

**Bristow Aviation Holdings Limited**

**Directors' report and consolidated  
financial statements**

**Registered number 03234500**

**31 March 2009**

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## Directors' report

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

### 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, Nigeria, Russia and Trinidad. In addition to our oil and gas helicopter services we also provide engineering and maintenance services.

### Business review

#### General market outlook

Our core business continues to be that of servicing the oil and gas industry. The global recession, lack of credit availability and falling energy prices adversely impacted Bristow and other companies throughout the energy sector in the period. The majority of our client base operate in the exploration and production sectors, our exploration activity business experienced a slowdown throughout the period whilst production related business remained relatively stable.

#### General operations overview and key performance indicators

Flight activity increased by 4.7% compared to the comparative prior year period. The 100% acquisition of Bristow Norway AS (formerly Norsk Helikopter AS and 49% owned) was largely responsible for the increase in flight activity.

Turnover, including share of joint ventures' turnover, increased by 34%. The single largest contributor to increased turnover was Bristow Norway but there was also a general increase in almost every group company, helped in some locations by favourable movements in exchange rates during the year. Gross profit dropped from £55.6m to £49.8m year on year mainly due to increased operating costs in Trinidad and Australia and a general increase in maintenance costs, partially offset by the gross profit in Bristow Norway AS and a favourable movement in exchange rates. The gross margin percentage decreased from 15.2% in 2008 to 9.7% in 2009. The group's operating profit reduced from £45.9m to £31.6m partially as a result of the lower gross profit but also from increased administration costs mainly in Australia.

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 second largest provider of helicopter services in the North Sea, where there are harsh weather conditions and geographically concentrated offshore facilities. The facilities in the North Sea are large and require frequent crew change flight services. We deploy the majority of our large aircraft in this region.

In the North Sea our operations in support of oil and gas production have over recent years declined reflecting a predicted general decline in North Sea activity and a more general global increase in the competitiveness within our market. The company through its acquisition of Bristow Norway AS, has experienced activity and revenue growth in the year.

## **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.

### **Group structure changes**

During the year the company purchased the remaining share holding in Bristow Norway AS to further enhance its North Sea operational presence. The company also purchased Sky Select Ltd and Severn Aviation Ltd to compliment Bristow Group Inc's global pilot training services.

### **Joint venture operations**

We own a 50% interest in FBS Limited, FBH Limited and FB Leasing Limited, outlined in note 28. These entities principally provide pilot training, maintenance and support services to the MOD under an agreement that runs to 31 March 2012.

Joint venture earnings post tax decreased by £0.5m to £5.1m in 2009 primarily due to higher operating costs.

### **Associate operations**

Associate post tax losses increased from £0.2m in 2008 to £2.1m in 2009 mainly as a result of large pre contract costs in the year.

### **Safety**

In fiscal year 2009 we had no accidents resulting in a fatality.

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. Accordingly, the directors continue to adopt the going concern basis in preparing the consolidated financial statements.

## **Directors' report (continued)**

### **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.
- Our 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 poses a significant risk to our business and prospects.
- 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.

### **Results and dividends**

The audited financial statements for the year ended 31 March 2009 are set out on pages 8 to 51. The group loss for the year after taxation and minority interest was £39.2m (2008: £17.0m).

The directors do not recommend the payment of a dividend (2008: £nil).

### **Fixed Assets**

A policy of annual revaluation was adopted, effective 31 March 2005, in relation to aircraft within these financial statements under Financial Reporting Standard 15 'Tangible Fixed Assets' ('FRS 15'). The valuation of the aircraft was undertaken internally using a worldwide industry recognised index, HeliValue\$, Inc – 'The Official Helicopter Blue Book'. The index enables a desktop valuation of the aircraft appropriate to the age, condition and specification to be undertaken. The aircraft were revalued using this index as at 31 March 2009. Of the fleet of 51 aircraft, a total of 44 were revalued. Certain aircraft held outside of the UK, which were not listed in the 'Blue Book' were not revalued. Further information is given in note 13.

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

### **Fleet renewal**

Whilst the group is intending to continue upgrading the fleet with newer aircraft the majority are expected to be purchased by the wider Bristow group and utilised via operating leases.

### **Pensions**

The group is showing a net pension deficit of £41.6m as at 31 March 2009 (2008: £48.9m). Movements in the valuation of the pension schemes are fully disclosed on the face of the financial statements.

Further information is outlined in note 30.

### **Disclosure of information to auditors**

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 auditors are 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 auditors are aware of that information.

## Directors' report *(continued)*

### Company information

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

### 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  
W E Chiles  
W Wyatt \* (appointed 19<sup>th</sup> February 2009)  
J M May (appointed 2<sup>nd</sup> December 2009)  
J H Cartwright\* (appointment terminated 17<sup>th</sup> September 2009)  
P N Buckley\* (deceased 2<sup>nd</sup> December 2008)

\* 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.

### 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 £65,455 (2008: £8,112). No political contributions were made by the group during the year (2008: £nil).

### Auditors

In accordance with Section 487 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board



R D Burman  
Director

Redhill Aerodrome  
Redhill  
Surrey  
RH1 5JZ

## **Statement of directors' responsibilities in respect of the Director's Report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985.

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

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

We have audited the group and parent company financial statements (the "financial statements") of Bristow Aviation Holdings Limited for the year ended 31 March 2009 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Note of Consolidated Historical Cost Profits and Losses, the Group Statement of Total Recognised Gains and Losses, Reconciliation of Movements in Shareholders' Deficit and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing their Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

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

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

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

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

### **Basis of audit opinion**

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

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

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Group's and the parent company's affairs as at 31 March 2009 and of the Group's loss for the year then ended;



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

**Opinion (continued)**

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*KPMG LLP*

KPMG LLP  
Chartered Accountants  
Registered Auditor

1 Forest Gate  
Brighton Road  
Crawley  
RH11 9PT  
United Kingdom

*27th January 2010*

**Consolidated profit and loss account**  
*for the year ended 31 March 2009*

	Note	2009 £000	2009 £000	2008 £000 Restated	2008 £000 Restated
Turnover: group and share of joint ventures		489,819		365,266	
Less: share of joint ventures' turnover		(42,976)		(30,270)	
<b>Turnover</b>	2	<b>446,843</b>		<b>334,996</b>	
<b>Cost of sales (including exceptional items)</b>		<b>(397,081)</b>		<b>(279,419)</b>	
<b>Gross profit</b>			<b>49,762</b>		<b>55,577</b>
Administrative expenses			(29,593)		(22,228)
Other operating income	5		3,973		3,771
<b>Group operating profit</b>			<b>24,142</b>		<b>37,120</b>
Share of operating profit in					
Joint ventures		8,289		8,426	
Associates		(797)		368	
			<b>7,492</b>		<b>8,794</b>
<b>Total operating profit:</b>			<b>31,634</b>		<b>45,914</b>
<b>Group and share of joint ventures and associates</b>					
Profit on disposal of fixed assets	6	7,346		440	
Investment income	7	49		22	
Interest receivable and similar income					
Group	8	2,129		1,263	
Joint ventures		444		728	
Associates		257		1,773	
			<b>10,225</b>		<b>4,226</b>
Interest payable and similar charges					
Group	9	(60,423)		(53,424)	
Joint ventures		(1,592)		(1,877)	
Associates		(1,929)		(2,295)	
			<b>(63,944)</b>		<b>(57,596)</b>
<b>Net pension finance (charge) / income</b>	30		<b>(1,788)</b>		<b>592</b>
<b>Loss on ordinary activities before taxation</b>	10		<b>(23,873)</b>		<b>(6,864)</b>
Tax on loss on ordinary activities	11		(14,386)		(10,320)
<b>Loss on ordinary activities after taxation</b>			<b>(38,259)</b>		<b>(17,184)</b>
Minority interests – equity	22		(991)		139
<b>Retained loss for the year</b>	21		<b>(39,250)</b>		<b>(17,045)</b>

