



**Inchcape Shipping Services Holdings Limited**

**Annual report and financial statements**

**For the year ended 31 December 2017**



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## **General information**

### **Directors**

T De Clerck  
F Olsen

### **Company Secretary**

B Mahabeer

### **Registered office**

8<sup>th</sup> Floor  
60 Fenchurch Street  
London  
EC4M 4AD

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
10 Bricket Road  
St. Albans  
Hertfordshire  
AL1 3JX

### **Registered number**

04980958

## Strategic Report

The directors present their Strategic Report for the year ended 31 December 2017.

### Principal activities

Inchcape Shipping Services Holdings Limited's group of companies ("ISS", or "the Group") is one of the world's leading independent maritime services providers managing over 65,000 vessel port calls in 2017 (2016: approximately 59,000) through its own network of over 3,600 people located in 68 countries. ISS has developed and is continuing to develop, an innovative range of value add products and services to the maritime industry.

ISS' core business continues to be Port Agency, involving the arrangement and payment of services in connection with a vessel's stay in port and including canal transit supervision, crew logistics and offshore support services.

ISS Machinery Services supplies original Japanese spare parts to vessel owners worldwide and larger parts to industrial plants within the energy exploration sector and existing power generation installations.

ISS represents a number of top tier and independent container lines around the world, offering these customers comprehensive degrees of support – from husbandry and back office management services to full liner agency.

ISS delivers a significant logistics and food supply contract for the United Nations in Africa by capitalising on its logistics expertise and geographical presence in the region.

ISS Palumbo is an international specialist project forwarder in the oil & gas sector and in addition manages a number of logistics projects in Italy for blue chip companies.

ShipNet A/S ("ShipNet"), ISS' Enterprise Resource Planning (ERP) business, provides specialised software and related installation, training and maintenance services to a wide range of customers within the maritime industry. ShipNet was sold to Volaris Group on 9 March 2017.

A number of other business units of the Group have specific niche or regional capabilities in freight forwarding, local storage and handling, container depot management, P&I and Lloyd agency, cargo surveying and management. These businesses are managed as a part of the regional set-up and their results are included in the regional figures

## Strategic Report (Continued)

### Business review, development and position of the business

In 2017, the Group delivered EBITDA (before exceptional costs) ahead of the Group's strategic plan and prior year. The majority of the year on year growth has materialised through the successful execution of a restructuring programme, which has reduced the cost base of the business. Revenue performance overall is positive for the core Marine Services business with growth achieved in the Key Tankers and Dry Bulk sectors but the business faced a challenging offshore market.

The Group views the challenging market environment as an opportunity it has started and is continuing to invest in a number of key strategic technology, productivity and product initiatives as part of its strategy to firmly establish Inchcape as a world market leader in marine services.

The United Nations contract was the star performing business of 2016. As expected, in 2017 the business failed to show year on year growth primarily due to the loss of the outbound air volumes, which were insourced by the United Nations during October 2016.

ISS Machinery Services delivered results ahead of expectations but down against 2016. This year on year decline is driven primarily by lower crude oil prices having an unfavourable financial impact on the Plant Machinery Department.

ISS Palumbo delivered results ahead of expectations with strong growth on 2016. This success has been achieved through the significant volumes enjoyed as part of ISS Palumbo's frame agreement and related contract in Egypt.

In 2018, a number of key transactions and events have taken place.

To enable the Group to focus on the core marine services business, the group successfully executed the sale of its Freight Forwarding division to ICD (Investment Corporation of Dubai) on 30 August 2018. The Group will continue to retain the Packing and Removals business in the Middle East region.

The disposal of the Freight Forwarding business has also enabled the Group to refinance with a new reduced syndicate of lenders on 6 September 2018, which significantly deleverages the Group's balance sheet.

On 30 May 2018 the Group reached a settlement agreement of \$20 million with the US Department of Justice ("DoJ") in respect of a lawsuit against ISS for alleged overbilling of the US Navy for ship husbanding services between 2005 and 2014. The amount had been fully provided for in the 2016 accounts and had been repaid in full by the date of signing the accounts.

## Strategic Report (Continued)

### Principal risks and uncertainties

The principal risks and uncertainties facing the Group are broadly grouped as competitive and foreign currency risks. Competitive risks relate to the risk of non-renewal of partnership, logistics and agency agreements. Foreign currency risks reflect the international spread of the Group's operations. The international spread of the Group's operations means that the Group is exposed to a degree of geopolitical risk, although this is mitigated to some extent by the widespread nature of its activities both in terms of scope and location.

The Group's policies are aimed at mitigating liquidity and cash flow risk by managing cash generation by its operations and through the use of long term debt, trade finance and revolving credit facilities. The Group also aims to minimise credit risk through policies that require that deferred terms are only granted to customers who demonstrate an appropriate payment history. Further disclosure is made of the Group's risk management policies in Notes 16 and 28 of the financial statements.

On behalf of the Board



T De Cleck  
**Director**

24 September 2018

## Directors' Report

**Registered number: 04980958**

The directors present their Directors' Report and audited consolidated financial statements for the year ended 31 December 2017.

### Results and dividends

Given the international nature of the Group and the dominance of the United States Dollar in the shipping industry, the directors have elected to present the Group's financial statements in United States Dollars.

During the year the Group revenue increased by 1.1% from \$660.6m to \$667.8m and total operating profit increased from \$(2.2)m in 2016 to \$27.0m in 2017. The Group considers adjusted EBITDA to be the best measure of its operating performance; this was \$56.9m in 2017 (2016: \$49.7m). Non-recurring expenses relating predominantly to compliance, reorganisation projects and management fees totalling \$17.8m (2016: \$9.8m) and share of associates' group costs, depreciation, net financing expense and tax of \$0.8m (2016: \$2.3m) have been factored into the above EBITDA calculation.

| Operating profit to EBITDA reconciliation                           | 2017<br>US\$m | 2016<br>US\$m |
|---------------------------------------------------------------------|---------------|---------------|
| Total operating profit / (loss) (see Consolidated Income Statement) | 27.0          | (2.2)         |
| Depreciation (Note 10)                                              | 7.5           | 7.1           |
| Amortisation (Note 11)                                              | 3.1           | 5.3           |
| Impairment of intangible assets (Note 11)                           | -             | 4.5           |
| Share of associates costs                                           | 0.8           | 2.3           |
| DOJ provision (Note 27)                                             | -             | 20.0          |
| Other expenses                                                      | 18.5          | 12.7          |
| <b>EBITDA</b>                                                       | <b>56.9</b>   | <b>49.7</b>   |

Following the refinancing of the facility on 31<sup>st</sup> August 2018, the directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future (at least 12 months from signing of the financial statements) and is in full compliance with all its debt obligations. The financial statements have therefore been prepared on a going concern basis.

### Directors

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

C Whiteside (resigned 1 March 2017)  
E Moe (resigned 29 September 2017)  
I Vesselinov (appointed 6 May 2017; resigned 8 March 2017)  
T De Clerck (appointed 20 July 2017)  
S Morse (appointed 31 March 2017; resigned 20 July 2017)  
B Mahabeer (appointed 25 September 2017; resigned 16 October 2017)  
F Olsen (appointed 16 October 2017)

## **Directors' Report (Continued)**

### **Employees**

The Group seeks to achieve consistency in its employment policies, although differences in local conditions and legal requirements can arise due to the international nature of the business. The Group is committed to equal opportunities for all its employees. Full and fair consideration is given to applications for employment by those with a disability. If an employee becomes disabled whilst in the employment of the Group, every effort is made to find continuing employment.

The Group keeps its employees informed of all matters affecting their interest through managerial consultation, intranet and the ISS quarterly magazine, ISS Reporter. The involvement of employees is encouraged where appropriate. Training and career development opportunities are available to all employees.

### **Corporate compliance**

The Group has maintained investments in its corporate compliance activities to ensure that it deals effectively with both ethical and regulatory compliance. The Group has continued applying its 'zero tolerance' policy and specific business ethics and regulatory update training has been carried out across the business to ensure compliance with the UK Bribery Act 2010 and current international legislation. The internal audit function's remit includes assurance on the adequacy of the Group's risk management and internal control and the results are reported to the Audit Committee twice a year.

### **Health, Safety & Environmental**

The Group maintains a Quality Management System and in addition has extensive HSSE policies and procedures in place in order to support its customers through sound risk management of environmental, health and safety exposures and also to provide a safe and healthy working environment for its staff.

### **Security**

The Group's Security Plan dovetails with the International Ship and Port Facility Security Code (ISPS). The Group treats threats to the security environment seriously and has developed a culture of security awareness.

### **Political and charitable contributions**

The Group made charitable donations of \$nil during the year (2016: \$28k). No political donations were made by the Group during the year (2016: nil).

### **Directors' indemnities**

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the UK Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and officers' liability insurance in respect of itself and its directors.

## Directors' Report (Continued)

### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with International Financial Reporting Standards (IFRSs) 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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;
- make judgements and accounting estimates that are reasonable and prudent; and;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the Group 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.

The directors 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.

### Independent auditors and disclosure of information to auditors

The directors confirm, so far as each is aware, that there is no relevant audit information of which the Group's auditors are unaware, and each director has taken all steps that they ought to have taken as a director in order to be aware of, and to establish that the auditors are aware of, any relevant audit information. For these purposes, relevant audit information means information needed by the Group's auditors in connection with preparing their report.

KPMG was appointed as auditor to Dubai World, the Company's ultimate parent company, after the period end, and it is intended that KPMG will also be appointed as auditor to the Company during 2018.

On behalf of the Board



T De Clerck  
Director

24 September 2018

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INCHCAPE SHIPPING SERVICES HOLDINGS LIMITED**

### **Report on the audit of the financial statements**

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#### **Opinion**

In our opinion, Inchcape Shipping Services Holdings 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 2017 and of the group's profit 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 Balance Sheets as at 31 December 2017; the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, 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.

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#### **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.

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#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which 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.

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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INCHCAPE SHIPPING SERVICES HOLDINGS LIMITED (Continued)**

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### **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 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 Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 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 Directors' Report.

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### **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 7, 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](http://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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INCHCAPE  
SHIPPING SERVICES HOLDINGS LIMITED (Continued)**

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**Other required reporting**

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**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.



David Beer (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans  
26 September 2018

**Consolidated Income Statement**  
for the year ended 31 December 2017

|                                                                                                                 | Note | 2017<br>US\$m | 2016<br>US\$m |
|-----------------------------------------------------------------------------------------------------------------|------|---------------|---------------|
| Revenue                                                                                                         | 3    | 667.8         | 660.6         |
| Cost of sales                                                                                                   |      | (375.6)       | (354.8)       |
| <b>Gross profit</b>                                                                                             |      | <b>292.2</b>  | <b>305.8</b>  |
| Administrative expenses                                                                                         |      | (267.7)       | (308.8)       |
| <b>Operating profit / (loss)</b>                                                                                | 4    | <b>24.5</b>   | <b>(3.0)</b>  |
| Share of profit of associates and jointly controlled entities<br>using the equity accounting method, net of tax | 13   | 2.5           | 0.8           |
| <b>Total operating profit / (loss)</b>                                                                          |      | <b>27.0</b>   | <b>(2.2)</b>  |
| Finance income                                                                                                  | 7    | 4.7           | 1.0           |
| Finance costs                                                                                                   | 8    | (9.2)         | (3.0)         |
| <b>Net financing costs</b>                                                                                      |      | <b>(4.5)</b>  | <b>(2.0)</b>  |
| <b>Profit / (loss) before tax</b>                                                                               |      | <b>22.5</b>   | <b>(4.2)</b>  |
| Income tax expense                                                                                              | 9    | (11.6)        | (8.6)         |
| <b>Profit / (loss) for the year</b>                                                                             |      | <b>10.9</b>   | <b>(12.8)</b> |
| <b>Attributable to:</b>                                                                                         |      |               |               |
| Owners of the parent                                                                                            |      | 2.3           | (18.8)        |
| Non-controlling interest                                                                                        |      | 8.6           | 6.0           |
|                                                                                                                 |      | <b>10.9</b>   | <b>(12.8)</b> |

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company Profit and Loss Account.

**Consolidated Statement of Comprehensive Income**  
for the year ended 31 December 2017

|                                                                                                 | 2017<br>US\$m | 2016<br>US\$m |
|-------------------------------------------------------------------------------------------------|---------------|---------------|
| <b>Profit / (loss) for the year</b>                                                             | <b>10.9</b>   | <b>(12.8)</b> |
| <b>Other comprehensive income / (expense):</b>                                                  |               |               |
| <b>Items that were or may be subsequently reclassified to the Consolidated Income Statement</b> |               |               |
| Exchange differences on translation of operations                                               | 7.3           | (9.7)         |
| Actuarial gains on defined benefit pensions plans                                               | 1.0           | 0.2           |
| Other                                                                                           | -             | (0.4)         |
|                                                                                                 | <hr/>         | <hr/>         |
| <b>Other comprehensive income / (expense) for the year, net of tax</b>                          | <b>8.3</b>    | <b>(9.9)</b>  |
|                                                                                                 | <hr/>         | <hr/>         |
| <b>Total comprehensive income / (expense) for the year</b>                                      | <b>19.2</b>   | <b>(22.7)</b> |
|                                                                                                 | <hr/> <hr/>   | <hr/> <hr/>   |
| <b>Attributable to:</b>                                                                         |               |               |
| Owners of the parent                                                                            | 9.6           | (28.2)        |
| Non-controlling interest                                                                        | 9.6           | 5.5           |
|                                                                                                 | <hr/>         | <hr/>         |
|                                                                                                 | <b>19.2</b>   | <b>(22.7)</b> |
|                                                                                                 | <hr/> <hr/>   | <hr/> <hr/>   |

Items in the statement above are disclosed net of tax.

**Consolidated and Company Statements of Changes in Equity**  
for the year ended 31 December 2017

Group

|                                                          | Share capital | Share premium | Retained earnings and other reserves | Equity attributable to owners | Non-controlling interest | Total Equity  |
|----------------------------------------------------------|---------------|---------------|--------------------------------------|-------------------------------|--------------------------|---------------|
|                                                          | US\$m         | US\$m         | US\$m                                | US\$m                         | US\$m                    | US\$m         |
| <b>At 1 January 2016</b>                                 | <b>30.9</b>   | <b>12.7</b>   | <b>212.5</b>                         | <b>256.1</b>                  | <b>29.2</b>              | <b>285.3</b>  |
| (Loss)/Profit for the year                               | -             | -             | (18.8)                               | (18.8)                        | 6.0                      | (12.8)        |
| Other comprehensive expense for the year                 | -             | -             | (9.4)                                | (9.4)                         | (0.5)                    | (9.9)         |
| <b>Total comprehensive (expense)/income for the year</b> | <b>-</b>      | <b>-</b>      | <b>(28.2)</b>                        | <b>(28.2)</b>                 | <b>5.5</b>               | <b>(22.7)</b> |
| Other                                                    | -             | -             | -                                    | -                             | 0.2                      | 0.2           |
| Dividend paid to non-controlling interest                | -             | -             | -                                    | -                             | (8.1)                    | (8.1)         |
| <b>At 31 December 2016 and 1 January 2017</b>            | <b>30.9</b>   | <b>12.7</b>   | <b>184.3</b>                         | <b>227.9</b>                  | <b>26.8</b>              | <b>254.7</b>  |
| Profit for the year                                      | -             | -             | 2.3                                  | 2.3                           | 8.6                      | 10.9          |
| Other comprehensive expense for the year                 | -             | -             | 7.3                                  | 7.3                           | 1.0                      | 8.3           |
| <b>Total comprehensive income for the year</b>           | <b>-</b>      | <b>-</b>      | <b>9.6</b>                           | <b>9.6</b>                    | <b>9.6</b>               | <b>19.2</b>   |
| Dividends paid to non-controlling interest               | -             | -             | -                                    | -                             | (7.6)                    | (7.6)         |
| <b>At 31 December 2017</b>                               | <b>30.9</b>   | <b>12.7</b>   | <b>193.9</b>                         | <b>237.5</b>                  | <b>28.8</b>              | <b>266.3</b>  |

