Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	979 636 547
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	HOOVER FERGUSON NORWAY AS
Forretningsadresse:	Plattformvegen 9 4056 TANANGER

Regnskapsår

Årsregnskapets periode:	01.01.2018 - 31.12.2018

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Thomas Håland
Dato for fastsettelse av årsregnskapet:	29.05.2019

Grunnlag for avgivelse

År 2018: Årsregnskapet er elektronisk innlevert
År 2017: Tall er hentet fra elektronisk innlevert årsregnskap fra 2018

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 02.09.2020

Resultatregnskap

Beløp i: NOK	Note	2018	2017
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	10, 12	80 450 304	111 354 101
Annen driftsinntekt	10	1 378 061	3 501 853
Sum inntekter		**81 828 365**	**114 855 954**
Kostnader			
Varekostnad		21 954 121	29 878 117
Lønnskostnad	8, 11	17 234 415	29 229 630
Avskrivning på varige driftsmidler og immaterielle eiendeler	1	29 022 431	43 199 262
Annen driftskostnad	2, 11	25 921 785	62 313 159
Sum kostnader		**94 132 752**	**164 620 167**
Driftsresultat		**-12 304 387**	**-49 764 213**
Finansinntekter og finanskostnader			
Annen renteinntekt		-22 091	-8 464
Annen finansinntekt	13	-428 676	-450 589
Sum finansinntekter		**-450 767**	**-459 053**
Rentekostnad til foretak i samme konsern		8 930 081	6 686 793
Annen rentekostnad		281 936	34 732
Annen finanskostnad	13	1 925 220	5 627 202
Sum finanskostnader		**11 137 238**	**12 348 726**
Netto finans		**-11 588 005**	**-12 807 779**
Ordinært resultat før skattekostnad		**-23 892 392**	**-62 571 992**
Skattekostnad på ordinært resultat	9	1 278 200	-11 546 032
Ordinært resultat etter skattekostnad		**-25 170 591**	**-51 025 961**
Årsresultat		**-25 170 591**	**-51 025 961**
Årsresultat etter minoritetsinteresser		**-25 170 591**	**-51 025 961**
Totalresultat		**-25 170 591**	**-51 025 961**

Resultatregnskap

Beløp i: NOK	Note	2018	2017
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-25 170 591	-51 025 961
Sum overføringer og disponeringer		**-25 170 591**	**-51 025 961**

Balanse

Beløp i: NOK	Note	2018	2017
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	9	1 535 318	1 535 318
Goodwill	1	318 508	424 504
Sum immaterielle eiendeler		**1 853 826**	**1 959 822**
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	1, 1	183 603 101	216 895 105
Sum varige driftsmidler		**183 603 101**	**216 895 105**
Finansielle anleggsmidler			
Investering i datterselskap	14	602 000	602 000
Sum finansielle anleggsmidler		**602 000**	**602 000**
Sum anleggsmidler		**186 058 927**	**219 456 927**
Omløpsmidler			
Varer			
Sum varer	15	**385 532**	**1 960 164**
Fordringer			
Kundefordringer	3, 4	15 216 700	14 820 359
Andre fordringer	4	10 574 142	9 301 303
Konsernfordringer			236 509
Sum fordringer		**25 790 842**	**24 358 171**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	5	2 716 936	4 746 866
Sum bankinnskudd, kontanter og lignende		**2 716 936**	**4 746 866**
Sum omløpsmidler		**28 893 310**	**31 065 201**
SUM EIENDELER		**214 952 237**	**250 522 128**

Balanse

Beløp i: NOK	Note	2018	2017
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	6, 7	6 000 000	6 000 000
Sum innskutt egenkapital		**6 000 000**	**6 000 000**
Opptjent egenkapital			
Annen egenkapital	6	22 776 968	47 947 122
Sum opptjent egenkapital		**22 776 968**	**47 947 122**
Sum egenkapital		**28 776 968**	**53 947 122**
Gjeld			
Langsiktig gjeld			
Utsatt skatt	9		
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	3, 4	168 034 071	154 907 588
Sum annen langsiktig gjeld		**168 034 071**	**154 907 588**
Sum langsiktig gjeld		**168 034 071**	**154 907 588**
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner			6 500 000
Leverandørgjeld	4, 4	9 700 798	16 952 973
Betalbar skatt	9		
Skyldige offentlige avgifter		1 185 903	1 678 449
Annen kortsiktig gjeld		7 254 497	16 535 996
Sum kortsiktig gjeld		**18 141 198**	**41 667 418**
Sum gjeld		**186 175 270**	**196 575 006**
SUM EGENKAPITAL OG GJELD		**214 952 238**	**250 522 128**

Company Number: 10386078

HOOVER FERGUSON GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2018

HOOVER FERGUSON GROUP LIMITED

DIRECTORS AND ADVISERS

Directors:	W R Brown C Dupre II T J Probert N A Wizel D W Young
Registered Office:	New Kings Court Tollgate Chandler's Ford Eastleigh Hampshire United Kingdom SO53 3LG
Registered Number:	10386078
Independent Auditors:	PricewaterhouseCoopers LLP The Capitol 431 Union Street Aberdeen United Kingdom AB11 6DA

HOOVER FERGUSON GROUP LIMITED

CONTENTS

HOOVER FERGUSON GROUP LIMITED

GROUP STRATEGIC REPORT

The directors present their annual Strategic Report for the year ended 31 December 2018. Hoover Ferguson Group Limited ("the Company") was incorporated on 20 September 2016. Effective 21 October 2016, First Reserve contributed its Hoover Container Solutions (Hoover) business and Brambles Limited (Brambles) contributed its Ferguson Group (Ferguson) and CHEP Catalyst & Chemical Containers (CCC) businesses to the Company in exchange for equal 50% ownership interests. First Reserve is a leading global private equity and infrastructure investment firm focused exclusively on energy. Brambles is a supply-chain logistics company headquartered in Sydney, Australia and listed on the Australian Securities Exchange. The purpose of the joint venture was to take advantage of synergies in each of the markets in which the contributed businesses operate. Effective 11 April 2018, the Company and its joint venture owners were parties to a refinancing and recapitalization transaction that resulted in Brambles divesting its 50% ownership interest in the Company to First Reserve in exchange for repayment of an outstanding $150 million unsecured loan, as well as certain other nominal consideration. First Reserve now holds a controlling ownership interest in the Company. The consolidated financial statements represent the financial results of the Company and its subsidiaries (collectively known as "the Group") for the year ending 31 December 2018. The Company's subsidiaries are listed at note 19 to the consolidated financial statements.

Fair review of the business

The Company is the investment holding company of the Hoover Ferguson Group of companies.

Hoover Ferguson Group ("the Group") provides rental, sales and service of intermediate bulk containers (IBCs), cargo carrying units (CCUs), bulk containers, stacked systems, transport frames and related components or replacement parts for the oil and gas, specialty chemical, food and beverage, and refining industries through its combined operations in North America, South America, Europe, Australia, China, Southeast Asia and the Middle East. The Group also provides customers a range of complementary services including cleaning, refurbishment, recertification and logistics. The Group provides the highest quality products designed to meet DNV 2.7-1/EN 12079 certification standards, and has achieved ISO 9001, ISO 14001, and OHSAS 18001 accreditations and an elevated UN 11 A/X certification.

The principal subsidiaries have traded satisfactorily during the year and the ongoing businesses are expected to continue to trade satisfactorily in the future.

The consolidated results for the year ending 31 December 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on page 7.

The consolidated and parent company net assets are set out in the consolidated and company statements of financial position on page 8.

The directors believe the Company is in a strong and stable financial position to continue its current operations.

Principal risks and uncertainties

The Group faces risks and uncertainties in its business operations, including but not limited to the following:

- Uncertainty and volatility exist in oil and gas markets, which has contributed to fluctuations in supply, demand and the level of pricing for these commodities. In recent years, oil and gas prices have been volatile which has impacted drilling activity and demand for petroleum-based products. Supplies of oil and natural gas have also, at times, exceeded demand which has been affected by weak economic conditions in various parts of the world. Such fluctuations and volatility can impact demand for the Company's products and services. The primary market segments served by the Group include offshore oil and gas exploration and production, chemical processing, onshore oil and gas exploration and production, primarily in North America, and refining. Offshore oil and gas markets continue to exhibit weakness because of volatility in prices in recent years and the high cost of exploration and production activities in those regions, as well as political and economic concerns in certain parts of the Middle East and Africa. The chemical markets have been steady recently, benefitting from low natural gas prices. Onshore oil and gas markets in North America have shown recent improvement in line with increases in commodity prices and the refining market has been impacted by recent hurricanes in the U.S. Gulf Coast region, as well as the timing of large turnaround and maintenance projects, many of which have been delayed to future periods.
  The Group mitigates these risks by maintaining and expanding its broad worldwide customer base and geographic footprint. The Group monitors its customer relationships and its customer, market and geographic sales concentrations.

- The Group maintains a sizeable rental fleet of storage tanks and other assets, which generates a significant portion of the Group's revenues.
  The control and monitoring of rental fleet usage is an integral part of the business and management monitors location and rental fleet utilization closely by geographic region and market segment in order to redeploy assets as needed to meet current customer demand.

In general, the Company operates robust risk management processes to ensure recognition and appropriate escalation of key financial, commercial, compliance, reputational and environmental risks. We strive to ensure sound risk management is embedded in all decision making and performance management processes. The directors believe that appropriate delegated authority and processes are in place to proactively manage emerging risks.

HOOVER FERGUSON GROUP LIMITED

Key performance indicators

Management and the directors assess the financial performance of the Group based on revenue, certain measures of operating performance, cash used for capital spending and levels of debt and utilization of the Group's fleet of rental assets. The directors are satisfied with the Group's performance to date and financial position at 31 December 2018. The KPIs used are:

(in thousands)	Year Ended 31 December 2018	Year Ended 31 December 2017
GAAP measures:		
Revenue	$ 192,400	$ 147,952
Gross profit	68,103	60,366
Capital spending	12,749	20,849
Debt (at period end)	327,282	383,860
Non-GAAP measures:		
Trailing twelve-months U.S. GAAP basis adjusted EBITDA[(a)]	59,672	48,902
Secured debt (at period end)[(b)]	235,283	246,641
Total debt (at period end)[(c)]	353,603	n/a
Rental fleet utilization (at period end)	69.5%	59.4%

(a) - Trailing twelve-months adjusted EBITDA equals profit/(loss) for the most recent twelve-month period computed under U.S. GAAP, less income taxes, net finance income/(costs), depreciation and amortization expense and certain other costs for the same period, some of which are viewed as on-time or nonrecurring in nature or not related to current operations. This information is compiled for measuring compliance with certain debt obligations in the United States.

(b) - Secured debt includes debt and finance lease obligations secured by various assets of the group, less cash and cash equivalents.

(c) - Total debt includes the First lien and Second lien debt and finance lease obligations

Future developments

The directors believe that, despite the continued challenges facing the oil and gas, specialty chemical, food and beverage and refining industries, there will continue to be a steady demand for the Group's products and services.

We have considered the risks and potential impact of the United Kingdom's planned withdrawal from the European Union and have concluded that there are no material uncertainties arising that would have a significant effect on the Group and company.

Signed on behalf of the board:

....

Neil A. Wizel
Director

5/15/2019
....
Date

HOOVER FERGUSON GROUP LIMITED

GROUP DIRECTORS' REPORT

The directors present their annual Directors' Report and their Annual Report and audited consolidated financial statements. These are presented for the Company and the Group for the year ended 31 December 2018.

The Company was formed as a joint venture between First Reserve, a leading global private equity and infrastructure investment firm, and Brambles Limited ("Brambles"), a supply-chain logistics company headquartered in Sydney, Australia. Effective 21 October 2016, First Reserve contributed its Hoover Container Solutions ("Hoover") business and Brambles contributed its Ferguson Group ("Ferguson") and CHEP Catalyst & Chemical Containers ("CCC") businesses to the joint venture. The purpose of the joint venture is to take advantage of synergies in each of the markets in which the contributed businesses operate. For the period from formation to 11 April 2018 First Reserve and Brambles had equal 50% ownership interests in the Company. Effective 11 April 2018, the Company and its join venture owners were parties to a refinancing and recapitalization transaction that resulted in Brambles divesting its 50% ownership interest in the Company to First Reserve in exchange for repayment of an outstanding $150 million unsecured loan, as well as certain other nominal consideration. First Reserve now holds a controlling ownership interest in the Company.

Principal activities

The Group's principal activity is the provision of rental, sales, and service of intermediate bulk containers (IBCs), cargo carrying units (CCUs), bulk containers, stacked systems, transport frames, and related components or replacement parts for the oil and gas, specialty chemical, food and beverage, and refining industries through its combined operations in North America, South America, Europe, Australia, China, Southeast Asia and the Middle East.

Future developments

Details of future developments can be found in the Strategic Report and form part of this report by cross reference.

Directors

The following directors of the Company who were in office during the year and up to the date of the signing of the finance statements were:

D R Berry	(Resigned on 11 April 2018)
W R Brown	(Appointed 11 April 2018)
C Dupre II	
M T Marshall	(Resigned 11 April 2018)
C T Press	(Resigned 11 April 2018)
T J Probert	
C Ruiz	(Resigned on 11 April 2018)
Z Todorcevski	(Resigned on 31 January 2018)
N A Wizel	
D W Young	

Dividends

The directors do not recommend a final dividend and have not paid an interim dividend.

Going concern

The directors have reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the summary of significant accounting policies in the financial statements.

Financial risk management objectives and policies

The Group's activities expose it to financial risks including credit risk, liquidity risk and market risk. The use of derivatives is governed by the Group's board of directors, who provide direction on their use to manage the above risks. The Group does not use derivatives for speculative purposes. Further information on the Group's financial risk management is provided within note 29.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

HOOVER FERGUSON GROUP LIMITED

GROUP DIRECTORS' REPORT (CONTINUED)

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

As the Group has employees across multiple geographic regions, the Group has developed and engaged in the following activities to facilitate all employees' awareness and involvement of the Group's financial performance, economic environment as well as employees' input.

- Periodic meetings for all employees to attend to share the Groups financial results, risks and developments with the opportunity for employees to ask questions and provide their input
- The Group has developed and disseminated to all employees its core values which allow open communication among all levels of management
- The Group provides for an incentive compensation plan that includes a portion of award based on the Group's achievement of its periodic key performance metrics

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. This is primarily achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and company financial statements in accordance with IFRS as adopted by the European Union. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and company, and of the profit or loss of the Group and company 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 accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and IFRSs as adopted by the European Union have been followed for the Company financial statements, 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 Group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and company, and enable them to ensure that the financial statements comply with the Companies Act 2006, and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the Group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors to make themselves aware of all relevant audit information and to establish that the Group's auditors are aware of that information.

Signed on behalf of the board:

....

Neil A. Wizel
Director

5/15/2019
....
Date

Independent auditors' report to the members of Hoover Ferguson Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, Hoover Ferguson Group Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2018 and of the group's loss and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company statements of financial position as at 31 December 2018; the consolidated statement of profit or loss and other comprehensive income, the consolidated and company statements of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Group Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Group Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Group Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Group Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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 this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Kevin Reynard (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
15 May 2019

HOOVER FERGUSON GROUP LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

(in thousands)	Note	Year Ended 31 December 2018	15-month period from 20 September 2016 to 31 December 2017
Continuing operations			
Revenue	7	$ 192,400	$ 206,419
Cost of sales	8	124,297	135,322
Gross profit		68,103	71,097
Selling, general and administrative expenses	8	44,944	56,833
Amortisation expense	17	9,917	11,781
Other (income) expenses	8	42	17,492
Operating profit (loss)	6	13,200	(15,009)
Finance income	9	282	1,572
Finance costs	9	45,283	57,852
Net finance costs		45,001	56,280
Loss before tax		(31,801)	(71,289)
Total income tax expense charge/(credit)	14	569	(14,630)
Loss for the year / period		(32,370)	(56,659)
Other comprehensive (expense) income			
Items that are or may be reclassified subequently to profit or loss		-	-
Foreign operations - foreign currency translation differences		(15,255)	17,651
Total comprehensive loss for the year / period		$ (47,625)	$ (39,008)

The total comprehensive loss for the period is attributable in full to the owners of the Company.

