Parent for:
SC205751.

CENTURION

ANNUAL REPORT & CONSOLIDATED FINANCIAL STATEMENTS 2022

Centurion 3 Limited
Registered Number: SC583752
For the year ended 31 December 2022

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[redacted]

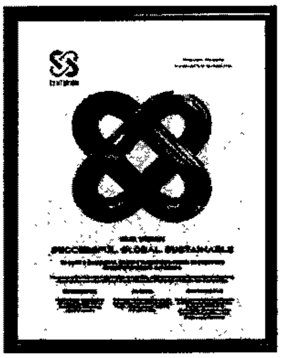
STRATEGIC REPORT

Headquartered in Aberdeen, Centurion 3 Limited ("the Company") and its subsidiary undertakings, collectively referred to as "the Group" or "Centurion", is a global leader in the supply of rentals and services to a range of critical industries. The Group has a global reach with operations in key service locations: Canada, America, UK & Europe, Caspian, Middle East, South East Asia and Australia.

The Company is a wholly owned subsidiary of Centurion Group Limited, a Cayman registered company ("the Parent"). The Company's principal activity is to act as a holding company for its subsidiary undertakings.

BUSINESS REVIEW

The Group's vision is to build a successful, global and sustainable services company supporting its chosen end-markets, including energy, minerals, infrastructure, power, environmental and renewable sectors. The Group's focus is on driving growth by building on its strong market position and customer relationships, increasing its range of services, and adding more technical and environmentally sustainable offerings.



Successful refers to the Group's commitment to safety, quality and to consistently delivering superior results compared to its market peers. Global refers to the strong presence in key markets that creates reach and market access while providing stability through exposure to different geographic markets. Sustainable refers to employee satisfaction, environmental consciousness and a commitment to long-term profitability, cash generation and financial prudence that creates both value and cycle resilience.

This vision is supported through the Group's core values:

We Do The Right Thing: Centurion people are proud of what they do, because we do the right thing every time. We are safe. We are open, transparent and professional. We create value. We care.

We Do What We Say: Centurion people are honest, supportive, responsive and easy to work with. We honor every commitment and expect the same from others. We listen. We respect differences. We develop and deliver fit-for-purpose solutions.

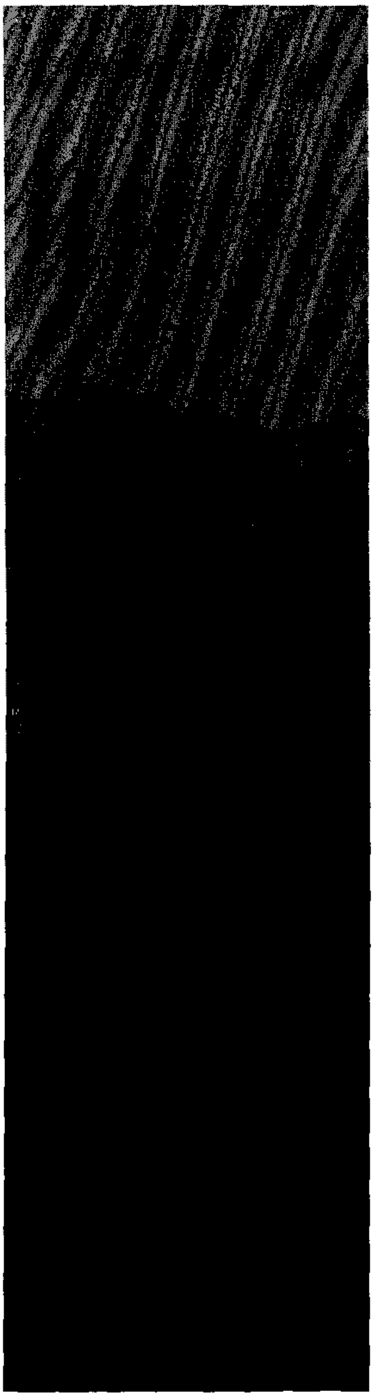
We Work Together: Centurion people use their skills, knowledge and experience to build positive relationships wherever they can. We work as one team, locally and globally. We learn. We teach. We actively share knowledge and insight.

We Go The Extra Mile: Centurion people are hardworking, committed and innovative. Always looking for new ways and new opportunities to improve, large and small. We drive change. We challenge the status quo.

STRATEGIC REPORT (CONTINUED)

BUSINESS REVIEW (CONTINUED)

The Group entered 2022 well positioned for growth on the back of a significantly improved performance in 2021 as the Group benefitted from the continued implementation of its strategy and recovering global energy markets. The year presented complex challenges, including the tail-end of the COVID-19 pandemic, global supply chain disruptions, the war in Ukraine and more recently, unprecedented levels of inflation.



Despite this global uncertainty, the Group remained prosperous, opportunity-driven, and growth-oriented. Driven by the perseverance and ambition of its teams worldwide, the Group had its best year since its creation in 2018.

The hard work, positive attitude and technical expertise of its people allowed the Group to continue to make progress on its strategy. The Group continues to focus on its three strategic pillars:

i. Increase scale and diversification: The Group's through-cycle resilience is driven by its scale and diversification across the globe. The Group continues to build on its market reach through continued diversification at a geographical level, specifically in adjacent scopes to enhance its cross-selling potential.

ii. Accelerate the Group's cross-selling and differentiation: The Group continues to cross-sell to increase the range of services offered to its customers. This enables the Group to differentiate against competitors with narrower service offerings and deliver an enhanced service to its customers.

iii. Add more technical and environmentally sustainable offerings: The Group continues to elevate its technical sophistication to differentiate and compete in more complex projects, while actively participating in both the decarbonization of the energy industry and the growth of the renewable energy sector.

2022 was a year of significant progress for the Group and its continuing development. Notable highlights include:

- a strong financial performance increasing Revenue and EBITDA whilst investing in capital expenditure, working capital and acquisitions;
- increasing its liquidity from the Group's international banking consortium;
- implementing its acquisition strategy with three further acquisitions in Canada and the UK;
- completing its first ever shareholder distribution since the Group's creation in 2018;
- expanding its product and service offering into more technical and environmentally sustainable offerings whilst continuing to move into adjacent end markets;
- publishing its third annual sustainability report and the Group's first ever ESG brochure demonstrating its commitment to energy transition and social engagement;
- hosting its second comprehensive Management Development Program in Houston, for key members of the Group's global team.

STRATEGIC REPORT (CONTINUED)

FINANCIAL PERFORMANCE

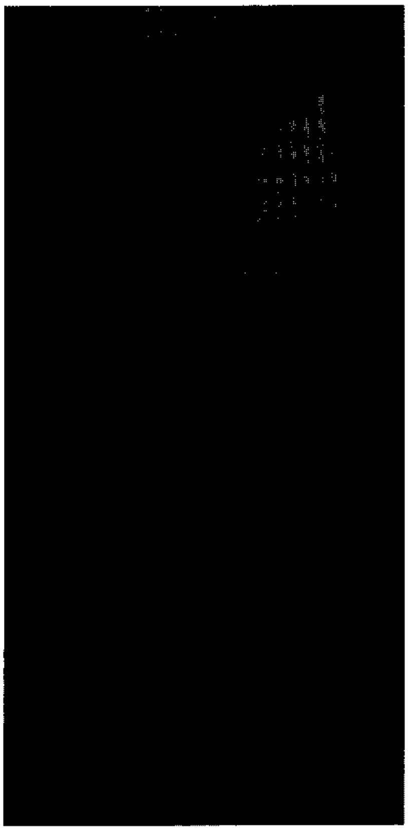
Revenue increased by 68% to $669.7m (2021: $398.4m) reflecting the continued implementation of the Group's strategy and recovery in its end markets as the impact of the COVID-19 pandemic lessened on the global economy and customer activity.

FINANCIAL HIGHLIGHTS

$669.7M REVENUE

$178.4M GROSS PROFIT

$116.6M ADJUSTED EBITDA[1]



Gross profit before exceptional and adjusting items increased by 80% to $178.4m (2021: $99.1m), gross margin before exceptional and adjusting items increased to 26.6% (2021: 25.3%) as the Group was able to capitalize on its operational leverage and flexible business model.

The Group's stability, resilience and sustainability was demonstrated through the continued generation of positive Adjusted EBITDA[1] all the way through the COVID-19 pandemic. 2022 continued to build on these strong foundations with Adjusted EBITDA[1] increasing by 80.2% to $116.6m (2021: $64.7m) with Adjusted EBITDA[1] margin increasing from 16.5% in 2021 to 17.4% in 2022. This resulted in the Group making an Adjusted Profit After Tax for the year of $41.1m, a significant improvement on 2021's $3.8m.

On a statutory basis the Profit After Tax for the year was $37.6m, a significant improvement on 2021's of $6.2m.

Refer to note 6 of the financial statements for details of exceptional and adjusting items.

The Group generated $81.3m (2021: $71.8m) cash from operations which allowed it to continue investing in capital expenditure for revenue enhancing project opportunities in 2022 and to continue with the Group's acquisition strategy. During 2022, the Group invested $39.2m (2021: $26.4m) in capital equipment, of which 28% (2021: 46%) was self-funded from capital equipment disposals. New investment was focused on technical and value-added offerings supporting the Group's strategy of increasing its scale, segmental and geographic diversification.

[1] Adjusted EBITDA is defined as Earnings before IFRS 16, Interest, Other Gains and Losses, Tax, Depreciation, Amortization and Exceptional and Adjusting Items (note 5).

STRATEGIC REPORT (CONTINUED)

FINANCIAL PERFORMANCE (CONTINUED)

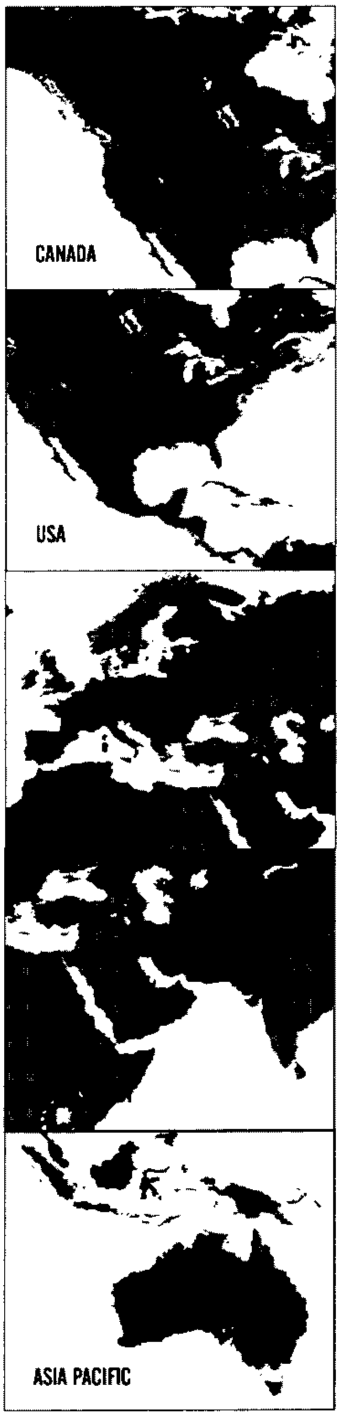
During 2022, the Group continued to implement its acquisition strategy and acquired three businesses to enhance its scale and geographic reach whilst adding more technical and environmentally sustainable offerings, as follows:

- In January 2022, the Group acquired Canlift Crane ("Canlift") based in Canada, a leading provider of crane services to all major industry sectors in Alberta and British Columbia. The acquisition of Canlift enhanced the Group's existing Western Canadian crane services and has played a key part in its ambition to diversify its customer base and provide key services to markets outside of oil and gas.
- In March 2022, the Group acquired RMEC, a UK based integrated rentals, sales and service company delivering innovative solutions to the energy sectors. RMEC is playing a key part in the UK's energy security and decarbonization journey by providing highly efficient well services to increase existing production and to support decommissioning projects in the North Sea and overseas.
- In April 2022, the Group acquired Trido Energy Services ("Trido") based in Alberta, Canada, a leading provider of sustainable and innovative solar-powered production equipment to the energy industries in North America. Trido is the Group's first-ever acquisition of a renewable energy technology company, offering a revolutionary integrated end-to-end carbon credit management service. In 2022 alone, Trido supported 15 clients to remove ~19,000 tonnes of C02e (tC02e) from the atmosphere – equivalent to ~66% of the total emissions created by the Group in 2022 – with projects installed in 2022 set to further reduce emissions by an estimated 73,000 tC02e per year (equivalent to removing over 15,500 cars off the road annually).

STRATEGIC REPORT (CONTINUED)

GEOGRAPHIC AND REGIONAL STRUCTURE

The Group is organized on a regional basis:



Canada region:
Revenue increased by 102% to $286.8m, with Canada delivering 42% of Group Adjusted EBITDA in 2022 (2021: 39%). Canada operates in six main sub-segment product and service lines: Accommodation, Camps & Technical Buildings; Fluid Management & Recycling; Production Services; Lifting Services and Project & Facilities Management.

US region:
Revenue increased by 48% to $188.6m, with US delivering 24% of Group Adjusted EBITDA in 2022 (2021: 18%). US operates in four main sub-segment product and service lines: Accommodation, Camps & Technical Buildings; Fluid Management & Recycling; Production Services and Pressure Control.

UK & Caspian region:
Revenue increased by 49% to $104.6m, with UK & Caspian delivering 20% of Group Adjusted EBITDA in 2022 (2021: 21%). UK & Caspian operates in five main sub-segment product and service lines: Accommodation, Camps & Technical Buildings; Fluid Management & Recycling; Production Services; Pressure Control and Subsea Services.

Middle East region:
Revenue increased by 191% to $49.8m, with Middle East delivering 7% of Group Adjusted EBITDA in 2022 (2021: 6%). Middle East operates in three main sub-segment product and service lines: Accommodation, Camps & Technical Buildings; Production Services and Project & Facilities Management.

Asia Pacific region:
Revenue increased by 14% to $39.9m, with Asia Pacific delivering 7% of Group Adjusted EBITDA in 2022 (2021: 16%). Asia Pacific operates in three main sub-segment product and service lines: Accommodation, Camps & Technical Buildings; Production Services and Fluid Management & Recycling.

STRATEGIC REPORT (CONTINUED)

FINANCING & LIQUIDITY

On 3 October 2022, the Group upsized its existing multi-currency credit facility by $92m from $266m to $358m. The extended facilities were used to fund growth and to complete a $75m distribution to the shareholders of the immediate parent company, Centurion Group Limited. The Group had $51m of undrawn facilities as at the date of this report for acquisitions, capital expenditure and working capital subject to customary bank covenants and credit agreement conditions.

Net debt (comprising gross debt excluding exchangeable shares and unamortized issue costs less cash) at 31 December 2022 was $199m (2021: $145m), $54m higher than the prior year after funding $39m in capital expenditure, $31m of acquisitions and a $75m distribution to the shareholders of the immediate parent company, Centurion Group Limited. Group net debt to Adjusted EBITDA leverage ratio before exceptional and adjusting items was 1.7x at 31 December 2022 compared to 2.2x at 31 December 2021.

FUTURE DEVELOPMENTS

The Group has made a strong start to 2023 with Q1'23 Revenue and Adjusted EBITDA ahead of Q1'22 by 30% and 55%, respectively, as a result of the continued improvement in the Group's end markets, market share gains and increased cross-selling of its offerings. The Group anticipates that these higher levels of activity will continue through the remainder of 2023.

The Group continues to implement its organic and acquisitive growth strategy and in March 2023 made one acquisition as follows:

- Acquired Blue Drop Solutions based in Canada, a business supplying water and wastewater treatment operators and equipment servicing energy, infrastructure, construction and government end-markets. This acquisition enhanced the Group's existing Canadian operations in water and wastewater treatment and expanded its presence in infrastructure, construction and energy end-markets.

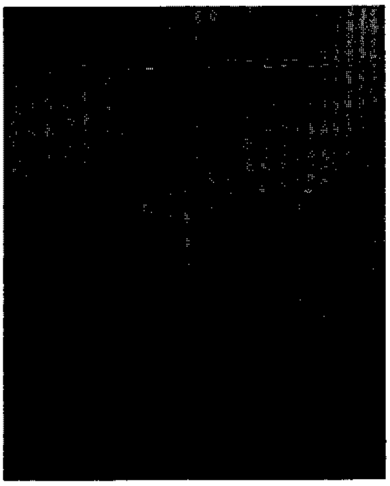
On a proforma basis, including all of the pre-acquisition trading for 2022 and 2023 acquisitions, at the date of this report, the Group's Adjusted Proforma Revenue for 2022 would have been in the region of $601m with corresponding Adjusted Proforma EBITDA[2] of $119m, 51% and 43% increase on 2021's Adjusted Proforma Revenue and Adjusted Proforma EBITDA[2].

[2] *Adjusted Proforma EBITDA is defined as Adjusted EBITDA plus the pre-acquisition Adjusted EBITDA of any acquisitions completed in 2022 and 2023, for the twelve month period to the date of this report*

STRATEGIC REPORT (CONTINUED)

FUTURE DEVELOPMENTS (CONTINUED)

As a result of the Group's free cash flow generation and available cash resources, the Group carried out a further $72m distribution in May 2023 to the shareholders of the immediate parent company, Centurion Group Limited.



