Exova Holdings Limited

Interim Condensed Consolidated Financial Statements

For the nine months ended 30 September 2011

Registered number: 06672543

BUSINESS REVIEW

Group Overview

The principal activities of the Group are specialist testing and advisory services and the key markets served are Aerospace, Transportation, Construction/Civil Engineering, Defence, Environmental, Food & Consumer, Energy, Metallurgy & Engineering, Pharmaceuticals & Medical, Plastics & Polymers, Telecommunications & Electronics and Utilities.

Exova operates in the Testing, Inspection and Certification ("TIC") market, but focuses primarily on the Testing sector, with Inspection and Certification activities limited to niche market and geographic areas.

The business comprises 110 laboratories in 24 countries and employs around 3,500 people.

Operating Performance

Revenue

Nine months ended 30 September

	2011	**2010**	**Change at reported exchange rates**	**Change at constant exchange rates**
	£m	**£m**		
Europe	91.0	83.0	*9.6%*	*6.5%*
Americas	65.4	62.3	*5.0%*	*6.9%*
Middle East / Asia Pacific	22.6	23.2	*(2.6%)*	-
Total Group	**179.0**	**168.5**	***6.2%***	***5.7%***

Total revenue for the Group increased by 6.2% to £179.0 million at reported exchange rates, and increased by 5.7% at constant exchange rates.

Revenue in the Europe region for the nine months increased by 9.6% at reported exchange rates and 6.5% at constant exchange rates. Strong year to date performances, particularly in the fire and general engineering sectors, were offset by lower sales in the food and pharmaceutical sectors.

The Americas region grew by 5.0% compared to 2010 at reported exchange rates and by 6.9% at constant exchange rates with good growth in the food, pharmaceutical and general engineering sectors. The engines sector experienced a drop in sales due to reduced volumes from its major customer.

The Middle East/Asia Pacific region revenue declined by 2.6% at reported exchange rates and was flat at constant exchange rates. Most of the Middle East has been slow to recover from the economic downturn, but we continue to see strong growth in Abu Dhabi. The Asia Pacific region sales have decreased compared with the prior year due to the lack of project work in our oil and gas business, offset partially by good performances in the Asia Pacific fire businesses.

Adjusted EBITDA (*)

Nine months ended 30 September	2011		2010	
	£m	**Margin**	**£m**	**Margin**
Europe	16.0	*17.6%*	15.3	*18.4%*
Americas	14.1	*21.6%*	14.0	*22.5%*
Middle East / Asia Pacific	2.3	*10.2%*	3.8	*16.4%*
Total Group	**32.4**	***18.1%***	**33.1**	***19.6%***

* before restructuring costs and management fees to private equity investor

Overall adjusted EBITDA margin declined from 19.6% to 18.1% compared to 2010.

The margin in Europe was 17.6% in 2011 compared to 18.4% in 2010. Good margin improvement in most sectors was offset by margin pressure in the food and pharmaceutical sectors.

The Americas margin decreased from 22.5% reported in 2010 to 21.6% in 2011. Margin improvement in most sectors was offset by the effect of lower sales in engines.

Margins in the Middle East/Asia Pacific region have reduced from 16.4% to 10.2% due to lower sales and investment in regional infrastructure to support future growth plans.

Restructuring

£3.5 million of restructuring costs have been incurred in 2011, which relates to the change in CEO and other senior management, and other headcount reductions across the Group.

Finance Costs

Finance costs decreased from £50.8 million in 2010 to £44.4 million in 2011. Interest payable in cash was £16.6 million (2010: £11.9 million). Non-cash interest on loans from parent undertakings amounted to £26.7 million (2010: £34.0 million on loans from parent undertakings and £3.0 million non-cash interest on mezzanine debt). In addition, amortisation of debt issue costs amounted to £1.1 million (2010: £1.9 million).

.

