Unaudited Interim Consolidated Financial Statements

Algeco Scotsman Global S.à r.l.
Three and Nine Months Ended September 30, 2013 and 2012

Algeco Scotsman Global S.à r.l.

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Algeco Scotsman Global S.à r.l.
Unaudited Interim Consolidated Statements of Comprehensive Income
(amounts in thousands, unless stated otherwise)

	Notes	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
		(Unaudited)			
Revenues					
Leasing and services revenue:					
Modular space		€ 219,740	€ 216,224	€ 625,149	€ 591,653
Remote accommodations		49,289	–	132,707	–
Sales:					
New units		80,885	61,509	238,575	148,749
Rental units		7,350	15,192	25,110	33,996
Total revenues	5	357,264	292,925	1,021,541	774,398
Cost of revenues					
Cost of revenues, excluding depreciation on rental equipment		(184,806)	(160,128)	(513,363)	(391,646)
Depreciation on rental equipment	9	(48,491)	(45,186)	(146,866)	(130,198)
Total cost of revenues		(233,297)	(205,314)	(660,229)	(521,844)
Gross profit		123,967	87,611	361,312	252,554
Selling, general and administrative expense		(66,743)	(69,095)	(260,951)	(203,446)
Other depreciation and amortization		(12,133)	(8,773)	(37,632)	(26,037)
Impairment losses on goodwill	10	–	(65,061)	(10,437)	(65,061)
Restructuring costs		(2,122)	(1,573)	(16,815)	(2,938)
Other income (expense), net		10,495	(2,191)	5,745	(4,517)
Operating profit (loss)		53,464	(59,082)	41,222	(49,445)
Net finance income (expense)					
Interest income	7	81	497	473	1,664
Interest expense	7	(47,863)	(53,259)	(146,599)	(153,446)
Currency gains / (losses), net	7	43,103	16,700	(44,400)	37,758
Other finance income (expense)	7	(206)	6,687	(1,664)	18,490
Gain on extinguishment of debt	7	–	–	7,145	–
Net finance expense		(4,885)	(29,375)	(185,045)	(95,534)
Profit (loss) before income tax		48,579	(88,457)	(143,823)	(144,979)
Income tax benefit (expense)	8	4,925	5,077	(811)	34,029
Profit (loss) for the period		53,504	(83,380)	(144,634)	(110,950)
Other comprehensive income (loss)					
Foreign currency translation		(22,861)	(884)	(9,410)	(31,268)
Other comprehensive income (loss), net of tax		(22,861)	(884)	(9,410)	(31,268)
Total comprehensive income (loss)		€ 30,643	€ (84,264)	€ (154,044)	€ (142,218)

See the accompanying notes which are an integral part of these interim consolidated financial statements.

Algeco Scotsman Global S.à r.l.
Unaudited Interim Consolidated Statements of Financial Position
(amounts in thousands, unless stated otherwise)

	Notes	September 30, 2013 (Unaudited)	December 31, 2012
Assets			
Current assets			
Cash and cash equivalents	12	€ 37,313	€ 78,882
Trade receivables, net		292,049	302,116
Receivables under finance leases		3,059	2,001
Inventories		45,230	52,120
Short-term financial assets	11	6,165	–
Prepaid expenses and other current assets		33,250	34,768
Current tax assets		412	887
Total current assets		417,478	470,774
Non-current assets			
Rental equipment, net	9	1,499,318	1,452,997
Other property, plant and equipment, net		162,940	169,777
Other non-current assets		323	331
Goodwill	10	742,537	716,636
Other intangible assets		238,781	218,582
Receivables under finance leases		2,567	1,990
Long-term financial assets	11	17,035	23,589
Deferred tax assets		1,790	2,264
Total non-current assets		2,665,291	2,586,166
Total assets		€ 3,082,769	€ 3,056,940
Liabilities			
Current liabilities			
Trade and other payables		216,770	230,877
Deferred revenue and customer deposits		45,067	33,632
Provisions		15,373	15,300
Loans and borrowings	13	35,429	3,984
Short-term financial liabilities	11	5,902	6,620
Current tax liabilities		4,447	9,519
Accrued interest		75,305	38,290
Total current liabilities		398,293	338,222
Non-current liabilities			
Deferred revenue and customer deposits		6,107	–
Provisions		37,526	30,490
Loans and borrowings	13	2,227,656	2,203,307
Employee benefits		51,837	31,804
Deferred tax liabilities		164,830	165,591
Total non-current liabilities		2,487,956	2,431,192
Total liabilities		2,886,249	2,769,414
Equity			
Share capital		583,289	583,289
Share premium		1,140,427	1,077,659
Non-controlling interests		1,344	1,229
Accumulated other comprehensive loss		(18,569)	(9,314)
Accumulated deficit		(1,509,971)	(1,365,337)
Total equity		196,520	287,526
Total liabilities and equity		€ 3,082,769	€ 3,056,940

See the accompanying notes which are an integral part of these interim consolidated financial statements.

Algeco Scotsman Global S.à r.l.
Unaudited Interim Consolidated Statements of Changes in Equity
(amounts in thousands, unless stated otherwise)
(unaudited)

	Share capital	Share premium	Actuarial losses	Foreign currency translation	Legal	Non-controlling interests	Accumulated deficit	Total equity (deficit)
Balance at January 1, 2012	€ 460,759	€ 286,577	€ (129)	€ 44,690	€ 1	€ –	€ (1,216,910)	€(425,012)
Loss for the period	–	–	–	–	–	–	(110,950)	(110,950)
Other comprehensive loss	–	–	–	(31,268)	–	–	–	(31,268)
Total comprehensive loss	–	–	–	–	–	–	–	(142,218)
Other transactions with Parent	–	(398)	–	–	–	–	–	(398)
Balance at September 30, 2012	€ 460,759	€ 286,179	€ (129)	€ 13,422	€ 1	€ –	€ (1,327,860)	€(567,628)
Balance at January 1, 2013	€ 583,289	€ 1,077,659	€ (1,839)	€ (7,476)	€ 1	€ 1,229	€ (1,365,337)	€ 287,526
Loss for the period	–	–	–	–	–		(144,634)	(144,634)
Other comprehensive loss	–	–	–	(9,255)	–	(155)	–	(9,410)
Total comprehensive loss	–	–	–	–	–	–	–	(154,044)
Capital contribution (Note 4)	–	69,333	–	–	–	–	–	69,333
Other transactions with Parent	–	(6,565)	–	–	–	–	–	(6,565)
Share based payment	–	–	–	–	–	270	–	270
Balance at September 30, 2013	€ 583,289	€ 1,140,427	€ (1,839)	€ (16,731)	€ 1	€ 1,344	€ (1,509,971)	€ 196,520

See the accompanying notes which are an integral part of these interim consolidated financial statements.

