9,602
Taxation	**(2,579)**	(2,681)
Profit after tax	**7,037**	6,921
Fixed assets	**36,903**	39,235
Current assets	**17,013**	16,865
Share of assets	**53,916**	56,100
Liabilities due within one year	**(8,077)**	(10,085)
Liabilities due after one year	**(40,170)**	(40,231)
Share of liabilities	**(48,247)**	(50,316)
Share of net assets (pre-deferred group profit adjustment)	**5,669**	5,784
Less unamortized deferred group profit	**(450)**	(450)
Group share of net assets	**5,219**	5,334

FBS Limited accounts for the substantial part of the amounts included within the investment in joint venture undertaking figures disclosed above FBS and the other FB companies (FBH and FBL) all have financial years ending 31 December Their results are consolidated as at 31 March by taking their statutory accounts for their most recent year end plus their management accounts for the interim three months

Notes *(continued)*

14 Fixed asset investments *(continued)*

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

	2012 £000	2011 £000
Turnover	**2,032**	1,888
(Loss) / profit before tax	**(11)**	133
Taxation	**-**	-
(Loss) / profit after tax	**(11)**	133
Fixed assets	**10**	11
Current assets	**382**	467
Share of assets	**392**	478
Share of liabilities	**290**	365
Share of net assets	**102**	113

Company	**Shares in subsidiary undertakings £000**
Cost	
At beginning of year	101,000
Additions	-
Disposals	-
At end of year	**101,000**
Provisions	
At beginning and end of year	-
Net book value	
At 31 March 2012	**101,000**
At 31 March 2011	101,000

The principal subsidiary, joint venture and associated undertakings at 31 March 2012 are shown in note 27

Notes *(continued)*

15 Stocks

Group	**2012**	2011
	£000	£000
Raw materials and consumables	**25,382**	28,326
Work in progress	**1,510**	857
	26,892	29,183

16 Debtors

	Group 2012 £000	Group 2011 £000	**Company 2012 £000**	Company 2011 £000
Amounts due within one year				
Trade debtors	**129,985**	97,694	-	-
Amounts due from associated undertakings	**1,017**	835	-	-
Amounts due from joint ventures	-	112	-	-
Amounts due from related company	**6,942**	2,268	-	-
Corporation Tax debtor	**960**	2,651	-	9
Other debtors	**10,181**	5,622	-	-
Deferred Tax (see note 19)	**4,503**	3,019	-	-
Aircraft held for resale	**8,885**	14,349	-	-
Prepayments and accrued income	**42,813**	66,684	-	-
	205,286	193,234	-	9

17 Creditors. amounts falling due within one year

	Group 2012 £000	Group 2011 £000	**Company 2012 £000**	Company 2011 £000
Short term loan	-	922	-	-
Unsecured subordinated loan stock 13 5%	**579,482**	497,362	**579,482**	497,362
Trade creditors	**22,652**	25,873	-	-
Amounts owed to subsidiary company	-	-	**254**	216
Amounts owed to related company	**31,205**	9,004	-	-
Corporation tax	**4,103**	2,747	**142**	38
Taxation and social security	**5,420**	3,895	-	-
Other creditors	**6,769**	17,095	**4,884**	4,884
Accruals and deferred income	**47,405**	32,755	-	56
	697,036	589,653	**584,762**	502,556

The unsecured subordinated loan stock 13 5% is accumulated interest due to Bristow Group Inc and has no scheduled date for repayment

Notes *(continued)*

18 Creditors. amounts falling due after more than one year

	Group		Company	
	2012	2011	**2012**	2011
	£000	£000	**£000**	£000
Obligations under finance lease	**-**	9,729	**-**	-
Unsecured subordinated loan stock 13 5%	**91,000**	91,000	**91,000**	91,000
Other loans	**-**	7,145	**-**	-
Amounts owed to related company	**-**	11,673	**-**	-
Other creditors	**722**	620	**-**	-
	91,722	120,167	**91,000**	91 000

Other borrowings are repayable as follows

	Group		Company	
	2012	2011	**2012**	2011
	£000	£000	**£000**	£000
Finance leases				
Between two and five years	**-**	9,729	**-**	-
Other loans				
Between two and five years	**-**	7,145	**-**	-
More than five years	**91,000**	91,000	**91,000**	91,000

The unsecured subordinated loan stock 13 5% is with Bristow Group Inc and Offshore Logistics International Inc, the interest on which is payable on request.