Cash Flow

	Nine months ended 30 September	
	2011 **£m**	**2010** **£m**
Operating profit	**9.7**	**13.4**
Depreciation and amortisation	18.7	17.8
Movements in working capital	(0.2)	(7.5)
Other	(1.4)	(2.1)
Cash flow from operations	**26.8**	**21.6**
Interest paid	(12.5)	(11.9)
Net capital expenditure	(7.4)	(5.7)
Tax paid	(0.7)	(0.5)
Free cash flow	**6.2**	**3.5**

Cash generated from operations was £26.8 million compared to £21.6 million in 2010. Reduced operating profit after restructuring costs in 2011 was positively offset by a lower outflow from working capital and other items of £1.6 million (2010: £9.6 million). The working capital movement over the nine months to September 2011 reflects a 5 day improvement in DSO since December 2010, offsetting the effect of increased sales. Interest paid of £12.5 million (2010: £11.9 million) is higher than 2010 primarily due to the change in the mix of cash interest borrowings. Net capital expenditure was £1.7 million higher than the previous year at £7.4 million (2010: £5.7 million).

Net Debt

	30 September 2011 £m	**31 December 2010 £m**
Net cash	(26.7)	(21.8)
Senior facilities	84.5	84.7
Senior loan notes	155.0	155.0
Loans due to minority shareholders	0.6	1.0
Net debt	**213.4**	**218.9**

Net external debt has decreased from £218.9 million at 31 December 2010 to £213.4 million at 30 September 2011, due to an increase in cash of £4.9 million, foreign exchange movements of £0.2 million on the remaining senior facilities and a £0.4 million repayment of a loan due to minority shareholders.

Strategy

Our mission is to be regarded as the supplier of choice in the market for specialist testing and related advisory services. We believe that being at the forefront of our industry requires talented people, expertise and excellent processes, and we continuously seek to improve our business in each of these respects. We aim to balance the demands of our stakeholders to create a sustainable, high-growth organisation whilst providing value to our customers and shareholders, developing our employees and supporting the communities in which we work.

To support our strategy we have the following business priorities:

- Generate organic revenue growth and increase market share in existing geographic regions and business sectors.
- Develop our presence in strategic geographic markets where we expect high growth, such as Asia.
- Build further scale in business sectors that we believe show strong prospects for high organic growth, such as aerospace and energy.
- Pursue additional outsourcing projects.
- Improve laboratory productivity and operating margins by increasing operational efficiency and reducing costs through a process of continuous improvement.
- Improve cash management and generation by optimising our capital expenditures and taking a disciplined approach to working capital management.
- Expand our geographic reach and business sector penetration through targeted bolt-on acquisitions.

Outlook

Sales growth is expected to continue in many of the Group's sectors during the remainder of 2011, although the outlook for continuing economic recovery is less certain.

With our diverse client base across a broad range of geographies and business sectors, we remain confident in the future prospects for the business which is well positioned for growth as markets recover. We will continue to develop our people, processes and expertise and further invest in technologies to support our clients' ambitions.

Principal Risks & Uncertainties

The 2010 Annual Report sets out the principal risks and uncertainties faced by the business and details the process in place for managing these risks. The Annual Report is available from our website www.exova.com.

We do not consider these risk factors to have changed significantly and, therefore, the principal risks and uncertainties facing the business for the remainder of the year are consistent with those set out in the 2010 Annual Report. However, there may be additional factors which are not currently known to the group, or which we currently deem immaterial, which may have an adverse effect on our business.

There have been no significant changes to the risk management process in the current financial year.

Going Concern

The Group's financial projections, taking account of the risks outlined above, indicate that the Group will be able to operate within its current banking facilities. As a result, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Responsibility Statement

The Directors confirm that, to the best of their knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS34 "Interim Financial Reporting"
- The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first nine months and description of principal risks and uncertainties for the remainder of the financial year); and
- The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties transactions and changes therein).