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

**Consolidated balance sheet**  
*at 31 March 2009*

	<i>Note</i>	<b>2009 £000</b>	<b>2009 £000</b>	<b>2008 £000</b>	<b>2008 £000</b>
<b>Fixed assets</b>					
Goodwill	12	13,372		-	
Tangible assets	13	238,661		242,304	
Investments	14	6,388		19,886	
			<b>258,421</b>		<b>262,190</b>
<b>Current assets</b>					
Stocks	15	20,569		17,858	
Debtors - due within one year	16	161,058		114,247	
Cash at bank and in hand		35,955		26,339	
		<b>217,582</b>		<b>158,444</b>	
Creditors: amounts falling due within one year	17	(445,803)		(472,947)	
<b>Net current liabilities</b>			<b>(228,221)</b>		<b>(314,503)</b>
<b>Total assets less current liabilities</b>			<b>30,200</b>		<b>(52,313)</b>
Creditors: amounts falling due after more than one year	18		(107,508)		(50,156)
Provisions for liabilities and charges	19		(15,357)		(10,980)
<b>Net liabilities excluding pension liabilities</b>			<b>(92,665)</b>		<b>(113,449)</b>
Pension liabilities	30		(41,635)		(48,859)
<b>Net liabilities including pension liabilities</b>			<b>(134,300)</b>		<b>(162,308)</b>
<b>Capital and reserves</b>					
Called up share capital	20		10,000		10,000
Revaluation reserve	21		96,438		45,270
Profit and loss account	21		(243,668)		(218,909)
<b>Equity shareholders' deficit</b>			<b>(137,230)</b>		<b>(163,639)</b>
Minority interests - equity	22		2,930		1,331
			<b>(134,300)</b>		<b>(162,308)</b>

These financial statements were approved by the board of directors on 27 Jan 2010  
its behalf by:

and were signed on



**R D Burman**  
*Director*

**Company balance sheet**  
*at 31 March 2009*

	<i>Note</i>	<b>2009</b> <b>£000</b>	<b>2009</b> <b>£000</b>	<b>2008</b> <b>£000</b>	<b>2008</b> <b>£000</b>
<b>Fixed assets</b>					
Investments	14		101,000		101,000
<b>Current assets</b>					
Debtors – due within one year	16	47		50,000	
		<u>47</u>		<u>50,000</u>	
Creditors: amounts falling due within one year	17	(367,276)		(405,919)	
		<u>(367,276)</u>		<u>(405,919)</u>	
<b>Net current liabilities</b>			(367,229)		(355,919)
			<u>(367,229)</u>		<u>(355,919)</u>
<b>Total assets less current liabilities</b>			(266,229)		(254,919)
			<u>(266,229)</u>		<u>(254,919)</u>
Creditors: amounts falling due after more than one year	18		(91,000)		(50,000)
			<u>(91,000)</u>		<u>(50,000)</u>
<b>Net liabilities</b>			(357,229)		(304,919)
			<u>(357,229)</u>		<u>(304,919)</u>
<b>Capital and reserves</b>					
Called up share capital	20		10,000		10,000
Profit and loss account	21		(367,229)		(314,919)
			<u>(367,229)</u>		<u>(314,919)</u>
<b>Equity shareholders' deficit</b>			(357,229)		(304,919)
			<u>(357,229)</u>		<u>(304,919)</u>

These financial statements were approved by the board of directors on 27<sup>th</sup> Jan 2010 and were signed on its behalf by:



**R D Burman**  
*Director*

**Consolidated cash flow statement**  
*for the year ended 31 March 2009*

	Note	2009 £000	2009 £000	2008 £000	2008 £000
<b>Cash flow statement</b>					
Net cash flow from operating activities	23		(28,488)		32,184
Dividends from joint ventures and associates					
Dividends received from joint ventures		4,590		3,232	
Dividends received from associate		83		58	
		<hr/>		<hr/>	
Net cash inflow from dividends from joint ventures and associates			4,673		3,290
Returns on investments and servicing of finance					
Interest received		2,129		1,264	
Dividend received from trade investments		49		22	
Interest on finance lease rentals		-		(112)	
Interest paid		(4,939)		146	
		<hr/>		<hr/>	
Net cash outflow/(inflow) from return on investments and servicing of finance			(2,761)		1,320
Taxation			(14,614)		(14,166)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(16,165)		(32,700)	
Sale of tangible fixed assets		100,270		8,099	
Purchase of investments		(4,040)		-	
Sale of investments		17,426		-	
Loan to associated undertaking (net of repayments)		-		133	
		<hr/>		<hr/>	
Net cash inflow/(outflow) from capital expenditure			97,491		(24,468)
Acquisitions and disposals					
Purchase of subsidiary undertaking		(18,714)		-	
Cash acquired with subsidiary		8,690		-	
		<hr/>		<hr/>	
Net cash outflow from acquisitions and disposals			(10,024)		-
Net cash inflow/(outflow) before financing			46,277		(1,840)
Financing					
Short term loan repayment		12,827		1,181	
Loans to related parties (net of repayments)		(52,027)		7,976	
Capital element of finance lease rental & other loans		2,539		(1,872)	
		<hr/>		<hr/>	
Net cash (outflow)/inflow from financing			(36,661)		7,285
Increase in cash in the year	25		9,616		5,445

**Note of consolidated historical cost profits and losses**  
*for the year ended 31 March 2009*

	Group 2009	Group 2008
	£000	£000
<b>Reported loss on ordinary activities before taxation</b>	<b>(23,873)</b>	<b>(6,864)</b>
Differences between actual depreciation charge based on revalued amount and historic cost charge	2,112	4,769
Differences between profit on disposal of fixed assets based on revalued amount and a historic cost value	3,860	1,929
	<u>(17,901)</u>	<u>(166)</u>
<b>Historical cost loss on ordinary activities before taxation</b>	<b>(17,901)</b>	<b>(166)</b>

**Consolidated statements of total recognised gains and losses**  
*for the year ended 31 March 2009*

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
<b>Retained loss for the financial year</b>	<b>(39,250)</b>	<b>(17,045)</b>	<b>(52,310)</b>	<b>(48,808)</b>
Actuarial loss recognised on the pension schemes	(3,114)	(17,681)	-	-
Actuarial loss recognised on the associate pension schemes	(731)	(1,296)	-	-
Movement on deferred tax relating to actuarial losses and gains on the pension schemes	(3,986)	1,424	-	-
Movement on current tax relating to actuarial losses on the pension schemes	2,147	2,163	-	-
Share option reserve	1,921	586	-	-
Gain/(loss) on foreign currency translation of reserves	13,356	1,440	-	-
Revaluation of aircraft	52,671	12,727	-	-
Revaluation recognised on step acquisition	3,395	-	-	-
	<u>26,409</u>	<u>(17,682)</u>	<u>(52,310)</u>	<u>(48,808)</u>
<b>Total recognised gains/(losses) for the year</b>	<b>26,409</b>	<b>(17,682)</b>	<b>(52,310)</b>	<b>(48,808)</b>

**Reconciliation of movements in shareholders' deficit**  
*for the year ended 31 March 2009*

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
<b>Retained loss for the financial year</b>	<b>(39,250)</b>	<b>(17,045)</b>	<b>(52,310)</b>	<b>(48,808)</b>
Other recognised losses relating to pension schemes	(5,684)	(15,390)	-	-
Share option reserve	1,921	586	-	-
Gain on foreign currency translation of reserves	13,356	1,440	-	-
Revaluation of aircraft	52,671	12,727	-	-
Revaluation recognised on step acquisition	3,395	-	-	-
	<u>26,409</u>	<u>(17,682)</u>	<u>(52,310)</u>	<u>(48,808)</u>
<b>Net movement in shareholders' deficit</b>	<b>26,409</b>	<b>(17,682)</b>	<b>(52,310)</b>	<b>(48,808)</b>
Opening shareholders' deficit	(163,639)	(145,957)	(304,919)	(256,111)
	<u>(137,230)</u>	<u>(163,639)</u>	<u>(357,229)</u>	<u>(304,919)</u>
<b>Closing shareholders' deficit</b>	<b>(137,230)</b>	<b>(163,639)</b>	<b>(357,229)</b>	<b>(304,919)</b>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

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

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules, modified to include the revaluation of certain aircraft. 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.

The prior year turnover and cost of sales totals have been restated to be comparable with the 2009 basis. There was no further impact from this change.

