

***GALILEO***

**Galileo Holdco 2 Limited**

Annual report and financial statements

Registered number 10138785

Year ended 31 December 2017

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**Strategic report**

The directors present their strategic report of Galileo Holdco 2 Ltd (the "Company") for the year 1 January 2017 to 31 December 2017.

**Principle activities overview**

The principal activity of the Company is that of an intermediate holding company and issuer of loan notes which are then lent to other group companies. The loan notes are listed in the The International Stock Exchange, headquartered in St. Peter Port, Guernsey. The group ("Galileo") is a leading provider of modular Compressed Natural Gas ("CNG") and Liquefied Natural Gas ("LNG") equipment that focuses on delivering innovative solutions to produce and transport natural gas. With facilities in Buenos Aires, Argentina and Los Angeles, USA, Galileo serves customers in over 67 countries across Latin America, North America, Europe, Africa and Asia.

Galileo operates through a dual sales / rental model that allows it to accommodate the requirements of its large and diverse customer base. In addition, Galileo intends to develop the first power plant in the world that will operate using LNG obtained from wells not connected to natural gas transportation system (the "Anchoris Power Plant").

**Background of the Group**

Galileo Holdco 2 Limited was formed on 21 April 2016. The Company is a limited entity registered in the United Kingdom. The Company's registered company number is 10138785 and its registered address is c/o Aztec Financial Services (UK) Ltd, Forum 3, Solent Business Park, Fareham, Hampshire, PO15 7FH.

In April 2016, the 'Galileo group' formed a strategic partnership with Blue Water Energy Fund I, LP and Blue Water Energy Fund IA, LP ("BWE Funds"), the private equity energy specialists based in London. The objective of this strategic partnership is to drive the internationalisation and growth of the business.

The strategic partnership was implemented through a number of transactions. On 29 April 2016 Galileo Global Technologies Limited acquired 94.2% of Galileo Rental S.A, and 100% of the others companies in the 'Galileo group'. On 6 June 2017, Galileo Global Technologies acquired the remaining shares of Galileo Rental S.A. As a result of these transactions, BWE Funds control 50% of the ordinary shares of Galileo Holdco 1 Limited, and indirectly of the Company. The remaining 50% is held by Boson Holdings Corporation and is controlled by a group of managers and directors of the 'Galileo group'.

The financial statements of Galileo Holdco 2 Limited are presented for the twelve-month period starting on 1 January 2017 and ending on 31 December 2017, therefore the information for the period ending 31 December 2016 reflects trading information from 29 April 2016, when trading began, and 31 December 2016. The consolidated and Group financial statements are presented in thousands of US dollars ("US \$000") unless otherwise noted.

**Business review and performance**

During the period, the Company generated a loss of US \$8,296,000 (2016: US \$22, 632,000).

**Business outlook**

Since 31 December 2017 the Group has raised US \$30m of new debt financing due in 2024, from its shareholders, the "BWE Funds" and some of the Fund's investors, ensuring the short-term financing as well as decreasing the risk of any breaches. The Company has also extended its banking facility lines in Argentina by US \$4.79m.

In May 2018, Galileo Holdco 2 Limited created a new subsidiary, Edge International Holdings 2 Inc. Edge International Holdings 2 Inc subsequently incorporated a further subsidiary, Edge Gathering Virtual Pipelines 2 LLC.

On 4 December 2018, Edge International Holdings 2 Inc and Galileo Technologies Corporation entered into an agreement with external shareholders who contributed additional capital to EDGE, resulting in shares for a total value of \$16.4m being issued. The same external shareholders have committed to contribute additional capital to EDGE if certain conditions in the shareholder's agreement are fulfilled over the first semester of 2019. As part of this arrangement Blue Water Energy Fund II, L.P. has also acquired a 28.35% ownership interest in EDGE. This interest will increase to 34.8% if the additional capital described above is contributed. Blue Water Energy Fund II, L.P. is the second Fund raised by Blue Water Energy, a specialist private equity energy investor.

Additionally, in December 2018, Galileo Technologies Corporation entered into a series of agreements to supply, operate and maintain gas liquefaction equipment in the United States.