Notes *(continued)*

19 Deferred taxation

	Deferred tax asset £000	Deferred tax liability £000	Deferred tax total £000
Group			
At beginning of year *(Restated)*	(3,019)	3,749	730
Exchange	1	(81)	(80)
Movement in provision charged to the profit and loss account/(utilised) during the year	(1,485)	(857)	(2,342)
At end of year	**(4,503)**	**2,811**	**(1,692)**
Recognised as			
Deferred tax asset (see note 16)			(4,503)
Deferred tax liability			2,811
Deferred tax is provided as follows			
Accelerated capital allowances	3,546	2,445	5,991
Other short term timing differences	(8,049)	366	(7,683)
	(4,503)	2,811	(1,692)

On 21 March 2012 the Chancellor announced a reduction in the main rate of UK corporation tax to 24% with effect from 1 April 2012 This change became substantively enacted on 21 March 2012 and therefore the effect of the rate reduction on the UK deferred tax balances as at 31 March 2012 has been included in the above figures

In addition the Chancellor proposed further changes to reduce the main rate of UK corporation tax by one per cent each annum resulting in a tax rate of 22% in 2014 This change was not substantively enacted by the year end and is therefore not reflected in the above figures The overall effect of the further reductions from 24% to 22%, if these rates applied to the deferred tax balances at 31 March 2012, would be to reduce the net deferred tax asset by £221,710

Notes *(continued)*

20 Called up share capital

	2012 £000	2011 £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

	2012 £000	2011 £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)*

21 Reserves

Group

	Profit and loss account £000
At beginning of year *(Restated)*	(343,038)
Retained loss for the year	(97,809)
Net actuarial loss on pensions	(17,707)
Exchange adjustments	(136)
At end of year	**(458,690)**

Company

	Profit and loss account £000
At beginning of year	(502,547)
Retained loss for the year	(82,215)
At end of year	**(584,762)**

Notes *(continued)*

22 Minority interest

	2012	2011
	Equity	Equity
		Restated
	£000	£000
At beginning of year	**476,647**	3,047
Exchange	**82**	(1,320)
Share of profit on ordinary activities after tax	**45,018**	18,404
Acquisition	**-**	456,516
At end of year	**521,747**	476,647

23 Reconciliation of operating profit to operating cash flows

Group

	2012	2011
		Restated
	£000	£000
Group operating profit	**33,332**	35,448
Depreciation	**43,153**	23,809
Impairment of fixed assets	**5,575**	18,742
Decrease / (increase) in stocks	**2,291**	(1,309)
(Increase) in debtors	**(3,505)**	(30,215)
Increase in creditors	**24,933**	2,508
Goodwill and Intangible amortisation	**1,534**	1,251
Exchange differences	**213**	(420)
Difference between pension charge and cash contribution	**(12,760)**	(10,798)
Net cash inflow from operating activities	**94,766**	39,016

24 Reconciliation of net cash flow to movement in net debt

Group

	2012	2011
	£000	£000
Increase in cash in the year	**55,711**	15,829
Cash inflow/(outflow) from financing	**29,469**	(16,857)
Changes in net debt resulting from cash flows	**85,180**	(1,028)
Interest accrued on loan balances	**(82,119)**	(71,875)
Movement in net debt in the year	**3,061**	(72,903)
Net debt at beginning of year	**(566,053)**	(493,150)
Net debt at end of year	**(562,992)**	(566,053)

Notes *(continued)*

25 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		51,778	55,711	-	**107,489**
Debt due in less than one year		(498,284)	922	(82,119)	**(579,481)**
Debt due after one year		(119,547)	18,818	9,729	**(91,000)**
		(617,831)	19,740	(72,390)	**(670,481)**
Total net debt		**(566,053)**	75,451	(72,390)	**(562,992)**

26 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 2012 there was a £0 7m *(2011 £0 7m)* facility for revolving credit and guarantee facilities and a £0 5m *(2011 £0 5m)* overdraft facility in place with National Westminster Bank Plc On 31 March 2012 the amount due under revolving credit and guarantee facilities was £nil *(2011 £nil)* and there were no borrowings outstanding under the overdraft facility *(2011 £nil)*

Legal issues

In November 2005, certain of the consolidated entities were named in a lawsuit filed with the High Court of Lagos State, Nigeria by Mr Benneth Osita Onwubalili and Kensit Nigeria Limited, which allegedly acted as agents of the affiliates in Nigeria The claimants allege that an agreement between the parties was terminated without justification by the defendants and seek damages of $16 3m The group has responded to this claim and is continuing to investigate this matter

There are various litigation and regulatory matters which arise, from time to time, in the ordinary course of business The amount, if any, of the group's ultimate liability with respect to these matters cannot always be determined The resolution of any pending matters is not expected to have a material adverse effect on the group's business or financial condition