Algeco Scotsman Global S.à r.l.
Unaudited Interim Consolidated Statements of Cash Flows
(amounts in thousands, unless stated otherwise)
(unaudited)

	Notes	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Cash flows from operating activities					
Profit (loss) for the period		€ 53,504	€ (83,380)	€ (144,634)	€ (110,950)
Adjustments for:					
Depreciation		52,557	49,188	159,817	141,825
Amortization of intangible assets		8,067	4,771	24,681	14,410
Impairment losses on rental equipment and property, plant and equipment		229	2,798	2,633	4,399
Impairment losses on goodwill	10	–	65,061	10,437	65,061
Purchase of rental equipment	9	(46,273)	(31,073)	(156,872)	(113,876)
Proceeds from sale of rental equipment		7,350	15,192	25,110	33,996
Gain on sale of rental equipment		(3,258)	(3,540)	(9,371)	(9,418)
(Gain) loss on disposal of property, plant and equipment		(926)	260	(602)	181
Net finance expense	7	4,885	29,375	185,045	95,534
Income tax expense (benefit)	8	(4,925)	(5,077)	811	(34,029)
Working capital adjustments:					
Changes in inventory		502	(1,055)	3,188	(8,227)
Changes in financial assets and liabilities		(798)	(1,486)	(730)	(3,365)
Changes in trade and other receivables		(17,557)	(33,696)	13,258	5,892
Changes in prepaid expenses and other current assets		3,151	(6,618)	(1,606)	(13,215)
Changes in trade and other payables		5,293	9,733	(21,245)	9,048
Changes in deferred revenue and customer deposits		(1,765)	136	(4,893)	2,941
Changes in employee benefits and provisions		(26,728)	4,909	11,596	(2,573)
Cash provided by operating activities		33,308	15,498	96,623	77,634
Interest paid		(6,734)	(31,394)	(101,526)	(87,457)
Interest received		70	104	361	347
Income tax paid		(6,275)	(3,524)	(22,122)	(10,762)
Net cash provided by (used in) operating activities		20,369	(19,316)	(26,664)	(20,238)
Cash flows from investing activities					
Proceeds from the sale of property, plant and equipment		4,896	564	5,091	1,247
Acquisition of businesses, net of cash acquired		–	938	(63,656)	(48,777)
Acquisition of property, plant and equipment and other intangible assets		(3,952)	(2,338)	(9,935)	(8,393)
Net cash provided by (used in) investing activities		944	(836)	(68,500)	(55,923)
Cash flows from financing activities					
Receipts from borrowings		119,927	3,492	444,321	21,957
Payment of transaction costs		–	–	(1,686)	–
Repayment of borrowings		(145,304)	(30)	(385,568)	(6,774)
Payment of finance lease liabilities		(341)	(882)	(1,392)	(2,754)
Net cash provided by (used in) financing activities		(25,718)	2,580	55,675	12,429
Net decrease in cash and cash equivalents		(4,405)	(17,572)	(39,489)	(63,732)
Cash and cash equivalents at beginning of period		38,820	39,858	75,312	87,097
Effect of exchange rate fluctuations on cash held		(154)	510	(1,562)	(569)
Cash and cash equivalents at end of period		€ 34,261	€ 22,796	€ 34,261	€ 22,796
Cash and cash equivalents, Statement of Financial Position		€ 37,313	€ 26,386	€ 37,313	€ 26,386
Bank overdrafts	11	(3,052)	(3,590)	(3,052)	(3,590)
Cash and cash equivalents, Statement of Cash Flows	12	€ 34,261	€ 22,796	€ 34,261	€ 22,796

See the accompanying notes which are an integral part of these interim consolidated financial statements.

1. Reporting entity

Algeco Scotsman Global S.à r.l. (further referred to as the "Company" or together with its subsidiaries "the Group") is a limited liability company (société à responsabilité limitée) incorporated under the laws of Luxembourg on July 6, 2007 under the name Ristretto Group S.à r.l. The Company changed its name in July 2012 to conform with the worldwide branding used by the Group's operating subsidiaries. The main activity of the Company is to carry out all transactions pertaining directly or indirectly to the acquisition of participating interests as well as the financing of subsidiary companies. The Group, through its operating subsidiaries, engages in the leasing and sale of mobile offices, modular buildings and storage products and their delivery and installation throughout Europe, North America, South America and beginning in October 2012, Asia Pacific. The Group also provides full-service remote workforce accommodation solutions.

The registered office of the Company is at 20, rue Eugène Ruppert, L-2453 Luxembourg.

The Group carries out its business activities principally trading under the names Williams Scotsman and Target Logistics in North America, Algeco in Europe, Elliott in the United Kingdom, Eurobras in Brazil, Ausco in Australia and Portacom in New Zealand. The Group's ultimate parent is Algeco/Scotsman Holding S.à r.l. ("Holdings"), a limited liability company incorporated under the laws of Luxembourg, principally owned by a group of investment funds managed by TDR Capital LLP ("TDR"), CMI Luxembourg S.à r.l. and certain former and current lenders.