## Strategic report (continued)

### Principle risks and uncertainties

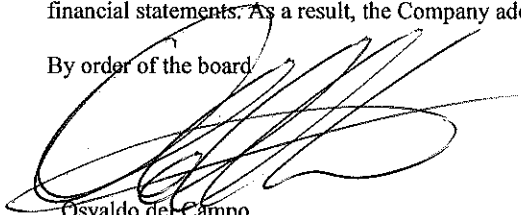
The Company's key risks relate to the performance of its operating subsidiaries. A review of the key risks facing the operating subsidiaries is provided in the in the financial statements of Galileo Holdco 1 Limited.

The financial statements have been prepared on a going concern basis, notwithstanding retained earnings of US \$30,443,000 at 31 December 2017. The Directors believe the adoption of the going concern basis of accounting to be appropriate for the following reasons:

The Directors believe the going concern basis is appropriate because the Company's ultimate parent company, Galileo Holdco 1 Limited, has undertaken that it will, for at least 12 months from the date of the approval of these financial statements, ensure that the group continues to make available such funds as are needed by the Company. This should enable the Company to meet its liabilities as they fall due for payment and continue to operate for the foreseeable future. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

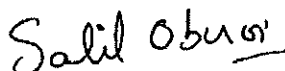
The Directors believe the group has adequate resources to continue in operational existence for the foreseeable future and therefore to provide this support. The directors have reviewed the future financing requirements for the ongoing operation of the group and are satisfied that sufficient cash facilities to meet its working capital requirements for the 12 months following the signing of these financial statements. As a result, the Company adopts the going concern basis of preparation for these financial statements.

By order of the board



Osvaldo del Campo  
Director

21 December 2018



Salil Oberoi  
Director

21 December 2018

Aztec Financial Services (UK) Ltd,  
Forum 3, Solent Business Park,  
Fareham, Hampshire,  
PO15 7FH

**Directors' report**

The directors present their directors' report for the year 1 January 2017 to 31 December 2017.

**Directors**

The directors who held office during the year, and since the end of the year, were as follows:

	Date of appointment	Date of resignation
Ulises de la Orden	29 April 2016	
Mark Dickinson	29 April 2016	6 December 2018
Salil Oberoi	6 December 2018	
Oswaldo del Campo	29 April 2016	
Thomas Joseph Sikorski	29 April 2016	

**Results and dividends**

The directors do not recommend the payment of an ordinary dividend. A loss of US \$8,296k for the year has been transferred to reserves.

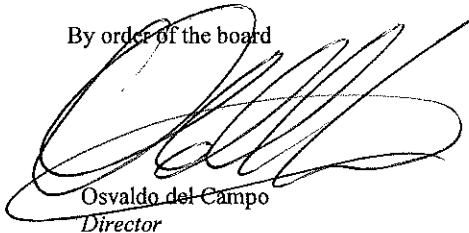
**Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware and each director has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Auditor**

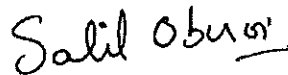
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Oswaldo del Campo  
Director

21 December 2018



Salil Oberoi  
Director

21 December 2018

Aztec Financial Services (UK) Ltd,  
Forum 3, Solent Business Park,  
Fareham, Hampshire,  
PO15 7FH

**Statement of directors' responsibilities in respect of the strategic report, directors' report and the financial statements**

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**Independent auditor’s report to the members of Galileo Holdco 2 Limited**

**1 Our opinion is unmodified**

We have audited the financial statements of Galileo Holdco 2 Limited (“the Company”) for the year ended 31 December 2017 which comprise the Statement of Profit and Loss and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of Company’s affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- 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 believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**2 Key audit matters: our assessment of risks of material misstatement**