Notes *(continued)*

27 Principal subsidiary, joint venture and associated undertakings

Name	Country of incorporation/ registration	Principal activity	Shares held Class	% held
Principal subsidiary undertakings				
Aviashelf*	Russia	Helicopter contractor	Ordinary	46 1
Bristow Academy (UK) Limited	England	Helicopter support	Ordinary	95 0
Bristow Caribbean Limited*	Trinidad	Helicopter contractor	Ordinary	95 0
Bristow Cayman Limited*	Cayman Island	Holding company	Ordinary	4 1176
Bristow Helicopters Australia Pty Ltd*	Australia	Helicopter contractor	Ordinary	95 0
Bristow Helicopters Group Limited	England	Holding company	Ordinary	95 0
			Deferred	95 0
Bristow Helicopters (International) Limited*	England	Helicopter contractor	Ordinary	95 0
			Preference	95 0
Bristow Helicopters Leasing Ltd*	England	Helicopter contractor	Ordinary	57 0
Bristow Helicopters Limited*	England	Helicopter contractor	Ordinary	95 0
			5% Non-cumulative preference	95 0
Bristow Helicopters (Nigeria) Limited*	Nigeria	Helicopter contractor	Ordinary	38 0
Bristow International Aviation (Guernsey) Limited*	Guernsey	Personnel support	Ordinary	95 0
Brilog Leasing Limited*	Cayman Island	Helicopter lease rental	Ordinary	4 1176
Bristow Norway A S *	Norway	Helicopter contractor	Ordinary	95 0
Bristow Southeast Asia Ltd*	England	Helicopter lease rental	Ordinary	95 0
Bristow Technical Services Limited*	England	Helicopter maintenance	Ordinary	95 0
Caledonian Helicopters Limited*	England	Helicopter contractor	Ordinary	95 0
Sakhalin Bristow Air Services Limited*	England	Helicopter contractor	Ordinary	57 0
Severn Aviation Limited	England	Helicopter flying school	Ordinary	95 0
United Helicopters Limited*	England	Holding company	Ordinary	95 0
Joint venture undertakings				
FBS Limited*	England	Helicopter flying school	Ordinary	47 5
FBH Limited*	England	Helicopter support	Ordinary	47 5
FB Leasing Limited*	England	Helicopter rental	Ordinary	47 5
Associates				
Turkmenistan Helicopters Limited*	Turkmenistan	Helicopter contractor	Ordinary	48 5

* Indicates entities held indirectly

All companies in the group provide services connected with air transport or associated activities Bristow Helicopters (Nigeria) Limited has been treated as a subsidiary undertaking due to the dominant influence of the group over the operating and financial policies of the company 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

FBS Limited, FBH Limited and FB Leasing Limited have been accounted for as joint ventures as the company ("BAHL") has control as general partner, of Bristow Worldwide LP which owns, in trust, a further 2 5% of the ordinary shares these companies

Brilog Leasing Limited ("BLL") and Bristow Cayman Limited ('BCL") have also been consolidated due to the company ('BAHL') having control, as general partner, of Bristow Worldwide LP which owns, in trust, the shares in both BLL and BCL Bristow Worldwide LP has taken advantage of the exemption to prepare partnership accounts as its results are consolidated in the BAHL accounts

The company has taken advantage of the exemption available in Companies Act 2006 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)*

28 Equity-settled share option plans

Share option plans

Incentive and Stock Option Plans - Stock–based awards are currently made under the Bristow Group Inc 2007 Long-Term Incentive Plan ("2007 Plan") As of 31 March 2012, a maximum of 2,400,000 shares of Common Stock are reserved, including 1,252,341 shares available for incentive awards under the 2007 Plan Awards granted under the 2007 Plan may be in the form of stock options, stock appreciation rights, shares of restricted stock, other stock-based awards (payable in cash or Common Stock) or performance awards, or any combination thereof, and may be made to outside directors, employees or consultants

In addition, the Company has the following incentive and stock plans which have awards outstanding as of 31 March 2012 but under which we no longer make future grants

• The 2004 Stock Incentive Plan ("2004 Plan"), which provided for awards to officers and key employees in the form of stock options, stock appreciation rights, restricted stock, other stock-based awards or any combination thereof Options become exercisable at such time or times as determined at the date of grant and expire no more than ten years after the date of grant

• The 2003 Non-qualified Stock Option Plan for Non-employee Directors ("2003 Director Plan") which provided for a maximum of 250,000 shares of Common Stock to be issued pursuant to such plan As of the date of each annual meeting, each non-employee director who met certain attendance criteria was automatically granted an option to purchase 5,000 shares of our Common Stock The exercise price of the options granted is equal to the fair market value of the Common Stock on the date of grant, and the options are exercisable not earlier than six months after the date of grant and expire no more than ten years after the date of grant

• The 1994 Long-Term Management Incentive Plan, as amended ("1994 Plan"), which provided for awards to officers and key employees in the form of stock options, stock appreciation rights, restricted stock, deferred stock, other stock-based awards or any combination thereof Options become exercisable at such time or times as determined at the date of grant and expire no more than ten years after the date of grant

In June 2011, the Compensation Committee of our board of directors authorized the grant of stock options, time vested restricted stock and long-term performance cash awards to participating employees Each of the stock options has a ten-year term and has an exercise price equal to the fair market value (as defined in the 2007 Plan) of the Common Stock on the grant date of $43 79 per share The options will vest in annual instalments of one-third each beginning on the first anniversary of the grant date

