

**For immediate release  
2 March 2006**

## **HUNTING PLC**

### **Preliminary results For the year ended 31 December 2005**

Hunting PLC (“Hunting”, the “Group” or the “Company”), the international energy services company, today announces its preliminary results for the year ended 31 December 2005.

■ Turnover £1,521.9m (2004: £1,159.4m)	+31%
■ Total operating profit £44.9m (2004: £20.8m)	+116%
■ Pre-tax profit £40.9m (2004: £16.5m)	+148%
■ Basic earnings per share 21.2p per share (2004: 7.9p)	+168%
■ Final Dividend Per Share 4.0p (2004 : 3.0p) payable on 29 <sup>th</sup> June 2006	+33%

Commenting on the outlook for the Group, Dennis Proctor, Hunting’s Chief Executive, said:

“The industry forecasts a continuation of 2005 activity certainly through 2006. Major oil and gas operators have raised their expenditures to levels higher than previous years not only for cost increases in drilling and related services, but also for additional investment in well completions and heavy oil projects. Our investment in new projects in 2005 will enable us to meet the customers’ growing demands. We believe our timing and execution of a distinctive business strategy has been excellent and will continue to deliver shareholder value.

With a strengthened balance sheet, well positioned assets, additional capacity and successful performance trend, Hunting PLC looks forward to the growth opportunities available in 2006.”

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**Hunting PLC**

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**Notes to Editors:**

Hunting PLC is an international oil services company providing support solutions to the world's largest oil and gas companies.

## **Chairman's Statement**

As we announced in December, the Company has benefited from positive market dynamics and trading for the year has outperformed previous market expectations. Profit before taxation for the year to 31 December 2005 was £40.9m (2004 – £16.5m), a 148% increase over the previous year.

The Company has benefited from the continuing surge in expenditure on exploration and production of oil and gas in the areas we serve, fuelled by high prices for these vital commodities.

Gibson Energy, our Canadian-based midstream operation, has been at the centre of the intense level of activity in Alberta and neighbouring provinces. In particular, we have been able once again to use our physical infrastructure and highly developed skills successfully to produce fine Marketing results. We have taken a full part in handling oil production from conventional crude reserves and from the huge oil sands deposits around Athabasca. We are expanding our terminal facilities to deal with even higher volumes.

Hunting Energy Services is the Company's engineering operation, producing sophisticated equipment for the hydrocarbon drilling and production sectors. With resource companies increasingly concerned about replacing reserves, and therefore needing to drill for deeper and more difficult deposits, demand for our products has been at a consistently high level in the southern United States, in the Rocky Mountains, in Canada and in the North Sea as well as in other parts of the world.

We were fortunate that the Katrina and Rita hurricanes did little damage to our important Hunting Energy Services facilities in Louisiana and Texas, and production was restored rapidly.

In 2005, the Board raised new equity capital for expansion, by way of a one for four Rights Issue of shares. The resulting increase in share capital and the steady rise in the price since that time have resulted in the shares becoming a constituent of the FTSE 250 and FTSE 350 indices of the London Stock Exchange during January 2006.

I am pleased to report that basic earnings per share were 21.2p, an increase of 168% on the previous year. We are recommending a final dividend of 4.0p per share, giving a total of 6.0p for the year, a 33% increase.

These excellent results combined with the continuing strength of the markets we serve give us confidence that, barring unforeseen circumstances, the current year will show further progress for the company.

I wish to thank all our staff for their fine contributions in a busy and rewarding year.

**Richard Hunting**  
**Chairman**

## **Chief Executive's Review**

Strong second half activity provided excellent results for the Company in 2005 – the third consecutive year of earnings growth. Industry fundamentals combined with product lines and services leveraged to specific market segments provided record results in a number of our divisions. As oil and gas operators continued to increase capital expenditures for drilling and production, coupled with volume increases in Canadian oil sands projects, your Company's strategy of market share strength, proprietary technology, geographic position and asset utilisation combined to deliver above expected results.

The Company improved its balance sheet through increased earnings and the successful Rights Issue. Gearing at the year end was 53% – a 55% decrease from 2004. Free cash flow grew 16% while capital expenditures increased by 50% to £32.9m.

In spite of growing material and labour costs, gross margins improved from production revenue per man-hour (up 21%), and price increases applied throughout the year.

The Company does not ignore the improved market conditions as a key factor in its performance. Average oil and gas prices were up 27% and 39% respectively, year over year. Average rig counts were up 14% in the US, 21% in Canada and 7% in the international arena. The differential between light and heavy crude averaged US \$21.10 up 53% from 2004. However, the Gulf of Mexico rig count was 89, its lowest level since 1993. Two hurricanes caused production at Tenkay Resources to decline by approximately 50% in the fourth quarter and delivery of tubulars and accessories to be delayed by two months.