At the date of this report the Group has cash and cash resources of $29m, and the ability to draw down a further $51m of debt funding under the existing Revolving Credit Facility ("RCF") to fund continuing investment in capital equipment, acquisitions and working capital. The Group continues to pursue acquisition targets and to explore opportunities in new geographies and new products and services on a selective basis.

The directors believe that the Group is well positioned to enhance its position as a global leader in the supply of critical rental and services to a number of end-markets including the energy, minerals, infrastructure, power, environmental and renewable energy industries and through the continued implementation of its strategy will continue to deliver long-term value creation for all of its stakeholders.

STRATEGIC REPORT (CONTINUED)

KEY PERFORMANCE INDICATORS (KPIs)

The directors consider the following as key performance indicators (KPIs):

	2022	2021
Revenue (*) ($000)	669,719	391,157
Gross margin (*) (%)	27%	25%
Adjusted EBITDA ($000)	116,568	64,675
Adjusted EBIT ($000)	64,718	20,085
Adjusted PAT ($000)	41,137	3,803
Unlevered free cash flow ($000)	63,672	57,255
Net debt ($000)	198,544	145,038
Net debt leverage	1.7x	2.2x

*Pre-exceptional and adjusting items

- Adjusted EBITDA is defined as Earnings before IFRS 16, Interest, Other Gains and Losses, Tax, Depreciation, Amortization and Exceptional and Adjusting Items (note 5).
- Adjusted EBIT is defined as Adjusted EBITDA after Depreciation of Property, Plant and Equipment and Amortization of Intangible Assets.
- Unlevered Free Cash Flow is defined as Net Cash from Operating Activities, minus Capital Expenditure plus Disposal Proceeds minus IFRS 16 Lease Liability Payments.
- Adjusted PAT is defined as Profit after Tax before Exceptional and Adjusting Items.
- Net Debt is defined as Gross Debt (excluding Exchangeable Shares and Unamortized Issue Costs) less Cash.
- Net Debt Leverage is defined as Net Debt divided by Adjusted EBITDA.

These KPIs are monitored and tracked to budget and reviewed monthly. These measures are influenced by external factors such as, but not limited to, global economic activity and commodity prices (energy and minerals).

PRINCIPAL RISKS & UNCERTAINTIES

Principal risks and uncertainties faced by the Group include geographical, political, fiscal, operational, commodity price volatility and financial risks. Its compliance framework, policies and management processes seek to mitigate adverse effects of these on the performance of the Group.

GEOGRAPHICAL, POLITICAL & FISCAL RISKS

As a global business operating in a number of international locations, the Group has regard to the countries in which it does business. In conducting its business in a country, the Group considers the country in which business is proposed; the customers, agents and / or other prospective business partners who would be involved; and assesses this information against the legal, compliance and ethical framework within which the Group seeks to conduct business. The Group also considers each of these countries' fiscal regimes, enabling assessment of the anticipated effects of taxes on the overall tax burden borne by the Group.

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS & UNCERTAINTIES (CONTINUED)
OPERATIONAL RISKS

The nature of the Group's activities gives rise to a variety of operational risks:

- Health, safety and welfare risks arise from the nature of the services provided and the locations in which these are undertaken. The welfare of its people is paramount and careful research is undertaken before individuals are deployed to locations, including assessing the level of support that customers will provide. The Group has an uncompromising commitment to health, safety and welfare.
- Operational contracting risks arise from the nature of agreements with some customers, including lump sum or fixed price agreements. In addition, where customers request work at short notice, the timing and quantum of work over the life of such contracts is difficult to predict and can provide operational challenges. In some geographies, the Group operates in harsh environments and contract outcomes can be adversely affected by extreme weather conditions.
- Acquisition risks arise from the strategy involving the undertaking of business combinations. The Group's policy is to conduct an appropriate level of due diligence on any business purchase to assist in mitigating the risks that such purchases may bring.

COMMODITY PRICE VOLATILITY

Energy price volatility impacts the willingness of companies to invest, which in turn impacts the level of activity by the Group's customers and potential customers and hence the demand for its services. Energy prices are primarily determined by supply, demand, government regulations relating to oil and natural gas production and processing, and international political events, none of which can be accurately predicted. The Group's geographic and segmental diversification provides a level of risk mitigation to commodity price volatility.

All the above-mentioned risk factors should be considered in connection with any forward-looking statements in these financial statements. The Group's financial risks are discussed in the Directors' Report on page 21.

GOING CONCERN

At the date of this report the Group has cash and cash reserves of $29m, and the ability to draw down a further $51m of debt funding under the existing RCF subject to customary bank covenants and credit agreement conditions. On 3 October 2022, the Group upsized its existing multi-currency credit facility by $92m from $266m to $358m.

Having assessed the financial position, the trading prospects and liquidity position for the Group, including possible downside scenarios as a result of a potential global economic slowdown, through the going concern period, being 12 months subsequent to the approval of these financial statements, the directors have developed a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, the directors continue to adopt the going concern basis in their preparation of the annual financial statements.

STRATEGIC REPORT (CONTINUED)

EVENTS AFTER THE BALANCE SHEET DATE

As noted above in *Future Developments*, in line with the Group's ongoing strategy, it has acquired one company in 2023 to the date of this report.

DIRECTORS' STATEMENT IN PERFORMANCE OF THEIR DUTIES UNDER SECTION 172(1)

The directors consider, both individually and collectively, that they have acted in the way they consider, in good faith, to be most likely to promote the success of the Group for the benefit of its members as a whole (having regard to the stakeholders and matters set out in 172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year.

This includes considering the interests of its customers, suppliers, employees, banking consortium and other stakeholders, maintaining high standards of business ethics and conduct and considering the Group's impact on local communities and the environment.

EMPLOYEES

The Group is fundamentally a people-centric business, and its employees remain the driving force behind its success. It is their skill, capability, dedication, and drive that sets the Group apart from its competitors and the Group is committed to ensuring that it maintains safe and effective working environments.

All the Group's efforts are underpinned by its core values and leading behaviors.

The Group's employees are a key asset of the business. How an employee feels about their workplace and contributions to the business can greatly affect their performance. The Group's employees are highly engaged and it believes the company culture promotes open communication at all levels.

The Group believes that its employees know their opinion is important and is listened to, as employee performance is directly linked to how they feel about their workplace and their overall contribution to the business. The Group welcomes employee feedback to improve its approach to people management and regularly implements formal and informal employee surveys and other sources of information to gauge its progress.

Within the Group it is recognized that the training, competence, and educational development of its people is a critical element of organizational growth. The Group's employees are knowledgeable and skilled but also committed to continual personal development and learning which gives them every opportunity to thrive in their careers and achieve their personal goals.

This engenders a sense of pride which results in the Group's people maintaining and supporting the Group's objectives.

The Group continues to invest in its people and held its second comprehensive Management Development Program in Houston for key members of its global team, with attendees from every region. This program was designed to develop the next generation of Centurion business leaders. In addition, the Group continues to invest in a number of ongoing training courses that capture the most important HSE, regulatory, governance and security topics implemented through various mediums including traditional classroom training, online training, workshops, conferences and on-the-job training.

STRATEGIC REPORT (CONTINUED)

DIRECTORS' STATEMENT IN PERFORMANCE OF THEIR DUTIES UNDER SECTION 172(1) (CONTINUED)

BUSINESS RELATIONSHIPS

The Group works closely to manage the important relationships it has with its customer. Regular customer engagement ensures consistent delivery of high quality services to high standards of safety and reliability.

The Group also works closely with its suppliers to ensure continued access to expertise, equipment and services for its operations. It has implemented a robust selection and management process for its supply chain to ensure that its suppliers can deliver on its values and standards. This selection criteria includes the assessment of competency in HSEQ performance, their track record and management systems.

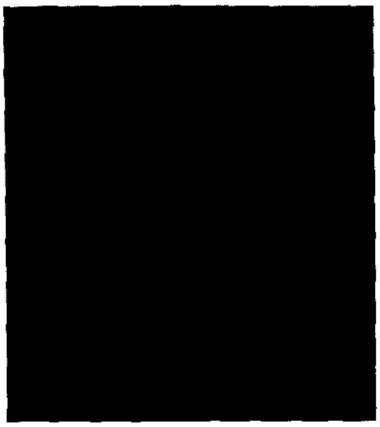
A focus area of 2022 was the development of a global external provider framework that was implemented on a regional basis to take into consideration local statutory, industry and client requirements and expectations.

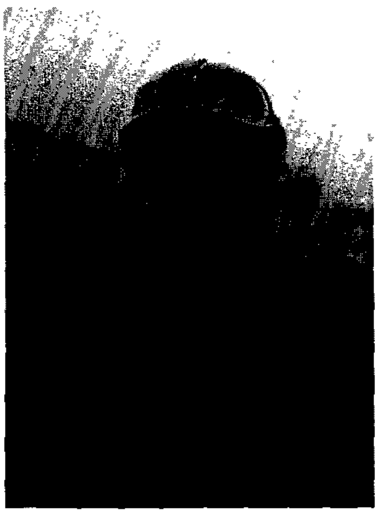
Recognizing the importance of its relationships with its banking consortium, the Group holds regular quarterly update meetings to discuss business performance, key operational milestones and strategic initiatives.

STRATEGIC REPORT (CONTINUED)

DIRECTORS' STATEMENT IN PERFORMANCE OF THEIR DUTIES UNDER SECTION 172(1) (CONTINUED)
IMPACT ON COMMUNITY & ENVIRONMENT

The Group recognizes the responsibility to ensure the well-being of not just its employees but also the people and communities in which it operates by building trust and respect. By working to serve its communities, Centurion leaves a legacy to be proud of.





The Group is committed to operating its business in an environmentally responsible way, and this constitutes a key part of the Group's vision. This is centered on the following:

- Making the Group more environmentally sustainable: through reducing, reusing and recycling waste, water and power usage in its operations.
- Helping the Group's customers to become more environmentally sustainable: helping its customers on their decarbonization journey to zero emissions by providing more environmental solutions including reducing, reusing and recycling waste, water and power usage in their operations.
- Strengthening community relationships: the Group's goal is to build trust and respect whilst providing sustainability and economic opportunities in the communities in which it operates.

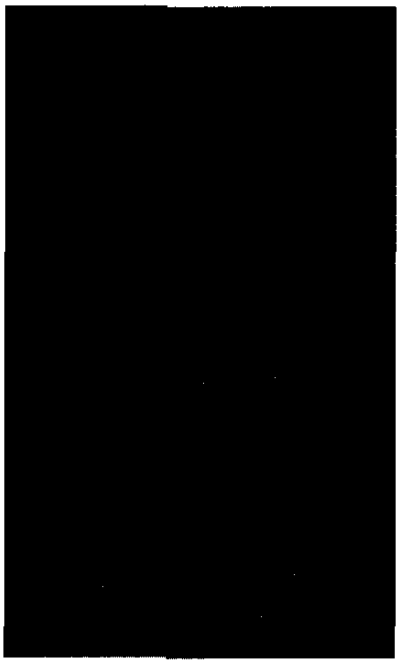
As part of the Group's commitment to building an environmentally sustainable future for its business, its customers and the industries it serves, the Group published its third annual **Sustainability Report** during 2023 and the Group's first ever ESG brochure demonstrating its commitment to energy transition and social engagement.

The Group's engagement with local people is integral to its operation and it regularly partners with local businesses in the communities where it is active. The Group aims to create a positive impact where it operates and understands the importance of its role in creating value for communities through its operations. The Group manages such impacts through its new project risk planning process.

STRATEGIC REPORT (CONTINUED)

DIRECTORS' STATEMENT IN PERFORMANCE OF THEIR DUTIES UNDER SECTION 172(1) (CONTINUED)
THE GROUP'S SUSTAINABILITY JOURNEY

Environmental protection is a priority for the Group and it is committed to the minimization of the environmental impact in the areas in which it operates.



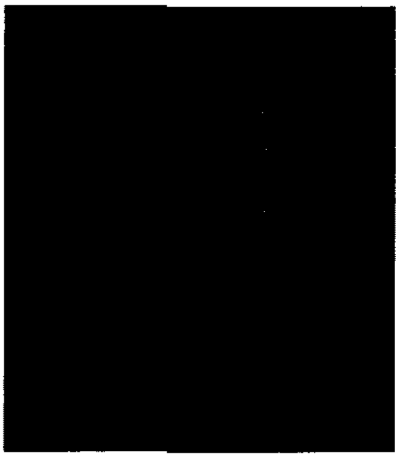
The Group has an extensive range of experience in environmental reclamation; water, waste and fluid treatment and recycling, and supporting large renewables energy projects. It strategically leverages its cross-sector experience and combines it with the latest innovations and technical solutions to meet both its own and its customers environmental targets.

The Group's environmental management system ("EMS") is aligned with and certified to the requirements of ISO:14001:2015. This has allowed the Group to monitor and control its regulatory requirements and applicable standards for operations, whilst meeting annual objectives and continually improving its performance.

Central to its EMS is the environmental aspects and impacts register which is reviewed regularly by the Group's environmental specialists. The environmental performance is communicated regularly in its regions' management reviews where the Group's senior leadership discuss the EMS and the controls in place.

EMISSIONS

Emission reductions can signal improved operational efficiency at the Group's facilities, and the Group see its focus on emission reduction as a potential competitive advantage.



Minimizing the Group's carbon emissions and footprint not only reduces its environmental impact, but it is also generally associated with improved efficiencies throughout the business.

By considering a life cycle approach to its operations the Group can demonstrate how the reduction in the use of natural resources is beneficial not only for the Group, but also for its suppliers, customers, and the communities in which it operates.

The Group is now in its second year of monitoring Scope 1, 2 and 3 Greenhouse Gas Emissions ("GHG"), which has provided a dataset on which to build future objectives and targets. The Group will continue to explore new technologies and practices to reduce this impact.

STRATEGIC REPORT (CONTINUED)

DIRECTORS' STATEMENT IN PERFORMANCE OF THEIR DUTIES UNDER SECTION 172(1) (CONTINUED)

THE GROUP'S SUSTAINABILITY JOURNEY (CONTINUED)

EMISSIONS (CONTINUED)

WASTE & CHEMICAL MANAGEMENT

The Group understands the longstanding impacts of ineffective waste management and unplanned releases of hazardous materials in the areas in which it operates.

Obsessing about waste and chemicals management is not only a good environmental practice, but it also supports the Group's social obligations of protecting local communities and their natural resources. The chemical management system presents the standard to which the Group select and use chemicals throughout the business. The Group's chemicals are rigorously assessed before use and its people are trained in their safe and efficient use.

The Group continues to operate without any non-conformities associated with regulatory and contractual requirements of chemical management. The Group's operational teams are trained in spill response and are prepared to manage any unplanned event.

ENERGY CONSUMPTION

The Group appreciates that improved energy efficiency delivers both direct and indirect improvements in emissions management and as a result, significant potential economic benefit.

The Group's processes rely on energy, and it is continually examining methods for reducing its overall consumption. The Group's core business focuses on innovations in equipment and technologies to assist in achieving this, while also considering the use of alternative and renewable sources of energy to reduce its reliance on fossil fuels.

The Group has implemented management practices to optimize energy efficiency in operations and continually collect data on energy use which is analyzed and evaluated to identify areas where savings can be made. The main sources of energy used within the Group's facilities revolve around heating and air conditioning, electric power, and fuel for its equipment.

ADDRESSING CLIMATE CHANGE

As a global supplier of critical services to the energy, minerals, infrastructure, power, environmental and renewable energy industries, the Group believe that its latest innovations and technical solutions can provide its customers with solutions to help address climate change issues and support the industry on its journey to a decarbonized future.

STRATEGIC REPORT (CONTINUED)

DIRECTORS' STATEMENT IN PERFORMANCE OF THEIR DUTIES UNDER SECTION 172(1) (CONTINUED)

THE GROUP'S SUSTAINABILITY JOURNEY (CONTINUED)

EMISSIONS (CONTINUED)

ADDRESSING CLIMATE CHANGE (CONTINUED)

The Group's business strategies help to identify climate risks and opportunities to not only reduce its carbon footprint, but to help its customers and stakeholders achieve their commercial and sustainability goals, from decarbonization to reducing water usage, environmental restoration, and acceleration of renewable energy to create fewer emissions.