#### *Basis of consolidation*

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings to 31 March 2009. Where appropriate, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

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

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

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account. The company's loss for the year was £52.3m (2008: £48.8m).

#### *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 with a corresponding increase in equity. 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### 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 (2008: £15,858,000). This goodwill is regularly reviewed for impairment and any impairment is taken to the profit and loss account.

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.

#### Step acquisitions

During the year, the Group completed its acquisition of Bristow Norway AS by way of a step acquisition. Step acquisitions arise when the Group acquires control of an entity through successive share purchases. Prior to becoming a subsidiary undertaking, Bristow Norway AS was accounted for as an associated undertaking. In accordance with FRS 2, and in order to give a true and fair view, purchased goodwill has been calculated as the sum of the goodwill arising on each purchase of shares in Bristow Norway AS, being the difference at the date of each purchase between the fair value of the consideration given and the fair value of the identifiable assets and liabilities attributable to the interest purchased. This represents a departure from the statutory method, under which goodwill is calculated as the difference between cost and fair value on the date that Bristow Norway AS became a subsidiary undertaking. Any changes in the fair value of the identifiable assets and liabilities acquired between the initial acquisition date and the date that control is obtained are recorded in equity to the extent that they have not previously been recognised in the income statement. The statutory method would not give a true and fair view because it would result in the group's share of Bristow Norway AS's retained reserves, during the period that it was an associated undertaking, being re-characterised as goodwill. The effect of this departure is to increase the goodwill recognised on acquisition, and equity, by £3.4m.

#### Tangible fixed assets and depreciation

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

Freehold buildings	-	15 - 40 years
Long leasehold property	-	over lease period
Short leasehold property	-	over lease period
Plant, equipment and rotatable spares	-	3 to 15 years
Vehicles	-	3 to 5 years
Aircraft	-	10 to 15 years

No depreciation is provided on freehold land.

A policy of revaluation has been adopted in relation to aircraft, under FRS 15 'Tangible Fixed Assets', which will require the annual revaluation of this asset class (further information is provided in note 13). The revaluation exercise involved the group revising the associated aircraft, using 'The Official Blue Helicopter Book', as at 31 March 2009.

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

Aircraft (revalued)	-	10 - 15 years
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## Notes (continued)

### 1 Accounting policies (continued)

#### *Tangible fixed assets and depreciation (continued)*

Aircraft purchased in the financial years 2007, 2008 and 2009 have been revalued to original cost, in view of the fact that the aircraft are too new to be included in the Blue Book, and the price profile for the equivalent aircraft is essentially flat for the opening years. The group estimate the useful life of these aircraft to be 15 years with a residual value of 50%.

#### *Investments*

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

#### *Stocks*

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

#### *Long-term contracts*

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

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

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

## Notes (continued)

### 1 Accounting policies (continued)

#### *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.

#### *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.

#### *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 30.

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.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Aircraft and major component overhaul and maintenance*

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

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

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

#### *Leased assets*

Assets held under finance 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 1985 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

	2009 £000	2008 £000
Directors' emoluments	<u>412</u>	<u>333</u>
	<b>Number of directors</b>	
	2009	2008

The number of directors who were members of pension schemes was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

The number of directors who exercised share options of an affiliated company

<u>-</u>	<u>-</u>
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#### Highest paid director

The above amounts include the following in respect of the highest paid director:

	2009 £000	2008 £000
Emoluments	<u>412</u>	<u>333</u>

The amount paid into money purchase schemes in respect of the highest paid director at 31 March 2009 was £143,050 (2008: 83,520).

The highest paid director was granted no (2008: nil) share options in an affiliated company during the year. Total share options held at 31 March 2009 was 53,300 (2008: 51,000). Share options exercised in the year totalled £45,393 (2008: nil).

### 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:

	<b>Number of employees</b>	
	2009	2008
Operating staff	2,036	1,755
Management and administration	<u>400</u>	<u>440</u>
	<u>2,436</u>	<u>2,195</u>

## Notes (continued)

### 4 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2009 £000	2008 £000
Wages and salaries	118,566	94,761
Social security costs	8,566	6,663
Other pension costs	6,155	3,956
Share option expense	1,921	586
	<u>135,208</u>	<u>105,966</u>

### 5 Other operating income

	2009 £000	2008 £000
Exchange gain on foreign currency trading transactions	<u>3,973</u>	<u>3,771</u>

### 6 Profit on disposal of fixed assets

	2009 £000	2008 £000
Profit on sale of tangible fixed assets	<u>7,346</u>	<u>440</u>

### 7 Investment income

	2009 £000	2008 £000
Income from other unlisted investments	<u>49</u>	<u>22</u>

### 8 Interest receivable and similar income

	2009 £000	2008 £000
Interest receivable	1,684	1,234
Exchange gain on foreign currency balances	445	29
	<u>2,129</u>	<u>1,263</u>

**Notes (continued)**

**9 Interest payable and similar charges**

	2009 £000	2008 £000
Interest on finance lease rentals	-	112
On all other loans	57,778	52,725
Other interest and similar charges	-	8
Exchange loss on foreign currency balances	2,645	579
	<u>60,423</u>	<u>53,424</u>

**10 Loss on ordinary activities before taxation**

	2009 £000	2008 £000
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*Loss on ordinary activities before taxation is stated after charging:*

Depreciation	13,158	15,088
Owned	-	389
Assets held under finance leases		
Operating lease rental expenses	67,697	18,914
Aircraft hire	2,919	4,108
Rental of properties	160	313
Hire of plant and machinery		
Auditors' remuneration:	45	45
Fees payable to the Company's auditor for the audit of the Company's annual accounts	513	304
Fees payable to the Company's auditor for the audit of the Company's subsidiary's	-	-
Research and development expenditure	722	162
Amortisation of goodwill		

## Notes (continued)

### 11 Taxation

Analysis of charge in year	2009 £000	2008 £000
<i>UK corporation tax</i>	5,523	7,845
Current tax on income for the year	(953)	(325)
Double taxation relief	<u>4,570</u>	<u>7,520</u>
<i>Foreign tax</i>	7,459	4,294
Current tax on income for the year	<u>12,029</u>	<u>11,814</u>
Adjustments in respect of prior year	(403)	(988)
UK corporation tax	(696)	(505)
Foreign tax	<u>10,930</u>	<u>10,321</u>
Share of joint ventures' tax	1,630	1,631
Share of associates' tax	-	74
	<u>12,560</u>	<u>12,026</u>
<b>Total current tax charge</b>	<u><u>12,560</u></u>	<u><u>12,026</u></u>
<b>Deferred taxation</b>	1,818	(346)
Origination and reversal of timing differences – current year	8	(586)
Origination and reversal of timing differences – prior years	-	(774)
Rate Change	<u>1,826</u>	<u>(1,706)</u>
<b>Total deferred tax</b>	<u><u>1,826</u></u>	<u><u>(1,706)</u></u>
<b>Total tax on loss on ordinary activities</b>	<u><u>14,386</u></u>	<u><u>10,320</u></u>

## Notes (continued)

### 11 Taxation (continued)

#### Tax reconciliation

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

	2009 £000	2008 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(23,873)	(6,864)
	<hr/>	<hr/>
Current tax at 28% (2008: 30%)	(6,684)	(2,059)
<i>Effects of:</i>		
Net expenses and income not deductible for tax purposes	17,643	12,494
Depreciation in excess of accelerated capital allowances	(4,088)	346
Losses not recognised for tax	-	67
Tax rate differentials on overseas earnings	(230)	(25)
Other timing differences	1,812	-
Irrecoverable overseas withholding tax	5,206	2,696
	<hr/>	<hr/>
	13,659	13,519
Adjustments to tax charge in respect of previous periods	(1,099)	(1,493)
	<hr/>	<hr/>
<b>Total current tax charge</b>	<b>12,560</b>	<b>12,026</b>
	<hr/> <hr/>	<hr/> <hr/>



**Notes (continued)**

**12 Goodwill**

<b>Group</b>	<b>£000</b>
<i>Cost</i>	-
At beginning of year	13,132
Acquisition	800
Exchange	-
	<u>13,932</u>
At end of year	<u>13,932</u>
<i>Amortisation</i>	-
At beginning of year	560
Charge	-
	<u>560</u>
At end of year	<u>560</u>
<i>Net book value</i>	13,372
At 31 March 2009	<u>13,372</u>
At 31 March 2008	<u>-</u>

Goodwill arose on two acquisitions during the year (see note 26 for more disclosure).