Prices for oil services climbed steadily as the rig activity increased and operators seemingly are focused more on availability than price. The cyclical nature of the industry has abated as growth has occurred in the past three years with expectations of continued demand going forward. The Company's commitment to expansion projects during the last 18 months will provide measurable gains in the future. While additional capacity was added in 2005, the replacement of ageing equipment for greater output per hour adds to reduced costs and earnings enhancement.

## **Business Developments**

In August 2005, the Company raised approximately £44 million of new equity capital through a Rights Issue. These funds are required to finance additional capacity to meet the growing backlog and demands from various customer projects. In addition, management continues to review acquisitions that complement the products and services currently provided.

The Company acquired the assets of Cromar Limited, an Aberdeen based provider of well servicing equipment including its proprietary products and applications. Purchased in August 2005, Cromar has exceeded expectations and should be fully integrated into our North American and Asian operations by mid 2006.

## Health, Safety and the Environment

The oil service industry is operating at or near capacity and adding new personnel weekly. Accordingly, health and safety issues become more at risk and require additional focus. Foremost in operational goals is to improve continuously the aspects of health and safety. In Gibson Energy, the lost time incident record was 34% less than the Alberta Provincial average in 2005, an improvement of 14% over 2004. Its truck transportation division has reduced its incident rate by 37% over the last two years, while operating over 43 million miles and handling over 450,000 loads. Of Gibson's 57 facilities, 47 achieved a zero lost time incident. Its largest terminal, Hardisty, which handled over 180,000 bpd and Moose Jaw Asphalt completed 18 months without a lost time incident.

In Hunting Energy, five of the six US manufacturing facilities completed the year without a lost time accident. Internationally, the Aberdeen facility retained its BSC Five Star Award for the eighth consecutive year, with an improvement in marks from the previous year. The facility received its third consecutive National Safety Award. Facilities in Canada, Holland, China and Singapore all completed the year with only one lost time accident.

No environmental issues occurred and four additional US facilities received the new ISO 14001 Environmental Management Specification.

Our goals remain simply put – No accidents, No harm to people and No damage to the environment.

## GIBSON ENERGY

	2005	2004
	£m	£m
Revenue	1,214.4	913.1
Profit from operations	21.8	15.5

Activity in the Canadian oil and gas industry reached record levels in 2005 generating the highest profits in the history of Gibson Energy based in Calgary, Alberta. The narrow difference between available supply and demand sustained crude oil prices throughout the year. Development of natural gas, heavy oil and bitumen reserves in Canada also proceeded at a record rate stretching demand for mid-stream marketing and transportation services.

**Marketing** accounted for 49% of profit from operations benefiting from increased inventory values, favourable crude oil price arbitrages and wide differentials between light, heavy, sweet and sour grades. Heavy oil differentials are a function of seasonal heavy oil supply and demand, which is increasing with oil sands development in Canada. Rapidly increasing supply cause pipeline restrictions and market dislocation resulting in continued volatility and differentials. Gibson uses its assets and expertise to optimise crude stream prices with storage capacity, terminals for blending and pipelines and trucks for crude transport.

**Truck Transportation** generated 22% of profit from operations from new levels of high asset utilisation at all locations. A three year contract with Husky Oil began mid-year for the movement of 100,000 bpd. Truck delivery of heavy oil laden with saltwater and solids is the most cost effective aggregation to central processing facilities for Husky, the largest regional producer. NGL, asphalt, diluent, propane and wellsite fluids experienced higher hauling revenues in 2005.

**Terminals and Pipelines** contributed 26% of profit from operations with gains at Hardisty and Edmonton from new tank connections for receipt and delivery from Athabasca and Terasen pipelines. Operations were steady for Bellshill Lake and Provost pipelines in the Hardisty area with tariff adjustments, offsetting gathering volume declines. The seasonal demand for labour and materials delayed completion and start-up of the new Edmonton North Terminal until the first quarter, 2006.

**Canwest Propane and Natural Gas Liquids** accounted for 14% of profit from operations. The start of the rail car unloading terminal in Surrey, British Columbia, busy construction activity at Ft. McMurray Oil Sands development and off-road oil patch activities provided good growth in earnings. Propane rack supply prices followed commodity fluctuations, but provided favourable sales margins through cautious management over the year.

