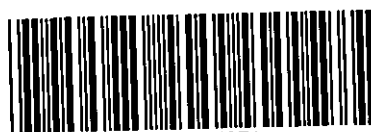


Forum Oilfield Europe Limited
Report and financial statements
for the year ended 31 December 2009

Registered number: SC305634 (Scotland)

THURSDAY



S23N9N9P

SCT

09/09/2010

124

COMPANIES HOUSE

Forum Oilfield Europe Limited
Report and financial statements
for the year ended 31 December 2009
Contents

Directors and advisers for the year ended 31 December 2009	1
Director's report for the year ended 31 December 2009	2
Independent auditors' report to the members of Forum Oilfield Europe Limited	5
Consolidated profit and loss account for the year ended 31 December 2009	7
Balance sheets as at 31 December 2009	8
Consolidated cash flow statement for the year ended 31 December 2009	9
Statement of accounting policies	10
Notes to the financial statements for the period ended 31 December 2009	12

Forum Oilfield Europe Limited

Directors and advisers for the year ended 31 December 2009

Director

J W Harris

C Jones

Company secretary

S Long

Registered office

66 Queen's Road

Aberdeen

AB15 4YE

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

89 Sandyford Road

Newcastle upon Tyne

Tyne and Wear

NE1 8HW

Forum Oilfield Europe Limited

Director's report for the year ended 31 December 2009

The directors present their report with the audited financial statements for the year ended 31 December 2009.

Principal activities

The principal activity of the group is the supply of drilling and flow control products for oil and natural gas drilling and production applications.

Review of business

The group has managed to increase turnover and profits compared to the previous year, this has been achieved through a strong order book. The directors are satisfied with the financial performance and the financial position of the group.

Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the group are considered to relate to demand for the company's products, competition, retention of employees and product availability.

Future developments

The strategy of the directors is to improve market share in existing markets and to develop new geographical markets and sales to new customers. The directors aim to maximise profit margins by making improvements in operational performance and material procurement.

Results and dividends

The group's profit for the financial year is £4,185,775 (2008: £3,130,070). The directors have declared and paid a dividend of £1,583,078 (2008: £nil).

Directors

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

J W Harris

C Jones – appointed 4 February 2009

Employee involvement

Employees are kept well informed of the performance and objectives of the group through both personal briefings and quarterly meetings with the directors.

Equal opportunities

It is the group's policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of age, gender, colour, ethnic or national origin, disability, hours of work, nationality, religion or belief, marital or civil partner status, disfigurement, political opinions or sexual orientation. All decisions relating to employment practices will be objective, free from bias and based solely on work criteria and individual merit.

Policy and practice on the payment of creditors

For all trade creditors, it is the group's policy to agree terms of payment at the start of business with a supplier, to ensure that suppliers are aware of the terms of payment and to pay in accordance with the terms and conditions agreed.

Forum Oilfield Europe Limited

Financial risk management

The company's operations expose it to a variety of risks, including liquidity risk, foreign exchange risk, interest rate risk and credit risk.

Liquidity risk

The company actively manages its sources of finance to ensure it has sufficient funds for its operations.

Interest rate and foreign exchange risk

In order to manage interest rate risk the company minimises external borrowings. Management monitor potential exposure to foreign exchange rate risk.

Credit risk

The company has implemented policies that require credit checks on potential new customers before sales are made. Credit limits are assessed on an ongoing basis and adjusted as appropriate.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of group and the company and of the profit or loss of the group for that period.

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

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

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

Disclosure of information to auditors

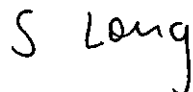
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Forum Oilfield Europe Limited

Independent auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office. A resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board

A handwritten signature in black ink that reads "S Long". The "S" is a simple loop, and "Long" is written in a cursive style.

