

Inchcape Shipping Services Holdings Limited
Annual report and financial statements
For the year ended 31 December 2018



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General information

Directors

K Henriks
F Olsen

Company Secretary

N Mahabeer

Registered office

8th Floor
60 Fenchurch Street
London
EC3M 4AD

Independent auditors

KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Registered number

04980958

Strategic Report

The directors present their Strategic Report for the year ended 31 December 2018.

Principal activities

Inchcape Shipping Services Holdings Limited's group of companies ("Inchcape", or "the Group") is one of the world's leading independent maritime services providers managing approximately 64,000 vessel port calls in 2018 (2017: approximately 65,000) through its own network of approximately 2,900 people located across 240 offices in over 60 countries covering 85% of obtainable port calls globally.

Inchcape's 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.

Inchcape 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.

In 2018 Inchcape delivered 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.

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

Business review, development and position of the business

In 2018, Marine Services performance as measured by EBITDA (before exceptional costs) was ahead of expectations and prior year. However, Group performance finished below budget primarily due to the non-core Supply Logistics business and in particular the divesture of the Freight Forwarding division to the Investment Corporation of Dubai (ICD).

ISS Machinery Services results were below expectations, and down against 2017. The business suffered from margin pressure from strong market competition, the entrance of non-certified service vendors into the lifeboat inspection market and macro-economic factors, and in particular, the crude oil market price.

ISS Palumbo results for the full year were below expectations and prior year, although there was a strong recovery in performance in the last quarter of 2018.

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, product and productivity initiatives as part of its strategy to firmly establish Inchcape as a world market leader in marine services.

In terms of technology and product initiatives Inchcape launched a unique value proposition, Inchcape 360, which consists of 3 offerings: Smooth Services, Smart Sight and Smart Pay. These offerings have been enabled as a result of a significant and ongoing investment in technology across both Inchcape Operations and Finance.

Strategic Report (Continued)

Smooth Services encompasses the ease of access to the Inchcape global network, integrated Governance and Compliance and Strategic Sourcing, driven by Inchcape proprietary technology. Smart Sight uses proprietary data from our network to deliver insight and intelligence to our customers, enabled by technology. Smart Pay is a new approach to cash and transaction management in the maritime industry.

In terms of productivity, Inchcape are in the process of optimising our network by centralising and developing an efficient process built on a digital platform generating sufficient efficiency gains and cost savings, and enabling local offices to focus on operational execution.

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

Inchcape successfully divested of non-core activities in August 2018, which entailed the sale of the Freight Forwarding division to the Investment Corporation of Dubai (ICD). This transaction is aligned by Inchcape' strategic objective to focus on its core Port Agency business. The results of the divested business are accordingly reflected as a discontinued operation within the Financial Statements. Inchcape continues to retain the Packing and Removals business within the Middle East region.

The divestiture of the Freight Forwarding business enabled the successful execution of the refinancing of Inchcape resulting in a significant de-leveraging of the balance sheet with a reduced syndicate of lenders in September 2018.

Inchcape signed and settled a no-fault settlement agreement on 30 May 2018 with the US Department of Justice ("DoJ") in respect of a lawsuit against Inchcape 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. The administration agreement was closed during December 2018.

On 21 November 2018, Inchcape were notified that the United Nations contract would not be renewed and the contract terminated in the first quarter of 2019.

In 2019, a key transaction has taken place.

On 12 February 2019, Inchcape completed on the acquisition of V.Ships Agency business and divestiture of GMT business. The V.Ships Agency business includes the legal entities in Rotterdam and Singapore and the integration of their activities into the existing Inchcape network. This deal provides Inchcape with a base of 2,500 port calls per year which V.Ships today appoint to their own network and will now be handled by Inchcape. In addition V.Ships customers make close to 20,000 port calls annually, with 60,000 crew changes; all of this business we now have the opportunity to serve through the Inchcape network.

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 18 and 30 of the financial statements.

On behalf of the Board



K Henriks
Director

12 July 2019

Directors' Report

Registered number: 04980958

The directors present their Directors' Report and audited consolidated financial statements for the year ended 31 December 2018.

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 decreased by 1.3% from \$566.0m to \$558.4m. Total operating profit increased from \$22.2m in 2017 to \$22.6m in 2018. The Group considers adjusted EBITDA to be the best measure of its operating performance as this aligns with management reporting. Adjusted EBITDA was \$44.5m in 2018 (2017: \$50.9m). Other expenses relate predominantly to compliance, reorganisation projects and management fees totalling \$7.8m (2017: \$17.7m) and share of associates' group costs, depreciation, net financing expense and tax of \$1.2m (2017: \$0.8m) have been factored into the EBITDA calculation below.

Operating profit to Adjusted EBITDA reconciliation	2018 US\$m	2017 US\$m
Total operating profit (see Consolidated Income Statement)	22.6	22.2
Depreciation (Note 11)	6.2	7.5
Amortisation (Note 12)	3.2	3.1
Impairment of intangible assets (Note 12)	0.3	-
Share of associates costs	1.2	0.8
Loss/(Gain) on sale of fixed assets	3.4	(0.4)
Other expenses	7.6	17.7
Adjusted EBITDA	44.5	50.9

Following the refinancing of the facility on 6 September 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:

T De Clerck (appointed 20 July 2017; resigned 4 February 2019)
F Olsen (appointed 16 October 2017)
K Henriks (appointed 4 February 2019)

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 Learning Management System. 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 \$35k during the year (2017: \$15k). No political donations were made by the Group during the year (2017: 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.

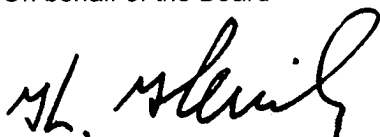
The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 Group's ultimate parent company in the year, and consequently KPMG LLP was appointed as auditor of the Group. KPMG LLP have indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed at the next quarterly Board Meeting.