**Moose Jaw Asphalt** produced a profit before the offset from a fixed price differential contract purchased in 2004. Asphalt prices continued to be flat during the year while feedstock costs escalated. Expanding markets for high value products such as roof flux grew slower than the increasing crude costs. Since the acquisition of Moose Jaw in 2002, sales volumes have increased from 350,000 cubic metres to 550,000 cubic metres. Efforts are underway for greater volumes, minimal losses on asphalt, and maximum value and profits in top-of-the barrel products.

Robust energy prices, favourable arbitrages and stream differentials are expected to continue into 2006, providing high levels of activity and business development opportunities. Limitations are expected in the availability of human resources and equipment supply, hindering growth in certain areas. Secure energy supply to the US for oil and gas is expected to encourage development of new volumes from Alberta. The supply of gas from unconventional sources and further bitumen and heavy oil development in the Athabasca corridor will sustain demand for Gibson's midstream services.

## **HUNTING ENERGY SERVICES**

	<b>2005</b>	2004
	<b>£m</b>	£m
<b>Revenue</b>	<b>202.3</b>	159.1
<b>Profit from operations</b>	<b>18.9</b>	8.3

Strong fourth quarter results capped an impressive 2005 financial performance for Houston, Texas based Hunting Energy Services. This is particularly noteworthy considering the August and September hurricanes. In addition, the average rig count in the Gulf of Mexico for 2005 was 89, its lowest level since 1993. The main driver of activity in the US and Canada is natural gas prices and the resulting effort to increase production. While rig activity has doubled in the last 4 years, gas production in North America has declined. Our North Sea and SE Asia operations continue to experience increased activity due to the sustained oil price and growing global demand.

A total of twenty production machine tools were added to enhance throughput and units per hour without adding excess capacity. Despite increased material and labour costs, gross margins improved by 23%, while revenue per man-hour was up by 21%. Quality levels at all facilities remained excellent regardless of increased man-hours and activity levels.

### Well Construction

	<b>2005</b>	2004
	<b>£m</b>	£m
<b>Revenue</b>	<b>65.1</b>	42.9
<b>Profit from operations</b>	<b>6.7</b>	4.8

The elements of this group, which accounted for 35% of profit from operations, include:

Casing – primarily sold in Canada, oil country tubular goods (“OCTG”) for construction of the well bore in an oil or gas well.

Connections – proprietary (patented) thread forms that enable the connections of tubing or casing to meet or exceed the physical properties of the pipe body.

Mud Motors – attached to the drill pipe enabling operators to drill a well straighter and/or faster thereby reducing overall cost, particularly as day rates for rigs continue to escalate. This is the fastest growing division in the last four years producing the highest return on capital.

Drill Rod – used in the telecommunications industry to enable trenchless installation of fibre optic cables. Demand increased for drill rods and accessories by 38% in 2005 and is expected to continue rapid growth in the future.

A new manufacturing facility was completed in August and has enabled the company to machine larger products for deeper, high-pressure applications primarily used in the Gulf of Mexico.

### Well Completion

	<b>2005</b>	2004
	<b>£m</b>	£m
<b>Revenue</b>	<b>137.2</b>	116.2
<b>Profit from operations</b>	<b>12.2</b>	3.5

Well completion, which accounted for 65% of profit from operations, includes:

Accessories – components attached to the tubing and casing of an oil and gas well including but not limited to pup joints, cement plugs, crossovers, landing nipples, flow couplings and seal rings.

Tubulars – includes oil country tubular goods OCTG and premium (patented) connections or devices used on OCTG. Demand for completion tubing and chrome steel tubulars increases with greater rig activity.

Slick Line and Wire Line – products used for intervention in a well to maintain, test, clean, put on production or take off production while under control. Activities of slick line and wire line occur throughout the life of a well providing repeat revenue.

Hunting Energy is highly leveraged to the rig activity and number of wells drilled. With such robust and growing demand, the products and services provided by manufacturing facilities in China, Canada, Europe, Singapore and the US, are well positioned to benefit and grow as energy demands increase.

#### **TENKAY RESOURCES**

	<b>2005</b>	2004
	<b>£m</b>	£m
<b>Revenue</b>	<b>12.3</b>	8.5
<b>Profit from operations</b>	<b>5.3</b>	3.1

Higher oil and natural gas prices, in conjunction with increased production levels, contributed to an outstanding year for Tenkay Resources. On a Net Equivalent Barrel (“NEB”) basis, production was up 9% compared to 2004 as a result of successful drilling in the shallow waters of the Gulf of Mexico. Tenkay participated in the drilling of 17 wells with 13 successes. On an NEB basis, the production of 449,000 bbls would have been higher by an estimated 15% had it not been for Hurricanes Katrina and Rita and the resulting well shut-downs. Tenkay’s properties suffered minimal damage however damage to third party offshore and onshore production infrastructures delayed the restart of operations. Year-end reserves of oil and gas on an SEC basis were 2.4m NEB compared with 2.3m NEB at the end of the previous year. The resumption of full operations and new wells coming on-stream are expected to enhance production in the current year.