S Long

Company secretary

2nd August 2010

Forum Oilfield Europe Limited

Independent auditors' report to the members of Forum Oilfield Europe Limited

We have audited the group and parent company financial statements (the "financial statements") of Forum Oilfield Europe Limited for the year ended 31 December 2009. These comprise the consolidated profit and loss account, the group and company balance sheets, the consolidated cash flow statement, the statement of accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

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

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

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Directors' report for the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

Forum Oilfield Europe Limited

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



Jonathan Greenaway (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Newcastle upon Tyne

26 August 2010

Forum Oilfield Europe Limited

Consolidated profit and loss account for the year ended 31 December 2009

	Note	2009 £	2008 £
Turnover	1	32,587,938	29,626,437
Cost of sales		(22,963,078)	(20,993,299)
Gross profit		9,624,860	8,633,138
Administrative expenses		(3,435,803)	(3,678,465)
Other operating income		8,194	19,230
Operating profit	2	6,197,251	4,973,903
Interest receivable and similar income	5	6,811	21,316
Interest payable and similar charges	6	(208,381)	(371,793)
Profit on ordinary activities before taxation		5,995,681	4,623,426
Tax on profit on ordinary activities	7	(1,809,906)	(1,493,356)
Profit for the financial year		4,185,775	3,130,070

All amounts relate to continuing operations.

The group has no recognised gains or losses other than those included in the profit and loss account above.

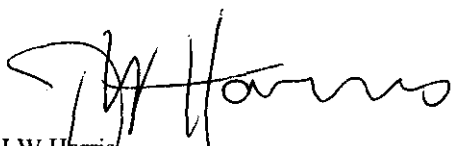
There is no difference between the profit on ordinary activities before taxation and the profit for the year above and their historical cost equivalents.

Forum Oilfield Europe Limited

Balance sheets as at 31 December 2009

	Note	Group		Company	
		2009	2008	2009	2008
		£	£	£	£
Fixed assets					
Intangible assets	10	8,443,001	8,939,648	3,032,153	3,191,740
Tangible assets	11	51,079	57,825	51,079	57,825
Investments	12	-	-	10,241,492	10,241,492
		8,494,080	8,997,473	13,324,724	13,491,057
Current assets					
Stock	13	4,123,940	5,502,033	4,123,940	5,502,033
Debtors	14	7,672,587	9,367,669	7,672,587	9,367,669
Cash at bank and in hand		268,359	3,002,156	268,359	3,002,156
		12,064,886	17,871,858	12,064,886	17,871,858
Creditors: amounts falling due within one year	15	(4,823,723)	(13,736,785)	(15,055,215)	(23,968,277)
Net current assets/(liabilities)		7,241,163	4,135,073	(2,990,329)	(6,096,419)
Net assets		15,735,243	13,132,546	10,334,395	7,394,638
Capital and reserves					
Called up share capital	17	3,062,653	3,062,653	3,062,653	3,062,653
Share premium account	18	4,698,163	4,698,163	4,698,163	4,698,163
Capital reserve	19	987,000	987,000	987,000	987,000
Profit and loss account	20	6,987,427	4,384,730	1,586,579	(1,353,178)
Total shareholders' funds	21	15,735,243	13,132,546	10,334,395	7,394,638

The financial statements on pages 7 to 25 were approved by the board of directors on 2nd August 2010 and were signed on its behalf by:


J W Harris
Director

Registered no. SC305634 (Scotland)

Forum Oilfield Europe Limited

Consolidated cash flow statement for the year ended 31 December 2009

	Note	2009 £	2008 £
Operating profit		6,197,251	4,973,903
Depreciation		34,771	43,594
Goodwill amortisation		496,647	496,647
Profit on disposal of tangible fixed assets		(2,500)	-
Decrease/(increase) in debtors		1,729,012	(2,701,895)
(Decrease)/increase in creditors		(4,974,654)	2,271,719
Decrease/(increase) in stock and work in progress		1,378,094	(1,198,018)
Net cash inflow from operating activities		4,858,621	3,885,950
Returns on investments and servicing of finance	22	(201,571)	(350,477)
Taxation		(1,671,678)	(1,008,194)
Capital expenditure	22	(25,525)	(36,540)
Acquisitions	22	-	(987,000)
Equity dividends paid	9	(1,583,078)	-
Financing	22	(4,108,451)	23,996
(Decrease)/increase in cash		(2,731,682)	1,527,735
Reconciliation net funds/(debt)			
(Decrease)/increase in cash in the year		(2,731,682)	1,527,735
Movement in borrowings		4,108,451	963,006
Change in net cash	23	1,376,769	2,490,741
Net debt at the start of the financial year	23	(1,111,758)	(3,602,499)
Net cash/(debt) at the end of the financial year	23	265,011	(1,111,758)

Forum Oilfield Europe Limited

Statement of accounting policies

Accounting convention

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

Consolidated accounts

The group financial statements comprise the financial statements of the company and all its subsidiary undertakings. The accounting reference date of the company and its subsidiary undertakings is 31 December. Uniform accounting policies are applied throughout the group. Profits or losses on intra-group transactions are eliminated on consolidation.

