

Maze 1 Limited

Company number: 08325021

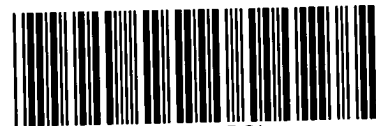
Annual report and consolidated financial statements

For the year ended

31 December 2016

**Registered Office
Ground Floor, 107 Power Road
Chiswick, London, W4 5PY**

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COMPANIES HOUSE

Maze 1 Limited
Company number 08325021

Directors

W Wheeler
D Fathallah
A Gravatt
D Silvernale

Registered Office

Ground Floor
107 Power Road
Chiswick
London
W4 5PY

Bankers

Bank of America, N.A.
5 Canada Square
London
E14 5AQ

Independent Auditors

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London
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(All amounts are in €'000 unless otherwise stated)

Strategic Report

The Directors of the Company and its subsidiary undertakings (which together comprise 'the Group') present their Strategic Report for the year ended 31 December 2016.

Principal Activities

Maze 1 Limited (trading as 'Marken') is the only Clinical Logistics Organisation (CLO) that provides global, patient-centric supply chain solutions exclusively for the Pharmaceutical, Biotechnology and Life Sciences Industries. Marken has a regional organisation structure and operates throughout Europe, the Middle East & Africa (EMEA), North America, Latin America and Asia Pacific, via its foreign subsidiaries and a state-of-the-art, GMP (Good Manufacturing Practice) compliant network of clinical trials distribution depots and logistics hubs in 46 locations worldwide.

Our global reach and expertise guarantees sophisticated handling of biological specimens and temperature-sensitive clinical trials supplies, including managing 50,000 drug and biological shipments every month at all temperature ranges in more than 150 countries. In addition to an extensive network of depots and logistics hubs, our wide range of Pharmaceutical Services includes biological kit production, ancillary material sourcing, cold chain storage and distribution, active and passive cold chain packaging, real-time Global Positioning System (GPS) tracking and monitoring of shipments, project management and shipment lane qualification; as well as GDP (Good Distribution Practice), regulatory and compliance consultancy, all of which support the clinical development of new medicines and vaccines. Materials that are transported include human tissue, blood and serum, drug product, active ingredient, diagnostic equipment and ancillary supplies.

Vision, Strategy and Business Model

The Group's Vision is to become the Pharmaceutical Services & Supply Chain provider of choice for the Clinical Trials market.

Our Strategy is to offer clients dedicated, full scope clinical Pharmaceutical Services & Supply Chain solutions, and successful execution of the strategy is underpinned by 5 'Strategic Pillars':

1. **Grow** – maintain our market-leading share of the 'Inbound' sector and accelerate growth in the 'Outbound' market sector. Refer to 'Future Environment and Market Threats' section below for a definition of the Inbound and Outbound sectors.
2. **Add Value** – expand our services portfolio and exploit technology for competitive advantage.
3. **Nurture** – motivate and develop our employees; to create a high performance culture.
4. **Improve** – develop and intensify our Company-wide Operational Excellence program.
5. **Measure** – provide real-time visibility and control of all aspects of our business.

Marken's business model relies on a deep and intimate understanding of our customers' requirements and is focused on providing on-time delivery within specification, to exceed customer expectations. The Group continues to emphasize our commitment to provide personalised customer service and hands-on operational staff in each of our operating locations.

Business Operational and Financial Performance Review

The results for the Group for the year ended 31 December 2016 are set out in detail on pages 11 to 45.

The revenue for the year was €213,189 (2015: €196,373) which represents a growth of 8.6% year on year. The operating profit before exceptional items for the year was €38,499 (2015: €34,363), which includes net fixed assets depreciation and intangible asset amortisation of €3,808 (2015: €3,906).

The Group-wide Operational Excellence program, which was launched in early 2015, focuses on continuous improvement, based on the application of Lean/Six Sigma techniques, to deliver significant end-to-end business process improvements, which has been beneficial to all stakeholders in the Business, including our shareholders, customers and suppliers. The program is therefore a key enabler for effective execution of the 'Grow' and 'Improve' strategies referred to earlier in the Strategic Report. Operational Excellence is allowing the Group to maintain its excellent reputation and Inbound market leadership, while contributing to growth and increased profitability. It has allowed the Outbound

(All amounts are in €'000 unless otherwise stated)

Strategic report (continued)

Business Operational and Financial Performance Review (continued)

business to grow by more than 24% and the depot business by 25% and created over £6m in operational excellence savings to the business.