#### **E. A. GIBSON SHIPBROKERS**

	<b>2005</b>	2004
	<b>£m</b>	£m
<b>Revenue</b>	<b>21.9</b>	18.8
<b>Profit from operations</b>	<b>2.5</b>	1.6

Although not experiencing the peak rates, particularly in the Crude market seen during 2004, all sectors experienced high average rates which contributed to make it another strong year.

Tanker income improved during 2005 but the significant increases were in the Gas, Sale & Purchase and Dry Cargo sectors.

The US Dollar strengthened during the year enhancing the sterling results.

In October 2005 a new office in Hong Kong was opened and the Company will continue to explore other overseas opportunities to broaden its international base. A staff training scheme was introduced to supplement the recruitment of experienced personnel.

#### **HUNTING ENERGY FRANCE**

	<b>2005</b>	2004
	<b>£m</b>	£m
<b>Revenue</b>	<b>12.5</b>	12.5
<b>Profit from operations</b>	<b>1.1</b>	1.0

Profit from operations improved by 9% over 2004 on maintained turnover. Interpec which supplies pumps, turbines and compressors for petrochemical plants and turn-key turbo generators sets achieved a record result on lower turnover. Larco, which designs and markets a range of equipment for oil storage tanks had a significant increase in turnover. Turnover was further enhanced by the acquisition of Setmat which provides software solutions to petroleum product storage facilities. The market for Roforge products remained competitive but the company still provided a good contribution to profit from operations.

#### **OTHER ACTIVITIES**

	<b>2005</b>	2004
	<b>£m</b>	£m
<b>Revenue</b>	<b>58.5</b>	47.4
<b>Result from operations</b>	<b>(2.1)</b>	0.1

#### **Field Aviation**

Profit from operations improved over 2004 with all divisions reporting positive results. As previously, Field's established niche markets in Special Mission aircraft modification and Parts Manufacturing were the largest contributors. Price stability and productivity improvements allowed the Calgary maintenance facility to produce its first profit for several years.

The contract to maintain the fleet for the Canadian Flight Training School at Portage la Prairie, Manitoba ended on 31 August. Increased activity in Special Mission modifications is expected to offset the loss of this contract in 2006.

In April 2006 the first of three new Dash 8 Q300 aircraft for the Swedish Coast Guard will be delivered by the manufacturer to our Toronto facility for modification into a specialised maritime patrol aircraft under the contract won in 2004. Field is also a member of the team chosen by the Australian Customs Service as the preferred bidder for their Coastwatch 4 programme starting later in the year using 10 similarly modified Dash 8 aircraft. The aircraft will provide all-weather, day and night electronic surveillance of Australia's maritime Exclusive Economic Zone to detect and deter illegal activity such as drug and people smuggling, illegal fishing and environmental offences.

## **Hunting Specialized Products**

The Pipeline Services business continues to offer an exciting future with several innovative new products ready for market and a growing reputation and customer base. The business which was restructured during the year is being expanded in both the USA and UK. Despite difficult trading conditions, the Industrial Coatings business maintained its operating profit on reduced volumes and continues to provide the core technology to the growing pipeline service business.

In 2005 the business increased its focus on the research and development of novel pipeline rehabilitation coatings and launched PolySpray, a structural lining system for pipeline rehabilitation. The costs of this development were written off as incurred. The PolySpray system, which literally builds a new pipe inside the existing deteriorated pipeline, can restore almost any pipeline including storm, wastewater and industrial process water pipelines. The system was successfully demonstrated in the UK, remotely lining an underground gas pipeline and rehabilitating damaged effluent lines at a large industrial facility.

## **Aero Sekur**

In spite of cuts in the Italian defence budget, which adversely affected the cash flow during the year, orders for new products have increased substantially, securing revenues for 2006 and beyond. Production and quality efficiencies improved in 2005 as a result of organisational changes. New emphasis is being placed on export initiatives and R & D work continues to grow.