By order of the board

Ian El-Mokadem	**Anne Thorburn**
Chief Executive Officer	Chief Financial Officer

29 November 2011

Legal notice

This document contains certain forward looking statements based on knowledge and information available to the directors at the date the document was prepared. Although the directors' expectations are based on reasonable assumptions, these statements should be treated with caution due to the inherent uncertainties underlying such forward looking information and any statements about the future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2011

		Nine months ended 30 September 2011			Nine months ended 30 September 2010		
Continuing Operations	Notes	**Before Intangibles amortisation & restructuring costs £m**	**Intangibles amortisation & restructuring costs £m**	**Total £m**	**Before Intangibles amortisation & restructuring costs £m**	**Intangibles amortisation & restructuring costs £m**	**Total £m**
Revenue	2	**179.0**	**-**	**179.0**	**168.5**	**-**	**168.5**
Operating profit before restructuring costs	2	**20.6**	**(7.4)**	**13.2**	**21.4**	**(6.7)**	**14.7**
Restructuring costs	2	-	(3.5)	**(3.5)**	-	(1.3)	**(1.3)**
Operating profit	2	**20.6**	**(10.9)**	**9.7**	**21.4**	**(8.0)**	**13.4**
Finance costs	4	(44.4)	-	**(44.4)**	(50.8)	-	**(50.8)**
Loss before taxation		**(23.8)**	**(10.9)**	**(34.7)**	**(29.4)**	**(8.0)**	**(37.4)**
Income tax	5	(1.5)	1.5	**-**	(5.5)	1.9	**(3.6)**
Loss for the period		**(25.3)**	**(9.4)**	**(34.7)**	**(34.9)**	**(6.1)**	**(41.0)**
Other comprehensive income							
Exchange differences on translation of foreign operations and related borrowings				**(6.9)**			**4.0**
Net movement on cash flow hedges				**0.8**			**0.2**
Other comprehensive income for the period				**(6.1)**			**4.2**
Total comprehensive income for the period				**(40.8)**			**(36.8)**
(Loss) / profit attributable to:							
Equity holders of the parent				**(34.9)**			**(41.0)**
Non-controlling interests				**0.2**			**-**
Loss for the period				**(34.7)**			**(41.0)**
Comprehensive income for the period attributable to:							
Equity holders of the parent				**(41.0)**			**(36.9)**
Non-controlling interests				**0.2**			**0.1**
Total comprehensive income for the period				**(40.8)**			**(36.8)**