On behalf of the Board



K Henriks
Director

12 July 2019

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

Opinion

We have audited the financial statements of Inchcape Shipping Service Holdings Limited ("the Group") for the year ended 31 December 2018 which comprise the Consolidated and Company Balance Sheet; the Consolidated Income Statement; the Consolidated Statement of Comprehensive Income; the Consolidated and Company Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion:

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

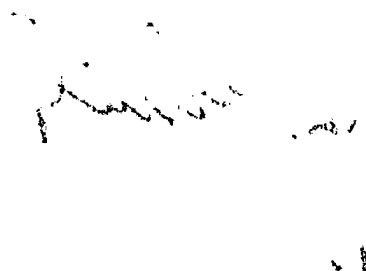
Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INCHCAPE SHIPPING SERVICES HOLDINGS LIMITED (CONTINUED)

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the

absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INCHCAPE SHIPPING SERVICES HOLDINGS LIMITED (CONTINUED)

Matters on which we are required to report by exception (continued)

- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the group and parent 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Tom Eve (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square,
London
E14 5GL

12 July 2019

Consolidated Income Statement
for the year ended 31 December 2018

	Note	2018 US\$m	2017 US\$m
Revenue	3	558.4	566.0
Cost of sales		(311.3)	(292.6)
Gross profit		247.1	273.4
Administrative expenses		(225.9)	(253.7)
Operating profit	4	21.2	19.7
Share of profit of associates and jointly controlled entities using the equity accounting method, net of tax	13	1.4	2.5
Total operating profit		22.6	22.2
Finance income	7	2.2	4.7
Finance costs	8	(5.7)	(9.1)
Net financing costs		(3.5)	(4.4)
Profit before tax		19.1	17.8
Income tax expense	9	(11.7)	(11.6)
Profit for the year from continuing operations		7.4	6.2
(Loss)/Profit after tax from discontinued operations	10	(0.2)	4.7
Profit for the year		7.2	10.9
Attributable to:			
Owners of the parent		4.5	2.3
Non-controlling interest		2.7	8.6
		7.2	10.9

The Company has elected not to present the parent company Profit and Loss Account, in accordance with the exemption under section 408 of the Companies Act 2006 available.

The prior year Consolidated Income Statement has been restated in order to present the results of continuing and discontinued operations separately.

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2018

	2018 US\$m	2017 US\$m
Profit for the year	7.2	10.9
Other comprehensive (expense) / (income): Items that were or may be subsequently reclassified to the Consolidated Income Statement		
Exchange differences on translation of operations	(7.0)	7.3
Actuarial gains on defined benefit pensions plans	-	1.0
Other comprehensive (expense) / income for the year, net of tax	<u>(7.0)</u>	<u>8.3</u>
Total comprehensive income for the year	<u><u>0.2</u></u>	<u><u>19.2</u></u>
Attributable to:		
Owners of the parent	(3.3)	9.6
Non-controlling interest	3.5	9.6
	<u><u>0.2</u></u>	<u><u>19.2</u></u>

Items in the statement above are disclosed net of tax.

Consolidated and Company Statements of Changes in Equity
for the year ended 31 December 2018

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
At 1 January 2017	30.9	12.7	184.3	227.9	26.8	254.7
Profit for the year	-	-	2.3	2.3	8.6	10.9
Other comprehensive income for the year	-	-	7.3	7.3	1.0	8.3
Total comprehensive (expense)/income for the year	-	-	9.6	9.6	9.6	19.2
Dividend paid to non-controlling interest	-	-	-	-	(7.6)	(7.6)
At 31 December 2017 and 1 January 2018	30.9	12.7	193.9	237.5	28.8	266.3
Profit for the year	-	-	4.5	4.5	2.7	7.2
Other comprehensive expense for the year	-	-	(7.8)	(7.8)	0.8	(7.0)
Total comprehensive income for the year	-	-	(3.3)	(3.3)	3.5	0.2
Dividends paid to non-controlling interest	-	-	-	-	(5.2)	(5.2)
At 31 December 2018	30.9	12.7	190.6	234.2	27.1	261.3

Consolidated and Company Statements of Changes in Equity (Continued)
for the year ended 31 December 2018

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 2017	200.2	(8.2)	1.9	(9.7)	0.1	184.3
Loss for the year	2.3	-	-	-	-	2.3
Other comprehensive expense for the year	1.0	6.3	-	-	-	7.3
Total comprehensive expense for the year	3.3	6.3	-	-	-	9.6
At 31 December 2017 and 1 January 2018	203.5	(1.9)	1.9	(9.7)	0.1	193.9
Profit for the year	4.5	-	-	-	-	4.5
Other comprehensive income for the year	-	(7.8)	-	-	-	(7.8)
Total comprehensive income for the year	5.7	(9.0)	-	-	-	(3.3)
At 31 December 2018	209.2	(10.9)	1.9	(9.7)	0.1	190.6

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 2017	30.9	12.7	102.4	146.0
Loss for the year	-	-	(4.1)	(4.1)
At 31 December 2017 and 1 January 2018	30.9	12.7	98.3	141.9
Profit for the year	-	-	3.2	3.2
At 31 December 2018	30.9	12.7	101.5	145.1

Consolidated and Company Balance Sheets
as at 31 December 2018

	Notes	Group		Company	
		2018 US\$m	2017 US\$m	2018 US\$m	2017 US\$m
Non-current assets					
Property, plant and equipment	12	15.2	23.4	-	-
Intangible assets	13	80.2	83.0	-	-
Investment in associates and joint ventures	15	2.5	3.6	0.1	0.1
Amounts owed by related parties	34	2.8	3.1	0.4	0.4
Other non-current receivables	18	0.8	2.9	-	-
Investments in subsidiaries	15	-	-	86.1	87.6
Other investments	16	0.2	0.2	-	-
Derivative financial assets	20	0.3	-	-	-
Deferred tax asset	26	1.7	1.9	-	-
		103.7	118.1	86.6	88.1
Current assets					
Trade and other receivables	18	359.3	398.8	-	-
Amounts owed by related parties	34	187.8	175.8	59.2	54.1
Cash and cash equivalents	22	108.8	155.5	-	-
Inventories	23	12.1	15.4	-	-
Prepayments	19	13.0	13.0	-	-
Income tax receivable		2.3	1.6	-	-
Derivative financial assets		0.1	-	-	-
Other current assets	20	-	1.1	-	-
		683.4	761.2	59.2	54.1
Total assets		787.1	879.3	145.8	142.2
Current liabilities					
Trade and other payables	24	(442.8)	(504.0)	-	-
Amounts owed to related parties	34	(1.3)	(1.6)	(0.7)	(0.3)
Provisions	29	(3.8)	(8.7)	-	-
Interest bearing loans and borrowings	25	(27.1)	(54.5)	-	-
Income tax payable		(4.5)	(7.2)	-	-
Other current liabilities		(8.6)	(3.3)	-	-
		(488.1)	(579.3)	(0.7)	(0.3)
Net current assets		195.3	181.9	58.5	53.8
Total assets less current liabilities		299.0	300.0	145.1	141.9
Non-current liabilities					
Interest bearing loans and borrowings	25	26.9	4.5	-	-
Provisions	29	-	14.3	-	-
Deferred tax liability	26	3.7	4.9	-	-
Other non-current liabilities	27	7.1	10.0	-	-
		37.7	33.7	-	-
Capital and reserves					
Share capital	31	30.9	30.9	30.9	30.9
Share premium		12.7	12.7	12.7	12.7
Retained earnings and other reserves		190.6	193.9	101.5	98.3
Equity attributable to owners of the parent		234.2	237.5	145.1	141.9
Non-controlling interest	36	27.1	28.8	-	-
Total equity		261.3	266.3	145.1	141.9
Total equity and non-current liabilities		299.0	300.0	145.1	141.9