As part of the Group's 'Add Value' strategy, Marken continued to expand its clinical trial logistics services with supporting technology and regulatory expertise. Home-based ('direct to patient' or 'DTP') clinical trials are currently the fastest growing service in Marken's portfolio and are consistent with the industry's trend towards patient-centricity. Since the establishment of the DTP program in 2012, Marken has managed the largest portfolio of active DTP trials in the industry, including global trials with over 15,000 patients. Marken currently supports Direct to Patient services involving over 1,600 investigator sites in 45 countries around the world. The significant increase in this service has resulted in it developing into an important component of the Group's clinical trials service offering, which is reflected in the strong year-on-year growth.

In 2016, the Group continued to utilise its Sentry device on shipments, which is designed specifically for the pharmaceutical industry and provides the latest GPS technology available for drug shipments. This includes real-time, track and trace capability through custom-designed software that monitors and reports location, temperature, motion, shock, light exposure, atmospheric pressure and remaining battery life of the device. The Group also continued to progress with its Quality Assurance program, leading the market by complying with the increasingly demanding regulatory requirements through an extensive Quality Management System (QMS) comprised of over 250 SOPs. This allowed Marken to further differentiate their Pharmaceutical Services offerings and grow in excess of the market rate of growth.

On 21 December 2016, UPS Corporate Finance Sarl, a United Parcel Services Inc. ('UPS') owned Luxembourg resident entity purchased Maze 1 Limited, the then ultimate parent of Marken Limited. UPS are the largest transportation company in the world and they operate in 150 countries and employ over 400,000 people. Marken's brand name, strategy and management structure are unchanged.

The Group continues to seek to further expand its service offerings to its clients and in 2017 launched a new hybrid logistics service to utilise the UPS global transportation network as well as a 24 hour, 7 day a week patient call centre. The call centre, known as Marken's 'Patient Interaction Centre (PIC)', is based in Philadelphia (USA) and is dedicated to the logistics needs of patients who participate in home-based clinical trials.

The Directors consider the Group has made very good progress with a third year of successful operationalization and execution of the strategies included in the Strategic Plan, which delivered both the associated tactical objectives and an on-budget financial performance. This is reflected in the strong trading results for the year.

Key Performer Indicators

The Group principally manages the business using revenue and profitability key performance indicators as set out below and under the Business Operational and Financial Performance Review section of the Strategic Report.

Key performance Indicator	Year Ended	Year Ended	Year-on-year variance
	31-Dec-16	31-Dec-15	(%)
Revenue	213,189	196,373	8.56%
Adjusted EBITDA*	42,306	38,269	10.55%
EBITDA**	(14,850)	37,618	(139.48%)
Adjusted EBITDA margin	19.80%	19.49%	1.59%
Loss for the year	(54,298)	(6,135)	785.05%

*Adjusted EBITDA defined as earnings before interest, tax, depreciation and amortisation, and income and expenses considered to be exceptional in nature.

** EBITDA defined as earnings before interest, tax, depreciation and amortisation.

(All amounts are in €'000 unless otherwise stated)

Strategic report (continued)

Future Environment and Market Threats

The Group positions itself in two separate sub-markets within the clinical development market. The 'Inbound' market is defined as those materials, including blood and tissue samples, which are sourced at clinical investigator sites and, in the case of the emerging direct-to-patient market, directly from a single patient-specific location, and delivered to central laboratories. The 'Outbound' market is defined as all materials which are required to conduct a clinical study, such as drug product and supplies, and are delivered to an investigator site, or a single patient-specific location.

Competition remains intense, primarily in the Inbound market, and is a threat to future growth; however, our core strategies (the 5 'Strategic Pillars') are creating a Group culture and further enhancing our business model, to allow the flexibility to compete at many different levels, with continued investment and innovation. Our Operational Excellence (OE) program is designed to streamline and improve Marken's end-to-end business processes and cost base, which will in turn allow the Group to be more competitive against a broader range of competitors, including 'standard' integrator companies, in certain countries. The OE program also drives the Group towards innovation, in order to remain ahead of the competition in multiple ways, including optimal lane routing, more analytical measurements of productivity, optimal management of suppliers, analysis of in-sourcing versus out-sourcing, more strategic agreements with airlines and customs brokers, and better use of packaging and information technology.

Furthermore, due to the recent acquisition of the Group by UPS it now has the opportunity to take advantage of their infrastructure, leverage their buying power and use their network. Where possible, the Group will leverage their capabilities, but only where they align with the Group's strategy, performance expectations and client's needs.