**Consolidated and Company Statements of Changes in Equity (Continued)**  
*for the year ended 31 December 2017*

*Group (Continued)*

The breakdown of Retained earnings and other reserves is as follows:

|                                                 | Retained earnings | Translation reserve | Revaluation reserve | Merger reserve | Capital redemption reserve | Retained earnings and other reserves |
|-------------------------------------------------|-------------------|---------------------|---------------------|----------------|----------------------------|--------------------------------------|
|                                                 | US\$m             | US\$m               | US\$m               | US\$m          | US\$m                      | US\$m                                |
| At 1 January 2016                               | 219.2             | 1.0                 | 1.9                 | (9.7)          | 0.1                        | 212.5                                |
| Loss for the year                               | (18.8)            | -                   | -                   | -              | -                          | (18.8)                               |
| Other comprehensive expense for the year        | (0.2)             | (9.2)               | -                   | -              | -                          | (9.4)                                |
| <b>Total comprehensive expense for the year</b> | <b>(19.0)</b>     | <b>(9.2)</b>        | <b>-</b>            | <b>-</b>       | <b>-</b>                   | <b>(28.2)</b>                        |
| At 31 December 2016 and 1 January 2017          | 200.2             | (8.2)               | 1.9                 | (9.7)          | 0.1                        | 184.3                                |
| Profit for the year                             | 2.3               | -                   | -                   | -              | -                          | 2.3                                  |
| Other comprehensive income for the year         | 1.0               | 6.3                 | -                   | -              | -                          | 7.3                                  |
| <b>Total comprehensive income for the year</b>  | <b>3.3</b>        | <b>6.3</b>          | <b>-</b>            | <b>-</b>       | <b>-</b>                   | <b>9.6</b>                           |
| At 31 December 2017                             | 203.5             | (1.9)               | 1.9                 | (9.7)          | 0.1                        | 193.9                                |

*Company*

|                                        | Share capital | Share premium | Retained earnings | Equity attributable to owners of the parent |
|----------------------------------------|---------------|---------------|-------------------|---------------------------------------------|
|                                        | US\$m         | US\$m         | US\$m             | US\$m                                       |
| At 1 January 2016                      | 30.9          | 12.7          | 95.2              | 138.8                                       |
| Profit for the year                    | -             | -             | 7.2               | 7.2                                         |
| At 31 December 2016 and 1 January 2017 | 30.9          | 12.7          | 102.4             | 146.0                                       |
| Loss for the year                      | -             | -             | (4.1)             | (4.1)                                       |
| At 31 December 2017                    | 30.9          | 12.7          | 98.3              | 141.9                                       |

**Consolidated and Company Balance Sheets**  
as at 31 December 2017

|                                                    | Notes | Group          |                | Company       |               |
|----------------------------------------------------|-------|----------------|----------------|---------------|---------------|
|                                                    |       | 2017<br>US\$m  | 2016<br>US\$m  | 2017<br>US\$m | 2016<br>US\$m |
| <b>Non-current assets</b>                          |       |                |                |               |               |
| Property, plant and equipment                      | 10    | 23.4           | 22.7           | -             | -             |
| Intangible assets                                  | 11    | 83.0           | 86.3           | -             | -             |
| Investment in associates and joint ventures        | 13    | 3.6            | 1.9            | 0.1           | 0.1           |
| Amounts owed by related parties                    | 32    | 3.1            | 3.1            | 0.4           | 0.4           |
| Other non-current receivables                      | 16    | 2.9            | 0.9            | -             | -             |
| Investments in subsidiaries                        | 13    | -              | -              | 87.6          | 98.9          |
| Other investments                                  | 14    | 0.2            | 0.2            | -             | -             |
| Deferred tax asset                                 | 24    | 1.9            | 1.5            | -             | -             |
|                                                    |       | <b>118.1</b>   | <b>116.6</b>   | <b>88.1</b>   | <b>99.4</b>   |
| <b>Current assets</b>                              |       |                |                |               |               |
| Trade and other receivables                        | 16    | 398.8          | 336.6          | -             | -             |
| Amounts owed by related parties                    | 32    | 175.8          | 164.2          | 54.1          | 46.9          |
| Cash and cash equivalents                          | 19    | 155.5          | 154.0          | -             | -             |
| Inventories                                        | 20    | 15.4           | 17.0           | -             | -             |
| Prepayments                                        | 17    | 13.0           | 20.1           | -             | -             |
| Income tax receivable                              |       | 1.6            | 1.3            | -             | -             |
| Other current assets                               | 18    | 1.1            | 1.0            | -             | -             |
|                                                    |       | <b>761.2</b>   | <b>694.2</b>   | <b>54.1</b>   | <b>46.9</b>   |
| <b>Total assets</b>                                |       | <b>879.3</b>   | <b>810.8</b>   | <b>142.2</b>  | <b>146.3</b>  |
| <b>Current liabilities</b>                         |       |                |                |               |               |
| Trade and other payables                           | 21    | (504.0)        | (460.5)        | -             | -             |
| Amounts owed to related parties                    | 32    | (1.6)          | (0.5)          | (0.3)         | (0.1)         |
| Provisions                                         | 27    | (8.7)          | (7.2)          | -             | -             |
| Interest bearing loans and borrowings              | 22    | (54.5)         | (22.4)         | -             | -             |
| Derivative financial liabilities                   | 23    | -              | (3.4)          | -             | -             |
| Income tax payable                                 |       | (7.2)          | (4.8)          | -             | (0.2)         |
| Other current liabilities                          |       | (3.3)          | (1.3)          | -             | -             |
|                                                    |       | <b>(579.3)</b> | <b>(500.1)</b> | <b>(0.3)</b>  | <b>(0.3)</b>  |
| <b>Net current assets</b>                          |       | <b>181.9</b>   | <b>194.1</b>   | <b>53.8</b>   | <b>46.6</b>   |
| <b>Total assets less current liabilities</b>       |       | <b>300.0</b>   | <b>310.7</b>   | <b>141.9</b>  | <b>146.0</b>  |
| <b>Non-current liabilities</b>                     |       |                |                |               |               |
| Interest bearing loans and borrowings              | 22    | 4.5            | 24.4           | -             | -             |
| Provisions                                         | 27    | 14.3           | 15.0           | -             | -             |
| Derivative financial liabilities                   | 23    | -              | -              | -             | -             |
| Deferred tax liability                             | 24    | 4.9            | 5.5            | -             | -             |
| Other non-current liabilities                      | 25    | 10.0           | 11.1           | -             | -             |
|                                                    |       | <b>33.7</b>    | <b>56.0</b>    | <b>-</b>      | <b>-</b>      |
| <b>Capital and reserves</b>                        |       |                |                |               |               |
| Share capital                                      | 29    | 30.9           | 30.9           | 30.9          | 30.9          |
| Share premium                                      |       | 12.7           | 12.7           | 12.7          | 12.7          |
| Retained earnings and other reserves               |       | 193.9          | 184.3          | 98.3          | 102.4         |
| <b>Equity attributable to owners of the parent</b> |       | <b>237.5</b>   | <b>227.9</b>   | <b>141.9</b>  | <b>146.0</b>  |
| <b>Non-controlling interest</b>                    | 34    | <b>28.8</b>    | <b>26.8</b>    | <b>-</b>      | <b>-</b>      |
| <b>Total equity</b>                                |       | <b>266.3</b>   | <b>254.7</b>   | <b>141.9</b>  | <b>146.0</b>  |
| <b>Total equity and non-current liabilities</b>    |       | <b>300.0</b>   | <b>310.7</b>   | <b>141.9</b>  | <b>146.0</b>  |

The financial statements on pages 11 to 63 were approved by the Board of directors on 24 September 2018 and signed on its behalf by

T De Clerk

**Consolidated Cash Flow Statement**  
for year ended 31 December 2017

|                                                                                                  | Note | 2017<br>US\$m | 2016<br>US\$m |
|--------------------------------------------------------------------------------------------------|------|---------------|---------------|
| <b>Cash flows from operating activities</b>                                                      |      |               |               |
| /Profit/(loss) before tax                                                                        |      | 22.5          | (4.2)         |
| <i>Adjustments for:</i>                                                                          |      |               |               |
| Net finance costs                                                                                |      | 9.2           | 2.0           |
| Depreciation of property, plant and equipment                                                    | 10   | 7.5           | 7.1           |
| Amortisation and impairment of intangible assets                                                 | 11   | 3.1           | 9.8           |
| (profit) on disposal of property, plant and equipment                                            |      | (0.4)         | (0.4)         |
| Other adjustments                                                                                |      | (8.0)         | 0.9           |
| Share of post-tax profits of associates and joint ventures accounted for using the equity method | 13   | (2.5)         | (0.8)         |
| Dividends from associate entities                                                                |      | 0.9           | 3.2           |
|                                                                                                  |      | <u>32.3</u>   | <u>17.6</u>   |
| Decrease in inventories                                                                          |      | 1.8           | 2.9           |
| (Increase) in trade and other receivables                                                        |      | (50.3)        | (1.4)         |
| Increase in trade and other payables                                                             |      | 22.5          | 21.7          |
| Movement in provisions and accruals                                                              |      | 11.0          | 20.6          |
| Movement in related parties balances                                                             |      | (9.5)         | (9.2)         |
|                                                                                                  |      | <u>(24.5)</u> | <u>34.6</u>   |
| Cash used in working capital                                                                     |      |               |               |
| Income taxes paid                                                                                |      | (10.8)        | (13.8)        |
|                                                                                                  |      | <u>(3.0)</u>  | <u>38.4</u>   |
| <b>Cash flows from investing activities</b>                                                      |      |               |               |
| Interest received                                                                                |      | 1.3           | 1.1           |
| Proceeds from sale of property, plant and equipment                                              |      | 0.7           | 0.6           |
| Proceeds from disposal of business                                                               |      | 7.3           | -             |
| Purchases of intangible assets                                                                   |      | (2.0)         | (3.0)         |
| Payments to acquire property, plant and equipment                                                |      | (8.0)         | (7.3)         |
|                                                                                                  |      | <u>(0.7)</u>  | <u>(8.6)</u>  |
| <b>Cash flows from financing activities</b>                                                      |      |               |               |
| Interest paid                                                                                    |      | (2.4)         | (2.0)         |
| New borrowings                                                                                   |      | 14.1          | 1.3           |
| Repayment of borrowings                                                                          |      | (5.4)         | (10.2)        |
| Dividends paid to non-controlling interest                                                       |      | (7.6)         | (8.1)         |
|                                                                                                  |      | <u>(1.3)</u>  | <u>(19.0)</u> |
| <b>Net cash used in financing activities</b>                                                     |      |               |               |
| Net increase in cash and cash equivalents                                                        |      | (5.0)         | 10.8          |
| Cash and cash equivalents at 1 January                                                           |      | 154.0         | 159.8         |
| Effect of exchange rate fluctuations on cash and cash equivalents                                |      | 6.5           | (16.6)        |
|                                                                                                  |      | <u>155.5</u>  | <u>154.0</u>  |
| <b>Cash and cash equivalents at 31 December</b>                                                  | 19   |               |               |

## Notes to the financial statements

### 1 Corporate information

Inchcape Shipping Services Holdings Limited ("ISSH" or "the Company") is a limited company incorporated and resident in the United Kingdom. The Company's immediate parent is Inchcape Shipping Services World Limited ("ISSWL"). ISSWL was formed on 16 January 2006 under the ownership of Istithmar World PJSC, an investment house headquartered in the Emirate of Dubai with investments in private equity and real estate. On 23 January 2006 ISSWL acquired the Company and its subsidiaries.

### 2 Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### *Basis of preparation*

These financial statements have been prepared on the going concern basis and in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU), IFRS IC Interpretations and the provisions of the UK Companies Act 2006 applicable to companies reporting under IFRS.

The Group's existing club facility term ended in August 2018, when a new five-year refinancing agreement commenced. The group has historically relied upon this facility to help meet its working capital needs and support trading subsidiaries.

The going concern of the Group is assured in 2018 by the new refinancing agreement and its alignment for future growth through the sale of the freight forwarding business. Management therefore considers it appropriate to adopt the going concern basis in preparing the financial statements.

The financial statements, do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities, or any other adjustments that would result if the company was unable to continue as a going concern.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the valuation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss. The consolidated financial statements are presented in United States Dollars ("US\$") using the year end rate of \$1:£0.7412 (2016: \$1:£0.8129) and cumulative average rate of \$1:£0.7735 (2016: \$1:£0.7407). All values are rounded to the nearest one hundred thousand dollars (\$0.1 million).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed on page 18 and 19. Accounting estimates associated to financial risk management are disclosed in Note 28.

## Notes to the financial statements (Continued)

### 2 Accounting policies (Continued)

#### *Statement of compliance*

The consolidated financial statements of the Company and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union ("EU") and as issued by the International Accounting Standards Board ("IASB"). IFRS as adopted by EU differs in certain aspects from IFRS as issued by the IASB. However, the differences have no impact on the Group's consolidated financial statements for the years presented.

#### *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group (its subsidiaries) as at 31 December 2017. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition (being the date the Group obtained control) or up to the effective date of disposal (being the date that control ceased), as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Non-controlling interests in the net assets (excluding intangible assets arising on acquisition) of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination.

#### *Cash flow statement*

No Company Cash Flow Statement has been presented given the Company does not have cash and cash equivalents.

#### *Critical accounting judgements and key sources of estimation uncertainty*

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The judgements, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the Consolidated Balance Sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## Notes to the financial statements (Continued)

### 2 Accounting policies (Continued)

#### *Critical accounting judgements and key sources of estimation uncertainty (Continued)*

##### *Impairment of intangible assets*

Determining whether intangible assets are impaired requires an estimation of the value in use of the intangible assets and the cash-generating units to which intangible assets have been allocated. The value in use calculation requires estimation of the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value. Intangible assets are valued by applying the discounted cash flow method.

##### *Useful lives of property, plant and equipment*

The Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

##### *Allowance for doubtful debt*

Receivables are reduced by an allowance for amounts that may become un-collectable in the future. The Group continuously monitors collections and receipts from customers and maintains a provision for estimated credit losses based upon historical experience and any specific customer collection issues that have been identified. The Group has demonstrated that reasonable and reliable estimates of allowances for doubtful accounts have been made, based on significant historical experience.

##### *Provisions*

The Group continuously monitors present legal and constructive obligations as part of regular management reporting processes. Where management consider that a past event will result in a probable outflow of economic benefits to settle the obligation a provision is recognised in the Consolidated Balance Sheet and an expense recognised in the Consolidated Income Statement.

#### **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, VAT/GST and all other such sales taxes or duties.

Revenue generated from the Port Agency business is recognised at the date on which the vessel sails. Where liabilities are incurred in the course of the Port Agency business and are recoverable from principals, the amounts owed are recorded as liabilities of the Group and the corresponding receivables are recorded as assets of the Group. Similarly, where receivables are to be collected from third-parties on behalf of principals in the course of the Liner Agency business, the amounts are recorded as assets of the Group and the corresponding amounts payable to the principal are recorded as current liabilities. Where the Group acts as contractor rather than agent, the full revenue under the contract is recognised as Revenue.

#### **Goodwill**

Goodwill arising on the acquisition of a subsidiary represents the excess of the fair value of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

## Notes to the financial statements (Continued)

### 2 Accounting policies (Continued)

#### *Other intangible assets*

The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised over their useful economic life and are assessed for impairment whenever there is an indicator of impairment. The estimated economic lives range from 5 to 20 years. A summary of the amortisation policies applied to the Group's intangible assets (other than goodwill) is as follows:

- Customer Contracts 5 to 33.3% per annum (20 - 3 years)
- Brand 5% per annum (20 years)
- Software 10% to 60% per annum (10 - 2 years)

#### *Research and development costs*

Research costs are expensed in the Consolidated Income Statement as incurred.

Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure during development;
- The ability to use the intangible asset generated.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortisation of the asset begins when the development is complete and the asset is available for use.

It is amortised over the period of expected future benefit.

#### *Property, plant and equipment*

Property, plant and equipment are stated at historical cost, net of accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Depreciation is provided on a straight-line basis on all tangible non-current assets, except for Freehold land, at rates calculated to write off the cost less the estimated residual value of each asset evenly over its expected useful life. Residual values are assessed annually. The annual rates of depreciation used vary according to the type of asset and are as follows:

- Freehold buildings and long leasehold land and buildings 2% per annum (50 years)
- Short leasehold buildings and improvements over the period of the lease
- Plant, machinery and launches 5% to 33.3% per annum (20 – 3 years)
- Furniture, fixtures and equipment 10% to 33.3% per annum (10 – 3 years)
- Motor vehicles 20% to 33.3% per annum (5 – 3 years)

## Notes to the financial statements (Continued)

### 2 Accounting policies (Continued)

#### *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If such indication exists, or when annual impairment testing for an intangible asset is required, the Group estimates the asset's recoverable amount. The Group considers the asset's recoverable amount to be its value in use and is determined for an individual asset if the asset generates cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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.

