GALILEO

Galileo Holdco 2 Limited

Annual report and financial statements
Registered number 10138785
Year ended 31 December 2018

Contents

Strategic report

The directors present their strategic report of Galileo Holdco 2 Ltd (the "Company") for the year 1 January 2018 to 31 December 2018.

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 built and is now operating the first power plant in the world that generates electricity from LNG produced at 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) Limited Forum 4, Solent Business Park, Parkway South, Whiteley, Fareham, England, PO15 7AD.

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 2018 and ending on 31 December 2018. The information for the period ending 31 December 2017 reflects trading information from 1 January 2017 to 31 December 2017. The Company financial statements are presented in thousands of US dollars ("US $000") unless otherwise noted.

Business review and performance

The results for the financial year are set out on page 9.

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 ("EDGE").

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 Common Units 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. also acquired a 44.04% ownership interest in EDGE. This interest will decrease to 34.80% if the additional capital described above is contributed and other conditions related to equipment acceptance are met. Blue Water Energy Fund II, L.P. is the second Fund raised by Blue Water Energy, a specialist private equity energy investor.

Business outlook

Since 31 December 2018, the Group has decreased its banking facility lines in Argentina by US $3.16m, and new lines were obtained for a total of US $ 7.7m, a entered into a syndicated bank loan agreement with Banco Galicia of US$ 6.5m from a total of US$20m, nominal interest rate 11%, repayable in thirty-six equal montly instalments, interest on the facility was also payable montly, the first amortisation and interest payments were due on September 2019, the first installment was already paid. Additionally, credit lines were applied with the Banco Provincia de Buenos Aires of US $ 800k, nominal interest rate 4.75%, and other line with the Banco Nación of US $ 380k, nominal interest rate 6.5%, both of them repayable in one instalment and maturing in February 2020.

The Company expects demand for its LNG equipment to continue to grow driven by i. the availability of stranded and flared natural gas which provide a cheap, abundant and clean energy source; and ii. Galileo's technology which unlocks this energy source by allowing it to be transported to consumers economically. Management expects demand for Galileo's equipment to come from EDGE and other similar projects being developed in multiple geographies and from projects like the Azulao project mentioned above.

Principle risks and uncertainties

The principal risks and uncertainties affecting the business include the following:

- Country risk: a significant portion of Galileo's production facilities are in Argentina, which has a history of political and macroeconomic instability. Galileo's management has successfully operated in this environment for over 30 years and the Directors are confident that they will continue to manage the exposure of the business to Argentina risk in the future.
- Currency risk: Galileo operates mainly in US Dollars and Argentinean Pesos, which exposes the business to fluctuations in the US$ / AR$ exchange rate. Galileo's functional and reporting currency is the US Dollar, which limits the impact of large fluctuations in US$ / AR$ exchange rate on its performance, as a majority of revenue and cost of sales are denominated in US Dollars. The impact of exchange rate fluctuations is marginal due to a limited number of locally sourced costs in Argentina. In Argentina's current inflationary environment, material fluctuations in the US$ / AR$ exchange rate are likely to result in depreciation of the AR$, which will have a positive impact on Galileo's performance by reducing the US$ cost of those AR$ denominated local costs.
- Inflationary environment: the majority of Galileo's production facilities and some of its operations are located in Argentina where inflation levels have been sustainably high over the last several years. Cumulative inflation for the 3 years period ending 31 December 2018 exceeds 100%. As explained above, Galileo's functional currency is the US Dollar. This reduces its exposure to inflation in Argentina. A relative small portion of Galileo's costs are denominated in Argentinean Pesos. The periodic adjustments in Argentinean Pesos cost are usually counterbalanced by a depreciation of the Argentinean Pesos and therefore tend to result in a reduction in Galileo's US Dollar denominated costs.
- Competitive risk: Galileo operates in a highly competitive market. Product innovation and technical advances by competitors could adversely affect its performance. The Directors are confident that the innovation track record of Galileo's management should allow it to succeed in a rapidly changing competitive landscape.
- Liquidity risks: Galileo relies on operating cashflow generation and financing from its shareholders and other financing providers to meet its financial commitments. Galileo identifies and manages liquidity risk across the following categories:
    i. short-term liquidity management covering the next 13 weeks on a rolling basis with continuous monitoring of forecast and actual cashflows. The Group's operations in Argentina rely on post-dated cheques to pay its suppliers. These type of instruments are commonly used in the Argentine marketplace and allow the Company to manage short-term liquidity while retaining a high degree of certainty when forecasting cash outflows;
    ii. medium-term liquidity management of liquid assets, working capital, bank facilities and shareholder financing to cover medium term cash requirements in excess of operating cashflow generation; and
    iii. long-term liquidity management ensuring an adequate spread of maturities of borrowing facilities to avoid refinancing risk concentration.