## Notes (continued)

### 13 Tangible fixed assets

	Land and buildings	Aircraft	Plant, equipment and rotatable spares	Assets in course of construction	Total
Group	£000	£000	£000	£000	£000
<b>Cost</b>					
At beginning of year	13,516	220,305	67,161	-	300,982
Exchange adjustments	363	5,142	2,489	-	7,994
Acquisition	836	21,586	2,648	-	25,070
Additions	2,840	120	11,159	2,054	16,173
Transfers	563	99	(23)	(1,519)	(880)
Disposals	(153)	(92,930)	(8,307)	-	(101,390)
Reclassification of assets held for sale	-	(1,938)	-	-	(1,938)
Revaluation	-	49,906	-	-	49,906
At end of year	17,965	202,290	75,127	535	295,917
<b>Depreciation</b>					
At beginning of year	7,891	485	50,302	-	58,678
Exchange adjustments	101	1,207	1,556	-	2,864
Charge for year	691	7,489	4,978	-	13,158
On transfer	-	-	(356)	-	(356)
On disposals	(52)	(1,867)	(9,009)	-	(10,928)
Elimination on revaluation	-	(6,160)	-	-	(6,160)
At end of year	8,631	1,154	47,471	-	57,256
<b>Net book value</b>					
At 31 March 2009	9,334	201,136	27,656	535	238,661
At 31 March 2008	5,625	219,820	16,859	-	242,304

A policy of annual revaluation was adopted, effective 31 March 2005, in relation to aircraft within these financial statements under Financial Reporting Standard 15 "Tangible Fixed Assets". The valuation of the aircraft was undertaken internally using a worldwide industry recognised index, HeliValue\$, Inc – 'The Official Helicopter Blue Book' ('Blue Book'). The index enables a desktop valuation of the aircraft appropriate to the age, condition and specification to be undertaken. All aircraft were revalued using this index as at 31 March 2009, with the exception of certain aircraft either held outside the United Kingdom and aircraft recently acquired that are not listed in the 'Blue Book'.

## Notes (continued)

### 13 Tangible fixed assets (continued)

Of the fleet of 51 aircraft, a total of 44 were revalued using this index at 31 March 2009 (2008: 50 revalued out of fleet of 68 aircraft). 7 aircraft held outside of the United Kingdom, which were not listed in the 'Blue Book' were not revalued, their net book value was £1.7m, after modifications in the year (2008: £1.1m – 7 aircraft).

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

The historic fair market value of the aircraft was £167.5m, accumulated depreciation £63.5m and net book value £104m (2008: £217.2m).

The net book value of aircraft held under finance lease and hire purchase contracts at 31 March 2009 was nil (2008: £1.0m). Aircraft depreciation for the year ended 31 March 2009 includes nil (2008: £0.2m) relating to these aircraft.

The net book value of aircraft held by the group, as lessor for use in operating leases, was £196.7m (2008: £167.0m). The depreciation charge for the year in respect of these assets was £7.5m (2008: £9.3m).

Further analysis of land and buildings:

Group	Freehold £000	Long leasehold £000	Short leasehold £000	Total land & buildings £000
<b>Cost</b>				
At beginning of year	1,885	1,519	10,112	13,516
Exchange adjustments	2,101	232	(1,970)	363
Acquisition	-	-	836	836
Additions	2,672	35	133	2,840
Transfers	-	-	563	563
Reclassification	(397)	(77)	474	-
Disposals	(63)	(48)	(42)	(153)
At end of year	6,198	1,661	10,106	17,965
<b>Depreciation</b>				
At beginning of year	697	447	6,747	7,891
Exchange adjustments	435	136	(470)	101
Acquisition	-	-	-	-
Charge for year	322	8	361	691
On reclassification	(66)	(7)	73	-
On disposals	(18)	-	(34)	(52)
At end of year	1,370	584	6,677	8,631
<b>Net book value</b>				
At 31 March 2009	4,828	1,077	3,429	9,334
At 31 March 2008	1,188	1,072	3,365	5,625

## Notes (continued)

### 14 Fixed asset investments

	Joint venture shares £000	Joint venture goodwill £000	Associate Shares £000	Associate Loans £000	Other Unlisted Investments £000	Total £000
<b>Group</b>						
<b>Cost</b>						
At beginning of year	9,696	2,231	5,046	3,898	1,566	22,437
Exchange	-	-	392	(342)	-	50
Additions	-	-	-	4,040	-	4,040
Dividends	(9,548)	-	(42)	-	-	(9,590)
Share of current year retained profits	5,138	-	(3,856)	-	-	1,282
Deferred group profit on asset disposal to joint ventures released	(35)	-	-	-	-	(35)
Reclassification	-	-	(1,487)	(7,499)	-	(8,986)
Interest	-	-	-	(97)	-	(97)
<b>At end of year</b>	<b>5,251</b>	<b>2,231</b>	<b>53</b>	<b>-</b>	<b>1,566</b>	<b>9,101</b>
<b>Provisions/amortisation</b>						
At beginning of year	-	1,595	-	-	956	2,551
Amortisation charged in year	-	162	-	-	-	162
<b>At end of year</b>	<b>-</b>	<b>1,757</b>	<b>-</b>	<b>-</b>	<b>956</b>	<b>2,713</b>
<b>Net book value</b>						
At 31 March 2009	5,251	474	53	-	610	6,388
At 31 March 2008	9,696	636	5,046	3,898	610	19,886

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 £1.3m. 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.

Investment in associated undertakings comprises the cost of shares of £0.05m. Goodwill of £0.5m has previously been written off to reserves relating to an acquisition prior to 1998.

## 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.

	2009 £000	2008 £000
Turnover	42,976	30,626
Profit before tax	7,141	7,277
Taxation	(1,986)	(1,631)
Profit after tax	5,155	5,646
Fixed assets	30,913	30,049
Current assets	9,932	20,330
Share of assets	40,845	50,379
Liabilities due within one year	(5,956)	(7,272)
Liabilities due after one year	(29,188)	(32,444)
Share of liabilities	(35,144)	(39,716)
Share of net assets (pre-deferred group profit adjustment)	5,701	10,663
Less: unamortized deferred group profit	(450)	(967)
Group share of net assets	5,251	9,696

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

## 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.

	2009 £000	2008 £000
Turnover	30,862	61,347
Loss before tax	(2,466)	(154)
Taxation	345	(74)
Loss after tax	(2,122)	(228)
Fixed assets	-	40,248
Current assets	53	15,397
Share of assets	53	55,645
Liabilities due within one year	-	(15,981)
Liabilities due after one year	-	(34,618)
Share of liabilities	-	(50,599)
Share of net assets	53	5,046

The operating results for associates has reduced mainly due to the purchase of the remaining shares in Norsk Helicopters A.S. in October 2008 (see note 26).

Company	Shares in subsidiary undertakings £000
<i>Cost</i>	
At beginning and end of year	101,000

The principal subsidiary, joint venture and associated undertakings at 31 March 2009 are shown in note 28.