Outlook

The Directors expect the Group to continue on strong Revenue and EBITDA growth trajectories in 2017, based on a strong opening order book, an increasingly robust pipeline of new opportunities, the financial and network strength of UPS behind the Group and continued modest growth in the outsourced clinical trials market. The growth of the outbound clinical logistics market is expected to accelerate, as the pipeline of biologically-derived drug candidates flow into late stage development.

Principal risks and uncertainties

Strategic, Commercial and Operational Risk Management

As an international Clinical Logistics Organisation, the Group is exposed to strategic, commercial and operational risks, which are monitored and managed by the Directors. These include:

- Carrier delays and non-performance of transportation;
- Increasingly restrictive regulations;
- Widespread disruption of technology systems;
- Increasing equipment and operational costs;
- Increased competition; and
- Increases in the cost of licenses, registration fees, insurance costs and transportation costs.

The approach to the management of these risks is through an assessment of the nature of the risks, the potential outcomes, the controls in place to mitigate the risks and their effectiveness. This process is led by the Board and delegated to Group management when appropriate.

Financial Risk Management

The Group's operations expose it to a variety of financial risks that include the effects of price, credit, liquidity, foreign exchange, interest rate, commodity price and political risks. The Directors have not delegated the responsibility for financial risk management to a sub-committee of the Board. The policies set by the Board are implemented by the Group's Finance function.

Liquidity Risk

The Group was funded via a fixed term loan and by cash generated from operations. As part of the acquisition on 21 December 2016, UPS settled the external debt held by the Group and in its place established an intercompany loan for the same value. The Group adopts and maintains minimum cash balances in all locations, with use of cash pooling

(All amounts are in €'000 unless otherwise stated)

Strategic report (continued)

Liquidity Risk (continued)

structures where appropriate. Regular cash reporting and forecasting is undertaken. Surplus cash generated and not required for working capital will be swept to the ultimate parent company, UPS

Price Risk

Selling price risk is managed by a Pricing Committee, which includes 'C' suite officers of the Group and meets on a regular basis, setting pricing policies and profit margin thresholds for all new business opportunities. Supplier price risk is also managed by an Executive Committee and any significant exposure is reviewed periodically and, where appropriate, fixed by modified purchasing agreements, or a change of suppliers.

The Group has no exposure to equity securities price risk, as it holds no listed or other equity investments.

Foreign Exchange Risk

The Group is subject to foreign exchange rate risk in those countries in which it generates Revenue or incurs costs, and undertakes regular monitoring of the foreign exchange exposure. The major trading operations are profitable and generate surplus local currency and therefore are not reliant on the Group for funding. The primary foreign exchange risk in the year relates to the debt service obligations of the Group, which are denominated in Euros and, to a lesser extent, the alignment of trading revenues and costs. The Group is also required to fund in local currency some of the new start-up operations. The net foreign exchange exposure of the Group is currently unhedged, but is reviewed by the Board on a regular basis.

Credit Risk

The Group is exposed to customer credit risk. The Group operates a credit policy that requires a credit evaluation of appropriate customers as part of the new customer on boarding process, with an appropriate credit recommendation being included as part of the credit terms offered to the client. In addition, the Group operates a proactive Dunning process with regular receivables management reporting.

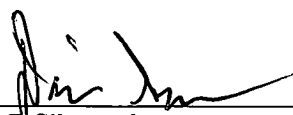
Interest Rate Risk

The coupon payable on the Group's debt facilities included a EURIBOR floor of 1.5%. During the year, the EURIBOR was less than this fixed interest rate floor and as such, EURIBOR payable was 1.5%. The intercompany loans established with UPS as part of the acquisition, in place of the previous debt facilities, carry an interest rate of 12 Month Euro LIBOR interest rate plus 5.33%. The macro-economic environment is continually monitored and, in the event that future market rates appear likely to exceed the floor and would have an adverse impact on the Group's interest costs, the purchase of appropriate financial instruments will be considered by the Board.

Commodity Price Risk

The Group has an indirect exposure to the price of oil, due to the requirement for shipments using airlines as a service provider. This risk is primarily mitigated via the contractual ability to pass on any fuel surcharges to customers. Should the contractual position change and the Group was unable to pass on fuel surcharges, the purchase of appropriate financial instruments would be considered by the Board.

This Strategic Report was approved by the Board of Directors on 27th September 2017 and signed on behalf of the Board.



D Silvernale
Director

Ground Floor, 107 Power Road
Chiswick, London, W4 5PY
29th September 2017

(All amounts are in €'000 unless otherwise stated)

Directors' Report

The Directors present their Directors' Report and consolidated financial statements for the year ended 31 December 2016.