INTERIM CONSOLIDATED BALANCE SHEET

As at 30 September 2011

	Notes	At 30 September 2011 £m	At 31 December 2010 £m
Assets			
Non-current assets			
Property, plant and equipment	6	**51.8**	**56.8**
Goodwill	7	**328.7**	**333.3**
Intangible assets		**36.0**	**43.8**
Government grants		**11.0**	**10.1**
Deferred tax asset		**3.2**	**3.1**
		430.7	**447.1**
Current assets			
Trade and other receivables		**52.6**	**53.7**
Government grants		**2.0**	**2.0**
Cash and short term deposits		**26.7**	**21.8**
		81.3	**77.5**
Total assets		**512.0**	**524.6**
Equity and Liabilities			
Equity			
Issued share capital		**-**	**-**
Share premium		**2.4**	**2.4**
Capital contribution reserve		**105.0**	**105.0**
Foreign currency translation reserve		**19.6**	**26.5**
Hedging reserve		**1.1**	**0.3**
Retained earnings		**(170.7)**	**(135.8)**
Equity attributable to equity holders of the parent		**(42.6)**	**(1.6)**
Non-controlling interests		**4.3**	**4.1**
Total Equity		**(38.3)**	**2.5**
Non-current liabilities			
Financial liabilities - external borrowings	9	**83.5**	**83.8**
Financial liabilities - senior loan notes	9	**147.2**	**146.4**
Financial liabilities - loan due to parent undertaking	9	**254.1**	**227.7**
Provisions		**5.2**	**5.2**
Deferred tax liability		**12.3**	**13.5**
Other liabilities		**4.8**	**4.7**
		507.1	**481.3**
Current liabilities			
Financial liabilities - external borrowings	9	**-**	**-**
Financial liabilities - derivative financial instruments		**0.3**	**1.1**
Trade and other payables		**40.6**	**38.3**
Current tax liabilities		**0.8**	**0.4**
Provisions		**1.5**	**1.0**
		43.2	**40.8**
Total liabilities		**550.3**	**522.1**
Total equity and liabilities		**512.0**	**524.6**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2011		Nine months ended 30 September 2011		Nine months ended 30 September 2010	
	Note	£m	£m	£m	£m
Operating profit			**9.7**		**13.4**
Depreciation of property, plant and equipment			11.3		11.1
Amortisation of intangibles			7.4		6.7
Loss on sale of property plant and equipment			-		(0.1)
Government grants			(1.4)		(2.0)
Operating cash flows before movements in working capital			**27.0**		**29.1**
Increase in inventories		-		1.3	
Increase in trade and other receivables and prepayments		(0.1)		(8.4)	
Increase/(decrease) in provisions		0.5		(1.4)	
(Decrease)/increase in trade and other payables		(0.6)		1.0	
Movements in working capital			**(0.2)**		**(7.5)**
Cash generated from operations			**26.8**		**21.6**
Interest paid			(12.5)		(11.9)
Tax paid			(0.7)		(0.5)
Net cash flows from operating activities			**13.6**		**9.2**
Investing activities					
Purchase of property, plant and equipment	6	(7.4)		(5.9)	
Purchase of intangible assets		(0.2)		(0.1)	
Sale of property plant and equipment		0.2		0.3	
Net cash used in investing activities			**(7.4)**		**(5.7)**
Net cash flows before financing			**6.2**		**3.5**
Financing activities					
Repayment of bank borrowings		-		(6.1)	
Dividends paid to non controlling shareholders		-		(1.6)	
Repayment of loans from non controlling shareholders		(0.5)		-	
Loans received from parent undertakings		-		0.8	
Repayment of loans to parent undertakings		-		(0.1)	
Debt issue costs paid		(0.5)		-	
Net cash outflow from financing activities			**(1.0)**		**(7.0)**
Net decrease in cash and cash equivalents			**5.2**		**(3.5)**
Cash and cash equivalents at beginning of period			**21.8**		**22.4**
Effects of exchange rate changes			(0.3)		0.4
Cash and cash equivalents at end of period			**26.7**		**19.3**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2011

	Attributable to equity holders of the parent							
	Share capital and share premium £m	Capital contribution reserve £m	Foreign currency translation reserve £m	Hedging reserve £m	Retained earnings £m	**Total shareholders' equity £m**	Non controlling interests £m	**Total equity £m**
At 1 January 2011	2.4	105.0	26.5	0.3	(135.8)	**(1.6)**	4.1	**2.5**
Comprehensive income for the period								
Loss for the period	-	-	-	-	(34.9)	**(34.9)**	0.2	**(34.7)**
Other comprehensive income	-	-	(6.9)	0.8		**(6.1)**	-	**(6.1)**
Total comprehensive income for the period	-	-	(6.9)	0.8	(34.9)	**(41.0)**	0.2	**(40.8)**
Balance at 30 September 2011	**2.4**	**105.0**	**19.6**	**1.1**	**(170.7)**	**(42.6)**	**4.3**	**(38.3)**

For the nine months ended 30 September 2010

	Attributable to equity holders of the parent							
	Share capital and share premium £m	Capital contribution reserve £m	Foreign currency translation reserve £m	Hedging reserve £m	Retained earnings £m	**Total shareholders' equity £m**	Non controlling interests £m	**Total equity £m**
At 1 January 2010	2.4	-	14.1	(0.6)	(67.7)	**(51.8)**	5.4	**(46.4)**
Comprehensive income for the period								
Loss for the period	-	-	-	-	(41.0)	**(41.0)**	-	**(41.0)**
Other comprehensive income	-	-	3.9	0.2	-	**4.1**	0.1	**4.2**
Total comprehensive income for the period	-	-	3.9	0.2	(41.0)	**(36.9)**	0.1	**(36.8)**
Dividends to non-controlling interests	-	-	-	-	-	**-**	(1.6)	**(1.6)**
Balance at 30 September 2010	**2.4**	**-**	**18.0**	**(0.4)**	**(108.7)**	**(88.7)**	**3.9**	**(84.8)**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2011

1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Corporate information and authorisation for issue

Exova Holdings Limited (hereinafter, "Exova" or the "Company") was incorporated on 13 August 2008 under the Companies Act 1985 as a private limited company and registered in England & Wales with registered number 06672543. The Company's registered address is 6 Coronet Way, Centenary Park, Eccles, Manchester, M50 1RE.