### 15 Stocks

Group	2009 £000	2008 £000
Raw materials and consumables	19,200	16,351
Work in progress	1,369	1,507
	20,569	17,858

**Notes (continued)**

**16 Debtors**

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
<b>Amounts due within one year</b>				
Unsecured loan to subsidiary undertaking	-	-	32	50,000
Trade debtors	90,009	65,472	-	-
Amounts due from joint venture undertakings	-	173	-	-
Amounts due from associated undertakings	3,917	1,110	-	-
Amounts due from related company	7,633	499	-	-
Corporation Tax debtor	2,270	3,763	15	-
Other debtors	6,922	5,174	-	-
Deferred Tax (see note 19)	1,557	175	-	-
Aircraft held for resale	1,145	3,278	-	-
Prepayments and accrued income	47,605	34,603	-	-
	<u>161,058</u>	<u>114,247</u>	<u>47</u>	<u>50,000</u>

**17 Creditors: amounts falling due within one year**

	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Obligations under finance lease	-	34	-	-
Short term loan	230	2,101	-	-
Unsecured subordinated loan stock 13.5%	362,391	397,907	362,392	397,907
Trade creditors	22,582	18,488	-	-
Amounts due to joint venture undertakings	253	-	-	-
Amounts owed to subsidiary undertakings	-	-	-	2,111
Amounts owed to related company	12,420	10,643	-	-
Corporation tax	2,063	6,981	-	-
Taxation and social security	3,915	1,803	-	-
Other creditors	11,960	6,115	4,884	4,884
Accruals and deferred income	29,989	28,875	-	1,017
	<u>445,803</u>	<u>472,947</u>	<u>367,276</u>	<u>405,919</u>

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

## Notes (continued)

### 18 Creditors: amounts falling due after more than one year

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Obligations under finance lease	2,573	-	-	-
Unsecured loan 8.335%	-	50,000	-	50,000
Unsecured subordinated loan stock 13.5%	91,000	-	91,000	-
Other loans	12,827	156	-	-
Accruals	814	-	-	-
Other creditors	294	-	-	-
	<u>107,508</u>	<u>50,156</u>	<u>91,000</u>	<u>50,000</u>

Other borrowings are repayable as follows:

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
<b>Finance leases</b>				
Between two and five years	2,573	-	-	-
	<u>2,573</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other loans</b>				
Between two and five years	12,827	156	-	-
More than five years	91,000	50,000	91,000	50,000
	<u>103,827</u>	<u>50,156</u>	<u>91,000</u>	<u>50,000</u>

The unsecured subordinated loan stock 13.5% is with Offshore Logistics Inc and Offshore Logistics International Inc, the interest on which is payable on request.

The "Other Loans" consists mainly of a loan held by Bristow Norway totalling £12.8m which is with credit institutions, is interest bearing with a repayment schedule over 5 years and aircraft have been provided as security.

### 19 Deferred taxation

	Deferred tax asset £000	Deferred tax liability £000	Deferred tax total £000
<b>Group</b>			
At beginning of year	(175)	10,980	10,805
Exchange	(97)	(72)	(169)
Acquisition	-	1,338	1,338
Movement in provision charged to the profit and loss account for the year	(1,864)	3,690	1,826
	<u>(2,136)</u>	<u>15,936</u>	<u>13,800</u>
At end of year	(2,136)	15,936	13,800
Recognised as:			
Deferred tax asset (see note 16)			(1,557)
Deferred tax liability			15,357
Deferred tax is provided as follows:			
Accelerated capital allowances	-	16,232	16,232
Other short term timing differences	(2,136)	(296)	(2,432)
	<u>(2,136)</u>	<u>15,936</u>	<u>13,800</u>



## Notes (continued)

### 19 Deferred Tax (continued)

No deferred tax is provided on the revaluation of aircraft. In the event of the aircraft being sold at the revalued amount a tax liability of £35.2m (2008: £29.9m) may arise.

### 20 Called up share capital

	2009 £000	2008 £000
<i>Authorised</i>		
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
	<hr/> 18,000 <hr/>	<hr/> 18,000 <hr/>
	2009 £000	2008 £000
<i>Issued and fully paid</i>		
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
	<hr/> 10,000 <hr/>	<hr/> 10,000 <hr/>

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**

	<b>Revaluation reserve £000</b>	<b>Profit and loss account £000</b>
At beginning of year	45,270	(218,909)
Retained loss for the year	-	(39,250)
Net actuarial loss on pensions	-	(5,684)
Share option reserve	-	1,921
Exchange adjustments	1,074	12,282
Revaluation on step acquisition	3,395	-
Revaluation of aircraft	52,671	-
Differences between actual depreciation charge based on revalued amount and historic cost charge	(2,112)	2,112
Differences between profit on disposal of fixed assets based on revalued amount and a historic cost value	(3,860)	3,860
<b>At end of year</b>	<b>96,438</b>	<b>(243,668)</b>

**Company**

	<b>Profit and loss account £000</b>
At beginning of year	(314,919)
Retained loss for the year	(52,310)
<b>At end of year</b>	<b>(367,229)</b>

## Notes (continued)

### 22 Minority interest

	2009 Equity £000	2008 Equity £000
At beginning of year	1,331	1,807
Exchange	608	(337)
Share of profit on ordinary activities after tax	991	(139)
	<hr/>	<hr/>
<b>At end of year</b>	<b>2,930</b>	<b>1,331</b>
	<hr/>	<hr/>

### 23 Reconciliation of operating profit to operating cash flows

Group	2009 £000	2008 £000
Group operating profit	24,142	37,120
Depreciation	13,158	15,477
Increase in stocks	(847)	(683)
Increase in debtors	(30,427)	(17,531)
(Decrease)/increase in creditors	(26,022)	2,402
Goodwill amortisation	722	162
Exchange differences	7,532	-
Share option charge	1,921	-
Difference between pension charge and cash contribution	(18,667)	(4,763)
	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	<b>(28,488)</b>	<b>32,184</b>
	<hr/>	<hr/>

### 24 Reconciliation of net cash flow to movement in net debt

Group	2009 £000	2008 £000
Increase in cash in the year	9,616	4,992
Cash outflow from financing	36,661	(7,285)
	<hr/>	<hr/>
Changes in net debt resulting from cash flows	46,277	(2,293)
Interest accrued on loan balances	(55,484)	(48,826)
Exchange losses	-	453
	<hr/>	<hr/>
Movement in net debt in the year	(9,207)	(50,666)
Net debt at beginning of year	(423,859)	(373,193)
	<hr/>	<hr/>
<b>Net debt at end of year</b>	<b>(433,066)</b>	<b>(423,859)</b>
	<hr/>	<hr/>

**Notes** *(continued)*

**25 Analysis of net debt**

Note	At beginning of year	Cash flow	Other non cash changes	At end of year
	£000	£000	£000	£000
Cash in hand, at bank	26,339	9,616	-	35,955
Debt due in less than one year	(400,198)	(53,423)	91,000	(362,621)
Debt due after one year	(50,000)	34,600	(91,000)	(106,400)
	(450,198)	(18,823)	-	(469,021)
<b>Total net debt</b>	<b>(423,859)</b>	<b>(9,207)</b>	<b>-</b>	<b>(433,066)</b>

## Notes (continued)

### 26 Acquisitions-

#### Bristow Norway AS

On 31 October 2008 the group acquired 12,750 of ordinary 1,000 NOK shares in Bristow Norway AS, taking the group's holding in the company from 49% to 100% of its nominal share capital for a consideration of £15.2m, satisfied in cash. Goodwill arising on the acquisition of Bristow Norway AS has been capitalised. The purchase of Bristow Norway AS has been accounted for by the acquisition method of accounting.

The loss after taxation of Bristow Norway AS for the period from 1 January 2008, the beginning of the subsidiary's financial year to 31 October 2008, the date of acquisition, was £7.7m. The loss after taxation for the period 1 November 2008 to 31 March 2009 was £1.6m.

The assets and liabilities of Bristow Norway AS acquired were as follows:

	Book value £000	Fair value adjustment £000	Accounting policy adjustments £000	Fair value £000
Fixed assets				
Tangible	20,019	6,929	(45)	26,903
Investments	104	-	-	104
Current assets				
Stocks	3,647	-	(1,783)	1,864
Debtors	16,850	-	(683)	16,167
Bank and cash	8,751	-	-	8,751
Total assets	49,371	6,929	(2,511)	53,789
Creditors				
Trade creditors	(14,981)	-	61	(14,920)
Other creditors	(7,414)	-	(392)	(7,806)
Provisions	(264)	-	(1,382)	(1,647)
Other	(19,384)	-	-	(19,384)
Total liabilities	(42,043)	-	(1,714)	(43,757)
Net assets excluding pension asset/liability	7,328	6,929	(4,225)	10,032
Pension asset/liability	(1,063)	-	(1,430)	(2,493)
Net assets	6,265	6,929	(5,655)	7,539
Net assets acquired (51%)				3,845
Purchased goodwill capitalised				12,526
Satisfied by:				
Cash				16,371

Fair value adjustments were made for aircraft and land and buildings. Recognised goodwill comprises £12.5m arising on the effective acquisition of the remaining 51% interest on 31 October 2008. The revaluation surplus arising reflects the increase in the fair value of the Group's original 49% interest in Bristow Norway AS from the date of its original acquisition to 31 October 2008, excluding goodwill and to the extent not previously recognised as the Group's share of the results of Bristow Norway AS.