Results and Dividends

	Year Ended 31 December 2016	Year Ended 31 December 2015
Loss for the year	(54,298)	(6,135)

The Directors do not recommend the payment of a dividend (2015: Nil)

Principal Activity

Maze 1 Limited, a Company incorporated in the United Kingdom, is the holding Company of the Maze 1 Limited Group. The principal activity of the Group as a Clinical Logistics Organisation (CLO) is to provide global, patient-centric supply chain solutions and Pharmaceutical Services exclusively for the Pharmaceutical, Biotechnology and Life Sciences industries. The Group has a regional organisation structure and operates throughout Europe, the Middle East & Africa (EMEA), North America, Latin America and Asia Pacific, through foreign subsidiaries, branches and a state-of-the-art GMP compliant network of clinical trial distribution depots and logistics hubs in 46 locations worldwide. Full disclosure of the Company's investments in direct and indirect subsidiaries, including their country of incorporation and nature of business, is listed in note 10 to the consolidated financial statements.

On 21 December 2016, UPS Corporate Finance Sarl, a United Parcel Services Inc. ('UPS') owned Luxembourg resident entity purchased Maze 1 Limited, the then ultimate parent of Marken Limited. UPS are the largest transportation company in the world and they operate in 150 countries and employ 400,000 people. Marken's brand name, strategy and management structure will remain unchanged.

Future Developments

The future developments in the Group's business are disclosed in the Strategic Report of these consolidated financial statements.

Going Concern

The financial statements have been prepared on a going concern basis. The Group is reliant on the continued support of its ultimate parent company, UPS Corporate Finance Sarl, which has confirmed that it is its present intention to provide sufficient funds to enable the Group to continue its normal trading activities and pay its debts as and when they fall due for the foreseeable future, being at least one year from the date of approval of these financial statements.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the consolidated financial statements were as follows:

S Menzies (resigned 21 December 2016)
J Pattullo (resigned 21 December 2016)
C St John (resigned 21 December 2016)
T Tyson (resigned 21 December 2016)
W Wheeler
D Fathallah (appointed 1 April 2017)
A Gravatt (appointed 3 January 2017)
D Silvernale (appointed 1 April 2017)
P Dunstan (appointed 22 December 2016, resigned 1 April 2017)
R Stewardson (appointed 21 December 2016, resigned 1 April 2017)
L Arriaga (appointed 22 December 2016, resigned 1 April 2017)

(All amounts are in €'000 unless otherwise stated)

Directors' Report *(continued)*

Employees

The Group operates a framework for employee information sharing and consultation. During the year, the Group continued to expand the content on the Marken intranet that provides employees with information about the Group and resources to expand their learning, as well as acting as a portal to share their views and insights into the Group's operations. Regular meetings are held between local management and employees to allow a free flow of information and ideas. These views are shared with the wider Group as part of the Group's Executive Committee meetings.

Employees are also encouraged to express their views during the annual employee engagement survey.

The Group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Charitable and Political Contributions

The Company has made no charitable and political donations during the year.

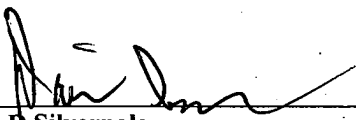
Disclosure of Information to Auditor

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

Independent Auditors

Following the sale of Maze 1 Group to UPS on 21 December 2016, a resolution concerning the appointment of new auditors will be proposed at the Annual General Meeting.

On behalf of the Board



D Silvernale
Director

Ground Floor, 107 Power Road
Chiswick, London, W4 5PY
29th September 2017

(All amounts are in €'000 unless otherwise stated)

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and IFRSs as adopted by the European Union have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

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

(All amounts are in €'000 unless otherwise stated)

Independent auditors' report to the members of Maze 1 Limited

Report on the financial statements

Our opinion

In our opinion:

- Maze 1 Limited's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's loss and the group's and the parent company's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the consolidated statement of financial position and company statement of financial position as at 31 December 2016;
- the consolidated income statement and consolidated statement of comprehensive income for the year then ended;
- the consolidated and company statement of cash flows for the year then ended;
- the consolidated and company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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 addition, in light of the knowledge and understanding of the group, the parent company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or

(All amounts are in €'000 unless otherwise stated)

Independent auditors' report to the members of Maze 1 Limited (continued)

- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Christopher Burns (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29th September 2017

(All amounts are in €'000 unless otherwise stated)

Consolidated Income Statement

for the year ended 31 December 2016

	Note	2016	2015
Turnover	2	213,189	196,373
Operating expenses	4	(174,690)	(162,010)
Operating Profit before exceptional items		38,499	34,363
Exceptional operating expenses	3	(57,156)	(651)
Operating (Loss)/Profit		(18,657)	33,712
Interest receivable and similar income	6	29	1,302
Interest payable and similar cost	6	(34,767)	(34,326)
(Loss)/profit on ordinary activities before taxation		(53,395)	688
Tax expense	8	(903)	(6,823)
Loss for the financial year		(54,298)	(6,135)

All results arise from continuing operations.