GHG emissions and energy usage data (tCO_2e)

	Emissions (3)(4)	
	2022	2021
Scope 1 – Direct activities		
Emissions from the combustion of gas	1,085.8	1,051.7
Emissions from the combustion of fuel for transport purposes	17,391.3	n/a(5)
Scope 2 – Indirect activities		
Emissions from electricity purchased for own use, including for the purposes of transport	3,814.9	3,747.7
Scope 3 – All other indirect activities		
Emissions from business travel including air travel, rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel	600.1	806.3
Emissions from waste sent to Landfill	1,121.2	1,190.2
Emissions from Recycled Waste	13.8	12.6
Emissions from waste sent to Energy from Waste	0.8	0.0
Emissions from waste sent to Composting	0.0	0.0
Emissions from Water Usage	9.8	8.3
Emissions from Fuel and Energy related activities not included in Scope 1 or Scope 2	4,821.4	n/a(5)
Other – not included in Scope 1, 2, or 3		
Biogenic emissions	5.2	1.4
Total gross CO_2e based on above	**28,864.3**	**6,818.2(6)**
Tonnes of CO_2e per $'000 revenue	0.043	0.017(6)
Energy consumption used to calculate emissions - kwh	**13,986,706**	**13,455,992**

(3) this information is unaudited

(4) 2021 tCO_2e data has been updated to reflect the improved accuracy as a result of implementing emissions reporting software, allowing for location and market-based emissions factors to be applied rather than using standard UK emissions factors throughout

(5) Interpretation, tracking and reporting of carbon emission data is a complex and evolving area. Comparable emissions data for this category is not available for 2021

(6) Total gross CO_2e for 2021 excludes emissions from the combustion of fuel for transport purposes and emissions from fuel and energy related activities not included in Scope 1 or Scope 2 where the data is not available

The Group's approach follows the UK Government's Environmental Reporting Guidelines for streamlined energy and carbon reporting guidance and in calculating its global emissions, it has used the 2020 UK Government conversion factors for greenhouse gas reporting.

STRATEGIC REPORT (CONTINUED)

DIRECTORS' STATEMENT IN PERFORMANCE OF THEIR DUTIES UNDER SECTION 172(1) (CONTINUED)

REPUTATIONS FOR HIGH STANDARDS OF BUSINESS CONDUCT

The Group has fostered a culture of transparency, creating an environment where all its employees can thrive and take pride in being part of the Group. It conducts its business activities with clear and consistent standards of principled behavior regulated by rigorous governance and compliance framework.

The Group's commitment to effective governance is directed by its senior leadership team, which leads by example when it comes to compliance adherence. The Group is committed to the highest standards of business ethics and corporate social responsibility toward its clients, staff, suppliers and the communities in which it operates. The Group's Business Ethics and Conduct Policy and Anti Bribery and Corruption Policy sets out the standards and behaviors expected of all employees, contractors, and consultants, and details the guidance and support the Group provides to help meet the high standards of business conduct, legally and ethically, that it expects.

Approved by the Board and signed on its behalf by:

E LEASK
Director
31 May 2023

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2022.

Information on the principal activities, review of business, future developments, going concern, principal risks and uncertainties, events after the balance sheet date, and engagement with customers, suppliers, employees and other stakeholders is included in the Strategic Report on pages 3 to 19.

DIRECTORS

The directors who served during the year and to the date of the approval of the financial statements are:

Mr E Leask

Mr M Raper

DIRECTORS' INDEMNITIES

The Company has made qualifying third-party indemnity provisions for the benefit of its directors during the year and remain in force at the date of this report. The indemnity provisions also cover the directors in their roles as directors of subsidiary entities.

CHARITABLE & POLITICAL DONATIONS

During the year the Group made charitable donations of $126k (2021: $118k). There were no political donations during the current or prior year.

RESEARCH & DEVELOPMENT EXPENDITURE

During the year, the Group incurred $152k (2021: $162k) in research and development expenditure in respect of subsea engineering activities.

DIVIDENDS

During the year, Centurion 3 Limited declared and paid dividends of $75m (2021: nil).

FINANCIAL RISK MANAGEMENT POLICIES & OBJECTIVES

The Group's activities expose it to a number of financial risks including currency risk, credit risk, liquidity risk and interest rate risk. The Group does not use derivative financial instruments for speculative purposes.

CURRENCY RISK

The Group's activities primarily expose it to the movement of the Canadian Dollar ("CAD"), Australian Dollar ("AUD"), Singapore Dollar ("SGD"), UK Sterling ("GBP") and United Arab Emirates Dirham ("AED"). The Group seeks to naturally hedge such exposures and it only considers forward or fixed exchange rate contracts where it is deemed appropriate.

CREDIT RISK

The Group's principal financial assets are trade and other receivables and cash and bank balances. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. The credit risk on trade and other receivables is managed through maintaining good customer relationships and the monitoring of credit levels and settlement periods. The credit risk on liquid funds is considered limited with the counterparties being banks with recognized credit ratings assigned by international credit rating agencies.

DIRECTORS' REPORT (CONTINUED)

FINANCIAL RISK MANAGEMENT POLICIES & OBJECTIVES (CONTINUED)

LIQUIDITY RISK

In order to maintain liquidity and to ensure sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term finance.

INTEREST RATE RISK

The Group borrows in desired currencies at floating rates of interest, with consideration being given to fixed rate arrangements as considered appropriate. At 31 December 2022, no interest rate swap instruments were in place.

ENERGY & CARBON REPORTING

Information on the Group's energy and carbon reporting is included in the Strategic Report on pages 3 to 19.

DISABLED EMPLOYEES

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

EMPLOYEE CONSULTATION

The Group places considerable value on the involvement of its employees and has sought to keep them informed of matters affecting them as employees and on the various factors affecting the performance of the Group. This is currently achieved through formal and informal means, including staff meetings, notice boards, bulletins and the use of email.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

(2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte have expressed their willingness to be reappointed and appropriate arrangements are being made in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

E Leask
Director
31 May 2023

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with United Kingdom adopted international accounting standards. The directors have chosen to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, 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.

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT
to the members of Centurion 3 Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion
In our opinion:

- the financial statements of Centurion 3 Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes to the consolidated financial statements 1 to 32.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT

to the members of Centurion 3 Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Conclusions relating to going concern (continued)

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT

to the members of Centurion 3 Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and the relevant tax compliance regulations applicable to the group (including its components) and the sector it operates;. and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included regulations in the countries in which the group operates and anti-bribery and corruption legislation.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax and valuations specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our procedures performed to address them are described below:

Goodwill impairment assessment

Judgements associated with determining the discount rate and projected cash flows in certain of the group's cash generating units. To address the fraud risk we:

- engage an internal specialist to evaluate and benchmark the discount rate;
- performed tests over the assumptions supporting the projected trading and capital expenditure cash flows;
- assessed the consistency of judgements made in developing the value-in-use; and
- performed a retrospective review of judgements made in the prior year.

Revenue recognition

Judgments associated with determining the percentage complete of lumpsum contracts ongoing at year-end. To address the fraud risk we:

- enquired from management about ongoing lumpsum contracts at year-end;
- assessed the progress of lumpsum projects at year-end, specifically considering estimate completion costs;
- inspected customer contracts; and
- assessed the revenue recognition accounting policy.

INDEPENDENT AUDITOR'S REPORT
to the members of Centurion 3 Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)
Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)
In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:
- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and inhouse legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements
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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT
to the members of Centurion 3 Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

David Mitchell

David Mitchell, CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom

31 May 2023

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

		2022			2021		
	Notes	Before exceptional and adjusting items $000	Exceptional and adjusting items (note 6) $000	Total $000	Before exceptional and adjusting items $000	Exceptional and adjusting items (note 6) $000	Total $000
Revenue	4	669,719	-	669,719	391,157	7,200	398,357
Cost of sales		(491,275)	-	(491,275)	(292,104)	(219)	(292,323)
Gross profit		178,444	-	178,444	99,053	6,981	106,034
Administrative expenses		(111,810)	(4,372)	(116,182)	(77,448)	(3,681)	(81,129)
Profit from operating activities		66,634	(4,372)	62,262	21,605	3,300	24,905
Finance income	7	35	-	35	2	-	2
Finance expense	7	(14,935)	-	(14,935)	(11,960)	-	(11,960)
Other gains and losses	8	334	-	334	(617)	-	(617)
Share of profit from joint ventures	9	366	-	366	662	-	662
Profit/(loss) before tax		52,434	(4,372)	48,062	9,692	3,300	12,992
Income tax	11	(11,297)	831	(10,466)	(5,889)	(925)	(6,814)
Profit/(loss) for the year	5	41,137	(3,541)	37,596	3,803	2,375	6,178

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 $000	2021 $000
Profit for the year		37,596	6,178
Other comprehensive losses			
Items that may be reclassified subsequently to the income statement in subsequent periods:			
Foreign currency loss on translation of foreign operations	20	(11,962)	(107)
Total comprehensive income for the year		25,634	6,071

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 $000	2021 $000
NON-CURRENT ASSETS			
Goodwill	13	114,805	108,764
Other intangible assets	14	32,432	28,088
Deferred tax assets	11	1,802	3,770
Property, plant and equipment	16	159,918	170,127
Right-of-use asset	17	37,829	37,077
Interest in joint ventures	9	9,201	8,754
Total non-current assets		355,987	356,580
CURRENT ASSETS			
Inventories	18	22,472	19,770
Trade and other receivables	19	195,508	133,832
Amounts due from parent company	28	225	1,175
Current tax assets		205	615
Cash and bank balances		21,752	17,675
Total current assets		240,162	173,067
TOTAL ASSETS		596,149	529,647
EQUITY			
Share capital	20	66,201	265,479
Other equity reserves	20	(29,511)	(17,884)
Merger reserve	20	94,775	94,775
Accumulated profits / (losses)	20	15,872	(149,277)
TOTAL EQUITY		147,337	193,093
NON-CURRENT LIABILITIES			
Borrowings	21	96,723	79,293
Lease liabilities	17	33,607	33,238
Provisions	23	4,803	4,405
Deferred tax liabilities	11	6,886	9,579
Total non-current liabilities		142,019	126,515
CURRENT LIABILITIES			
Trade and other payables	24	142,602	91,070
Current tax liabilities		6,983	3,599
Borrowings	21	146,638	105,634
Lease liabilities	17	10,570	9,736
Total current liabilities		306,793	210,039
TOTAL LIABILITIES		448,812	336,554
TOTAL EQUITY AND LIABILITIES		596,149	529,647

The financial statements of Centurion 3 Limited, registered number SC583752, were approved on 31 May 2023 by the Board of Directors and signed on its behalf by:

E Leask
Director

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 $000	2021 $000
NON-CURRENT ASSETS			
Investment in subsidiaries	15	266,201	265,479
Total non-current assets		266,201	265,479
CURRENT ASSETS			
Trade and other receivables	19	221	360
Cash and bank balances		3	3
Total current assets		224	363
TOTAL ASSETS		266,425	265,842
EQUITY			
Share capital	20	66,201	265,479
Accumulated profits / (losses)		117,979	(2,605)
TOTAL EQUITY		184,180	262,874
NON-CURRENT LIABILITIES			
Amounts due to subsidiaries and parent company	28	44,030	-
Total non-current liabilities		44,030	-
CURRENT LIABILITIES			
Trade and other payables	24	185	392
Amounts due to subsidiaries and parent company	28	38,030	2,576
Total current liabilities		38,215	2,968
TOTAL LIABILITIES		82,245	2,968
TOTAL EQUITY AND LIABILITIES		266,425	265,842

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the Company is not presented as part of these financial statements. The Company's loss for the year was $4.4m (2021: $0.1m).

The financial statements of Centurion 3 Limited, registered number SC583752, were approved on 31 May 2023 by the Board of Directors and signed on its behalf by:

E Leask
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Notes	Share capital $000	Other equity reserves $000	Merger reserve $000	Accumulated profits / (losses) $000	Total $000
Balance at 1 January 2021		263,112	(19,122)	94,775	(155,455)	183,310
Profit for the year		-	-	-	6,178	6,178
Foreign exchange gain on translation of foreign operations		-	(107)	-	-	(107)
Total comprehensive income / (loss) for the year		-	(107)	-	6,178	6,071
Issuance of share capital		2,367	-	-	-	2,367
Share based payments		-	1,345	-	-	1,345
Balance at 31 December 2021		265,479	(17,884)	94,775	(149,277)	193,093
Profit for the year		-	-	-	37,596	37,596
Foreign exchange loss on translation of foreign operations	20	-	(11,962)	-	-	(11,962)
Total comprehensive income / (loss) for the year		-	(11,962)	-	37,596	25,634
Issuance of share capital	20	722	-	-	-	722
Share capital redemption	20	(200,000)	-	-	200,000	-
Capital contribution	20	-	-	-	2,553	2,553
Share based payments	20	-	335	-	-	335
Dividend paid	20	-	-	-	(75,000)	(75,000)
Balance at 31 December 2022		66,201	(29,511)	94,775	15,872	147,337

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Notes	Share capital $000	Accumulated profits / (losses) $000	Total $000
Balance at 1 January 2021		263,112	(2,546)	260,566
Loss for the year		-	(59)	(59)
Total comprehensive loss for the year		-	(59)	(59)
Issuance of share capital		2,367	-	2,367
Balance at 31 December 2021		265,479	(2,605)	262,874
Loss for the year		-	(4,416)	(4,416)
Total comprehensive loss for the year		-	(4,416)	(4,416)
Issuance of share capital	20	722	-	722
Share capital redemption	20	(200,000)	200,000	-
Dividend paid	20	-	(75,000)	(75,000)
Balance at 31 December 2022		66,201	117,979	184,180

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	2022 $000	2021 $000
Cash generated from operations	30	102,706	83,286
Tax paid		(9,123)	(3,091)
Finance costs paid		(12,277)	(8,396)
Net cash generated from operating activities		81,306	71,799
Cash flows from investing activities			
Payments to acquire plant, property and equipment	16	(39,217)	(26,379)
Acquisition of subsidiary investments	12	(30,636)	(55,609)
Receipts from disposal of property, plant and equipment	30	10,963	12,204
Interest received	7	35	2
Net cash used in investing activities		(58,855)	(69,782)
Cash flows from financing activities			
Proceeds from borrowings		291,787	213,779
Repayment of borrowings		(223,894)	(191,731)
Payment of debt issue costs		(2,417)	(4,060)
Payment of lease liabilities		(7,937)	(9,902)
Dividend paid		(75,000)	-
Net cash (used in) / generated from financing activities		(17,461)	8,086
Net increase in cash and cash equivalents		4,990	10,103
Opening cash and cash equivalents		17,675	6,995
Effect of foreign exchange rate equivalents		(913)	577
Closing cash and cash equivalents		21,752	17,675

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2022

1. General information
The Consolidated Financial Statements of Centurion 3 Limited and its subsidiary undertakings (collectively referred to as "the Group") were approved by the Board and authorized for issue on 31 May 2023.

Centurion 3 Limited ("the Company") is a private company limited by shares incorporated in in the United Kingdom under the Companies Act 2006 and registered in Scotland and is a wholly owned subsidiary of Centurion Group Limited ("the Parent"), a company registered in the Cayman Islands. The address of the Company's registered office is disclosed on page 2.

The principal activities of the Company are described in the Strategic Report on page 3.

Further information about the Group structure is provided in note 27 and related party transactions are outlined in note 28.

2. Significant accounting policies
2.1 Basis of preparation
The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Consolidated Financial Statements have been prepared on a historical cost basis.

The principal accounting policies are set out below. Other than as discussed at note 2.3 below the principal accounting policies have been applied consistently for all years presented in these Consolidated Financial Statements.

The financial statements are presented in United States Dollars ($), which is the Group's presentational currency. The Company's functional currency is United States Dollars ($), while the subsidiaries' functional currencies vary dependent on the currency in which they generate and spend their cash flows and largely reflect the respective geographic locations of the subsidiaries. Note 2.9 sets out the accounting policy for translation from functional to presentation currency.

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the FRC. Accordingly, these financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

The Company's principal activity is to act as an investment holding company that provides management services to its subsidiaries.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, certain disclosures in respect of revenue from contracts with customers and certain related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

The financial statements have been prepared on the historical cost basis except for the re-measurement of certain financial instruments that are measured at fair values at the end of each reporting period.

The principal accounting policies adopted are the same as those set out in note 3 to the Consolidated Financial Statements except as noted below.

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

In the current year, the Company has applied a number of amendments to IFRS Standards issued by the International Accounting Standards Board (the Board) that are mandatorily effective for an accounting period that begins on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Subsidiary audit exemption

Centurion 3 Limited has issued parental company guarantees under s479C of the Companies Act 2006. As a result, for the year ended 31 December 2022, the following subsidiaries of the Group were entitled to exemption from audit under s479A of the Companies Act 2006:

- Centurion 1 Limited (SC540138)
- Centurion 2 Limited (SC540315)
- Centurion UK Rentals & Services Holdings Limited (SC657607)
- Centurion Group Holdings Limited (SC435504)
- ATR Overseas Limited (SC317260)
- STH Holdings Limited (SC506774)
- 123456 Aberdeen Limited (SC153427)
- Rentair Limited (SC305588)
- Osprey3 Limited (SC205751)
- Abenco Limited (SC253370)
- Labtech Services Limited (SC083070)
- Aleron Technology Limited (SC558379)
- Aleron Limited (SC370057)
- Rovquip Limited (SC436045)
- RMEC Group Limited (SC473580)
- RMEC Limited (SC268433)
- Safety & Technical Hydraulics Limited (SC286215)
- Conserve Rentals & Services Limited (03528948)
- ATR Lifting Solutions Limited (SC122818)

2.2 Going concern

At the date of this report the Group has cash and cash reserves of $29m, and the ability to draw down a further $51m of debt funding under the existing RCF subject to customary bank covenants and credit agreement conditions. On 3 October 2022, the Group upsized its existing multi-currency credit facility by $92m from $266m to $358m.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

2.2 Going concern (continued)

Having assessed the financial position, the trading prospects and liquidity position for the Group, including possible downside scenarios as a result of a potential global economic slowdown, through the going concern period, being 12 months subsequent to the approval of these financial statements, the directors have developed a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, the directors continue to adopt the going concern basis in their preparation of the annual financial statements.