HOOVER FERGUSON GROUP LIMITED

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

(in thousands)	Note	Group 2018	Group 2017	Company 2018	Company 2017
Assets					
Non-current assets					
Property, plant and equipment	16	$ 223,982	$ 259,389	$ -	$ -
Intangible assets and goodwill	17	255,832	269,176	-	-
Investments	18	-	-	437,860	370,179
Deferred tax assets	14	1,149	2,580	-	-
Other assets		1,907	351	-	-
Total non-current assets		482,870	531,496	437,860	370,179
Current assets					
Inventory	21	9,060	8,062	-	-
Trade and other receivables	22	44,710	42,787	-	-
Prepayments and other assets		6,536	7,433	-	-
Cash and cash equivalents	23	11,920	12,474	-	-
Total current assets		72,226	70,756	-	-
Total assets		$ 555,096	$ 602,252	$ 437,860	$ 370,179
Equity and liabilities					
Equity					
Share capital	24	$ 10	$ 10	$ 10	$ 10
Share premium	24	94,911	32,539	94,911	32,539
Merger reserve	24	237,630	237,630	237,630	237,630
Warrants reserve	24	5,309	-	5,309	-
Other reserve	24	(182,986)	(182,986)	-	-
Translation reserve	24	2,396	17,651	-	-
Retained earnings		10,971	43,341	100,000	100,000
Total equity		168,241	148,185	437,860	370,179
Liabilities					
Non-current liabilities					
Non-current loans and borrowings	25	325,032	380,819	-	-
Non-current provisions	26	3,534	7,929	-	-
Deferred tax liabilities	14	12,355	16,014	-	-
Total non-current liabilities		340,921	404,762	-	-
Current liabilities					
Current tax liabilities	14	4,687	6,452	-	-
Current loans and borrowings	25	2,250	3,041	-	-
Trade and other payables	27	13,498	16,842	-	-
Current provisions	26	25,499	22,970	-	-
Total current liabilities		45,934	49,305	-	-
Total liabilities		386,855	454,067	-	-
Total equity and liabilities		$ 555,096	$ 602,252	$ 437,860	$ 370,179

The notes on pages 11 to 54 are an integral part of these financial statements.
The financial statements on pages 7 to 10 were approved and authorised for issue by the board on 15 May 2019.

Signed on behalf of the board:

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Neil A. Wizel
Director
COMPANY NUMBER: 10386078

HOOVER FERGUSON GROUP LIMITED

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2018

Group

(in thousands)	Share capital	Share premium	Merger reserve	Warrants reserve	Other reserve	Translation reserve	Retained earnings	Total equity
Loss for the period	$ -	$ -	$ -	$ -	$ -	$ -	$ (56,659)	$ (56,659)
Other comprehensive income	-	-	-	-	-	17,651	-	17,651
Total comprehensive income/(loss)	-	-	-	-	-	17,651	(56,659)	(39,008)
Contribution of businesses to joint venture	10	282,539	237,630	-	(182,986)	-	-	337,193
Distributable reserves	-	(100,000)	-	-	-	-	100,000	-
Conversion of equity to Brambles term loar	-	(150,000)	-	-	-	-	-	(150,000)
At 31 December 2017	$ 10	$ 32,539	$ 237,630	$ -	$(182,986)	$ 17,651	$ 43,341	$ 148,185
Loss for the period	-	-	-	-	-	-	(32,370)	(32,370)
Other comprehensive loss	-	-	-	-	-	(15,255)	-	(15,255)
Total comprehensive loss	-	-	-	-	-	(15,255)	(32,370)	(47,625)
Capital contribution	-	62,372	-	-	-	-	-	62,372
Warrants issued	-	-	-	5,309	-	-	-	5,309
At 31 December 2018	$ 10	$ 94,911	$ 237,630	$ 5,309	$(182,986)	$ 2,396	$ 10,971	$ 168,241

Company

(in thousands)	Share capital	Share premium	Merger reserve	Warrants reserve	Other reserve	Translation reserve	Retained earnings	Total equity
Results for the period	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	-	-	-	-
Contribution of businesses to joint venture	10	282,539	237,630	-	-	-	-	520,179
Distributable reserves	-	(100,000)	-	-	-	-	100,000	-
Conversion of equity to Brambles term loar	-	(150,000)	-	-	-	-	-	(150,000)
At 31 December 2017	$ 10	$ 32,539	$ 237,630	$ -	$ -	$ -	$ 100,000	$ 370,179
Results for the period	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	-	-	-	-
Capital contribution	-	62,372	-	-	-	-	-	62,372
Warrants issued	-	-	-	5,309	-	-	-	5,309
At 31 December 2018	$ 10	$ 94,911	$ 237,630	$ 5,309	$ -	$ -	$ 100,000	$ 437,860

HOOVER FERGUSON GROUP LIMITED

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

(in thousands)	Group Year Ended 31 December 2018	Group 15-month period from 20 September 2016 to 31 December 2017	Company Year Ended 31 December 2018	Company 15-month period from 20 September 2016 to 31 December 2017
Cash flows from operating activities				
Loss for the year / period	$ (32,370)	$ (56,659)	$ -	$ -
Adjustments for:				
Depreciation	36,533	44,070	-	-
Amortisation	9,917	11,781	-	-
Impairment credit (loss) on trade receivables	(30)	2,611	-	-
Net finance costs	45,001	56,280	-	-
Gain on sale of property, plant and equipment	(3,219)	(2,515)	-	-
Taxation expense / (benefit)	569	(14,630)	-	-
	56,401	40,938	-	-
Changes in:				
Inventories	(2,154)	(357)	-	-
Trade and other receivables	(3,565)	(7,710)	-	-
Prepayments	1,377	(1,345)	-	-
Trade and other payables	(4,105)	1,730	-	-
Provisions and other	(4,401)	(1,177)	-	-
Cash generated from operating activities	43,553	32,079	-	-
Acquisition of rental equipment	(9,341)	(20,046)	-	-
Proceeds from sale of rental equipment	8,177	11,646	-	-
Interest paid	(32,297)	(43,378)	-	-
Income taxes paid	(1,863)	(1,177)	-	-
Net cash generated from (used in) operating activities	8,230	(20,876)	-	-
Cash flows from investing activities				
Interest received	41	22	-	-
Proceeds from sale of property, plant and equipment	387	601	-	-
Acquisition of property, plant and equipment	(3,408)	(3,736)	-	-
Acquisition of a business	(3,250)	-	-	-
Net cash used in investing activities	(6,230)	(3,113)	-	-
Cash flows from financing activities				
Proceeds from loans and borrowings	126,843	93,863	-	-
Repayment of loans and borrowings	(184,541)	(67,584)	-	-
Payments of deferred financing costs	(2,848)	-	-	-
Payment of finance lease liabilities	(4,791)	(6,513)	-	-
Proceeds from recapitalization event	62,372	-	-	-
Net cash (used in) generated from financing activities	(2,965)	19,766	-	-
Net decrease in cash and cash equivalents	(965)	(4,223)	-	-
			-	-
Cash and cash equivalents at beginning of year / period	12,474	21,904	-	-
Effects of movements in exchange rates on cash held	411	(5,207)	-	-
Cash and cash equivalents at end of year / period	$ 11,920	$ 12,474	$ -	$ -

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

1. Reporting entity

Hoover Ferguson Group Limited ("the Company") is a private limited company, limited by shares, registered and incorporated and organised under the laws of England and Wales, and domiciled in the United Kingdom. The Company was formed as a joint venture between First Reserve, a leading global private equity and infrastructure investment firm, and Brambles Limited (Brambles), a supply-chain logistics company headquartered in Sydney, Australia. First Reserve and Brambles had equal 50% ownership interests in the Company. Effective April 11, 2018, the Company and its joint venture owners were parties to a refinancing and recapitalization transaction that resulted in Brambles divesting its 50% ownership interest in the Company to First Reserve in exchange for repayment of an outstanding $150 million unsecured loan, as well as certain other nominal consideration. First Reserve now holds a controlling ownership interest in the Company.

The Company currently provides rental, sales, and service of intermediate bulk containers (IBCs), cargo carrying units (CCUs), bulk containers, stacked systems, transport frames, and related components or replacement parts for the oil and gas, specialty chemical, food and beverage, and refining industries through its combined operations in North America, South America, Europe, Australia, China, Southeast Asia and the Middle East.

2. Summary of significant accounting policies

2.a. Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as "the Group" and individually as "group entities") and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. These financial statements have been prepared in compliance with the Companies Act 2006 as it is applicable to companies reporting under IFRS. The financial statements were authorised for issue by the Group and company's board of directors on the date set out on page 8 and the statements of financial position were signed on the board's behalf by Neil A. Wizel.

The financial statements have been prepared on a going concern basis and under the historical cost convention as modified by the revaluation of financial assets and liabilities at fair value through the income statement. The consolidated financial statements are presented in accordance with IAS 1 *Presentation of Financial Statements.* The Group has elected to present the consolidated statement of profit or loss and other comprehensive income in a single statement. Accounting policies have been applied consistently throughout the period.

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

Changes to significant accounting policies are described in Note 35.

As permitted by section 408 of the Companies Act 2006, the statement of profit or loss and other comprehensive income for the parent company is not presented.

2.b. Going concern

Management is required to evaluate an entity's ability to continue as a going concern for a period of at least twelve months from the balance sheet date. In accordance with IAS 1 Presentation of Financial Statements, disclosure is required where material uncertainties relating to events or conditions that may cast significant doubt on the ability of the entity to continue as a going concern during the evaluation period.

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors utilise senior management throughout the Group to develop and monitor the Group's risk management including liquidity risk, covenant compliance, cash flow projections for the next twelve months, and headroom on borrowing facilities. Regular reports are made to the board on activity and progress.

The directors have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future and is confident that the Group has sufficient resources to meet all of its liabilities as they fall due over the next twelve months. Therefore, the financial statements have been prepared on a going concern basis.

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

2. Summary of significant accounting policies (continued)

2.c. i) Formation of the Group and basis of consolidation

Hoover Ferguson Group Limited was a joint venture from the date of inception through 11 April 2018. The formation of a joint venture falls out of scope with IFRS 3 (Business Combinations) and, as a result, the directors elected to account for the formation of the Group using predecessor accounting. The principles of predecessor accounting are that:

- No assets or liabilities are restated to their fair values upon formation of the Group. Instead, the acquirer incorporates the same carrying values as the predecessor owner; and
- No new goodwill arises on the formation of the Group.

The consolidated financial statements are the result of the consolidation of the financial statements of the Group's subsidiary undertakings from the date of formation.

ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity. Subsidiary investments are carried at cost less any provision for impairment.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes in any elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expense of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit and loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

2.d. Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in US Dollars ($), which is the Company's functional and the Group's presentational currency, and all values are rounded to the nearest ($1,000), except where otherwise indicated.

2.e. Use of judgement and estimates

In preparing these consolidated financial statements, management may consider judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

i) Significant management judgement

Functional currency

The functional currency of each entity within the Group is the currency of the primary economic environment in which the Company or its subsidiaries operates. In determining the functional currency, the directors determined the currency which primarily influences sales prices, the currency in which the majority of the existing costs are denominated in, and the currency in which each entity's financing is derived.

ii) Significant estimation uncertainty

Impairment of goodwill

Upon completion of a business combination, goodwill is required to be allocated to cash generating units (CGUs) and tested for impairment on an annual basis. Management applies judgement in determining CGUs and allocating the goodwill arising from business combinations to these CGUs. Impairment is assessed annually by determining the recoverable amount of each CGU which has a goodwill balance. Management applies judgement in selecting valuation techniques and setting valuation assumptions to determine the recoverable amount. See note 17.

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

2. Summary of significant accounting policies (continued)

Measurement of fair values

Certain of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data to the extent possible.

Fair values of assets and liabilities are determined based on a hierarchy of inputs used in valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values of assets and liabilities acquired in business combinations

The Group is required to recognise separately, at the acquisition date, the identifiable assets, liabilities and contingent liabilities acquired or assumed in a business combination at their fair values, which involves estimates. Such estimates are based on valuation techniques which require considerable judgement in forecasting future cash flows and developing other assumptions.

3. Other significant accounting policies

The accounting policies set out below have been applied consistently during the period presented in these consolidated financial statements.

3.a. Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to financial assets and financial liabilities are presented in the statement of profit or loss within "finance income" or "finance costs".

ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into US Dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into US Dollars at the average exchange rates during the month the transactions occur.

Foreign currency differences are recognised in other comprehensive income (OCI) and accumulated in the translation reserve.

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

3. Other significant accounting policies (continued)

3.b. Revenue

The Group has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018 with the election to apply the modified retrospective approach but made no adjustment to the opening retained earnings due to the transitions adjustment not being material. The adoption of IFRS 15 resulted in changes in accounting policies and elected not to restate comparative information in accordance with the transition provisions in IFRS 15.

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
5. Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied. The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. As part of the impact assessment exercise, group has concluded that for all of its arrangements, it acts as a principal and revenue is recognised accordingly. All revenue is measured net of applicable sales tax and trade discounts.

Revenue recognition guidance applicable to the rental revenue is contained within IAS 17 Leases guidance and thus, excluded from consideration of IFRS 15.

The Company identified its material revenue streams to be the rental of containers, sale of new and used units; and services for cleaning, reconditioning and other as follows:

i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of the revenue can be measured reliably.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement but, in general, this will be when the customer takes collection of the relevant asset.

ii) Rendering of services

The Group is involved in performing services, related primarily to its rental fleet of assets, including transportation, remote asset tracking, tank cleaning and refurbishment, among other activities. If services under a single arrangement are rendered in different reporting periods, revenue recognition is generally deferred until the service is complete and customer acceptance has occurred.

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

3. Other significant accounting policies (continued)
3.b. Revenue (continued)

iii) Rental income

The Group engages in the business of renting its products to customers under contracts that provide for monthly billings. Rental income is recognised as revenue on a straight-line basis over the term of the contract. In instances where rental equipment is sold, the Group recognizes the gross sales price as a product sale and the related net book value of the equipment as a cost of sale.

3.c. Employee benefits

i) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount because of past service provided by the employee, and the obligation can be estimated reliably.

ii) Share-based payment arrangements

Certain executives and other key employees have received grants of equity interests in the Company in the form of non-voting class C shares under the Hoover Ferguson Group Limited 2017 Long-Term Incentive Plan. The fair value of these equity interests at the time of grant was nil. The outstanding C shares will only become exercisable in the event of a transaction involving the sale of the Group above a certain threshold value for the Group. Accordingly, no expense is being currently recognized under this plan. Any future amounts that may be due holders of the class C shares due to a liquidation transaction will be recognized upon the occurrence of such a transaction.

iii) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

3.d. Finance income and finance costs

Finance income and finance costs comprise interest income, interest expense, banking fees, dividend income, net gain or loss on financial assets or liabilities recognized at fair value through profit or loss (FVTPL), foreign currency gain or loss on financial assets and liabilities and impairment losses recognised on financial assets (other than trade receivables).

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established. Interest expense directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of that asset cost.

3.e. Income tax

Income tax expense comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the related tax is also recognised in other comprehensive income, or directly in equity, respectively.

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to the tax payable or receivable in respect of previous periods. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. The current income tax charge or benefit is calculated based on the tax laws enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

ii) Deferred tax

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, temporary differences related to investments in subsidiaries and joint arrangements to the extent that the Group is able to control the timing of the reversal of the

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

3. Other significant accounting policies (continued)
3.e. Income tax (continued)

temporary differences and it is probable that they will not reverse in the foreseeable future, and taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then the future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries of the Group. Deferred tax assets are reviewed at each reporting date and are reduced through a valuation allowance to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The effect of a change in tax rates on deferred tax balances is recognized in profit or loss when the change occurs.

The measurement of deferred taxes reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets against deferred tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either (i) the taxable entity or (ii) different taxable entities where there is an intention to settle the balances on a net basis. All deferred tax assets and liabilities have been classified as non-current in the Group's Consolidated Statement of Financial Position.

The Group recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. If a position meets the recognition criteria, the tax position would be measured at the largest amount of benefit greater than 50% likely of being realised upon ultimate settlement.

The Group does not believe that current tax positions are more likely than not to be overturned by the respective tax jurisdictions. Therefore, no liability for uncertain tax positions has been recognized, nor were there any material accruals for unpaid interest or penalties at 31 December 2018.

3.f. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is generally based on average cost. Inventories and work in progress cost includes an appropriate share of production overheads based on normal operating capacity.

3.g. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

3.h. Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual values, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

3. Other significant accounting policies (continued)
3.h. Property, plant and equipment (continued)

Depreciation commences when the item of property, plant and equipment is brought into use. As such, no depreciation is provided on assets under construction.

The estimated useful lives of property, plant and equipment for the current period are as follows:

Buildings and improvements	1 to 25 years
Machinery and equipment	4 to 5 years
Office furniture, equipment and software	3 to 10 years
Rental equipment – polyethylene tanks	2 to 3 years
Rental equipment – made from stainless steel and other alloys	7 to 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year/period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within profit or loss.