Principle risks and uncertainties *(continued)*

- The Group relies on renewable credit lines for a material portion of its financing needs. The majority of these lines are with Argentine banks and can be used as: i. overdraft facilities; ii. short term export or working capital financing; and iii. long term working capital financing, in some cases. The majority of this financing is available in either US dollars or Argentine pesos. These credit lines are reviewed on a yearly basis when the financial statements of the Argentine operating companies are available. A deterioration in the financial performance of the Argentine operating companies could affect the Company's ability to renew or expand these credit lines. The Directors expect that the performance of the Argentine operating companies will be sufficient to renew and possibly expand these credit lines.
- Credit risk: Galileo relies on third party financing to finance its operations and growth initiatives. A material event affecting the availability of third party financing globally could impact Galileo's ability to refinance existing facilities when due if required. Galileo continuously monitors credit conditions and maintains an active dialogue with institutions that provide financing.

Capital risk management

Galileo manages its capital to ensure that all entities within the Group will be able to continue as a going concern while maximising returns to shareholders by optimizing its capital structure. Galileo's capital structure currently consists of cash and cash equivalents, third party debt, shareholder debt and equity attributable to the shareholders. Galileo continuously monitors its capital structure and manages it considering the following factors:

a. the cost of capital and the financial risks associated with each class of capital;

b. gearing levels;

c. potential impact of changes to the capital structure on net tangible assets and shareholders' equity; and

d. market conditions and availability of capital.

Since 31 December 2018 the Company has raised US $ 7.7m of new financing from third party financing providers (note 13).

Going concern

The financial statements have been prepared on a going concern basis, notwithstanding cumulative losses of US $51.63m at 31 December 2018. 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

Salil Oberoi

Osvaldo del Campo
Director

31 October 2019

Salil Oberoi
Director

31 October 2019

Directors' report

The directors present their directors' report for the year 1 January 2018 to 31 December 2018.

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	
Osvaldo del Campo	29 April 2016	
Thomas Joseph Sikorski	29 April 2016	

Results and dividends

The Company loss for the year is US $20.70m (2017 loss US $8.30m). The directors do not recommend payment of an ordinary dividend

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.

Post Balance Sheet Events

Please refer to note 13 in the Financial Statements for a detailed discussion on events that occurred subsequent to 31 December 2018.

Future Developments

Please refer to the Strategic Report for detailed discussion on future developments.

Auditor

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board

Osvaldo del Campo
Director

31 October 2019

Salil Oberoi

Salil Oberoi
Director

31 October 2019

Statement of Directors' responsibilities

The directors are responsible for preparing the strategic report, the 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 the directors have elected to prepare the 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 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 accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent Auditor's Report to members of Galileo Holdco 2

Opinion

We have audited the financial statements of Galileo Holdco 2 ("the Company") for the year ended 31 December 2018, which comprise Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework*.

In our opinion the financial statements:

- Give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, 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.