## **OUTLOOK**

The industry forecasts a continuation of 2005 activity certainly through 2006. Major oil and gas operators have raised their expenditures to levels higher than previous years not only for cost increases in drilling and related services, but also for additional investment in well completions and heavy oil projects. Manufacturing backlogs in some areas of the service industry extend into 2007. Shortages of skilled labour continue to be a challenge to expedite or add additional projects. Lead times for raw materials are extended and require additional planning and capital for inventories and equipment. While a robust market exists, management is pressured to contain costs inherent to such activity. However, we believe our timing and execution of a distinctive business strategy has been excellent and will continue to deliver shareholder value.

The world demand for natural resources continues to grow and warrant current oil and gas prices. Climatic and geopolitical events could result in price spikes to push the industry for more activity.

With a strengthened balance sheet, well positioned assets, additional capacity and successful performance trend, Hunting PLC looks forward to the growth opportunities available in 2006.

**Dennis Proctor**  
**Chief Executive**

## **Finance Director's Review**

The improvement in trading seen in 2004 continued strongly during 2005 with Hunting Energy Services in particular making a significant contribution to the improved result.

Revenue for the year was £1,522m (2004 – £1,159m).

Profit from operations increased by 116% to £44.9m (2004 – £20.8m) and pre-tax profit was £40.9m (2004 – £16.5m) a 148% increase over 2004.

On 29 June 2005, the Company announced a one for four Rights Issue at 180p which raised a net £43.6m to finance the capital expenditure programme and potential acquisitions.

On 18 August 2005, £8.1m cash was paid for the acquisition of Cromar Limited, which provides an extension to the range of products and services offered by Hunting Energy Services. A further £1.5m deferred consideration is payable in February 2007 on the achievement of future operating profit targets.

### **Earnings Per Share**

Basic earnings per share increased to 21.2p (2004 – 7.9p) on an average of 115.3m shares outstanding during the year, as adjusted for the Rights Issue.

Diluted earnings per share increased to 20.2p (2004 – 7.7p).

### **International Financial Reporting Standards (“IFRS”)**

IFRS was adopted with effect from 1 January 2004. IAS 32 and IAS 39, which cover the accounting for and disclosure of financial instruments, were adopted prospectively on 1 January 2005.

The Group published its report on the transition to IFRS on 1 September 2005 – this is available on the Company's web site.

### **Exchange Rates**

The US Dollar averaged 1.82 (2004 – 1.83) and the Canadian Dollar averaged 2.21 (2004 – 2.38) relative to sterling. Year end rates for the US and Canadian Dollars against Sterling were 1.72 (2004 – 1.93) and 2.01 (2004 – 2.30) respectively.

The Canadian Dollar strengthened significantly in the second half of the year.

### **Taxation**

As a result of higher Canadian and US profit, where tax rates are above the UK, the taxation charge for the year excluding exceptional items was £15.5m giving an effective rate of 35.6% (2004 – 32.8%).

## **Financing and Risk Management**

The Group's centralised Treasury is a service centre with policies and procedures approved by the Board. These cover funding, bank relationships, foreign currency and interest rate exposures, and cash management. The policies and procedures covering oil and gas price exposure managed by Gibson Energy are approved by the Board.

There are strict controls on the use of financial instruments, and on the exposure to banks and other parties on borrowing facilities, the management of foreign currencies and interest rates and oil and gas prices.

In September a £125m five year multi-currency borrowing facility, and in December a £10m two year facility, were signed with our relationship banks. Since the year end a thirteen month multi-currency facility for £20m has been renewed.

At the end of the year the Group had committed bank facilities of £151.5m together with Private Placement notes of US\$70m (£40.7m), which mature in 2012 and other borrowing lines giving total facilities of £238.1m. These facilities provide the Group with adequate liquidity to meet anticipated future requirements.

Currency Options are used to reduce currency risk movements on the Group's results, by hedging approximately 50% of each year's budgeted Canadian and US Dollar earnings into Sterling. Currency exposure on the balance sheet is reduced by financing assets with borrowings in the same currency.

Spot and Forward foreign exchange contracts are used to cover the net exposure of purchases and sales in non-domestic currencies.

Fluctuations in the value of petroleum product inventories are managed by using futures, swaps and options.

Interest expense is hedged by using interest rate swaps, interest rate caps, forward rate agreements and currency swaps. At the end of the year interest rate swaps and caps covered 53% of net borrowings.

Finance costs in the year have risen to £4.6m from £4.4m in 2004.

## **Dividends**

An interim dividend of 2.0p per share (2004 – 1.5p) was paid on 23 November 2005. A final dividend, which under IFRS is not accrued for, of 4.0p per share (2004 – 3.0p) payable on 29 June 2006 to shareholders on the Register at 9 June 2006 is proposed.

## **Cash Flow**

Free cash flow after capital expenditure but before equity issues, acquisitions and dividends increased to £17.9m compared with £15.4m in 2004.