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

Risk	The risk	Our response
<p><b>Recoverability of parent company’s investment in subsidiaries</b> (\$63.3 million; 2016: \$58.7 million)</p>	<p><b>Low risk, high value</b> The carrying amount of the company’s investments in subsidiaries represents 56% (2016: 74%) of the company’s total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the company financial statements, this is considered to be the area that had the greatest effect on our overall company audit.</p>	<p><b>Our procedures included:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Tests of detail:</b> Comparing the carrying amount of 100% of investments with the relevant subsidiaries’ financial statements to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit-making.</li> <li>▪ <b>Comparing valuations:</b> For the investments, comparing the carrying amount of the investment with the expected value of the business based on management’s calculation of value in use.</li> </ul> <p><b>Our results:</b> We found the net assets of the relevant subsidiaries’ to be in excess of the carrying amount of the investment. We found management’s calculation of value in use supported the carrying amount of the investment.</p>

## Independent auditor's report to the members of Galileo Holdco 2 Limited (continued)

<p><b>Recoverability of company's debt due from group entities</b> (\$49.2 million; 2016: \$7.4 million)</p>	<p><b>Forecast-based valuation</b> The carrying amount of the group debtor balance is significant and at risk of irrecoverability. The estimated recoverable amount of these balances is subjective due to the inherent uncertainty in forecasting trading conditions and cash flows used in the budgets.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>▪ <b>Tests of detail:</b> Assessing 100% of group debtors to identify, with reference to the relevant debtors' draft balance sheet, whether they have a positive net asset value and therefore coverage of the debt owed, as well as assessing whether those debtor companies and its subsidiaries have historically been profit making and continue to forecast profits.</li> </ul> <p><b>Our results:</b> We found the group's assessment of the group debtor balance to be acceptable.</p>
<p><b>Going concern</b></p>	<ul style="list-style-type: none"> <li>▪ The Company is a financing vehicle for the Galileo Holdco 1 Limited group and has been loss making. It is reliant on continued support of its immediate shareholder, Galileo Holdco 1 Limited.</li> <li>▪ The risk is if there were a material uncertainty over that financial support, then that fact would require specific prominent disclosure.</li> </ul>	<p>Our procedures included</p> <ul style="list-style-type: none"> <li>▪ Critically assessed the going concern assessment, challenging the forecast and key assumptions based on our knowledge of the business and of the market;</li> <li>▪ Performing sensitivity analysis on the key inputs and assumptions in the forecast such as revenue growth and the extent to which a change in assumptions would reduce headroom available.</li> </ul>

### 3 Our application of materiality and an overview of the scope of our audit

Materiality for the Company financial statements as a whole was set at \$563,000 (2016: \$796,000), determined with reference to a benchmark of total assets, of which it represents 0.5% (2016: 1%).

### 4 We have nothing to report on going concern

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### 5 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information.

#### *Strategic report and directors' report*

Based solely on our work on the other information:

- 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.



## Independent auditor's report to the members of Galileo Holdco 2 Limited (continued)

### 6 We have nothing to report on the other 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 Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in these respects.

### 7 Respective responsibilities

#### *Directors' responsibilities*

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements including 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 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 Company or to cease operations, or have no realistic alternative but to do so.

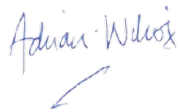
#### *Auditor's responsibilities*

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](http://www.frc.org.uk/auditorsresponsibilities).

### 8 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.



**Adrian Wilcox (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
United Kingdom

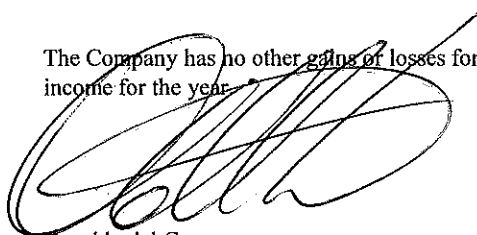
21 December 2018

## Statement of Comprehensive Income for the year 31 December 2017

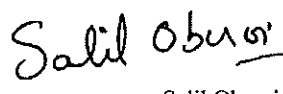
For the year from 1 January 2017 to 31 December 2017

	Note	Year ended 31 December 2017 US \$000	Period ended 31 December 2016 US \$000
General and administrative expenses	2	(206)	(2,575)
Impairment loss on investments	1.7-2	-	(19,748)
Reversal of impairment	2	4,556	-
<b>Operating profit / (loss)</b>		<b>4,350</b>	<b>(22,323)</b>
Net finance expenses	3	(12,646)	(309)
<b>Loss for the year before tax</b>		<b>(8,296)</b>	<b>(22,632)</b>
Taxation	4	-	-
<b>Loss for the financial year</b>		<b>(8,296)</b>	<b>(22,632)</b>

The Company has no other gains or losses for the year and therefore has not presented a statement of other comprehensive income for the year.