Holdings, the Company and certain subsidiaries changed their functional currency from Euros to US dollars as a result of the establishment of Algeco Scotsman PIK S.A. ("AS PIK") and the issuance of the US dollar denominated 400 million payment-in-kind debt ("PIK Debt") that closed on May 14, 2013 combined with other factors including the increased concentration of operations in the US and the majority of Group's existing debt being denominated in US dollars. The change in functional currency of these entities was made on May 14, 2013 in accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*. Prior to the change in functional currency of these entities, the Group was exposed to foreign currency risk on external debt denominated in US dollars in the amount of $1,820 million versus the Euro. Translation of these amounts from US dollars to the Euro generated foreign currency gains or losses each period. Subsequent to the change in functional currency, the US dollar denominated debt no longer generates foreign currency gains or losses; however, the Group is exposed to foreign currency risk on external debt denominated in Euros in the amount of €275 million. Translation of these amounts from Euro to US dollar functional currency generates foreign currency gains and losses. In addition, the Group also has certain intercompany loans which were impacted by the change in functional currency.

2. Basis of preparation

The interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, and accordingly do not contain all the disclosures required for annual financial statements. These interim consolidated financial statements should be read in conjunction with the Group's Consolidated Financial Statements for the year ended December 31, 2012.

These interim consolidated financial statements are presented in Euro (EUR).

3. Significant accounting policies

The accounting policies adopted in the interim consolidated financial statements are consistent with those followed in the Group's Consolidated Financial Statements for the year ended December 31, 2012, except as noted below.

Income taxes – For interim reporting purposes, the Group applies its estimated annual effective tax rate by jurisdiction to the interim period. The tax impact of changes in the estimated annual effective tax rate by jurisdiction are reflected in the interim period that the change in estimate is made.

Incentive compensation – For interim reporting purposes, the Company estimates the full year payout based on current assumptions as to targets to be achieved and records a ratable portion of this amount in the interim period. Changes in estimates of the targets to be achieved and therefore the amount of incentive compensation to be paid are reflected in the period of the change in estimate.

Deferred revenue – The following policy is included as a result of the acquisition in 2013 discussed in Note 4. The Company requires advance deposits on certain long-term contracts. These advances are non-refundable and are earned over the term of the contract. Amounts to be earned in the next fiscal year are classified as a current liability in the accompanying Consolidated Statement of Financial Position with those advances that extend beyond one year classified as a non-current liability.

Change in Statement of Financial Position classification – The following accounts were reclassified in the Statement of Financial Position at December 31, 2012 to conform to the current presentation. Current deferred revenue and customer deposits liabilities of €26,605 and €7,027, respectively, at December 31, 2012 were reclassified from trade and other payables to current deferred revenue and customer deposits. In addition, €31,490 was reclassified from other property, plant and equipment, net to rental equipment, net at December 31, 2012 for leasehold improvement assets that are generating revenue.

IAS 19 Employee Benefits - The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. In the first quarter of 2013, the Group retrospectively applied the amendments to IAS 19 and recorded an increase in employee benefit liability of €526 and a corresponding decrease in accumulated deficit of €526 as of January 1, 2012. The retrospective application of the amendments to IAS 19 did not have a material impact on the Consolidated Statement of Comprehensive Income for the nine months ended September 30, 2012.

4. Acquisitions

Acquisitions in 2013

In February 2013, the Group acquired 100% of the membership interests in Target Logistics Management, LLC (“Target”). Target is a leading provider of full-service remote workforce accommodation solutions primarily in the United States and facilitates the Group’s continued strategic expansion in the remote accommodation segment.

The initial purchase price for Target is comprised of €64 million in cash, 6,749,269 shares of Holdings valued at €69 million, and €59 million of assumed indebtedness. Holdings contributed the value of the shares issued in the Target acquisition to the Company. The Group incurred €44 million of borrowings under the ABL Revolver (as defined below) as partial funding of the cash payment. In addition, the purchase agreement contains provisions for additional payments (the “Target Earnout”) dependent on the future earnings of Target (the “Earnout Agreement”). Under the Earnout Agreement, former owners can earn up to €49 million if Target achieves certain performance objectives in 2013 which, if earned, would be paid equally in cash by Williams Scotsman International, Inc., a Delaware corporation and indirect subsidiary of the Company (“WSII”) and shares of Holdings in early 2014. In addition, the Earnout Agreement has a provision for cumulative value creation to be achieved over the subsequent years and payable based on events to occur in the future. The maximum amount of cash that can be paid under the Earnout Agreement (including the 2013 performance earnout, if any) is €87 million, all of which would be payable by WSII. The value of Holdings shares which could be transferred is not limited. The Group completed the valuation of the Earnout Agreement and recorded an initial estimate of the earnout of €51 million in purchase price contingent consideration as of March 31, 2013. During the quarter September 30, 2013, the Group continued to refine the acquisition date projections used in establishing the initial allocation of the purchase price. As a result, the acquisition date estimate of the earnout liability was reduced to €17 million with a corresponding reduction in goodwill of €34 million. At September 30, 2013, the Group has recorded €9 million as the estimated value of this contingent consideration which incorporates changes subsequent to the initial purchase price allocation based on new facts and events occurring subsequent to the initial purchase accounting. The €8 million reduction in the liability is comprised of €7 million due to the change in the estimated fair value of this contingent consideration which was recorded in other income (expense), net on the Group's Consolidated Statement of Comprehensive Income and €1 million due to the impact of exchange rates.

The value of the ordinary shares of Holdings issued was based upon the total implied equity determined by fair value less cost to sell using the guideline public company method. The assumption regarding earnings before interest, taxes, depreciation and amortization (“EBITDA”), EBITDA multiple and costs to sell described in Note 14 were utilized in this determination.