Capital expenditure increased to £32.9m (2004 – £21.9m). Expenditure by Gibson Energy was £16.1m (2004 – £8.4m). Tenkay Resources £5.6m (2004 – £6.4m) and Hunting Energy £9.2m (2004 – £5.0m).

In total £15.0m was replacement capital and £17.9m new business expenditure.

Acquisitions and dividends aggregated £17.5m. Excluding the Rights Issue, the net cash outflow for the year was £50.4m with cash outflow of £6.8m after the issue.

Net debt reduced during the year to £97.0m from £130.6m and gearing reduced to 53% from 117%.

### **Pensions**

In accordance with IFRS the Group has accounted for Employee Benefits under IAS 19.

An actuarial valuation of the Group's UK defined benefit plan, which was closed to new entrants in December 2002, was undertaken at 5 April 2005 and updated to 31 December 2005. The results of this valuation show at 31 December 2005 a surplus of assets over liabilities of £21.1m (2004 – £23.8m) which is included within the Consolidated Balance Sheet.

Whilst the impact of the new post retirement mortality assumption has increased the plan obligation by £6.0m at 31 December 2005, this has been mitigated by better than expected investment returns.

### **Going Concern**

The Directors, after making enquiries and on the basis of current financial projections and the facilities available, believe that the Company and the Group have adequate financial resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

**Dennis Clark**  
**Finance Director**

## Consolidated Income Statement

For the Year ended 31 December 2005

	Notes	2005 £m	2004 £m
<b>Revenue</b>	1	<b>1,521.9</b>	1,159.4
Cost of sales		<b>(1,394.2)</b>	(1,066.7)
<b>Gross profit</b>		<b>127.7</b>	92.7
Other operating income		<b>3.9</b>	3.7
Operating expenses*		<b>(86.7)</b>	(75.6)
<b>Profit from operations</b>	1	<b>44.9</b>	20.8
Interest income		<b>7.6</b>	2.3
Interest expense and similar charges		<b>(12.2)</b>	(6.7)
Share of post-tax profits in associates		<b>0.6</b>	0.1
<b>Profit before tax</b>		<b>40.9</b>	16.5
Taxation		<b>(14.7)</b>	(5.1)
<b>Profit for the year</b>		<b>26.2</b>	11.4
Attributable to:			
Shareholders of the parent		<b>24.4</b>	10.9
Minority interests		<b>1.8</b>	0.5
		<b>26.2</b>	11.4
<b>Earnings per share</b>			(restated)
<b>Basic earnings per 25p ordinary share</b>		<b>21.2p</b>	7.9p
<b>Diluted earnings per 25p ordinary share</b>		<b>20.2p</b>	7.7p

There are no material differences between the results disclosed above and the results on an unmodified historical cost basis.

The profit for the year arises from the Group's continuing operations.

\*Operating expenses include exceptional charges of £2.6m (2004 – £8.8m).

The earnings per share in 2004 has been restated for the bonus shares inherent in the 2005 Rights Issue.

## Consolidated Statement of Recognised Income and Expense

For the Year ended 31 December 2005

	2005	2004
	£m	£m
Profit for the year	<b>26.2</b>	11.4
Exchange adjustments	<b>11.1</b>	(2.7)
Transferred to income statement on disposal of cash flow hedges	<b>(0.3)</b>	–
Actuarial (losses) gains on defined benefit pension schemes	<b>(5.5)</b>	3.5
- taxation	<b>1.4</b>	(1.1)
Transferred to income statement on disposal of available for sale investments	<b>(0.2)</b>	–
Net income recognised directly in equity	<b>6.5</b>	(0.3)
Total recognised income and expense for the year	<b>32.7</b>	11.1