Restricted stock grants vest at the end of three years Performance cash awards allow the recipient to receive from 0 to 200% of the target amount at the end of three years depending on whether the Company's total shareholder return meets the minimum return requirements and how the Company s total shareholder return ranks among the Company's compensation peer group over the performance period The value of the performance cash awards is calculated on a quarterly basis by comparing the performance of our stock including any dividends paid since the award date against the peer group and has a maximum potential payout of $9 million, $7 million and $6 5 million for the fiscal year 2012, 2011 and 2010 awards, respectively The total value of the awards is recognized as a compensation expense over a three-year vesting period with the recognition amount being adjusted quarterly No compensation expense was recorded related to the performance cash awards during fiscal year 2009 The compensation expense related to the performance cash awards during fiscal years 2012, 2011 and 2010 was $138 thousand, $43 thousand and $23 thousand, respectively

Notes *(continued)*

28 Equity-settled share option plans (continued)

On December 5, 2007, Bristow Group Inc's board of directors established a new program to allow vesting of outstanding stock options and restricted stock grants and to waive forfeitures of outstanding performance restricted stock units upon retirement if the employee has achieved no less than five consecutive years of employment with the Company, voluntarily terminates employment after the age of 62 and enters into a noncompetition/nonsolicitation agreement in the form approved and provided by the Company Subsequently, on February 3, 2010, Bristow Group Inc's board of directors authorized an amendment to allow vesting of outstanding stock options and restricted stock grants, to continue the right to vest in performance cash awards and to waive forfeitures of outstanding performance restricted stock units upon retirement if the employee has accumulated a combined total of age and years of service of 80 with the Company, voluntarily terminates employment and enters into a noncompetition/nonsolicitation agreement in the form approved and provided by the Company This change affected 18 employees within the Bristow Group Inc group and resulted in additional compensation expense of $nil for fiscal year 2012 Upon retirement, any unexercised options to purchase Common Stock and shares of restricted stock under the 1994, 2004 and 2007 Plans will automatically vest and options will remain exercisable for the remainder of the term specified in the applicable award document and any outstanding performance restricted stock units granted under the 2004 or 2007 Plans will not be forfeited solely due to termination of employment so that the right remains to receive shares of Common Stock if the applicable performance measures are achieved in accordance with the 2004 or 2007 Plans

On August 3, 2011, Bristow Group Inc's board of directors amended our director compensation scheme to allow non-employee directors to elect to receive up to 50 percent of their annual restricted stock unit award in cash As this election was made prior to the actual award, the cash portion of the award is accounted for separate from the stock portion The cash award is accounted for as a liability award with compensation expense being recognised for the eventual cash payout at the end of the six month terms over the six month service periods

Details of the Bristow Group stock options outstanding related to employees of Bristow Aviation Holdings Ltd and subsidiaries ("BAHL") during the fiscal year are as follows

		Fiscal Year 2012		Fiscal Year 2011
	Number of share options	**Weighted average exercise Value (in $)**	Number of share options	Weighted average exercise Value (in $)
Outstanding at the beginning of the financial year	**307,937**	**11,357,963**	232,690	8,967,945
Granted during the year	**69,266**	**3,033,158**	82,040	2,474,326
Forfeited during the year	**(12,464)**	**(448,623)**	(800)	(23,336)
Exercised during the year	**(21,677)**	**(679,951)**	(1,160)	(33,837)
Transfers in and out during the year	**(5,583)**	**(196,785)**	(4,833)	(27,135)
Outstanding at the end of the year	**337,479**	**13,065,762**	307,937	11,357,963
Exercisable at the end of the financial year	**239,360**	**9,375,343**	171,143	6,850,128

The options outstanding at 31 March 2012 had exercise prices ranging from $22 81 to $52 85 with a weighted average remaining contractual life of 6 73 years In fiscal year 2012, options were granted on June 8, 2011 The aggregate of the estimated fair values of the options granted on this date is $1,999,687

Transfers out are in respect of employees who have transferred to other companies within the Bristow group

Notes *(continued)*

28 Equity-settled share option plans *(continued)*

The inputs into the Black-Scholes option pricing model utilized by Bristow Group to estimate the fair value of the option are as follows

	Fiscal Year 2012	Fiscal Year 2011
Weighted average share price	**$43.79**	$30 16
Weighted average exercise price	**$43 79**	$30 16
Expected volatility	**47 05%**	45 40%
Expected life	**5 68**	6 89
Risk-free rate	**1 52%**	2 60%
Expected dividends	**1 37%**	-

The risk-free interest rate is based on the U S Treasury yield curve in effect at the time of grant for a period equal to the expected term of the option Expected volatilities are based on the historical volatility of shares of Bristow Group common stock, which has not been adjusted for any expectation of future volatility given uncertainty related to the future performance of Bristow Group common stock at this time We also use historical data to estimate the expected term of the options within the option pricing model, groups of employees that have similar historical exercise behaviour are considered separately for valuation purposes The expected term of the options represents the period of time that the options granted are expected to be outstanding