Osvaldo del Campo  
Director



Salil Oberoi  
Director

Company registered number: 10138785

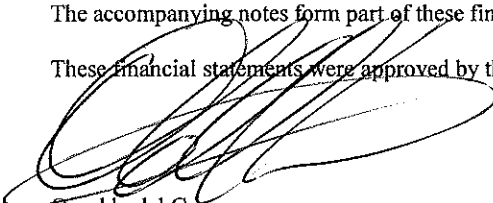
## Balance Sheet

As at 31 December 2017

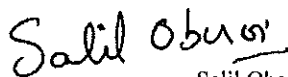
	Note	2017 US \$000	2016 US \$000
<b>Non-Current Assets</b>			
Investments	5	63,270	58,714
Other receivables	6	49,162	7,382
		<u>112,432</u>	<u>66,096</u>
<b>Current Assets</b>			
Other receivables	6	41	9
Cash and cash equivalents		6	13,514
		<u>47</u>	<u>13,523</u>
<b>Total Assets</b>		<u>112,479</u>	<u>79,619</u>
<b>Current Liabilities</b>			
Trade and other liabilities	7	212	-
<b>Total Current Liabilities</b>		<u>212</u>	<u>-</u>
<b>Non-Current Liabilities</b>			
Loans and borrowings	8	143,195	102,251
<b>Total Non-Current Liabilities</b>		<u>143,195</u>	<u>102,251</u>
<b>Total Liabilities</b>		<u>143,407</u>	<u>102,251</u>
<b>Net Liabilities</b>		<u>(30,928)</u>	<u>(22,632)</u>
<b>Capital and reserves</b>			
Share capital	9	-	-
Retained earnings		(30,928)	(22,632)
<b>Total shareholders deficit</b>		<u>(30,928)</u>	<u>(22,632)</u>

The accompanying notes form part of these financial statements

These financial statements were approved by the board of directors on 21 December 2018 and were signed on its behalf by:



Osvaldo del Campo  
Director



Salil Oberoi  
Director

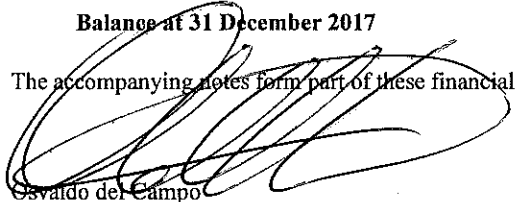
Company registered number: 10138785

## Statement of Changes in Equity

For the year ended 31 December 2017

	Share capital US \$000	Retained earnings US \$000	Total parent equity US \$000
Initial balance	-	-	-
<b>Total comprehensive loss for the period</b>			
Profit or (loss)	-	(22,632)	(22,632)
Total comprehensive income for the period	-	(22,632)	(22,632)
<b>Balance at 31 December 2016</b>	-	(22,632)	(22,632)
<b>Total comprehensive loss for the year</b>			
Profit or (loss)	-	(8,296)	(8,296)
Total comprehensive income for the year	-	(8,296)	(8,296)
<b>Balance at 31 December 2017</b>	-	(30,928)	(30,928)

The accompanying notes form part of these financial statements

  
Osvaldo del Campo  
Director

  
Salil Oberoi  
Director

Company registered number: 10138785

**Notes to the Company Financial Statements****1. Accounting policies**

Galileo Holdco 2 Limited, the 'Company' is a private limited company, incorporated and domiciled in the United Kingdom ('UK').