The financial statements on pages 11 to 64 were approved by the Board of directors on 12 July 2019 and signed on its behalf by


K Henriks

Consolidated Cash Flow Statement
for year ended 31 December 2018

	Note	2018 US\$m	2017 US\$m
Cash flows from operating activities			
Profit before tax on continuing operations		19.1	17.8
(Loss)/profit before tax on discontinued operations		(0.2)	4.7
<i>Adjustments for:</i>			
Net finance costs		4.8	9.2
Depreciation of property, plant and equipment	11	6.2	7.5
Amortisation and impairment of intangible assets	12	3.0	3.1
Loss/(profit) on disposal of property, plant and equipment		3.4	(0.4)
Other adjustments		(0.2)	(8.0)
Share of post-tax profits of associates and joint ventures accounted for using the equity method	14	(1.4)	(2.5)
		<u>34.7</u>	<u>31.4</u>
Decrease in inventories		3.3	1.8
Decrease/(increase) in trade and other receivables		12.5	(50.3)
Decrease/(increase) in trade and other payables		(36.3)	22.5
Movement in provisions and accruals		(16.7)	11.0
Movement in related parties balances		(1.7)	(9.5)
		<u>(38.9)</u>	<u>(24.5)</u>
Cash used in working capital			
Income taxes paid		(16.0)	(10.8)
		<u>(20.2)</u>	<u>(3.9)</u>
Cash flows from investing activities			
Interest received		2.0	1.3
Dividends from associate entities		2.8	0.9
Proceeds from sale of property, plant and equipment		2.2	0.7
Proceeds from disposal of business		0.6	7.3
Purchases of intangible assets		(4.6)	(2.0)
Payments to acquire property, plant and equipment		(4.0)	(8.0)
		<u>(1.0)</u>	<u>0.2</u>
Cash flows from financing activities			
Interest paid		(6.4)	(2.4)
Proceeds from equity injection		22.0	-
New borrowings		72.7	14.1
Repayment of borrowings		(103.0)	(5.4)
Dividends paid to non-controlling interest		(5.2)	(7.6)
		<u>(19.9)</u>	<u>(1.3)</u>
Net cash used in financing activities			
Net decrease in cash and cash equivalents		(41.1)	(5.0)
Cash and cash equivalents at 1 January		155.5	154.0
Effect of exchange rate fluctuations on cash and cash equivalents		(5.6)	6.5
		<u>108.8</u>	<u>155.5</u>
Cash and cash equivalents at 31 December	20		

The accompanying notes form an integral part of the financial statements.

Notes to the financial statements

1 Corporate information

Inchcape Shipping Services Holdings Limited ("ISSH" or "the Company") is a limited company incorporated and registered 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 is funded through long term debt provided by the parent and a bank loan that was refinanced during the period. The debt from the parent is repayable on exit (e.g. change of control). The losses incurred arise principally due to the finance costs on the loans paid. During the year the group disposed of a number of non-core operations. The underlying business is cash generative and profitable.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate increase in cash flow over the period. Taking account of reasonably possible downsides, the group is still forecast to be cash generative and will have sufficient funds, through its bank loan facility and funding, already provided, from its ultimate parent company, Dubai World Corporation, to meet its liabilities as they fall due for that period.

The Group has met all covenants on the new financing agreement to date with sufficient headroom, and forecasts that it will continue to meet those covenants. Dubai World Corporation has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to exit from the business.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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:£0.7853 (2017: \$1:£0.7412) and cumulative average rate of \$1:£0.7507 (2017: \$1:£0.7735). 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 pages 18 to 29. Accounting estimates associated with financial risk management are disclosed in Note 30.

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 the 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 2018. 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.

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, in accordance with IFRS 9. 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.

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.

Revenue recognition

Revenue recognition

Revenue is recognised based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer. 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 multiple performance obligations exist within one revenue generating contract, these performance obligations are separately valued and resultant revenue is recognised in accordance with IFRS 15.

The commencement of IFRS 15 has not required Inchcape to select a method of application as the principles of IFRS 15 are already applied in principle across the Group. As a result there are no material differences to report as a result of the change in revenue standards.

Agency vs Principal accounting

Where the Group acts as an agent, revenue is recognised on the commissions payable to the Group in respect of agency contracts. 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

Notes to the financial statements (Continued)

2 Accounting policies (Continued)

Agency vs Principal accounting (continued)

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.

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 20% per annum (20 - 5 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;

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.

Notes to the financial statements (Continued)

2 Accounting policies (Continued)

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) |

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.

Specific criteria are also applied in assessing impairment of Goodwill, Inventories and Trade and other receivables, as set out in the respective accounting policies below.

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.

Notes to the financial statements (Continued)

2 Accounting policies (Continued)

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.

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.

Notes to the financial statements (Continued)

2 Accounting policies (Continued)

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 IFRS 9 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.

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.

Notes to the financial statements (Continued)

2 Accounting policies (Continued)

Financial Assets (Continued)

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.

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.

Notes to the financial statements (Continued)

2 Accounting policies (Continued)

Financial Liabilities (Continued)

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.

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 into 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 inputs is not based on observable market data, the instrument is included in Level 3.

Derivative financial instruments and hedge accounting

Foreign currency borrowings are drawn 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

Notes to the financial statements (Continued)

2 Accounting policies (Continued)

Financial Liabilities (Continued)

Derivative financial instruments and hedge accounting (Continued)

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.

Pension and other post-employment benefits

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.

Defined benefit scheme

The Group previously operated defined benefit pension schemes for its employees in Canada. This operation ceased in 2017, when the scheme was dissolved.

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.

Notes to the financial statements (Continued)

2 Accounting policies (Continued)

New and amended standards adopted by the group

IFRS 9, 'Financial instruments', became effective on 1 January 2018. The standard 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. IFRS 9 is now being applied by the Group, but the change in policy has not produced a material impact in 2018.

IFRS 15, 'Revenue from contracts with customers' became effective on 1 January 2018. The standard 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. IFRS 15 is now being applied by the Group, but the change in policy has not produced a material impact in 2018.

New standards and interpretations not yet adopted

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. Management has conducted a preliminary assessment and estimates that the change in accounting policy will result in an additional \$36.0m in property, plant & equipment, and \$33.0m in lease liabilities as at 1 January 2019. The additional loss for 2019 is estimated to be \$1.0m, compared with that under IAS 17.