3.i. Intangible assets

Goodwill

Goodwill is the excess of the aggregate of the consideration transferred over the net fair value of identifiable assets acquired and liabilities assumed in a business combination and is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead subject to annual impairment testing.

Other intangible assets

Other intangible assets, including customer relationships, patents and trade names, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures, including expenditures on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write-off the cost of intangible assets using either the straight-line or accelerated methods over their estimated useful lives and is generally recognised in profit or loss.

The estimated useful lives for the current period are as follows:

Customer relationships	5 to 10 years
Trade names	3 to 16 years
Patented technology	10 to 16 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.j. Financial instruments

The accounting for financial assets after 1 January 2018 is under IFRS 9 as follows:

The Company classifies its financial assets at amortized cost.

The classification of debt instruments depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

(i) At initial recognition

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

3. Other significant accounting policies (continued)
3.j. Financial Instruments (continued)

(ii) At subsequent measurement

Debt instrument

Debt instruments of the Company mainly comprise of cash and bank balances, trade and other receivables and deposits. There are three prescribed subsequent measurement categories, depending on the Company's business model in managing the assets and the cash flow characteristic of the assets. The Company managed these group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortized cost subsequent to initial recognition.

A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets are recognized using the effective interest rate method.

The Company assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost.

For trade and other receivable, the Company applied the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

For cash and bank balances and deposits, the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognized.

The accounting for financial assets before 1 January 2018 is under IFRS 39 as follows:

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss (FVTPL), held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at FVTPL and other financial liabilities.

i) Non-derivative financial assets

Recognition and derecognition

The Group initially recognises loans and receivables on the date they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

3. Other significant accounting policies (continued)
3.j. Financial instruments (continued)

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Measurement

Financial assets at FVTPL – A financial asset is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transactions costs are recognised in profit or loss as incurred. Financial assets at FVTPL are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

Held-to-maturity financial assets – These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables – These are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, if interest bearing, they are measured at amortised cost using the effective interest method.

Available-for-sale financial assets – These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

At 31 December 2018, the Group had no (i) financial assets measured at FVTPL, (ii) held-to-maturity financial assets, (iii) interest bearing loans and receivables measured at amortised cost or (iv) available for sale financial assets.

ii) Non-derivative financial liabilities

Recognition and derecognition

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Measurement

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

Other non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other non-derivative financial liabilities comprise loans and borrowings, finance lease liabilities, debt securities issued (including certain preference shares, bank overdrafts and trade and other payables).

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents in the statement of cash flows.

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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3. Other significant accounting policies (continued)
3.j. Financial instruments (continued)

iii) Derivative financial instruments

The Group holds a derivative financial instrument related to its interest rate risk exposures. This derivative instrument has not been designated as cash flow hedge for accounting purposes. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and any changes therein are generally recognised in profit or loss.

3.k. Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.l. Impairment

i) Non-derivative financial assets

A financial asset not classified as at FVTPL is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment because of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security, or observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value is of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

3. Other significant accounting policies (continued)
3.l. Impairment (continued)

ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment.

For impairment testing, assets are grouped together in the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.m. Provisions

Environmental monitoring and site restoration

In accordance with the Group's environmental policy and applicable legal requirements, a provision for environmental monitoring and site restoration in respect of three non-operating sites, and the related expense, is recognised when the Group's obligation for such expenditures becomes probable and the amounts can be reasonably estimated.

The provisions for these sites are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

3.n. Leases

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception, or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements based on their relative fair values. If the Group concludes for a finance lease that is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted in accordance with the accounting policy applicable to the asset.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term to produce a constant periodic rate of interest on the remaining balance of the liability.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

3. Other significant accounting policies (continued)

3.o. Operating profit/(loss)

Operating profit/(loss) is the result generated from the continuing principal revenue producing activities of the Group as well as the other income and expenses related to operating activities. Operating profit excludes net finance costs and income taxes.

3.p. Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

Certain of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or liability measured at fair value had a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received.

4. New standards issued but not yet effective

Several new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following standards, other than IFRS 16, *Leases*, are not expected to have a material impact on the Group's financial statements in the period of initial application.

4.a. IFRS 16 *Leases*

The Group is required to adopt IFRS 16 Leases from 1 January 2019. The Group has assessed the estimated impact that initial application of IFRS 16 will have on its consolidated financial statements, as described below. The actual impacts of adopting the standard on 1 January 2019 may change because:

- the Group has not finalised the testing and assessment of controls over its new IT systems; and
- the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces the current guidance for lease accounting, including IAS 17 *Leases*, IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, SIC 15 *Operating Leases – Incentives*, and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of Lease.*

Leases in which the Group is a lessee
The Group will recognise new assets and liabilities for its operating leases of office facilities, rental assets and other machinery and equipment (see Note 16). The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

4. New standards issued but not yet effective (continued)
4.a. IFRS 16 Leases (continued)

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

No significant impact is expected for the Group's finance leases.

As at the reporting date, the Group has non-cancellable operating lease commitments of $44,222, see note 31. Of these commitments, approximately $1,089 relate to short-term leases which will be recognised on a straight-line basis as expense in profit or loss. For the remaining lease commitments the Group expects to recognise right-of-use assets of approximately $34,009 on 1 January 2019, lease liabilities of $36,479 (after adjustments for prepayments and accrued lease payments recognised as at 31 December 2018). Overall net assets will be approximately $2,470 lower, and net current assets will be $9,638 lower due to the presentation of a portion of the liability as a current liability. Operating cash flows will increase, and financing cash flows decrease as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities. The Group does not expect the adoption of IFRS 16 to impact its ability to comply with the revised maximum leverage threshold loan covenant described in Note 29.

Leases in which the Group is a lessor
The Group will reassess the classification of its leases with its rental customers group is a lessor. Based on the information currently available, the Group does not expect a significant impact to the financial statements. The current accounting policies for rental contracts will remain primarily consistent with the implementation of IFRS 16.

Transition
The Group plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

4.b. Other

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- *Amendments to IFRS 3 – Definition of a business (effective 1 January 2020)*
- *Amendments to IAS 1 and IAS 8 on the definition of material (effective 1 January 2020)*
- *IFRIC 23 Uncertainty over Income Tax Treatments (effective 1 January 2019)*

5. Acquisition of Topfleet, LLC

On July 16, 2018, the Company acquired certain assets and liabilities of Topfleet, LLC ("Topfleet"), a Texas corporation headquartered in Katy, TX, which provides container rental services. The assets and activities acquired are capable of being operated as a separate business, thus the Company recognized the transaction as a business combination. The acquisition price totaled $3,250 and consisted entirely of cash consideration. The purpose of the Topfleet acquisition was to expand the Company's customer base. The transaction was accounted for as a business combination, and all acquisition related costs were expensed and deemed insignificant.

The $3,250 purchase price was allocated to assets acquired based on fair value as shown below. The Company assumed certain lease liabilities which are classified as operating leases and expensed as incurred. Customer relationships are amortized using the straight-line method over the estimated life of 5 years.

The fair value of the acquired identifiable assets, including intangible assets, is complete and final.

(in thousands)		
Rental equipment	$	2,000
Customer relationships		1,250
	$	3,250

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

6. Operating profit (loss)

(in thousands)	Year Ended 31 December 2018	15-month period from 20 September 2016 to 31 December 2017
Operating profit (loss) is stated after charging/(crediting):		
Depreciation	$ 36,533	$ 44,070
Loss / (gain) on disposal of in-use property, plant and equipment	51	(225)
Net foreign currency exchange (credit) / losses	(108)	9,272
Amortisation of intangible assets	9,917	11,781
Operating lease payments	15,003	14,553
	$ 61,396	$ 79,451

7. Revenue

(in thousands)	Year Ended 31 December 2018	15-month period from 20 September 2016 to 31 December 2017
Revenue		
Rental income	$ 124,632	$ 138,509
Sales of equipment	29,848	36,507
Rendering of services and other	37,920	31,403
	$ 192,400	$ 206,419
Geographical information based on customer location		
United Kingdom	$ 16,898	$ 22,605
North and South America	125,805	120,709
Europe	24,401	29,173
Australia, China and Southeast Asia	16,076	24,884
All other	9,220	9,048
	$ 192,400	$ 206,419

The Company and group's Chief Operating Decision Maker (CODM) is its Chief Executive Officer. The CODM did not review full financial results, inclusive of cash flow information, at a segment or other level lower than on a consolidated basis when making investment decisions throughout the year ended 31 December 2018 and the 15-month period from 20 September 2016 to 31 December 2017. Accordingly, the Company and group are not reporting segment level information in these consolidated statements.

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

8. Income and expenses

(in thousands)	Year Ended 31 December 2018	15-month period from 20 September 2016 to 31 December 2017
Other (income) expense		
Loss / (gain) on disposal of in-use property, plant and equipment	$ 51	$ (225)
Transaction costs	193	10,699
Environmental costs	1	47
Impairment (credit) / loss on trade receivables	(30)	2,611
Integration, restructuring and other (income) / expenses	(173)	4,360
	$ 42	$ 17,492
Expenses by nature		
Cost of inventory and equipment sold	$ 30,182	$ 33,689
Billable freight	175	1,177
Material costs	4,324	5,486
Direct compensation, travel and other benefits	23,176	22,941
Direct subcontract and other outside services	1,943	4,932
Direct supplies	4,312	1,919
Direct facility and other costs	14,700	14,426
Indirect compensation, travel and other benefits	2,802	3,080
Indirect subcontract and other outside services	1,230	1,341
Indirect supplies	1,608	3,833
Indirect facility and other costs	4,776	4,418
Selling, general and adminstrative salaries and benefits	24,177	29,793
Professional fees	4,477	5,234
Travel and entertainment	3,606	3,691
Marketing and advertising	1,102	1,197
Selling, general and admistrative facility costs	9,633	10,870
Other selling, general and administrative costs	485	58
Depreciation	36,533	44,070
Total cost of sales and selling, general and administrative expenses	$ 169,241	$ 192,155

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

9. Net finance costs

(in thousands)	Year Ended 31 December 2018	15-month period from 20 September 2016 to 31 December 2017
Interest rate swap - net change in fair value	$ 241	$ 1,550
Interest income from other financial assets	41	22
Finance income	282	1,572
Interest expense on debt	44,772	48,490
Net foreign exchange (gain) / loss	(108)	9,272
Other finance costs	619	90
Finance costs	45,283	57,852
Net finance costs	$ 45,001	$ 56,280

10. Auditors' remuneration

(in thousands)	Year Ended 31 December 2018	15-month period from 20 September 2016 to 31 December 2017
Services provided by the group's auditors:		
Audit services		
Company and group	$ 609	$ 1,574
UK subsidiaries	141	274
	750	1,848
Other services:		
Taxation compliance services	352	100
Other taxation advisory services	61	76
	413	176
	$ 1,163	$ 2,024

11. Directors' remuneration

(in thousands)	Year Ended 31 December 2018	15-month period from 20 September 2016 to 31 December 2017
Emoluments -		
All directors	$ 1,264	$ 1,457
Highest paid director	$ 1,144	$ 1,357

Group employees who are also directors are not paid an additional amount for services as a director. Reimbursements for out of pocket expenses incurred by directors are not included in the table above. No compensation was paid to any director for loss of office during the year. No amounts have been contributed to a money purchase scheme on behalf of any director and no director has exercised any share options during the period.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

12. Employee benefit expenses

(in thousands)	Year Ended 31 December 2018	15-month period from 20 September 2016 to 31 December 2017
Wages and salaries	$ 45,001	$ 51,111
Social security costs	5,826	5,660
Pension costs	893	1,094
	$ 51,720	$ 57,865

The monthly average number of persons employed by the Group, including directors, was as follows:

	Year Ended 31 December 2018	15-month period from 20 September 2016 to 31 December 2017
Operations staff -		
Offshore	186	193
Containers (Chemicals & Onshore)	124	118
Refining	31	47
Sales and marketing staff	63	61
Support function staff	37	38
Finance staff	59	43
	500	500

The parent company had no employees during the year.

13. Share-based payment arrangements and other benefit plans

At 31 December 2018, the Group provided the following benefit plans to its employees:

i) Hoover Ferguson Group Limited 2017 Long-Term Incentive Plan

Certain executives and other key employees have received grants of equity interests in the Company in the form of non-voting class C shares under the Hoover Ferguson Group Limited 2017 Long-Term Incentive Plan. The Plan allows for the Company to issue up to 100,000 shares at a par value of $0.001 each. As of December 31, 2018 and 2017, the number of C Shares granted and available for future grants were as follows:

(number of shares)	2018	2017
Granted	52,500	70,500
Available	47,500	29,500
	100,000	100,000

The fair value of these equity interests at the time of grant was nil. Outstanding C shares will only become exercisable in the event of a transaction involving the sale of the Group above a certain threshold value for the Group. As a result, no expense will be recognized under this plan until such a transaction occurs.

ii) Other benefit plans

All full-time U.S.-based employees are eligible to participate in a group-sponsored savings plan established under Section 401(k) of the U.S. Internal Revenue Code beginning 90 days after employment. The plan provides tax-deferred salary deductions for contributions made by eligible employees subject to U.S. Internal Revenue Code limitations. The Group

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

13. Share-based payment arrangements and other benefit plans (continued)

may make discretionary matching contributions on behalf of each eligible employee to the plan under certain circumstances. All employee contributions to the plan are immediately vested, as well as any discretionary group contributions. The Group's expense for the matching contributions was approximately $120 and $78 for the year ended 31 December 2018 and the 15-month period from 21 September to 31 December 2017, respectively.

Non-U.S. based employees in certain jurisdictions may also be eligible to participate in statutory pension, savings and other benefit plans provided in their respective jurisdiction. Such plans may require the Group to contribute specified amounts based on statutory formulas. Expense associated with required group contributions to these plans totalled $830 and $1,016 for the year ended 31 December 2018 and the 15-month period from 21 September to 31 December 2017, respectively.

The Company also provides various health and welfare benefit plans to full-time employees and their dependents including medical, prescription drug, dental and vision coverage, as well as life, accidental death and disability insurance and various tax deferred health savings and flexible spending account plans. Participating employees contribute to a portion of the total cost of such plans through payroll deductions.

14. Income taxes

Amounts recognised in profit or loss

(in thousands)	Year Ended 31 December 2018	15-month period from 20 September 2016 to 31 December 2017
Current:		
Current tax on profits for the year / period	$ 2,580	$ 2,701
Adjustments in respect of prior periods	(145)	1,415
	2,435	4,116
Deferred:		
Origination and reversal of temporary differences	(1,734)	(13,404)
Impact of change in the UK and US tax rates	76	210
Adjustments in respect of prior periods	(208)	(5,552)
	(1,866)	(18,746)
Total income tax expense charge/(credit)	$ 569	$ (14,630)

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

14. Income taxes (continued)

Reconciliation of effective tax rate

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

(in thousands)	Year Ended 31 December 2018	15-month period from 20 September 2016 to 31 December 2017
Loss before tax	$ (31,801)	$ (71,289)
Tax calculated at domestic tax rates applicable to profits in the respective countries	$ (6,273)	$ (20,386)
Tax effects of:		
Tax losses not recognized for deferred tax	2,517	1,332
Reduction in overseas unrecognized deferred tax	1,525	(2,846)
Non-tax deductible interest expense	2,188	2,173
Non-tax deductible formation costs	-	4,428
Non-tax deductible other costs	996	2,067
Difference in overseas tax rates	158	1,394
U.S. charge on intra-group transactions	-	1,135
Impact from reduction in statutory rates	(189)	210
Adjustments in respect of predecessor prior periods	(354)	(4,137)
Total income tax expense charge/(credit)	$ 568	$ (14,630)

Deferred tax balances

Deferred income tax assets and liabilities are only offset when there is a legally enforceable right to offset when the deferred income taxes relate to the same fiscal authority and there is an intention to settle the balance net. The offset amounts are as follows:

	Balance at 31 December 2018		
(in thousands)	Balance	Net deferred tax assets	Net deferred tax liabilities
Net operating losses	$ 16,830	$ 16,242	$ 588
Intangible assets	(7,640)	3,126	(10,766)
Tax credits and accrued expenses	1,443	1,443	-
Property, plant and equipment	(24,886)	(20,406)	(4,480)
Other	3,047	744	2,303
Total deferred tax assets (liabilities)	$ (11,206)	$ 1,149	$ (12,355)

	Balance at 31 December 2017		
(in thousands)	Balance	Net deferred tax assets	Net deferred tax liabilities
Net operating losses	$ 14,239	$ 9,137	$ 5,102
Intangible assets	(10,554)	2,241	(12,795)
Tax credits and accrued expenses	1,297	1,251	46
Interest	5,171	5,171	-
Property, plant and equipment	(24,496)	(15,733)	(8,763)
Other	909	513	396
Total deferred tax assets (liabilities)	$ (13,434)	$ 2,580	$ (16,014)

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

14. Income taxes (continued)

Movement in deferred tax balances

(in thousands)	Year Ended 31 December 2018	15-month period from 20 September 2016 to 31 December 2017
Balance at beginning of the year / period	$ (13,434)	$ -
Deferred tax (liability) balance arising on formation	-	(33,351)
Income statement credit for the year / period	1,867	18,746
Foreign exchange adjustments	361	1,171
Deferred tax liability as of 31 December	$ (11,206)	$ (13,434)

Factors that may affect future tax charge

The UK corporation tax rate was decreased from 20% to 19% from 1 April 2017.