Turnover

Turnover and related costs from the provision of long term contracts are recognised on a percentage of completion method for individual contracts on a cost to cost method. Turnover includes revenues and related costs so recorded, plus accumulated contract costs that exceed amounts invoiced to customers under the terms of the contracts, in contracts in progress. Turnover excludes advance payments on contracts and billings that exceed accumulated contract costs and revenues recognised under the percentage of completion method. Most long term contracts contain provisions for progress payments. It is expected that invoices will be raised for all unbilled revenues. Contract price and cost estimates are reviewed periodically as the work progresses and reflect adjustments proportionate to the percentage of completion in income in the period when those estimates are revised. For all contracts, if a current estimate of total contract cost indicates a loss on a contract, the projected loss is recognised in full when determined.

Turnover arising from the sale of products is recognised once substantially all the risks and rewards of ownership of the goods are transferred to the customer. Typically this will be upon shipment of goods, but will depend on factors such as insurance arrangements for goods in transit, where if all risks of ownership are not deemed to have passed then revenues are deferred until risk is deemed transferred to the customer.

Goodwill

When the fair value of the consideration for an acquired undertaking exceeds the fair value of its separable net assets the difference is treated as purchased goodwill and is capitalised and amortised through the profit and loss account on a straight line basis over its estimated economic life of 20 years. Impairment reviews are carried out to ensure that goodwill is not carried at above its recoverable amount.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- Straight line over 3 years
Fixtures and fittings	- Straight line over 7 years
Motor vehicles	- Straight line over 3 years
Computer equipment	- Straight line over 3 years

Forum Oilfield Europe Limited

Statement of accounting policies (continued)

Stocks and long term contracts

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Long term contract work in progress is stated at cost plus, where outcome can be assessed with reasonable certainty, estimated profits attributable to the state of completion, less provision of any known losses and progress payments on account.

Advance and progress payments are included under creditors to the extent that they exceed the related work in progress.

Taxation

Corporation tax is provided on the assessable profits of the company at the appropriate rates in force.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements. Deferred tax is measured at average tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets and tax debtors arising from withholding tax credits are recognised to the extent that they are more likely than not to be recoverable. Deferred tax is measured on a non-discounted basis.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Foreign currencies

Transactions in foreign currencies are recorded at the date ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the period are charged in the profit and loss account in the period to which they relate.

Forum Oilfield Europe Limited

Notes to the financial statements for the period ended 31 December 2009

1 Turnover

	2009	2008
	£	£
UK	3,576,802	3,226,515
Continental Europe	5,590,930	6,456,008
North America	1,146,246	1,390,890
South America	115,472	-
Africa	336,506	78,220
Middle East	970,855	1,638,963
Asia Pacific	20,851,127	16,835,841
	32,587,938	29,626,437

2 Operating profit

	2009	2008
	£	£
Operating profit is stated after charging/(crediting):		
Wages and salaries	1,539,983	1,488,415
Social security costs	161,993	158,727
Other pension costs	68,649	63,903
Staff costs	1,770,625	1,711,045
Depreciation of tangible fixed assets		
Owned assets	33,492	37,847
Leased assets	1,279	5,748
Amortisation of goodwill	496,647	496,647
Profit on disposal of fixed assets	(2,500)	-
Operating leases – land and buildings	163,340	101,923
Foreign exchange differences	276,658	666,768
Services provided by the company's auditor		
Statutory audit fees	32,000	30,500

Forum Oilfield Europe Limited

3 Directors' emoluments

The directors did not receive any remuneration from the company or other members of the group for services as directors of the company.