2.3 Adoption of new and revised standards

2.3.1 New and revised IFRS standards adopted in the period

In the current year, the Group has applied a number of amendments to IFRS Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 3	Business Combinations
Amendments to IAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract

2.3.2 New and revised IFRS standards in issue but not yet effective

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except if indicated below.

2.4 Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings for the financial year ended 31 December 2022. Acquisition accounting has been adopted unless otherwise indicated.

The Company reassesses at least annually whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed below.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

2.4 Basis of consolidation (continued)

Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transitions between the members of the Group are eliminated on consolidation.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration payable or receivable is recognized directly in equity and attributed to the owners of the Company.

2.5 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method, unless under common control. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in the income statement as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRS. Changes in the fair value of contingent consideration classified as equity are not recognized.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2022

2. Significant accounting policies (continued)
2.5 Business combinations (continued)
If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

If the initial accounting for a business combination is incomplete at the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete.

Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

Where it is probable that deferred consideration is payable on the acquisition of a business based on an earn out arrangement, an estimate of the amount payable is made at the date of acquisition and reviewed regularly thereafter, with any change in the estimated liability being reflected in the income statement. Changes in the estimated liability in respect of acquisitions completed before 31 December 2022 are reflected in the income statement.

2.6 Goodwill
Goodwill arising on a business combination is recognized as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed. Goodwill is not amortized but is reviewed for impairment at least annually. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.7 Revenue recognition
The Group recognizes revenue from the following major sources:

- Hire of equipment and personnel;
- Labor and inspection;
- Sale of equipment; and
- Project management.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

2.7 Revenue recognition (continued)

The Group recognizes revenue when it transfers control of a product or service to a customer and if the following conditions are met:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.7.1 Revenue from hire of equipment and personnel

Revenue in respect of equipment rental and associated personnel is recognized over the period which the rentals occur at the rates contracted with customers.

2.7.2 Revenue from labor and inspection

Revenue in respect of labor and inspection contracts is recognized over the period which the service is performed at the rates contracted with customers.

2.7.3 Revenue from sale of equipment

Revenue from the sale of equipment is recognized when control of the goods has transferred, being when the equipment has been shipped to the customer and the customer has acknowledged receipt of the equipment.

2.7.4 Revenue from project management contracts

Revenue from project management contracts is recognized when the services are performed. Revenue from fixed price project management contracts is determined on the percentage of completion basis against individual performance obligations. Percentage complete is estimated based on the costs incurred to date and the forecast cost to completion of that performance obligation. Fixed price contract revenues are adjusted to reflect change orders that are highly probable. Where projects are forecast to incur a loss on completion, the full estimated loss is recognized immediately in the income statement when identified.

The Group becomes entitled to invoice customers for project management contracts based on achieving a series of performance-related milestones. When a milestone is achieved, a customer is sent an invoice. The Group will previously have recognized a contract asset for any work performed. Any amount previously recognized as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

If the milestone payment exceeds the revenue recognized to date under the cost-to-cost method then the Group recognizes a contract liability for the difference. There is not considered to be a significant financing component in project management contracts with customers as the period between the recognition of revenue under the cost-to-cost method and the milestone payment is always less than one year.

2.8 Borrowing costs

Borrowing costs are recognized in the income statement in the period in which they are incurred, unless they are directly attributable to qualifying assets in which case they are capitalized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

2.9 Foreign currencies

2.9.1 Functional and presentation currency

For the purpose of the Consolidated financial statements, the results and the Group's financial position are expressed in US Dollars ("$"). The individual financial statements of each of the subsidiaries are prepared using the currency of the primary economic environment in which the entity operates (its functional currency). The functional currencies are United States Dollar, Canadian Dollar ("CAD"), Australian Dollar ("AUD"), Singapore Dollar ("SGD"), UK Sterling ("GBP"), and United Arab Emirates Dirham ("AED") for the subsidiaries located in the United States of America, Canada, Australia, Singapore, the United Kingdom, and the UAE respectively.

2.9.2 Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.9.3 Group companies

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

2.10 Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when the decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost.

The carrying amount of the investment is adjusted to recognize changes in the Group's shares of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

2.10 Investment in associates and joint ventures (continued)

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture.

Any change in other comprehensive income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represent profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss within 'Share of profit of joint ventures' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

2.11 Retirement benefit costs

Contributions to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to contributions.

2.12 Taxation

2.12.1 Current tax

Current tax payable or receivable is based on taxable result for the year. Taxable profit or loss differs from the result as reported in the income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.12.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

2.12 Taxation (continued)

2.12.2 Deferred tax (continued)

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.12.3 Current and deferred tax

Current and deferred tax are recognized as an expense or income in the income statement, except when they relate to items that are recognized outside the income statement (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside the income statement, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

2.13 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment. Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed annually, with the effect of any changes in estimate being accounted for on a prospective basis.

The following useful lives are used in the calculation of depreciation:

Leasehold land and buildings	lower of 25 years or lease period
Hire fleet	1 to 20 years
Equipment	3 to 8 years
Gravel rights	straight line over lease period, or 25 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

2.13 Property, plant and equipment (continued)

Assets under construction are capitalized as costs are incurred. Once complete the assets are transferred to the appropriate asset category and depreciated when ready for use.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement.

2.14 Right-of-use asset

The right-of-use assets comprise the initial measurement of the corresponding lease liability (see note 2.16), lease payments made at or before the commencement day, any initial direct costs and any costs associated with returning the asset to a standard specified in the lease. They are subsequently measured at cost less accumulated depreciation and impairment.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.17.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statement of profit or loss.

2.15 Intangible assets

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortization and impairment. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The following useful lives are used in the calculation of amortization:

Customer relationships	5 to 10 years
Trade names	5 to 10 years
Other intangible assets	1 to 5 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

2.16 Leases

2.16.1 The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as a lease with total payments less than $5,000). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The incremental borrowing rate is determined by reference to the risk free interest rate as adjusted by the Group's external borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease;
- payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

2.16 Leases (continued)

2.16.1 The Group as lessee (continued)

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the year presented.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

2.16.2 The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases.

Finance lease income is allocated to reporting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

2.17 Impairment

2.17.1 Tangible and intangible assets (other than goodwill)

During each reporting period the carrying amounts of tangible and intangible assets (other than goodwill) are reviewed to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

2.17 Impairment (continued)

2.17.1 Tangible and intangible assets (other than goodwill) (continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash generating unit ("CGU") to which the asset belongs is estimated. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

2.17.2 Goodwill

Goodwill is tested for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units expected to benefit. CGUs to which goodwill is allocated are tested for impairment at least annually. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

2.17.3 Recoverable amount

Recoverable amount is the higher of fair value less costs to dispose and value in use. 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 assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

2.17.4 Subsequent reversal of impairment

Where an impairment loss for tangible or intangible assets subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. An impairment loss recognized for goodwill is not reversed in a subsequent period.

2.18 Inventory

Inventories are stated at the lower of cost and net realizable value, after making due allowance for obsolete and slow moving items. Cost comprises direct materials and where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated for each category of inventories using the weighted average method (consumables, raw materials and finished goods) or the First in First Out (FIFO) method (gravel). Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.19 Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

2.19 Provisions (continued)

The amount recognized as a provision is the best estimate of the present value of the expenditures required to settle the obligation using a pre-tax rate that reflects the current assessment of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognized as a finance cost.

2.20 Financial instruments

Financial assets and financial liabilities are recognized in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

2.20.1 Financial assets

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). The nature of the Group's financial assets is such that they largely meet the above conditions and therefore are subsequently measured at amortized cost.

Despite the foregoing, the Group may make the following irrevocable election / designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

2.20 Financial instruments (continued)

2.20.1 Financial assets (continued)

Classification of financial assets (continued)

- the Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI.

For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognized in profit or loss and is included in the "finance income" line item (note 7).

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

2.20 Financial instruments (continued)

2.20.1 Financial assets (continued)

Impairment of financial assets (continued)

The Group always recognizes lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

2.20 Financial instruments (continued)

2.20.1 Financial assets (continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than one year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

2.20 Financial instruments (continued)

2.20.1 Financial assets (continued)

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

2.21 Financial liabilities and equity

2.21.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.21.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.21.3 Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

2.21.4 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

2.21 Financial liabilities and equity (continued)

2.21.4 Financial liabilities at FVTPL (continued)

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item (note 8) in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss.

Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

2.21.5 Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

2.21 Financial liabilities and equity (continued)

2.21.5 Financial liabilities measured subsequently at amortized cost (continued)

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

2.21.6 Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above, note 2.20.1); and
- the amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies set out above.

2.21.7 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized in the 'other gains and losses' line item in profit or loss (note 8) for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognized in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss for financial liabilities that are not part of a designated hedging relationship.

2.21.8 Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for *substantial modification of terms of an existing liability or part of it as an extinguishment of the original* financial liability and the recognition of a new liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

2.21 Financial liabilities and equity (continued)

2.21.8 Derecognition of financial liabilities (continued)

It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (i) the carrying amount of the liability before the modification; and (ii) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

2.22 Cash and cash equivalents

Cash and cash equivalents include cash in hand and other short-term bank deposits with maturities of three months or less and bank overdrafts where there is a right of set-off.

2.23 Share based payments

The Company's parent company has granted rights to its equity instruments to certain employees of the Group. Such arrangements are accounted for as equity-settled share-based payment arrangements. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

2.24 Exceptional and adjusting items

Items that are considered material either because of their size or their nature, are shown as exceptional and adjusting items, to assist the understanding of the Group's underlying performance within their relevant consolidated income statement category and are explained in the notes to the financial statements.

2.25 Government grant

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

3. Key sources of estimation uncertainty and critical judgments

In the application of the accounting policies, outlined in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

3.1 Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that have been made in the process of applying the accounting policies and that have the most significant effect on the amounts recognized in financial statements.

3.1.1 Recognition of revenue from project management contracts

The Group has a number of project management contracts that are accounted for in accordance with IFRS 15. These projects require identification of performance obligations and associated stage of completion.

Estimating the stage of completion and final outcome for the performance obligations requires estimation of contract revenues and contract costs that depend on the outcome of future events. Uncertainties include the estimation of forecast costs to complete the contract, timing and recoverability of unagreed income from variations to the contract scope and claims. Estimates are updated regularly and significant changes are highlighted through established internal review procedures. The contract reviews focus on the timing and recognition of revenue income from scope variations and claims and projected costs to complete.

3.1.2 Classification of exceptional and adjusting items

Exceptional items are items which individually, or of a similar type in aggregate, by virtue of their size are considered to require separate disclosure to assist a reader's understanding of the financial statements. Adjusting items are items that are identified to be out with the ordinary trading activities of the Group and require separate disclosure from the Group's ordinary trading performance (note 6). The identification of items as exceptional and adjusting involves management judgement.

3.2 Key sources of estimation uncertainty

The following are key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.2.1 Impairment of goodwill and other intangible assets

Assessment of the recoverability of the carrying value of goodwill and other intangible assets attributable to each CGU requires of an estimation of the value in use. The value in use calculation requires Management to estimate the future cash flows expected to arise from each CGU and apply a suitable discount rate in order to calculate present value. The discount rate is reviewed annually and takes into consideration movements in central bank interest rates.

A sensitivity analysis has been performed to determine the percentage reduction in the projected cashflows required for a CGU's recoverable amount to be equal to its carrying value, with all other assumptions used remaining constant. None of the CGUs in the group have been identified as requiring a reduction of less than 20% in 2023 projected cashflows for the recoverable amount of goodwill to be equal to carrying value. The sensitivity analysis is presented in note 13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

3. Key sources of estimation uncertainty and critical judgments (continued)

3.2 Key sources of estimation uncertainty (continued)

3.2.1 Impairment of goodwill and other intangible assets (continued)

No impairment is identified in 2022 (2021: $Nil) and the carrying amount of goodwill at 31 December 2022 is $114,805k and the carrying amount of other intangible assets at 31 December 2022 is $32,432k.

3.3 Critical judgements in applying the Company's accounting policies

In the application of the Company's accounting policies, outlined in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. There are no key sources of estimation uncertainty and critical judgments impacting the financial statements of the Company.

4. Revenue

Analysis by category	Group 2022 $000	Group 2021 $000
Hire of equipment and personnel	303,940	195,992
Labour and inspection	29,994	25,548
Sale of equipment	94,675	42,591
Project management	231,186	128,876
Other	9,924	5,350
	669,719	398,357

Analysis by customer geographical location	Group 2022 $000	Group 2021 $000
United States of America	213,908	140,651
Canada	279,577	148,987
UK, Europe and Caspian	76,697	47,694
Asia Pacific	45,391	38,538
Middle East	42,940	11,451
Rest of World	11,206	11,036
	669,719	398,357

Timing of revenue recognition	Group 2022 $000	Group 2021 $000
At a point in time	384,800	257,886
Transferred over time	284,919	140,471
	669,719	398,357

Included within the project management segment in the Canadian geographical location as revenue transferred over time is $Nil (2021: $7,200k) identified as an exceptional and adjusting item. Refer to note 6 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

5. Profit for the year

Profit for the year is stated after charging / (crediting):

		Group	
		2022	2021
	Notes	$000	$000
Employee benefits expense	10	200,685	119,023
Amortization of other intangible assets	14	8,675	7,293
Depreciation of property, plant and equipment	16	43,175	37,296
Depreciation of right-of-use assets	17	9,282	10,348
Short-term and low value leases		559	1,255
Government grant for the purpose of immediate financial support		(867)	(5,638)
Inventory recognized as an expense		27,352	9,946
Loss allowance on trade and other receivables	19	1,694	505
Gain on disposal of property, plant and equipment	30	(5,220)	(5,592)
Gain on derecognition of lease liabilities and right-of-use assets	30	(418)	(11)
Research and development expense		152	162

In 2022, government grants of $867k (2021: $5,638k) were received as part of a various government initiatives to provide immediate financial support as a result of the Covid-19 pandemic. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred.

The profit for the year includes net costs of $3,541k (2021: net income of $2,375k) relating to exceptional and adjusting items (note 6).

Adjusted EBITDA and Adjusted EBIT as discussed in the Strategic Report are non-GAAP measures which are determined as follows:

		Group	
		2022	2021
	Notes	$000	$000
Profit from operating activities		62,262	24,905
Adjustments for:			
Amortization of other intangible assets	14	8,675	7,293
Depreciation of property, plant and equipment	16	43,175	37,296
Depreciation of right-of-use assets	17	9,282	10,348
Lease liability payments	17	(10,711)	(11,887)
Initial direct lease costs capitalized under IFRS 16		(69)	31
Gain on derecognition of lease liabilities and right-of-use assets	30	(418)	(11)
Exceptional and adjusting items (pre-tax)	6	4,372	(3,300)
Adjusted EBITDA		116,568	64,675
Adjustments for:			
Amortization of other intangible assets		(8,675)	(7,293)
Depreciation of property, plant and equipment		(43,175)	(37,296)
Adjusted EBIT		64,718	20,086

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

5. Profit for the year (continued)

The analysis of the auditor's remuneration is as follows:

	Group 2022 $000	2021 $000
Fees payable to the Company's auditor for the audit of the Company's financial statements	85	86
Fees payable to the Company's auditor for other services to the Group		
- The audit of the Company's subsidiaries	635	621
Total audit fees	720	707
- Taxation compliance services	397	550
- Other taxation advisory services (including acquisition support)	577	740
Total non-audit fees	974	1,290
Total remuneration	1,694	1,997

6. Exceptional and adjusting items

Exceptional and adjusting items have been identified in line with the Group's accounting policy as follows:

	Group 2022 $000	2021 $000
Acquisition related expenses	1,206	1,463
Legal entity restructuring, capital raising and severance costs	2,831	806
Recovered contract variations on large lump sum underground pipeline contracts	-	(6,981)
Share based payments (note 26)	335	1,345
Contractual and employee dispute	-	67
Total exceptional and adjusting items before tax	4,372	(3,300)
Income tax	(831)	925
Exceptional and adjusting items after tax	3,541	(2,375)

Acquisition related expenses relate to costs associated with the Group's business combinations, comprising the acquisitions of Canlift, RMEC, and Trido, and the investigation of other identified opportunities. These expenses are identified as exceptional and adjusting items as they do not relate to the Group's ordinary trading activities.

Legal entity restructuring, capital raising and severance costs comprise professional costs and costs incurred towards staff redundancies as a result of group legal structure rationalization, investigation of potential capital raise opportunities and rebranding. While such reorganizations occur periodically, they are not part of ordinary trading activity and therefore are presented as exceptional and adjusting items.