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Galileo Holdco 1 Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Galileo Holdco 1 Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Aztec Financial Services (UK) Ltd, Forum 3, Solent Business Park, Fareham, Hampshire, PO15 7FH.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of parent ultimate undertaking, Galileo Holdco 1 Limited, include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company in the year.
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. These financial statements are prepared on a going concern basis. The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

All values are rounded to the nearest thousand dollars (\$'000), except where otherwise indicated.

**1.1 Measurement convention**

The financial statements are prepared on the historical cost.

**1.2 Foreign currency**

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

**Notes to the Company Financial Statements (continued)****1. Accounting policies (continued)****1.3 Investments**

Investments in subsidiaries are carried at cost.

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

**1.4 Taxation**

Tax on the loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. The Company did not recognise any current tax expense for the year ended 31 December 2017 as it has estimated a tax loss.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. The Company did not recognise any deferred tax expense or benefit for the year ended 31 December 2017 as it has deemed not probable that future taxable profits will be available against which the deferred tax asset resulting from temporary differences and carry forward tax losses can be utilised.

**1.5 Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

**Trade and other debtors**

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

**Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

**1.6 Going concern**

The financial statements have been prepared on a going concern basis, notwithstanding retained earnings of US \$30,443,000 at 31 December 2017. The Directors believe the adoption of the going concern basis of accounting to be appropriate.

The Directors believe the going concern basis is appropriate because the Company's ultimate parent company, Galileo Holdco 1 Limited, has undertaken that it will, for at least 12 months from the date of the approval of these financial statements, to ensure that the group continues to make available such funds as are needed by the Company. This should enable the Company to meet its liabilities as they fall due for payment and continue to operate for the foreseeable future. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

## Notes to the Company Financial Statements (continued)

### 1.6 Going concern (continued)

The Directors believe the group has adequate resources to continue in operational existence for the foreseeable future and therefore to provide this support. The directors have reviewed the future financing requirements for the ongoing operation of the group and are satisfied that sufficient cash facilities to meet its working capital requirements for the 12 months following the signing of these financial statements. As a result, the Company adopts the going concern basis of preparation for these financial statements.

### 1.7 Impairment

The carrying amounts of the Company's non-current assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

### 2. General and administrative expenses

Operating result is stated after charging the following within operating and administrative expenses:

	2017 US \$000	2016 US \$000
Professional fees	(18)	(2,000)
Insurance and other costs	(188)	(575)
Impairment of investment in subsidiary	-	(19,748)
Reversal of impairment	4,556	-
	<u>4,350</u>	<u>(22,323)</u>

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Galileo Holdco 1 Limited.

### 3. Net finance expense

	2017 US \$000	2016 US \$000
Interest receivable on amounts due from group companies	3,304	4,942
Interest payable on loan notes	(15,950)	(5,251)
	<u>(12,646)</u>	<u>(309)</u>

## Notes to the Company Financial Statements (continued)

### 4. Taxation

During the year no tax charge or deferred tax charge has been recognised. A reconciliation of the tax charge is presented below.

	2017 \$000	2016 \$000
Loss before tax	(8,296)	(22,632)
Tax using the corporation tax rate of 19,25% (2016 20%)	1,597	4,526
Non-taxable income	(970)	(4,464)
Unrecognized temporary differences	(627)	(62)
Total tax expense	-	-

Deferred tax assets in relation to timing differences of US \$12.85m have not been recognised due to uncertainty over timing of recoverability of the related asset through generation of taxable profits.

As per current UK corporate tax law, the UK corporation tax rate was reduced to 19% from 1 April 2017. Tax rate will be further reduced to 17% effective from 1 April 2020

### 5. Investments

	US \$000
<b>Initial balance</b>	-
Investments in subsidiaries in the period	78,462
Impairment	(19,748)
<b>Investment at 31 December 2016</b>	<b>58,714</b>
Reversal of impairment	4,556
<b>Investment at 31 December 2017</b>	<b>63,270</b>

The investments in its subsidiary undertakings has been written down to its recoverable amount by reference to the underlying net assets of Galileo Global Technologies and its subsidiaries. In the event that the net assets of the subsidiaries increase over and above the current carrying value, the impairment will be written back.