The Target Earnout is based on the future values of EBITDA, capital expenditures and the future EBITDA exit multiple value of Target or the Group at an exit event defined in the Earnout agreement (the "Exit"). A Monte Carlo Simulation approach under a risk-neutral framework is used to simulate the future values of EBITDA, which are then combined with a series of exit event scenarios to estimate the final payout of the Earnout. For each Exit event scenario estimated, future EBITDA values are simulated using the following assumptions:

1. **Term** – The respective term until a specific payment trigger date (including an Exit) where EBITDA must be calculated.
2. **Starting Value** – Financial projections were used for the Target Earnout periods and discounted (or "calibrated") to a valuation date using the weighted average cost of capital (WACC) of Target implied by the acquisition. A mid-year convention was used to calibrate EBITDA. To corroborate the calculated WACC, an internal rate of return (IRR) analysis was also performed.
3. **Drift Rate** – Term-specific risk-free rate plus the implied year over year EBITDA growth rate for each fiscal year.
4. **Volatility** – Quarterly and annual EBITDA volatilities based on the comparable companies for Target were calculated (over 5 years).
5. **Discount Rate –** Present-value of the expected Target Earnout was discounted using the risk-free rate plus the credit spread of the Group.

The contingent consideration liability is the weighted average Target Earnout payout of the scenarios developed using the above assumptions. As of September 30, 2013, the following key assumptions, which represent unobservable inputs, were utilized in developing the contingent consideration liability:

Unobservable Inputs	Range
EBITDA volatility	36.0%
Discount rate	25.8%
Exit multiple	11.5x
Estimated years (Term) to exit	1.00 – 2.25

The contingent consideration liability will be revalued at each reporting date with all key assumptions updated for the current assumptions. Future changes in the contingent consideration liability due to future changes in assumptions will be recorded in the applicable period's net income or loss.

The estimated fair value of the identifiable assets and liabilities for Target are as follows:

Fair value recognized on acquisition		
Assets		
Cash and cash equivalents	€	402
Trade receivables		9,858
Short-term financial assets		4,256
Prepaid expenses and other current assets		478
Rental equipment		122,331
Other property, plant and equipment		2,402
Customer relationships		20,164
Trade name		13,667
Other intangible assets		17,021
		190,579
Liabilities		
Trade and other payables		11,702
Current taxes payable		128
Deferred revenue and customer deposits		22,814
Provisions		7,075
Loans and borrowings		57,303
Deferred tax liabilities		19,264
		118,286
Total identifiable net assets at fair value		72,293
Goodwill arising on acquisition		77,273
Total purchase price	€	149,566

During the third quarter of 2013, the Group adjusted the purchase price allocation for the Target Earnout as discussed above. In addition, the Group recorded a deferred tax liability of €19,264 and the Group adjusted the purchase price allocation to trade and other payables by €2,472 for Target expenses related to the acquisition that were paid for by the Group. In the quarter ended December 31, 2013, the Group will update the valuation of identified intangibles for changes made to the initial projections used in the valuation of the Target Earnout and adjust the value of these intangibles and related deferred taxes, if applicable.

The estimated goodwill of €77,273 is attributable to the Group's expansion of its presence in the United States through entering the remote accommodations market.

The Group has estimated €20,164 of customer relationships acquired in the Target acquisition with a weighted average remaining useful life of 6.6 years. An estimated €13,667 trade name was also acquired which the Group determined to be an indefinite useful life intangible asset. The loans and borrowings of €57,303 is primarily debt assumed upon acquisition that expires within three years.

If the Target acquisition had taken place at the beginning of the year, revenue from continuing operations of the Group for the nine months ended September 30, 2013 would have been €1,035,827, expenses of the Group would have been €1,176,141 and the net loss for the year for the Group would have been

€140,314. The Consolidated Statement of Comprehensive Income includes revenue from continuing operations of €81,994, expenses of €53,171 and net income for the year of €28,823 related to Target.

Transaction costs of the Target acquisition (included in selling, general and administrative expenses on the Consolidated Statements of Comprehensive Income and in the cash flows from operating activities on the Consolidated Statements of Cash Flows) were €2,237. Additionally, the Group incurred €1,286 in financing fees to amend the Group's multicurrency asset-based revolving credit facility agreement "ABL Revolver" to facilitate the Target acquisition.

Acquisitions in 2012

Ausco acquisition

On October 11, 2012, the Group completed a refinancing of its loans and obligations (the "2012 Refinancing"). As part of the 2012 Refinancing, the Group (i) issued €1.7 billion senior secured and senior unsecured notes; (ii) entered into a five year multicurrency asset–based revolving credit facility (the "ABL Revolver") with a maximum availability of the equivalent of €933.0 million and borrowed the equivalent of €554.0 million under the ABL Revolver (iii) repaid €1.8 billion of secured bank facilities (iv) exchanged shares of Holdings to extinguish €559.0 million principal of secured bank facilities and Senior B3 debt; and (v) terminated existing interest rate swap agreements for a cash payment of €61.3 million. Substantially concurrent with the 2012 Refinancing, the Group completed the acquisition of 100% of the ownership of Ausco Holding S.à r.l. and its subsidiaries ("Ausco"), the leading provider of modular space in Australia and New Zealand from TDR in exchange for shares of Holdings. At the time of the acquisition of Ausco, €277 million of Ausco debt was also repaid. In addition, certain other indebtedness with related parties was eliminated through the contribution of the entities holding this debt to the Group by Holdings. Where shares of Holdings were used to effect the above transactions, Holdings further contributed the debt or asset to the Group through the Group's share capital. For further discussion of the 2012 Refinancing, see Note 19 of the Group's Consolidated Financial Statements for the year ended December 31, 2012.

The acquisition of Ausco from TDR was a transaction among entities under common control. TDR had previously acquired Ausco on June 29, 2011 for cash consideration of €481.3 million. The Group's acquisition of Ausco is part of its strategy to grow the business through expansion into new geographic territories. The Group elected to account for this acquisition under the pooling of interest method as permitted by IFRS prospectively from the date on which the Group took control. Under the pooling of interest method, the assets and liabilities of the combined entities were reflected at their respective carrying values, which reflect a step-up in the basis of the Ausco assets and liabilities to fair value as of the date of acquisition by TDR, and no new identifiable intangible assets or goodwill were recorded. The statement of comprehensive income reflects the income and expenses of the combined entity from October 11, 2012.