The recovered contract variations on large lump sum underground pipeline contracts of $Nil (2021: $6,981k) arose following the final settlement of two contracts reported within the Canada project management segment that were contracted in 2018. The Group no longer undertakes large lump sum underground pipeline contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

6. Exceptional and adjusting items (continued)

Share based payments relate to the current year charge of the parent company share option plan and the cost of restricted shares issued by the parent company to certain members of the executive management team. These expenses are identified as exceptional and adjusting items as they do not relate to ordinary trading activities.

Contractual and employee disputes relate to an increase in the expected cost of settling various contractual legal matters. The associated costs are not considered to relate to the ordinary trading activities of the Group.

7. Finance income and expense

	Group	
	2022	2021
	$000	$000
Finance income		
Interest on short term bank deposits	(9)	(2)
Other interest	(26)	-
Total finance income	(35)	(2)
Finance expense		
Interest on borrowings	13,059	9,662
Interest lease liabilities (note 17)	1,876	2,022
Other interest	-	276
Total finance expense	14,935	11,960

8. Other gains and losses

Other gains and losses comprise:

	Group	
	2022	2021
	$000	$000
Net foreign currency gains / (losses)	334	(617)
Total other gains and losses	334	(617)

Arising from:

	Group	
	2022	2021
	$000	$000
Financial assets and liabilities at amortized cost	334	(617)
Total other gains and losses	334	(617)

9. Interest in joint ventures

The Group holds a 50% interest in the ordinary shareholdings of joint ventures in RGSS Cyprus Limited and Specialist Services RedGuard LLC USA. These joint ventures are both involved in selling and renting modular buildings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2022

9. Interest in joint ventures (continued)
The following table summarizes the movements in the Group's investments in the joint ventures:

	Group 2022 $000	2021 $000
At 1 January	8,754	7,993
Share in profit for the year / period from acquisition	366	662
Foreign exchange	81	99
At 31 December	9,201	8,754

The following table sets out summarized information of the Group's investments in the joint ventures:

Share in joint ventures aggregate statements of financial position:	Group 2022 $000	2021 $000
Current assets	2,621	3,072
Non-current assets	7,716	8,310
Non-current liabilities	-	(1,183)
Current liabilities	(1,136)	(1,445)
Carrying amount of the investments	9,201	8,754

The Group's share in joint ventures revenue and results:

	Group 2022 $000	2021 $000
Revenue from contracts with customers for the year / period from acquisition	4,969	4,509
Profit for the year / period from acquisition	366	662

In May 2023, the Group agreed to exchange its 50% interest in the ordinary share capital of Specialist Services RedGuard LLC USA for the other joint venture partner's 50% interest in RGSS Cyprus Limited. Control of RGSS Cyprus Limited transferred to the Group on successful completion of the transaction.

10. Employee benefits expense

	Group 2022 $000	2021 $000
Wages and salaries, including termination benefits	193,795	113,758
Social security costs	5,487	3,603
Pension costs (note 25)	1,403	1,662
	200,685	119,023
Included in:		
Cost of sales	149,230	85,643
Administrative expenses	51,455	33,380
	200,685	119,023

The above is net of government grants of $867k (2021: $5,638k) received as part of a various government initiatives to provide immediate financial support as a result of the Covid-19 pandemic.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

10. Employee benefits expense (continued)

The average monthly number of employees (including executive directors) was:

	2022 Number	2021 Number
Operations	1,724	1,140
Managerial, sales, finance, and administration	432	315
	2,156	1,455

The Company has no employees, the remuneration of all group employees is borne by other group companies.

11. Taxation

Tax recognized in the consolidated income statement

	2022 $000	2021 $000
Current tax		
Current year	-	-
Adjustments in respect of prior year	463	(452)
Foreign tax	12,896	6,190
Total current tax charge	13,359	5,738
Deferred tax		
Current year	(3,395)	945
Change in tax rates	(255)	(134)
Adjustments in respect of previous periods	757	265
Total deferred tax (credit) / charge	(2,893)	1,076
Total income tax charge	10,466	6,814

UK corporation tax is calculated at 19% (2021: 19%) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Reconciliation of income tax charge

The income tax charge for the year is reconciled to the accounting loss as follows:

	2022 $000	2021 $000
Profit before tax	48,062	12,992
Income tax charge / (credit) calculated at 19% (2021: 19%)	9,132	2,468
Expenses not deductible	2,129	347
Income not subject to tax	(755)	-
Movement in un-provided deferred tax	(3,386)	958
Withholding taxes and unrelieved overseas taxes	2,145	1,620
Different tax rates of subsidiaries operating in other jurisdictions	1,286	2,550
Adjustments recognized in the current year in respect of prior year tax	1,212	(187)
Double taxation relief	(233)	-
Effect of changes in tax rates	(254)	(134)
Utilization of tax losses	(33)	(70)
Other	(777)	(738)
Total income tax charge	10,466	6,814

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

11. Taxation (continued)

Following enactment of the Finance Bill 2021 on 10 June 2021, the UK Corporation Tax rate (from 1 April 2023) has been increased to 25%. This was reconfirmed at the Autumn Statement on 17 November 2022.

Deferred tax liabilities and assets

The deferred tax liabilities and assets recognized by the Group and the movement during the current and prior year is as follows:

	2022 $000	2021 $000
Balance at 1 January	5,809	3,227
Credit for the year	(2,638)	1,210
- (Charge) / credit in the year	(3,395)	945
- Adjustments in respect of prior years	757	265
Effect of changes in tax rates	(255)	(134)
On acquisition	2,523	1,498
Foreign exchange	(355)	8
Balance at 31 December	5,084	5,809

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. Deferred tax as presented on the statement of financial position is:

	2022 $000	2021 $000
Deferred tax liabilities	6,886	9,579
Deferred tax assets	(1,802)	(3,770)
	5,084	5,809

Arising from:	2022 $000	2021 $000
Intangible assets other than goodwill	61	(1,568)
Property, plant and equipment	17,720	21,068
Other temporary differences	1,368	1,558
Estimated tax losses	(14,065)	(15,249)
Total deferred tax	5,084	5,809

At the balance sheet date a deferred tax asset arising from losses and other temporary differences in the UK of $24.1m (2021: $33.6m) and in the US of $Nil (2021: $14.5m) has not been recognized as its recoverability is subject to future profitability and is uncertain. The tax losses may be carried forward indefinitely.

No deferred tax liability is recognized on the unremitted earnings of overseas subsidiaries, as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

12. Business combinations

Canlift

On 20 January 2022, the Group purchased 100% of the shareholding of Canlift based in Canada. The purchase consideration was settled through a combination of cash and an issue of shares in the Group's ultimate parent, Centurion Group Limited, with the total consideration amount being $6.0m ($6.4m net cash outflow after deducting cash at completion).

Canlift is a leading provider of crane services to all major industry sectors in Alberta and British Columbia. The acquisition of Canlift enhanced the Group's existing Western Canadian crane services and has played a key part in its ambition to diversify its customer base and provide key services to markets outside of oil and gas.

The following table sets out the book values of the separately identifiable assets and liabilities acquired and their fair values on acquisition.

	Book value $000	Accounting policy alignment $000	Adjusted book value $000	Fair value adjustment $000	Fair value to the Group $000
NON-CURRENT ASSETS					
Intangible assets	-	-	-	2,677	2,677
Property, plant and equipment	3,490	-	3,490	-	3,490
Total non-current assets	3,490	-	3,490	2,677	6,167
CURRENT ASSETS					
Trade and other receivables	720	-	720	-	720
Cash and bank balances	241	-	241	-	241
Total current assets	961	-	961	-	961
TOTAL ASSETS	4,451	-	4,451	2,677	7,128
CURRENT LIABILITIES					
Trade and other payables	267	-	267	-	267
Corporation tax	(61)	-	(61)	-	(61)
Deferred tax	-	-	-	1,246	1,246
Total current liabilities	206	-	206	1,246	1,452
NON-CURRENT LIABILITIES					
Shareholder loans	1,849	-	1,849	-	1,849
Total non-current liabilities	1,849	-	1,849	-	1,849
Net assets acquired	2,396	-	2,396	1,431	3,827

Consideration	$000
Cash on completion	6,404
Working capital adjustment	243
Net debt	(1,849)
Fair value of shares issued	1,225
Total consideration	6,023
Resultant goodwill	2,196

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

12. Business combinations (continued)

Canlift (continued)

Intangible assets comprise the estimated fair value of customer relationships and brand arising from the acquisition. Goodwill arising on all business combinations in the year is not expected to be deductible for tax purposes.

Cash outflow from acquisition	$000
Cash paid on completion	(6,647)
Cash	241
Net cash outflow from acquisition	(6,406)

Acquisition related costs included within administrative expenses and identified as exceptional and adjusting items amounted to $0.2m.

Canlift summarized income statement for the period from 20 January 2022 to 31 December 2022 is as follows:

Income statement	$000
Revenue	5,046
Cost of sales	(1,688)
Gross profit	3,358
Administrative expenses	(1,504)
Profit from operating activities	1,854
Profit on ordinary activities before taxation	1,854

Had Canlift been consolidated from 1 January 2022, the summarized income statement for the period from 1 January 2022 to 31 December 2022 would be:

Income statement	$000
Revenue	5,472
Cost of sales	(1,893)
Gross profit	3,579
Administrative expenses	(1,525)
Profit on ordinary activities before taxation	2,054
Adjusted EBITDA	2,790

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

12. Business combinations (continued)

RMEC

On 31 March 2022, the Group purchased 100% of the shareholding of RMEC, based in the UK and Caspian regions. The purchase consideration was settled through a combination of cash and an issue of shares in the Group's ultimate parent, Centurion Group Limited. The fair value of the total consideration is estimated at $14.2m ($18.5m net cash outflow after deducting cash at completion).

RMEC is a UK based integrated rentals, sales and service company delivering innovative solutions to the energy sectors. RMEC is playing a key part in the UK's energy security and decarbonization journey by providing highly efficient well services to increase existing production and to support decommissioning projects in the North Sea and overseas.

The following table sets out the book values of the separately identifiable assets and liabilities acquired and their fair values on acquisition.

	Book value $000	Accounting policy alignment $000	Adjusted book value $000	Fair value adjustment $000	Fair value to the Group $000
NON-CURRENT ASSETS					
Goodwill	2,810		2,810	(2,810)	-
Intangible assets	-	-	-	8,776	8,776
Right-of-use assets	-	1,230	1,230	-	1,230
Property, plant and equipment	4,112	-	4,112	-	4,112
Total non-current assets	6,922	1,230	8,152	5,966	14,118
CURRENT ASSETS					
Trade and other receivables	2,926	-	2,926	-	2,926
Deferred tax	-	-	-	2,194	2,194
Inventory	1,331	-	1,331	-	1,331
Cash and bank balances	2,745	-	2,745	-	2,745
Total current assets	7,002	-	7,002	2,194	9,196
TOTAL ASSETS	13,924	1,230	15,154	8,160	23,314
CURRENT LIABILITIES					
Trade and other payables	1,950	-	1,950	-	1,950
Lease liability	-	135	135	-	135
Corporation tax	181	-	181	-	181
Deferred tax	477	-	477	2,194	2,671
Total current liabilities	2,608	135	2,743	2,194	4,937
NON-CURRENT LIABILITIES					
Term debt	10,368	-	10,368	-	10,368
Lease liability	-	1,095	1,095	-	1,095
Total non-current liabilities	10,368	1,095	11,463	-	11,463
Net assets acquired	948	-	948	5,966	6,914

Consideration	$000
Cash on completion	21,255
Deferred consideration	2,632
Net debt	(10,368)
Fair value of shares issued	722
Total consideration	14,241
Resultant goodwill	7,327

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

12. Business combinations (continued)

RMEC (continued)

Intangible assets comprise the estimated fair value of customer relationships and brand arising from the acquisition. Goodwill arising on all business combinations in the year is not expected to be deductible for tax purposes.

Cash outflow from acquisition	$000
Cash paid on completion	(21,255)
Cash	2,745
Net cash outflow from acquisition	(18,510)

Acquisition related costs included within administrative expenses and identified as exceptional and adjusting items amounted to $0.2m.

RMEC's summarized income statement for the period from 1 April 2022 to 31 December 2022 is as follows:

Income statement	$000
Revenue	17,067
Cost of sales	(8,547)
Gross profit	8,520
Administrative expenses	(2,452)
Profit on ordinary activities before taxation	6,068

Had RMEC been consolidated from 1 January 2022, the summarized income statement for the period from 1 January 2022 to 31 December 2022 would be:

Income statement	$000
Revenue	20,900
Cost of sales	(10,902)
Gross profit	9,998
Administrative expenses	(3,576)
Profit on ordinary activities before taxation	6,422
Adjusted EBITDA	7,693

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

12. Business combinations (continued)

Trido

On 6 April 2022, the Group purchased 100% of the shareholding of Trido based in Canada. The purchase consideration was settled through a combination of cash and an issuance of shares in the Group's ultimate parent, Centurion Group Limited. The fair value of the total consideration is estimated at $5.9m ($5.7m net cash outflow after deducting cash at completion).

Trido is a leading provider of sustainable and innovative solar-powered production equipment to the energy industries in North America. Trido is the Group's first-ever acquisition of a renewable energy technology company, offering a revolutionary integrated end-to-end carbon credit management service. In 2022 alone, Trido supported 15 clients to remove ~19,000 tCO_2e from the atmosphere – equivalent to ~66% of the total emissions created by the Group in 2022 – with projects installed in 2022 set to further reduce emissions by an estimated ~73,000 tCO_2e per year (equivalent to removing over 15,500 cars off the road annually).

The following table sets out the book values of the separately identifiable assets and liabilities acquired and their fair values on acquisition.

	Book value $000	Accounting policy alignment $000	Adjusted book value $000	Fair value adjustment $000	Fair value to the Group $000
NON-CURRENT ASSETS					
Intangible assets	106	-	106	3,479	3,585
Property, plant and equipment	205	-	205	-	205
Total non-current assets	**311**	-	**311**	**3,479**	**3,790**
CURRENT ASSETS					
Trade and other receivables	1,408	-	1,408	-	1,408
Inventory	1,155	-	1,155	-	1,155
Total current assets	**2,563**	-	**2,563**	-	**2,563**
TOTAL ASSETS	**2,874**	-	**2,874**	**3,479**	**6,353**
CURRENT LIABILITIES					
Trade and other payables	1,631	-	1,631	-	1,631
Deferred tax	-	-	-	800	800
Total current liabilities	**1,631**	-	**1,631**	**800**	**2,431**
NON-CURRENT LIABILITIES					
Shareholder Loans	1,243	-	1,243	-	1,243
Total non-current liabilities	**1,243**	-	**1,243**	-	**1,243**
Net assets acquired	-	-	-	**2,679**	**2,679**

Consideration	$000
Cash on completion	5,720
Net debt	(1,243)
Fair value of shares issued	1,400
Total consideration	5,877
Resultant goodwill	3,198

Intangible assets comprise the estimated fair value of customer relationships and brand arising from the acquisition. Goodwill arising on all business combinations in the year is not expected to be deductible for tax purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

12. Business combinations (continued)

Trido (continued)

Cash outflow from acquisition	$000
Cash paid on completion	(5,720)
Cash	-
Net cash outflow from acquisition	(5,720)

Acquisition related costs included within administrative expenses and identified as exceptional and adjusting items amounted to $0.3m.

Trido's summarized income statement for the period from 7 April 2022 to 31 December 2022 is as follows:

Income statement	$000
Revenue	10,934
Cost of sales	(7,111)
Gross profit	3,823
Administrative expenses	(1,979)
Profit on ordinary activities before taxation	1,844

Had Trido been consolidated from 1 January 2022, the summarized income statement for the period from 1 January 2022 to 31 December 2022 would be:

Income statement	$000
Revenue	12,793
Cost of sales	(8,262)
Gross profit	4,531
Administrative expenses	(2,161)
Profit on ordinary activities before taxation	2,370
Adjusted EBITDA	2,868

13. Goodwill

	$000
Balance at 1 January 2021	103,770
Foreign exchange	(910)
On acquisition	5,904
Balance at 31 December 2021	108,764
Foreign exchange	(6,680)
On acquisition (note 12)	12,721
Balance at 31 December 2022	114,805

Goodwill acquired in a business combination is allocated, on acquisition, to the CGUs that are expected to benefit from that business combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

13. Goodwill (continued)

The goodwill attached to each CGU is as follows:

Region and Brand	2022 $000	2021 $000
US – Accommodation	6,630	6,630
US – Equipment Rentals & Services	23,375	23,375
US – Twilight	7,275	7,275
Canada – WTS	14,800	15,740
Canada – Prospector	1,839	1,956
Canada – Arctic Crane	1,066	1,134
Canada – Tango Delta	1,492	1,586
Canada – Polar Septic	1,584	1,687
Canada – Canlift	2,027	-
Canada – Trido	2,942	-
Canada – Site	3,381	3,596
UK & Caspian – Conserve Rentals & Services	21,855	24,348
UK & Caspian – ATR	2,901	3,232
UK & Caspian – Safety & Technical Hydraulics	1,670	1,860
UK & Caspian – Seanic	1,024	1,024
UK & Caspian – Osprey3	3,687	4,107
UK & Caspian – Aleron	2,412	2,688
UK & Caspian – RMEC	6,735	-
Middle East – Specialist Services	1,529	1,529
Asia Pacific – Tristar Water Solutions	34	36
Asia Pacific – Jacks Winches	6,547	6,961
Total Goodwill	114,805	108,764

The Group performed an impairment assessment as at 31 December 2022. In considering goodwill, the recoverable amounts of the CGU's are determined from value in use calculations. Key assumptions include forecast trading and capital expenditure cash flows, future growth rates and the application of appropriate discount rates. Management estimate the discount rates using pre-tax rates that reflect market assessment of the time value of money and the risks specific to the CGUs.