Changes to the U.K. corporate tax rate were substantially enacted as part of Finance Bill 2017 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and are reflected in these financial statements.

In the United States, the Tax Cuts and Jobs Act was enacted on 22 December 2017. This act reduced the top tax rate for corporations from 35% to 21%, effective 1 January 2018.

Because of enactment of these rate changes in both the U.K. and the U.S., certain of the Group's deferred tax assets and liabilities at 31 December 2017, were changed by $210 to reflect the impact of the lower tax rates on temporary differences between book and tax basis of assets and liabilities that will reverse or be recognized for tax purposes in future periods.

Unrecognized deferred tax assets and deferred tax liabilities

Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of $19,532 in respect of net operating losses that can be carried forward against future taxable income. The deferred tax asset is not recognised on the basis that the net operating losses are not considered to be recoverable in the foreseeable future.

15. Profit of parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's result for the year ended 31 December 2018 and the 15-month period from 20 September 2016 to 31 December 2017 was nil.

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

16. Property, plant and equipment

Reconciliation of carrying amount

GROUP

(in thousands)	Land	Buildings and improvements	Machinery and equipment	Office furniture, equipment and software	Construction in progress	Rental equipment	Total
Cost							
Contribution of business to joint venture	$ 4,357	$ 13,267	$ 12,240	$ 5,963	$ 1,140	$ 396,321	$ 433,288
Additions	-	407	399	391	3,008	22,565	26,770
Disposals	-	(43)	(759)	(863)	-	(12,739)	(14,404)
Effect of movement in exchange rates and other	207	291	(144)	1,108	(3,260)	28,913	27,115
Balance at 31 December 2017	4,564	13,922	11,736	6,599	888	435,060	472,769
Additions	-	143	213	505	2,728	9,919	13,508
Disposals	-	(137)	(814)	(430)	-	(12,485)	(13,866)
Effect of movement in exchange rates and other	(331)	(752)	5,218	245	(614)	(22,644)	(18,878)
Balance at 31 December 2018	4,233	13,176	16,353	6,919	3,002	409,850	453,533
Accumulated depreciation and impairment losses							
Contribution of business to joint venture	$ -	$ (3,977)	$ (7,537)	$ (4,590)	$ -	$ (144,924)	$ (161,028)
Depreciation	-	(1,259)	(4,868)	(712)	-	(37,231)	(44,070)
Disposals	-	4	419	87	-	4,162	4,672
Effect of movement in exchange rates and other	-	(351)	3,273	(550)	-	(15,326)	(12,954)
Balance at 31 December 2017	-	(5,583)	(8,713)	(5,765)	-	(193,319)	(213,380)
Depreciation	-	(882)	(1,415)	(599)	-	(33,636)	(36,532)
Disposals	-	116	796	409	-	8,992	10,313
Effect of movement in exchange rates and other	-	193	(1,136)	271	-	10,720	10,048
Balance at 31 December 2018	-	(6,156)	(10,468)	(5,684)	-	(207,243)	(229,551)
Carrying amounts							
At 31 December 2017	$ 4,564	$ 8,339	$ 3,023	$ 834	$ 888	$ 241,741	$ 259,389
At 31 December 2018	$ 4,233	$ 7,020	$ 5,885	$ 1,235	$ 3,002	$ 202,607	$ 223,982

The parent company had no property, plant or equipment at 31 December 2018 and 2017.

Leased rental equipment

The Group leases certain rental equipment, mainly located in Norway, Singapore and the UK, under a number of finance leases. At 31 December 2018 and 2017, the net carrying amount of leased assets was $18,403 and $19,284, respectively.

Security

At 31 December 2018 and 2017, certain of the Group's term loans (note 25) are secured by its real property, tangible and intangible assets.

Property, plant and equipment under construction

The during the year ended 31 December 2018 and the 15-month period from 20 September 2016 to 31 December 2017, the Group had started construction of certain bins and tanks for customer contracts and is implementing new software systems. Costs incurred for these projects up to 31 December 2018 and 2017 totalled $3,002 and $888, respectively.

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

17. Intangible assets and goodwill

Group reconciliation of carrying amount

(in thousands)	Goodwill	Customer relationships	Tradenames	Technology	Total
Cost					
Contribution of business to joint venture	$ 193,775	$ 92,701	$ 8,380	$ 320	$ 295,176
Effect of movement in exchange rates and other	1,986	3,072	-	-	5,058
Balance at 31 December 2017	195,761	95,773	8,380	320	300,234
Acquisitions	-	1,250	-	-	1,250
Effect of movement in exchange rates and other	(3,052)	(2,270)	-	-	(5,322)
Balance at 31 December 2018	192,709	94,753	8,380	320	296,162
Accumulated amortisation and impairment losses					
Contribution of business to joint venture	-	(17,411)	(922)	(35)	(18,368)
Amortisation	-	(11,094)	(652)	(35)	(11,781)
Effect of movement in exchange rates and other	-	(909)	-	-	(909)
Balance at 31 December 2017	-	(29,414)	(1,574)	(70)	(31,058)
Amortisation	-	(9,343)	(545)	(29)	(9,917)
Effect of movement in exchange rates and other	-	645	-	-	645
Balance at 31 December 2018	-	(38,112)	(2,119)	(99)	(40,330)
Carrying amounts					
At 31 December 2017	$ 195,761	$ 66,359	$ 6,806	$ 250	$ 269,176
At 31 December 2018	$ 192,709	$ 56,641	$ 6,261	$ 221	$ 255,832

Impairment testing for goodwill

Management tests goodwill annually at the consolidated group level as this is the lowest level that cash flows are monitored for internal management purposes. No impairment of goodwill was identified as a result of the annual impairment tests during 2018 nor 2017.

The recoverable amount, based on the fair value less costs of disposal, is compared to the carrying value to identify any impairment. The key assumptions for the discounted cash flow calculations are those regarding discount rates, revenue growth and asset utilisation, and terminal growth.

Key assumptions used in the 2018 model were as follows:

- Compound annual revenue growth rate through 2023 – 12.1%
- Terminal growth rate beginning 2023 – 1.7%
- Post-tax discount rate -12%

Management estimated discount rates using post tax rates that reflect current market assessments of the time value of money and the risks specific to the Group. The Group prepared budgeted financial information and cash flows for five years based on expected growth rates and utilisation. These forecasts took into account current market conditions combined with management's view of future market conditions including asset utilisation and capital investment. A terminal value has been applied to take account of the expected growth into perpetuity.

Compound annual revenue growth rate is the anticipated increase in revenues over the five-year forecast period. The long-term growth rate has been assumed to be 1.7% after the end of the five-year forecast period.

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

17. Intangible assets and goodwill (continued)

If management were to modify the impairment model assumptions by an increase or decrease of 100 basis points, the results would be as follows:

	Increase (decrease) in fair value[a]			
(in thousands)	Increase in rate		Decrease in rate	
Impact to 2018 Measurements				
100 basis point change in compound annual revenue growth rate through 2023	$	16,000	$	(16,000)
100 basis point change in terminal growth rate beginning in 2024	$	61,100	$	(50,200)
100 basis point change in discount rate	$	(18,000)	$	20,000

(a) - Assumes no change in any other assumptions

18. Investments

Company investments

(in thousands)		
Contribution of businesses to joint venture	$	520,179
Conversion of equity to Brambles term loan		(150,000)
Balance at 31 December 2017 and 1 January 2018		370,179
Capital Contribution		62,372
Warrants issued		5,309
Balance at 31 December 2018	$	437,860

Effective with the April 11, 2018 refinancing and recapitalization transaction, First Reserve, certain members of management, and others made a $62,372 cash contribution to Hoover Ferguson Group Limited in exchange for capital. The Company, in turn, made a $62,372 capital contribution to HFG Finance Limited for the purpose of repaying the Brambles loan in exchange for additional shares of HFG Finance Limited. In connection with the Second Lien Term Loan (see note 25), the Company issued warrants to certain Lenders to initially purchase up to 160 Class A shares at $1.00 per share which have a value as of 31 December 2018 of $5,309.

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

19. List of subsidiaries

Group Undertakings	Ownership	Place of incorporation	Holdings	Class of shares/units	Activity
HFG Finance Limited New Kings Court Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3LG	Direct	England & Wales	100%	Ordinary	Holding company
HFG Investments Limited New Kings Court Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3LG	Indirect	England & Wales	100%	Ordinary	Holding company
Hoover Ferguson Group Holdings Limited New Kings Court Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3LG	Indirect	England & Wales	100%	Ordinary	Holding company
Arden Holdings Limited Union Plaza (6th Floor) 1 Union Wynd, Aberdeen, Scotland, AB10 1DQ	Indirect	Scotland	100%	Ordinary	Holding company
Ferguson Group Limited Union Plaza (6th Floor) 1 Union Wynd, Aberdeen, Scotland, AB10 1DQ	Indirect	Scotland	100%	Ordinary	Holding company
Ferguson Modular Limited Union Plaza (6th Floor) 1 Union Wynd, Aberdeen, Scotland, AB10 1DQ	Indirect	Scotland	100%	Ordinary	Modular rental and manufacture
Ferguson Seacabs Limited Union Plaza (6th Floor) 1 Union Wynd, Aberdeen, Scotland, AB10 1DQ	Indirect	Scotland	100%	Ordinary	CCU rental
Ice Blue Refrigeration Offshore Limited Union Plaza (6th Floor) 1 Union Wynd, Aberdeen, Scotland, AB10 1DQ	Indirect	Scotland	100%	Ordinary	CCU rental
Hoover Ferguson Norway AS Plattformvegen 9, 4056 Tananger, Norway	Indirect	Norway	100%	Ordinary	CCU rental
Hoover Container Solutions Poland sp. z o.o. Rynek Street 8, 77-300 Człuchow, Poland	Indirect	Poland	100%	Ordinary	CCU manufacture
Ferguson Middle East FZE JAFZA Views - LOB 18, 14th Floor, Office 1401, PO Box 17898, Dubai, UAE	Indirect	UAE	100%	Ordinary	CCU rental
Hoover Ferguson Middle East LLC Ali and Sons Real Estate LLC, Office 304/303 Umm Al Nar, Sas Al Nakhi, Abu Dhabi, UAE	Indirect	UAE	49%	Ordinary	CCU rental
Hoover Containers Limited Union Plaza (6th Floor) 1 Union Wynd, Aberdeen, Scotland, AB10 1DQ	Indirect	Scotland	100%	Ordinary	Holding company
Container Company Aberdeen Limited Union Plaza (6th Floor) 1 Union Wynd, Aberdeen, Scotland, AB10 1DQ	Indirect	Scotland	100%	Ordinary	CCU rental
Hoover Ferguson UK Limited Union Plaza (6th Floor) 1 Union Wynd, Aberdeen, Scotland, AB10 1DQ	Indirect	Scotland	100%	Ordinary	Modular rental and manufacturer
HFG Corporate Limited Union Plaza (6th Floor) 1 Union Wynd, Aberdeen, Scotland, AB10 1DQ	Indirect	Scotland	100%	Ordinary	Holding company
HFG Holdings Australia Pty Limited 16 Alacrity Place, Henderson, Western Australia 6166	Indirect	Australia	100%	Ordinary	Holding company
Hoover Container Solutions Pty Limited 16 Alacrity Place, Henderson, Western Australia 6166	Indirect	Australia	100%	Ordinary	CCU rental
Ferguson Group Australia Pty Ltd. 16 Alacrity Place, Henderson, Western Australia 6166	Indirect	Australia	100%	Ordinary	CCU rental
Hoover Ferguson Singapore Pte Ltd 112 Robinson Road #05-01, Singapore 068902	Indirect	Singapore	100%	Ordinary	CCU rental
Catalyst & Chemical Containers Pte Ltd 4 Shenton Way, #28-03, Singapore 068807	Indirect	Singapore	100%	Ordinary	Catalyst bin rental
Hoover Container (Nan Jing) Co., Ltd. No. 1, Tai Ping Nan Road, Suite 1007, Tower B New Century Plaza, Nanjing, Jiangsu, China 210002	Indirect	China	100%	Ordinary	CCU rental

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

19. List of subsidiaries (continued)

Group Undertakings	Ownership	Place of incorporation	Holdings	Class of shares/units	Activity
Hoover Ferguson Malaysia Sdn. Bhd. No. 21, Jalan 15/23, Tiong Nam Industrial Park 2, Section 15, 40200 Shah Alam, Selangor Darul Ehsan, Malaysia	Indirect	Malaysia	100%	Ordinary	CCU rental
Catalyst and Chemical Containers Inc. 3400, 350-7th Avenue SW, Calgary, Alberta T2P 3N9	Indirect	Canada (Alberta)	100%	Ordinary	Catalyst bin rental
Catalyst & Chemical Containers Europe B.V. Postbus 4210 2980 GE, Ridderkerk, South Holland 2984 BE	Indirect	Netherlands	100%	Ordinary	Catalyst bin rental
Hoover Holding Group, Inc. 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19808	Indirect	US (Delaware)	100%	Ordinary	Holding company
Hoover Group, Inc. 2135 Highway 6 South, Houston, Texas 77077	Indirect	US (Delaware)	100%	Ordinary	Holding company
Hoover Materials Handling Group, Inc. 2135 Highway 6 South, Houston, Texas 77077	Indirect	US (Delaware)	100%	Ordinary	CCU rental & manufacture
Hoover Offshore LLC 2135 Highway 6 South, Houston, Texas 77077	Indirect	US (Texas)	100%	Ordinary	CCU rental
Tech Oil Products, LLC 2135 Highway 6 South, Houston, Texas 77077	Indirect	US (Louisiana)	100%	Ordinary	Manufacture grinders & compactor
Hoover Transportation Services LLC 2135 Highway 6 South, Houston, Texas 77077	Indirect	US (Texas)	100%	Ordinary	Transportation services
Texas Brazil Investments LLC 2135 Highway 6 South, Houston, Texas 77077	Indirect	US (Texas)	100%	Ordinary	Holding company
Hoover Solucoes do Brasil Estrada Maria Quiteria, 351- Area 5, Centro Industrial Estrela - Imboassica, Macae, RJ 27932-	Indirect	Brazil	100%	Ordinary	CCU rental
Catalyst and Chemical Containers, LLC 4299 E. Main Street, Newark, Delaware 19711	Indirect	US (Delaware)	100%	Ordinary	Catalyst bin rental
Hoover Investments Inc. 2135 Highway 6 South, Houston, Texas 77077	Indirect	US (Delaware)	100%	Ordinary	Holding company
Hoover Ferguson (Trinidad) Ltd. 30 Belle Vue Industrial Estate, South Oropouche, Trinidad & Tobago	Indirect	Trinidad	100%	Ordinary	CCU rental

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

20. Formation of the Group

Hoover Ferguson Group Limited and subsidiaries (collectively, Hoover Ferguson or the Company) is a private limited company organized under the laws of England and Wales. The Company was formed as a joint venture between First Reserve, a leading global private equity and infrastructure investment firm, and Brambles Limited (Brambles), a supply-chain logistics company headquartered in Sydney, Australia. First Reserve and Brambles had equal 50% ownership interests in the Company. Effective April 11, 2018, the Company and its joint venture owners were parties to a refinancing and recapitalization transaction that resulted in Brambles divesting its 50% ownership interest in the Company to First Reserve in exchange for repayment of an outstanding $150 million unsecured loan, as well as certain other nominal consideration. First Reserve now holds a controlling ownership interest in the Company.