Bristow Aviation Holdings Ltd and subsidiaries recognized total expenses of £0 8m related to equity settled share based payment transactions in fiscal year 2012 (*2011 £0 7m*) This amount was recharged from Bristow Group Inc based on the fair value

Notes *(continued)*

28 Equity-settled share option plans *(continued)*

Details of the Bristow Group restricted stock units and awards outstanding related to employees of Bristow Aviation Holdings Ltd and subsidiaries ("BAHL") during the year are as follows

	Number of units and awards	**Fiscal Year 2012 Weighted average exercise Value (in $)**	Number of units and awards	Fiscal Year 2011 Weighted average exercise Value (in $)
Outstanding at the beginning of the financial year	**257,738**	**9,361,168**	217,608	8,578,440
Granted during the year	**61,706**	**2,702,106**	99,514	3,001,342
Forfeited during the year	**(38,860)**	**(1,240,146)**	(18,801)	(676,285)
Exercised during the year	**(100,660)**	**(4,152,480)**	(51,696)	(1,859,939)
Transfers in and out	**(8,712)**	**(317,548)**	11,113	317,610
Outstanding at the end of the year	**171,212**	**6,353,100**	257,738	9,361,168
Exercisable at the end of the financial year	-	-	-	-

In fiscal year 2012 awards were granted on June 8, 2011 The aggregate of the estimated fair values of the awards granted on this date is $2,702,106

Transfers out are in respect of employees who have transferred to other companies within the Bristow group

For restricted stock awards, the close price on the grant date is utilized by Bristow Group to estimate the fair value of the awards The weighted average award prices for fiscal years 2012 and 2011 are $43 79 and $30 16, respectively

Bristow Aviation Holdings Ltd and subsidiaries recognized total expenses of £1 4m related to restricted stock awards in fiscal year 2012 (*2011 £1 5m*) This amount was recharged from Bristow Group Inc based on the fair value

Notes *(continued)*

29 Pensions

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

The group operates three pension schemes that provide benefits based on final pensionable pay The UK schemes cover most full-time employees of the group who were employed on, or before, 31 December 1997 The main UK 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 The third scheme is a defined benefit Norwegian scheme bought into the group with the acquisition of Bristow Norway AS in October 2008 This scheme is managed in accordance with Norwegian law and includes all employees of Bristow Norway

Members of the UK 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 The Norwegian scheme is still open to new entrants

From 1 February 2004 UK 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

Defined benefit section

The FRS 17 valuation of the Company Scheme was assessed as at 31 March 2012 by an independent qualified actuary in accordance with FRS 17 As required by FRS 17, the defined benefit liabilities have been measured using the projected unit method

The following table set out the key FRS 17 assumptions 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 2012 % pa	As at 31 March 2011 % pa	As at 31 March 2010 % pa
UK schemes			
Inflation rate	**3 1**	3 6	3 7
Rate of increase in pensionable salary *	**-**	-	3 0
Rate of increase of pensions in payment **	**3 0**	3 5	3 6
Rate of increase for deferred pensioners **	**2.0**	2 9	3 7
Discount rate	**4.9**	5 6	5 6
Norwegian scheme			
Inflation rate	**2 25**	2 5	2 5
Rate of increase in pensionable salary	**4.25**	4 5	4 5
Rate of increase of pensions in payment	**0 75**	1 75	1 75
Rate of increase for social security base amount	**4.0**	4 25	4 25
Discount rate	**3 5**	4 75	5 5

* reflecting the Scheme amendments with effect from 1 February 2004
** in excess of any Guaranteed Minimum Pension (GMP) element

Notes *(continued)*

29 Pensions *(continued)*

The post-retirement mortality assumptions used to value the benefit obligation at 31 March 2012 (and 31 March 2011) are based on the standard actuarial mortality table S1NMA_L table multiplied by a factor of 1 10 for males and the standard actuarial table S1NFA for females, in each case using mortality projected by year of birth allowing for mortality improvement rates in line with the 2009 CMI projections with a 1% pa long-term rate

Following this approach, the life expectancy of male members reaching the age of 60 in 2012 is projected to be 27 6 years (compared to 27 5 years for someone reaching 60 in 2011 based on the 31 March 2011 mortality assumptions) The life expectancy of a female member reaching age 60 in 2012 is projected to be 29 0 years (compared to 28 9 years for someone reaching 60 in 2011 based on the 31 March 2011 mortality assumptions)

The post-retirement mortality assumptions used to value the benefit obligation of the Norwegian scheme at 31 March 2012 and 31 March 2011 are based on the standard K2005 (projected to 2020 using mortality by year of birth) with a current year of use Following this approach, the life expectancy of male members reaching the age of 60 in 2012 is projected to be 22 3 years