Management has prepared cash flow projections for the five years ending 31 December 2027. These projections reflect the latest approved Group full-year forecast for the year ending 31 December 2023 with projections for future years. Assumptions are developed using a combination of external industry outlook reports, management judgement and historical information and analysis. In the period up to 31 December 2027, annual growth is anticipated as CGU's benefit from an expected market growth from the oil and gas market as oil supply and demand rebalances. EBITDA annual growth rates have been estimated in each CGU in the financial years 2023 to 2027. These annual growth rates are based on industry outlook reports and are specific to each geography and market. For the terminal period a growth rate of 2% has been applied across the group's CGUs.

Pre-tax discount rates ranging from 12.75% to 15.04% (2021: 11.30% to 14.76%) were applied in determining the value in use of each CGU. The rates vary by geographical market due to specific risks in the respective market.

The annual impairment assessment did not identify any impairment at 31 December 2022 (31 December 2021: $Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

13. Goodwill (continued)

A sensitivity analysis has been performed to determine the percentage reduction in the projected cashflows required for a CGUs recoverable amount to be equal to its carrying value, with all other assumptions used remaining constant. For each of the CGU's a reduction of more than 20% would be required for the recoverable amount to be equal to its carrying value.

14. Other intangible assets

Group	Customer relationships $000	Trade names $000	Other intangibles $000	Total $000
Cost				
Balance at 1 January 2021	78,023	5,448	7,027	90,498
On acquisition	14,391	2,413	1,555	18,359
Foreign exchange	(792)	(4)	(25)	(821)
Balance at 31 December 2021	91,622	7,857	8,557	108,036
On acquisition	13,965	652	421	15,038
Transfers	-	-	-	-
Foreign exchange	(4,516)	(378)	(1,062)	(5,956)
Balance at 31 December 2022	101,071	8,131	7,916	117,118
Accumulated amortization and impairment				
Balance at 1 January 2021	64,107	4,392	4,877	73,376
Charge for the year	5,726	784	783	7,293
Foreign exchange	(693)	(8)	(20)	(721)
Balance at 31 December 2021	69,140	5,168	5,640	79,948
Charge for the year	6,874	1,098	703	8,675
Foreign exchange	(3,055)	(265)	(617)	(3,937)
Balance at 31 December 2022	72,959	6,001	5,726	84,686
Net book value				
At 31 December 2022	28,112	2,130	2,190	32,432
At 31 December 2021	22,482	2,689	2,917	28,088

The remaining amortization period for other intangible assets is as follows:

Customer relationships	5 to 10 years
Trade names	5 years
Other intangible assets	1 to 5 years

The amortization charge for the year is included in administrative expenses in the consolidated income statement.

No impairment charge (2021: $Nil) has been recognized. The Group considered the potential reversal of impairment charge and the directors are satisfied the previous impairment represented permanent loss of value in customer relationships.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

15. Fixed asset investments

Company	2022	2021
	$000	$000
Investment in subsidiaries	266,201	265,479

	$000
Balance at 1 January 2021	263,112
Additions	2,367
Balance at 1 January 2022	265,479
Additions	722
Balance at 31 December 2022	266,201

Holdings of more than 20%

The Company directly holds more than 20% of the issued share capital of the following companies:

			Shares held	
Company	Principal activity	Country of Incorporation	Class	%
Centurion 1 Limited	Intermediate holding company	Scotland	Ordinary	100%
Centurion Group (USA) LLC	Corporate services	USA	Not applicable	100%

The registered address of Centurion 1 Limited is Blackwood House, Union Grove Lane, Aberdeen, Scotland, AB10 6XU.

The registered address of Centurion Group (USA) LLC is Corporation Trust Centre, 1209 Orange Street, Wilmington, Delaware 19801, USA.

The list of entities in which the Company holds an indirect interest of more than 20% of the share capital is found at note 27.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

16. Property, plant and equipment

Group

	Leasehold land and buildings $000	Hire fleet $000	Equipment $000	Gravel rights $000	Assets under construction $000	Total $000
Cost						
Balance at 1 January 2021	13,223	294,934	73,734	4,936	56	386,883
On acquisition	2,570	14,040	3,494	-	1,369	21,473
Additions	67	18,060	4,870	-	3,382	26,379
Transfers	-	3,664	-	-	(3,664)	-
Disposals	(1,595)	(15,570)	(12,122)	-	-	(29,287)
Foreign exchange	(64)	(2,166)	(230)	(2)	(28)	(2,490)
Balance at 31 December 2021	14,201	312,962	69,746	4,934	1,115	402,958
On acquisition	194	7,191	422	-	-	7,807
Additions	494	22,898	11,758	-	4,067	39,217
Transfers	(3)	3,350	257	-	(3,604)	-
Disposals	(1,023)	(16,783)	(9,083)	-	-	(26,889)
Foreign exchange	(931)	(11,977)	(4,650)	(295)	(70)	(17,923)
Balance at 31 December 2022	12,932	317,641	68,450	4,639	1,508	405,170
Accumulated depreciation and impairment						
Balance at 1 January 2021	8,412	160,307	49,557	1,472	-	219,748
Charge for the year	1,315	29,306	6,654	-	21	37,296
Disposals	(2,803)	(10,294)	(9,578)	-	-	(22,675)
Foreign exchange	(3)	(1,332)	(200)	(1)	(2)	(1,538)
Balance at 31 December 2021	6,921	177,987	46,433	1,471	19	232,831
Charge for the year	743	31,619	10,787	7	19	43,175
Disposals	(1,006)	(12,499)	(7,641)	-	-	(21,146)
Impairment	-	-	2	1,404	-	1,406
Transfers	(1)	(66)	67	-	-	-
Foreign exchange	(599)	(6,820)	(3,453)	(139)	(3)	(11,014)
Balance at 31 December 2022	6,058	190,221	46,195	2,743	35	245,252
Net book value						
At 31 December 2022	6,874	127,420	22,255	1,896	1,473	159,918
At 31 December 2021	7,280	134,975	23,313	3,463	1,096	170,127

There is a floating charge held over the assets noted above in relation to the Group's borrowing arrangements as detailed in note 21.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

17. Leases

Group

Right-of-use asset	Offices and buildings $000	Vehicles $000	Equipment $000	IT equipment $000	Total $000
Balance at 1 January 2021	59,615	11,264	1,244	591	72,714
On acquisition	2,630	-	-	-	2,630
Additions	3,381	2,909	34	-	6,324
Disposals	(1,743)	(943)	(43)	(283)	(3,012)
Foreign exchange	(649)	(51)	(8)	-	(708)
Balance at 31 December 2021	**63,234**	**13,179**	**1,227**	**308**	**77,948**
On acquisition	1,222	8	-	-	1,230
Additions	6,903	5,076	2,188	-	14,167
Disposals	(4,752)	(9,447)	(524)	(13)	(14,736)
Foreign exchange	(4,556)	(281)	(141)	(23)	(5,001)
Balance at 31 December 2022	**62,051**	**8,535**	**2,750**	**272**	**73,608**
Accumulated depreciation					
Balance at 1 January 2021	28,456	4,400	460	175	33,491
Charge for the year	5,891	4,072	312	73	10,348
Disposals	(1,524)	(929)	(43)	(86)	(2,582)
Foreign exchange	(362)	(19)	(4)	(1)	(386)
Balance at 31 December 2021	**32,461**	**7,524**	**725**	**161**	**40,871**
Charge for the year	6,552	2,120	545	65	9,282
Disposals	(4,557)	(6,854)	(524)	(13)	(11,948)
Foreign exchange	(2,263)	(111)	(40)	(12)	(2,426)
Balance at 31 December 2022	**32,193**	**2,679**	**706**	**201**	**35,779**
Net book value					
At 31 December 2022	**29,858**	**5,856**	**2,044**	**71**	**37,829**
At 31 December 2021	30,773	5,655	502	147	37,077

Lease liabilities	Offices and buildings $000	Vehicles $000	Equipment $000	IT equipment $000	Total $000
Balance at 1 January 2021	37,016	6,510	829	401	44,756
On acquisition	2,236	-	-	393	2,629
Additions	3,381	2,909	34	-	6,324
Disposals	(223)	(19)	-	(199)	(441)
Interest expense	1,788	210	20	4	2,022
Repayment of lease liability	(7,418)	(4,060)	(341)	(68)	(11,887)
Foreign exchange	(350)	(69)	(4)	(6)	(429)
Balance at 31 December 2021	**36,430**	**5,481**	**538**	**525**	**42,974**
On acquisition	1,222	8	-	-	1,230
Additions	6,864	5,045	3,156	-	15,065
Disposals	(262)	(2,944)	-	-	(3,206)
Interest expense	1,656	147	62	11	1,876
Repayment of lease liability	(8,059)	(1,906)	(587)	(159)	(10,711)
Foreign exchange	(2,730)	(171)	(100)	(50)	(3,051)
Balance at 31 December 2022	**35,121**	**5,660**	**3,069**	**327**	**44,177**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

17. Leases (continued)

A maturity analysis of the Group's total lease liability is shown below:

Lease liabilities	2022 $000	2021 $000
Current	10,570	9,736
Non-current	33,607	33,238
Total	44,177	42,974

The amounts charged to profit from operating activities and amounts charged to finance costs are as follows:

	2022 $000	2021 $000
Depreciation charge for right-of-use assets		
- Offices and buildings	6,552	5,891
- Vehicles	2,120	4,072
- Equipment	545	312
- IT equipment	65	73
Short term and low value lease expense	559	1,255
Charged to profit from operating activities	9,841	11,603
Interest expense related to lease liabilities	1,876	2,022
Charge to profit before tax	11,717	13,625

The short term and low value lease expense of $559k (2021: $1,255k) has been included in the cash flow from operating activities. The Group leases various properties, vehicles and equipment. The majority of the lease liabilities relate to properties with leases generally entered into for fixed periods. Some leases have extension options as described below. Lease terms are negotiated individually and contain a wide range of terms and conditions. The lease arrangements do not impose covenants other than the security interests in the leased assets that are held by the lessor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

17. Leases (continued)

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the applicable incremental borrowing rate ("IBR").

The lease liability is subsequently increased by the interest cost on the lease liability and reduced by the lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which may significantly affect the amount of lease liabilities and right-of-use assets recognized.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's IBR is used. The IBR is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

18. Inventories

	Group	
	2022	2021
	$000	$000
Raw materials	9,353	8,112
Work-in-progress	-	431
Consumables, spares and finished goods	13,119	11,227
	22,472	19,770

The amount expensed in respect of a provision for inventory to net realizable value is $295k (2021: $807k).

19. Trade and other receivables

	Company		Group	
	2022	2021	2022	2021
	$000	$000	$000	$000
Trade receivables	-	-	145,787	85,285
Loss allowance	-	-	(3,741)	(2,047)
Net trade receivables	-	-	142,046	83,238
Prepayments	221	360	5,083	4,942
Accrued income	-	-	41,258	39,980
Amounts recoverable on contracts	-	-	274	1,038
Other debtors	-	-	6,847	4,634
	221	360	195,508	133,832

Trade receivables disclosed above are classified as loans and receivables and are measured at amortized cost. Amounts recoverable on contracts vary depending on the phasing and timing of projects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

19. Trade and other receivables (continued)

Trade receivables are considered past due when they become older than 30 days or longer in cases where specific credit terms have been agreed. The ageing of those trade receivables past due is as follows:

Ageing of past due but not impaired

	2022 $000	2021 $000
Up to 3 months	48,470	12,121
Over 3 months	14,185	5,066
Total	62,655	17,187
Trade receivables days (countback)	62	71

Further details regarding the credit risk of trade receivables is provided within Note 31.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognized a loss allowance of 100 per cent against all receivables over 365 days past due because historical experience has indicated that recoverability of these receivables is uncertain. No loss allowance is recognized for receivables less than 365 days past due unless there are specific factors indicating the receivables are impaired.

The movement on the loss allowance is as follows:

	Group 2022 $000	 2021 $000
At 1 January	2,047	1,542
Change in loss allowance due to new trade and other receivables originated net of those derecognized due to settlement	1,694	505
At 31 December	3,741	2,047

20. Share capital and reserves

Authorized share capital	Group and Company 2022 Units	 2021 Units
Ordinary Shares of £1 each	2,337,501	1,787,501
A Ordinary Shares of $1 each	63,112,437	263,112,437
	65,449,938	264,899,938

The Ordinary Shares and the A Ordinary Shares rank pari passu and carry equal voting rights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

20. Share capital and reserves (continued)

	Group and Company	
	2022	2021
	$000	$000
Balance at 1 January	265,479	263,112
Issued during the year - non cash	722	2,367
Share capital redemption	(200,000)	-
Balance at 31 December	66,201	265,479

Additional share capital was issued during the year as part of the acquisition of RMEC (note 12).

As part of the $75m distribution to the company's immediate parent company, Centurion Group Limited, 200,000,000 A Ordinary Shares of $1 each were redeemed at par.

Other equity reserves

Group	Currency translation reserve	Share-based payments	Total
	$000	$000	$000
Balance at 1 January 2021	(22,154)	3,032	(19,122)
Share based payments charges	-	1,345	1,345
Exchange differences arising on consolidation	(107)	-	(107)
Balance at 1 January 2022	(22,261)	4,377	(17,884)
Share based payments charges	-	335	335
Exchange differences arising on consolidation	(11,962)	-	(11,962)
Balance at 31 December 2022	(34,223)	4,712	(29,511)

Currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentational currency are recognized directly in other comprehensive income and accumulated in the currency translation reserve.

Share-based payments

This reserve comprises the IFRS 2 'Share-based payments' charge relating to the Group's equity-settled share-based payments. See note 26 for further details.

Merger reserve

This reserve arose on the reorganization of the Group in 2017 and 2018 when certain entities held under common control were brought into the Group and the difference between their net assets and the fair value of shares issued was transferred to the merger reserve.

Accumulated profits / (losses)

This represents accumulated profit and losses for the current and prior years' net of dividends and other permissible transfers under IFRS.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

21. Borrowings

	Group 2022 $000	Group 2021 $000
Borrowings		
Bank borrowings on demand and due within one year	121,355	80,804
Exchangeable shares on demand and due within one year	27,426	27,337
Unamortized issue costs	(2,143)	(2,507)
	146,638	105,634
Bank borrowings due between one and two years	98,941	21,296
Bank borrowings due between two and five years	-	60,613
Unamortized issue costs	(2,218)	(2,616)
	96,723	79,293
Total borrowings	243,361	184,927

Borrowings as at 31 December 2022 comprise the following:

	Due within one year $000	Between one and two years $000	Between two and five years $000	Total $000
£25.3m facility A1 bank borrowings	7,964	22,667	-	30,631
£19.2m facility A3 bank borrowings	4,901	18,377	-	23,278
$30.1m facility B1 bank borrowings	7,821	22,261	-	30,082
$3.8m facility B3 bank borrowings	808	3,032	-	3,840
C$8.4m facility C1 bank borrowings	1,611	4,585	-	6,196
C$14.2m facility C2 bank borrowings	2,716	7,730	-	10,446
C$34.8m facility C3 bank borrowings	5,410	20,289	-	25,699
$48.6m drawn from the GBP revolving credit facility (RCF A)	48,584	-	-	48,584
C$56.3m drawn from the CAD revolving credit facility (RCF B)	41,540	-	-	41,540
Bank borrowings	121,355	98,941	-	220,296
$27.4m exchangeable shares	27,426	-	-	27,426
Unamortized issue costs	(2,143)	(2,218)	-	(4,361)
Total borrowings	146,638	96,723	-	243,361

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

21. Borrowings (continued)

Borrowings as at 31 December 2021 comprised the following:

	Due within one year $000	Between one and two years $000	Between two and five years $000	Total $000
£31.9m facility A1 bank borrowings	8,873	8,873	25,256	43,002
$37.9m facility B1 bank borrowings	7,821	7,821	22,260	37,902
C$10.6m facility C1 bank borrowings	1,713	1,713	4,876	8,302
C$17.8m facility C2 bank borrowings	2,889	2,889	8,221	13,999
$59.5m drawn from the GBP revolving credit facility (RCF A)	59,508	-	-	59,508
Bank borrowings	80,804	21,296	60,613	162,713
$27.3m exchangeable shares	27,337	-	-	27,337
Unamortized issue costs	(2,507)	(2,616)	-	(5,123)
Total borrowings	105,634	18,680	60,613	184,927

The borrowings are denominated in the following currencies:

	2022			
	USD $000	GBP $000	CAD $000	Total $000
Bank borrowings	33,922	53,909	42,341	130,172
Bank revolving credit facility	23,000	25,584	41,540	90,124
Bank borrowings	56,922	79,493	83,881	220,296
Exchangeable shares	27,426	-	-	27,426
Unamortized issue costs	-	(4,361)	-	(4,361)
Total borrowings	84,348	75,132	83,881	243,361

	2021			
	USD $000	GBP $000	CAD $000	Total $000
Bank borrowings	37,903	43,000	22,302	103,205
Bank revolving credit facility	49,400	10,108	-	59,508
Bank borrowings	87,303	53,108	22,302	162,713
Exchangeable shares	27,337	-	-	27,337
Unamortized issue costs	-	(5,123)	-	(5,123)
Total borrowings	114,640	47,985	22,302	184,927

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

21. Borrowings (continued)

In October 2022 the size of the credit facility was increased by $92.0m with the existing consortium of banks. The consortium comprises of Wells Fargo Bank NA, HSBC UK, HSBC Canada, HSBC USA NA, Clydesdale Bank, Amegy Bank NA, First Horizon Bank, ATB Financial, The Royal Bank of Scotland, Royal Bank of Canada, and The Toronto-Dominion Bank.