The interim condensed financial statements for the nine months ended 30 September 2011 were authorised for issue by the Board of Directors of Exova on 29 November 2011.

Basis of preparation

The interim condensed consolidated financial statements for the nine months ended 30 September 2011 and the nine months ended 30 September 2010 have been prepared in accordance with IAS 34.

The comparative financial information at 30 September 2010 and 31 December 2010 have been extracted from the annual report and accounts for the year ended 31 December 2010 and does not constitute statutory accounts prepared in accordance with Part 15 of the Companies Act 2006. As required by Section 435 of the Companies Act 2006, the financial statements for the year ended 31 December 2010, which were approved by the Board of Directors on 27 April 2011, received an unqualified audit report, did not contain a statement under section 498 (2) or (3) of the Companies Act 2006 and have been filed with the Registrar of Companies.

The financial statements have been prepared on a going concern basis.

Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of the interim condensed consolidated financial statements are the same as those followed in the preparation of the Group's annual financial statements for the period ended 31 December 2010.

The following new and amended accounting standards have been considered in the preparation of the interim consolidated financial statements:

- IAS 24 Related Party Disclosures (revised)
- IAS 32 Classification of Rights Issues (amendment to IAS 32 Financial Instruments: Presentation)
- Improvements to IFRS (issued 2010)
- IFRIC 14 Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement
- IFRIC 19 Extinguishing Finanical Liabilities with Equity Instruments

The new and amended standards and interpretations have not had any impact on the financial position or performance of the Group.

The group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

2 OPERATING PROFIT

	Before intangibles amortisation & restructuring costs 2011 £m	Intangibles amortisation & restructuring costs 2011 £m	Total 2011 £m	Before intangibles amortisation & restructuring costs 2010 £m	Intangibles amortisation & restructuring costs 2010 £m	Total 2010 £m
Revenue	179.0	-	**179.0**	168.5	-	**168.5**
Cost of sales	(118.6)	-	**(118.6)**	(111.5)	-	**(111.5)**
Gross profit	**60.4**	**-**	**60.4**	57.0	-	**57.0**
Selling and administrative expenses	(42.5)	(7.4)	**(49.9)**	(39.2)	(6.7)	**(45.9)**
Other income	2.7	-	**2.7**	3.6	-	**3.6**
Operating profit before restructuring costs	**20.6**	**(7.4)**	**13.2**	**21.4**	**(6.7)**	**14.7**
Restructuring costs	-	(3.5)	**(3.5)**	-	(1.3)	(1.3)
Operating profit	20.6	(10.9)	**9.7**	21.4	(8.0)	**13.4**

Restructuring costs	2011 £m	2010 £m
Termination and restructuring payments	2.9	0.5
Other re-organisation costs	0.6	0.8
	3.5	**1.3**

3 SEGMENTAL REPORTING

For management purposes, the Group is organised into three operating divisions: Europe, Americas and Middle East/Asia Pacific. These three divisions are organised and managed separately based on the geographies served and each is treated as an operating segment and a reportable segment in accordance with IFRS8. The operating and reportable segments were determined based on reports reviewed by the Directors which are used to make operational decisions.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on adjusted EBITDA before restructuring costs and the management fee to the private equity investor and is measured consistently in the consolidated financial statements. However, Group financing (including finance costs and finance income) and incomes taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties and inter-segment revenues are eliminated on consolidation.