## Consolidated Balance Sheet

At 31 December 2005

	2005	2004
	£m	£m
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment - at cost	132.1	98.9
Property, plant and equipment - at valuation	58.7	56.9
Goodwill	58.6	47.5
Other intangible assets	5.1	3.1
Interests in associates	5.5	8.7
Available for sale investments	0.2	3.6
Retirement benefit assets	21.1	23.8
Trade and other receivables	2.9	3.3
Deferred tax assets	14.8	11.2
	<u>299.0</u>	<u>257.0</u>
<b>Current assets</b>		
Inventories	107.6	76.5
Trade and other receivables	196.2	140.4
Cash and cash equivalents	91.9	15.1
	<u>395.7</u>	<u>232.0</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	217.1	152.8
Current tax liabilities	4.7	1.1
Borrowings	93.2	16.4
Provisions	2.0	0.6
	<u>317.0</u>	<u>170.9</u>
<b>Net current assets</b>	<u>78.7</u>	<u>61.1</u>
<b>Non-current liabilities</b>		
Borrowings	95.7	129.3
Deferred tax liabilities	74.9	59.5
Retirement benefit obligations	2.9	1.9
Other payables	4.5	1.9
Provisions	16.1	13.6
	<u>194.1</u>	<u>206.2</u>
<b>Net assets</b>	<u>183.6</u>	<u>111.9</u>
<b>Shareholders' equity</b>		
Share capital	32.2	25.3
Share premium	82.7	41.5
Treasury shares	(4.6)	-
Other reserves	21.7	7.2
Retained earnings	46.4	34.2
	<u>178.4</u>	<u>108.2</u>
<b>Minority interests</b>	5.2	3.7
<b>Total equity</b>	<u>183.6</u>	<u>111.9</u>

## Cash Flow Statement

For the Year ended 31 December 2005

	2005	2004
	£m	£m
<b>Operating activities</b>		
Profit from operations before exceptional items	44.9	25.8
Depreciation, amortisation and impairment	23.9	19.9
(Profit) on disposal of investments	(0.4)	(0.4)
(Profit) on disposal of property, plant and equipment	(0.6)	(0.9)
(Increase) in inventories	(22.6)	(10.0)
(Increase) in receivables	(34.1)	(14.2)
Increase in payables	46.4	19.2
Taxation (paid) received	(4.8)	6.6
Other non cash flow items	2.1	-
<b>Net cash inflow from operating activities</b>	<b>54.8</b>	46.0
<b>Investing activities</b>		
Dividends received from associates	3.8	3.5
Purchase of subsidiaries	(9.7)	(1.5)
Cash acquired with subsidiaries	1.5	-
Additional investment in existing subsidiaries	-	-
Purchase of minority interest in subsidiary	-	(0.1)
Purchase of and loans to associates	(5.3)	(0.2)
Proceeds from disposal of investments	3.2	2.4
Proceeds from disposal of subsidiary	-	19.9
Proceeds from disposal of property, plant and equipment	2.9	6.0
Purchase of property, plant and equipment	(32.9)	(21.9)
Purchase of intangible assets	(0.2)	(0.4)
<b>Net cash (outflow) inflow from investing activities</b>	<b>(36.7)</b>	7.7
<b>Financing activities</b>		
Interest received	7.7	3.1
Interest paid	(11.7)	(8.7)
Dividends received from subsidiaries	-	-
Equity dividends paid	(5.6)	(3.8)
Preference dividends paid	-	(2.4)
Minority interest dividend paid	(0.3)	-
Share capital issued	48.1	-
Cancellation and repayment of preference share capital	-	(47.9)
Purchase of Treasury shares	(4.6)	-
Proceeds from issue of debt	-	92.9
Repayment of borrowings	(58.3)	(87.9)
Capital element of finance leases	(0.2)	(0.3)
<b>Net cash (outflow) from financing activities</b>	<b>(24.9)</b>	(55.0)
<b>Net (outflow) in cash and cash equivalents</b>	<b>(6.8)</b>	(1.3)
<b>Cash and cash equivalents at beginning of year</b>	<b>10.9</b>	12.4
Effect of foreign exchange rate changes	0.7	(0.2)
Adoption of IAS 32 and IAS 39	(0.3)	-
<b>Cash and cash equivalents at end of year</b>	<b>4.5</b>	10.9
Cash and cash equivalents and bank overdrafts at end of year comprise:		
Cash and cash equivalents	91.9	15.1
Bank overdrafts included in borrowings	(87.4)	(4.2)
	<b>4.5</b>	10.9

## Notes to the Financial Statements

### 1. SEGMENTAL REPORTING

#### Business segments

#### Results from operations

	Year ended 31 December 2005			
	Total Gross revenue £m	Inter- Segmental revenue £m	Total revenue £m	Profit from operations £m
<b>Gibson Energy</b>				
Marketing	1,136.8	(120.1)	1,016.7	10.7
Truck Transportation	83.0	(7.9)	75.1	4.9
Terminals and Pipelines	17.9	(3.8)	14.1	5.7
Canwest Propane and Natural Gas Liquids	109.5	(60.3)	49.2	3.0
Moose Jaw Asphalt	109.6	(50.3)	59.3	(2.5)
	<u>1,456.8</u>	<u>(242.4)</u>	<u>1,214.4</u>	<u>21.8</u>
<b>Hunting Energy Services</b>				
Well Completion	151.7	(14.5)	137.2	12.2
Well Construction	68.8	(3.7)	65.1	6.7
	<u>220.5</u>	<u>(18.2)</u>	<u>202.3</u>	<u>18.9</u>
<b>Tenkay</b>	12.3	–	12.3	5.3
<b>Other operating divisions</b>	92.9	–	92.9	1.5
	<u>1,782.5</u>	<u>(260.6)</u>	<u>1,521.9</u>	<u>47.5</u>
Exceptional charges not apportioned to business segments				(2.6)
<b>Profit from operations</b>				<u>44.9</u>