Notes to the financial statements (Continued)

3 Revenue

	2018 US\$m	2017 US\$m
Port Agency	176.3	166.8
Landside	295.2	315.4
Offshore logistics	86.9	83.8
Revenue	558.4	566.0

4 Operating profit

This is stated after charging/(crediting):

	2018 US\$m	2017 US\$m
Depreciation of property, plant and equipment	6.2	7.5
Amortisation and impairment of intangible assets	3.0	3.1
Foreign exchange gains	(4.8)	(2.0)
Operating lease payments	14.8	17.7
Research and development expenditure	-	0.3

5 Auditors' remuneration

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

	2018 US\$m	2017 US\$m
Fees payable to the Company's Auditors and their associates in respect of:		
The audit of the consolidated financial statements and those of the Company's subsidiaries	0.6	1.0
The audit of the Company only financial statements	-	-
Fees for other services - Taxation	0.1	0.1
Fees payable to non-Group auditors in respect of the audit of the Company's subsidiaries	0.3	0.3

In 2018, KPMG acted as the auditor of the Company and its associates (2017: PwC).

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	
	2018	2017
Subsidiaries		
Operational	2,781	2,953
Administration	300	310
	<hr/>	<hr/>
Subsidiaries	3,081	3,263
Associates	164	129
	<hr/>	<hr/>
	3,245	3,392
	<hr/> <hr/>	<hr/> <hr/>

The Company has no employees (2017: nil).

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

	2018 US\$m	2017 US\$m
Wages and salaries	125.5	136.4
Social security costs	11.1	11.2
Other pension costs	5.1	5.7
	<hr/>	<hr/>
	141.7	153.3
	<hr/> <hr/>	<hr/> <hr/>

Directors' remuneration is disclosed in Note 34 to the financial statements.

7 Finance income

	2018 US\$m	2017 US\$m
Bank interest receivable	2.1	1.2
Income from investments	0.1	3.5
	<hr/>	<hr/>
Finance income	2.2	4.7
	<hr/> <hr/>	<hr/> <hr/>

8 Finance costs

	2018 US\$m	2017 US\$m
Interest on bank loans and overdrafts	1.1	1.8
Foreign exchange losses	2.0	6.6
Other finance expenses	2.6	0.7
	<hr/>	<hr/>
Finance costs	5.7	9.1
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements (Continued)

9 Income tax expense

	2018 US\$m	2017 US\$m
Current tax:		
Current tax on profits for the year	12.1	12.3
Adjustments in respect of prior years	0.5	0.6
Total current tax	12.6	12.9
Deferred tax (Note 26):		
Origination and reversal of temporary differences	(0.9)	(1.3)
Total deferred tax	(0.9)	(1.3)
Income tax expense	11.7	11.6

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 19.00% (2017: 19.25%) as follows:

	2018 US\$m	2017 US\$m
Profit/(loss) before tax	19.1	17.8
Tax calculated at the standard effective rate of UK Corporation Tax of 19.00% (2017: 19.25%)	3.8	4.3
Tax effects of:		
- Income not subject to tax	-	-
- Expenses not deductible for tax purposes	0.1	0.1
- Tax losses for which no deferred tax asset was recognised	5.6	4.0
- Other temporary differences for which no deferred tax movement was recognised	0.8	2.3
Effect of tax rates other than that of the UK	(0.1)	0.3
Adjustments in respect of prior years	0.5	0.6
Withholding tax expensed	1.0	-
Income tax expense	11.7	11.6

As enacted on 15 September 2016, the standard rate of Corporation Tax in the UK will reduce from 19% to 17% with effect from 1 April 2020; all reductions have been accounted for in the measurement of deferred tax (Note 26).

Notes to the financial statements (Continued)

10 Discontinued operation

On 31 August 2018, the group entered into a sale agreement to dispose of the Freight Forwarding operations of a number of companies within the Group. The results of the business for the period from 1 January 2018 to 31 August 2018, and the loss on disposal, are detailed below.

	2018 US\$m	2017 US\$m
Revenue	79.3	101.8
Expenses	(79.4)	(97.0)
Operating (Loss) / Profit	(0.1)	4.8
Financial income	0.1	-
Financial expenses	(0.1)	(0.1)
(Loss) / Profit before tax from discontinued operations	(0.1)	4.7
Taxation	(0.1)	-
(Loss) / Profit from discontinued operations	(0.2)	4.7
Loss on disposal	(1.5)	-

During the year Freight Forwarding operations contributed \$23.1m (2017: outflow of \$5.0m) to the group's net operating cash flows, paid \$0.7m (2017: \$0.3m) in respect of investing activities, and paid \$1.1m (2017: \$1.1m) in respect of financing activities.

11 Deconsolidation of Subsidiary

Throughout 2018, the Group did not have power to govern the financial & operating activities of ISS Marine Services Venezuela CA, due to the deteriorating political and economic situation in Venezuela, where the subsidiary is located. Accordingly, the Group derecognised related assets and liabilities of Venezuela and excluded it from Group results. The results, once adjusted according to the requirements of *IAS 29: Financial reporting in hyper-inflationary economies*, are not material to the Group income statement and statement of financial position.

Notes to the financial statements (Continued)

12 Property, plant and equipment

Group

	Plant, machinery and launches US\$m	Land and buildings US\$m	Furniture, fixtures and equipment US\$m	Motor vehicles US\$m	Total US\$m
Cost					
At 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
Disposal of business	-	-	(0.5)	-	(0.5)
Disposals	(0.1)	(0.3)	(1.7)	(0.7)	(2.8)
At 31 December 2017 and 1 January 2018	16.8	13.7	44.9	5.7	81.1
Exchange adjustments	(0.2)	(0.1)	(1.5)	(0.2)	(2.0)
Additions	1.6	0.1	2.0	0.3	4.0
Disposals	(0.9)	(9.6)	(4.3)	(1.1)	(15.9)
At 31 December 2018	17.3	4.1	41.1	4.7	67.2
Accumulated depreciation					
At 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
Disposal of business	-	-	(1.5)	(0.1)	(1.6)
Disposals	(0.1)	(0.3)	(0.4)	(0.6)	(1.4)
At 31 December 2017 and 1 January 2018	11.6	6.1	35.8	4.2	57.7
Exchange adjustments	(0.1)	(0.1)	(1.3)	(0.1)	(1.6)
Charge for the year	1.4	0.5	3.7	0.6	6.2
Disposals	(0.9)	(4.4)	(4.0)	(1.0)	(10.3)
At 31 December 2018	12.0	2.1	34.2	3.7	52.0
Net book value at 31 December 2018	5.3	2.0	6.9	1.0	15.2
Net book value at 31 December 2017	5.2	7.6	9.1	1.5	23.4

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

At 31 December 2018 the net book value of the following assets were held under finance leases: Furniture, fixtures and equipment, \$nil (2017: \$0.2m) and Motor vehicles, \$0.2m (2017: \$0.1m).

Company

The Company had no Property, plant and equipment (2017: \$nil).