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

BDO LLP

Marc Reinecke (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

4 November 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income

For the year from 1 January 2018 to 31 December 2018

	Note	**Year ended 31 December 2018 US $000**	**Year ended 31 December 2017 US $000**
General and administrative expenses	*2*	(197)	(206)
Reversal of impairment	*2*	-	4,556
Operating (loss) / profit		**(197)**	**4,350**
Finance income		6,951	3,304
Finance expenses	*3*	(27,454)	(15,950)
Loss for the year before tax		**(20,700)**	**(8,296)**
Taxation	*4*	-	-
Loss for the financial year		**(20,700)**	**(8,296)**

The accompanying notes on pages 13 to 19 form part of these financial statements

GALILEO

Statement of Financial Position

As at 31 December 2018

	Note	2018 US $000	2017 US $000
Non-Current Assets			
Investments	5	67,292	63,270
Other receivables	6	80,840	49,162
		148,132	**112,432**
Current Assets			
Other receivables	6	1,084	41
Cash and cash equivalents		-	6
		1,084	**47**
Total Assets		**149,216**	**112,479**
Current Liabilities			
Trade and other liabilities	7	216	212
Total Current Liabilities		**216**	**212**
Non-Current Liabilities			
Loans and borrowings	8	200,628	143,195
Total Non-Current Liabilities		**200,628**	**143,195**
Total Liabilities		**200,844**	**143,407**
Net Liabilities		**(51,628)**	**(30,928)**
Capital and reserves			
Share capital	9	-	-
Retained earnings		(51,628)	(30,928)
Total shareholders deficit		**(51,628)**	**(30,928)**

These financial statements were approved by the board of directors on 31 October 2019 and were signed on its behalf by:

Salil Oberoi

Osvaldo del Campo
Director

Salil Oberoi
Director

Company registered number: 10138785

Statement of Changes in Equity

For the year ended 31 December 2018

	Share capital US $000	Retained earnings US $000	Total parent equity US $000
Initial balance	-	(22,632)	(22,632)
Total comprehensive loss for the year			
Loss for the year	-	(8,296)	(8,296)
Total comprehensive income for the year	-	**(8,296)**	**(8,296)**
Balance at 31 December 2017	-	**(30,928)**	**(30,928)**
Total comprehensive loss for the year			
Loss for the year	-	(20,700)	(20,700)
Total comprehensive income for the year	-	**(20.700)**	**(20.700)**
Balance at 31 December 2018	-	**(51,628)**	**(51,628)**

The accompanying notes form part of these financial statements

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 ("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 4, 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 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 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.

1.1Measurement convention

The financial statements are prepared on the historical cost.

1.2Foreign 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 less impairment (note 1.7).

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 2018 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 2018 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 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 receivables 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. The Company applies the expected credit loss model ("ECL") in respect of trade receivables. The Company track changes in credit risk, and recognise a loss allowance based on lifetime ECLs at each reporting date.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

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.

Trade and other payables

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

Notes to the Company Financial Statements *(continued)*

1.6 Going concern

The financial statements have been prepared on a going concern basis, notwithstanding cumulative losses of US $5.9m at 31 December 2018. 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.

1.7 Impairment

Financial assets

A financial asset not carried a fair value through profit and loss is assessed at each reporting date to determine a loss allowance for expected credit losses. If the credit risk on a financial instrument has increased significantly since initial recognition, the loss allowance is equal to the lifetime expected credit losses. If the credit risk has not increased significantly, the loss allowance is equal to the twelve month expected credit losses.

The expected credit losses are measured in a way that reflects the unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes; the time value of money and reasonable and supportable information that is available about past events, current conditions and forecasts of future economic conditions.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss from 1 January 2018, the group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax 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. 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The

An impairment loss is recognised if the carrying amount of an asset or its Cash Generating Unit ("CGU") exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying

2. General and administrative expenses

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

	2018 US $000	2017 US $000
Professional fees	(24)	(18)
Insurance and other costs	(173)	(188)
Reversal of impairment	-	4,556
	(197)	4,350

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

	2018 US $000	2017 US $000
Interest income	6,951	3,304
Interest expenses and other finances expenses	(27,454)	(15,950)
	(20,503)	(12,646)

4. Taxation

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

	2018 $000	2017 $000
Loss before tax	(20,700)	(8,296)
Tax using the corporation tax rate of 19% (2017 19,25%)	3,933	1,597
Non-taxable income	(3,323)	(970)
Unrecognized temporary differences	(610)	(627)
Total tax expense	-	-