The carrying value of the identifiable assets and liabilities of Ausco acquired on October 11, 2012 were comprised of the following:

Cash and cash equivalents	€ 21,092
Trade receivables	57,766
Inventories	11,059
Rental equipment, net	234,655
Other property, plant and equipment, net	20,130
Goodwill	300,969
Customer relationships	13,014
Trade name	17,285
Total assets	675,970
Trade and other payables	65,041
Current tax payable	12,501
Employee benefits	4,087
Provisions	5,039
Loans and borrowings	564,827
Derivative liabilities	7,858
Deferred tax liabilities	6,413
Total liabilities	665,766
Non-controlling interests	1,229
Net equity	€ 8,975

The Group acquired €13,014 of customer relationships in the Ausco acquisition with a weighted average remaining useful life of 1.2 years. A €17,285 trade name was also acquired which the Group determined to be an indefinite useful life intangible asset.

The loans and borrowings of €564,827 includes external debt that was repaid by the Group and Ausco notes that were contributed to Holdings by TDR as part of the 2012 Refinancing. The Ausco notes were contributed by Holdings to the Group in exchange for equity and are now eliminated within the Group.

Eurobras acquisition

In December of 2011, the Group completed the first part of a two phased acquisition plan to acquire the equity interests of several Brazilian entities (collectively, the "Eurobras Entities"). In January 2012, the Group completed the second phase of the acquisition of the Eurobras Entities. The combined purchase price of the Eurobras Entities was €73.3 million. The Group placed €22.1 million of the total purchase price in an escrow account pursuant to the purchase agreement. These funds will either be used to pay certain pre-acquisition liabilities for which the seller is responsible, or if such claims do not arise, will be paid directly to the sellers. As such, a corresponding liability was also recorded by the Group for this amount. During the fourth quarter of 2012, the Group finalized the purchase price allocation for the Eurobras entities and recorded a customer relationship intangible of €13,540 and an increase in the value of rental fleet of €5,562 with corresponding reductions in goodwill. An adjustment to amortization expense of €2.5 million related to the recording of the customer relationship intangible asset was recorded in the nine months ended September 30, 2012.

5. Revenue

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	**2012**	**2013**	**2012**
Leasing and services revenue:				
Modular space:				
Rental income	€ 162,077	€ 151,491	€ 480,505	€ 439,507
Services (principally delivery and installation)	57,663	64,733	144,644	152,146
Total modular space	219,740	216,224	625,149	591,653
Remote accommodations	49,289	–	132,707	–
Sales:				
New units	80,885	61,509	238,575	148,749
Rental units	7,350	15,192	25,110	33,996
	€ 357,264	€ 292,925	€1,021,541	€ 774,398

6. Personnel expenses

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	**2012**	**2013**	**2012**
Wages and salaries	€ 53,422	€ 49,860	€ 161,711	€ 149,419
Compulsory social security contributions	6,051	6,074	19,533	19,206
Increase in liability for defined benefit plans	863	815	2,877	2,580
Share-based payments and defined contribution plans	(9,520)	2,327	22,252	236
	€ 50,816	€ 59,076	€ 206,373	€ 171,441

7. Finance income and expense

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	**2012**	**2013**	**2012**
Interest income	€ 81	€ 497	€ 473	€ 1,664
Foreign exchange gains	56,046	28,287	76,534	70,284
Change in fair value of interest rate swap derivatives	–	6,687	–	18,490
Finance income	56,127	35,471	77,007	90,438
Interest expense on financial liabilities measured at amortized cost	(47,863)	(41,711)	(146,599)	(121,576)
Interest expense on interest rate swap derivatives	–	(11,548)	–	(31,870)
Foreign exchange losses	(12,943)	(11,587)	(120,934)	(32,526)
Other finance expense	(206)	–	(1,664)	–
Finance expense	(61,012)	(64,846)	(269,197)	(185,972)
Gain on extinguishment of debt	–	–	7,145	–
Net finance expense recognized in profit or loss	€ (4,885)	€ (29,375)	€ (185,045)	€ (95,534)

The gain on extinguishment of debt is discussed in Note 16.

8. Income taxes

Income tax benefit for the interim periods is based on the Company's expected annual effective tax rate.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	**2012**	**2013**	**2012**
Total income tax benefit (expense)	€ 4,925	€ 5,077	€ (811)	€ 34,029

The effective tax rate for the Company varies on a quarterly basis as a result of the mix of taxable profits and deductible expenses across territories and as a consequence of tax adjustments arising during the year, which do not necessarily refer to the current period's operations.

The tax benefit for the quarter ended September 30, 2013 was €4,925, a decrease of €152 compared with the tax benefit recorded for the quarter ended September 30, 2012. The decrease in tax benefit was largely driven by the increase in pre-tax income during the quarter ended September 30, 2013, offset by the reduction in the estimated value of the contingent consideration related to the Target acquisition for which no tax benefit is recorded, and by the re-establishment during the quarter ended September 30, 2013 of deferred tax assets related to the Company's LTIP (as defined below) accrual because, based on current expected enterprise values, it is again probable that payment of such accrual would be tax deductible.

The tax charge for the nine months ended September 30, 2013 was €811, an increase of €34,840 compared with the tax benefit recorded for the nine months ended September 30, 2012. The increase in tax expense was largely driven by the substantial amounts of the 2013 losses that are not expected to generate loss carryovers that will be recognized in future periods, a €14.8 million tax benefit recorded in the nine months ended September 30, 2012 related to the favorable resolution of a multi-year tax examination, reduced by the non-taxable nature of the 2013 benefit related to the reduction in the fair market value of the contingent consideration of the Target acquisition.