Impairment losses are recognised in the Consolidated Income Statement in those expense categories consistent with the function of the impaired asset, except for assets previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

The following criteria are also applied in assessing impairment of specific assets.

#### *Goodwill*

Goodwill is tested for impairment annually as at 31 October and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

#### *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Cost is recognised using the weighted-average cost basis. Net realisable value is based on estimated selling price less any further costs to be incurred to completion and disposal.

#### *Trade and other receivables*

Trade receivables, which generally have 30-90 days payment terms (Port Agency is generally pre-funded), are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. A provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

#### *Cash and cash equivalents*

Cash and short-term deposits comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

For the purpose of the Consolidated Cash Flow Statement, Cash and cash equivalents consist of Cash and cash equivalents as defined above, net of outstanding bank overdrafts.

## **Notes to the financial statements (Continued)**

### **2 Accounting policies (Continued)**

#### ***Investment in associates***

An associate is an entity over which the Group has significant influence that is neither a subsidiary nor a joint venture.

The Group's investment in its associates is accounted for using the equity method of accounting. Under the equity method, investments in associates are carried in the Consolidated Balance Sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. The share of profit of associates is shown on the face of the Consolidated Income Statement. This is the profit attributable to equity holders of the associate and therefore represents the profit after tax and non-controlling interests in the subsidiaries of the associates.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the Consolidated Income Statement.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

#### ***Investments in joint ventures***

A joint venture is an entity which the Group jointly controls with its investment partners. The Group applies the equity accounting method to joint ventures as described in the Investments in associates' policy.

#### ***Investments in subsidiaries and other investments***

Investments in subsidiaries and other investments held to maturity are carried at cost less any impairment.

#### ***Financial Instruments***

##### ***Financial Assets***

##### ***Initial Recognition and Measurement***

Financial assets within the scope of IAS 39 are classified as Financial assets at fair value through profit or loss, Loans and receivables, Held-to-maturity investments, or Available-for-sale financial assets, as appropriate.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

## Notes to the financial statements (Continued)

### 2 Accounting policies (Continued)

#### *Financial Instruments*

#### *Financial Assets*

#### *Initial Recognition and Measurement (Continued)*

All regular purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase the asset. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

#### *Subsequent Measurement*

The subsequent measurement depends on their classification as follows.

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include Financial assets held for trading and Financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as Held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as Financial assets at fair value through profit or loss unless they are designated as Effective hedging instruments or a Financial guarantee contract. Financial assets at fair value through profit and loss are carried in the Consolidated Balance Sheet at fair value with changes in fair value recognised in finance income or finance cost in the Consolidated Income Statement.

The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

#### *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

#### *Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as Held-to-maturity when the Group has the positive intention and ability to hold to maturity.

After initial measurement, Loans and receivables and Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Consolidated Income Statement. The losses arising from impairment are recognised in the Consolidated Income Statement in finance costs.

## Notes to the financial statements (Continued)

### 2 Accounting policies (Continued)

#### *Available-for-sale financial assets*

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories.

After initial measurement, Available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in equity is recognised in the Consolidated Income Statement in finance costs and removed from the available for sale reserve.

#### ***Derecognition***

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### ***Impairment of financial assets***

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

#### ***Financial liabilities***

##### ***Initial Recognition and Measurement***

Financial liabilities are classified as Interest-bearing loans and borrowings, or Derivatives designated at fair value through profit or loss.

All financial liabilities are recognised initially at fair value less directly attributable transaction costs.

##### ***Subsequent Measurement***

Subsequent to initial recognition, Interest-bearing loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Consolidated Income Statement over the period of borrowing on an effective interest basis. Gains and losses are recognised in the Consolidated Income Statement when the liabilities are derecognised as well as through the amortisation process.

##### ***Derecognition***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

## Notes to the financial statements (Continued)

### 2 Accounting policies (Continued)

#### *Fair values*

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

There are three levels of financial instrument, with the majority of the Group's financial instruments falling in to level 2 with a minimal amount within Level 3. The definitions of level 2 and 3 are provided below:

Level 2 – These financial instruments are not traded on an active market and their value is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3 – If one or more of the significant instruments is not based on observable market data, the instrument is included in Level 3.

#### *Derivative financial instruments and hedge accounting*

Foreign currency borrowings are undertaken to mitigate the risks associated with the Group's underlying business activities and the financing of those activities. The Group does not undertake any trading activity in financial instruments but uses derivative financial instruments to hedge interest rate exposures and short term currency exposures. The Group does not apply cash flow or fair value hedge accounting.

Derivative financial instruments are measured at fair value reflecting changes in interest rates and/or currency differentials. Fair value includes accrued interest.

The gains or losses arising from changes in fair values are recognised in the Consolidated Income Statement unless the derivative is designated as a Net investment hedge.

A Net investment hedge is a hedge of the exposure to changes in the value of net assets of the Group's foreign operations. The portion of the gain or loss on the hedging instrument that is deemed to be an effective hedge is recognised in Shareholders' equity and the ineffective portion is recognised in the Consolidated Income Statement.

The gain or loss on the hedging instrument relating to the effective portion of the hedge that has been recognised in Shareholders' equity, together with the associated gain or loss on disposal of the net investment, is recognised in the Consolidated Income Statement on disposal of the foreign operation.

## Notes to the financial statements (Continued)

### 2 Accounting policies (Continued)

#### *Pension and other post-employment benefits*

##### *Defined benefit scheme*

The Group operates defined benefit pension schemes for its employees in Canada. The cost of the defined benefit plan is calculated using the projected unit credit method and is recognised over the average expected remaining service lives of participating employees. Plan assets and plan liabilities are measured at the Group's reporting date. Actuarial gains and losses are recognised in the Statement of Comprehensive Income in the period in which they occur.

Where a plan is in surplus the asset recognised is limited to the amount of any unrecognised past service costs and the present value of any amount which the Group expects to recover by way of refunds or a reduction in future contributions.

##### *Defined contribution scheme*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Consolidated Income Statement as incurred.

#### *Leased assets*

Assets held under finance leases, where substantially all the risks and benefits of ownership are transferred to the Group, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the Consolidated Income Statement.

Leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Lease payments in respect of operating leases, under which substantially all the risks and benefits of ownership remain with the lessor, are charged to the Consolidated Income Statement on a straight line basis over the life of the lease.

#### *Taxation*

##### *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Consolidated Balance Sheet date.

## Notes to the financial statements (Continued)

### 2 Accounting policies (Continued)

#### *Taxation (Continued)*

##### *Deferred income tax*

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- Only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply when the related asset is realised or the liability is settled, based on tax rates and laws enacted or substantively enacted at the Consolidated Balance Sheet date.

Income tax is charged or credited directly to equity if it relates to items that are charged or credited to equity; otherwise income tax is recognised in the Consolidated Income Statement.

#### *Share capital*

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### *Foreign currency translation*

The Group's consolidated financial statements are presented in United States Dollars, which is also the parent company's functional currency. The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its "functional currency"). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in United States Dollars ("US\$").

In presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in US\$ using exchange rates prevailing at the reporting date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity, transferred to the Group's translation reserve and released to the Consolidated Income Statement on sale or disposal of the relevant entity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing exchange rates.

## Notes to the financial statements (Continued)

### 2 Accounting policies (Continued)

#### *Group Companies*

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at their respective functional currency rates ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract.

At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing or, if appropriate, at the forward rate. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

All differences are taken to the Consolidated Income Statement with the exception of differences on monetary items to the extent that they are used to finance or provide a hedge against a net investment in a foreign operation, which are taken directly to reserves together with the exchange differences on the carrying amount of the related investments.

Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items are included in the Consolidated Income Statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the Consolidated Income Statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

#### *Provisions*

A provision is recognised in the Consolidated Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the Consolidated Income Statement net of any reimbursement. If the effect is material, provisions 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 where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance policy, the reimbursement is recognised as a separate asset but only when recovery is virtually certain.

#### *Borrowing costs*

Borrowing costs consist of interest and other costs that an entity incurs to finance its investments and operations. The Group does not use significant borrowings to finance construction or acquisition of property, plant and equipment and, therefore, such costs are recognized as an expense when incurred.

#### *New and amended standards adopted by the group*

No standards, and amendments to standards or interpretations which are effective for the financial year beginning on 1 January 2017 and were not early adopted have a material impact on the Group.

## Notes to the financial statements (Continued)

### 2 Accounting policies (Continued)

#### *New standards and interpretations not yet adopted*

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted subject to EU endorsement. The initial application of IFRS 9 is not expected to have a material impact in 2018.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted subject to EU endorsement. The impact on initial application of the IFRS is yet to be concluded upon, but preliminary assessments suggest that there will be no material impact upon the financial statements

IFRS 16, "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful financial information to users of leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on Balance Sheet for lessees. The standard replaces IAS 17 "Leases" and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted, subject to EU endorsement and the entity adopting IFRS 15 'Revenue from contracts with customers' at the same time. The impact on initial application of the IFRS is yet to be determined.

## Notes to the financial statements (Continued)

### 3 Revenue

|                | 2017<br>US\$m | 2016<br>US\$m |
|----------------|---------------|---------------|
| Port Agency    | 166.8         | 164.9         |
| Landside       | 501.0         | 495.7         |
| <b>Revenue</b> | <b>667.8</b>  | <b>660.6</b>  |

### 4 Operating profit

This is stated after charging/(crediting):

|                                                  | 2017<br>US\$m | 2016<br>US\$m |
|--------------------------------------------------|---------------|---------------|
| Depreciation of property, plant and equipment    | 7.5           | 7.1           |
| Amortisation and impairment of intangible assets | 3.1           | 9.8           |
| Foreign exchange gains                           | (2.0)         | (1.5)         |
| Operating lease payments                         | 17.7          | 17.8          |
| Research and development expenditure             | 0.3           | 2.1           |

### 5 Auditors' remuneration

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Company's Auditors and its associates.

|                                                                                                        | 2017<br>US\$m | 2016<br>US\$m |
|--------------------------------------------------------------------------------------------------------|---------------|---------------|
| Fees payable to the Company's Auditors and their associates in respect of:                             |               |               |
| The audit of the Company and consolidated financial statements and those of the Company's subsidiaries | 1.0           | 0.8           |
| Fees for other services - Taxation                                                                     | 0.1           | 0.2           |

## Notes to the financial statements (Continued)

### 6 Staff costs and numbers

The average monthly number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

|                     | Number of employees |             |
|---------------------|---------------------|-------------|
|                     | 2017                | 2016        |
| <b>Subsidiaries</b> |                     |             |
| Operational         | 3,221               | 3,513       |
| Administration      | 310                 | 394         |
|                     | <hr/>               | <hr/>       |
| Subsidiaries        | 3,531               | 3,907       |
| <b>Associates</b>   | 129                 | 146         |
|                     | <hr/>               | <hr/>       |
|                     | 3,660               | 4,053       |
|                     | <hr/> <hr/>         | <hr/> <hr/> |

The Company has no employees (2016: nil).

The aggregate payroll costs of persons employed by the Group were as follows:

|                       | 2017<br>US\$m | 2016<br>US\$m |
|-----------------------|---------------|---------------|
| Wages and salaries    | 145.0         | 156.0         |
| Social security costs | 11.6          | 12.4          |
| Other pension costs   | 5.7           | 6.4           |
|                       | <hr/>         | <hr/>         |
|                       | 162.3         | 174.8         |
|                       | <hr/> <hr/>   | <hr/> <hr/>   |

### 7 Finance income

|                          | 2017<br>US\$m | 2016<br>US\$m |
|--------------------------|---------------|---------------|
| Bank interest receivable | 1.2           | 0.8           |
| Income from investments  | 3.5           | 0.2           |
|                          | <hr/>         | <hr/>         |
| <b>Finance income</b>    | 4.7           | 1.0           |
|                          | <hr/> <hr/>   | <hr/> <hr/>   |

### 8 Finance costs

|                                       | 2017<br>US\$m | 2016<br>US\$m |
|---------------------------------------|---------------|---------------|
| Interest on bank loans and overdrafts | 1.9           | 1.9           |
| Foreign exchange losses               | 6.6           | 0.8           |
| Other finance expenses                | 0.7           | 0.3           |
|                                       | <hr/>         | <hr/>         |
| <b>Finance costs</b>                  | 9.2           | 3.0           |
|                                       | <hr/> <hr/>   | <hr/> <hr/>   |

## Notes to the financial statements (Continued)

### 9 Income tax expense

|                                                   | 2017<br>US\$m | 2016<br>US\$m |
|---------------------------------------------------|---------------|---------------|
| Current tax:                                      |               |               |
| Current tax on profits for the year               | 12.3          | 10.8          |
| Adjustments in respect of prior years             | 0.6           | (1.6)         |
| <b>Total current tax</b>                          | <b>12.9</b>   | <b>9.2</b>    |
| Deferred tax (Note 24):                           |               |               |
| Origination and reversal of temporary differences | (1.3)         | (0.6)         |
| <b>Total deferred tax</b>                         | <b>(1.3)</b>  | <b>(0.6)</b>  |
| <b>Income tax expense</b>                         | <b>11.6</b>   | <b>8.6</b>    |

The tax on the Group's Profit before tax differs from the theoretical amount that would arise using the standard effective rate of UK Corporation Tax of 19.25% (2016: 20%) as follows:

|                                                                                           | 2017<br>US\$m | 2016<br>US\$m |
|-------------------------------------------------------------------------------------------|---------------|---------------|
| <b>Profit/(loss) before tax</b>                                                           | <b>22.5</b>   | <b>(4.2)</b>  |
| Tax calculated at the standard effective rate of UK Corporation Tax of 19.25% (2016: 20%) | 4.3           | (0.8)         |
| Tax effects of:                                                                           |               |               |
| - Income not subject to tax                                                               | -             | (0.1)         |
| - Expenses not deductible for tax purposes                                                | 0.1           | 4.3           |
| - Tax losses for which no deferred tax asset was recognised                               | 4.0           | 5.5           |
| - Other temporary differences for which no deferred tax movement was recognised           | 2.3           | 1.4           |
| Effect of tax rates other than that of the UK                                             | 0.3           | (0.1)         |
| Adjustments in respect of prior years                                                     | 0.6           | (1.6)         |
| <b>Income tax expense</b>                                                                 | <b>11.6</b>   | <b>8.6</b>    |

As enacted on 15 September 2016, the standard rate of Corporation Tax in the UK will reduce to 17% with effect from 1 April 2020; all reductions have been accounted for in the measurement of deferred tax (Note 24).