21. Inventories

	Group	
(in thousands)	2018	2017
Raw materials and consumables	$ 6,464	$ 6,942
Work in progress	283	526
Finished goods	2,718	1,400
Reserve for slow-moving and obsolete inventory	(405)	(806)
	$ 9,060	$ 8,062

Inventories of $30,182 and $33,689 were recognised as an expense and included in 'cost of sales' during the year ended 31 December 2018 and the 15-month period from 20 September 2016 to 31 December 2017, respectively.

The Company had no inventory at 31 December 2018 nor 2017.

22. Trade and other receivables

	Group	
(in thousands)	2018	2017
Trade receivables from third parties	$ 46,402	$ 46,416
Other receivables	-	122
Allowance for impairment	(1,692)	(3,751)
Trade and other receivables - current	$ 44,710	$ 42,787

The Company had no trade or other receivables at 31 December 2018 nor 2017.

23. Cash and cash equivalents

	Group	
(in thousands)	2018	2017
Cash on hand	$ 9	$ 10
Bank balances	11,911	12,464
Cash and cash equivalents	$ 11,920	$ 12,474

The Company had no cash or cash equivalents at 31 December 2018 nor 2017.

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

24. Capital and reserves

(in thousands)	2018	2017
Shares outstanding 1 January	$ 10	$ 10
Further shares issued	-	-
In issue at 31 December - fully paid	$ 10	$ 10

Ordinary shares

The Company has issued two classes of ordinary shares during the period; Class A ordinary shares (par value $1.00 per share) for which 10,050 and 10,000 were outstanding at 31 December 2018 and 2017, respectively; and Class C ordinary shares (par value $0.001 per share) (see note 13) for which 52,500 and 70,500 were outstanding at 31 December 2018 and 2017, respectively.

Voting rights

The Class A ordinary shares carry one vote for every share held and have full dividend and capital distribution rights. The Class C ordinary shares carry no voting rights.

Share premium

The share premium reserve relates to the premium paid on the issued shares of Hoover Ferguson Group Limited.

Merger reserve

The issue of shares by the Company in exchange for share capital of the Hoover Group, Inc. business met the criteria for merger relief such that no share premium was recorded. In accordance section 612 of the UK Companies Act 2017 and required by IAS 27 'Consolidated and separate financial statements', a merger reserve equal to the difference between the fair value of the shares acquired by the Company and the aggregation of the nominal value of the shares issued by the Company has been recorded.

Warrants reserve

In connection with the Second Lien Term Loan (see note 25), the Company issued warrants to certain Lenders to initially purchase up to 160 Class A shares at $1.00 per share which have a value as of 31 December 2018 of $5,309.

Other reserve

Following the incorporation of the Company and the subsequent formation of the Group using predecessor accounting (see note 2), the difference between the net assets of the contributed businesses immediately prior to their contribution to the joint venture and the aggregate of the share capital and merger reserve has been recorded by the Company as an other reserve.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations into U.S. dollars.

Dividends

The Company did not declare or pay any dividends during the year ended 31 December 2018 nor the 15-month period from 20 September 2016 to 31 December 2017.

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

25. Loans and borrowings

The Group's outstanding loans and borrowings at 31 December 2018 were as follows.

(in thousands)		2018		2017
Non-current liabilities				
First lien term loan	$	215,775	$	218,025
Second lien term loan		108,319		-
Brambles term loan (related party)		-		150,000
Revolving credit facility		20,500		26,500
Discount and debt issuance costs on term loans		(19,562)		(13,706)
	$	325,032	$	380,819
Current liabilities				
Term loans	$	2,250	$	2,250
Bank loans		-		791
	$	2,250	$	3,041

Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

(in thousands)	Currency	Nominal interest rate	Date of maturity	31 December 2018 Face value	31 December 2018 Carrying value	31 December 2017 Face value	31 December 2017 Carrying value
First lien term loan	USD	10.53%	Jan 2021	$ 218,025	$ 218,025	$ 220,275	$ 220,275
Second lien term loan	USD	10.03%	Jul 2021	108,319	108,319	-	-
Brambles term loan (related party)	USD	10.00%	Jul 2021	-	-	150,000	150,000
Revolving credit facility	USD	9.00%	Jan 2020	20,500	20,500	26,500	26,500
Bank loan	NOK	3.73%	Oct 2018	-	-	791	791
Total outstanding loans				$ 346,844	$ 346,844	$ 397,566	$ 397,566

The Company did not have any outstanding loans or borrowings at 31 December 2018 nor 2017.

First Lien Term Loan and Revolving Credit Facility

In connection with the formation of Hoover Ferguson, the Company entered into an Amended and Restated First Lien Credit Agreement with Macquarie Capital Funding LLC (First Lien Term Loan) to allow for borrowings of up to $252.5 million, consisting of $222.5 million in term loans and a $30.0 million revolving credit facility. This facility has no early prepayment penalty. The term loans are secured by the Company's real property, tangible and intangible assets. Quarterly principal payments of approximately $562 are due in March, June, September and December of each year with the remaining balance payable at maturity in January 2021 for the term loans. If the Company has excess cash flows as defined in its credit facility agreement, additional principal payments may be required. No such additional amounts were owed or paid during the period ended 31 December 2018 nor the 15-month period from 20 September 2016 to 31 December 2017.

The borrowings under the term loan facility bear interest at a rate per annum equal to, at the Company's option, either (i) a base rate determined by reference to the highest of (a) the Federal Funds rate in effect on such day plus ½ of 1.00%, (b) the prime rate in effect for such day and (c) the one-month London Interbank Offered Rate (LIBOR) plus 1.00% in all cases, plus 6.25% or (ii) one to three-month LIBOR, subject to a 1.00% minimum, plus 7.25%. At 31 December 2018 and 2017, borrowings under the term loan facility bore interest at a weighted average per annum rate of 10.05% and 8.70%, respectively.

The borrowings under the revolving loan facility bear interest at a rate per annum equal to, at the Company's option, either (i) a base rate determined by reference to the highest of (a) the federal funds rate in effect on such day plus ½ of 1.00%, (b) the prime rate in effect for such day and (c) one-month LIBOR plus 1.00% in all cases, plus 5.00% or (ii) LIBOR, subject to a 1.00% minimum, plus 6.00%, in each case, subject to a 0.25% step-down based on the Company satisfying certain

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

25. Loans and borrowings (continued)

consolidated secured net leverage ratios. At 31 December 2018 and 2017, borrowings under the revolving credit facility bore interest at a per annum rate of 9.0% and 9.5%, respectively. In addition, the Company is required to pay a commitment fee of 0.5% for any unused revolver commitment. At 31 December 2018 and 2017, $9,500 and $3,500, respectively, were available for borrowing under the revolving credit facility. No principal payments are due under the revolving credit facility until maturity in January 2020.

The Company has the option to choose one, two, three or six-month LIBOR tranches for payment and respective interest rates for both the term loans and for borrowings under the revolving credit facility. The option the Company chooses will have no effect on its interest expense unless these rates go above the 1% LIBOR floor. The tranche chosen affects the Company's timing of interest; paying (i) monthly with one-month tranches, (ii) every two months with two-month LIBOR and (iii) every quarter with three-month or six-month LIBOR. At 31 December 2018 and 2017, interest rates for both the term loans and the revolving credit facility were based on a combination of two and three-month LIBOR tranches.

The First Lien Term Loan includes certain restrictive covenants, including a financial covenant for a maximum secured leverage ratio.

Second Lien Term Loan

In April 2018, HFG Finance Limited, a wholly owned subsidiary of Hoover Ferguson, entered into a Credit Agreement with Riverstone Credit Management LLC as Agent and the Lenders for an additional loan of $105 million (Second Lien Term Loan). The Second Lien Term Loan is secured by substantially all of the Company's real property, tangible and intangible assets (subject to certain customary exceptions) which security interest is subordinated to the First Lien Term loan. No principal payments are due until maturity in October 2021 with an option to extend through October 2022 with advance written notice. This facility has no early prepayment penalty.

In connection with the Second Lien Term Loan, the Company issued warrants to certain Lenders to initially purchase up to 160 Class A shares at $1.00 per share. The fair value of the warrants at issuance was estimated at $5,309 and was determined using an internally developed model that valued the Company using discounted cash flows, comparable public company trading and precedent comparable transaction models.

The borrowings under the Second Lien Term Loan bear cash interest at a rate per annum equal to, at the Company's option, either (i) a base rate determined by reference to the highest of (a) the Federal Funds rate in effect on such day plus ½ of 1.00%, (b) the prime rate in effect for such day and (c) the one-month London Interbank Offered Rate (LIBOR) plus 1.00% in all cases, plus 5.75% and 3.25% for cash interest and paid-in-kind (PIK) interest, respectively, or (ii) LIBOR, subject to a 1.00% minimum, plus 6.75% and 4.25% for cash interest and PIK interest, respectively. At December 31, 2018, borrowings under the term loan facility bore interest at weighted average interest rate of 10.03%.

The Second Lien Term Loan includes certain restrictive covenants, including a financial covenant for a maximum total leverage ratio.

Brambles agreement

In October 2016, HFG Finance Limited, a wholly owned subsidiary of Hoover Ferguson, entered into a $150 million term loan agreement (Brambles Agreement) with Brambles Holdings (UK) Limited, a subsidiary of Brambles. The loan was paid in full in April 2018 with the proceeds from the refinancing and recapitalization transactions. The loan was unsecured, had no early prepayment penalty and provided for quarterly interest payments based on a per annum rate equal to 10%, with the full principal balance due upon maturity in July 2021. The Company paid interest of $4,333 and $15,167 during the years ended December 31, 2018 and 2017, respectively.

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

25. Loans and borrowings (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

(in thousands)	Long term borrowings	Short term borrowings	Finance lease obligations	Total
Contribution of businss to joint venture	$ 178,865	$ 24,390	$ 14,505	$ 217,760
Changes from financing cash flows				
Payments made on long-term debt	-	(21,338)	-	(21,338)
Proceeds from revolving credit facility	47,617	-	-	47,617
Payments made on revolving credit facility	-	-	-	-
Capital lease payments	-	-	(6,513)	(6,513)
Total change from financing cash flows	47,617	(21,338)	(6,513)	19,766
The effect of change in foreign exchange rates	-	(11)	3,557	3,546
Other changes				
Equity conversion to debt	150,000	-	-	150,000
Amortization of finance costs	4,337	-	-	4,337
Total other changes	154,337	-	-	154,337
Balance at 31 December 2017	**$ 380,819**	**$ 3,041**	**$ 11,549**	**$ 395,409**
Changes from financing cash flows				
Net proceeds from debt placement	101,343	-	-	101,343
Payments made on long-term debt	(152,250)	(791)	-	(153,041)
Proceeds from revolving credit facility	25,500	-	-	25,500
Payments made on revolving credit facility	(31,500)	-	-	(31,500)
Payments of deferred financing costs	(2,848)	-	-	(2,848)
Capital lease payments	-	-	(4,791)	(4,791)
Total change from financing cash flows	(59,755)	(791)	(4,791)	(65,337)
Other changes				
Amortization of finance costs	649	-	-	649
Capitalized interest on long term borrowings	3,319	-	-	3,319
Total other changes	3,968	-	-	3,968
Balance at 31 December 2018	**$ 325,032**	**$ 2,250**	**$ 6,758**	**$ 334,040**

See note 26 below for additional information relating to finance lease obligations.

26. Provisions

The Group had the following provision balances at 31 December 2018 and 2017.

	31 December 2018		31 December 2017	
(in thousands)	Current	Non-current	Current	Non-current
Finance lease obligations	$ 3,683	$ 3,075	$ 4,508	$ 7,041
Accrued employee compensation and payroll taxes	4,934	-	6,401	-
VAT/GST liability	-	-	1,205	-
Accrued interest	4,838	-	2,054	-
Environmental monitoring and remediation	574	372	388	723
Derivative liability	-	-	-	81
Unearned revenue	1,910	-	319	-
Accrued expenses and other obligations	9,560	87	8,095	84
	$ 25,499	$ 3,534	$ 22,970	$ 7,929

The Company had no provision balances at 31 December 2018 nor 2017.

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26. Provisions (continued)

Finance lease obligations

The Group has various rental equipment recognized under finance leases in property, plant and equipment, mainly located in Norway, Singapore and the United Kingdom. Future aggregate minimum lease payments under these noncancelable leases are as follows:

(in thousands)	2018	2017
Less than one year	$ 3,769	$ 4,601
Between one and two years	2,196	3,818
Between two and three years	903	2,313
More than three years	-	963
	6,868	11,695
Less: Amounts representing interest	(110)	(146)
Finance lease obligations recorded at 31 December	$ 6,758	$ 11,549

Environmental monitoring and remediation

(in thousands)	
Contribution of businesses to joint venture	$ 1,200
Provisions made during the period	60
Payments made during the period	(149)
Balance at 31 December 2017	1,111
Provisions made during the period	1
Payments made during the period	(166)
Balance at 31 December 2018	$ 946

The Group is subject to numerous federal, state, and local environmental laws and regulations and is currently involved in the monitoring, assessment, removal, and/or mitigation of substances at three sites. These assessments and remediation efforts are not related to the Group's current operations. Future estimated environmental-related expenditures at these sites are discounted to their net present value and accrued at the time the expenditures become probable and the costs can be reasonably estimated.

The amount of future estimated environmental expenditures and the liability recorded are as follows:

(in thousands)	2018	2017
Future estimated expenditures	$ 1,130	$ 1,320
Discount to net present value at 10% per annum	(184)	(209)
Environmental liabilities at period end	$ 946	$ 1,111

While the Group believes the amounts recorded represent a reasonable estimate of the net present value of the future cost of such matters, uncertainties exist in cost estimates due to the nature of the investigations, specific remediation methods used, changing environmental laws and interpretations and other matters. Actual costs could differ materially from these estimates.

Management, however, believes the ultimate outcome of these uncertainties will not have a material adverse effect on the Group's consolidated financial position, results of operations or cash flows. No amounts have been recorded for potential recoveries from insurance carriers.

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27. Trade and other payables

The Group had the following trade and other payables balances at 31 December 2018 and 2017.

	2018		2017	
(in thousands)	Current	Non-current	Current	Non-current
Trade payables to third parties	$ 10,935	$ -	$ 15,404	$ -
Other payables	2,563	-	1,438	-
	$ 13,498	$ -	$ 16,842	$ -

The Company had no trade and other payables at 31 December 2018 nor 2017.

28. Financial instruments

The effect of initially applying IFRS 9 on the Group's financial instruments effective 1 January 2018 is described in Note 35.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2018	Carrying amount					Fair Value			
(in thousands)	Cash and cash equivalents	Loans and receivables	Debt and other obligations	Financial liabilities at FVTPL	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value:									
Trade and other receivables	$ -	$ 44,710	$ -	$ -	$ 44,710	$ 44,710	$ -	$ -	$ 44,710
Cash and cash equivalents	11,920	-	-	-	11,920	11,920	-	-	11,920
	11,920	44,710	-	-	56,630	56,630	-	-	56,630
Financial assets measured at fair value:									
Interest rate swap	-	-	-	160	160	-	160	-	160
Financial liabilities not measured at fair value:									
Term loans	-	-	(326,344)	-	(326,344)	(326,344)	-	-	(326,344)
Borrowings under revolving credit facility	-	-	(20,500)	-	(20,500)	(20,500)	-	-	(20,500)
Finance lease liabilities	-	-	(6,758)	-	(6,758)	-	-	(6,758)	(6,758)
Trade and other payables	-	-	(13,498)	-	(13,498)	(13,498)	-	-	(13,498)
	-	-	(367,100)	-	(367,100)	(360,342)	-	(6,758)	(367,100)
	$ 11,920	$ 44,710	$ (367,100)	$ 160	$ (310,310)	$ (303,712)	$ 160	$ (6,758)	$ (310,310)

31 December 2017	Carrying amount					Fair Value			
(in thousands)	Cash and cash equivalents	Loans and receivables	Debt and other obligations	Financial liabilities at FVTPL	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value:									
Trade and other receivables	$ -	$ 42,787	$ -	$ -	$ 42,787	$ 42,787	$ -	$ -	$ 42,787
Cash and cash equivalents	12,474	-	-	-	12,474	12,474	-	-	12,474
	12,474	42,787	-	-	55,261	55,261	-	-	55,261
Financial liabilities measured at fair value:									
Interest rate swap	-	-	-	(81)	(81)	-	(81)	-	(81)
Financial liabilities not measured at fair value:									
Term loans	-	-	(370,275)	-	(370,275)	(370,275)	-	-	(370,275)
Bank loan	-	-	(791)	-	(791)	(791)	-	-	(791)
Borrowings under revolving credit facility	-	-	(26,500)	-	(26,500)	(26,500)	-	-	(26,500)
Finance lease liabilities	-	-	(11,549)	-	(11,549)	-	-	(11,549)	(11,549)
Trade and other payables	-	-	(16,842)	-	(16,842)	(16,842)	-	-	(16,842)
	-	-	(425,957)	-	(425,957)	(414,408)	-	(11,549)	(425,957)
	$ 12,474	$ 42,787	$ (425,957)	$ (81)	$ (370,777)	$ (359,147)	$ (81)	$ (11,549)	$ (370,777)

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28. Financial instruments (continued)

Measurement of fair values

Valuation techniques and significant unobservable inputs
The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used. Related valuation processes are described in Note 3(p).