Notes to the financial statements (Continued)

13 Intangible assets

Group

	Goodwill	Brand name	Customer contracts	Development Expenditure	Software	Trade-marks	Total
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Cost							
At 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 and 1 January 2018	65.2	0.7	38.8	1.6	-	-	106.3
Additions	-	-	-	4.6	-	-	4.6
Impairment	-	-	(0.4)	-	-	-	(0.4)
Exchange adjustments	(3.0)	-	(2.0)	-	-	-	(5.0)
At 31 December 2018	62.2	0.7	36.4	6.2	-	-	105.5
Accumulated amortisation and impairment							
At 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 and 1 January 2018	-	0.6	22.7	-	-	-	23.3
Charge for the year	-	0.1	3.1	-	-	-	3.2
Impairment	-	-	(0.1)	-	-	-	(0.1)
Exchange adjustments	-	-	(1.5)	-	-	-	(1.5)
At 31 December 2018	-	0.7	24.6	-	-	-	25.3
Net book value at 31 December 2018	62.2	-	11.8	6.2	-	-	80.2
Net book value at 31 December 2017	65.2	0.1	16.1	1.6	-	-	83.0

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 10.5 years. No one single contract is deemed to be significant to the Group.

Company

The Company had no intangible assets (2017: \$nil).

Notes to the financial statements (Continued)

14 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; and
- Landside; and
- Offshore Logistics

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

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from the Group's 2019-21 financial projections.

Offshore Logistics is recognised as a CGU in 2018 as this year it is a ring-fenced business for the purposes of covenants, and its results are considered separately by management.

Carrying amount of goodwill allocated to CGUs:

	Port Agency		Landside (Continuing Operations)		Offshore Logistics		Landside (Held for Sale)		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Carrying amount of goodwill	38.7	40.8	9.7	9.6	13.8	N/A	N/A	14.8	62.2	65.2

Key assumptions used in value in use calculations

The calculations of value in use for the CGUs 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 2019 to 2021 are 7.3% for the Port Agency CGU, 20.5% for the Landside CGU (continuing operation), and 45.5% for the Offshore Logistics CGU. 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, determined by reference to industry forecasts, 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 11.0% for Port Agency and Landside and 11.5% for Offshore Logistics.

Notes to the financial statements (Continued)

14 Impairment of Goodwill (Continued)

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.

15 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 2018 is detailed below. With the exception of ISS Machinery Services Ltd, which specialises in marine and industrial spare parts and machinery, all principal subsidiary and associate undertakings provide port agency, logistics and related services.

Subsidiary undertakings

Name	Registered Address	Proportion of voting shares and percentage held	Country of incorporation	Description and nominal value of the shares held
ISS Group Holdings Ltd	8 th Floor, 60 Fenchurch Street, London, EC3M 4AD	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
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

Notes to the financial statements (Continued)

15 Investments (Continued)

Subsidiary undertakings (Continued)

<i>Name</i>	<i>Registered Address</i>	<i>Proportion of voting shares and percentage held</i>	<i>Country of incorporation</i>	<i>Description and nominal value of the shares held</i>
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.	11 North Water Street, Suite 9290, Mobile, Alabama, 36602	100.0	USA	USD0.01 ordinary shares
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 Pty 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	Noorderlaan 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 15, 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 1003, 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 1003, 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 rd 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	Khor Khuwair, Main Street, 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 Box 247, Abu-Dhabi, UAR	49.0*	UAE	AED1,500 ordinary shares

Notes to the financial statements (Continued)

15 Investments (Continued)

Subsidiary undertakings (Continued)

Name	Registered Address	Proportion of voting shares and percentage held	Country of Incorporation	Description and nominal value of the shares held
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 nd Floor, Arab Bank Building, 244, C-Ring Road, PO Box 24724, Doha, Qatar	49.0*	Qatar	QAR2,000 ordinary shares
Inchcape Shipping Services & Co. LLC	AL Aofi 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 th 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 Fujairah 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 India Pvt Ltd	As above	100.0	India	INR10 ordinary shares
Inchcape Shipping Services IT India Private Limited	CEE DEE YES Tyche Towers, 6 th Floor, S.No.14/1A, 14/1B, 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

Notes to the financial statements (Continued)

15 Investments (Continued)

Subsidiary undertakings (Continued)

Name	Registered Address	Proportion of voting shares and percentage held	Country of incorporation	Description and nominal value of the shares held
Inchcape Shipping Services (Malta) Ltd	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
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	CHF 1,000 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 th Floor, No.153, Chung Hsiao East Road, Section 4, Taipei, 10690, Taiwan	100.0	Taiwan	TWD1,000 ordinary shares

Notes to the financial statements (Continued)

15 Investments (Continued)

Subsidiary undertakings (Continued)

Name	Registered Address	Proportion of voting shares and percentage held	Country of incorporation	Description and nominal value of the shares held
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 nd 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 th Floor, South Sathorn Road, Yannawa Sub-District, Sathorn District, 10120 Bangkok, Thailand	81.0	Thailand	THB10 ordinary shares
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
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	Bldv 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 th 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 rd Floor, 1067, Ciudad de Buenos Aires, Argentina	100.0	Argentina	ARS1 social shares
ISS Marine Services LTDA	Rua Conselheiro Saraiva, N.28, 4 th 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)

15 Investments (Continued)

Subsidiary undertakings (Continued)

Name	Registered Address	Proportion of voting shares and percentage held	Country of incorporation	Description and 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
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 th 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:4 A Blok Kat :3 D:9 Uskudar	51.0	Turkey	TRY25 ordinary shares
Palumbo Services Srl	Via Quagliarini 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 st 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 nd 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
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

Notes to the financial statements (Continued)

15 Investments (Continued)

Subsidiary undertakings (Continued)

Name	Registered Address	Proportion of voting shares and percentage held	Country of incorporation	Description and nominal value of the shares held
ISS Mocambique Ltda	Rua dos Desportistas no.645, 2 nd 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 ISS Group Holdings Ltd and indirectly in all other entities listed above.

Notes to the financial statements (Continued)

15 Investments (Continued)

Investments in associated undertakings and joint ventures

Name	Registered Address	Proportion of voting shares and percentage held	Country of Incorporation	Description and nominal value of the shares held
OOCL (Egypt) Shipping Agency SAE	1 El-Moshier Ahmed Ismail St, Heliopolis, Cairo, 11361, Egypt	50.0	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 rd 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
ISS Palumbo Azerbaijan MMC	Azure Business Centre, 23 rd Floor, Office 160/1, Nobel Ave. 15, Baku, Azerbaijan AZ1025	50.0	Azerbaijan	AZN1 ordinary shares

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

	2018 US\$m	2017 US\$m
Share of associates' and joint ventures' Balance Sheets		
Current assets	9.1	9.7
Non-current assets	3.0	2.0
Current liabilities	(6.9)	(6.6)
Non-current liabilities	(2.7)	(1.5)
Carrying amount of the investment	2.5	3.6
Share of associates' and joint ventures':		
Income	20.3	22.2
Profit after tax for the year	1.4	2.5

Notes to the financial statements (Continued)

15 Investments (Continued)

Company

Investment in subsidiary undertakings is as follows:

	2018 US\$m	2017 US\$m
Cost and Net Book Value		
At 1 January	87.6	98.9
Impairment	-	(11.3)
At 31 December	87.6	87.6

Investment in associates and joint ventures is as follows:

	2018 US\$m	2017 US\$m
Cost and Net Book Value		
At 1 January and 31 December	0.1	0.1

16 Other investments

Group

Group investments of \$0.2m (2017: \$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 (2017: \$nil).