## Notes to the financial statements (Continued)

### 10 Property, plant and equipment

#### Group

|                                           | Plant,<br>machinery<br>and<br>launches<br>US\$m | Land and<br>buildings<br>US\$m | Furniture,<br>fixtures and<br>equipment<br>US\$m | Motor<br>vehicles<br>US\$m | Total<br>US\$m |
|-------------------------------------------|-------------------------------------------------|--------------------------------|--------------------------------------------------|----------------------------|----------------|
| <b>Cost</b>                               |                                                 |                                |                                                  |                            |                |
| At 1 January 2016                         | 14.9                                            | 12.4                           | 38.7                                             | 5.9                        | 71.9           |
| Exchange adjustments                      | (0.1)                                           | (0.2)                          | (3.1)                                            | (0.3)                      | (3.7)          |
| Additions                                 | 1.6                                             | 1.1                            | 3.7                                              | 0.9                        | 7.3            |
| Disposals                                 | -                                               | (0.1)                          | (0.9)                                            | (0.8)                      | (1.8)          |
| Reclassifications                         | (0.6)                                           | 0.1                            | 0.5                                              | (0.1)                      | (0.1)          |
| At 31 December 2016 and<br>1 January 2017 | 15.8                                            | 13.3                           | 38.9                                             | 5.6                        | 73.6           |
| Exchange adjustments                      | 0.4                                             | 0.1                            | 2.2                                              | 0.2                        | 2.9            |
| Additions                                 | 0.7                                             | 0.6                            | 6.0                                              | 0.6                        | 7.9            |
| Disposals                                 | -                                               | -                              | (0.5)                                            | -                          | (0.5)          |
| Reclassifications                         | (0.1)                                           | (0.3)                          | (1.7)                                            | (0.7)                      | (2.8)          |
| At 31 December 2017                       | 16.8                                            | 13.7                           | 44.9                                             | 5.7                        | 81.1           |
| <b>Accumulated depreciation</b>           |                                                 |                                |                                                  |                            |                |
| At 1 January 2016                         | 9.2                                             | 4.2                            | 30.6                                             | 4.2                        | 48.2           |
| Exchange adjustments                      | (0.1)                                           | -                              | (2.4)                                            | (0.2)                      | (2.7)          |
| Charge for the year                       | 1.2                                             | 0.9                            | 4.2                                              | 0.8                        | 7.1            |
| Disposals                                 | -                                               | (0.1)                          | (0.8)                                            | (0.7)                      | (1.6)          |
| Reclassifications                         | (0.1)                                           | -                              | 0.1                                              | (0.1)                      | (0.1)          |
| At 31 December 2016 and<br>1 January 2017 | 10.2                                            | 5.0                            | 31.7                                             | 4.0                        | 50.9           |
| Exchange adjustments                      | 0.3                                             | 0.1                            | 1.7                                              | 0.2                        | 2.3            |
| Charge for the year                       | 1.2                                             | 1.3                            | 4.3                                              | 0.7                        | 7.5            |
| Disposals                                 | (0.1)                                           | (0.3)                          | (0.4)                                            | (0.6)                      | (1.4)          |
| Reclassifications                         | -                                               | -                              | (1.5)                                            | (0.1)                      | (1.6)          |
| At 31 December 2017                       | 11.6                                            | 6.1                            | 35.8                                             | 4.2                        | 57.7           |
| <b>Net book value at 31 December 2017</b> | <b>5.2</b>                                      | <b>7.6</b>                     | <b>9.1</b>                                       | <b>1.5</b>                 | <b>23.4</b>    |
| Net book value at 31 December 2016        | 5.6                                             | 8.3                            | 7.2                                              | 1.6                        | 22.7           |

Depreciation charges are included in Administrative expenses in the Consolidated Income Statement.

At 31 December 2017 the net book value of the following assets were held under finance leases: Furniture, fixtures and equipment, \$0.2m (2016: \$0.6m) and Motor vehicles, \$0.1m (2016: \$0.4m).

#### Company

The Company had no Property, plant and equipment (2016: nil).

## Notes to the financial statements (Continued)

### 11 Intangible assets

#### Group

|                                                    | Goodwill<br>US\$m | Brand<br>name<br>US\$m | Customer<br>contracts<br>US\$m | Development<br>Expenditure<br>US\$m | Software<br>US\$m | Trade-<br>marks<br>US\$m | Total<br>US\$m |
|----------------------------------------------------|-------------------|------------------------|--------------------------------|-------------------------------------|-------------------|--------------------------|----------------|
| <b>Cost</b>                                        |                   |                        |                                |                                     |                   |                          |                |
| At 1 January 2016                                  | 68.4              | 0.7                    | 37.6                           | 1.5                                 | 8.8               | 0.5                      | 117.5          |
| Additions                                          | -                 | -                      | -                              | 3.0                                 | -                 | -                        | 3.0            |
| Reclassifications                                  | -                 | -                      | -                              | (3.6)                               | 3.6               | -                        | -              |
| Impairment                                         | -                 | -                      | -                              | (0.9)                               | (6.8)             | -                        | (7.7)          |
| Exchange adjustments                               | (0.9)             | -                      | (1.0)                          | -                                   | 0.2               | -                        | (1.7)          |
| At 31 December 2016 and<br>1 January 2017          | 67.5              | 0.7                    | 36.6                           | -                                   | 5.8               | 0.5                      | 111.1          |
| Additions                                          | -                 | -                      | 0.4                            | 1.6                                 | -                 | -                        | 2.0            |
| Disposals                                          | (5.8)             | -                      | (2.5)                          | -                                   | (5.8)             | (0.5)                    | (14.6)         |
| Exchange adjustments                               | 3.5               | -                      | 4.3                            | -                                   | -                 | -                        | 7.8            |
| At 31 December 2017                                | 65.2              | 0.7                    | 38.8                           | 1.6                                 | -                 | -                        | 106.3          |
| <b>Accumulated amortisation and<br/>impairment</b> |                   |                        |                                |                                     |                   |                          |                |
| At 1 January 2016                                  | -                 | 0.6                    | 16.9                           | -                                   | 5.4               | 0.3                      | 23.2           |
| Charge for the year                                | -                 | -                      | 3.3                            | -                                   | 2.0               | -                        | 5.3            |
| Impairment                                         | -                 | -                      | -                              | -                                   | (3.2)             | -                        | (3.2)          |
| Exchange adjustments                               | -                 | -                      | (0.5)                          | -                                   | -                 | -                        | (0.5)          |
| At 31 December 2016 and<br>1 January 2017          | -                 | 0.6                    | 19.7                           | -                                   | 4.2               | 0.3                      | 24.8           |
| Charge for the year                                | -                 | -                      | 3.0                            | -                                   | 0.1               | -                        | 3.1            |
| Disposal                                           | -                 | -                      | (2.4)                          | -                                   | (4.5)             | (0.3)                    | (7.2)          |
| Exchange adjustments                               | -                 | -                      | 2.4                            | -                                   | 0.2               | -                        | 2.6            |
| At 31 December 2017                                | -                 | 0.6                    | 22.7                           | -                                   | -                 | -                        | 23.3           |
| <b>Net book value at<br/>31 December 2017</b>      | 65.2              | 0.1                    | 16.1                           | 1.6                                 | -                 | -                        | 83.0           |
| Net book value at<br>31 December 2016              | 67.5              | 0.1                    | 16.9                           | -                                   | 1.6               | 0.2                      | 86.3           |

Amortisation charges are included in Administrative expenses in the Consolidated Income Statement.

Development expenditure relates to costs incurred in the development of software applications that are sold to customers and that are used internally by the Group creating process efficiencies.

Customer contracts relate to numerous contracts acquired over a number of years and have varying remaining useful economic lives of between 0.1 and 11.5 years. No one single contract is deemed to be significant to the Group.

#### Company

The Company had no intangible assets (2016: nil).

## Notes to the financial statements (Continued)

### 12 Impairment of goodwill

Goodwill acquired through business combinations has been allocated for impairment testing purposes to three individual cash-generating units ("CGU") as follows:

- Port Agency;
- Landside (Continuing Operations);
- Landside (Held for Sale).

This represents the lowest level within the Group at which goodwill is monitored for internal management purposes.

The recoverable amounts of the Port Agency CGU and the Landside (Held for Sale) CGU have been determined based on value in use calculations using cash flow projections from the Group's 2018-20 financial projections. The recoverable amount of the Landside (Held for Sale) CGU has been determined based on fair value less costs to sell.

#### *Carrying amount of goodwill allocated to CGU's:*

|                             | Port Agency   |               | Landside (Continuing Operations) |               | Landside (Held for Sale) |               | Total         |               |
|-----------------------------|---------------|---------------|----------------------------------|---------------|--------------------------|---------------|---------------|---------------|
|                             | 2017<br>US\$m | 2016<br>US\$m | 2017<br>US\$m                    | 2016<br>US\$m | 2017<br>US\$m            | 2016<br>US\$m | 2017<br>US\$m | 2016<br>US\$m |
| Carrying amount of goodwill | 40.8          | 45.1          | 9.6                              | -             | 14.8                     | 22.4          | 65.2          | 67.5          |

#### *Key assumptions used in value in use calculations*

The calculations of value in use for both the Port Agency CGU and the Landside (Continuing Operations) CGU are most sensitive to the following assumptions:

- EBITDA growth rate;
- Discount rates, and
- Long term growth rate

Management believes that no reasonable change in the above assumptions would result in impairment.

The average annual EBITDA growth rates assumed in the forecast years 2018 to 2020 are 22.8% for the Port Agency CGU and 13.2% for the Landside CGU (continuing operation). The rates reflect management's best estimates based on past performance of the business and the Group's strategic plans over the forecast period.

A long term growth rate of 2.5% for 2020 onwards, as required by accounting standards, has been assumed for both CGU's. This is based upon management's view of the linkage between the global trade growth and the Group's performance expectation.

The discount rate reflects management's estimate of the Group's weighted average cost of capital. The assumed pre-tax discount rate is 11.1% for all three CGU's. Cash flows have been projected into perpetuity to match the indefinite life of the associated goodwill. There is no information to suggest that cash flows for the value in use CGU's will cease at any time in the foreseeable future. Cash flows have been projected into perpetuity to match the indefinite life of the associated goodwill. There is no information to suggest that cash flows will cease at any time in the foreseeable future.

## Notes to the financial statements (Continued)

### 13 Investments

#### Group

Investments have been included in the Consolidated Balance Sheet and Company Balance Sheet at their fair value at the date of acquisition.

A full list of the Group undertakings at 31 December 2017 is detailed below. With the exception of ISS Machinery Services Ltd, which specialises in marine and industrial spare parts and machinery, and ShipNet AS, which specialises in software, all principal subsidiary and associate undertakings provide port agency, logistics and related services.

#### Subsidiary undertakings

| Name                                            | Registered Address                                                                          | Portion of voting shares and percentage held | Incorporated      | Description of the nominal value of the shares held |
|-------------------------------------------------|---------------------------------------------------------------------------------------------|----------------------------------------------|-------------------|-----------------------------------------------------|
| ISS Group Holdings Ltd                          | Units 5-8 Lakeside Business Village, Fleming Road, Chafford Hundred, Grays, Essex, RM16 6EW | 100.0                                        | England and Wales | GBP0.1 ordinary shares                              |
| Inchcape Shipping Services (UK) Ltd             | As above                                                                                    | 100.0                                        | England and Wales | GBP1 ordinary shares                                |
| FMS (Chartering) Ltd                            | As above                                                                                    | 100.0                                        | England and Wales | GBP1 ordinary shares                                |
| Inchcape Shipping Services (Gibraltar) Ltd      | As above                                                                                    | 100.0                                        | England and Wales | GBP1 ordinary shares                                |
| Plaintravel Ltd (formerly ShipNet London Ltd)   | As above                                                                                    | 100.0                                        | England and Wales | GBP1 ordinary shares                                |
| ISS Trustees Ltd (formerly ShipNet (UK) Ltd)    | As above                                                                                    | 100.0                                        | England and Wales | GBP1 ordinary shares                                |
| Global Marine Travel Ltd                        | As above                                                                                    | 100.0                                        | England and Wales | GBP1 ordinary shares                                |
| Global Marine Travel (UK) Ltd                   | As above                                                                                    | 100.0                                        | England and Wales | GBP1 ordinary shares                                |
| Inchcape Shipping Services Pension Trustees Ltd | As above                                                                                    | 100.0                                        | England and Wales | GBP1 ordinary shares                                |
| Inchcape Shipping Services Ltd                  | As above                                                                                    | 100.0                                        | England and Wales | GBP1 ordinary shares                                |
| John Cook (Agencies) Ltd                        | As above                                                                                    | 100.0                                        | England and Wales | GBP1 ordinary shares                                |
| Gellatly Shipping (UK) Ltd                      | As above                                                                                    | 100.0                                        | England and Wales | GBP1 ordinary shares                                |
| Inchcape Shipping Services (Iraq) Ltd           | As above                                                                                    | 100.0                                        | England and Wales | GBP1 ordinary shares                                |
| Inchcape Shipping (Europe) Ltd                  | As above                                                                                    | 100.0                                        | England and Wales | GBP1 ordinary shares                                |
| ISS (Global Services) Ltd                       | As above                                                                                    | 100.0                                        | England and Wales | GBP1 ordinary shares                                |
| Bethell, Gwyn & Co Ltd                          | As above                                                                                    | 100.0                                        | England and Wales | GBP1 ordinary shares                                |
| Exnor Craggs Ltd                                | As above                                                                                    | 100.0                                        | England and Wales | GBP1 ordinary shares                                |
| ISS Marine Services, Inc.                       | 11 North Water Street, Suite 9290, Mobile, Alabama, 36602                                   | 100.0                                        | USA               | USD1 common shares                                  |
| Williams Diamond & Co, Inc.                     | As above                                                                                    | 100.0                                        | USA               | USD10 ordinary shares                               |
| ISS Brokerage Services, Inc.                    | As above                                                                                    | 100.0                                        | USA               | USD1 ordinary shares                                |
| CESI Holdings, Inc.                             | As above                                                                                    | 100.0                                        | USA               | USD0.01 ordinary shares                             |

Notes to the financial statements (Continued)

| Name                                                         | Registered Address                                                                         | Portion of voting shares and percentage held | Incorporated | Description of the nominal value of the shares held |
|--------------------------------------------------------------|--------------------------------------------------------------------------------------------|----------------------------------------------|--------------|-----------------------------------------------------|
| Inchcape Shipping Services Pty Ltd                           | Level 10, 54 Miller Street North Sydney, NSW, 2060, Australia                              | 100.0                                        | Australia    | AUD1 ordinary shares                                |
| Inchcape Shipping Services Holdings Pty Ltd                  | As above                                                                                   | 100.0                                        | Australia    | AUD1 ordinary shares                                |
| Oceania Maritime Services Ptd Ltd                            | As above                                                                                   | 100.0                                        | Australia    | AUD1 ordinary shares                                |
| Christy and Griffin Pty Ltd                                  | As above                                                                                   | 100.0                                        | Australia    | AUD1 ordinary shares                                |
| Inchcape Shipping Services NV                                | Noorderderlaan 157, 2030 Antwerp, Belgium                                                  | 100.0                                        | Belgium      | EUR49.6 ordinary shares                             |
| Ancon NV                                                     | As above                                                                                   | 100.0                                        | Belgium      | EUR309.86 ordinary shares                           |
| CGA Shipping & Port Services NV                              | As above                                                                                   | 100.0                                        | Belgium      | EUR15.5 ordinary shares                             |
| Inchcape Shipping Services (Japan) KK                        | 6F Hamamatsucho Building., 1-1-1, Shibaura, Minato-ku, Tokyo 105-0023, Japan               | 100.0                                        | Japan        | JPY50,000 ordinary shares                           |
| Trinity Shipping Services AS                                 | Dampfaergevej 3, Copenhagen, 2100                                                          | 100.0                                        | Denmark      | DKK1,000 ordinary shares                            |
| Inchcape Shipping Services BV                                | Albert Plesmanweg 57, 3088GB Rotterdam, The Netherlands                                    | 100.0                                        | Netherlands  | EUR453.8 ordinary shares                            |
| Inchcape Shipping Services Logistics BV                      | As above                                                                                   | 100.0                                        | Netherlands  | EUR100 ordinary shares                              |
| Inchcape Shipping Services (Singapore) Pte Ltd               | 10 Hoe Chiang Road, #20-01/02 Keppel Towers, 89315, Singapore                              | 100.0                                        | Singapore    | SGD10 ordinary shares                               |
| ISS Machinery Services Ltd                                   | Unit 1103, 11/F Tower 1, Enterprise Square, 9 Sheung Yuet, Kowloon Bay, Hong Kong          | 100.0                                        | Hong Kong    | HKD1,000 ordinary shares                            |
| Inchcape Shipping Services (Hong Kong) Ltd                   | Unit 1103, 11/F Tower 1, Enterprise Square, 9 Sheung Yuet, Kowloon Bay, Hong Kong          | 100.0                                        | Hong Kong    | HKD1,000 ordinary shares                            |
| Inchcape Shipping Services SA                                | Ricardo J. Alfaro Avenue, City Center Building 3 <sup>rd</sup> Floor, Panama Colon, Panama | 100.0                                        | Panama       | USD50 ordinary shares                               |
| Inchcape Shipping Services (Norway) AS (formerly ShipNet AS) | Grensesvingen 9, Oslo Norway                                                               | 100.0                                        | Norway       | NOK1 ordinary shares                                |
| Inchcape Shipping Services Ras Al Khaimah LLC                | Room No 6, Agents Building, Saqr Port, PO Box 5100, Ras Al Khaimah, UAE                    | 100.0                                        | UAE          | AED1,500 ordinary shares                            |
| Inchcape Shipping Services Abu Dhabi LLC                     | Office No. -1001, Silver Wave Tower, Mina Street, PO Boax 247, Abu-Dhabi, UAE              | 49.0*                                        | UAE          | AED1,500 ordinary shares                            |
| Inchcape Shipping Services Fujairah LLC                      | Ashoyes, PO Box 2655, Fujairah, UAE                                                        | 49.0*                                        | UAE          | AED1,500 ordinary shares                            |
| John Cook Ltd                                                | Offshore Company, Jebel Ali Free Zone, PO Box 32045, Dubai, UAE                            | 100.0                                        | UAE          | AED1 ordinary shares                                |
| Kuwait Maritime and Mercantile Co. KSC                       | KMMC Building No. 800117, PO Box 78 Safat 13001, Arabian Gulf Street, Kuwait               | 49.0*                                        | Kuwait       | KWD10 ordinary shares                               |
| Inchcape Shipping Services (Qatar) WLL                       | 2 <sup>nd</sup> Floor, Arab Bank Building, 244, C-Ring Road, PO Box 24724, Doha, Qatar     | 49.0*                                        | Qatar        | QAR2,000 ordinary shares                            |