For the nine months ended 30 September 2011	**Europe 2011 £m**	**Americas 2011 £m**	**Middle East/ Asia Pacific 2011 £m**	**Eliminations 2011 £m**	**Unallocated 2011 £m**	**Total 2011 £m**
Operations						
Revenue - external customers	91.0	65.4	22.6			**179.0**
Revenue - inter business segments	0.6	0.2	0.1	(0.9)		**-**
Total segment revenue	**91.6**	**65.6**	**22.7**	**(0.9)**	**-**	**179.0**
Adjusted EBITDA for the period before restructuring costs and management fee to private equity investor	**16.0**	**14.1**	**2.3**	**-**	**-**	**32.4**
Management fee to private equity investor	(0.2)	(0.2)	(0.1)	-	-	**(0.5)**
Depreciation	(5.1)	(4.6)	(1.6)	-	-	**(11.3)**
Amortisation of intangible assets	(3.4)	(2.5)	(1.5)	-	-	**(7.4)**
Segment operating profit/(loss) before restructuring costs	7.3	6.8	(0.9)	-	-	**13.2**
Restructuring costs	(1.6)	(1.5)	(0.4)	-	-	**(3.5)**
Segment operating profit/(loss) after restructuring costs	5.7	5.3	(1.3)	-	-	**9.7**
Net finance costs					(44.4)	**(44.4)**
Profit/(loss) before taxation	**5.7**	**5.3**	**(1.3)**	**-**	**(44.4)**	**(34.7)**
Income tax					-	**-**
Profit/(loss) for the period	**5.7**	**5.3**	**(1.3)**	**-**	**(44.4)**	**(34.7)**

For the nine months ended 30 September 2010	**Europe 2010 £m**	**Americas 2010 £m**	**Middle East/ Asia Pacific 2010 £m**	**Eliminations 2010 £m**	**Unallocated 2010 £m**	**Total 2010 £m**
Operations						
Revenue - external customers	83.0	62.3	23.2	-	-	**168.5**
Revenue - inter business segments	0.8	-	-	(0.8)	-	**-**
Total segment revenue	**83.8**	**62.3**	**23.2**	**(0.8)**	**-**	**168.5**
Adjusted EBITDA for the period before restructuring costs and management fee to private equity investor	**15.3**	**14.0**	**3.8**	**-**	**-**	**33.1**
Management fee to private equity investor	(0.3)	(0.2)	(0.1)	-	-	**(0.6)**
Depreciation	(4.2)	(5.2)	(1.7)	-	-	**(11.1)**
Amortisation of intangible assets	(3.2)	(2.1)	(1.4)	-	-	**(6.7)**
Segment operating profit before restructuring costs	7.6	6.5	0.6	-	-	**14.7**
Restructuring costs	(0.5)	(0.8)	-	-	-	**(1.3)**
Segment operating profit after restructuring costs	7.1	5.7	0.6	-	-	**13.4**
Net finance costs					(50.8)	**(50.8)**
Profit/(loss) before taxation	**7.1**	**5.7**	**0.6**	**-**	**(50.8)**	**(37.4)**
Income tax					(3.6)	**(3.6)**
Profit/(loss) for the period	**7.1**	**5.7**	**0.6**	**-**	**(54.4)**	**(41.0)**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2011

3 SEGMENTAL REPORTING (continued)

Segment assets

As at 30 September 2011	Europe 2011 £m	Americas 2011 £m	Middle East/ Asia Pacific 2011 £m	Unallocated 2011 £m	Total 2011 £m
Segment assets as at 30 September 2011	218.8	172.0	91.3		**482.1**
Unallocated assets					
- deferred tax asset				3.2	**3.2**
- cash and cash equivalents				26.7	**26.7**
Total assets	**218.8**	**172.0**	**91.3**	**29.9**	**512.0**

Allocated segment assets at 30 September 2011 comprise goodwill £328.7m, intangible assets £36.0m, property, plant and equipment £51.8m, government grants £13.0m, and trade and other receivables £52.6m.

As at 31 December 2010	Europe 2010 £m	Americas 2010 £m	Middle East/ Asia Pacific 2010 £m	Unallocated 2010 £m	Total 2010 £m
Segment assets as at 31 December 2010	223.1	181.1	95.5	-	**499.7**
Unallocated assets					
- deferred tax asset	-	-	-	3.1	**3.1**
- cash and cash equivalents	-	-	-	21.8	**21.8**
Total assets	**223.1**	**181.1**	**95.5**	**24.9**	**524.6**

Allocated segment assets at 31 December 2010 comprise goodwill £333.3m, intangible assets £43.8m, property, plant and equipment £56.8m, government grants £12.1m and trade and other receivables £53.7m.