	Expected rate of return			
	2012	2011	2010	2009
	% pa	% pa	% pa	% pa
UK scheme assets				
Equities	**8 5**	8 5	8 5	8 4
Bonds	**3 7**	4 8	5 1	5 2
Other – Cash	**2 5**	3 5	0 5	3 8
Norwegian scheme assets	**4 5**	4 75	4 5	5 8

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

Staff Scheme	**2012**	**2011**	2010	2009	2008
	£000	**£000**	£000	£000	£000
Market value of assets					
Equities	**162,809**	157,331	150,152	98,450	121,244
Bonds	**84,002**	80,115	70,855	63,626	64,902
Other – Property	**290**	1,102	842	1,976	1,072
Total value of plan assets	**247,101**	238,548	221,849	164,052	187,218
Actuarial value of plan liability	**(302,200)**	(288,800)	(284,800)	(216,200)	(253,600)
Gross pension liability	**(55,099)**	(50,252)	(62,951)	(52,148)	(66,382)
Deferred tax	**13,224**	13,066	17,626	14,601	18,587
Net pension liability	**(41,875)**	(37,186)	(45,325)	(37,547)	(47,795)

Notes *(continued)*

29 Pensions *(continued)*

Expatriate Scheme	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Market value of assets					
Equities	**2,341**	2,098	1,925	1,265	1,869
Bonds	**954**	721	-	114	373
Other assets	**1,093**	289	700	943	694
Total value of plan assets	**4,388**	3,108	2 625	2,322	2 936
Actuarial value of plan liability	**(4,900)**	(4,600)	(4,600)	(3,900)	(4,000)
Gross pension liability	**(512)**	(1,492)	(1,975)	(1,578)	(1,064)
Deferred tax	**-**	-	-	-	-
Net pension liability	**(512)**	(1,492)	(1,975)	(1,578)	(1,064)

Norwegian Scheme	2012 £000	2011 £000	2010 £000	2009 £000
Market value of assets				
Equities	**2,605**	4,454	773	951
Bonds	**14,215**	11,575	11,943	9,688
Other assets	**11,496**	7,787	7,629	5,216
Total value of plan assets	**28,316**	23,816	20,345	15,855
Actuarial value of plan liability	**(44,292)**	(34,963)	(26,367)	(19,341)
Gross pension liability	**(15,976)**	(11,147)	(6,022)	(3,486)
Deferred tax	**4,473**	3,125	1,671	976
Net pension liability	**(11,503)**	(8,022)	(4,351)	(2,510)

Aggregated Schemes	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Market value of assets					
Equities	**167,755**	163,883	152,850	100,666	123,113
Bonds	**99,171**	92,411	82,798	73,428	65,275
Other assets	**12,879**	9,178	9,171	8,135	1,766
Total value of plan assets	**279,805**	265,472	244,819	182,229	190,154
Actuarial value of plan liability	**(351,392)**	(328,363)	(315,767)	(239,441)	(257,600)
Gross pension liability	**(71,587)**	(62,891)	(70,948)	(57,212)	(67,446)
Deferred tax	**17,697**	16,191	19,297	15,577	18,587
Net pension liability	**(53,890)**	(46,700)	(51,651)	(41,635)	(48,859)

Notes *(continued)*

29 Pensions *(continued)*

Analysis of movement in scheme liabilities

		2012		
Year to 31 March 2012	**Staff £000**	**Expatriate £000**	**Norway £000**	**Total £000**
Scheme liabilities at start of the year	**288,800**	**4,600**	**34,963**	**328,363**
Interest cost	**15,834**	**246**	**1,607**	**17,687**
Current service cost	**80**	**2**	**3,888**	**3,970**
Actual benefit payments by the fund	**(12,593)**	**(214)**	**(1,181)**	**(13,988)**
Loss on change of assumptions	**4,500**	**200**	**5,606**	**10,306**
Experience loss	**5,579**	**66**	**515**	**6,160**
Currency impact	**-**	**-**	**(1,106)**	**(1,106)**
Scheme liabilities at end of the year	**302,200**	**4,900**	**44,292**	**351,392**

		2011		
Year to 31 March 2011	Staff £000	Expatriate £000	Norway £000	Total £000
Scheme liabilities at start of the year	284,800	4,600	26,367	315,767
Interest cost	15,635	249	1,193	17,077
Current service cost	189	13	3,109	3,311
Actual benefit payments by the fund	(11,600)	(275)	(1,055)	(12,930)
Loss on change of assumptions	(6,300)	-	2,704	(3,596)
Experience loss	6,076	13	1,845	7,934
Currency Impact	-	-	800	800
Scheme liabilities at end of the year	288,800	4,600	34,963	328,363