As discussed in Note 14, the Group has granted share based payments to certain employees. Under the terms of the plan and how it interacts with tax laws in the various jurisdictions in which the Group operates, if the Enterprise Value at Exit of the Group is below a proscribed threshold, portions of the payments made to employees will generally result in a tax deduction to the Group. If the Enterprise Value of the Group is above the proscribed threshold payments made to employees under the share-based payment plan will generally not be tax deductible to the Group and therefore, no tax benefit would be realized. The Group follows a policy, in accordance with IFRS, of recording a deferred tax asset for the estimated tax deduction it will receive when the estimated Enterprise Value at Exit is at a level where a tax deduction will be realized. When the estimated Enterprise Value at Exit is above the threshold, no tax benefit is recognized and any existing deferred tax asset is reversed. As a result, the amount of tax benefit or expense and related deferred tax asset can fluctuate significantly period over period when the estimated Enterprise Value at Exit fluctuates above and below the threshold.

9. Rental equipment

	Cost	Accumulated depreciation	Carrying amount
Balance at January 1, 2012	€ 1,982,057	€ (683,571)	€ 1,298,486
Acquisitions through business combinations	8,216	–	8,216
Depreciation charge for the period	–	(130,198)	(130,198)
Additions	113,876	–	113,876
Disposals	(60,081)	35,503	(24,578)
Impairment losses	–	(685)	(685)
Effect of movements in foreign exchange rates	34,600	(12,833)	21,767
Other movements	(7,088)	3,133	(3,955)
Balance at September 30, 2012	2,071,580	(788,651)	1,282,929
Acquisitions through business combinations	269,425	(30,694)	238,731
Depreciation charge for the period	–	(54,703)	(54,703)
Additions	62,999	–	62,999
Disposals	(50,797)	41,593	(9,204)
Impairment losses	–	(28,174)	(28,174)
Effect of movements in foreign exchange rates	(35,588)	10,711	(24,877)
Other movements	(8,512)	(6,192)	(14,704)
Balance at December 31, 2012	2,309,107	(856,110)	1,452,997
Acquisitions through business combinations	122,331	–	122,331
Depreciation charge for the period	–	(146,866)	(146,866)
Additions	156,873	–	156,873
Disposals	(81,338)	65,599	(15,739)
Impairment losses	–	(1,123)	(1,123)
Effect of movements in foreign exchange rates	(83,503)	20,202	(63,301)
Other movements	(13,930)	8,076	(5,854)
Balance at September 30, 2013	€ 2,409,540	€ (910,222)	€ 1,499,318

10. Goodwill

	Cost	Accumulated impairment losses	Carrying amount
Balance at January 1, 2012	€ 1,136,439	€ (535,154)	€ 601,285
Acquisitions through business combinations	32,858	–	32,858
Impairment losses	–	(65,061)	(65,061)
Effect of movements in foreign exchange rates	1,044	(4,661)	(3,617)
Balance at September 30, 2012	1,170,341	(604,876)	565,465
Acquisitions through business combinations	286,598	–	286,598
Impairment losses	–	(130,539)	(130,539)
Effect of movements in foreign exchange rates	(18,557)	13,669	(4,888)
Balance at December 31, 2012	1,438,382	(721,746)	716,636
Acquisitions through business combinations	77,273	–	77,273
Impairment losses	–	(10,437)	(10,437)
Effect of movements in foreign exchange rates	(57,582)	16,647	(40,935)
Balance at September 30, 2013	€ 1,458,073	€ (715,536)	€ 742,537

The Company performs its annual impairment test for goodwill on October 1st of each year and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on the market approach and value in use calculations that use a discounted cash flow model. The key assumptions used to determine the recoverable amount for the different cash generating units ("CGU") were disclosed in the annual financial statements for the year ended December 31, 2012.

At June 30, 2013, the Group identified an indication of impairment in the Brazil CGU as a result of lower than expected operating results. An estimate of the recoverable amount of the Brazil CGU was performed using the value in use calculation which is based on projected cash flows, an estimated growth rate of 5% based on external sources of information and a discount rate of 16% determined by calculating the weighted average cost of capital, by analysis of the cost of equity and the cost of debt adjusted for geographic specific risk factors. The analysis of the recoverable amount indicated an estimated impairment of €10.4 million which was recorded. The calculation of recoverable amount is sensitive to movements in projected cash flows, changes in the growth rate and discount rate and factors which can impact these rates. At September 30, 2013, due to continued poor operating results, the Group performed a calculation of recoverable value for the Brazil CGU. No additional impairment was indicated based on current projections.

At September 30, 2012, the Company identified an indication of impairment in the United Kingdom CGU as a result of lower than expected operating results. An estimate of the recoverable amount of the UK CGU was performed using the guideline public company method which is based on market comparables

with derived multiples of EBITDA that are used to develop an estimate of value less costs to sell. EBITDA multiples were calculated by deriving and averaging the current year observed multiple and the 2013 and 2014 forward multiples of the market participant comparables. The calculated multiples of 10.6, 9.2 and 8.3 were applied to the UK CGU's forecasted 2012 EBITDA, 2013 projected EBITDA and 2014 projected EBITDA. The estimated fair value less costs to sell is adjusted for a 1.5% estimate of cost to sell. This analysis of the recoverable amount indicated an estimated impairment of €65.1 million which was recorded.

No impairment indicators were identified in any other CGU during the nine months ended September 30, 2013 and 2012.

11. Financial assets and liabilities

	September 30, 2013		December 31, 2012	
Current assets				
At amortized cost:				
Restricted cash	€	6,165	€	–
	€	6,165	€	–
Non-current assets				
At amortized cost:				
Loans and receivables	€	4,122	€	5,457
Escrow related to acquisition of Eurobras Entities		12,913		18,132
	€	17,035	€	23,589
Current liabilities				
At amortized cost:				
Bank overdrafts	€	3,052	€	3,570
Loans and payables due to affiliates		2,850		3,050
	€	5,902	€	6,620

The restricted cash of €6.2 million relates to cash held in bank accounts under the Group's name, but for which the Group does not have access to the cash to use in funding day-to-day operations as part of an agreement with a lessor.