4 Employee information

The average monthly number of persons (including executive directors) employed by the group during the year was:

	2009	2008
	£	£
Production	21	19
Selling	11	10
Administration	6	6
	38	35

5 Interest receivable and similar income

	2009	2008
	£	£
Bank interest	6,811	21,316

6 Interest payable and similar charges

	2009	2008
	£	£
Interest payable on bank overdrafts	16,990	29,740
Hire purchase interest	789	1,132
Interest payable to group undertakings	190,602	340,921
	208,381	371,793

Forum Oilfield Europe Limited

7 Tax on profit on ordinary activities

(a) Analysis of tax charge in the year:

	2009 £	2008 £
Current tax:		
UK corporation tax on profits for the year	1,844,460	1,497,990
Adjustment in respect of prior years	(624)	-
Total current tax charge	1,843,836	1,497,990
Deferred tax:		
Origination and reversal of timing differences	(13,874)	(4,717)
Adjustment in respect of prior years	(20,056)	83
Total deferred tax credit (note 16)	(33,930)	(4,634)
Tax on profits on ordinary activities	1,809,906	1,493,356

(b) Factors affecting tax charge for the year:

The tax assessed for the year is higher (2008: higher) than the standard rate of corporation tax in the UK of 28% (2008: 28.5%). The differences are explained below:

	2009 £	2008 £
Profit on ordinary activities before tax	5,995,681	4,623,426
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2008: 28.5%)	1,678,791	1,317,676
Effects of:		
Depreciation in excess of capital allowances	2,523	4,717
Other timing differences	11,351	-
Amortisation of goodwill	139,061	141,544
Expenses disallowed for tax purposes	12,734	34,053
Adjustments in respect of prior years	(624)	-
Current tax charge for year	1,843,836	1,497,990

(c) Factors that may affect future tax charges:

There are no factors that may affect future tax charges to a material extent.

Forum Oilfield Europe Limited

8 Profits of the company

The company made a profit of £4,522,835 (2008: loss of £977,303). The directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented a profit and loss account for the company alone.

9 Dividends

	2009	2008
	£	£
Equity – Ordinary		
Interim paid (52p (2008: nil) per share)	1,583,078	-

10 Intangible assets

Group	Goodwill
	£
Cost	
At 1 January 2009 and 31 December 2009	9,932,942
Accumulated amortisation	
At 1 January 2009	993,294
Charge for the year	496,647
At 31 December 2009	1,489,941
Net book value	
At 31 December 2009	8,443,001
At 31 December 2008	8,939,648

Forum Oilfield Europe Limited

10 Intangible assets (continued)

Company	Goodwill £
Cost	
At 1 January 2009 and 31 December 2009	3,191,740
Accumulated amortisation	
Charge for the year	159,587
At 31 December 2009	159,587
Net book value	
At 31 December 2009	3,032,153
At 31 December 2008	3,191,740

The goodwill in the company balance sheet arose on the acquisition of the trade and assets of RB Pipetech Limited and Oilfield Bearing International Limited on 31 December 2008. (See note 12).

Forum Oilfield Europe Limited

11 Tangible assets

Group and company	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 January 2009	67,192	44,341	89,008	124,337	324,878
Additions	-	11,400	-	16,625	28,025
Disposals	(4,522)	(10,170)	(61)	-	(14,753)
At 31 December 2009	62,670	45,571	88,947	140,962	338,150
Accumulated depreciation					
At 1 January 2009	46,331	33,570	83,902	103,250	267,053
Charge for the year	9,271	10,020	3,403	12,077	34,771
Disposals	(4,522)	(10,170)	(61)	-	(14,753)
At 31 December 2009	51,080	33,420	87,244	115,327	287,071
Net book value					
At 31 December 2009	11,590	12,151	1,703	25,635	51,079
At 31 December 2008	20,861	10,771	5,106	21,087	57,825

Assets held under finance lease agreements, capitalised and included in tangible fixed assets:

	2009 £	2008 £
Cost	6,397	28,738
Accumulated depreciation	(3,358)	(20,884)
	3,039	7,854

Forum Oilfield Europe Limited

12 Investments

Company	Subsidiary undertakings £
Cost	
At 1 January 2009 and 31 December 2009	13,433,232
Provision for impairment	
At 1 January 2009 and 31 December 2009	3,191,740
Net book value	
At 31 December 2008 and 31 December 2009	10,241,492

The company holds 100% of the ordinary share capital of RB (GB) Limited, a company registered in England and Wales. RB (GB) Limited is a holding company which holds 100% of the share capital of RB Pipetech Limited, a company registered in England and Wales. RB Pipetech Limited is a dormant company having ceased trading on the 31 December 2008 and was formerly concerned with the supply of technical piping and ancillary equipment.

The company holds 100% of the ordinary share capital of Oilfield Bearing International Limited, a company registered in Scotland. Oilfield Bearing International Limited is a dormant company having ceased trading on the 31 December 2008 and was formerly concerned with the distribution of engineering bearings and allied products.