Notes *(continued)*

29 Pensions *(continued)*

Analysis of movement in scheme assets during the year

Year to 31 March 2012	**Staff £000**	**2012 Expatriate £000**	**Norway £000**	**Total £000**
Market value at start of the year	**238,548**	**3,108**	**23,816**	**265,472**
Actual total benefit payments	**(12,593)**	**(214)**	**(1,181)**	**(13,988)**
Actual contributions - company	**10,406**	**1,471**	**4,853**	**16,730**
Expected return on assets	**17,100**	**223**	**1,207**	**18,530**
Loss on assets	**(6,360)**	**(200)**	**353**	**(6,207)**
Currency impact	**-**	**-**	**(732)**	**(732)**
Market value at end of the year	**247,101**	**4,388**	**28,316**	**279,805**

Year to 31 March 2011	Staff £000	2011 Expatriate £000	Norway £000	Total £000
Market value at start of the year	221,849	2,625	20,345	244,819
Actual total benefit payments	(11,600)	(275)	(1,055)	(12,930)
Actual contributions - company	10,000	721	3,388	14,109
Expected return on assets	16,002	170	928	17,100
Gain/(loss) on assets	2,297	(133)	(255)	1,909
Currency impact	-	-	465	465
Market value at end of the year	**238,548**	**3,108**	**23,816**	**265,472**

Notes *(continued)*

29 Pensions *(continued)*

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

Year ended 31 March 2012	**2012 Staff £000**	**Expatriate £000**	**Norway £000**	**Total £000**
(Gain)/ loss on assets	**6,360**	**200**	**(353)**	**6,207**
Experience loss on liabilities	**5,579**	**66**	**515**	**6,160**
Loss on change of assumptions (financial and demographic)	**4,500**	**200**	**5,606**	**10,306**
Currency loss	**-**	**-**	**(374)**	**(374)**
Total (gain)/loss recognised in the statement of total recognised gains and losses before adjustment for tax	**16,439**	**466**	**5,394**	**22,299**

Year ended 31 March 2011	2011 Staff £000	Expatriate £000	Norway £000	Total £000
Gain on assets	(2,297)	133	255	(1,909)
Experience (gain)/loss on liabilities	6,076	13	1,845	7,934
Gain on change of assumptions (financial and demographic)	(6,300)	-	2,704	(3,596)
Currency loss	-	-	349	349
Total loss recognised in the statement of total recognised gains and losses before adjustment for tax	(2,521)	146	5,153	2,778

History of experience gains and losses

Staff Scheme	**2012 £000**	2011 £000	2010 £000	2009 £000	2008 £000
Loss/(gain) on assets	**6,360**	(2,297)	(49,164)	44,209	18,781
% of plan assets at end of year	***2.6***	*1 0*	*22 2*	*26 9*	*10 0*
Experience loss/(gain) on liabilities	**5,579**	6,076	(7,565)	2,713	7,542
% of plan liabilities at end of year	***1 8***	*2 1*	*2 6*	*1 2*	*3 0*
Total (gain)/loss recognised in the statement of total recognised gains and losses before adjustment for tax	**16,439**	(2,521)	17,171	1,022	17,423
% of plan liabilities at end of year	***5 4***	*0 8*	*6 0*	*0 5*	*6 9*
Expatriate Scheme					
Loss/(gain) on assets	**200**	133	(425)	792	282
% of plan assets at end of year	***4 6***	*4 3*	*16 2*	*34*	*9 6*
Experience loss/(gain) on liabilities	**66**	13	311	401	(24)
% of plan liabilities at end of year	***1.3***	*0 3*	*6 7*	*10 3*	*0 6*
Total loss recognised in the statement of total recognised gains and losses before adjustment for tax	**466**	146	486	691	258
% of plan liabilities at end of year	***9 5***	*3 2*	*10 6*	*18*	*6 5*

Notes *(continued)*

29 Pensions *(continued)*

History of exercise gains and losses

Norwegian Scheme	**2012 £000**	2011 £000	2010 £000	2009 £000
Loss/(Gain) on assets	**(353)**	255	(278)	(300)
% of plan assets at end of year	***1 2***	*1 1*	*1 3*	*1 9*
Experience loss on liabilities	**515**	1,845	585	-
% of plan liabilities at end of year	***1 2***	*5 3*	*2 2*	*0*
Total loss recognised in the statement of total recognised gains and losses before adjustment for tax	**5,394**	5,153	2,624	2,132
% of plan liabilities at end of year	***12.2***	*14 7*	*10 0*	*11 0*

Aggregated schemes	**2012 £000**	2011 £000	2010 £000	2009 £000	2008 £000
(Gain)/loss on assets	**6,207**	(1,909)	(49,867)	45,001	19,063
% of plan assets at end of year	**2 2**	0 7	20 4	24 7	10 0
Experience loss/(gain) on liabilities	**6,160**	7,934	(6,669)	3,114	7,518
% of plan liabilities at end of year	**1.8**	2 4	2 1	1 3	2 9
Total loss/(gain) recognised in the statement of total recognised gains and losses before adjustment for tax	**22,299**	2,778	(20,281)	1,713	17,681
% of plan liabilities at end of year	**6.3**	0 9	6 4	0 7	6 9