17 Events after the reporting period

On 12 February 2019, Inchcape completed the acquisition of V.Ships Agency business. This includes purchase of a 100% share of the V.Ships Agency legal entities in Rotterdam and Singapore and the integration of their activities into the existing Inchcape network. This deal provides Inchcape with a base of 2,500 port calls per year which V.Ships today appoint to their own network and will now be handled by Inchcape. In addition, V.Ships customers make close to 20,000 port calls annually with 60,000 crew changes; all of this business we now have the opportunity to serve through our network. Commercially this deal provides Inchcape with very significant revenue growth potential. The GMT Group sold and the V.Ships entities purchased are materially equivalent EBITDA businesses. During the year, the GMT Group generated \$2.0m EBITDA. The V.Ships business, which through the swap serves as the consideration for the disposed business, is yet to be valued as per the twelve-month measurement period permitted in IFRS 3; as a result the Group cannot disclose the fair value of total consideration received for the GMT Group. However provisionally the value of the business is not expected to be materially different from the disposal value of the GMT Group. Our key priority is to ensure the smooth integration of these calls and to win the nominations from the V.Ships network and their customers. V. Ships is the largest Ship Manager by vessel numbers and we now have a unique strategic partnership together.

Notes to the financial statements (Continued)

18 Trade and other receivables

	Group		Company	
	2018 US\$m	2017 US\$m	2018 US\$m	2017 US\$m
Current				
Trade and other receivables	363.4	401.7	-	-
Less: provision for impairment of receivables	(4.1)	(2.9)	-	-
Current trade and other receivables	359.3	398.8	-	-
Non-current				
Other receivables	0.8	2.9	-	-
Trade and other receivables	360.1	401.7	-	-

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 2018, trade receivables at a nominal value of \$4.1m (2017: \$2.9m) were impaired, and fully provided for. Movement in the provision for impairment of receivables was as follows:

	Group		Company	
	2018 US\$m	2017 US\$m	2018 US\$m	2017 US\$m
At 1 January	2.9	2.5	-	-
Provided in the year	2.4	2.2	-	-
Amounts recovered	(0.1)	(0.3)	-	-
Amounts written off as uncollectable	(1.0)	(1.3)	-	-
Exchange adjustments	(0.1)	(0.2)	-	-
At 31 December	4.1	2.9	-	-

Notes to the financial statements (Continued)

18 Trade and other receivables (Continued)

Provision for impairment of receivables (Continued)

At 31 December 2018, the ageing analysis of Trade and other receivables was as follows:

	Group		Company	
	2018 US\$m	2017 US\$m	2018 US\$m	2017 US\$m
Neither past due nor impaired	322.6	353.4	-	-
30 – 60 days	10.0	14.4	-	-
60 – 90 days	13.0	21.6	-	-
Over 90 days	13.7	9.4	-	-
Total	359.3	398.8	-	-

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

19 Prepayments

	Group		Company	
	2018 US\$m	2017 US\$m	2018 US\$m	2017 US\$m
Accrued income	8.3	8.1	-	-
Other prepayments	4.7	4.9	-	-
Prepayments	13.0	13.0	-	-

20 Derivative financial assets

	Group		Company	
	2018 US\$m	2017 US\$m	2018 US\$m	2017 US\$m
Derivative financial assets:				
Less than one year	0.1	-	-	-
Current financial assets	0.1	-	-	-
Between one and five years	0.3	-	-	-
Non-current financial assets	0.3	-	-	-
Derivative financial assets	0.4	-	-	-

Notes to the financial statements (Continued)

21 Other current assets

	Group		Company	
	2018 US\$m	2017 US\$m	2018 US\$m	2017 US\$m
Other receivables	-	1.1	-	-
Other receivables	-	1.1	-	-

Other receivables totalling \$nil (2017: \$1.1m) represent financial assets valued at amortised cost.

22 Cash and cash equivalents

	Group		Company	
	2018 US\$m	2017 US\$m	2018 US\$m	2017 US\$m
Cash at bank and on hand	100.8	149.3	-	-
Short term bank deposits (less than 3 months)	8.0	6.2	-	-
	108.8	155.5	-	-
Bank overdrafts	-	-	-	-
Cash and cash equivalents	108.8	155.5	-	-

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 \$108.8m (2017: \$155.5m).

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

23 Inventories

	Group		Company	
	2018 US\$m	2017 US\$m	2018 US\$m	2017 US\$m
Finished goods and goods for resale	12.1	15.4	-	-
Inventories	12.1	15.4	-	-

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 \$144.4m (2017: \$149.5m).

The write-down of inventories recognised as an expense and included in Cost of sales in the Consolidated Income Statement amounted to \$0.1m (2017: \$1.0m).

Notes to the financial statements (Continued)

24 Trade and other payables

	Group		Company	
	2018 US\$m	2017 US\$m	2018 US\$m	2017 US\$m
Current				
Trade creditors	410.0	473.6	-	-
Other creditors	32.8	30.4	-	-
	<u>442.8</u>	<u>504.0</u>	<u>-</u>	<u>-</u>
Trade and other payables	<u><u>442.8</u></u>	<u><u>504.0</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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

Other payables totalling \$32.8m (2017: \$30.4m) primarily comprise employee retirement related payables, accruals and financial liabilities valued at their amortised cost.