12. Cash and cash equivalents

	September 30, 2013	December 31, 2012
Cash and cash equivalents per the Statement of Financial Position	€ 37,313	€ 78,882
Bank overdrafts used for cash management purposes	(3,052)	(3,570)
Cash and cash equivalents per the Statement of Cash Flows	€ 34,261	€ 75,312

13. Loans and borrowings

Debt outstanding – the carrying amount includes deferred financing fees

			September 30, 2013		December 31, 2012	
Debt Description	**Nominal Interest Rate**	**Year of Maturity**	**Principal**	**Carrying Amount**	**Principal**	**Carrying Amount**
Senior secured notes – USD	8.50%	2018	€ 794,748	€ 785,956	€ 815,076	€ 805,157
Senior secured notes – EUR	9.00%	2018	275,000	272,104	275,000	271,660
Senior unsecured notes – USD	10.75%	2019	550,779	548,905	564,866	562,864
ABL facility - USD	varies	2017	348,614	341,431	290,493	281,952
ABL facility – CAD	varies	2017	69,563	67,485	53,431	51,102
ABL facility – GBP	varies	2017	134,417	132,161	141,031	137,643
ABL facility – EUR	varies	2017	–	–	4,045	4,045
ABL facility - AUD	varies	2017	67,442	64,711	88,523	86,002
Other debt			41,904	41,904	2,183	2,183
Finance lease liabilities			8,428	8,428	4,683	4,683
Total loans and borrowings			€ 2,290,895	€ 2,263,085	€ 2,239,331	€ 2,207,291
Classification - loans and borrowings:			**Current**	**Non-current**	**Current**	**Non-current**
Senior secured notes			€ –	€ 1,058,060	€ –	€ 1,076,817
Senior unsecured notes			–	548,905	–	562,864
ABL facility			–	605,788	–	560,744
Other debt			32,042	9,862	740	1,443
Finance lease liabilities			3,387	5,041	3,244	1,439
Total loans and borrowings			€ 35,429	€ 2,227,656	€ 3,984	€ 2,203,307

During the 2012 Refinancing, the Group, through a newly formed subsidiary, issued USD $1,075 million (the "USD tranche") and €275 million (the "EURO tranche") of senior secured notes due October 15, 2018 (the "Senior Secured Notes"). The USD tranche of the Senior Secured Notes bears interest payable semi-annually at 8.5% and the EURO tranche bears interest payable semi-annually at 9.0%. The Group, through the newly formed subsidiary, also issued USD $745 million of senior unsecured notes due October 15, 2019 (the "Senior Unsecured Notes") bearing interest payable semi-annually at 10.75%. Certain of the Company's subsidiaries organized in Australia, Canada, Hungary, New Zealand, the United Kingdom, the United States, France, Germany, Luxembourg and Spain guarantee the notes.

Certain subsidiaries of the Group in the United States, Canada, the United Kingdom, Australia and New Zealand are borrowers under the ABL Revolver. The amount which the Group can borrow is based on a defined formula of available assets, principally tangible assets calculated monthly (the "borrowing base"). The ABL Revolver is secured by a first lien on these tangible assets which comprise substantially all rental equipment, property, plant and equipment and trade receivables in the United States, Canada, the United Kingdom, Australia and New Zealand. The borrowing base at September 30, 2013 was the equivalent of €856.9 million. The ABL Revolver includes certain financial covenants, a leverage ratio and a fixed charge coverage ratio, calculated on a Group level, as defined in the agreement. These financial covenants are only subject to monitoring in the event that the Group's borrowings under the ABL have exceeded 90% of the available facility. Remaining availability under the ABL Revolver was €214.9 million prior to consideration of the 90% covenant threshold and €126.2 million after consideration of the 90% covenant threshold at September 30, 2013. The Group expects to have greater than 10% availability under the borrowing base in 2013; as such, the Group does not expect to be subject to the financial covenants. Borrowings under the ABL Revolver bear interest payable on the first day of each quarter for the preceding quarter at a variable rate based on LIBOR or another applicable regional bank rate plus a margin. The margin varies based on the amount of total borrowings under the ABL Revolver with the margin increasing as borrowings increase. At September 30, 2013, the weighted average interest rate for borrowings under the ABL Revolver was 3.41%. The ABL Revolver requires the payment of an annual commitment fee on the unused available borrowings of between 0.25% and 0.5% per annum. At September 30, 2013, the Group had issued letters of credit under the ABL Revolver in the amount of €22.0 million in support of insurance programs in the United States and performance guarantees in Australia and in the United Kingdom. Letters of credit and bank guarantees carry fees of 2.625% of the outstanding balance and reduce the amount of available borrowings.

14. Share-based payments

The Group maintains a shared based long-term incentive plan ("LTIP") for certain management employees. Participants in the LTIP received shares of Algeco Scotsman Management S.C.A. ("ASM"), a Luxembourg subsidiary of Holdings outside of the Group. Employees who participated in a previous plan converted the shares they received in the previous plan into shares in ASM. New participants ("Joiners") made a cash investment to purchase shares of ASM.

Participants in the LTIP are entitled to a payout, the amount of which depends on the Enterprise Value ("EV") of the Group at Exit, as defined in the Subscription and Shareholders Deed ("Shareholder Agreement"). Exit is defined as a change of control in the Group. The payout increases as the EV increases and is payable in either cash or shares depending on the level of EV. The Group has concluded that the most likely payout will be principally in cash and that this payout will most likely be made directly by the Group. Therefore, the share-based payment awards under the LTIP are considered to be cash-settled awards of the Group.

The fair value of the share-based payment liability is determined using a Monte Carlo simulation (a Level 3 technique) to estimate the EV upon Exit and therefore the amount of the payout. The EV upon Exit is based on the total implied equity of the group at the measurement date determined by the fair value less cost to sell using the guideline public company method projected forward to an estimated Exit date.