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Interest rate swap	*Swap model:* The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, future prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this propose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.	Not applicable.	Not applicable.

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Finance lease liabilities	*Discounted cash flows:* The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate based on the Group's incremental cost of borrowing.	risk-adjusted discount rate	Eliminates the interest component of future expected payments to provide a current fair value

Other financial assets include trade and other receivables. Other financial liabilities include term loans, variable rate borrowings under a revolving credit facility, short-term bank loans and trade and other payables. These instruments are valued at face value, which is considered to approximate fair value, due to the periodic short-term reset of interest rates with respect to the term loans and the revolving credit facility and due to the short-term nature of trade and other receivables, the bank loans and trade and other payables.

29. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks and the Group's objectives policies and procedures for measuring and managing risk.

i) Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors utilise senior management throughout the Group to develop and monitor the Group's risk management policies. Regular reports are made to the board on activity and progress.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The board of directors also oversee how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate. Details of concentration of revenue are included in note 6.

The board of directors have established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and in some cases bank references. Sale limits are established for each customer and reviewed on a regular basis. Any sales exceeding those limits require approval from the board of directors.

The Group limits its exposure to credit risk from trade receivables by establishing standard payment terms of 30 days for most individual and corporate customers. The Group may allow for longer terms, not to exceed 90 days, in certain limited circumstances.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including their geographic location, industry, trade history with the Group, ageing of current outstanding receivables and existence of previous financial difficulties.

The Group does not generally require collateral in respect of trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

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29. Financial risk management (continued)

At 31 December 2018 and 2017, the Company's operations were exposed to credit risk for trade and other receivables from customers in the following geographic regions:

	Carrying amount	
(in thousands)	**2018**	**2017**
Geographic region		
United Kingdom	$ 2,516	$ 5,493
North and South America	30,230	24,943
Europe	4,744	5,898
Australia, China and Southeast Asia	5,329	7,600
All other	3,583	2,604
	$ 46,402	$ 46,538

At 31 December 2018 and 2017, the maximum exposure to credit risk for trade and other receivables by type of counterparty was as follows:

	Carrying amount	
(in thousands)	**2018**	**2017**
Counterparty		
Onshore customers	$ 11,425	$ 8,823
Offshore customers	17,403	19,151
Chemical customers	8,938	10,044
Refining customers	8,636	8,520
	$ 46,402	$ 46,538

A significant customer is defined as one from which 10% or more of the Group's consolidated annual revenue is derived. During the periods reported, the Group did not have any customers exceeding this threshold.

At 31 December 2018 and 2017, the ageing of trade and other receivables that were not impaired was as follows:

	Carrying amount	
(in thousands)	**2018**	**2017**
Neither past due nor impaired	$ 21,449	$ 12,505
Past due 1 -30 days	9,937	11,980
Past due 31 - 90 days	6,466	10,780
Past due greater than 90 days	6,858	7,522
	$ 44,710	$ 42,787

The Group does not require collateral for its trade and other receivables. The Group provides an allowance for impairment in respect of trade and other receivables for estimated losses that may result from the inability of its customers to make required payments. Such allowances are based upon several factors, including, but not limited to, historical collection experience, the length of time an invoice has been outstanding, responses from customers relating to demands for payment, current and projected financial condition of specific customers, and existing economic conditions. An allowance for impairment is recorded when a loss on collection is determined to be probable by management.

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29. Financial risk management (continued)

The movement in the allowance for impairment in respect of trade and other receivables during the period was as follows:

(in thousands)	Year Ended 31 December 2018	15-month period from 20 September 2016 to 31 December 2017
Beginning of period	$ 3,751	$ -
Contribution of businesses to joint venture	-	1,494
Impairment credit (loss) recognized	(30)	2,611
Amounts written off	(953)	(319)
Receivable converted to Note	(986)	-
Effect of changes in foreign exchange rates	(90)	(35)
Balance at 31 December	$ 1,692	$ 3,751

Cash and cash equivalents

The Group held cash and cash equivalents of $11,920 and $12,474 at 31 December 2018 and 2017, respectively, which represents its maximum credit exposure on these assets. The cash and cash equivalents are held predominately with large bank and financial institution counterparties, which are currently rated A2 to Baa2, based on long-term debt ratings by certain rating agencies.

The Group holds restricted cash of $456 and $394 at 31 December 2018 and 2017, respectively, in Europe and Australia for operating lease contractual obligations.

Derivatives

The counterparty to the Group's interest rate swap is a financial institution which is currently rated A2, based on long-term debt ratings by certain rating agencies.

Guarantees

The Company is contingently liable for certain bank and other guarantees, primarily related to rental property, totalling approximately $94 at 31 December 2018 and 2017.

iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses average costing to cost its products and services, which assists it in monitoring cash flow requirements.

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities over the succeeding 60 days. The ratio of cash and cash equivalents to outflows expected during the succeeding 60 days was nearly 1.1 and 1.6 times at 31 December 2018 and 2017, respectively. The Group also monitors the level of current assets in relation to current liabilities. At 31 December 2018 and 2017, the Company's current ratio was in excess of 1.5 and 1.4, respectively.

In addition, the Group had $9,500 and $3,500 of available borrowing capacity under its revolving credit facility at 31 December 2018 and 2017, respectively. In April 2018, the Company received an additional $62.4 million of equity funding from First Reserve and others in connection with a transaction in which Brambles divested its 50% ownership interest in the Company to First Reserve.

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29. Financial risk management (continued)

The following are the remaining contractual maturities of financial liabilities as of 31 December 2018 and 2017. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

31 December 2018		Contractual cash flows					
(in thousands)	**Carrying amount**	**2 months or less**	**2 - 12 months**	**1 - 2 years**	**2 - 5 years**	**More than 5 years**	**Total**
Non-derivative financial liabilities							
Term loans[(a), (b)]	$ 326,344	$ -	$ 35,719	$ 368,792	$ -	$ -	$ 404,511
Borrowings under revolving credit facility[(a)]	20,500	-	1,892	20,658	-	-	22,549
Finance lease liabilities[(a)]	6,758	628	3,141	3,099		-	6,868
Trade and other payables	13,498	9,855	3,643	-	-	-	13,498
	367,100	10,483	44,394	392,548	-	-	447,426
Derivative financial (asset) liabilities							
Interest rate swap[(c)]	(160)	-	(160)		-	-	(160)
	$ 366,940	$ 10,483	$ 44,234	$ 392,548	$ -	$ -	$ 447,266

31 December 2017		Contractual cash flows					
(in thousands)	**Carrying amount**	**2 months or less**	**2 - 12 months**	**1 - 2 years**	**2 - 5 years**	**More than 5 years**	**Total**
Non-derivative financial liabilities							
Term loans[(a), (b)]	$ 370,275	$ -	$ 36,408	$ 36,408	$ 408,856	$ -	$ 481,672
Bank loans[(a)]	791	-	814	-	-	-	814
Borrowings under revolving credit facility[(a)]	26,500	-	2,518	2,518	26,605	-	31,641
Finance lease liabilities[(a)]	11,549	767	3,834	3,818	3,276	-	11,695
Trade and other payables	16,842	7,171	9,671	-	-	-	16,842
	425,957	7,938	53,245	42,744	438,737	-	542,664
Derivative financial liabilities							
Interest rate swap[(c)]	81	-	256	65	-	-	321
	$ 426,038	$ 7,938	$ 53,501	$ 42,809	$ 438,737	$ -	$ 542,985

(a) - Contractual payments include an interest component based on rates in effect on debt as of 31 December 2018 and 31 December 2017
(b) - Brambles term loan was paid in full April 2018.
(c) - Under the terms of the interest rate swap, the Group is obligated to make quarterly fixed interest payments on a notional amount of $82.5 million at 2.005%
The amounts shown include receipts of quarterly floating rate payments due from the term loan lender in an amount equal to the greater of
(i) 3-month LIBOR at 31 December 2018 and 31 December 2017, respectively or (ii) 1.0% on a notional amount of $82.5 million.

iv) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of the individual entities within the Group. The functional currencies of group companies are primarily US dollars, pound sterling, Australian dollars, Norwegian krone, Canadian dollars, euros and Singapore dollars.

The board of directors do not see currency risk as a significant part of the Group's market risk and does not use derivatives to hedge its currency risk. Instead, the Group seeks to naturally hedge foreign currency payments and receipts of the same denomination.

Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group – primarily US dollars. In addition, interest on borrowings is denominated in the currency of the borrowing. This provides an economic hedge without derivatives being utilized and therefore hedge accounting is not applied in these circumstances.

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29. Financial risk management (continued)

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

31 December 2018 *(in thousands)*	Carrying amount	Amounts denominated in USD	GBP	AUD	NOK	CAD	EUR	SGD	Other
Non-derivative financial assets:									
Trade receivables	$ 46,402	$ 31,685	$ 4,189	$ 2,931	$ 1,603	$ 1,315	$ 2,467	$ 284	$ 1,928
Non-derivative financial liabilities:									
Term loans	(326,344)	(326,344)	-	-	-	-	-	-	-
Borrowings under revolving credit facility	(20,500)	(20,500)	-	-	-	-	-	-	-
Trade payables	(13,498)	$ (9,482)	$ (1,866)	$ (761)	$ (617)	$ (108)	$ (120)	$ (57)	$ (487)
	$ (360,342)	$ (356,326)	$ (1,866)	$ (761)	$ (617)	$ (108)	$ (120)	$ (57)	$ (487)
Exchange rates to USD at 31 December 2018			1.2734	0.7053	0.1151	0.7336	1.1444	0.7333	
Average exchange rates to USD for the period			1.3352	0.7476	0.1229	0.7719	1.1812	0.7413	

31 December 2017 *(in thousands)*	Carrying amount	Amounts denominated in USD	GBP	AUD	NOK	CAD	EUR	SGD	Other
Non-derivative financial assets:									
Trade receivables	$ 46,416	$ 27,570	$ 5,157	$ 4,521	$ 1,192	$ 1,336	$ 3,878	$ 289	$ 2,473
Non-derivative financial liabilities:									
Term loans	(370,275)	(370,275)	-	-	-	-	-	-	-
Bank loans	(791)	-	-	-	(791)	-	-	-	-
Borrowings under revolving credit facility	(26,500)	(26,500)	-	-	-	-	-	-	-
Trade payables	(16,842)	(12,481)	(1,744)	(494)	(806)	(234)	(303)	(77)	$ (703)
	$ (414,408)	$ (409,256)	$ (1,744)	$ (494)	$ (1,597)	$ (234)	$ (303)	$ (77)	$ (703)
Exchange rates to USD at 31 December 2017			1.3491	0.7805	0.1217	0.7966	1.1979	0.7480	
Average exchange rates to USD for the period			1.2772	0.7621	0.1204	0.7641	1.1161	0.7206	

i) Sensitivity analysis

A reasonably possible strengthening (weakening) of the US dollar, pound sterling, Australian dollar, Norwegian krone Canadian dollar, euro, and Singapore dollar against all other currencies at 31 December 2018 and 2017 would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, including interest rates, remain constant and ignores any impact of forecast sales and purchases.

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29. Financial risk management (continued)

31 December 2018	**Profit or (loss)[a]**				**Equity, net of tax[a]**			
(in thousands)	**Strengthening**		**Weakening**		**Strengthening**		**Weakening**	
USD (+/- 1% movement)	$	89	$	(89)	$	(1,586)	$	1,586
GBP (+/- 1% movement)		(26)		26		(26)		26
AUD (+/- 1% movement)		(24)		24		(24)		24
NOK (+/- 1% movement)		(8)		8		(8)		8
CAD (+/- 1% movement)		(9)		9		(9)		9
EUR (+/- 1% movement)		(19)		19		(19)		19
SGD (+/- 1% movement)		(3)		3		(3)		3
	$	-	$	-	$	(1,675)	$	1,675

31 December 2017	**Profit or (loss)[a]**				**Equity, net of tax[a]**			
(in thousands)	**Strengthening**		**Weakening**		**Strengthening**		**Weakening**	
USD (+/- 1% movement)	$	32	$	(32)	$	(2,146)	$	2,146
GBP (+/- 1% movement)		(29)		29		(29)		29
AUD (+/- 1% movement)		-		-		-		-
NOK (+/- 1% movement)		(3)		3		(3)		3
CAD (+/- 1% movement)		-		-		-		-
EUR (+/- 1% movement)		-		-		-		-
SGD (+/- 1% movement)		-		-		-		-
	$	-	$	-	$	(2,178)	$	2,178

(a) - Based on the U.K. statutory tax rate of 19%.

Interest rate risk

The Group has chosen to have variable interest rate exposure on approximately two-thirds of its variable rate debt. This has been achieved mainly by utilizing a floating-to-fixed interest rate swap to offset the variability in cash flows attributable to $82,500 of its floating rate term loans and revolving credit facility borrowings, aggregating $346,844 and $246,775 at 31 December 2018 and 2017, respectively.

Exposure to interest rate risk

The interest rate profile of the Group's interest bearing financial instruments as reported to the management of the Group are as follows:

	Carrying amount			
(in thousands)	**2018**		**2017**	
Fixed-rate instruments				
Term loan from related party	$	-	$	150,000
Bank loan		-		791
		-		150,791
Variable-rate instruments				
Term loans		326,344		220,275
Borrowings under revolving credit facility		20,500		26,500
Interest rate swap		(160)		81
		346,684		246,856
	$	346,684	$	397,647

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29. Financial risk management (continued)

ii) Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at FVTPL and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

iii) Cash flow sensitivity analysis for variable-rate instruments

A change of 100 basis points in ending interest rates on outstanding balances at 31 December 2018 and 2017 would have the following future annual impact on profit and loss and equity, net of tax. This analysis assumes that all other variables remain constant.

31 December 2018	**Profit or (loss)[a]**		**Equity, net of tax[a]**	
(in thousands)	**100 bp increase**	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
Term loans	$ (2,849)	$ 2,849	$ (2,849)	$ 2,849
Borrowings under revolving credit facility	(166)	166	(166)	166
Interest rate swap	668	(668)	675	(995)
	$ (2,347)	$ 2,347	$ (2,340)	$ 2,020

31 December 2017	**Profit or (loss)[a]**		**Equity, net of tax[a]**	
(in thousands)	**100 bp increase**	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
Term loans	$ (1,784)	$ 1,784	$ (1,784)	$ 1,784
Borrowings under revolving credit facility	(215)	215	(215)	215
Interest rate swap	668	(464)	960	(530)
	$ (1,331)	$ 1,535	$ (1,039)	$ 1,469

(a) - Based on the U.K. statutory tax rate of 19%.

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

30. Capital management

The Group's policy is to have a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

The Group monitors its leverage using a ratio of 'net secured debt' to 'adjusted EBITDA' calculated under U.S. GAAP. Net secured debt is calculated as total secured debt (as shown in the statement of financial position as its term loans, bank loans, borrowings under its revolving credit facility and finance lease obligations, all of which are secured by assets of the Group) less cash and cash equivalents. Adjusted EBITDA represents U.S. GAAP pre-tax earnings adjusted for depreciation and amortisation expense, as well as certain other expenses. Most of the Group's debt is in the United States and is subject to monitoring based on U.S. GAAP results.