## Notes (continued)

### 26 Acquisitions (continued)

#### Sky Group of companies

On 5 December 2008, the group acquired 100% (50,000) of ordinary 1 GBP shares in Sky group for a consideration of £2.3m, satisfied in cash. Goodwill arising on the acquisition of Sky group has been capitalised. The purchase of Sky Group has been accounted for by the acquisition method of accounting.

The loss after taxation of Sky Group for the period from 1 January 2008, the beginning of the subsidiary's financial year to the date of acquisition was £0.2m. The loss after taxation for the period ended 31 March 2009 was £0.4m.

The assets and liabilities of the Sky group of companies were as follows:

	Book value £000	Revaluation £000	Accounting policy adjustments £000	Fair value £000
Fixed assets				
Tangible	1,562	-	-	1,562
Current assets				
Debtors	94	-	-	94
Bank and cash	249	-	-	249
Total assets	1,905	-	-	1,905
Creditors				
Trade creditors	(148)	-	-	(148)
Other Creditors	(20)	-	-	(20)
Total liabilities	(168)	-	-	(168)
Net Assets	1,737			1,737
Purchased goodwill capitalised				606
Satisfied by:				
Cash				2,343

## Notes (continued)

### 26 Acquisitions (continued)

The subsidiary undertakings acquired during the year made the following contribution to, and utilisation of, group cash flow.

Analysis of net outflow of cash in respect of the purchase of the subsidiary undertakings:	2009 £
Cash at bank and in hand acquired	8,690
Cash consideration	(18,714)

### 27 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 2009 there was a £0.5m (2008: £3m) facility for revolving credit and guarantee facilities and a £0.5m (2008: £1m) overdraft facility in place with National Westminster Bank Plc. On 31 March 2009 the amount due under revolving credit and guarantee facilities was £nil (2008: £0.1m) and there were no borrowings outstanding under the overdraft facility (2008: £nil).

The group has given joint and several guarantees of up to £15m (2008: £15m) in relation to 'Defence Helicopter Flying School' contract entered into in 1996 between the UK Government and an associated company. The guarantees relate to the performance of a fifteen year contract valued at £500m over the full term. The associated company purchased and modified 47 aircraft dedicated to conducting these training activities, which commenced in 1997. The group has also guaranteed repayment of up to £10m of the associated company's outstanding debt obligation, which is primarily secured over the aircraft utilised in the training activities.

#### *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)

### 28 Principal subsidiary, joint venture and associated undertakings

Name	Country of incorporation/ registration	Principal activity	Shares held	
			Class	% held
Principal subsidiary undertakings				
Aviasheff*	Russia	Helicopter contractor	Ordinary	48.5
Bristow Caribbean Limited*	Trinidad	Helicopter contractor	Ordinary	40.0
Bristow Helicopters Australia Pty Ltd*	Australia	Helicopter contractor	Ordinary	100.0
Bristow Helicopters Group Limited	England	Holding company	Ordinary	100.0
			Deferred	100.0
Bristow Helicopters (International) Limited*	England	Helicopter contractor	Ordinary	100.0
			Preference	100.0
Bristow Helicopters Leasing Ltd*	England	Helicopter contractor	Ordinary	60.0
Bristow Helicopters Limited*	England	Helicopter contractor	Ordinary	100.0
			5% Non-cumulative preference	100.0
Bristow Helicopters (Nigeria) Limited*	Nigeria	Helicopter contractor	Ordinary	40.0
Bristow Technical Services Limited*	England	Helicopter maintenance	Ordinary	100.0
Bristow International Aviation (Guernsey) Limited*	Guernsey	Personnel support	Ordinary	100.0
Caledonian Helicopters Limited*	England	Helicopter contractor	Ordinary	100.0
Sakhalin Bristow Air Services Limited*	England	Helicopter contractor	Ordinary	60.0
United Helicopters Limited*	England	Helicopter lease rental	Ordinary	100.0
Bristow South East Asia Ltd*	England	Helicopter lease rental	Ordinary	100.0
Bristow Norway A.S.*	Norway	Air transport	Ordinary	100.0
Joint venture undertakings				
FBS Limited*	England	Helicopter flying school	Ordinary	50.0
FBH Limited*	England	Helicopter support	Ordinary	50.0
FB Leasing Limited*	England	Helicopter rental	Ordinary	50.0
Associates				
Turkmenistan Helicopters Limited*	Turkmenistan	Helicopter contractor	Ordinary	51.0

\* Indicates entities held indirectly.

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

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



## Notes (continued)

### 29 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"). A maximum of 1,200,000 shares of Common Stock are reserved, including 869,095 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 March 31, 2009 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. This plan expired in 2007.
- 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.
- The 1991 Non-qualified Stock Option Plan for Non-employee Directors, as amended, ("1991 Director Plan"), which provided that as of the date of each annual meeting, each non-employee director who meets certain attendance criteria was automatically granted an option to purchase 2,000 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 have an indefinite term. This plan expired in 2003.

In June 2008, 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 \$50.25 per share.

## Notes (continued)

### 29 Equity-settled share option plans (continued)

The options will vest in annual installments 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 (none have been paid through March 31, 2009) against the peer group and has a maximum potential payout of \$10.0 million. The total value of the awards is recognized as 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.

On December 5, 2007, our 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 in 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. Upon termination of employment, 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.

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

	Number of share options	Fiscal Year 2009  Weighted average exercise Value (in \$)	Number of share options	Fiscal Year 2008  Weighted average exercise Value (in \$)
Outstanding at the beginning of the financial year	152,466	5,802,733	117,691	3,709,867
Granted during the year	65,319	3,282,280	57,600	2,693,440
Forfeited during the year	2,969	149,192	7,809	276,620
Exercised during the year	-	-	15,016	323,954
Expired during the year	-	-	-	-
Outstanding at the end of the year	214,816	8,935,821	152,466	5,802,733
Exercisable at the end of the financial year	110,514	3,750,596	71,321	2,212,574

## Notes (continued)

### 29 Equity-settled share option plans (continued)

The options outstanding at 31 March, 2009 had a weighted average remaining contractual life of 5.2 years. In fiscal year 2009, options were granted on June 5, 2008. The aggregate of the estimated fair values of the options granted on that dates are \$3,282,280.

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 2009	Fiscal Year 2008
Weighted average share price	\$50.25	\$46.76
Weighted average exercise price	-	\$21.57
Expected volatility	33.48%	33.67 - 44.98%
Expected life	6.00	4.09 - 6.00
Risk-free rate	3.5%	2.98 - 4.70%
Expected dividends	-	-

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 behavior 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 ("BAHL") recognized total expenses of £550,468 related to equity-settled shared-based payment transactions in fiscal year 2009. A corresponding credit has been recorded in equity of £550,468.

**Notes (continued)**

**29 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 2009 Weighted average exercise Value (in \$)	Number of units and awards	Fiscal Year 2008 Weighted average exercise Value (in \$)
Outstanding at the beginning of the financial year	147,795	5,669,651	106,550	3,554,985
Granted during the year	58,214	2,923,525	58,600	2,721,970
Forfeited during the year	7449	341,966	17,355	607,304
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	198,560	8,251,210	147,795	5,669,651
Exercisable at the end of the financial year	-	-	-	-

In fiscal year 2009, units and awards were granted on June 5, 2008. The aggregate of the estimated fair values of the units and awards granted on this date is \$2,923,525.

For restricted stock units and awards, the close price on the grant date is utilized by Bristow Group to estimate the fair value of the units and awards. The weighted average unit/award prices for fiscal year 2009 and fiscal year 2008 are \$50.25 and \$46.45, respectively.