The Company has the following investment subsidiaries at 31 December 2017. Unless otherwise stated, they have share capital consisting solely of ordinary shares and the proportion of ownership interests held equals the voting rights held. The country of incorporation or registration is also their principal place of business.

Entity	Country of incorporation	Ownership interests %	No. of shares	Type	Registered address	Class of share held in subsidiary undertaking
Galileo Global Technologies Limited	United Kingdom	100	56,672,505	Subsidiary	Aztec Financial Services (UK) Ltd, Forum 3, Solent Business Park, Fareham, Hampshire, PO15 7FH	Ordinary shares
Comara Compañía de Mandatos de la Región Austral S.A.	Argentina	100	945,000	Indirectly held subsidiary	Av. Rivadavia 986 P 7° C.A.B.A. – Argentina	Ordinary shares
Galileo Argentina S.A.	Argentina	100	293,000	Indirectly held subsidiary	Av. Rivadavia 986 P 7° C.A.B.A. – Argentina	Ordinary shares
Galileo Technologies S.A.	Argentina	100	20,000,000	Indirectly held subsidiary	Av. Rivadavia 986 P 7° C.A.B.A. – Argentina	Ordinary shares
GNC Galileo Venezuela S.A.	Venezuela	100	500,000	Indirectly held subsidiary	Av. 97 Torre Cristal Nivel 4 Of. 4-7 Naguanagua, Estado de Carabobo, Venezuela	Ordinary shares
Gaz Naturel Incorporated	United States of America	100	5,000	Subsidiary	11800 Clark Street Arcadia, California, Estados Unidos	Ordinary shares



## Notes to the Company Financial Statements (continued)

### 5. Investments (continued)

Entity	Country of incorporation	Ownership interests %	No. of shares	Type	Registered address	Class of share held in subsidiary undertaking
Comusa Incorporated	United States of America	100	5,000	Subsidiary	11800 Clark Street Arcadia, California, Estados Unidos	Ordinary shares
Galileo Technologies Corporation	United States of America	100	10,000	Indirectly held subsidiary	11800 Clark Street Arcadia, California, Estados Unidos	Ordinary shares
Galileo Rental S.A.	Argentina	100	1,572,000	Indirectly held subsidiary	Av. Rivadavia 986 P 7° C.A.B.A. – Argentina	Ordinary shares
Methax S.A.	Argentina	100	10,366,550	Indirectly held subsidiary	Av. Rivadavia 986 P 7° C.A.B.A. – Argentina	Ordinary shares
Methax UK Limited	United Kingdom	100	100	Subsidiary	Aztec Financial Services, 3 Parkway, Whiteley, Fareham, Hampshire, United Kingdom	Ordinary shares
Galileo Advanced Solutions LLC	United States of America	51	10,000	Indirectly held subsidiary	160 Greentree Drive, Suite 101 County of Kent, Dover, Delaware 19904	Ordinary shares
Galileo Energia S.A.	Argentina	100	100,000	Subsidiary	Av. Rivadavia 986 P 7° C.A.B.A. – Argentina	Ordinary shares

### 6. Other receivables

	2017 US \$000	2016 US \$000
<b>Non-Current</b>		
Amount due from group undertakings (note 11)	49,162	7,382
	<u>49,162</u>	<u>7,382</u>

	2017 US \$000	2016 US \$000
<b>Current</b>		
Other receivables	1	9
Amount due from group undertakings (note 11)	40	-
	<u>41</u>	<u>9</u>

### Credit repayment schedule

	Currency	Nominal interest rate	Year of maturity	2017 US \$000 Carrying amount	2016 US \$000 Carrying amount
Other receivables	£	-	2018	1	9
Amount due from group undertakings	£	-	2018	40	-
	US\$	10,00%	2021	7,886	7,382
	US\$	10,00%	2022	41,276	-
				<u>49,203</u>	<u>7,391</u>

Notes to the Company Financial Statements (continued)

7. Trade and other liabilities

	2017 US \$000	2016 US \$000
<b>Current</b>		
Trade payables due from third parties	190	-
Amount due to group undertakings (note 11)	22	-
	<u>212</u>	<u>-</u>