## Notes to the Financial Statements continued

### 1. SEGMENTAL REPORTING continued

#### Business segments

#### Results from operations

	Year ended 31 December 2004			
	Total gross revenue £m	Inter- segmental revenue £m	Total revenue £m	Profit from operations £m
<b>Gibson Energy</b>				
Marketing	825.3	(78.1)	747.2	7.0
Truck Transportation	60.6	(4.7)	55.9	2.6
Terminals and Pipelines	15.2	(3.2)	12.0	5.3
Canwest Propane and Natural Gas Liquids	104.0	(44.1)	59.9	1.6
Moose Jaw Asphalt	69.3	(31.2)	38.1	(1.0)
	<u>1,074.4</u>	<u>(161.3)</u>	<u>913.1</u>	<u>15.5</u>
<b>Hunting Energy Services</b>				
Well Completion	124.2	(8.0)	116.2	3.5
Well Construction	49.3	(6.4)	42.9	4.8
	<u>173.5</u>	<u>(14.4)</u>	<u>159.1</u>	<u>8.3</u>
<b>Tenkay</b>	8.5	–	8.5	3.1
<b>Other operating divisions</b>	78.7	–	78.7	2.7
	<u>1,335.1</u>	<u>(175.7)</u>	<u>1,159.4</u>	<u>29.6</u>
Exceptional charges not apportioned to business segments				(8.8)
<b>Profit from operations</b>				<u>20.8</u>

Inter-segmental revenues are priced on an arms-length basis. Costs incurred centrally are apportioned to the operating units on the basis of the time attributable to those operations by senior executives. The exceptional charges relate to the discontinuance of previous operations and are not therefore apportionable to the current business segments shown above.

## Notes to the Financial Statements continued

### 1. SEGMENTAL REPORTING continued

#### Business segments

#### Assets and liabilities

	2005		2004	
	Segment	Segment	Segment	Segment
	assets	liabilities	assets	liabilities
	£m	£m	£m	£m
<b>Gibson Energy</b>				
Marketing	139.9	95.3	75.3	55.1
Truck Transportation	45.7	9.9	40.2	10.4
Terminals and Pipelines	52.6	2.8	48.4	3.2
Canwest Propane and Natural Gas Liquids	44.6	11.1	35.7	7.9
Moose Jaw Asphalt	29.1	5.5	27.9	8.9
	<b>311.9</b>	<b>124.6</b>	<b>227.5</b>	<b>85.5</b>
<b>Hunting Energy Services</b>				
Well Completion	93.2	49.9	67.9	27.1
Well Construction	69.0	12.6	48.0	8.3
	<b>162.2</b>	<b>62.5</b>	<b>115.9</b>	<b>35.4</b>
<b>Tenkay</b>	<b>29.1</b>	<b>0.9</b>	<b>23.7</b>	<b>0.8</b>
<b>Other operating divisions</b>	<b>54.6</b>	<b>32.1</b>	<b>54.6</b>	<b>27.9</b>
<b>Total segment assets and liabilities</b>	<b>557.8</b>	<b>220.1</b>	<b>421.7</b>	<b>149.6</b>
Unallocated assets and liabilities:				
– interests in associates	5.5	–	8.7	–
– current and deferred taxes	14.8	79.6	11.2	60.6
– retirement benefit assets	21.1	–	23.8	–
– net debt	91.9	188.9	15.1	145.7
– central assets and liabilities	3.8	23.8	8.5	23.1
– elimination of inter-segmented balances	(0.2)	(1.3)	–	(1.9)
<b>Total assets and liabilities</b>	<b>694.7</b>	<b>511.1</b>	<b>489.0</b>	<b>377.1</b>

Segment assets comprise property, plant and equipment, intangibles, goodwill, inventories and debtors. Assets owned by head office and employed by a segment are allocated to that segment.

Segment liabilities comprise trade payables, provisions and other operating liabilities. They exclude borrowings and tax liabilities.

- The above figures have been extracted from the Group's full financial statements for the year ended 31 December 2005, which will be delivered to the Registrar of Companies. These carry an unqualified audit opinion. The extracts do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.