- Facility A1 bears interest of three-month LIBOR / SONIA plus a margin and is repaid in quarterly instalments of:
  - £1.6m commencing March 2022
  - one final instalment of £13.8m in December 2024

- Facility A3 bears interest of three-month LIBOR / SONIA plus a margin and is repaid in quarterly instalments of:
  - £1.0m commencing December 2022
  - one final instalment of £12.2m in December 2024

- Facility B1 bears interest of three-month LIBOR plus a margin and is repaid in quarterly instalments of:
  - $2.0m commencing March 2022
  - one final instalment of $16.4m in December 2024

- Facility B3 bears interest of three-month LIBOR plus a margin and is repaid in quarterly instalments of:
  - $0.2m commencing December 2022
  - one final instalment of $2.4m in December 2024

- Facility C1 bears interest of three-month CDOR plus a margin and is repaid in quarterly instalments of:
  - CAD$0.5m commencing March 2022
  - one final instalment of CAD$4.6m in December 2024

- Facility C2 bears interest of three-month CDOR plus a margin and is repaid in quarterly instalments of:
  - CAD$0.9m commencing March 2022
  - one final instalment of CAD$7.7m in December 2024

- Facility C3 bears interest of three-month CDOR plus a margin and is scheduled to be repaid in quarterly instalments of:
  - CAD$1.8m commencing December 2022
  - one final instalment of CAD$22.0m in December 2024

- $48.6m has been drawn down from the GBP revolving credit facility (RCF A). The facility bears interest at one-month LIBOR/ SONIA plus a margin. The facility is repayable in December 2024.

- $41.5m has been drawn down from the Canadian Dollar revolving credit facility (RCF B). The facility bears interest on the CDOR plus a margin. The facility is repayable in December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

21. Borrowings (continued)

The interest margin payable on Facilities A1, A3, B1, B3, C1, C2, and C3 and the revolving credit facilities is based on a sliding scale depending on the leverage ratio and ranges from 2.5% to 4.5%.

Bank borrowings are stated net of unamortized bank loan issue costs which are being amortized over the periods of the loans.

Bank borrowings are subject to customary bank covenants and credit agreement conditions. The Group was in compliance with its bank covenants throughout the year and at year end.

The bank borrowings are secured by a floating charge over the assets of subsidiary entities who are obligors. A cross guarantee is in place between the respective group companies and the lenders.

Exchangeable shares were issued to certain former shareholders of SITE and WTS Rentals by the subsidiary company Centurion Group Holdings (Canada) Limited ("CGCHL") as part of the combination on 29 December 2018. Further exchangeable shares were issued to certain former shareholders of Tango Delta as part of the acquisition on 11 February 2019. On 19 November 2021, exchangeable shares were issued to certain former shareholders of Polar Septic on acquisition. During 2022, exchangeable shares were issued to certain former shareholders of Canlift and Trido as part of the acquisitions on 20 January 2022 and 6 April 2022 respectively. These shares do not earn a fixed dividend and can only be redeemed by CGHCL on the authority of the ultimate parent, Centurion Group Limited ("CGL"). The exchangeable shares have no residual interest in CGHCL and the holders have a right to request to exchange their shares for shares in CGL subject to approval by CGL. In October 2022, a number of exchangeable shares were exchanged for shares in the immediate parent company as part of the distribution to the shareholders of Centurion Group Limited.

Summary of revolving credit facilities

The Group has $212m (2021: $189m) in revolving credit facilities. The following amounts were undrawn as at 31 December:

	Group	
	2022	2021
	$000	$000
Gross amount unused	121,984	129,377

The base currencies of RCF A and RCF B are GBP and CAD respectively. RCF A is multicurrency and can be drawn down in GBP, USD, AUD, Euro or any other currency which is readily available and convertible to the base currency in the currency market, subject to customary bank covenants and credit agreement conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

22. Operating lease liabilities

The future aggregate minimum lease payments under operating lease commitments not included in note 17 are as follows:

	Group	
	2022	2021
	$000	$000
Within one year	40	191
Within one to five years	20	-
Total	60	191

The above leases are not capitalized in accordance with group policy as explained in note 2.16.

23. Provisions

	Group	
	2022	2021
	$000	$000
Non-current	4,803	4,405
	4,803	4,405

	Employee end of service benefits	Contractual and employee dispute provisions	Dilapidations provisions	Total
	$000	$000	$000	$000
At 1 January 2022	3,486	561	358	4,405
Provision in the year	430	-	-	430
Foreign exchange	-	-	(32)	(32)
At 31 December 2022	3,916	561	326	4,803

The provision for employee end of service benefits represents an amount due to employees for past service. The amount payable is dependent on number of years' service and related payrate and is paid upon termination of the respective employee's employment contract.

The provision for contractual and employee disputes represents management's best estimate of the expected cost of settling various contractual legal matters. Refer to note 6 for further details.

The provision for dilapidations represents management's best estimate of the Group's obligation to restore certain leased properties to a standard specified in the lease at the end of the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

24. Trade and other payables

	Company		Group	
	2022	2021	2022	2021
	$000	$000	$000	$000
Trade payables	221	366	80,352	53,077
Payroll taxes and social security	-	-	1,824	6,845
Other payables	(36)	26	51,737	29,615
Contract liabilities relating to project management	-	-	8,689	1,533
	185	392	142,602	91,070

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 75 days (2021: 75 days). For most suppliers no interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. The directors consider that the carrying amount of trade payables approximates to their fair value.

Contract liabilities relating to project management contracts are balances due to customers under project management contracts. These arise if a particular milestone payment exceeds the revenue recognized to date under the cost-to-date method. These are expected to be recognized as revenue within 12 months following the balance sheet date

25. Retirement benefit plans

The Group contributes to stakeholder plans for eligible employees. Pension costs charged in the year amounted to $1,403k (2021: $1,662k). Pension contributions amounting to $300k (2021: $324k) were outstanding at 31 December 2022.

26. Share based payments

The Company's parent, Centurion Group Limited ("CGL"), has a share option plan for certain employees of its subsidiaries. Under this plan, options are awarded to purchase CGL shares at a future date for a price set at grant date (exercise price). Outstanding options at 31 December 2022 are exercisable at a range of strike prices up to $2.01 and vest over periods ranging from zero to four years.

Options lapse at the earliest of the following:

- Attempt to transfer or reassign or have any charge or other security interest created over them (except in the event of the holder's death, in which case they are transferrable to the option holder's personal representatives); or
- Date specified in the option certificate; or
- Expiry of a period of seven years following the date of grant; or
- When the option holder becomes bankrupt or make voluntary arrangement with their creditors or takes similar steps under laws of any jurisdiction that correspond to those provisions of the insolvency act; or
- When the recipient ceases to hold office or employment, or the recipient gives or receives notice to terminate employment with a Group company:
    - Before the first anniversary of the date of grant the recipient shall forfeit the whole option;
    - Before the second anniversary of the date of grant the recipient shall forfeit two thirds of the option;
    - Before the third anniversary of the date of grant the recipient shall forfeit one third of the option.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

26. Share based payments (continued)

At 31 December, 94 employees (2021: 86 employees) participated in these schemes.

Details of the employee units outstanding under the share option plan during the year are as follows:

	2022		2021	
	Number of Units 000's	Weighted Average Exercise Price $	Number of Units 000's	Weighted Average Exercise Price $
Outstanding at the beginning of the year	26,798	0.88	26,720	0.80
Awarded during the year	4,100	0.35	1,317	0.62
Forfeited during the year	(548)	0.87	-	-
Lapsed during the year	(521)	1.46	(1,239)	1.34
Exercised during the year	(1,839)	0.08	-	-
Outstanding at the end of the year	27,990	0.74	26,798	0.88

The weighted average remaining contractual life of the units outstanding at year end was 3 years (2021: 3 years). The IFRS 2 'Share based payments' fair value of each award is estimated as of the grant date using a Black Scholes binomial model. Key inputs into the binomial model are as follows:

	2022	2021
Expected volatility	39.47%	39.47%
Expected life	3 years	4 years
Risk free rate	0.66% - 3.24%	0.18% - 0.70%
Expected dividend yield	Nil	*Nil*

Expected volatility was determined by calculating the historical volatility of the estimated fair value of comparable quoted companies over the previous four years.

The expected life used in the model has been adjusted, based on management's best estimate after considering the effects of non-transferability, exercise restrictions, and behavioral considerations.

As at 31 December 2022 a charge of $335k *was expensed in the consolidated income statement in* relation to the fair value of the units issued to date (2021: $1,345k), including the restricted shares issued to certain members of the management team.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

27. Group information

The Consolidated Financial Statements of the Group comprise the following subsidiaries. Ownership interests noted in the table below:

Name of subsidiary	Principal activity	Place of Incorporation	Ownership Interest*
Centurion 1 Limited (1)	Holding company	Scotland	100%
Centurion 2 Limited (1)	Holding company	Scotland	100%
Centurion Group Holdings Limited (1)	Holding company	Scotland	100%
Centurion UK Rentals & Services Holdings Limited (1)	Holding company	Scotland	100%
Conserve Rentals & Services Limited (34)	Rental of chemical tanks and cargo carrying units	England and Wales	100%
Centurion UK Rentals & Services Limited (2)	Rental of air compressors and associated equipment	England and Wales	100%
Rentair Limited (1)	Holding company	Scotland	100%
123456 Aberdeen Limited (1)	Inactive	Scotland	100%
ATR Overseas Limited (1)	Holding company	Scotland	100%
ATR Caspian Limited (3)	Equipment rental, sale and services	Gibraltar	100%
ATR Equipment Solutions (Kazakhstan) LLP (35)	Equipment rental, sale and services	Kazakhstan	100%
Centurion Subsea Services Limited (1)	Subsea and deck machinery equipment rental and sale	Scotland	100%
ATR Lifting Solutions Limited (1)	Lifting equipment rental, sale and service	Scotland	100%
STH Holdings Limited (1)	Holding company	Scotland	100%
Safety & Technical Hydraulics Limited (1)	Hydraulic tool, bolting and instrumentation rental, sale and service	Scotland	100%
Osprey3 Ltd (1)	Manufacture and rent of fluid filtration equipment	Scotland	100%
Abenco Limited (1)	Holding company	Scotland	100%
Aleron Technology Limited (1)	Holding company	Scotland	100%
Aleron Limited (1)	Subsea and deck machinery equipment rental and sale	Scotland	100%
Rovquip Limited (1)	Inactive	Scotland	100%
RMEC Group Limited (1)	Holding company	Scotland	100%
RMEC Limited (1)	Equipment rental, sale and services	Scotland	100%
Labtech Services Limited (1)	Accommodation, camps, and technical buildings	Scotland	100%
Labtech Services US LLC (23)	Holding company	USA	100%
Dampier Subsea Corporation (4)	Holding company	USA	100%
Mako Deepwater Inc (5)	Provider of engineered solutions and rental of ROV tooling	USA	100%
Centurion Group Holdings (Australia) Pty Limited (6)	Holding company	Australia	100%
Jacks Winches Australia Pty Limited (6)	Holding company	Australia	100%
Jacks Winches Pty Limited (6)	Rental of winches and associated lifting equipment	Australia	100%
Jacks Winches Hire Asia Pte Limited (7)	Holding company	Singapore	100%
Jacks Winches Pte Ltd (7)	Rental of winches and associated lifting equipment	Singapore	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

27. Group information (continued)

Name of subsidiary	Principal activity	Place of Incorporation	Ownership Interest*
Australasian Fluid Management Pty Limited (8)	Holding company	Australia	100%
AFM Australia Pty Limited (8)	Holding company	Australia	100%
Tristar Water Solutions Pty Limited (9)	Manufacture of water treatment plants and rental of same	Australia	100%
MC Australia Holdings Pty Limited (8)	Rental of temporary accommodation units	Australia	100%
Centurion Group Holdings (Canada) Limited (10)	Holding company	Canada	100%
SITE Energy Services Partnership (11)	Holding company	Canada	100%
SITE Energy Services Limited (11)	Corporate administration for SITE Canada division	Canada	100%
SITE Infrastructure Limited (11)	Payroll company for SITE Canada division	Canada	100%
SITE Management Limited (11)	Payroll company for SITE Canada division	Canada	100%
SITE Equipment Limited (12)	Equipment rental	Canada	100%
Logan River Aggregates Limited (12)	Holder of gravel pit rights	Canada	100%
Bear Access and Environmental Inc (13)	Land clearing, access and environmental contractor services	Canada	100%
SLB (II) Inc (11)	Payroll company for SITE Canada division	Canada	100%
SLB Inc (11)	Payroll company for SITE Canada division	Canada	100%
Centurion Canada Infrastructure Inc (24)	Construction operations	Canada	100%
Force Copps Piling Inc (14)	Pile design and installation	Canada	100%
1844251 Alberta Limited (16)	Holding company	Canada	100%
Prospector Energy Services Inc (17)	Provider of rig support services	Canada	100%
Waste Treatment Solutions Limited (16)	Provider of utilities and accommodation	Canada	100%
Arctic Crane Services Inc (18)	Lifting equipment, sale and services	Canada	100%
Waste Treatment Equipment Limited (16)	Equipment rental	Canada	100%
Tango Delta Rentals Inc (39)	Equipment rental	Canada	100%
Polar Septic Services Inc (36)	Provider of utilities solutions	Canada	100%
Canlift Crane Holdings Limited (18)	Holding company	Canada	100%
Canlift Crane Inc (18)	Lifting equipment, sale and services	Canada	100%
Trido Energy Services Inc (38)	Sale of solar powered pump equipment	Canada	100%
Trido Carbon Fund II (38)	Carbon fund management	Canada	100%
Centurion Group Holdings (USA) LLC (20)	Holding company	USA	100%
Oil Patch Group Inc (20)	Production services, pressure control, accommodation and camps, and fluid management services	USA	100%
Centurion Group (Puerto Rico) LLC (37)	Land clearing, access and environmental contractor services	Puerto Rico	100%
Centurion Group (USA) LLC (20)	Holding Company	USA	100%
Twilight Services Holdings LLC (21)	Holding company	USA	100%
Twilight Services LLC (22)	Provision of rental equipment and production services	USA	100%
G5S Energy Services LLC (21)	Rental of frac stacks	USA	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

27. Group information (continued)

Name of subsidiary	Principal activity	Place of Incorporation	Ownership Interest*
G5S Energy Services Holdings LLC (21)	Holding company	USA	100%
Specialist Services Holdings Limited (25)	Holding company	British Virgin Islands	100%
Specialist Services Holdings Pte (26)	Provider of engineering, facilities management solutions, and after-sales service teams	Singapore	100%
Specialist Engineering Services Pvt (27)	Provider of engineering, facilities management solutions, and after-sales service teams	India	100%
Specialist Services RedGuard LLC (28)	Sale and lease of modular business units	USA	50%
RGSS Cyprus Limited (29)	Holding company	Cyprus	50%
RGSS Blast Buildings FZE (30)	Sale and lease of blast rated modular buildings	UAE	50%
RGSS Blast Buildings Europe BV (31)	Sale and lease of blast rated modular buildings	Netherlands	50%
OIL Engineering Middle East (32)	Provider of equipment installation and maintenance	UAE	49%
Specialist Services LLC (33)	Provider of manufacturing solutions to various industries	UAE	49%

*Ownership interest comprises the percentage holding of ordinary shares.