As of 31 December 2018 and 2017, the Group's policy has been to keep the ratio below 5.5 and 6.0, respectively. The Group's net secured debt to adjusted EBITDA ratio at 31 December 2018 and 2017 was as follows:

(in thousands)		2018		2017
Net secured debt				
Secured term loans	$	218,025	$	220,275
Bank loan		-		791
Borrowings under revolving credit facility		20,500		26,500
Finance lease obligations		6,758		11,549
Total secured debt		245,283		259,115
Less: cash and cash equivalents, limited		(10,000)		(12,474)
Net secured debt	$	235,283	$	246,641
Total debt	$	353,603		n/a
Trailing twelve months' adjusted U.S. GAAP basis EBITDA	$	59,672	$	48,903
Net secured debt to adjusted EBITDA ratio		3.94		5.04
Maximum permitted net secured debt to adjusted EBITDA ratio		5.50		6.00
Total leverage ratio		5.93		n/a
Maximum permitted total debt to adjusted EBITDA ratio		9.50		n/a
Calculation of trailing twelve months' adjusted U.S. GAAP basis EBITDA				
Trailing twelve months' net loss computed in accordance with U.S. GAAP	$	(53,483)	$	(60,845)
Add back trailing twelve months':				
Income tax benefit		2,398		(6,116)
Finance costs		45,216		41,800
Depreciation expense		36,534		37,171
Amortisation expense		28,909		29,134
Other, net		98		7,759
	$	59,672	$	48,903

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

31. Operating leases

The Group is obligated under various operating lease agreements for its production, warehouse, distribution and office facilities and equipment expiring on various dates, some of which also require the Group to pay insurance and property taxes.

i) Leases as lessee

The future minimum lease payments under non-cancellable operating leases at 31 December 2018 and 2017 were as follows:

(in thousands)	Related Party	Third Party
Years Ending December 31, 2018		
2019	$ 552	$ 9,086
2020	562	7,039
2021	566	4,097
2022	575	2,063
2023	577	1,475
Thereafter	3,222	14,408
	$ 6,054	$ 38,168

(in thousands)	Related Party	Third Party
Years Ending December 31, 2017		
2018	$ 537	$ 11,702
2019	550	8,047
2020	550	6,705
2021	550	4,197
2022	550	2,070
Thereafter	4,204	7,150
	$ 6,941	$ 39,871

Rental expense for the year ended 31 December 2018 and the 15-month period from 20 September 2016 to 31 December 2017 totalled $15,003 and $14,553, respectively.

ii) Leases as lessor

The Group leases out its rental equipment. At 31 December 2018 and 2017, the future minimum lease receipts under non-cancellable leases were as follows:

(in thousands)	2018	2017
Less than one year	$ 6,111	$ 16,276
Between one and five years	4,575	6,196
More than five years	-	-
	$ 10,686	$ 22,472

During the year ended 31 December 2018 and the 15-month period 20 September 2016 to 31 December 2017, rental equipment rentals of $124,632 and $138,509 were included in revenue, respectively (see note 6). Repair and maintenance and depreciation expenses included in 'cost of sales' totalled $40,437 and $41,788, respectively.

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

32. Commitments

The Group is contingently liable for certain bank and other guarantees, primarily related to rental property, totalling approximately $94 at 31 December 2018 and 2017. Additionally, outstanding commitments for future capital expenditures and other long-term contractual obligations, excluding purchase orders for inventory issued in the normal course of business, total approximately $1,192 and $814 at 31 December 2018 and 2017, respectively.

33. Contingencies

The Group is involved in certain legal actions and claims arising in the ordinary course of business. In the opinion of management, such litigation and claims are expected to be resolved without material effect on the Company's consolidated financial position, results of operations or cash flows. Further, as of 31 December 2018, there are no such known cases considered to be material to the Company, requiring separate disclosure.

34. Related parties

i) Parent and ultimate controlling party

For the period from 20 September 2016 through 11 April 2018, the Company was jointly controlled by First Reserve and Brambles Limited. Effective 11 April 2018 through to the report issuance date, the Company's ultimate controlling party is First Reserve.

ii) Key management personnel compensation

The Group consider key management personnel to be the directors and certain senior management.

Key management personnel compensation comprised the following:

(in thousands)	Year Ended 31 December 2018	15-month period from 20 September 2016 to 31 December 2017
Salaries, earned bonuses and director fees	$ 3,487	$ 3,431
Short-term employee benefits	66	75
Post-employment and other long-term benefits	-	-
Termination and share-based payments	-	-
	$ 3,553	$ 3,506

Compensation of the Group's key management personnel primarily includes salaries, earned bonuses, director fees, auto allowances and company-paid life insurance benefits.

Details of share-based payment arrangements are found in note 13.

iii) Key management personnel transactions

Related party leases disclosed in note 31 pertain to facilities leased from entities in which the Group's Chief Executive Officer is a minority owner.

iv) Other related party transactions

The Group entered into a transition services agreement (Agreement) on 21 October 2016 with Brambles Holdings (UK) Limited to provide services to facilitate the ongoing operations of certain contributed businesses. The Agreement ended 30 June 2017. During the period the Agreement was in place, the Group incurred $727 of fees due Brambles for the services provided.

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash within 30 days of the reporting date. None of the balances is secured. No expense has been recognised in the current period for bad or doubtful debts in respect of amounts owed by related parties. No guarantees have been given or received.

HOOVER FERGUSON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018 ($ in thousands, except per share amounts)

35. Changes in accounting policies

The Company has adopted IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments from 1 January 2018 which resulted in no material changes in accounting policies and adjustments to the amounts recognised in the financial statements.

i) IFRS 15 Revenue from Contracts with Customers
The Group has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018 with the election to apply the modified retrospective approach but made no adjustment to the opening retained earnings due to the transitions adjustment not being material. The adoption of IFRS 15 resulted in changes in accounting policies and elected not to restate comparative information in accordance with the transition provisions in IFRS 15.

ii) IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 3. Upon adoption of IFRS 9 Financial Instrument, no adjustments were made to any of the financial statement line items, thus prior year financial statements have not been, nor needed to be, restated.

On 1 January 2018 (the date of initial application of IFRS 9), the Company's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories. There were no reclassification of its financial instruments with the initial application of IFRS 9.

Impairment of financial assets
The Group has only type of financial asset that is subject to IFRS 9's new expected credit loss model is trade receivables and contract assets.

The Company was required to revise its impairment methodology under IFRS 9 for this class of assets. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The impact of the change in impairment methodology on the Group's retained earnings and equity was deemed negligible as the prior method of determining an allowance for doubtful accounts provided sufficient reserve.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

36. Subsequent events

The Company has evaluated subsequent events through 15 May 2019, the date the consolidated financial statements were available to be issued, and concluded no events, other than those disclosed in these consolidated financial statements, had occurred that would require recognition or disclosure in these consolidated financial statements and notes.

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	17.12.2014	06.01.2015
Telefon	Deres referanse	Vår referanse
22078139	Morten E Smith	2014/980075

FERGUSON NORGE AS
Risavika Havnering 281
4056 TANANGER

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Ferguson Norge AS, org. nr. 979 636 547

Vi viser til deres brev av 17. desember 2014 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Ferguson Norge AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Ferguson Norge AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn
Ferguson Norge AS er 100 % eid av det utenlandske selskapet Ferguson Seacabs Ltd. hjemmehørende i UK, som igjen er eiet av Brambles Ltd hjemmehørende i Australia. Av Ferguson AS sitt styre, som består av fire personer, er tre utenlandske statsborgere uten noen form for kunnskap om norsk språk. Selskapets arbeidsspråk er i stor grad engelsk. Selskapet opererer innen oljebransjen. Selskapet opererer således i en internasjonal bransje. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> *"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som*

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tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapet er et datterselskap til et utenlandsk selskap. Eierkretsen er begrenset. Arbeidsspråket er engelsk. Selskapet har utenlandske styremedlemmer. Videre er det vektlagt at selskapet driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer

HOOVER FERGUSON

Board of Directors Report 2018

Description of operations and where they are carried out.

Hoover Ferguson Norway AS, a Hoover Ferguson Group company, conducts operations involving the rental of CCUs to the offshore energy sector which are managed and controlled from their office in Tananger. On 23th October 2016, Hoover Container Solutions ("Hoover"), Ferguson Group ("Ferguson") and CHEP Catalyst & Chemical Containers ("CCC"), three leading global providers of container solutions products in the energy, petrochemical and general industrial markets, finalized merger to form the independent joint venture company Hoover Ferguson which was jointly owned by Brambles LTD and First Reserve. On 11 April 2018 First Reserve acquired Brambles 50% ownership. In Norway two companies Ferguson Norge AS and Hoover Norway AS merged in July 17 and formed Hoover Ferguson Norway AS.

Continued operations.

The Board has assessed the going concern assumption, and the Annual Accounts have been prepared on a going concern basis. The assumption is based on budgets and prognosis, as well as support from the parent company.

Future development

Hoover Ferguson Norway AS has over several years been demonstrating growth as a result of increased demand of CCUs in the oil and gas sector in Norway. In 2015/2016 the oil price dropped dramatically from 115 USD/bbl to below 50 USD/bbl. This happened at the same time as the oil and gas industry started a campaign to reduce the production cost on the Norwegian shelf. As a consequence of these two factors the activity on the Norwegian shelf has dropped significantly through 2016 - 2018. This has affected Hoover Ferguson Norway AS resulting in reduced utilisation of CCUs. The Board of Directors strongly believe that consolidation with Hoover and CCC will give several positive synergies that will make the new company more robust in the tough climate. Hoover Ferguson Norway AS have secured long term contracts in 2018 and Board of Directors expect together with the company that budget will exceed forecasted EBITDA for FY19. Hoover Ferguson Norway AS were established on Mongstad during 2017 and there is expected future growth at Mongstad. Ongoing work globaly on 3 years growth plan for Norway.

The working environment.

In accordance with the current laws and regulations the company keeps records of the total sick leave among the company's employees. The sick leave for 12 months period was 2,28%. The company did not have any reported accidents in this period. The Board is familiar with the regulations with respect to gender equality and takes this into account. The proportion of women in the company is 17%. It is our firm understanding that the working environment is good and the same applies to the general well-being at the workplace. Hoover Ferguson Norway AS is located at Plattformvegen 9. Risavika Havnering 281 (XF facility) was moved out of from Oct 17 and subleased to Well Connection from 1th of May 2018 for remaining of lease contract. The company also operates from a smaller facility at the CCB base at Ågotnes & Mongstad, where one employee is based at Ågotnes and 2 employees at Mongstad.

The external environment.

The Board believes that the company's operations do not pollute the external environment. The Company's goal is to offer product lines to reduce the use of plastic IBC's. The current product offered as a replacement is made from Stainless steel and are reusable.

HOOVER FERGUSON

Research and development.
The company had total cost of 25k NOK on research and development during 2018.

Risk assessment.
As a service company within the oil and gas industry, the company is exposed to changes as a result of fluctuations in oil price. The company has seen a negative trend in the oil and gas activity during last years, which constitutes a risk to our financial performance. In first half of 2019 oil price have strengthen to a healthier level and there is increased investment plans in oil & gas industry for next couple of years.
The company policy has been to maintain a balance between fixed and variable interest for its lease agreements in order to manage the risk caused by fluctuations in the interest market. As a result of the merger funding will be obtained from Group and leasing companies going forward.

The company's customers are mainly solid companies with good ability to pay. The risk of contracting parties to not have the financial ability to meet its obligations is considered to be generally low despite the though market situation.

The company's contracts are mainly in local currency (NOK). Where contracts are denominated in other currencies, the company always aim to keep the financial risk as low as possible with a Bank Guarantee in place. Forecasting YTD 2019 to be cash positive.

Revenue/Profit for the year
The revenue for Hoover Ferguson Norway AS for 2018 was 81 828 365 NOK. Operating loss before taxes was 23 892 392 NOK for 2018, a decrease compared to 2017. The company expects tough market conditions to continue during 2019 but forecasted to exceed budget EBITDA for 2019. Cash and Bank equivalents at 31 Dec 2018 was 2 716 936 NOK.

The Board believes that the financial statements give a true picture of Hoover Ferguson Norway AS assets and liabilities, financial position and results.

Tananger
29th of May 2019,

Board of Hoover Ferguson Norway AS

Donald Win Young
Chairman

David Mitchell
Member of the Board

Kjetil Skaaren
Member of the Board & General Manager

Sindre Søndenå Andersen
Member of the Board

DNV·GL FPAL Registered

Hoover Ferguson Norway AS, Plattformveien 9, 4056 Tananger

Hoover Ferguson Norway AS

Financial statements 2018

Revenue statement

	Note	01.01.18-31.12.2018	01.07.16-31.12.2017
Operating income and operating expenses			
Revenue	10, 12	80 450 304	111 354 101
Other operating income	10	1 378 061	3 501 853
Total operating income		**81 828 365**	**114 855 954**
Cost of materials		21 954 121	29 878 117
Payroll expenses and related costs	8, 11	17 234 415	29 229 630
Depreciation of fixed assets	1	29 022 431	43 199 262
Other operating expenses	2, 11	25 921 785	62 313 159
Total operating expenses		**94 132 752**	**164 620 167**
Operating profit/loss		**-12 304 387**	**-49 764 214**
Financial income and expenses			
Other interest income		-22 091	-8 464
Other financial income	13	-428 676	-450 589
Interest expense to group companies		8 930 081	6 686 793
Other interest expenses		281 936	34 732
Other financial expenses	13	1 925 220	5 627 202
Net financial expenses		**-11 588 005**	**-12 807 779**
Operating result before tax		**-23 892 392**	**-62 571 992**
Tax on ordinary result	9	1 278 200	-11 546 032
Ordinary result after tax		**-25 170 591**	**-51 025 961**
Transferred from other equity		25 170 591	51 025 961
Total allocated		-25 170 591	-51 025 961

Hoover Ferguson Norway AS

Financial statements 2018

Balance sheet

	Note	31.12.2018	31.12.2017
Assets			
Fixed assets			
Deferred tax assets	9	1 535 318	1 535 318
Goodwill	1	318 508	424 504
Total intangible assets		**1 853 826**	**1 959 822**
Tangible assets			
Containers, slings and modules	1	182 862 349	215 726 996
Fixtures, fittings, tools, office machinery etc.	1	740 752	1 168 108
Total tangible assets		**183 603 101**	**216 895 105**
Investments in subsidiaries	14	602 000	602 000
Total financial fixed assets		**602 000**	**602 000**
Total fixed assets		**186 058 927**	**219 456 927**
Current assets			
Inventories	15	385 532	1 960 164
Debtors			
Accounts receivables	3, 4	15 216 700	14 820 359
Receivables from group companies	4	6 627 497	2 734 155
Other short-term receivables		3 946 645	6 567 147
VAT receivables		0	236 509
Total receivables		**25 790 842**	**24 358 171**
Cash and bank deposits	5	2 716 936	4 746 866
Total current assets		**28 893 310**	**31 065 201**
Total assets		**214 952 237**	**250 522 128**

Hoover Ferguson Norway AS

Financial statements 2018

Balance sheet

Equity and liabilities	Note	31.12.2018	31.12.2017
Restricted equity			
Share capital	6, 7	6 000 000	6 000 000
Total paid-up equity		**6 000 000**	**6 000 000**
Retained earnings			
Other equity	6	22 776 968	47 947 122
Total retained earnings		**22 776 968**	**47 947 122**
Total equity		**28 776 968**	**53 947 122**
Liabilities			
Other long-term liabilities			
Other long term liabilities	3, 4	168 034 071	154 907 588
Total of other long term liabilities		**168 034 071**	**154 907 588**
Current debt			
Liabilities to financial institutions		0	6 500 000
Accounts payables	4	9 700 798	16 952 973
Accrued public taxes		1 185 903	1 678 449
Other current debt		7 254 497	16 535 996
Total current debt		**18 141 198**	**41 667 418**
Total liabilities		**186 175 270**	**196 575 006**
Total equity and liabilities		**214 952 237**	**250 522 128**

Stavanger, 29.05.2019
The board of Hoover Ferguson Norway AS

Donald Win Young
Chairman of the board

Sindre Sandvik Andersen
Member of the board

David Mitchell
Member of the board

Kjetil Skaaren
Member of the Board & General Manager

Hoover Ferguson AS - Cash flow statement

	31.12.2018	31.12.2017
Cash flow from operations		
Profit before income taxes	-23 892 392	-62 571 992
Taxes paid in the period	-1 277 763	3 204 217
Gain/loss from sale of fixed assets	-1 378 061	-3 544 853
Depreciation	29 022 431	43 199 262
Change in trade debtors	-3 553 990	2 628 548
Change in trade creditors	-7 252 175	3 873 543
Change in inventory	1 574 632	311 323
Change in other provisions	-7 645 734	19 971 858
Net cash flow from operations	**-14 403 052**	**7 071 906**
Cash flow from investments		
Proceeds from sale of fixed assets	7 259 743	27 960 605
Purchase of fixed assets	-1 506 115	-40 334 659
Purchase of intangible assets	-	-530 000
Net cash flow from investments	**5 753 628**	**-12 904 054**
Cash flow from financing		
Payment regarding lease agreements	-22 880 507	-43 174 849
Repayment of short term credit facility	-6 500 000	-3 250 000
Proceeds from intercompany loans	36 000 000	45 446 240
Net cash flow from financing	**6 619 493**	**-978 609**
Net change in cash and cash equivalents	-2 029 930	-6 810 758
Cash and cash equivalents at the beginning of the period	4 746 866	11 035 318
Cash as part of merger	-	522 306
Cash and cash equivalents at the end of the period	**2 716 936**	**4 746 866**

Hoover Ferguson Norway AS **Notes to the accounts 2018**

Accounting principles

The annual accounts have been prepared in compliance with the Accounting Act and accounting principles generally accepted in Norway.