25 Interest bearing loans and borrowings

	Group		Company	
	2018 US\$m	2017 US\$m	2018 US\$m	2017 US\$m
Interest bearing loans and borrowings:				
Less than one year:				
Short term loans	27.1	54.7	-	-
Capitalised transaction costs	-	(0.2)	-	-
	<u>27.1</u>	<u>54.5</u>	<u>-</u>	<u>-</u>
Current interest bearing loans and borrowings	27.1	54.5	-	-
Between one and five years	27.3	4.5	-	-
Capitalised transaction costs	(0.4)	-	-	-
	<u>26.9</u>	<u>4.5</u>	<u>-</u>	<u>-</u>
Non-current interest bearing loans and borrowings	26.9	4.5	-	-
	<u>54.0</u>	<u>59.0</u>	<u>-</u>	<u>-</u>
Interest bearing loans and borrowings	<u><u>54.0</u></u>	<u><u>59.0</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Notes to the financial statements (Continued)

25 Interest bearing loans and borrowings (Continued)

Loan facilities

Group

The Group had the following bank loan facilities at 31 December 2018:

Facility	Bank	Drawn Balance at 31 December 2018 US\$m	Total Balance at 31 December 2018 US\$m	Interest rate	Expiry date of the facility
JPY Term	MIZUHO	20.0	20.0	JPY LIBOR + 3.5%	24 Oct 2018
EUR Term	UNICREDIT	1.7	1.7	EURIBOR + 1.1%	30 Apr 2020
EUR Term	CRF	1.4	1.4	EURIBOR + 1.1%	31 Mar 2020
EUR Term	MPS	0.2	0.2	EURIBOR + 0.9%	31 Mar 2019
EUR Term	BANCO BPM	0.1	0.1	EURIBOR + 1.25%	31 Jan 2020
EUR Term	BNL PARIBAS	0.9	0.9	EURIBOR + 3.5%	27 Jun 2019
EUR Term	BNL PARIBAS	2.9	2.9	EURIBOR + 1.2%	7 Aug 2021
EUR Term	BANCO POPULAIRE	4.2	4.2	EURIBOR + 0.8%	31 May 2023
EUR Term	CRF	1.9	1.9	EURIBOR + 1.0%	25 Oct 2021
Total		33.3	33.3		

Company

The Company had no bank loan facilities at 31 December 2018 (2017: \$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)

26 Deferred income tax

Group

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

	2018 US\$m	2017 US\$m
Deferred tax assets:		
- Deferred tax assets to be recovered after more than 12 months	(1.7)	(1.9)
	<u>(1.7)</u>	<u>(1.9)</u>
Deferred tax liabilities:		
- Deferred tax liabilities to be absorbed after more than 12 months	3.7	4.9
Deferred tax liability	<u>3.7</u>	<u>4.9</u>
Deferred tax liabilities (net)	<u>2.0</u>	<u>3.0</u>

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

	2018 US\$m	2017 US\$m
At 1 January	3.0	4.0
Exchange differences	(0.1)	0.3
Credit for the year (Note 9)	(0.9)	(1.3)
At 31 December	<u>2.0</u>	<u>3.0</u>

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

	Amortisation of Intangibles US\$m	Other US\$m	Total US\$m
At 1 January 2017	5.3	0.2	5.5
Credit for the year	(1.0)	-	(1.0)
Exchange differences	0.6	(0.2)	0.4
At 31 December 2017 and 1 January 2018	<u>4.9</u>	<u>-</u>	<u>4.9</u>
Credit for the year	(1.1)	-	(1.1)
Exchange differences	(0.2)	0.1	(0.1)
At 31 December 2018	<u>3.6</u>	<u>0.1</u>	<u>3.7</u>

Notes to the financial statements (Continued)

26 Deferred Income tax (Continued)

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

	Short-term timing differences US\$m	Provisions US\$m	Tax losses US\$m	Total US\$m
At 1 January 2017	(1.0)	(0.5)	-	(1.5)
Credit for the year	(0.2)	-	(0.2)	(0.4)
At 31 December 2017 and 1 January 2018	(1.2)	(0.5)	(0.2)	(1.9)
Charge for the year	-	0.1	0.1	0.2
At 31 December 2018	(1.2)	(0.4)	(0.1)	(1.7)

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 \$159.9m (2017: \$146.3m) and other short-term temporary differences of circa \$12.3m (2017: \$14.8m).

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

Country	Expiring	2018 US\$m	2017 US\$m
UK	N/A	147.0	133.3
Norway	N/A	4.8	-
Brazil	N/A	4.6	3.4
Papua New Guinea	2038	3.1	3.2
Belgium	N/A	2.9	3.1
Netherlands	N/A	2.7	2.7
Germany	N/A	1.2	1.0
Gibraltar	N/A	1.0	-
Switzerland	N/A	0.8	-

The Group does not recognise any deferred tax liability (2017: \$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 (2017: \$nil).

Notes to the financial statements (Continued)

27 Other non-current liabilities

	Group		Company	
	2018 US\$m	2017 US\$m	2018 US\$m	2017 US\$m
Other payables	7.1	10.0	-	-
Other payables	7.1	10.0	-	-

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

28 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:

	2018 US\$m	2017 US\$m
Future minimum payments due:		
Not later than one year	0.2	0.4
After one year but not more than five years	-	-
	0.2	0.4
Less finance charges allocated to future years	-	-
Present value of minimum lease payments	0.2	0.4

Company

The Company had no obligations under finance leases (2017: \$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:

	2018 US\$m	2017 US\$m
Not later than one year	7.3	10.1
After one year but not more than five years	7.1	9.3
After five years	-	0.1
	14.4	19.5

Notes to the financial statements (Continued)

28 Obligations under lease arrangements (Continued)

Company

The Company had no obligations under operating lease arrangements (2017: \$nil).

29 Provisions

Group

	Total US\$m
Current Provisions	
At 1 January 2018	8.7
Provided in the year	2.2
Utilised	(6.9)
Exchange adjustments	(0.2)
	3.8
At 31 December 2018	3.8
Non-current Provisions	
At 1 January 2018	14.3
Utilised	(14.3)
	-
At 31 December 2018	-
	3.8
Provisions	3.8

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 (2017: \$nil)

Notes to the financial statements (Continued)

30 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 in basis points	Effect on Profit / (Loss) before tax US\$m
2018		
Borrowings	50	(0.1)
Cash	50	-
2017		
Borrowings	50	(0.2)
Cash	50	0.2

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)

30 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 2018 and 2017, with all other variables held constant, of the Group's EBITDA (see Directors' Report for definition).

	Increase/(Decrease) in US Dollar rate %	(Decrease)/Increase in EBITDA US\$m	(Decrease)/Increase in Equity US\$m
2018	5% (5%)	(0.9) 0.9	(8.3) 8.3
2017	5% (5%)	(1.0) 1.0	(9.8) 9.8

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 2018 the percentage of the Group's debt (excluding trade finance) that will mature in less than one year is 18.2% (2017: 84.9%).

Notes to the financial statements (Continued)

30 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 2017 and 2018 based on contractual undiscounted payments.