The EBITDA multiple calculated is based upon market participant comparables with derived multiples of EBITDA. EBITDA multiples were calculated by deriving and averaging the current year observed multiple, the 2013 forward multiple and the 2014 forward multiple of market participant comparables. The calculated multiples of 11.5, 9.9 and 9.2 were applied to the actual trailing twelve months EBITDA at September 30, 2013, fiscal year 2013 projected EBITDA and fiscal year 2014 projected EBITDA, respectively and weighted. Other key estimates in the determination of the fair value of the share-based payment awards at each measurement date are estimated time to Exit, discounts or premiums for lack of transferability, forfeitures for employees who leave the Group and discounts for time value.

Participants who converted from a previous plan vested in their benefit over three years beginning January 1, 2010. Joiners vest over four years beginning January 1, 2010 or from the date of employment or promotion. Other than the payout, holders of shares of ASM have no rights and all shares of ASM will be cancelled upon payout. At each reporting date, the estimated fair value of the awards is determined. Expense for the period is comprised of the amortization of the initial expense for current period vesting and adjustments to previously recorded expense for changes in the estimate of the fair value of the award. While expense will primarily be recognized over the vesting period, the estimate of the fair value of the awards will be updated at each reporting date until payout. Changes in the estimate of the fair value will result in changes to the cumulative expense recognized subsequent to the vesting dates.

Fair value of the New Plan using the Monte Carlo simulation was calculated using a range of key assumptions as follows:

	September 30, 2013				December 31, 2012	
Expected time to Exit (years)	1.00	1.25	1.75	2.25	1.5	3.0
Expected volatility	18.7%	18.9%	18.6%	20.8%	20.9%	20.0%
Expected dividend yield	0%	0%	0%	0%	0%	0%
Risk free rate	0.08%	0.14%	0.21%	0.30%	0.05%	0.11%
Discount for lack of transferability	8.80%	9.93%	11.58%	14.71%	13.61%	18.27%

Expected volatility was determined by reference to the historical volatility of a comparable peer group. Expected life is management's estimate of time to exit at the grant date.

The components of expense for the LTIP are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Expense recognized for service	€ 2,398	€ 343	€ 8,871	€ 639
Change in fair value of liability	(13,118)	1,133	10,854	(2,851)
Expense (income) for the period	€ (10,720)	€ 1,476	€ 19,725	€ (2,212)

The total estimated fair value of the awards under the LTIP was €45.0 million at September 30, 2013 and €19.4 million at December 31, 2012. The Group has recorded a liability of €36.6 million at September 30,

2013 and €17.6 million at December 31, 2012 representing the vested amount of the award. The significant increase in fair value in 2013 is a result of the acquisition of Target and its impact on projected EBITDA and a higher EBITDA multiple.

15. Credit risk

During the nine months ended September 30, 2013, the Group collected €7.1 million in trade receivables from public administration customers in Spain. As of September 30, 2013, the Group had €20.7 million remaining in trade receivables with public administration customers (comprised principally of governmental and pseudo-governmental agencies) in Spain of which €7.2 million were over 90 days and €4.7 million were over 360 days. We do not maintain a provision for impairment on public administration customers.

16. Related parties

During the nine months ended September 30, 2013 and 2012, TDR charged the Group €5.6 million and €2.9 million, respectively, for consulting and management advisory services.

On May 1, 2013, Holdings, through a newly formed wholly-owned subsidiary, AS PIK, entered into the PIK Debt, a $400 million loan agreement intended to fund a partial redemption of capital, net of transaction fees and expenses, to Holdings' shareholders. Neither the Company nor any of its subsidiaries, which comprise the entire restricted group under the existing bond and bank facilities, will be obligors or guarantors under the PIK Debt. To secure the obligations of AS PIK under the PIK Debt, Holdings and certain of its subsidiaries granted a pledge over all of the issued and outstanding shares of the Company. The Company recorded a €7,145 gain on extinguishment of debt related to a contingent liability owed to a former debt holder which was settled in the second quarter of 2013 by providing $10 million of AS PIK notes to the former debt holder.

17. Commitments and contingencies

Chinese Joint Venture

On April 11, 2013, the Company signed a joint venture agreement with Beijing Chengdong International Modular Housing Company, Ltd. Subject to Chinese regulatory approvals, the joint venture will produce, lease and sell modular space solutions under the brand name Algeco Chengdong. The Company is required to make an initial contribution in the Euro-equivalent amount of RMB 15,300 (approximately €1,851), representing a 51% equity interest in the joint venture and, within twelve months following the joint venture's establishment, the Company will be required to contribute an amount equal to the Euro-equivalent of RMB 29,000 (approximately €3,508) and the Company's equity interest will be increased to 60%. Within thirty months following the joint venture's establishment, the Company will be required to contribute an amount equal to the Euro-equivalent of RMB 41,000 (approximately €4,959) and the Company's equity interest will be increased to 65%.

Legal Claims

The Group is in the preliminary stages of resolving certain issues involving compliance with laws in certain jurisdictions. While the Group believes that these matters will be resolved within a reasonable timeframe for such matters with no monetary settlement and accordingly no reserve has been recorded, the ultimate outcome of these matters is uncertain. In the event of an adverse resolution, the Group estimates that based on current information, exposure in the range of €9.0 million to €42.0 million is possible. The Group does not believe that the resolution of these matters will be material to its financial position or results of operations.

In 2011, certain shareholders of Algeco/Scotsman Group S.à r.l., a subsidiary of the Company, filed a summons in the District Court of Luxembourg against nine defendants, including certain Group subsidiaries. The claimants allege abuse of authority by the majority shareholders in transferring shares into a new legal entity and allege damages in excess of €18 million. The Group does not believe there is any merit to the claim and no provision has been made in the financial statements. The Group is actively defending against the claim.