Bristow Aviation Holdings Ltd. and subsidiaries ("BAHL") recognized total expenses of £1,370,488 related to restricted stock units/awards in fiscal year 2009. A corresponding credit has been recorded in equity of £1,370,488.

## Notes (continued)

### 30 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 2009 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 2009 % pa	As at 31 March 2008 % pa	As at 31 March 2007 % pa
UK schemes			
Inflation rate	3.0	3.5	3.0
Rate of increase in pensionable salary *	3.0	3.5	3.0
Rate of increase of pensions in payment **	3.0	3.5	3.0
Rate of increase for deferred pensioners **	3.0	3.5	3.0
Discount rate	7.0	6.2	5.3
Norwegian scheme			
Inflation rate	2.5	-	-
Rate of increase in pensionable salary	4.5	-	-
Rate of increase of pensions in payment	1.75	-	-
Rate of increase for social security base amount	4.25	-	-
Discount rate	5.5	-	-

\* reflecting the Scheme amendments with effect from 1 February 2004

\*\* in excess of any Guaranteed Minimum Pension (GMP) element

The post-retirement mortality assumptions used to value the benefit obligation of the UK schemes at 31 March 2009 and 31 March 2008 are based on the standard PML92 and PFL92 actuarial mortality tables (using mortality projected by year of birth, multiplying by a factor of 0.95 for males and 1.05 for females and allowing for medium cohort improvements) with a current year of use.

## Notes (continued)

### 30 Pensions (continued)

Following this approach, the life expectancy of male members reaching the age of 60 in 2009 is projected to be 25.9 years compared to 25.8 years for someone reaching 60 in 2008. The life expectancy of a female member reaching age 60 in 2009 is projected to be 28.2 years compared to 28.1 years for someone reaching 60 in 2008.

The post-retirement mortality assumptions used to value the benefit obligation of the Norwegian scheme at 31 March 2009 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 2009 is projected to be 17.61.

	Expected rate of return		
	2009 % pa	2008 % pa	2007 % pa
UK scheme assets			
Equities	8.4	8.60	8.10
Bonds	4.1-7.0	5.20	4.90
Other – Property	3.8	4.80	4.00
Norwegian scheme assets	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 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.

<i>Staff Scheme</i>	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
<b>Market value of assets</b>					
Equities	98,450	121,244	131,620	123,551	97,966
Bonds	63,626	64,902	61,971	62,433	57,612
Other – Property	1,976	1,072	257	357	625
<b>Total value of plan assets</b>	<b>164,052</b>	<b>187,218</b>	<b>193,848</b>	<b>186,341</b>	<b>156,203</b>
<b>Actuarial value of plan liability</b>	<b>(216,200)</b>	<b>(253,600)</b>	<b>(250,400)</b>	<b>(242,700)</b>	<b>(219,800)</b>
<b>Gross pension liability</b>	<b>(52,148)</b>	<b>(66,382)</b>	<b>(56,552)</b>	<b>(56,359)</b>	<b>(63,597)</b>
Deferred tax	14,601	18,587	16,966	16,908	19,379
<b>Net pension liability</b>	<b>(37,547)</b>	<b>(47,795)</b>	<b>(39,586)</b>	<b>(39,451)</b>	<b>(44,218)</b>

## Notes (continued)

### 30 Pensions (continued)

<i>Expatriate Scheme</i>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Market value of assets</b>					
Equities	1,265	1,869	1,926	2,628	2409
Bonds	114	373	434	582	549
Other assets	943	694	656	-	-
<b>Total value of plan assets</b>	<b>2,322</b>	<b>2,936</b>	<b>3,016</b>	<b>3,210</b>	<b>2,958</b>
<b>Actuarial value of plan liability</b>	<b>(3,900)</b>	<b>(4,000)</b>	<b>(4,000)</b>	<b>(4,000)</b>	<b>(3,700)</b>
<b>Gross pension liability</b>	<b>(1,578)</b>	<b>(1,064)</b>	<b>(984)</b>	<b>(790)</b>	<b>(742)</b>
<b>Deferred tax</b>	<b>-</b>	<b>-</b>	<b>197</b>	<b>158</b>	<b>148</b>
<b>Net pension liability</b>	<b>(1,578)</b>	<b>(1,064)</b>	<b>(787)</b>	<b>(632)</b>	<b>(594)</b>
<i>Norwegian Scheme</i>	<b>2009</b>				
	<b>£000</b>				
<b>Market value of assets</b>					
Equities	951				
Bonds	9,688				
Other assets	5,216				
<b>Total value of plan assets</b>	<b>15,855</b>				
<b>Actuarial value of plan liability</b>	<b>(19,341)</b>				
<b>Gross pension liability</b>	<b>(3,486)</b>				
<b>Deferred tax</b>	<b>976</b>				
<b>Net pension liability</b>	<b>(2,510)</b>				
<i>Aggregated Schemes</i>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Market value of assets</b>					
Equities	100,666	123,113	133,546	126,179	100,375
Bonds	73,428	65,275	62,405	63,015	58,161
Other assets	8,135	1,766	913	357	625
<b>Total value of plan assets</b>	<b>182,229</b>	<b>190,154</b>	<b>196,864</b>	<b>189,551</b>	<b>159,161</b>
<b>Actuarial value of plan liability</b>	<b>(239,441)</b>	<b>(257,600)</b>	<b>(254,400)</b>	<b>(246,700)</b>	<b>(223,500)</b>
<b>Gross pension liability</b>	<b>(57,212)</b>	<b>(67,446)</b>	<b>(57,536)</b>	<b>(57,149)</b>	<b>(64,339)</b>
<b>Deferred tax</b>	<b>15,577</b>	<b>18,587</b>	<b>17,163</b>	<b>17,066</b>	<b>19857</b>
<b>Net pension liability</b>	<b>(41,635)</b>	<b>(48,859)</b>	<b>(40,373)</b>	<b>(40,083)</b>	<b>(44,482)</b>

## Notes (continued)

### 30 Pensions (continued)

#### Analysis of movement in scheme liabilities

	2009		Norway	Total
	Staff £000	Expatriate £000	£000	£000
<b>Year to 31 March 2009</b>				
Scheme liabilities at start of the year	253,600	4,000	-	257,600
Impact of acquisition	-	-	12,952	12,952
Interest cost	15,419	239	347	16,005
Current service cost	132	15	841	988
Actual benefit payments by the fund	(9,764)	(253)	(24)	(10,041)
Gain on change of assumptions	(45,900)	(502)	3,421	(42,981)
Experience loss	2,713	401	-	3,114
Currency Impact	-	-	1,805	1,805
<b>Scheme liabilities at end of the year</b>	<b>216,200</b>	<b>3,900</b>	<b>19,342</b>	<b>239,442</b>
	2008		Norway	Total
	Staff £000	Expatriate £000	£000	£000
<b>Year to 31 March 2008</b>				
Scheme liabilities at start of the year	250,400	4,000	-	254,400
Interest cost	13,009	196	-	13,205
Current service cost	104	38	-	142
Actual benefit payments by the fund	(8,555)	(210)	-	(8,765)
(Gain) on change of assumptions	(8,900)	-	-	(8,900)
Experience loss or (gain)	7,542	(24)	-	7,518
<b>Scheme liabilities at end of the year</b>	<b>253,600</b>	<b>4,000</b>	<b>-</b>	<b>257,600</b>



## Notes (continued)

### 30 Pensions (continued)

Analysis of movement in scheme assets during the year

	Staff £000	2009 Expatriate £000	Norway £000	Total £000
<b>Year to 31 March 2009</b>				
Market value at start of the year	187,218	2,936	-	190,154
Impact of acquisitions	-	-	10,508	10,508
Actual total benefit payments	(9,764)	(253)	(24)	(10,041)
Actual contributions - company	17,100	221	2,311	19,632
Expected return on assets	13,707	210	300	14,217
Loss on assets	(44,209)	(792)	1,289	(43,712)
Currency impact	-	-	1,471	1,471
<b>Market value at end of the year</b>	<b>164,052</b>	<b>2,322</b>	<b>15,855</b>	<b>182,229</b>
	Staff £000	2008 Expatriate £000	Norway £000	Total £000
<b>Year to 31 March 2008</b>				
Market value at start of the year	193,848	3,016	-	196,864
Loss on change in assumptions	-	-	-	-
Actual total benefit payments	(8,555)	(210)	-	(8,765)
Actual contributions - company	7,100	221	-	7,321
Expected return on assets	13,606	191	-	13,797
Loss on assets	(18,781)	(282)	-	(19,063)
<b>Market value at end of the year</b>	<b>187,218</b>	<b>2,936</b>	<b>-</b>	<b>190,154</b>