	Less than 3 months US\$m	3 to 12 months US\$m	1 to 5 years US\$m	Over 5 years US\$m	Total US\$m
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
At 31 December 2016	509.0	55.2	3.0	1.3	525.6
Borrowings	2.1	25.8	29.9	-	57.8
Finance lease liabilities	-	0.2	-	-	0.2
Trade and other payables	442.5	1.1	-	-	443.6
At 31 December 2017	444.6	27.1	29.9	-	501.6

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

	2018 US\$m	2017 US\$m
Borrowings	52.9	59.2
Other utilised facilities	2.5	3.4
Unutilised facilities	12.5	26.6
Total facilities	67.9	89.2
Total facilities expiring:		
Within 1 year	5.9	84.7
After 1 year but not more than 5 years	62.0	4.5
After 5 years	-	-
Total facilities	67.9	89.2

Notes to the financial statements (Continued)

30 Financial risk management objectives and policies (Continued)

Fair values

The Group measures its derivatives (caps) 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.

The book values and fair values of the derivatives in the books at 31 December 2018 were an asset of \$0.4m for an interest rate cap, classified as a level 2 financial instrument. There were no derivatives in the books as at 31 December 2017.

In 2018 the movement in the fair value of the derivative financial instruments resulted in a net gain of \$0.1m (2017: gain of \$3.4m) 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 2018 the ratio was 45% and at 31 December 2017 the ratio was 42%.

Notes to the financial statements (Continued)

31 Share capital

Company and group

Ordinary shares authorised	2018 US\$m	2017 US\$m
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 2018 there were no changes to share capital.

Ordinary shares fully paid	2018 US\$m	2017 US\$m
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.

32 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.

33 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 2018 are \$45.2m (2017: \$46.6m). Contingent liabilities comprise of bank guarantees of \$34.9m (2017: \$34.0m), performance guarantees of \$1.2m (2017: \$5.0m) and letters of credit of \$9.1m (2017: \$7.6m).

Total contingent liabilities related to the associated and joint ventures held by the Group as at 31 December 2018 are \$Nil (2017: \$Nil).

Notes to the financial statements (Continued)

34 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 2018. 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	
	2018 US\$m	2017 US\$m	2018 US\$m	2017 US\$m
Amounts owed by related party (Associates) – Non-current and current	6.6	6.6	-	-
Amounts owed to related party (Associates) - Current	(1.3)	(1.6)	-	-
Amounts owed by immediate parent company - Current	184.0	172.3	-	-
Amounts owed by related party (Subsidiaries) – Non-current and current	-	-	59.6	54.5
Amounts owed to related party (Subsidiaries) - Current	-	-	(0.7)	(0.4)

During the year material transactions with associates resulted in sales of \$0.6m (2017: \$0.6m) and management fees receivable of \$0.1m (2017: \$0.2m). 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 \$11.7m (2017: \$9.7m).

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 2018, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2017: \$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:

	2018 US\$m	2017 US\$m
Short term employee benefits	1.0	1.3
Post employment benefits	0.1	0.2
Total	1.1	1.5

Notes to the financial statements (Continued)

The highest paid director received emoluments of \$462k (2017: \$482k) and accrued benefits under defined contribution schemes of \$37k (2017: \$97k). There is no compensation of key management personnel paid through the Company (2017: \$Nil).

35 Financial instruments by category

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

Group

	Loans and receivables	Assets at fair value through the profit and loss	Derivatives used for hedging	Available- for-sale	Total
	US\$m	US\$m	US\$m	US\$m	US\$m
Assets as per Balance Sheet					
31 December 2018					
Trade and other receivables	359.3	-	-	-	359.3
Accrued income	8.3	-	-	-	8.3
Derivative financial assets	0.4	-	-	-	0.4
Other non-current receivables	0.8	-	-	-	0.8
Other current assets	-	-	-	-	-
Amounts owed by related parties	190.6	-	-	-	190.6
Cash and cash equivalents	108.8	-	-	-	108.8
Total	668.2	-	-	-	668.2
31 December 2017					
Trade and other receivables	398.8	-	-	-	398.8
Accrued income	8.1	-	-	-	8.1
Derivative financial assets	-	-	-	-	-
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
Total	745.4	-	-	-	745.4

Notes to the financial statements (Continued)

35 Financial instruments by category (Continued)

	Liabilities at fair value through the profit and loss US\$m	Derivatives used for hedging US\$m	Other financial liabilities US\$m	Total US\$m
Liabilities as per Balance Sheet				
31 December 2018				
Borrowings	-	-	54.0	54.0
Trade and other payables	-	-	442.8	442.8
Other non-current liabilities	-	-	7.1	7.1
Other current liabilities	-	-	8.6	8.6
Derivative financial instruments	-	-	-	-
Amounts owed to related parties	-	-	1.3	1.3
Total	-	-	513.8	513.8
31 December 2017				
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
Total	-	-	577.9	577.9

Company

	Loans and receivables US\$m	Assets at fair value through the profit and loss US\$m	Derivatives used for hedging US\$m	Available- for-sale US\$m	Total US\$m
Assets as per Balance Sheet					
31 December 2018					
Amounts owed by related parties	59.6	-	-	-	59.6
Total	59.6	-	-	-	59.6
31 December 2017					
Amounts owed by related parties	54.5	-	-	-	54.5
Total	54.5	-	-	-	54.5

Notes to the financial statements (Continued)

35 Financial instruments by category (Continued)

	Liabilities at fair value through the profit and loss US\$m	Derivatives used for hedging US\$m	Other financial liabilities US\$m	Total US\$m
Liabilities as per Balance Sheet				
31 December 2017				
Amounts owed to related parties	-	-	0.7	0.7
Total	-	-	0.7	0.7
31 December 2017				
Amounts owed to related parties	-	-	0.3	0.3
Total	-	-	0.3	0.3

36 Non-controlling interests

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	2018 US\$m	2017 US\$m
Revenue	71.5	66.2
Profit before tax	5.9	7.0
Taxation	(1.8)	(2.5)
Total comprehensive income for the year	4.1	4.5
Total comprehensive income allocated to non-controlling interests	1.8	0.7

Summarised balance sheet for ISS Palumbo Srl	2018 US\$m	2017 US\$m
Current		
Assets	53.2	50.8
Liabilities	(29.8)	(28.3)
Net current assets	23.4	22.5
Non-current		
Assets	43.9	43.2
Liabilities	(14.2)	(11.5)
Net non-current assets	29.7	31.7
Net assets	53.1	54.2

Notes to the financial statements (Continued)

36 Non-controlling interests (Continued)

Summarised cash flows for ISS Palumbo Srl	2018 US\$m
Cash flows from operating activities	
Cash used in operations	(1.7)
Interest paid	(0.2)
Income tax paid	(3.7)
	<hr/>
Net cash used in operating activities	(5.6)
	<hr/>
Net cash used in investing activities	(0.2)
	<hr/>
Net cash generated from financing activities	1.0
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Net decrease in cash and cash equivalents	(4.8)
	<hr/>
Cash and cash equivalents at the beginning of the year	9.1
Exchange losses	(0.3)
	<hr/>
Cash and cash equivalents at the end of the year	4.0
	<hr/> <hr/>