In 2017 the financial year was 01.07 - 31.12 due to its parent company's divergent financial year. The company changed ownership in 2017, consequently, the financial year changed to ending 31.12.

Revenues
Income from sale of goods and services are recognised at fair value of the consideration, net after deduction of VAT, returns, discounts and reductions. Sales are taken to income when the company has delivered its products to the customer and there are no unsatisfied commitments which may influence the customer's acceptance of the product. Delivery is not completed until the products have been sent to the agreed place, and risks relating to loss and obsolescence have been transferred to the customer. Historical data is applied to estimate and recognise provisions for quantity rebates and returns at the sales date. Services are recognised in proportion to the work performed.

Classification of balance sheet items
Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.

Purchase costs
The purchase cost of assets includes the cost price for the asset, adjusted for bonuses, discounts and other rebates received, and purchase costs (freight, customs fees, public fees which are non-refundable and any other direct purchase costs). Purchases in foreign currencies are reflected in the balance sheet at the exchange rate at the transaction date.

Fixed assets
Fixed assets are reflected in the balance sheet and depreciated to residual value over the asset's expected useful life on a straight-line basis. If changes in the depreciation plan occur the effect is distributed over the remaining depreciation period. Direct maintenance of an asset is expensed under operating expenses as and when it is incurred. Additions or improvements are added to the asset's cost price and depreciated together with the asset.

Leased assets are reflected in the balances sheet as assets if the leasing contract is considered a financial lease.

Asset impairments
Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and recoverable amount (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the recoverable amount.
Previous impairment charges, except writedown of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present.

Inventories
Inventories are valued at the lower of purchase cost (according to the FIFO principle) and fair value. Recoverable amount has been used as approximation to net realisable value for raw mateials and work in progress. For finished goods and work in progress purchase cost comprises cost of product design, material consumption, direct payroll expenses and other direct and indirect production expenses (based on normal capacity). Fair value is estimated sales costs less expenses for completion and sale. Only variable expenses are considered necessary to sell finished goods, whilst fixed production expenses are also included as necessary for not finished goods.

Hoover Ferguson Norway AS **Notes to the accounts 2018**

Long term contracts
Work in progress on long term fixed-price contracts is valued according to the percentage of completion method. The degree of completion is calculated as expenses incurred as a percentage of estimated total expense. Total expenses are reviewed on a regular basis. If projects are expected to result in losses, the total estimated loss is recognised immediately.

Subsidiaries
Subsidiaries are measured at cost in the parent company. The investment is measured at acquisition cost unless the investment is impaired. The investments are written down to recoverable amount if the decline in value is not expected to be temporary and it is deemed necessary according to accounting standards and practices. Write downs are reversed when the basis for the write down are no longer present.
Dividends, group contributions and other distributions from subsidiaries are recognised the same year it is allocated in the subsidiary's financial statements. If the dividend/group contribution exceeds the share of earned result after the aqcuisition, the excess part represents repayment of invested capital, and the dividend/group contribution will be deducted from the book value of the investment in the parent company's financial statement.

Leasing
Leasing contracts which last until the end of estimated useful economic life of the leased object (financial lease) are capitalized as assets, included in financial caption Containers. The value of future payments of the lease agreements are included in financial caption Other long-term liabilities.

Debtors
Trade debtors are recognised in the balance sheet after provision for bad debts. The bad debts provision is made on basis of an individual assessment of each debtor. Significant financial problems at the customers, the likelihood that the customer will become bankrupt or experience financial restructuring and postponements and insufficient payments, are considered indicators that the debtors should be written down.

Other debtors, both current and long term, are recognised at the lower of nominal and net realisable value. Net realisable value is the present value of estimated future payments. When the effect of a writedown is insignificant for accounting purposes this is, however, not carried out. Provisions for bad debts are valued the same way as for trade debtors.

Foreign currencies
Assets and liabilities in foreign currencies are valued at the exchange rate on the balance sheet date. Exchange gains and losses relating to sales and purchases in foreign currencies are recognised as financial income/expense.

Liabilities
Liabilities, with the exception of certain liability provisions, are recognised in the balance sheet at nominal amount.

Pensions
The company has a pension schemes in accordance with the mandatory occupational pension act. The pension scheme is financed through payments to insurance companies, and the pension cost represents this years payment.

Hoover Ferguson Norway AS Notes to the accounts 2018

Taxes

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carryforward losses for tax purposes at the year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carryforward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

Tax reduction on group contributions given and tax on group contribution received, booked as a reduction of cost price or taken directly to equity, are booked directly against tax in the balance sheet (offset against payable taxes if the group contribution has affected payable taxes, and offset against deferred taxes if the group contribution has affected deferred taxes).

Deferred tax is reflected at nominal value.

Cash and cash equivalents
Cash and cash equivalents comprise of cash at hand, deposits with short term maturity held at bank and bank overdrafts.

Cash flow statement
The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

Hoover Ferguson Norway AS Notes to the accounts 2018

Note 1 Fixed assets

Tangible assets	Machinery and inventory	Containers, slings and modules	Total fixed assets
Aquisition cost 31.12.2017	10 155 768	412 125 674	422 281 442
Additions	-	1 506 115	1 506 115
Disposals	-	5 881 683	5 881 683
Aquisisiton cost 31.12.2018	10 155 768	407 750 106	417 905 874
Accumulated depreciation 31.12.2018	6 960 322	181 137 405	188 097 727
Net book value	740 752	182 862 349	183 603 101
This periods depreciation	427 356	28 489 079	28 916 435
Expected useful life	3-5 years	8-15 years	
Depreciation plan	Straight line	Straight line	

Intangible assets	Goodwill
Aquisition cost 31.12.2017	530 000
Additions	-
Aquisition cost 31.12.2018	530 000
Accumulated depreciation 31.12.2018	211 492
Net book value	318 508
This periods depreciation	105 996
Expected useful life	5 years
Depreciation plan	Straight line

Financial lease

The company has entered into financial lease agreements. Leased containers are included in net book value 31.12.18 with kr. 76 128 533 (31.12.17: 96 741 440). The value of future payments is kr. 38 456 535 (31.12.17: 61 330 052)

	0-1 year	2-5 years	Over 5 years	Total
Financial leasing debt aging	19 107 327	19 349 208	-	**38 456 535**

	31.12.2018	31.12.2017
Liabilities secured by mortgage	38 456 535	61 330 052

Balance sheet value of assets placed as security:

	31.12.2018	31.12.2017
Leased containers	76 128 533	96 741 440
Accounts receivable	21 844 197	17 554 515
Inventory	385 532	1 960 164
Total	**98 358 262**	**116 256 119**

Hoover Ferguson Norway AS Notes to the accounts 2018

Note 2 Operating expenses

Operating lease

Operational lease expense	Average leasing period	Yearly lease
Office and yard, Risavika Havnering and Plattformvegen	10/5 years	5 155 800
Office and yard, CCB Vestbase, Kristiansund	1 year	2 500 820
Office equipment, alarm system etc	3 months notice	67 860
Motor vehicle	3 years	236 837

Note 3 Debtors and liabilities

Trade debtors	31.12.2018	31.12.2017
Accounts receivable at nominal value	22 303 869	18 749 879
Bad debts provision	459 672	1 195 364
Accounts receivables in the balance sheet	**21 844 197**	**17 554 515**

None of the companies accounts receivables falls due later than one year.

Long term liabilities which fall due later than 5 years	31.12.2018	31.12.2017
Liabilities to group companies	129 577 536	93 577 536
Nominal finance lease payments	-	-
Total	**129 577 536**	**93 577 536**

Note 4 Balance with group companies, etc.

	Receivables		Other receivables	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Group companies	6 627 496	2 734 155	-	-

	Other long term liabilities		Accounts payables	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Group companies	129 577 536	93 577 536	5 170 845	10 285 421
Total	**129 577 536**	**93 577 536**	**5 170 845**	**10 285 421**

Intercompany accounts receivables and accounts payables are presented net in the financial statements.

The intercompany debt is against HFG Corporate Limited and the interest is 7,75 %.

Note 5 Restricted bank deposits, overdraft facilities

Restricted bank deposits	31.12.2018	31.12.2017
Withheld employee taxes	614 641	902 562

Hoover Ferguson Norway AS Notes to the accounts 2018

Note 6 Shareholders' equity

Equity changes in the year	Share capital	Other equity	Total
Equity 01.01.18	6 000 000	47 947 558	53 947 558
Profit (loss) for the period	-	-25 170 591	-25 170 591
Equity 31.12.18	**6 000 000**	**22 776 967**	**28 776 968**

Note 7 Share capital and shareholder information

Hoover Ferguson Norge AS is wholly owned by Hoover Ferguson UK Limited. The consolidated statements are prepared by Hoover Ferguson UK Limited. And can be retrieved from the Company's business adress. The share capital of NOK 6 000 000 consists of 6 000 shares with nominal value of NOK 1 000 each.

List of shareholders at 31.12.18	shares	Ownership
Hoover Ferguson UK Limited	6 000	100 %
Total	6 000	100 %

Note 8 Pensions

The company's pension schemes meet the requirements set forth in this act.

	31.12.2018	31.12.2017
Payments under pension scheme	741 241	1 012 024

Hoover Ferguson Norway AS Notes to the accounts 2018

Note 9 Taxes

Calculation of deferred tax/deferred tax benefit

Temporary differences	**31.12.2018**	**31.12.2017**
Fixed assets	101 967 648	108 995 912
Receivables	-459 672	-1 195 364
Onerous lease provision	-2 839 500	-7 335 798
Net temporary differences	98 668 476	100 464 750
Interest subject to interest limitation rules	-12 457 203	-5 216 915
Tax losses carried forward	-121 775 054	-107 140 406
Basis for deferred tax	**-35 563 781**	**-11 892 571**
Not included in deferred tax	28 585 063	5 216 915
Basis for deferred tax, net	-6 978 718	-6 675 297
Deferred tax 22 % (23 %)	-1 535 318	-1 535 318
Deferred tax benefit not shown in the balance sheet	-	-
Deferred tax in the balance sheet	**-1 535 318**	**-1 535 318**

Change in deferred tax asset		
Ingoing balance	-1 535 318	19 387 161
Change through the tax cost	-	-13 888 354
Change due to merger	-	-7 034 125
Outgoing balance	**-1 535 318**	**-1 535 318**

Basis for income tax expense, changes in deferred tax and tax payable

Result before taxes	-23 892 392	-62 571 992
Permanent differences	7 461 472	5 505 384
Basis for the tax expense for the year	**-16 430 920**	**-57 066 608**
Change in temporary differences	1 796 274	5 037 106
Basis for payable taxes in the income statement	**-14 634 646**	**-52 029 502**
+/- Group contributions received/given	-	-
Taxable income (basis for payable taxes in the balance sheet)	**-14 634 646**	**-52 029 502**

Hoover Ferguson Norway AS **Notes to the accounts 2018**

Components of the income tax expense

Payable tax on this year's result	-	-
Credit for payable tax abroad	-	-
Total payable tax	**-**	**-**
Witholding tax	1 277 763	1 222 752
Correction of previous years	-	1 119 570
Change in deferred tax	437	-13 955 474
Change in deferred tax due to change in tax rate	-	67 119
Tax expense	**1 278 200**	**-11 546 032**

Reconciliation of the tax expense

Result before taxes	-23 892 392	-62 571 992
Calculated tax 23% / 24%	-5 495 250	-15 017 278
Tax expense	1 278 200	-11 546 032
Difference	6 773 450	3 471 246

The difference consist of:		
23% / 24% of permanent differences	1 716 139	1 321 292
Change in deferred tax due to change in tax rate	69 787	67 119
Witholding tax	1 278 200	1 222 752
Correction of previous years	-	1 119 570
Deferred tax asset not recognized	3 709 408	-
Other differences	-84	-259 486
Sum explained differences	**6 773 450**	**3 471 246**

Payable taxes in the balance sheet

Payable tax in the tax charge	-	-
Prepaid tax	-	-
Payable tax (tax receivable) in the balance sheet	**-**	**-**

Note 10 Operating income

Hoover Ferguson Norway AS mainly provides DNV approved containers for oil and offshore related

	31.12.2018	**31.12.2017**
Sales income	80 450 304	111 354 101
Other operating income (asset sales)	1 378 061	3 501 853
Total	**81 828 365**	**114 855 954**

Hoover Ferguson Norway AS Notes to the accounts 2018

Note 11 Payroll expenses, number of employees, remunerations, loans to employees,

Payroll expenses	**31.12.2018**	**31.12.2017**
Salaries/wages	13 459 848	23 156 954
Social security fees	2 758 806	4 242 380
Pension expenses	741 241	1 012 024
Other remuneration	274 520	818 271
Total	**17 234 415**	**29 229 630**
Average number of employees	**26**	**33**

Remuneration to executives	**Managing Director**	**Board of directors**
Salaries/remuneration	1 197 633	-
Pension expenses		

No loans/secureties have been granted to the general manager, Board chairman or other related parties.
The Managing Director has a bonus agreement on achieved results, but there has not been paid any such bonus

Expensed audit fee

	31.12.2018	**31.12.2017**
Statutory audit (incl. technical assistance with financial statements)	206 000	362 788
Other assurance services	33 425	70 000
Other assistance	7 200	90 000
Total audit fees	**246 625**	**522 788**

VAT is not included in the audit fee.

Note 12 Related-party transactions

Remuneration to executives is disclosed in note 11, and balance with group companies is disclosed in note 4.

Related-party transactions:	**31.12.2018**	**31.12.2017**
Hoover Ferguson UK Limited	2 530 036	173 870
Other companies within the Hoover Ferguson Group	12 747 698	2 560 285
Total intercompany sales	**15 277 734**	**2 734 155**
Hoover Ferguson UK Limited	2 528 929	8 748 047
Other companies within the Hoover Ferguson Group	22 982 926	1 537 374
Total intercompany cost	**25 511 855**	**10 285 421**

Included in intercompany cost is management fee of NOK 7 221 604.

Hoover Ferguson Norway AS **Notes to the accounts 2018**

Note 13 Specification of financial income and expenses

Financial income	**31.12.2018**	**31.12.2017**
Interest income from group companies	-	-
Interest received	22 091	8 464
Other financial income	428 676	450 589
Total financial income	**450 767**	**459 053**

Financial expenses	**31.12.2018**	**31.12.2017**
Interest expenses to group companies	8 930 081	6 686 793
Interest expenses	281 936	34 732
Other financial expenses	1 925 220	5 627 202
Total financial expenses	**11 137 237**	**12 348 727**
Net financial expenses	-11 588 004	-12 807 779

Note 14 Subsidiaries, associated companies, and joint ventures

Investments in subsidiaries are booked according to the cost method.

Subsidiaries	**Location**	**Ownership/ voting right**	**Equity last year (100%)**	**Result last year (100%)**	**Balance sheet value**
Consult Supply Poland SP	Poland	100 %	-	-	602 000

The Company does not prepare consolidated accounts, as it is included in the consolidated accounts of Ferguson Seacabs Ltd and consequently falls under the excemption in the Accounting Act §3-7. The consolidated accounts can be retrieved at the parent company's business adress.

Note 15 Inventories

	31.12.2018	**31.12.2017**
Purchased finished goods	385 532	1 960 164
Inventory gross value	385 532	1 960 164
Obsolete provision	-	-
Net inventory value	**385 532**	**1 960 164**

Note 15 Merger

The Company has merged the two subsidiaries Hoover Container Solutions AS and Hoover Norway AS during 2017. The date of accounting was 1.1.2017 and the net effect is shown in the equity note.

The merger was done at both tax- and accounting continuity.

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To the General Meeting of Hoover Ferguson Norway AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hoover Ferguson Norway AS, which comprise the balance sheet as at 31 December 2018, the revenue statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,

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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to https://revisorforeningen.no/revisjonsberetninger

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Stavanger, 29 May 2019
PricewaterhouseCoopers AS

Arne Birkeland
State Authorised Public Accountant

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