## Notes (continued)

### 30 Pensions (continued)

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

	2009			
Year ended 31 March 2009	Staff £000	Expatriate £000	Norway £000	Total £000
Loss/(gain) on assets	44,209	792	(1,289)	43,712
Experience loss on liabilities	2,713	401	-	3,114
Gain/(loss) on change of assumptions (financial and demographic)	(45,900)	(502)	3,421	(42,981)
<b>Total loss recognised in the statement of total recognised gains and losses before adjustment for tax</b>	<b>1,022</b>	<b>691</b>	<b>2,132</b>	<b>3,845</b>

  

	2008			
Year ended 31 March 2008	Staff £000	Expatriate £000	Norway £000	Total £000
Loss on assets	18,781	282	-	19,063
Experience loss on liabilities	7,542	(24)	-	7,518
Loss on change of assumptions (financial and demographic)	(8,900)	-	-	(8,900)
<b>Total loss recognised in the statement of total recognised gains and losses before adjustment for tax</b>	<b>17,423</b>	<b>258</b>	<b>-</b>	<b>17,681</b>

### History of experience gains and losses

	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
<i>Staff Scheme</i>					
Loss/ (Gain) on assets	44,209	18,781	1,407	(22,927)	(3,073)
% of plan assets at end of year	26.9	10.0	0.7	12.3	2.0
Experience gain on liabilities	2,713	7,542	3,110	509	(896)
% of plan liabilities at end of year	1	3.0	1.2	0.2	0.4
Total loss/ (gain) recognised in the statement of total recognised gains and losses before adjustment for tax	1,022	17,423	6,117	(3,218)	10,431
% of plan liabilities at end of year	0.6	6.9	2.4	1.3	4.8
<i>Expatriate Scheme</i>					
Loss/(Gain) on assets	792	282	303	(500)	(77)
% of plan assets at end of year	34	9.6	10.1	15.6	2.6
Experience (gain)/loss on liabilities	401	(24)	129	413	347
% of plan liabilities at end of year	10	0.6	3.2	10.3	9.4
Total loss/(gain) recognised in the statement of total recognised gains and losses before adjustment for tax	691	258	432	113	470
% of plan liabilities at end of year	18	6.5	10.8	2.8	12.7

## Notes (continued)

### 30 Pensions (continued)

<i>Aggregated schemes</i>	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
Loss/(Gain) on assets	45,001	19,063	1,710	(23,427)	(3,150)
% of plan assets at end of year	27.0	10.0	0.9	12.4	2.0
Experience loss on liabilities	3,114	7,518	3,239	922	(549)
% of plan liabilities at end of year	1.3	2.9	1.3	0.4	0.3
Total loss/(gain) recognised in the statement of total recognised gains and losses before adjustment for tax	1,713	17,681	6,549	(3,105)	10,901
% of plan liabilities at end of year	0.7	6.9	2.6	1.3	6.8

#### Analysis of amount charged to operating profit

	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
Current service cost – staff scheme	132	104	125	139	138
Current service cost – expatriate scheme	13	38	13	18	18
Current service cost – Norwegian scheme	841	-	-	-	-
Past service costs– staff scheme	-	-	-	-	184
Total charged to operating profit	986	142	138	157	340

#### Analysis of amount charged to net pension finance charges

<i>Staff scheme</i>	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
Interest on pension plan liabilities	15,419	13,009	11,818	11,767	11,054
Expected return on assets in the pension plan	(13,707)	(13,606)	(12,367)	(10,659)	(10,235)
Total (credited)/ charged to net pension finance charges	1,712	(597)	(549)	1,108	819
<i>Expatriate scheme</i>					
Interest on pension plan liabilities	239	196	173	174	175
Expected return on assets in the pension plan	(210)	(191)	(203)	(183)	(221)
Total credited to net pension finance income	29	5	(30)	(9)	(46)

## Notes (continued)

### 30 Pensions (continued)

#### Norwegian scheme

Interest on pension plan liabilities	347
Expected return on assets in the pension plan	(300)
	<hr/>
Total credited to net pension finance income	47
	<hr/>

	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
<i>Aggregated schemes</i>					
Interest on pension plan liabilities	16,005	13,205	11,991	11,941	11,229
Expected return on assets in the pension plan	(14,217)	(13,797)	(12,570)	(10,842)	(10,456)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total (credited)/ charged to net pension finance charges	1,788	(592)	(579)	1,099	773
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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% of gross pensionable salary over the year.

Contributions into defined contribution schemes by the group during the year totalled £2.8m (2008: £2.6m).

### 31 Commitments

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

Group	2008 £000	2008 £000
Contracted	3,907	210,934
	<hr/>	<hr/>

In August 2007, agreements with Frasca International were entered into for the manufacture and purchase of two flight simulators, with a total contract value of \$7,999,000. 20% of the contract value was paid in the year to March 2009, 10% is due in the year to March 2010 and the balance is payable upon CAA qualification.

## Notes (continued)

### 31 Commitments (continued)

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

Group	2009 Land and buildings £000	2009 Aircraft, plant and machinery £000	2008 Land and Buildings £000	2008 Aircraft, plant and machinery £000
Operating leases which expire:				
Within one year	158	1,841	27	-
In the second to fifth years inclusive	817	1,993	630	401
Over five years	223	20,914	32	-
	<u>1,198</u>	<u>24,748</u>	<u>689</u>	<u>401</u>

### 32 Related party transactions

#### a) Transactions with joint venture and associated undertakings

	2009 £000	2008 £000
Sales to joint ventures in respect of aircraft rental and related services	418	292
Sales to associated undertakings in respect of aircraft rental and related services	3,882	5,650
Purchases from joint ventures in respect of aircraft and related services	66	51
Purchases from associated undertakings in respect of aircraft and related services	105	1,148
Loans outstanding to associated undertakings	-	3,541
Interest receivable from associated undertakings on loans charged at commercial rates	103	165
Other amounts receivable from joint ventures	-	586
Other amounts receivable from associated undertakings	3,917	1,559
Other amounts payable to joint ventures	253	16
Other amounts payable to associated undertakings	-	-

## Notes (continued)

### 32 Related party transactions (continued)

#### *b) Transactions with other related parties*

	2009 £000	2008 £000
Purchases from Bristow Group Inc. in respect of aircraft rental and related services	41,602	20,429
Sales to Bristow Group Inc. in respect of aircraft rental and related services	15,178	7,451
Interest payable to Bristow Group Inc. in respect of		
- unsecured loan 8.335%	-	3,443
- unsecured subordinated loan stock 13.5%	55,485	48,826
Interest receivable from Bristow Group Inc. in respect of		
- loans charged at commercial rates	-	80
Amounts due to Bristow Group Inc.		
- management fees	4,884	4,855
- unsecured loan 8.335%	-	50,000
- unsecured subordinated loan stock 13.5% including interest	453,391	397,907
- trade creditors	12,420	10,643
- interest on unsecured loan 8.335%	-	1,017
Amounts due from Bristow Group Inc.		
- debtors	8,952	499
Other debtors - short term loans to Bristow Group Inc.	-	-
Other loans - debt due to company affiliated with shareholders of Aviashelf	-	393

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

During the year, the company entered into a long term finance lease to provide 11 aircraft to Brillog Leasing Limited, a related company. £95m of these lease rentals were pre-sold to Bristow Cayman Limited, a related company, and have been paid in full. £1m of the lease receivable is repayable in instalments and included within other debtors at the year end. The total received and receivable of the £96m has been treated as consideration for the disposal of the aircraft.

During the year, the company paid £16m in operating leases to Brillog leasing Limited a related company.