## Notes to the financial statements (Continued)

### 13 Investments (Continued)

#### Subsidiary undertakings (Continued)

| Name                                            | Registered Address                                                                                                                               | Portion of voting shares and percentage held | Incorporated | Description of the nominal value of the shares held |
|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|--------------|-----------------------------------------------------|
| Inchcape Shipping Services & Co. LLC            | AL Aafi Building, Building No.483, Ground Floor, AL Noor Street, Way No.3109, Block No.131, Ruwi, Muscat, Sultanate of Oman                      | 48.5*                                        | Oman         | OMR10 ordinary shares                               |
| Inchcape Shipping Services WLL                  | PO Box 828, Bldg 812, Road 31, Block 611, Shaikh Jaber Al Ahmed Al Subha Highway, Sitra, Kingdom of Bahrain                                      | 50.0*                                        | Bahrain      | BHD100 ordinary shares                              |
| Inchcape Shipping Services (Dubai) LLC          | Room 1-5, 15-19, 5 <sup>th</sup> Floor Office Court Building, Landlord: Mohamed Abdullah Ali Belobaida, Oud Metha Road, PO Box 33166, Dubai, UAE | 94.9                                         | UAE          | AED1,000 ordinary shares                            |
| ISS Abu Dhabi Ltd                               | 13 Castle Street, St Helier, JE4 5UT, Jersey, Channel Islands                                                                                    | 100.0                                        | Jersey       | GBP1 ordinary shares                                |
| ISS Fujeirah Ltd                                | As above                                                                                                                                         | 100.0                                        | Jersey       | GBP1 ordinary shares                                |
| ISS Kuwait Ltd                                  | As above                                                                                                                                         | 100.0                                        | Jersey       | GBP1 ordinary shares                                |
| ISS Oman Ltd                                    | As above                                                                                                                                         | 100.0                                        | Jersey       | GBP1 ordinary shares                                |
| ISS Ras Al Khaimah Ltd                          | As above                                                                                                                                         | 100.0                                        | Jersey       | GBP1 ordinary shares                                |
| ISS Dubai Ltd                                   | As above                                                                                                                                         | 100.0                                        | Jersey       | GBP1 ordinary shares                                |
| ISS Shipping India Pvt Ltd                      | Unit No.101, Reliable Plaza, Plot No. K-10, Thane – Belapur Road, Airoli, Navi Mumbai 400708, India                                              | 100.0                                        | India        | INR100 ordinary shares                              |
| Inchcape Shipping Services IT India Private Ltd | CEE DEE YES Tyche Towers, 6 <sup>th</sup> Floor, S. No. 14/1A, 14/18, 14/2A2, Perungudi Bypass Road, Perungudi, Chennai 600 096                  | 100.0                                        | India        | INR10 ordinary shares                               |
| Inchcape Shipping Services Poland Sp z.o.o      | Swietojanska 38/5, 81-372 Gdynia, Poland                                                                                                         | 100.0                                        | Poland       | PLN100 ordinary shares                              |
| Dabkovic Deniz Acentalige AS                    | Altunizade, Mahallesi, Kisikli Caddesi Sarkuysan, Ak Is Merkezi No.4 A Blok, Kat:3 D:9 34662 Uskudar, Istanbul, Turkey                           | 100.0                                        | Turkey       | TRY30 ordinary shares                               |
| Merkez Deniz Acentelige ve Ticaret AS           | As above                                                                                                                                         | 100.0                                        | Turkey       | TRY0.5 ordinary shares                              |
| Inchcape Shipping Services (Malta) S.A.         | 74/2 St. Bartholomew Street Qormi, QRM2188, Malta                                                                                                | 100.0                                        | Malta        | EUR1 ordinary shares                                |
| Inchcape Shipping Services Ukraine LLC          | 48 Pastera Street, 1st floor of 6, Odessa, Ukraine                                                                                               | 100.0                                        | Ukraine      | Shares of no par value                              |
| Inchcape Shipping Services GmbH                 | Raboisen 16, 20095 Hamburg, Germany                                                                                                              | 100.0                                        | Germany      | Shares of no par value                              |
| Inchcape Shipping Services France SAS           | 12 bis rue de Vaucanson ZAC Martigues Sud, Martigues, France                                                                                     | 100.0                                        | France       | EUR1 ordinary shares                                |
| Inchcape Shipping Services SA                   | 3 Agiou Dionysiou Street, Piraeus 18545, Greece                                                                                                  | 100.0                                        | Greece       | EUR2.93 ordinary shares                             |
| Inchcape Shipping Services (Cyprus) Ltd         | Markou Drakou 20, Office 102 / PO Box 20679, 1662 Nicosia, Cyprus                                                                                | 100.0                                        | Cyprus       | EUR1.71 ordinary shares                             |

## Notes to the financial statements (Continued)

### 13 Investments (Continued)

#### Subsidiary undertakings (Continued)

| Name                                              | Registered Address                                                                                                                          | Portion of voting shares and percentage held | Incorporated | Description of the nominal value of the shares held |
|---------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|--------------|-----------------------------------------------------|
| Inchcape Shipping Services Espana SA              | P.E. Las Marismas, Carretera Termica, S/N – Centro de Negocios Azabache, Office 02.24-2a Los Barrios 11379 - Cadiz                          | 100.0                                        | Spain        | EUR100 ordinary shares                              |
| Inchcape Shipping Services SA                     | Rue de Cornavin, 11 c/o Fiduciaire, Raisen-Dadre Sarl                                                                                       | 100.0                                        | Switzerland  | CHF1,000 ordinary shares                            |
| Cairo Shipping Services Ltd                       | 1 El-Moshier Ahmed Ismail St, Heliopolis, Cairo, 11361, Egypt                                                                               | 100.0                                        | Egypt        | EGP100 ordinary shares                              |
| Cairo Storing Services Ltd                        | As above                                                                                                                                    | 100.0                                        | Egypt        | EGP100 ordinary shares                              |
| International Company for Maritime Navigation Ltd | As above                                                                                                                                    | 100.0                                        | Egypt        | EGP100 ordinary shares                              |
| Inchcape Shipping Services Egypt Ltd              | As above                                                                                                                                    | 100.0                                        | Egypt        | EGP100 ordinary shares                              |
| United ISS Logistic Ltd                           | 3G Square 1178 Masaken Sheraton Nozha, Heliopolis, Cairo, 11361 Egypt                                                                       | 60.0                                         | Egypt        | EGP100 ordinary shares                              |
| Adsteam Agency (Tauranga) Ltd                     | The Shipping Exchange, 2 Akaroa Street, Parnell, Auckland, 1140, New Zealand                                                                | 100.0                                        | New Zealand  | NZD1 ordinary shares                                |
| Inchcape Shipping Services NZ Ltd                 | As above                                                                                                                                    | 100.0                                        | New Zealand  | NZD1 ordinary shares                                |
| ISS McKay Ltd                                     | As above                                                                                                                                    | 51.0                                         | New Zealand  | NZD1 ordinary shares                                |
| PT Equator Marindo                                | Menara Anugrah LT.22, Kantor Taman E3.3, JL.Mega Kuningan Lot 8.6 – 8.7 Kawasan Mega Kuningan, Setiabudi, Jakarta Selatan, 12950, Indonesia | 65.0                                         | Indonesia    | USD500 ordinary shares                              |
| Ying Hai Shipping Services Co Ltd                 | Unit 1003a, Tower No.1, No. 268 Zhongshan South Road, Shanghai, 200010, China                                                               | 100.0                                        | China        | Shares of no par value                              |
| Inchcape Shipping Services Cambodia Ltd           | Regency-C, No.18/20A/168, Vithei Preah Monireth (St.217), Sangkat Tomnoubteouk, Khan Chamkarmorn, Phnom Penh, Cambodia                      | 100.0                                        | Cambodia     | KHR40,000 ordinary shares                           |
| Inchcape Shipping Services Agency (Taiwan) Ltd    | 9 <sup>th</sup> Floor, No.153, Chung Hsiao East Road, Section 4, Taipei, 10690, Taiwan                                                      | 100.0                                        | Taiwan       | TWD1,000 ordinary shares                            |
| Inchcape Shipping Services (Guam) LLC             | 1026 Cabras Highway Suite 116 PAG Building, 96915, Piti Guam                                                                                | 100.0                                        | Guam         | Shares of no par value                              |
| Inchcape Shipping Services (Korea) Ko. Ltd        | 806 Soonhwa Bldg, 89 Seosomun-ro, Jung-gu, Seoul, 04516, Korea                                                                              | 100.0                                        | South Korea  | KRW5,000 common stock                               |
| Inchcape Shipping Services Philippines, Inc.      | 707 A Soriano Avenue, 2 <sup>nd</sup> Floor Shipping Center Bldg, Intramuros, Manila                                                        | 100.0                                        | Philippines  | PHP10 ordinary shares                               |
| Inchcape Shipping Services (Thailand) Ltd         | 43 Thai CC Tower, room no.6, 6 <sup>th</sup> Floor, South Sathorn Road, Yannawa Sub-District, Sathorn District, 10120 Bangkok, Thailand     | 81.0                                         | Thailand     | THB10 ordinary shares                               |

## Notes to the financial statements (Continued)

### 13 Investments (Continued)

#### Subsidiary undertakings (Continued)

| Name                                               | Registered Address                                                                                                                    | Portion of voting shares and percentage held | Incorporated        | Description of the nominal value of the shares held |
|----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|---------------------|-----------------------------------------------------|
| Inchcape Shipping Services Sdn Bhd                 | Suite 10.09, Level 10, Menara Trend, Intan Millennium Square, No.68, Jalan Batai Laut 4, Taman Intan, 41300 Klang, Selangor, Malaysia | 100.0                                        | Malaysia            | MYR1 ordinary shares                                |
| ISS Palumbo Srl                                    | Via Quaglierini Ettore 6, 57123, Stradario 05995, Livorno, Italy                                                                      | 51.0                                         | Italy               | Quotas of no par value                              |
| Inchcape Shipping Services Holdings Bahamas, Inc.  | Sessions House Chambers, Attorneys at Law, East Sunrise Highway, PO Box F42823, Freeport, The Bahamas                                 | 100.0                                        | Bahamas             | USD1 ordinary shares                                |
| Services Maritime Inchcape, Inc.                   | 45 O'Conner Street, Suite 1500, Ontario, K1P 1A4, Ottawa, Canada                                                                      | 100.0                                        | Canada              | CAD36,600 common shares                             |
| Inchcape Shipping Services Trinidad and Tobago Ltd | Lot #29, Southern Main Road, Pranz Village, Point Lisas, Trinidad and Tobago                                                          | 100.0                                        | Trinidad and Tobago | USD1 ordinary shares                                |
| Inchcape Shipping Services Mexico SA de CV         | Blvd Manuel Avila Camamcho No. 703-B Piso 2, Col Centro, Coatzacoalcos, Veracruz, 96400, Mexico                                       | 100.0                                        | Mexico              | MXN1 ordinary shares                                |
| CES de Venezuela SNC                               | Maracaibo, Estado Zulia, Venezuela                                                                                                    | 100.0                                        | Venezuela           | VBF1 ordinary shares                                |
| Coal Export Services de Colombia, Inc.             | 9076 Misty Creek Driv, Sarasota, Florida, 34241                                                                                       | 100.0                                        | USA                 | Shares of no par value                              |
| Milne Servicios Maritimos SA                       | Avenue Saenz Pena 195, Office 201, Callao, Peru                                                                                       | 100.0                                        | Peru                | PEN1 ordinary shares                                |
| ISS Marine Services SAC                            | Calle Martin de Murua 150, Office 1201, San Miguel, Lima, Peru                                                                        | 100.0                                        | Peru                | PEN100 ordinary shares                              |
| Tecnica Naviera Portuaria Tecninave SA             | General Cordova 1021 and 9 October Building, San Francisco 300, 19 <sup>th</sup> Floor, Office 1A, Guayaquil, Ecuador                 | 100.0                                        | Ecuador             | USD1 ordinary shares                                |
| Inchcape Shipping Services SA ISS Grupo            | As above                                                                                                                              | 100.0                                        | Ecuador             | USD0.04 ordinary shares                             |
| Inchcape Shipping Services Argentina SRL           | Avenue Julio A. Roca 610, 3 <sup>rd</sup> Floor, 1067, Ciudad de Buenos Aires, Argentina                                              | 100.0                                        | Argentina           | ARS1 social shares                                  |
| ISS Marine Services LTDA                           | Rua Conselheiro Saraiva, N.28, 4 <sup>th</sup> Floor, Centro – Rio de Janeiro, 200091-030, Brazil                                     | 100.0                                        | Brazil              | BRL1 ordinary shares                                |
| Inchcape Shipping Services BV Chile Limitada       | Blanco 1131, Office 62-63, Valparaiso, Chile                                                                                          | 100.0                                        | Chile               | Shares of no par value                              |
| Agencias Maritimas Christophersen Chile y Cia Ltda | As above                                                                                                                              | 100.0                                        | Chile               | Shares of no par value                              |
| ISS Marine Services Venezuela CA                   | Calle Arismendi CC Palm Beach Nivel 1 of P4-13 Zona Lecheria Lecherias Anzoategui Zona Postal 6016                                    | 100.0                                        | Venezuela           | VBF1 ordinary shares                                |

## Notes to the financial statements (Continued)

### 13 Investments (Continued)

#### Subsidiary undertakings (Continued)

| Name                                                            | Registered Address                                                                                                           | Portion of voting shares and percentage held | Incorporated      | Description of the nominal value of the shares held |
|-----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|-------------------|-----------------------------------------------------|
| ISS GMT BV                                                      | Rivium Oostlaan 45, 2909 LL Capelle aan den IJssel, Netherlands                                                              | 100.0                                        | Netherlands       | EUR1 ordinary shares                                |
| GMT Holdings Corp.                                              | 1800 SE 10 <sup>th</sup> Avenue, Suite 220, Fort Lauderdale, Florida, 33316, United States of America                        | 100.0                                        | USA               | USD1 ordinary shares                                |
| Global Marine Travel LLC                                        | As above                                                                                                                     | 100.0                                        | USA               | USD1 ordinary shares                                |
| GMT Australia Pty Ltd                                           | Level 10, 54 Miller Street North Sydney, NSW, 2060, Australia                                                                | 100.0                                        | Australia         | AUD1 ordinary shares                                |
| InterArgo PH, Inc.                                              | 4/F Dohle Haus Manila, #30-38 Sen. Gil Puyat Ave. San Isidro, City of Makati, NCR 4 <sup>th</sup> District, Philippines 1234 | 100.0                                        | Philippines       | PHP100 common stock                                 |
| Palumbo Egypt Ltd                                               | 1 St. 293, in front of Gapco, El Maadi El Gedida, Cairo, Egypt                                                               | 49.0                                         | Egypt             | Quotas of no par value                              |
| ISS Palumbo UK Ltd                                              | Unit 4 St Michaels Workshops, Albion Row, Newcastle Upon Tyne, Byker, NE6 1LR                                                | 51.0                                         | England and Wales | GBP1 ordinary shares                                |
| ISS Palumbo South Africa Pty Ltd                                | Block D, Ground Floor, Lagoon Beach Office Park, Sunset Beach, Boundary Road, Milnerton, Western Cape 7441, South Africa     | 51.0                                         | South Africa      | Shares of no par value                              |
| ISS Palumbo Houston LLC                                         | 3340B Greens Road Suite 900, Houston, TX,                                                                                    | 51.0                                         | USA               | Quotas of no par value                              |
| ISS Palumbo Turkey Deniz Acentalige Nakliyat ve Ticaret LTD STI | Altunizade Mahallesi Kisikli Caddesi Sarkuysan Ak Is Merkezi No:3 A Blok Kat :3 D:9 Uskudar                                  | 51.0                                         | Turkey            | TRY25 ordinary shares                               |
| Palumbo Services Srl                                            | Via Quagliolini Ettore 6, 57123, Stradario 05995, Livorno, Italy                                                             | 51.0                                         | Italy             | Quotas of no par value                              |
| ISS Palumbo Shipping Services LLC                               | PO BOX 17000, Dubai United Arab Emirates                                                                                     | 51.0                                         | UAE               | AED1000 ordinary shares                             |
| ISS Palumbo Marseille Sarl                                      | 12 bis rue de Vaucanson ZAC Martigues Sud, Martigues, France                                                                 | 51.0                                         | France            | EUR1 ordinary shares                                |
| Inchcape Shipping Services South Africa (Pty) Ltd               | 2201 ASBA Centre, Heerengracht, Cape Town, 8001, South Africa                                                                | 100.0                                        | South Africa      | ZAR1 ordinary shares                                |
| Inchcape Shipping Services Nigeria Ltd                          | 25 Marine Road Apapa Lagos Nigeria                                                                                           | 100.0                                        | Nigeria           | NGN1 ordinary shares                                |
| Inchcape Shipping Services Uganda Ltd                           | 1 <sup>st</sup> Floor, Premier Complex Building, Plot No. ½, Ntinda Industrial Area, PO Box 34234, Kampala, Uganda           | 100.0                                        | Uganda            | UGX10,000 ordinary shares                           |
| Inchcape Shipping Services (Tanzania) Ltd                       | 2 <sup>nd</sup> Floor Maktaba Square Building, Azikiwe Street (Maktaba Street), Dar Es Salaam, PO Box 13836, Tanzania        | 100.0                                        | Tanzania          | TZS20 ordinary shares                               |
| Inchcape Shipping Services (Mauritius) Ltd                      | 416 St James Court, St Denis Street, Port Louis, Mauritius                                                                   | 100.0                                        | Mauritius         | MUR100 ordinary shares                              |