Deferred tax assets in relation to timing differences of US $3.21m 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 2018. Tax rate will be further reduced to 17% affective from 1 April 2020

5. Investments

	US $000
Initial balance	58,714
Reversal of impairment	4,556
Investment at 31 December 2017	63,270
Increase investments in subsidiaries in the year (*1)	4,022
Reversal of impairment	-
Investment at 31 December 2018	67,292

(*1) On 4th June 2018 the Company signed a loan of US $ 10.6m to Edge Holdco UK Limited with the following terms: US $10.6m repayable in six years, overdue in June 2024 with 0% interest.

The Company assume that the market rate of interest for a loan with similar terms is 15%

The present value US $10.6m in six years discounted by the market rate of interest of 10% is US $6.58m.

This amount will accrete back to US $10.6m over the 6-year life of the loan using the EIR method at a rate of 10%. In this way, the contractual cash flow of US $ 10.6m due in 2024 represents payments of principal (being the initial fair value of US $6.58) and interest (being the accretions of US $4.02).

The difference between the initial fair value of US $6.58m and the amount of cash advanced of US $10.6m of US $4.02 is considered to increase in investment.

Notes to the Company Financial Statements *(continued)*

5. Investments (continued)

The Company has the following investment subsidiaries at 31 December 2018. 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 4, 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.	Ordinary shares
Galileo Argentina S.A.	Argentina	100	293,000	Indirectly held subsidiary	Av. Rivadavia 986 P 7° C.A.B.A.	Ordinary shares
Galileo Technologies S.A.	Argentina	100	25,000,000	Indirectly held subsidiary	Av. Rivadavia 986 P 7° C.A.B.A.	Ordinary shares
Gaz Naturel Incorporated	United States of America	100	5,000	Indirectly held subsidiary	11800 Clark Street Arcadia, California.	Ordinary shares
Comusa Incorporated	United States of America	100	5,000	Indirectly held 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	4,922,362	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.	Ordinary shares
Methax UK Limited	United Kingdom	100	100	Indirectly held subsidiary	Aztec Financial Services (UK) Ltd, Forum 4, Solent Business Park, Fareham, Hampshire, PO15 7FH	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 Energía S.A.	Argentina	100	100,000	Indirectly held subsidiary	Av. Rivadavia 986 P 7° C.A.B.A.	Ordinary shares
Enerbine S.A.S.	Argentina	100	19,000	Indirectly held subsidiary	Av. Rivadavia 986 P 7° C.A.B.A.	Ordinary shares
Edge Holdco UK Limited	United Kingdom	100	1	Subsidiary	Aztec Financial Services (UK) Ltd, Forum 4, Solent Business Park, Fareham, Hampshire, PO15 7FH	Ordinary shares
Edge International Holdings 2 inc	United States of America	100	100	Indirectly held subsidiary	251 Little Falls Drive, Wilmington, New Castle Country, Delaware 19808	Ordinary shares

6. Other receivables

	2018 US $000	2017 US $000
Non-Current		
Amount due from group undertakings (note 11)	80,840	49,162
	80,840	49,162

	2018 US $000	2017 US $000
Current		
Other receivables	4	1
Amount due from group undertakings (note 11)	1,080	40
	1,084	41

At 31 December 2018, the Company reviewed and assessed the amounts due from subsidiary undertaking for impairment using reasonable and supportable information. The loss allowance from this review and the implementation of IFRS 9, did not have a material impact on the financial statements

Notes to the Company Financial Statements *(continued)*

6. Other receivables

Credit repayment schedule

	Currency	Nominal interest rate	Year of maturity	2018 US $000 Carrying amount	2017 US $000 Carrying amount
Other receivables					
	£	-	2018	4	1
Amount due from group undertakings					
	£	-	2018	-	40
	US$	10,00%	2019	1,080	-
	US$	10,00%	2021	6,167	7,886
	US$	10,00%	2022	47,073	41,276
	US$	10,00%	2023	20,637	-
	US$	10,00%	2024	6,963	-
				81,924	49,203