On 31 December 2008 Forum Oilfield Europe Limited acquired the trade and assets of RB Pipetech Limited and Oilfield Bearing International Limited. The book value of the investments in subsidiary undertakings, over and above the remaining net assets in the subsidiary undertakings of £10,241,492 (being £3,191,740), has been transferred to goodwill.

13 Stocks

Group and company	2009 £	2008 £
Work in progress	1,415,754	2,553,631
Finished goods and goods held for resale	2,708,186	2,948,402
	4,123,940	5,502,033

Forum Oilfield Europe Limited

14 Debtors

Group and company	2009	2008
	£	£
Trade debtors	5,491,675	4,964,705
Amounts owed by other group companies	92,551	416,115
Amounts recoverable on contracts	1,941,662	3,762,139
Other debtors	43,911	156,343
Deferred tax (note 16)	38,099	4,169
Prepayments and accrued income	64,689	64,198
	7,672,587	9,367,669

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

15 Creditors: amounts falling due within one year

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Overdrafts	150	2,265	150	2,265
Hire purchase contracts	3,198	7,136	3,198	7,136
Payments on account	173,643	919,844	173,643	919,844
Trade creditors	2,934,593	5,217,260	2,934,593	5,217,260
Amounts owed to group undertakings	361,259	5,742,393	10,592,751	15,973,885
Corporation tax	900,086	727,928	900,086	727,928
Other taxation and social security	44,013	42,384	44,013	42,384
Other creditors	2,049	-	2,049	-
Accruals and deferred income	404,732	1,077,575	404,732	1,077,575
	4,823,723	13,736,785	15,055,215	23,968,277

Bank overdrafts bear interest based on LIBOR.

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

Included in amounts owed to group undertakings is a loan of £Nil (2008: £4,104,513) subject to an interest rate of 10%. All other amounts owed to group undertakings are interest free.

Forum Oilfield Europe Limited

16 Deferred tax

The asset for deferred taxation as at 31 December 2009 is analysed below:

	2009	2008
	£	£
Capital allowances less than depreciation	13,053	4,169
Other timing differences	25,046	-
	38,099	4,169

The movement on the deferred tax asset is as follows:

	£
At 1 January 2009	4,169
Deferred tax credited to profit and loss account	33,930
At 31 December 2009	38,099

17 Called up share capital

Group and company	2009	2008
	£	£
Authorised:		
1,500,000 ordinary shares of £1 each	1,500,000	1,500,000
6,000,000 'A' ordinary shares of \$1 each	3,062,631	3,062,631
	4,562,631	4,562,631
Allotted and fully paid:		
22 ordinary shares of £1 each	22	22
6,000,000 'A' ordinary shares of \$1 each	3,062,631	3,062,631
	3,062,653	3,062,653

The ordinary shares and 'A' ordinary shares rank parri passu.

Forum Oilfield Europe Limited

18 Share premium account

	2009	2008
Group and company	£	£
At 1 January and 31 December	4,698,163	4,698,163

19 Capital reserve

	2009	2008
Group and company	£	£
At 1 January	987,000	-
Contribution during the year	-	987,000
At 31 December	987,000	987,000

The capital reserve contains capital contributions made by the company's parent.

20 Profit and loss account

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
At 1 January	4,384,730	1,254,660	(1,353,178)	(375,875)
Profit /(loss) for the year	4,185,775	3,130,070	4,522,835	(977,303)
Dividends	(1,583,078)	-	(1,583,078)	-
At 31 December	6,987,427	4,384,730	1,586,579	(1,353,178)

21 Reconciliation of movements in shareholders' funds

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
At 1 January	13,132,546	9,015,476	7,394,638	7,384,941
Contribution to capital reserve	-	987,000	-	987,000
Profit/(loss) for the year	4,185,775	3,130,070	4,522,835	(977,303)
Dividends	(1,583,078)	-	(1,583,078)	-
At 31 December	15,735,243	13,132,546	10,334,395	7,394,638