## Notes to the financial statements (Continued)

### 13 Investments (Continued)

#### Subsidiary undertakings (Continued)

| Name                                          | Registered Address                                                                                             | Portion of voting shares and percentage held | Incorporated     | Description of the nominal value of the shares held |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------|----------------------------------------------|------------------|-----------------------------------------------------|
| Inchcape Shipping Services Ghana Ltd          | Ground floor, Gyau Towers, Motorway Roundabout, Ex, Community 9, Tema, Ghana                                   | 100.0                                        | Ghana            | GHC0.5 ordinary shares                              |
| Inchcape Shipping Services Somalia Ltd        | Warehouse N4, Seaport – Mogadishu, Somalia                                                                     | 90.0                                         | Somalia          | USD100 ordinary shares                              |
| ISS Mocambique Ltda                           | Rua dos Desportistas no.645, 2 <sup>nd</sup> Andar, Predio da Vodacom, Maputo, Mozambique                      | 100.0                                        | Mozambique       | MZN20,000 quotas                                    |
| Gellatly Hankey (Kenya) Limited               | Inchcape House, Archbishop Makarios CIs, Off Moi Avenue, Mombasa, PO Box 90194, Kenya                          | 100.0                                        | Kenya            | KES100 ordinary shares                              |
| Dodwell and Company (East Africa) Limited     | As above                                                                                                       | 100.0                                        | Kenya            | KES20 ordinary shares                               |
| Inchcape Shipping Services Kenya Ltd          | As above                                                                                                       | 75.0                                         | Kenya            | KES20 ordinary shares                               |
| Inchcape Shipping Services PNG MMC Ltd        | Level 5, Mogoru Moto Building, Champion Parade, Port Moresby, National Capital District, 121, Papua New Guinea | 100.0                                        | Papua New Guinea | PGK1 ordinary shares                                |
| MCC LSL Ltd                                   | As above                                                                                                       | 100.0                                        | Papua New Guinea | PGK100 ordinary shares                              |
| ISS Augusta Srl                               | Piazza della Rotonda 16, Augusta, 96011, Italy                                                                 | 70.5                                         | Italy            | Quotas of no par value                              |
| Inchcape Shipping Services LLC                | Room 501, Office Court Building, Oudh Mehta Road, P O Box 33166, Dubai, United Arab Emirates                   | 72.0                                         | UAE              | AED1000 ordinary shares                             |
| Inchcape Shipping Services Rwanda Ltd         | Avenue De L Oua, Route Gikondo Aeroport, Building Le Prestige Kigali, Rwanda.                                  | 100.0                                        | Rwanda           | RWF547,000 ordinary shares                          |
| Inchcape Shipping Services Namibia (Pty) Ltd  | Sanlam Centre, 145-157 Independence Avenue, Windhoek, Namibia                                                  | 100.0                                        | Namibia          | NAD1 ordinary shares                                |
| Inchcape Shipping Services Pakistan (Pvt) Ltd | First Floor, Bahria Complex IV, Gizri, Clifton, Karachi, Pakistan                                              | 65.0                                         | Pakistan         | PKR10 ordinary shares                               |

\*Investee consolidated on the basis of *de facto* control in accordance with IFRS10.  
Shares are held directly in Inchcape Shipping Services Holdings Ltd and indirectly in all other entities listed above.

## Notes to the financial statements (Continued)

### 13 Investments (Continued)

#### Investments in associated undertakings and joint ventures

| Name                                               | Registered Address                                                                                                                          | Portion of voting shares and percentage held | Incorporated | Description of the nominal value of the shares held |
|----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|--------------|-----------------------------------------------------|
| OOCL (Egypt) Shipping Agency SAE                   | 1 El-Moshier Ahmed Ismail St, Heliopolis, Cairo, 11361, Egypt                                                                               | 51.0                                         | Egypt        | EGP100 ordinary shares                              |
| Inchcape Shipping Services (Saudi) Company Limited | Office No. 17, 2nd Floor, Adil Abbas Sharbatly Center, Hail Street, Al-Rowais District 1, P O Box 4392, Jeddah 23214, Saudi Arabia          | 50.0                                         | Saudi Arabia | SAR750,000 ordinary shares                          |
| ISS-Tositti Srl                                    | Santa Marta Fabbricato, 17 30123 Venezia (Italy)                                                                                            | 50.0                                         | Italy        | Quotas of no par value                              |
| PT Marindo Indonesia                               | Menara Anugrah LT.22, Kantor Taman E3.3, JL.Mega Kuningan Lot 8.6 – 8.7 Kawasan Mega Kuningan, Setiabudi, Jakarta Selatan, 12950, Indonesia | 50.0                                         | Indonesia    | IDR900,000 ordinary shares                          |
| ISS-Prisco OOO                                     | Administrativny Gorodok, Nakhodka-4, Primorskiy Kray, 692900, Russia                                                                        | 50.0                                         | Russia       | RUB5,000 ordinary shares                            |
| ISS-Gemadep Co. Ltd                                | Room 301, 3 <sup>rd</sup> Floor, 45 Vo This Sau Street, Da Kao Ward, District 1, Ho Chi Minh City, Viet Nam                                 | 49.0                                         | Vietnam      | Shares of no par value                              |
| Hamburg Sud Dubai LLC                              | Offices 107 & 108, Office Court Building, Oud Metha Road, Dubai                                                                             | 50.0                                         | Dubai        | AED1 ordinary shares                                |
| Australian Ship Agencies Pty Limited               | Unit 1, 33-35 Lower Gibbes Street, Chatswood NSW 2067, Australia                                                                            | 50.0                                         | Australia    | AUD1 ordinary shares                                |
| Yang Ming (Australia) Pty Ltd                      | Aberdeen Advisory PTY LTD, 'North Tower' Level 15, 459 Collins Street, Melbourne VIC 3000                                                   | 50.0                                         | Australia    | AUD1 ordinary shares                                |
| Comarco Palma                                      | 4th floor, Ebene Skies, Rue D'Institut, Ebene, Mauritius                                                                                    | 25.5                                         | Mauritius    | USD1 ordinary shares                                |

Investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity accounting method.

|                                                         | 2017<br>US\$m | 2016<br>US\$m |
|---------------------------------------------------------|---------------|---------------|
| Share of associates' and joint ventures' Balance Sheets |               |               |
| Current assets                                          | 9.7           | 9.4           |
| Non-current assets                                      | 2.0           | 2.0           |
| Current liabilities                                     | (6.6)         | (7.9)         |
| Non-current liabilities                                 | (1.5)         | (1.6)         |
| <b>Carrying amount of the investment</b>                | <b>3.6</b>    | <b>1.9</b>    |
| Share of associates' and joint ventures':               |               |               |
| Income                                                  | 22.2          | 11.3          |
| Profit after tax for the year                           | 2.5           | 0.8           |

## Notes to the financial statements (Continued)

### 13 Investments (Continued)

#### Company

Investment in subsidiary undertakings is as follows:

|                         | 2017<br>US\$m | 2016<br>US\$m |
|-------------------------|---------------|---------------|
| Cost and Net Book Value |               |               |
| At 1 January            | 98.9          | 102.0         |
| Impairment              | (11.3)        | (3.1)         |
| At 31 December          | 87.6          | 98.9          |

Investment in associates and joint ventures is as follows:

|                              | 2017<br>US\$m | 2016<br>US\$m |
|------------------------------|---------------|---------------|
| Cost and Net Book Value      |               |               |
| At 1 January and 31 December | 0.1           | 0.1           |

### 14 Other investments

#### Group

Group investments of \$0.2m (2016: \$0.2m) comprise investments in unlisted shares. Unlisted shares are recorded at their fair market value. The fair value of the unlisted shares has been estimated using a valuation technique based on assumptions that are not supported by observable market prices.

#### Company

The Company had no other investments (2016: nil).

### 15 Events after the reporting period

To enable the Group to focus on the core marine services business, the group successfully executed the sale of its Freight Forwarding division to ICD (Investment Corporation of Dubai) on 30 August 2018. The Group will continue to retain the Packing and Removals business in the Middle East region.

The disposal of the Freight Forwarding business has also enabled the Group to refinance with a new reduced syndicate of lenders on 6 September 2018, which significantly deleverages the Group's balance sheet.

On 30 May 2018 the Group reached a settlement agreement of \$20 million with the US Department of Justice ("DoJ") in respect of a lawsuit against ISS for alleged overbilling of the US Navy for ship husbanding services between 2005 and 2014. The amount had been fully provided for in the 2016 accounts and had been repaid in full by the date of signing the accounts.

## Notes to the financial statements (Continued)

### 16 Trade and other receivables

|                                               | Group         |               | Company       |               |
|-----------------------------------------------|---------------|---------------|---------------|---------------|
|                                               | 2017<br>US\$m | 2016<br>US\$m | 2017<br>US\$m | 2016<br>US\$m |
| <b>Current</b>                                |               |               |               |               |
| Trade and other receivables                   | 401.7         | 339.1         | -             | -             |
| Less: provision for impairment of receivables | (2.9)         | (2.5)         | -             | -             |
| <b>Current trade and other receivables</b>    | <b>398.8</b>  | <b>336.6</b>  | <b>-</b>      | <b>-</b>      |
| <b>Non-current</b>                            |               |               |               |               |
| Other receivables                             | 2.9           | 0.9           | -             | -             |
| <b>Trade and other receivables</b>            | <b>401.7</b>  | <b>337.5</b>  | <b>-</b>      | <b>-</b>      |

Trade and other receivables are non-interest bearing and are generally on 30-90 days' terms (Port Agency is generally pre-funded). Due to their short maturities, the fair value of Trade and other receivables approximates to their book value.

Concentrations of credit risk with respect to trade receivables are limited, due to the Group's large and diverse customer base. The historical experience of collecting receivables, supported by the level of default and customer base, is that credit risk is relatively consistent across territories and therefore trade receivables are considered to be a single class of financial assets.

#### *Provision for impairment of receivables*

At 31 December 2017, trade receivables at a nominal value of \$2.9m (2016: \$2.5m) were impaired, and fully provided for. Movement in the provision for impairment of receivables was as follows:

|                                      | Group         |               | Company       |               |
|--------------------------------------|---------------|---------------|---------------|---------------|
|                                      | 2017<br>US\$m | 2016<br>US\$m | 2017<br>US\$m | 2016<br>US\$m |
| At 1 January                         | 2.5           | 3.2           | -             | -             |
| Provided in the year                 | 2.2           | 0.9           | -             | -             |
| Amounts recovered                    | (0.3)         | (0.4)         | -             | -             |
| Amounts written off as uncollectable | (1.3)         | (1.1)         | -             | -             |
| Exchange adjustments                 | (0.2)         | (0.1)         | -             | -             |
| <b>At 31 December</b>                | <b>2.9</b>    | <b>2.5</b>    | <b>-</b>      | <b>-</b>      |

## Notes to the financial statements (Continued)

### 16 Trade and other receivables (Continued)

#### Provision for impairment of receivables (Continued)

At 31 December 2017, the ageing analysis of Trade and other receivables was as follows:

|                               | Group         |               | Company       |               |
|-------------------------------|---------------|---------------|---------------|---------------|
|                               | 2017<br>US\$m | 2016<br>US\$m | 2017<br>US\$m | 2016<br>US\$m |
| Neither past due nor impaired | 353.4         | 307.1         | -             | -             |
| 30 – 60 days                  | 14.4          | 13.4          | -             | -             |
| 60 – 90 days                  | 21.6          | 5.9           | -             | -             |
| Over 90 days                  | 9.4           | 10.2          | -             | -             |
| <b>Total</b>                  | <b>398.8</b>  | <b>336.6</b>  | <b>-</b>      | <b>-</b>      |

Consistent with the information presented to the Board, the ageing analysis is determined by reference to the date of issue of the invoice.

### 17 Prepayments

|                    | Group         |               | Company       |               |
|--------------------|---------------|---------------|---------------|---------------|
|                    | 2017<br>US\$m | 2016<br>US\$m | 2017<br>US\$m | 2016<br>US\$m |
| Accrued income     | 8.1           | 14.3          | -             | -             |
| Other prepayments  | 4.9           | 5.8           | -             | -             |
| <b>Prepayments</b> | <b>13.0</b>   | <b>20.1</b>   | <b>-</b>      | <b>-</b>      |

### 18 Other current assets

|                          | Group         |               | Company       |               |
|--------------------------|---------------|---------------|---------------|---------------|
|                          | 2017<br>US\$m | 2016<br>US\$m | 2017<br>US\$m | 2016<br>US\$m |
| Other receivables        | 1.1           | 1.0           | -             | -             |
| <b>Other receivables</b> | <b>1.1</b>    | <b>1.0</b>    | <b>-</b>      | <b>-</b>      |

Other receivables totalling \$1.1m (2016: \$1.0m) represent financial assets valued at historic cost which approximates their amortised cost.

## Notes to the financial statements (Continued)

### 19 Cash and cash equivalents

|                                               | Group               |                     | Company       |               |
|-----------------------------------------------|---------------------|---------------------|---------------|---------------|
|                                               | 2017<br>US\$m       | 2016<br>US\$m       | 2017<br>US\$m | 2016<br>US\$m |
| Cash at bank and on hand                      | 149.3               | 144.7               | -             | -             |
| Short term bank deposits (less than 3 months) | 6.2                 | 9.3                 | -             | -             |
|                                               | <u>155.5</u>        | <u>154.0</u>        | -             | -             |
| Bank overdrafts                               | -                   | -                   | -             | -             |
| <b>Cash and cash equivalents</b>              | <u><u>155.5</u></u> | <u><u>154.0</u></u> | -             | -             |

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits is \$155.5m (2016: \$154.0m).

For the purpose of the Consolidated Cash Flow statement, Cash and cash equivalents comprise the amounts included in the above table.

### 20 Inventories

|                                     | Group              |                    | Company       |               |
|-------------------------------------|--------------------|--------------------|---------------|---------------|
|                                     | 2017<br>US\$m      | 2016<br>US\$m      | 2017<br>US\$m | 2016<br>US\$m |
| Finished goods and goods for resale | 15.4               | 17.0               | -             | -             |
| <b>Inventories</b>                  | <u><u>15.4</u></u> | <u><u>17.0</u></u> | -             | -             |

The difference between purchase price or production cost of inventories and their replacement cost is not material.

The cost of inventories recognised as expense and included in Cost of sales in the Consolidated Income Statement amounted to \$149.5m (2016: \$150.5m).