7. Trade and other liabilities

	2018 US $000	2017 US $000
Current		
Trade payables due from third parties	187	190
Amount due to group undertakings (note 11)	29	22
	216	212

8. Loans and borrowings

	2018 US $000	2017 US $000
Non-current		
Loan notes (note 11)	200,628	143,195
	200,628	143,195

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2018 $000	Carrying amount 2018 $000
Boson Holding Corporation	US$	10.00%	2024	8,500	10,864
Galileo Guernsey Limited	US$	10.00%	2024	73,500	94,768
Galileo Guernsey Limited	US$	25.00%	2024	20,000	29,479
Galileo Guernsey Limited	US$	25.00%	2021	5,000	6,016
Galileo Guernsey Limited II	US$	25.00%	2024	20,000	29,479
Galileo Guernsey Limited II	US$	25.00%	2021	5,000	5,995
Makena Traditional Natural Resources	US$	25.00%	2021	10,000	12,013
Northwestern University	US$	25.00%	2021	10,000	12,014
At 31 December 2018				152,000	200,628
At 31 December 2017				122,000	143,195

Notes to the Company Financial Statements *(continued)*

9. Share capital and share premium

Shares	Ordinary shares 2018	Ordinary shares 2017
At the beginning of year	4	4
At the end of year – fully paid	4	4
Authorised – par value $1		

There were no changes in the share composition in the year 2018.

10. Dividends

No dividends were paid or proposed.

11. Related parties

Transactions with key management personnel

Directors of the Company control indirectly 47.4% (2017 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 2018 were as follows:

		Receivables outstanding 2018 US $000	Payables outstanding 2018 US $000	Receivables outstanding 2017 US $000	Payables outstanding 2017 US $000
Related party entities					
Galileo Global Technologies Limited	*(1)*	74,318	(23)	49,193	(17)
Boson Holding Corporation	*(2)*	-	(10,864)	-	(9,877)
Galileo Guernsey Limited	*(2)*	-	(130,263)	-	(109,735)
Galileo Guernsey Limited II	*(2)*	-	(35,474)		(23,583)
Galileo Technologies Corporation	*(1)*	-	(5)	-	(5)
Galileo Methax S.A.	*(1)*	470	-	9	-
Galileo Holdco 1 Limited	*(3)*	169	-	-	-
EDGE Holdco UK Limited	*(1)*	6,963	-	-	-
		81,920	(176,630)	49,202	(143,217)

(1) Owned by subsidiary of Galileo Holdco 2 Limited
(2) Immediate holding entity of Galileo Holdco 1 Ltd.
(3) Immediate holding entity of Galileo Holdco 2 Ltd.

Related parties transactions were conducted on terms of equivalent to those prevail in arm's length transactions. These transactions related to financing activities and the corresponding interest expense on the borrowings, with the remaining unpaid balance as at 31 December 2018 disclosed above.

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 (2017 £10,000).

Notes to the Company Financial Statements *(continued)*

13. **Subsequent events**

Since 31 December 2018, the Group has decreased its banking facility lines in Argentina by US $3.16m, and new lines were obtained for a total of US $ 7.7m, a entered into a syndicated bank loan agreement with Banco Galicia of US$ 6.5m from a total of US$20m, nominal interest rate 11%, repayable in thirty-six equal montly instalments, interest on the facility was also payable montly, the first amortisation and interest payments were due on September 2019, the first installment was already paid. Additionally, credit lines were applied with the Banco Provincia de Buenos Aires of US $ 800k, nominal interest rate 4.75%, and other line with the Banco Nación of US $ 380k, nominal interest rate 6.5%, both of them repayable in one instalment and maturing in February 2020.

In July 2019 Galileo Holdco 2 Limited created a new subsidiary, Edge Europe Holdco, subsequently incorporated a further subsidiary, EDGE Energy Europe. This company will engage in LNG trading in Europe using LNG dispensers and technology.

On June 2019, Galileo Technologies entered into agreements with Eneva (Brazil) and Eleva (Nigeria) to sell liquefaction and regasification equipment for gas to power generation, including regas plants, gas treatment plants and storage units.