(1) Registered office: c/o Blackwood House, Union Grove Land, Aberdeen, UK, AB10 6XU
(2) Registered office: Suite 1, 7th Floor Broadway, London, England, SW1H 0BL
(3) Registered office: Suite B, Ground Floor, Regal House, Queensway Gibraltar
(4) Registered office: Corporation Trust Centre, 1209 Orange Street, Wilmington, Delaware 19801, USA
(5) Registered office: 7941 Katy Freeway, Suite 291, Houston, Texas 77024, USA
(6) Registered office: 47 Dowd Street, Welshpool, Western Australia 6009, Australia
(7) Registered office: 80 Robinson Road #02-00, Singapore 068898
(8) Registered office: 31 Carrington Street, Nedlands, Perth, Western Australia 6009, Australia
(9) Registered office: 56 Peel Road, O'Connor, Perth, Western Australia 6163, Australia
(10) Registered office: Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC V6C 2XB, Canada
(11) Registered office: #170, 120 Pembina Road, Sherwood Park, Alberta, T8H 0M2, Canada
(12) Registered office: PO Box 210, Cold Lake, Alberta, T9M 1P1, Canada
(13) Registered office: PO Box 7610, Bonnyille, Alberta, T9N 2H9, Canada
(14) Registered office: PO Box 585 Red Deer, Alberta, T4N 5G1, Canada
(15) Registered office: 501 Phair Street, Box 340, Carnduff, SK, S0C 0S0
(16) Registered office: Box 1756, Nanton, Alberta, T0L 1R0, Canada
(17) Registered office: 2504, 19th Avenue Nanton, AB T09 1R0
(18) Registered office: 7001 96 Street, Clairmont, AB, T8X 5B3, Canada
(19) Registered office: Box 179, Bezanson, Alberta, T0H 0G0, Canada
(20) Registered office: Corporation Trust Centre, 1209 Orange Street, Wilmington, Delaware 19801, USA
(21) Registered office: 600 Travis Street, STE 660, Houston, Texas 77002, USA
(22) Registered office: 6401 Old Granbury Road, Granbury, Texas 76049, USA
(23) Registered office: 1209 Orange Street, Wilmington, DE, 19801, USA
(24) Registered office: PO Box 210, Cold Lake, AB T9M 1P1, Canada
(25) Registered office: Palm Grove House, PO Box 438 Road Town, Tortola, British Virgin Islands

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

27. Group information (continued)

(26) Registered office: 25 Loyang Crescent, 04 - 05508988 Singapore
(27) Registered office: Unit No-765, Tower B1, Spaze Iteck Park, Sohna Road, Sector 49, Gurgaon, India, 122001
(28) Registered office: 1209 Orange Street, Wilmington, County of New Castle 19801, Delaware, USA
(29) Registered office: Athinon & Anexartisias, Nora Court, 3rd floor, Office 301, Limassol, 3040, Cyprus
(30) Registered office: SM-Office, C1 - 101 8F, Ajman Free Zone, Ajman, UAE
(31) Registered office: Albert Plesmanweg 41 G, 3088GB Rotterdam, Netherlands
(32) Registered office: Mussafah M40-S6, Office 24, Abu Dhabi, UAE
(33) Registered office: P O Box.2752, Al Quoz Industrial Estate, Dubai, UAE
(34) Registered office: Suite 1, 3rd Floor 11-12 St. James's Square, London, England, SW1Y 4LB
(35) Registered office: Republic of Kazakhstan, Mangistau region, 130000, Aktau city, Industrial zone 6, site 38
(36) Registered office: Box 1756, Nanton, Alberta, T0L 1R0
(37) Registered office: CT Corporation System, 361 San Francisco Street, 4th Floor, Puerto Rico 00901
(38) Registered office: #1425 407 2nd St SW, Calgary, AB, T2P 2Y3
(39) Registered office: Box 179, Bezanson, Alberta, T0H 0G0, Canada

The parent company of Centurion 3 Limited is Centurion Group Limited a company incorporated and registered in the Cayman Islands (Registered office: c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, the Cayman Islands). The majority of the equity of Centurion Group Limited is owned by SCF VIII AIV LP and SCF VII AIV LP, Cayman Islands limited partnerships, which in turn are considered to be controlled by its general partner, LE Simmons & Associates Inc, a Delaware corporation whose controlling party is its president, L E Simmons.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

28. Related party balances and transactions

Balances and transactions between the company and its wholly owned subsidiaries have been eliminated on consolidation and are not disclosed below.

Related party balances

	Group	
	2022	2021
	$000	$000
Amounts due from parent company	225	1,175
Total	225	1,175

	Company	
	2022	2021
	$000	$000
Amounts due to subsidiaries	82,060	2,576
Total	82,060	2,576

Included in amounts due to subsidiaries is the following:

- $38,030k bearing no interest and no set repayment terms
- $44,030k bearing interest of 4% per annum plus the Canadian T-Bill Rate repayable in full in October 2029

During the year $52k (2021: $49k) was charged by SCF Partners to the Group in relation to management services provided by SCF personnel and for travel expenses. The amount outstanding at the year-end was $nil (2021: $nil).

Compensation of key management personnel

Key management personnel comprise the Group Chief Executive Officer, Group Chief Financial Officer and Regional Presidents. The remuneration of directors and other members of key management personnel during the year was as follows:

	Group	
	2022	2021
	$000	$000
Short term benefits	3,978	3,132
Post-retirement benefits	42	37
Share based payments	197	1,191
	4,217	4,360

The remuneration of the key management personnel is determined by the Board.

Directors' remuneration	Company	
	2022	2021
Emoluments:	$000	$000
Amounts receivable (other than shares and share options)	1,124	823
Company contributions to defined contribution pension schemes	11	12
	1,135	835

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

28. Related party balances and transactions (continued)

	Company	
	2022	2021
The number of directors who:	Number	Number
Are members of a defined contribution pension scheme	2	2
Had awards receivable in the form of shares in the parent company under a long-term incentive scheme	2	2
Exercised shares in the year	1	0

	2022	2021
Remuneration of the highest paid director:	$000	$000
Emoluments	841	593
Company contributions to money purchase schemes	3	3

The highest paid director exercised share options in the year.

Other related party transactions

During the year ended 31 December 2022, Group companies made the following transactions with entities owned by members of the Group's key management personnel:

				Amounts due (to)/from	
		2022	2021	2022	2021
Related Party	Description	$000	$000	$000	$000
Side Services	Services	(8)	(54)	-	(4)
2324166 Alberta Ltd	Rent	(610)	(166)	-	-
1365597 Alberta Ltd	Rent	-	(78)	-	(8)
1375077 Alberta Ltd	Purchases	(8)	(19)	-	-
BTSC Investments Inc	Rent	-	(198)	-	-
2W Livestock Equipment	Rent	(52)	-	-	-

29. Commitments and contingencies

Capital commitments

	2022	2021
	$000	$000
At 31 December	115	195

Contingent liabilities

At 31 December 2022, the Group's contingent liabilities, comprising guarantees arising in the normal course of business, amounted to $6,349k (2021: $5,955k).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

29. Commitments and contingencies (continued)

The Company has issued a parental company guarantee under s479C of the Companies Act 2006, guaranteeing the liabilities of the following entities at 31 December 2022. The subsidiaries have the following third-party liabilities:

	2022 $000	2021 $000
Centurion 1 Limited	-	7
Centurion 2 Limited	100,541	99,442
Centurion UK Rentals & Services Holdings Limited	3,406	-
Centurion Group Holdings Limited	67	1,148
ATR Overseas Limited	-	-
STH Holdings Limited	-	797
123456 Aberdeen Limited	122	110
Rentair Limited	62	79
Osprey3 Ltd	144	520
Abenco Ltd	18	19
Labtech Services Limited	(444)	-
Aleron Technology Limited	-	-
Aleron Limited	33	1,696
Rovquip Limited	-	-
RMEC Group Limited	-	-
RMEC Limited	(168)	-
Safety & Technical Hydraulics Limited	30	-
Conserve Rentals & Services Limited	402	-
ATR Lifting Solutions Limited	1,835	-
	106,048	103,818

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

30. Cash generated from operations

Group

	2022 $000	2021 $000
Profit for the year	37,596	6,178
Adjustments for:		
- *Income tax charge*	10,466	6,814
- Finance expenses	14,935	11,960
- Other gains and losses	(334)	617
- Share of profit from joint ventures	(366)	(662)
- Finance income	(35)	(2)
- Depreciation of property, plant and equipment	43,175	37,296
- Impairment of property, plant and equipment	1,406	-
- Depreciation of right-of-use assets	9,282	10,348
- Amortization of intangible assets	8,675	7,293
- Exceptional and adjusting items	4,372	(3,300)
- Gain on disposal of property, plant and equipment	(5,220)	(5,592)
- Gain on derecognition of lease liabilities and right-of-use assets	(418)	(11)
- Cash impacting exceptional and adjusting items	(4,707)	4,712
- *Unrealized foreign exchange on working capital*	(5,965)	379
Operating cash flows before working capital movements:	112,862	76,030
Increase in inventories	(216)	(1,555)
Increase in trade and other receivables	(56,622)	(22,189)
Increase in trade and other payables	46,682	31,000
Cash generated from operations	102,706	83,286

In the consolidated statement of cash flows, proceeds from sale of property, plant and equipment reconcile to the gain on disposal of property, plant and equipment as follows:

	2022 $000	2021 $000
Net book value of disposals	5,743	6,612
Gain on disposal of property, plant and equipment	5,220	5,592
Proceeds from disposal of property, plant and equipment	10,963	12,204

In the consolidated statement of cash flows, proceeds from sale of right-of-use assets reconcile to the gain on disposal of right-of-use assets as follows:

	2022 $000	2021 $000
Net book value of right-of-use asset disposals	2,788	430
Gain on derecognition of lease liabilities and right-of-use assets	418	11
Lease liability derecognized	3,206	441

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

31. Financial instruments

Capital management

For the purposes of the Group's capital management, capital includes share capital and all other reserves. The primary objectives of the Group's approach to capital management is to ensure appropriate resources to continue trading as a going concern and to maximize shareholder value.

The Group monitors a number of measures on a rolling 12-month basis including interest cover, cash cover and the ratio of net debt to Adjusted EBITDA. These internal measures are monitored for compliance with banking facilities and to allow management to plan appropriate facilities.

The Group's financial instruments are classified as follows:

	2022 $000 Carrying value	2021 $000 Carrying value
Financial assets		
Loans and receivables held at amortized cost		
- Trade and other receivables	195,508	88,910
- Amounts due from parent company	225	1,175
- Cash and bank balances	21,752	17,675
Financial liabilities		
Financial liabilities held at amortized cost		
- Bank borrowings	220,296	162,713
- Exchangeable shares	27,426	27,337
- Lease liabilities	44,177	42,974
- Trade and other payables	142,602	91,070

Except as detailed below the carrying amounts of the financial assets and liabilities recorded at amortized cost and approximate to their fair values.

Changes in liabilities arising from financing activities

2022	At 1 January 2022 $000	Financing cash flows $000	Other $000	**At 31 December 2022 $000**
Bank borrowings & unamortized issue costs	157,590	65,476	(7,131)	**215,935**
Lease liabilities	42,974	(7,937)	9,140	**44,177**
Exchangeable shares	27,337	-	89	**27,426**
Total liabilities from financing activities	227,901	57,539	2,098	**287,538**

2021	At 1 January 2021 $000	Financing cash flows $000	Other $000	At 31 December 2021 $000
Bank borrowings	136,603	17,988	2,999	157,590
Lease liabilities	44,756	(9,902)	8,120	42,974
Exchangeable shares	25,535	-	1,802	27,337
Total liabilities from financing activities	206,894	8,086	12,921	227,901

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

31. Financial instruments (continued)

Capital management (continued)

The Group's activities give rise to a variety of financial risks: cash flow risks (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

Risk management is carried out by the Group's finance personnel who identify, evaluate and manage financial risks as considered appropriate.

Cash flow risk

Cash flow risk is the risk that the fair value of future cash flows of a financial instrument fluctuate because *of changes in market prices. The risk primary comprises; currency and interest rate risk.*

Foreign currency exchange risk

The Group is exposed to foreign exchange risk arising from various currencies.

The Group's main foreign exchange risk relates to movements in the United States Dollar/UK Sterling, UK Sterling/Australian Dollar, Singapore Dollar/United States Dollar, United States Dollar/Canadian Dollar, and United States Dollar/ United Arab Emirates Dirham exchange rates.

The following table demonstrates the impact on the Group's profit before tax of a reasonable possible change in the United States Dollar/UK Sterling, United States Dollar/Canadian Dollar, United States Dollar/Singapore Dollar, United States Dollar/Canadian Dollar, and United States Dollar/ United Arab Emirates Dirham exchange rates, with all other variables held constant:

Increase / (decrease) in profit before tax	2022 $000	2021 $000
Change in United States Dollar rate against UK Sterling		
+10%	69	(901)
-10%	(84)	1,101
Change in United States Dollar rate against Australian Dollar		
+10%	466	434
-10%	(569)	(531)
Change in United States Dollar rate against Singapore Dollar		
+10%	87	232
-10%	(106)	(283)
Change in United States Dollar rate against Canadian Dollar		
+10%	3,084	1,951
-10%	(3,769)	(2,384)
Change in United States Dollar rate against United Arab Emirate Dirham		
+10%	927	293
-10%	(1,132)	(358)

The Group manages foreign currency exchange risk as discussed on the Directors' Report on page 20.

Interest rate risk

The Group finances activities through long-term and short-term funding facilities. The Group borrows in desired currencies at floating rates of interest. At 31 December 2022, no interest rate swap instruments were in place.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

31. Financial instruments (continued)

Capital management (continued)

Cash flow risk (continued)

Interest rate risk (continued)

The following table demonstrates sensitivity to a reasonable possible change in interest rates on that portion of the borrowings affected. With all other variables held constant, the Group's profit/(loss) before tax is affected through the impact on floating rate borrowings as follows:

Decrease / (increase) in profit / (loss) before tax	2022 $000	2021 $000
Increase/decrease in basis points (bps)		
+25 bps	479	380
-25 bps	(479)	(380)

The Group manages interest rate risk as discussed on the Directors' Report on page 20.

Credit risk management

The table above details the Group's maximum exposure to credit risk and the measurement bases used to determine expected credit losses. Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's credit risk primarily relates to its trade and other receivables and cash and bank balances. Responsibility for managing credit on receivables lies within each operating business with support being provided by Group management.

A customer evaluation is typically obtained from an appropriate credit rating agency. If deemed to be required, appropriate trade finance instruments, such as letters of credit, or payment prior to delivery, will be used to manage credit risk.

The Group's major customers are typically larger companies which have credit ratings assigned by international credit rating agencies. The five largest trade receivables balance by client at 31 December was as follows:

	2022 $000	2021 $000
Client A	N/A	8,790
Client B	6,822	N/A
Client C	4,371	N/A
Client D	3,694	4,223
Client E	3,139	N/A
Client F	2,887	N/A
Client G	N/A	2,786
Client H	N/A	2,080
Client I	N/A	1,828

Management review trade and other receivables across the Group including receivable days' calculations to monitor exposure. There is significant management focus on receivables that are overdue. Receivable days calculations are not provided on non-trade receivables as management do not believe that this information is a relevant metric.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

31. Financial instruments (continued)

Credit risk management (continued)

The credit risk on liquid funds is considered limited because the counterparties are banks with credit-ratings assigned by international credit-rating agencies. The maximum exposure to credit related loss of financial assets is the aggregate of their carrying values as summarized on page 81.

Liquidity risk

With regard to liquidity, the Group's priority is to ensure continuity of funding. The Group uses a mix of long and short term finance and prepare cash flow projections, to estimate requirements and monitor ongoing and projected compliance with banking covenants. The Group is forecasting to have adequate facilities available.

Maturity

The following table details the Group's expected maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted contractual maturities of the financial liabilities excluding interest that will be payable on those liabilities. The inclusion of information on non-derivative financial liabilities is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Group			
	Less than 1 year $000	1 to 5 years $000	Greater than 5 years $000	Total $000
31 December 2022				
Bank borrowings	31,231	98,941	-	130,172
Revolving credit facility	90,124	-	-	90,124
Exchangeable shares	27,426	-	-	27,426
Lease liabilities	10,570	22,397	11,210	44,177
Trade and other payables	142,602	-	-	142,602
Total	301,953	121,338	11,210	434,501
31 December 2021				
Bank borrowings	21,296	81,909	-	103,205
Revolving credit facility	59,508	-	-	59,508
Exchangeable shares	27,337	-	-	27,337
Lease liabilities	9,736	17,640	15,598	42,974
Trade and other payables	91,070	-	-	91,070
Total	208,947	99,549	15,598	324,094

The Group has access to a working capital facility as described above of which $122.0m was unused at the end of the reporting period (2021: $129.4m) and cash and bank balances of $21.8m (2021: $17.7m). The Group expects to meet its obligations from operating cash flows and the proceeds of maturing financial assets, without the need to utilize the working capital facility further.

The maximum amount the Group could be forced to settle under the financial guarantee contracts if the fully guaranteed amount is claimed by the counterparties to the guarantees is $6,075k (2021: $512k). Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amounts will be payable under these contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

32. Events after the balance sheet date

The group has successfully completed one acquisition since 31 December 2022. This acquisition is summarized in the table below:

Company name	Completion date
Blue Drop Solutions	31 March 2023

Control of the acquisition target transferred to the Group on successful completion of the acquisition.

As a result of the Group's free cash flow generation and available cash resources, it carried out a further $72m distribution in May 2023 to the shareholders of the immediate parent company, Centurion Group Limited.

In May 2023, the Group agreed to exchange its 50% interest in the ordinary share capital of Specialist Services RedGuard LLC USA for the other joint venture partner's 50% interest in RGSS Cyprus Limited. Control of RGSS Cyprus Limited transferred to the Group on successful completion of the transaction.