Forum Oilfield Europe Limited

22 Gross cash flows

	2009 £	2008 £
Returns on investments and servicing of finance		
Interest received	6,811	21,316
Interest paid	(208,382)	(371,793)
Net cash flow from returns on investments and servicing of finance	(201,571)	(350,477)
Capital expenditure		
Purchase of tangible fixed assets	(28,025)	(36,540)
Sale of tangible fixed assets	2,500	-
Net cash flow from capital expenditure	(25,525)	(36,540)
Acquisitions		
Additional consideration paid for RB Pipetech Limited	-	(987,000)
Net cash flow from acquisitions	-	(987,000)
Financing		
Increase in capital reserve	-	987,000
Movement in borrowings	(4,108,451)	(963,004)
Net cash flow from financing	(4,108,451)	23,996

23 Analysis of changes in net funds/(debt)

	At 31 December 2008 £	Cash flow for the year £	At 31 December 2009 £
Cash at bank and at hand	3,002,156	(2,733,797)	268,359
Overdrafts	(2,265)	2,115	(150)
Hire purchase contracts	(7,136)	3,938	(3,198)
Group loans due within one year	(4,104,513)	4,104,513	-
Net funds/(debt)	(1,111,758)	1,376,769	265,011

Forum Oilfield Europe Limited

24 Related party transactions

During the year the group had the following related party transactions:

	2009 £	2008 £
Sales to fellow subsidiaries of Forum Oilfield Technologies Inc:		
FOT US Inc (incorporated in the USA)	111,733	-
Forum Oilfield Asia Pacific Pte Limited (incorporated in Singapore)	481,161	325,735
Forum Middle East Limited (incorporated in Dubai)	244,326	-
Oilfield Bearing Industries Inc (incorporated in the USA)	-	707,665
<i>Oilfield Bearing International Limited (incorporated in Dubai)</i>	-	68,932
Purchases from fellow subsidiaries of Forum Oilfield Technologies Inc:		
FOT US Inc (incorporated in the USA)	4,111,951-	-
Forum Canada Inc (incorporated in Canada)	5,548	-
Baker SPD Inc (incorporated in the USA)	-	2,265,105
Access Oil Tools Inc (incorporated in the USA)	-	191,467
Oilfield Bearing Industries Inc (incorporated in the USA)	-	1,704,251
Oilfield Bearing International Limited (incorporated in Dubai)	-	806
Oilfield Bearing International Inc (incorporated in Canada)	-	14,316
Purchases from the ultimate patent undertaking:		
Forum Oilfield Technologies Inc (incorporated in the USA)	-	304,662
Interest charged by immediate parent company		
Forum International Holdings Inc (incorporated in the USA)	190,602	340,921

All related party transactions were made on an arm's length basis.

Forum Oilfield Europe Limited

24 Related party transactions (continued)

At the end of the year the group had the following balances with related parties:

	2009	2008
	£	£
Debtors:		
Amounts due from fellow subsidiaries of Forum Oilfield Technologies Inc:		
Forum Oilfield Asia Pacific Pte Limited (incorporated in Singapore)	43,789	412,302
Forum Middle East Limited (incorporated in Dubai)	48,762	-
Oilfield Bearing International Limited (incorporated in Dubai)	-	3,813
	92,551	416,115
Creditors:		
Amounts due to fellow subsidiaries of Forum Oilfield Technologies Inc:		
FOT US Inc (incorporated in the USA)	357,040	-
Forum Canada Inc (incorporated in Canada)	4,219	-
Baker SPD Inc (incorporated in the USA)	-	936,683
Access Oil Tools Inc (incorporated in the USA)	-	35,086
Oilfield Bearing Industries Inc (incorporated in the USA)	-	168,286
Amounts due to the ultimate patent undertaking:		
Forum Oilfield Technologies Inc (incorporated in the USA)	-	497,825
Amounts due to the immediate parent company		
Forum International Holdings Inc (incorporated in the USA)	-	4,104,513
	361,259	5,742,393

25 Operating lease commitments

At 31 December 2009 the group was committed to making the following payments under non-cancellable operating leases:

	Land and buildings	
	2009	2008
	£	£
Operating leases which expire:		
Between two and five years	164,500	164,500
	164,500	164,500

Forum Oilfield Europe Limited

26 Ultimate controlling party

The immediate parent company is Forum International Holdings Inc., a company incorporated in United States of America.

The ultimate parent undertaking and controlling party is Forum Oilfield Technologies Inc., a company incorporated in United States of America.

Forum Oilfield Technologies Inc. is the parent undertaking of the smallest and largest group to consolidate these financial statements. The financial statements of Forum Oilfield Technologies Inc. are not publicly available.