Analysis of amount charged to operating profit

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Current service cost – staff scheme	**80**	189	124	132	104
Current service cost – expatriate scheme	**2**	13	17	13	38
Current service cost – Norwegian scheme	**3,888**	3,109	2,659	841	-
Past service costs– Norwegian scheme	**-**	-	(45)	-	-
Total charged to operating profit	**3,970**	3,311	2,755	986	142

Notes *(continued)*

29 Pensions *(continued)*

Analysis of amount charged to net pension finance charges

Staff scheme	**2012 £000**	2011 £000	2010 £000	2009 £000	2008 £000
Interest on pension plan liabilities	**15,834**	15,635	14,767	15,419	13,009
Expected return on assets in the pension plan	**(17,100)**	(16,002)	(11,259)	(13,707)	(13,606)
Total (credited) / charged to net pension finance charges	**(1,266)**	(367)	3,508	1,712	(597)

Expatriate scheme	**2012 £000**	2011 £000	2010 £000	2009 £000	2008 £000
Interest on pension plan liabilities	**246**	249	263	239	196
Expected return on assets in the pension plan	**(223)**	(170)	(147)	(210)	(191)
Total credited/(charged) to net pension finance income	**23**	79	116	29	5

Norwegian scheme	**2012 £000**	2011 £000	2010 £000	2009 £000
Interest on pension plan liabilities	**1,607**	1,193	1,067	347
Expected return on assets in the pension plan	**(1,207)**	(928)	(1,016)	(300)
Total credited to net pension finance income	**400**	265	51	47

Aggregated schemes	**2012 £000**	2011 £000	2010 £000	2009 £000	2008 £000
Interest on pension plan liabilities	**17,687**	17,077	16,097	16,005	13,205
Expected return on assets in the pension plan	**(18,530)**	(17,100)	(12,422)	(14,217)	(13,797)
Total (credited)/ charged to net pension finance charges	**(843)**	(23)	3,675	1,788	(592)

The defined benefit sections of both UK 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%, increased to 7 35% from 1st July 2008, of gross pensionable salary over the year

Contributions into defined contribution schemes by the group during the year totalled £3 2m (2011 *£3 4m)*

Notes *(continued)*

30 Commitments

(a) There are no capital commitments at the end of the financial year for which no provision has been made

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

Group	2012 Land and buildings £000	2012 Aircraft, plant and machinery £000	2011 Land and buildings £000	2011 Aircraft, plant and machinery £000
Operating leases which expire				
Within one year	**3,248**	**173**	9,027	2,162
In the second to fifth years inclusive	**798**	**7,050**	1,077	89
Over five years	**2,067**	**-**	1,106	3,401
	6,113	**7,223**	11,210	5,652

31 Related party transactions

a) Transactions with joint venture and associated undertakings

	2012 £000	2011 £000
Sales to joint ventures in respect of aircraft rental and related services	**386**	1,302
Sales to associated undertakings in respect of aircraft rental and related services	**2,975**	2,942
Purchases from joint ventures in respect of aircraft and related services	**176**	30
Purchases from associated undertakings in respect of aircraft and related services	**-**	-
Other amounts receivable from joint ventures	**45**	112
Other amounts receivable from associated undertakings	**781**	835
Other amounts payable to joint ventures	**-**	-
Other amounts payable to associated undertakings	**-**	-

Notes *(continued)*

31 Related party transactions (continued)

b) Transactions with other related parties

	2012	2011
	£000	£000
Purchases from Bristow Group Inc in respect of aircraft rental and related services	**52,391**	32,904
Sales to Bristow Group Inc in respect of aircraft rental and related services	**7,536**	3,304
Interest payable to Bristow Group Inc in respect of		
- unsecured subordinated loan stock 13 5%	**82,120**	71,875
Amounts due to Bristow Group Inc		
- management fees	**4,884**	4,884
- unsecured subordinated loan stock 13 5% including interest	**670,481**	593,556
- trade creditors	**31,205**	9,004
Amounts due from Bristow Group Inc		
- debtors	**6,942**	2,268

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

32 Post Balance Sheet Event

On 25th October 2012 the UK CAA issued a safety directive requiring operators to suspend operations of certain Eurocopter Super Puma aircraft following two accidents, caused by main gearbox shaft failures, with other operators in the past six months Bristow currently has not and will not be operating a total of 16 large Eurocopter aircraft until further notice We have increased utilisation of our other in-region aircraft and have moved, or are moving, available aircraft to minimise or eliminate the impact to our clients

Eurocopter s investigation into the root cause of the problems with the main gearbox shaft continues as at the time of this report

In light of the issues relating to affected Eurocopter aircraft, management have put on hold any new capital expenditure towards this aircraft type and will instead divert it to other aircraft types in the near term