The write-down of inventories recognised as an expense and included in Cost of sales in the Consolidated Income Statement amounted to \$1.0m (2016: \$3.2m).

### 21 Trade and other payables

|                                 | Group               |                     | Company       |               |
|---------------------------------|---------------------|---------------------|---------------|---------------|
|                                 | 2017<br>US\$m       | 2016<br>US\$m       | 2017<br>US\$m | 2016<br>US\$m |
| <b>Current</b>                  |                     |                     |               |               |
| Trade creditors                 | 473.6               | 431.6               | -             | -             |
| Other creditors                 | 30.4                | 28.9                | -             | -             |
| <b>Trade and other payables</b> | <u><u>504.0</u></u> | <u><u>460.5</u></u> | -             | -             |

Trade and other payables are non-interest bearing. It is the Group's policy to pay within the stated terms.

## Notes to the financial statements (Continued)

### 21 Trade and other payables (Continued)

Other payables totalling \$30.4m (2016: \$28.8m) primarily comprise employee retirement related payables, accruals and financial liabilities valued at historic cost which approximates to their amortised cost.

### 22 Interest bearing loans and borrowings

|                                                   | Group         |               | Company       |               |
|---------------------------------------------------|---------------|---------------|---------------|---------------|
|                                                   | 2017<br>US\$m | 2016<br>US\$m | 2017<br>US\$m | 2016<br>US\$m |
| <b>Interest bearing loans and borrowings:</b>     |               |               |               |               |
| Less than one year:                               |               |               |               |               |
| Short term loans                                  | 54.7          | 22.5          | -             | -             |
| Capitalised transaction costs                     | (0.2)         | (0.1)         | -             | -             |
|                                                   | <hr/>         | <hr/>         | <hr/>         | <hr/>         |
| Current interest bearing loans and borrowings     | 54.5          | 22.4          | -             | -             |
| Between one and five years                        | 4.5           | 24.5          | -             | -             |
| Capitalised transaction costs                     | -             | (0.1)         | -             | -             |
|                                                   | <hr/>         | <hr/>         | <hr/>         | <hr/>         |
| Non-current interest bearing loans and borrowings | 4.5           | 24.4          | -             | -             |
|                                                   | <hr/>         | <hr/>         | <hr/>         | <hr/>         |
| <b>Interest bearing loans and borrowings</b>      | <b>59.0</b>   | <b>46.8</b>   | <b>-</b>      | <b>-</b>      |

#### Loan facilities

##### Group

The Group had the following bank loan facilities at 31 December 2017:

| Facility     | Bank           | Balance at<br>31 December 2017<br>US\$m | Interest rate<br>applied | Expiry date of<br>the facility |
|--------------|----------------|-----------------------------------------|--------------------------|--------------------------------|
| JPY Term     | MIZUHO         | 19.0                                    | LIBOR + 3.5%             | 24 Oct 2018                    |
| EUR Term     | UNICREDIT      | 3.2                                     | EURIBOR + 1.1%           | 30 Apr 2020                    |
| EUR Term     | CRF            | 2.7                                     | EURIBOR + 1.1%           | 31 Mar 2020                    |
| EUR Term     | MPS            | 1.1                                     | EURIBOR + 0.9%           | 31 Mar 2019                    |
| EUR Term     | BANCO POPOLARE | 2.4                                     | EURIBOR + 1.6%           | 31 May 2019                    |
| EUR Term     | BANCO POPOLARE | 0.3                                     | EURIBOR + 1.25%          | 31 Jan 2020                    |
| EUR Term     | BNL            | 1.8                                     | EURIBOR + 3.5%           | 27 Jun 2019                    |
| <b>Total</b> |                | <b>30.5</b>                             |                          |                                |

##### Company

The Company had no bank loan facilities at 31 December 2017 (2016: nil).

##### Collateral

Interest bearing loans and borrowings are secured against the shares of the Company and a number of its subsidiaries.

## Notes to the financial statements (Continued)

### 23 Derivative financial liabilities

|                                          | Group         |               | Company       |               |
|------------------------------------------|---------------|---------------|---------------|---------------|
|                                          | 2017<br>US\$m | 2016<br>US\$m | 2017<br>US\$m | 2016<br>US\$m |
| <b>Derivative financial liabilities:</b> |               |               |               |               |
| Less than one year                       | -             | 3.4           | -             | -             |
| Current financial liabilities            | -             | 3.4           | -             | -             |
| Between one and five years               | -             | -             | -             | -             |
| Non-current financial liabilities        | -             | -             | -             | -             |
| <b>Derivative financial liabilities</b>  | <b>-</b>      | <b>3.4</b>    | <b>-</b>      | <b>-</b>      |

The Derivative financial liabilities are measured at fair value, see Note 28 for details.

### 24 Deferred income tax

#### Group

The deferred tax assets and liabilities within the Consolidated Balance Sheet are as follows:

|                                                                     | 2017<br>US\$m     | 2016<br>US\$m     |
|---------------------------------------------------------------------|-------------------|-------------------|
| <b>Deferred tax assets:</b>                                         |                   |                   |
| - Deferred tax assets to be recovered after more than 12 months     | (1.9)             | (1.5)             |
|                                                                     | <u>(1.9)</u>      | <u>(1.5)</u>      |
| <b>Deferred tax liabilities:</b>                                    |                   |                   |
| - Deferred tax liabilities to be absorbed after more than 12 months | 4.9               | 5.5               |
| Deferred tax liability                                              | <u>4.9</u>        | <u>5.5</u>        |
| <b>Deferred tax liabilities (net)</b>                               | <b><u>3.0</u></b> | <b><u>4.0</u></b> |

The movement in the net deferred tax account during the year was as follows:

|                              | 2017<br>US\$m     | 2016<br>US\$m     |
|------------------------------|-------------------|-------------------|
| At 1 January                 | 4.0               | 4.8               |
| Exchange differences         | 0.3               | (0.2)             |
| Credit for the year (Note 9) | (1.3)             | (0.6)             |
| <b>At 31 December</b>        | <b><u>3.0</u></b> | <b><u>4.0</u></b> |

## Notes to the financial statements (Continued)

### 24 Deferred Income tax (Continued)

The movement in the deferred tax liabilities during the year was as follows:

|                                           | Amortisation<br>of Intangibles<br>US\$m | Other<br>US\$m | Total<br>US\$m |
|-------------------------------------------|-----------------------------------------|----------------|----------------|
| At 1 January 2016                         | 6.5                                     | 0.2            | 6.7            |
| Credit for the year                       | (1.0)                                   | -              | (1.0)          |
| Exchange differences                      | (0.2)                                   | -              | (0.2)          |
|                                           | <hr/>                                   | <hr/>          | <hr/>          |
| At 31 December 2016 and<br>1 January 2017 | 5.3                                     | 0.2            | 5.5            |
|                                           | <hr/>                                   | <hr/>          | <hr/>          |
| Credit for the year                       | (1.0)                                   | -              | (1.0)          |
| Exchange differences                      | 0.6                                     | (0.2)          | 0.4            |
|                                           | <hr/>                                   | <hr/>          | <hr/>          |
| At 31 December 2017                       | <b>4.9</b>                              | <b>-</b>       | <b>4.9</b>     |

The movement in the deferred tax assets during the year was as follows:

|                                           | Short-term<br>timing<br>differences<br>US\$m | Provisions<br>US\$m | Tax<br>losses<br>US\$m | Total<br>US\$m |
|-------------------------------------------|----------------------------------------------|---------------------|------------------------|----------------|
| At 1 January 2016                         | (1.5)                                        | (0.4)               | -                      | (1.9)          |
| Charge for the year                       | 0.4                                          | 0.1                 | -                      | 0.4            |
| Exchange differences                      | 0.1                                          | (0.1)               | -                      | -              |
|                                           | <hr/>                                        | <hr/>               | <hr/>                  | <hr/>          |
| At 31 December 2016 and<br>1 January 2017 | (1.0)                                        | (0.4)               | -                      | (1.5)          |
|                                           | <hr/>                                        | <hr/>               | <hr/>                  | <hr/>          |
| Credit for the year                       | (0.2)                                        | -                   | (0.2)                  | (0.4)          |
|                                           | <hr/>                                        | <hr/>               | <hr/>                  | <hr/>          |
| At 31 December 2017                       | <b>(1.2)</b>                                 | <b>(0.4)</b>        | <b>(0.3)</b>           | <b>(1.9)</b>   |

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profit is probable.

Accordingly, as the Group does not consider it probable that it will realise sufficient taxable profit against which to realise the related tax benefit, it does not recognise deferred tax assets in respect of tax loss carry-forwards of circa \$146.3m (2016: \$153.6m) and other short-term temporary differences of circa \$14.8m (2016: \$32.7m).

## Notes to the financial statements (Continued)

### 24 Deferred Income tax (Continued)

The principal tax loss carry-forwards and the timing of their expiry are as follows:

| Country          | Expiring | 2017<br>US\$m | 2016<br>US\$m |
|------------------|----------|---------------|---------------|
| UK               | N/A      | 133.3         | 128.8         |
| Brazil           | N/A      | 3.4           | 1.2           |
| Papua New Guinea | 2017     | 3.2           | 3.1           |
| Belgium          | N/A      | 3.1           | 2.6           |
| Netherlands      | N/A      | 2.7           | 2.2           |
| Norway           | N/A      | 1.2           | 8.3           |
| Germany          | N/A      | 1.0           | 0.6           |
| Singapore        | N/A      | -             | 1.1           |
| Nigeria          | N/A      | -             | 1.0           |

The Group does not recognise any deferred tax liability (2016: nil) for taxes that would be payable on the distribution of the retained earnings of its subsidiaries or its associates, as it has determined that those earnings will not be distributed in the foreseeable future.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders. The Company does not intend to pay a dividend in the foreseeable future.

#### Company

The Company has no deferred tax (2016: nil).

### 25 Other non-current liabilities

|                       | Group         |               | Company       |               |
|-----------------------|---------------|---------------|---------------|---------------|
|                       | 2017<br>US\$m | 2016<br>US\$m | 2017<br>US\$m | 2016<br>US\$m |
| Other payables        | 10.0          | 11.1          | -             | -             |
| <b>Other payables</b> | <b>10.0</b>   | <b>11.1</b>   | <b>-</b>      | <b>-</b>      |

Other non-current liabilities are disclosed at their carrying values that approximate their fair market value.

## Notes to the financial statements (Continued)

### 26 Obligations under lease arrangements

#### *Obligations under finance leases*

##### *Group*

The Group uses finance leases to acquire vehicles, warehouse and office equipment. Future minimum lease payments under finance leases are as follows:

|                                                | 2017<br>US\$m     | 2016<br>US\$m     |
|------------------------------------------------|-------------------|-------------------|
| <b>Future minimum payments due:</b>            |                   |                   |
| Not later than one year                        | 0.4               | 0.3               |
| After one year but not more than five years    | -                 | -                 |
|                                                | <u>0.4</u>        | <u>0.3</u>        |
| Less finance charges allocated to future years | -                 | -                 |
| <b>Present value of minimum lease payments</b> | <u><u>0.4</u></u> | <u><u>0.3</u></u> |

##### *Company*

The Company had no obligations under finance leases (2016: nil).

#### *Obligations under operating lease arrangements*

##### *Group*

The Group has entered into leases on property, plant & machinery and cars. Future minimum rentals payable under non-cancellable operating leases are as follows:

|                                             | 2017<br>US\$m | 2016<br>US\$m |
|---------------------------------------------|---------------|---------------|
| Not later than one year                     | 10.1          | 9.3           |
| After one year but not more than five years | 9.3           | 9.5           |
| After five years                            | 0.1           | 0.2           |
|                                             | <u>19.5</u>   | <u>19.0</u>   |

##### *Company*

The Company had no obligations under operating lease arrangements (2016: nil).

**Notes to the financial statements (Continued)**

**27 Provisions**

*Group*

|                                      | Total<br>US\$m |
|--------------------------------------|----------------|
| <b>Current Provisions</b>            |                |
| At 1 January 2017                    | 7.2            |
| Transfer from non-current provisions | 0.7            |
| Transfer between categories          | 0.1            |
| Provided in the year                 | 1.1            |
| Utilised                             | (0.4)          |
| <b>At 31 December 2017</b>           | <b>8.7</b>     |
| <b>Non-current Provisions</b>        |                |
| At 1 January 2017                    | 15.0           |
| Transfer to current provisions       | (0.7)          |
| <b>At 31 December 2017</b>           | <b>14.3</b>    |
| <b>Provisions</b>                    | <b>23.0</b>    |

Provisions relate primarily to legal claims and long service leave where there is uncertainty in the timing of the cash flows. None of the exposures are insured.

ISS has reached a no fault settlement with the U.S. Department of Justice ("DoJ") and the three plaintiffs of \$20 million in respect of a litigation claim as previously disclosed in the 2016 financial statements. As at the date of signing, the full settlement amount had been paid to the DoJ.

*Company*

The Company had no provisions (2016: nil)

## Notes to the financial statements (Continued)

### 28 Financial risk management objectives and policies

The Group's principal financial liabilities comprise bank loans and overdrafts, finance leases and trade payables. The main purpose of these financial liabilities is to raise finance for the Group's operations, or arise directly from its operations. The Group has various financial assets such as trade receivables and cash and short term deposits, which arise directly from its operations.

The Group also enters into derivative transactions; primarily interest rate swaps and forward currency contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

It is the Group's policy that no trading in derivatives shall be undertaken.

The main risks arising from the Group's financial liabilities are interest rate risk, foreign currency risk, credit risk and liquidity. The Board reviews and agrees policies for managing each of these risks which are summarised below.

#### *Interest rate risk*

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. Adequate risk management policies are applied at the level of Inchcape Shipping Services World Limited, the Group's immediate parent company.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, including the economic effect of the derivative financial instruments with all other variables held constant, on the Group's Profit before tax:

|             | Increase<br>in basis points | Effect on<br>Profit / (Loss)<br>before tax<br>US\$m |
|-------------|-----------------------------|-----------------------------------------------------|
| <b>2017</b> |                             |                                                     |
| Borrowings  | 50                          | (0.2)                                               |
| Cash        | 50                          | 0.2                                                 |
| <b>2016</b> |                             |                                                     |
| Borrowings  | 50                          | (0.1)                                               |
| Cash        | 50                          | -                                                   |

#### *Foreign currency risk*

As a result of significant operations all over the world, the Group's Consolidated Balance Sheet can be affected significantly by movement in the USD and JPY exchange rates. The Group seeks to mitigate the effect of its structural currency exposure by borrowing in USD and JPY.

The Group uses foreign currency denominated borrowings as net investment hedges to manage the foreign currency risk.

## Notes to the financial statements (Continued)

### 28 Financial risk management objectives and policies (continued)

#### Foreign currency risk (continued)

The following table demonstrates the sensitivity to a reasonable possible change in the US Dollar exchange rate versus the cumulative average rate for 2017 and 2016, with all other variables held constant, of the Group's EBITDA (see Directors' Report for definition).

|      | Increase/(Decrease)<br>in US Dollar rate<br>% | (Decrease)/Increase<br>in EBITDA<br>US\$m | (Decrease)/Increase<br>in Equity<br>US\$m |
|------|-----------------------------------------------|-------------------------------------------|-------------------------------------------|
| 2017 | 5%<br>(5%)                                    | (1.0)<br>1.0                              | (9.8)<br>9.8                              |
| 2016 | 5%<br>(5%)                                    | (1.0)<br>1.0                              | (8.7)<br>8.7                              |

#### Credit risk

The Group trades only with recognised, creditworthy third-parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis.

With respect to credit risk arising from the other financial assets of the Group, which comprise Cash and cash equivalents and certain derivative instruments, the Group's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments. The Group's biggest exposure is naturally hedged by the fact that borrowings and certain amount of cash balances are held with the same counterparty, although no formal right of offset exists.

#### Liquidity risk

The Group monitors its risk of suffering a shortage of funds using projected cash flow forecasts.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Group's policy is that no more than 20% of borrowings (excluding trade finance) should mature in the next 12 month period. At 31 December 2017 the percentage of the Group's debt (excluding overdrafts) that will mature in less than one year is 92.1% (2016: 16.0%).