4 FINANCE COSTS

	9 months to 30 September 2011 £m	9 months to 30 September 2010 £m
Finance costs:		
Bank loans & senior loan notes	15.8	14.4
Loan due to parent undertaking	26.7	34.0
Other loans and charges	0.8	0.5
Amortisation of debt issue costs	1.1	1.9
Total finance costs	**44.4**	**50.8**

5 INCOME TAX

The major components of income tax expense in the interim consolidated income statement are:	9 months to 30 September 2011 £m	9 months to 30 September 2010 £m
Income taxes		
Current income tax (credit)/expense		
- UK	-	-
- Overseas	1.1	2.8
Deferred income tax (credit)/expense - reversal of temporary differences	(1.1)	0.8
Total income tax expense	**-**	**3.6**

There is no tax recorded in other comprehensive income.

6 PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals
During the nine months ended 30 September 2011, the Group acquired assets with a cost of £7.4m (2010: £5.9m).

Assets with a carrying amount of £0.2m were disposed of during the nine months ended 30 September 2011 (2010: £0.1m), with no gain on disposal (2010: £0.1m)

The negative impact of foreign exchange on the total carrying amount of property, plant and equipment in the nine months ended 30 September 2011 was £0.9m (2010: positive impact of £1.4m)

Capital commitments
As at 30 September 2011 the Group has commitments to purchase property, plant and equipment for £1.2m (nine months ended 30 September 2010: £3.9m).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2011

7 GOODWILL

The negative impact of foreign exchange on the total carrying amount of goodwill in the nine months ended 30 September 2011 was £4.6m. (2010: positive impact of £5.6m).

8 IMPAIRMENTS

Impairment reviews

Goodwill was tested for impairment at 31 December 2010 and will be tested annually thereafter and when circumstances indicate the carrying value may be impaired. The Group's impairment test is performed by comparing the carrying amount of each cash-generating unit ("CGU"), including goodwill, with the recoverable amount. The recoverable amounts are determined from value-in-use calculations. The key assumptions for the value-in-use calculations for the CGUs are those regarding operating margin, discount rates and revenue growth rates. These assumptions were discussed further in the financial statements for the period ended 31 December 2010.

The Group monitors its performance against these key assumptions, amongst other factors, when reviewing for indicators of impairment. Based on this, no impairment charge is required as at 30 September 2011.

9 BANK AND OTHER BORROWINGS

	Amounts falling due in:		Total	Amounts falling due in:		Total
	less than one year £m	more than one year £m	At 30 September 2011 £m	less than one year £m	more than one year £m	At 31 December 2010 £m
Senior bank loans	-	84.5	**84.5**	-	84.7	**84.7**
Senior loan notes	-	155.0	**155.0**	-	155.0	**155.0**
Loans due to minority shareholders	-	0.6	**0.6**	-	1.0	**1.0**
Debt issue costs - senior bank loans	-	(1.6)	**(1.6)**	-	(1.9)	**(1.9)**
Debt issue costs - senior loan notes	-	(7.8)	**(7.8)**	-	(8.6)	**(8.6)**
Financial liabilities - external borrowings	-	230.7	**230.7**	-	230.2	**230.2**
Loan due to parent undertaking	-	254.1	**254.1**	-	227.7	**227.7**
Total	**-**	**484.8**	**484.8**	**-**	**457.9**	**457.9**

10 RELATED PARTY TRANSACTIONS

During the period the Company has entered into certain transactions with other companies in the Exova Group. Details of these transactions are as follows:

(a) Income statement	9 months to 30 September 2011 £m	9 months to 30 September 2010 £m
Management fee to private equity investor	**0.5**	**0.6**
Finance costs on loan from parent undertaking (note 4)	**26.7**	**34.0**

(b) Period-end balances	At 30 September 2011 £m	At 31 December 2010 £m
Loans due to parent undertaking (note 9)	**254.1**	**227.7**