8. Loans and borrowings

	2017 US \$000	2016 US \$000
<b>Non-current</b>		
Loan notes (note 11)	143,195	102,251
	<u>143,195</u>	<u>102,251</u>

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2017 \$000	Carrying amount 2017 \$000
Boson Holding Corporation	US\$	10.00%	2024	8,500	9,877
Galileo Guernsey Limited	US\$	10.00%	2024	73,500	86,153
Galileo Guernsey Limited	US\$	25.00%	2024	20,000	23,583
Galileo Guernsey Limited II	US\$	25.00%	2024	20,000	23,582
At 31 December 2017				<u>122,000</u>	<u>143,195</u>
At 31 December 2016				<u>97,000</u>	<u>102,251</u>

9. Share capital and share premium

	Ordinary shares	
	2017	2016
Shares		
At the beginning of year	4	4
	<u>4</u>	<u>4</u>
At the end of year – fully paid		
Authorised – par value \$1		

There were no changes in the share composition in the year 2017.

10. Dividends

No dividends were paid or proposed.

## Notes to the Company Financial Statements (continued)

### 11. Related parties

#### Transactions with key management personnel

Directors of the Company control indirectly 47.4% (2016 47.4%) of the voting shares of the Company. There have been no transactions with key management during the year.

#### Related party transactions

The significant balances with related parties, their nature volumes and balance during the year ended 31 December 2017 were as follows:

		Receivables outstanding 2017 US \$000	Payables outstanding 2017 US \$000	Receivables outstanding 2016 US \$000	Payables outstanding 2016 US \$000
<b>Related party entities</b>					
Galileo Global Technologies Limited	(1)	49,193	(17)	7,382	-
Boson Holding Corporation	(2)	-	(9,877)	-	(8,973)
Galileo Guernsey Limited	(2)	-	(109,735)	-	(85,757)
Galileo Technologies Corporation	(1)	-	(5)	-	(7,521)
Galileo Technologies Corporation II		-	(23,583)	-	-
Galileo Methax S.A.	(1)	9	-	-	-
		<u>49,202</u>	<u>(143,217)</u>	<u>7,382</u>	<u>(102,251)</u>

(1) Owned by subsidiary of Galileo Holdco 2 Limited

(2) Immediate holding entity of Galileo Holdco 1 Ltd.

Related parties transactions were conducted on terms of equivalent to those prevail in arm's length transactions.

### 12. Directors' and key management emoluments

There have been no Directors or key management emoluments paid from the Company during the year. Emoluments are paid within the different entities of the group Galileo Holdco 2 Limited directly or indirectly owns. Management have assessed the fair value of services provided by the Directors to the Company as £10,000 for the year (2016 £10,000).

### 13. Subsequent events

Since 31 December 2017 the Group has raised US \$30m of new debt financing due in 2024, from its shareholders, the "BWE Funds" and some of the Fund's investors, ensuring the short-term financing as well as decreasing the risk of any breaches. The Company has also extended its banking facility lines in Argentina by US \$4.79m.

In May 2018, Galileo Holdco 2 Limited created a new subsidiary, Edge International Holdings 2 Inc. Edge International Holdings 2 Inc subsequently incorporated a further subsidiary, Edge Gathering Virtual Pipelines 2 LLC.

On 4 December 2018, Edge International Holdings 2 Inc and Galileo Technologies Corporation entered into an agreement with external shareholders who contributed additional capital to EDGE, resulting in shares for a total value of \$16.4m being issued. The same external shareholders have committed to contribute additional capital to EDGE if certain conditions in the shareholder's agreement are fulfilled over the first semester of 2019. As part of this arrangement Blue Water Energy Fund II, L.P. has also acquired a 28.35% ownership interest in EDGE. This interest will increase to 34.8% if the additional capital described above is contributed. Blue Water Energy Fund II, L.P. is the second Fund raised by Blue Water Energy, a specialist private equity energy investor.

Additionally, in December 2018, Galileo Technologies Corporation entered into a series of agreements to supply, operate and maintain gas liquefaction equipment in the United States.