## Notes to the financial statements (Continued)

### 28 Financial risk management objectives and policies (continued)

#### Liquidity Risk (continued)

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2016 and 2017 based on contractual undiscounted payments.

|                                  | Less than 3 months<br>US\$m | 3 to 12 months<br>US\$m | 1 to 5 years<br>US\$m | Over 5 years<br>US\$m | Total<br>US\$m |
|----------------------------------|-----------------------------|-------------------------|-----------------------|-----------------------|----------------|
| Borrowings                       | 0.8                         | 22.5                    | 25.2                  | -                     | 48.5           |
| Finance lease liabilities        | -                           | 0.3                     | -                     | -                     | 0.3            |
| Derivative financial liabilities | -                           | 3.4                     | -                     | -                     | 3.4            |
| Trade and other payables         | 461.8                       | 0.5                     | -                     | 11.1                  | 473.4          |
| <b>At 31 December 2016</b>       | <b>462.6</b>                | <b>26.7</b>             | <b>25.2</b>           | <b>11.1</b>           | <b>525.6</b>   |
| Borrowings                       | 1.1                         | 53.5                    | 3.0                   | -                     | 57.6           |
| Finance lease liabilities        | -                           | 0.4                     | -                     | -                     | 0.4            |
| Trade and other payables         | 507.9                       | 1.3                     | -                     | 1.3                   | 510.5          |
| <b>At 31 December 2017</b>       | <b>509.0</b>                | <b>55.2</b>             | <b>3.0</b>            | <b>1.3</b>            | <b>568.5</b>   |

The Group has committed borrowing facilities (excluding bank overdrafts), which have been utilised as follows:

|                                        | 2017<br>US\$m | 2016<br>US\$m |
|----------------------------------------|---------------|---------------|
| Borrowings                             | 59.2          | 47.0          |
| Other utilised facilities              | 3.4           | 5.1           |
| Unutilised facilities                  | 26.6          | 24.9          |
| <b>Total facilities</b>                | <b>89.2</b>   | <b>77.0</b>   |
| <b>Total facilities expiring:</b>      |               |               |
| Within 1 year                          | 84.7          | 22.5          |
| After 1 year but not more than 5 years | 4.5           | 54.5          |
| After 5 years                          | -             | -             |
| <b>Total facilities</b>                | <b>89.2</b>   | <b>77.0</b>   |

## Notes to the financial statements (Continued)

### 28 Financial risk management objectives and policies (continued)

#### *Fair values*

The Group measures its derivatives (caps and FX options) at fair value. The fair values are obtained from external parties and are derived from valuation models based on interest rate yields rather than on quoted market prices.

There were no derivatives in the books as at 31 December 2017. The book values and fair values of the derivatives in the books at 31 December 2016 were a liability of \$3.4m for FX options, classified as a level 2 financial instrument.

In 2017 the movement in the fair value of the derivative financial instruments resulted in a net gain of \$3.4m (2016: loss of \$2.1m) which has been recognised in the Consolidated Income Statement. Financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

#### *Capital management*

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders.

Management considers the ordinary share capital and the share premium to be the capital of the business. The total borrowings of the business added to the capital are considered to be the total funding for the business. Management ensures that the capital does not fall below 25% of the total funding of the business. At 31 December 2017 the ratio was 42% and at 31 December 2016 the ratio was 48%.

## Notes to the financial statements (Continued)

### 29 Share capital

#### Company and group

|                                                                 | 2017<br>US\$m | 2016<br>US\$m |
|-----------------------------------------------------------------|---------------|---------------|
| <b>Ordinary shares authorised</b>                               |               |               |
| Ordinary shares (2,040,001 @ 10p) (2016: 2,040,001 @ 10p)       | 0.4           | 0.4           |
| Ordinary shares (30,493,484 @ US\$1) (2016: 30,493,484 @ US\$1) | 30.5          | 30.5          |
| Deferred shares (775,201 @ 10p) (2016: 775,201 @ 10p)           | 0.1           | 0.1           |
|                                                                 | 31.0          | 31.0          |
|                                                                 | 31.0          | 31.0          |

During 2017 there were no changes to share capital.

|                                                 | 2017<br>US\$m | 2016<br>US\$m |
|-------------------------------------------------|---------------|---------------|
| <b>Ordinary shares fully paid</b>               |               |               |
| Ordinary shares issued and fully paid (@ 10p)   | 0.4           | 0.4           |
| Ordinary shares issued and fully paid (@ US\$1) | 30.5          | 30.5          |
|                                                 | 30.9          | 30.9          |
|                                                 | 30.9          | 30.9          |

Ordinary shareholders are entitled to receive notice of, attend and vote at any General Meeting of the Company.

Profits are available for distribution to the ordinary shareholders.

### 30 Reconciliation of movements in equity

#### Group

The Consolidated Statement of Changes in Equity is presented as a primary financial statement on page 13 and 14 of these financial statements.

#### Company

The Company's Statement of Changes in Equity is presented as a primary financial statement on page 14 of these financial statements.

### 31 Contingent liabilities

The Group has a number of guarantees, performance bonds and other claims of a normal trading nature for which there are either underlying financial liabilities recognised within the financial statements or are in respect of commitments given as an agent on behalf of our principals and to certain suppliers and customers.

Total contingent liabilities for the Group at 31 December 2017 are \$46.6m (2016: \$44.1m).

Total contingent liabilities related to the associated and joint ventures held by the Group as at 31 December 2017 are Nil (2016: Nil).

## Notes to the financial statements (Continued)

### 32 Related party transactions

#### Group and Company

The immediate parent of the Group is Inchcape Shipping Services World Limited (incorporated in the Cayman Islands) and the ultimate parent and controlling party is Dubai World Corporation (incorporated in the Emirate of Dubai).

Dubai World Corporation is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2017. Inchcape Shipping Services World Limited is the parent undertaking of the smallest group to consolidate these financial statements

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this Note. Details of transactions between the Group and other related parties are disclosed for the financial year, with balances outstanding at 31 December.

#### Related party

|                                                                           | Group         |               | Company       |               |
|---------------------------------------------------------------------------|---------------|---------------|---------------|---------------|
|                                                                           | 2017<br>US\$m | 2016<br>US\$m | 2017<br>US\$m | 2016<br>US\$m |
| Amounts owed by related party (Associates) –<br>Non-current and current   | 6.6           | 4.5           | -             | -             |
| Amounts owed to related party (Associates) - Current                      | (1.6)         | (0.5)         | -             | -             |
| Amounts owed by immediate parent company - Current                        | 172.3         | 162.8         | -             | -             |
| Amounts owed by related party (Subsidiaries) –<br>Non-current and current | -             | -             | 54.5          | 47.3          |
| Amounts owed to related party (Subsidiaries) - Current                    | -             | -             | (0.4)         | (0.1)         |

During the year material transactions with associates resulted in sales of \$0.6m (2016: \$0.5m) and management fees receivable of \$0.2m (2016: \$0.4m). The movement in amounts owed by the immediate parent relate predominantly to repayments and borrowings of principal debt and the related interest on their behalf in addition to other interest and expenses amounting to \$9.7m (2016: \$9.1m).

The sales and associated costs relating to transactions with related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2016: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel of the Group (directors) was as follows:

|                              | 2017<br>US\$m | 2016<br>US\$m |
|------------------------------|---------------|---------------|
| Short term employee benefits | 1.3           | 1.3           |
| Post employment benefits     | 0.2           | 0.1           |
| <b>Total</b>                 | <b>1.5</b>    | <b>1.4</b>    |

## Notes to the financial statements (Continued)

Compensation for loss of office disclosed in the above table relates to amounts due to former directors on termination of employment.

The highest paid director received emoluments of \$482k (2016: \$719k) and accrued benefits under defined contribution schemes of \$97k (2016: \$61k). There is no compensation of key management personnel paid through the Company (2016: Nil).

### 33 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Group

|                                    | Loans and<br>receivables | Assets at<br>fair value<br>through the<br>profit and<br>loss | Derivatives<br>used for<br>hedging | Available-<br>for-sale | Total        |
|------------------------------------|--------------------------|--------------------------------------------------------------|------------------------------------|------------------------|--------------|
|                                    | US\$m                    | US\$m                                                        | US\$m                              | US\$m                  | US\$m        |
| <b>Assets as per Balance Sheet</b> |                          |                                                              |                                    |                        |              |
| <b>31 December 2017</b>            |                          |                                                              |                                    |                        |              |
| Other receivables                  | 398.8                    | -                                                            | -                                  | -                      | 398.8        |
| Accrued income                     | 8.1                      | -                                                            | -                                  | -                      | 8.1          |
| Other non-current receivables      | 2.9                      | -                                                            | -                                  | -                      | 2.9          |
| Other current assets               | 1.1                      | -                                                            | -                                  | -                      | 1.1          |
| Amounts owed by related parties    | 179.0                    | -                                                            | -                                  | -                      | 179.0        |
| Cash and cash equivalents          | 155.5                    | -                                                            | -                                  | -                      | 155.5        |
| <b>Total</b>                       | <b>745.4</b>             | <b>-</b>                                                     | <b>-</b>                           | <b>-</b>               | <b>745.4</b> |
| <b>31 December 2016</b>            |                          |                                                              |                                    |                        |              |
| Other receivables                  | 336.6                    | -                                                            | -                                  | -                      | 336.6        |
| Accrued income                     | 14.3                     | -                                                            | -                                  | -                      | 14.3         |
| Other non-current receivables      | 0.9                      | -                                                            | -                                  | -                      | 0.9          |
| Other current assets               | 1.0                      | -                                                            | -                                  | -                      | 1.0          |
| Amounts owed by related parties    | 167.3                    | -                                                            | -                                  | -                      | 167.3        |
| Cash and cash equivalents          | 154.0                    | -                                                            | -                                  | -                      | 154.0        |
| <b>Total</b>                       | <b>674.1</b>             | <b>-</b>                                                     | <b>-</b>                           | <b>-</b>               | <b>674.1</b> |

## Notes to the financial statements (Continued)

### 33 Financial instruments by category (continued)

|                                         | Liabilities<br>at fair value<br>through the<br>profit and<br>loss<br>US\$m | Derivatives<br>used for<br>hedging<br>US\$m | Other<br>financial<br>liabilities<br>US\$m | Total<br>US\$m |
|-----------------------------------------|----------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------|----------------|
| <b>Liabilities as per Balance Sheet</b> |                                                                            |                                             |                                            |                |
| <b>31 December 2017</b>                 |                                                                            |                                             |                                            |                |
| Borrowings                              | -                                                                          | -                                           | 59.0                                       | 59.0           |
| Trade and other payables                | -                                                                          | -                                           | 504.0                                      | 504.0          |
| Other non-current liabilities           | -                                                                          | -                                           | 10.0                                       | 10.0           |
| Other current liabilities               | -                                                                          | -                                           | 3.3                                        | 3.3            |
| Derivative financial instruments        | -                                                                          | -                                           | -                                          | -              |
| Amounts owed to related parties         | -                                                                          | -                                           | 1.6                                        | 1.6            |
| <b>Total</b>                            | <b>-</b>                                                                   | <b>-</b>                                    | <b>577.9</b>                               | <b>577.9</b>   |
| <b>31 December 2016</b>                 |                                                                            |                                             |                                            |                |
| Borrowings                              | -                                                                          | -                                           | 46.8                                       | 46.8           |
| Trade and other payables                | -                                                                          | -                                           | 460.5                                      | 460.5          |
| Other non-current liabilities           | -                                                                          | -                                           | 11.1                                       | 11.1           |
| Other current liabilities               | -                                                                          | -                                           | 1.3                                        | 1.3            |
| Derivative financial instruments        | -                                                                          | 3.4                                         | -                                          | 3.4            |
| Amounts owed to related parties         | -                                                                          | -                                           | 0.5                                        | 0.5            |
| <b>Total</b>                            | <b>-</b>                                                                   | <b>3.4</b>                                  | <b>520.2</b>                               | <b>523.6</b>   |

#### Company

|                                    | Loans and<br>receivables<br>US\$m | Assets at<br>fair value<br>through the<br>profit and<br>loss<br>US\$m | Derivatives<br>used for<br>hedging<br>US\$m | Available-<br>for-sale<br>US\$m | Total<br>US\$m |
|------------------------------------|-----------------------------------|-----------------------------------------------------------------------|---------------------------------------------|---------------------------------|----------------|
| <b>Assets as per Balance Sheet</b> |                                   |                                                                       |                                             |                                 |                |
| <b>31 December 2017</b>            |                                   |                                                                       |                                             |                                 |                |
| Amounts owed by related parties    | 54.5                              | -                                                                     | -                                           | -                               | 54.5           |
| <b>Total</b>                       | <b>54.5</b>                       | <b>-</b>                                                              | <b>-</b>                                    | <b>-</b>                        | <b>54.5</b>    |
| <b>31 December 2016</b>            |                                   |                                                                       |                                             |                                 |                |
| Amounts owed by related parties    | 47.3                              | -                                                                     | -                                           | -                               | 47.3           |
| <b>Total</b>                       | <b>47.3</b>                       | <b>-</b>                                                              | <b>-</b>                                    | <b>-</b>                        | <b>47.3</b>    |

## Notes to the financial statements (Continued)

### 33 Financial instruments by category (continued)

|                                         | Liabilities<br>at fair value<br>through the<br>profit and<br>loss<br>US\$m | Derivatives<br>used for<br>hedging<br>US\$m | Other<br>financial<br>liabilities<br>US\$m | Total<br>US\$m |
|-----------------------------------------|----------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------|----------------|
| <b>Liabilities as per Balance Sheet</b> |                                                                            |                                             |                                            |                |
| <b>31 December 2017</b>                 |                                                                            |                                             |                                            |                |
| Amounts owed to related parties         | -                                                                          | -                                           | 0.3                                        | 0.3            |
| <b>Total</b>                            | <b>-</b>                                                                   | <b>-</b>                                    | <b>0.3</b>                                 | <b>0.3</b>     |
| <b>31 December 2016</b>                 |                                                                            |                                             |                                            |                |
| Amounts owed to related parties         | -                                                                          | -                                           | 0.1                                        | 0.1            |
| <b>Total</b>                            | <b>-</b>                                                                   | <b>-</b>                                    | <b>0.1</b>                                 | <b>0.1</b>     |

### 34 Non-controlling interest

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

| Summarised statement of comprehensive income for ISS Palumbo Srl         | 2017<br>US\$m | 2016<br>US\$m |
|--------------------------------------------------------------------------|---------------|---------------|
| Revenue                                                                  | 66.2          | 46.5          |
| Profit before tax                                                        | 7.0           | 4.6           |
| Taxation                                                                 | (2.5)         | (1.1)         |
| <b>Total comprehensive income for the year</b>                           | <b>4.5</b>    | <b>3.5</b>    |
| <b>Total comprehensive income allocated to non-controlling interests</b> | <b>0.7</b>    | <b>1.7</b>    |

| Summarised balance sheet for ISS Palumbo Srl | 2017<br>US\$m | 2016<br>US\$m |
|----------------------------------------------|---------------|---------------|
| <b>Current</b>                               |               |               |
| Assets                                       | 50.8          | 33.4          |
| Liabilities                                  | (28.3)        | (17.1)        |
| <b>Current net assets</b>                    | <b>22.5</b>   | <b>16.3</b>   |
| <b>Non-current</b>                           |               |               |
| Assets                                       | 43.2          | 42.6          |
| Liabilities                                  | (11.5)        | (9.3)         |
| <b>Non-current net assets</b>                | <b>31.7</b>   | <b>33.3</b>   |
| <b>Net assets</b>                            | <b>54.2</b>   | <b>49.6</b>   |

**Notes to the financial statements (Continued)**

**34 Non-controlling interest (continued)**

| Summarised cash flows for ISS Palumbo Srl              | 2017<br>US\$m |
|--------------------------------------------------------|---------------|
| <b>Cash flows from operating activities</b>            |               |
| Cash used in operations                                | 7.6           |
| Interest paid                                          | (0.2)         |
| Income tax paid                                        | (1.4)         |
|                                                        | <hr/>         |
| Net cash used in operating activities                  | 6.0           |
|                                                        | <hr/>         |
| <b>Net cash used in investing activities</b>           | (0.7)         |
|                                                        | <hr/>         |
| <b>Net cash generated from financing activities</b>    | (0.1)         |
|                                                        | <hr/>         |
| <b>Net increase in cash and cash equivalents</b>       | 5.2           |
|                                                        | <hr/>         |
| Cash and cash equivalents at the beginning of the year | 6.3           |
| Exchange gains                                         | (2.4)         |
|                                                        | <hr/>         |
| <b>Cash and cash equivalents at end of year</b>        | 9.1           |