The notes on pages 17 to 45 form part of these financial statements.

(All amounts are in €'000 unless otherwise stated)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2016

	<i>Note</i>	2016	2015
Loss for the financial year	<i>20</i>	(54,298)	(6,135)
Exchange differences on translation of foreign operations	<i>21</i>	428	(40)
Total comprehensive expense for the year		(53,870)	(6,175)

The notes on pages 17 to 45 form part of these financial statements.

(All amounts are in €'000 unless otherwise stated)

Consolidated Statement of Financial Position

At 31 December 2016

	Note	2016	2015
ASSETS			
Intangible assets	10	215,408	215,978
Property, plant and equipment	11	6,621	6,608
Deferred tax assets	12	3,873	701
Total non-current assets		225,902	223,287
Inventories	15	2,387	2,069
Trade and other receivables	17	41,969	39,371
Cash and cash equivalents	16	25,122	12,973
Total current assets		69,478	54,413
Total assets		295,380	277,700
EQUITY			
Share capital and share premium	19	-	-
Retained earnings	20	(252,620)	(198,322)
Other reserves	21	(695)	(1,123)
Total equity		(253,315)	(199,445)
LIABILITIES			
Borrowings	24	-	446,710
Provisions	23	592	427
Total non-current liabilities		592	447,137
Trade and other payables	22	547,458	27,751
Current tax liabilities		645	2,257
Total current liabilities		548,103	30,008
Total liabilities		548,695	477,145
Total liabilities and equity		295,380	277,700

The consolidated financial statements on pages 11 and 45 were approved by the Board of Directors on 27th September 2017 and signed on its behalf by:



D Silvernale

Director

29th September 2017

The notes on pages 17 to 45 form part of these financial statements.

(All amounts are in €'000 unless otherwise stated)

Company Statement of Financial Position

At 31 December 2016

	Note	2016	2015
ASSETS			
Investments	9	-	-
Deferred tax assets		-	-
Total non-current assets		-	-
Trade and other receivables	17	10,167	14
Cash	16	-	-
Total current assets		10,167	14
Total assets		10,167	14
EQUITY			
Share capital and share premium		-	-
Retained earnings	20	(51,831)	(1,505)
Other reserves	21	(51)	(53)
		(51,882)	(1,558)
LIABILITIES			
Trade and other payables	22	62,049	1,572
Total current liabilities		62,409	1,572
Total liabilities		62,049	1,572
Total liabilities and equity		10,167	14

The Company financial statements were approved by the Board of Directors on 27th September 2017 and signed on its behalf by:



D Silvernale
Director
29th September 2017.

The notes on pages 17 to 45 form part of these financial statements.

(All amounts are in €'000 unless otherwise stated)

Consolidated and Company Statement of Changes in Equity

For the year ended 31 December 2016

Group	Share capital and share premium	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2015	-	(1,083)	(192,187)	(193,270)
Loss for the year	-	-	(6,135)	(6,135)
Net exchange differences	-	(40)	-	(40)
Balance as at 31 December 2015	-	(1,123)	(198,322)	(199,445)
Loss for the year	-	-	(54,298)	(54,298)
Net exchange differences	-	428	-	428
Balance as at 31 December 2016	-	(695)	(252,620)	(253,315)

Company	Share capital and share premium	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2015	-	60	(1,061)	(1,001)
Loss for the year	-	-	(444)	(444)
Net exchange differences	-	(113)	-	(113)
Balance as at 31 December 2015	-	(53)	(1,505)	(1,558)
Loss for the year	-	-	(50,326)	(50,326)
Net exchange differences	-	2	-	2
Balance as at 31 December 2016	-	(51)	(51,831)	(51,882)

No dividend has been declared relating to the 2016 year (2015: nil).

(All amounts are in €'000 unless otherwise stated)

Consolidated and Company Statement of Cash Flows

For the year ended 31 December 2016

Group	2016	2015
Cash flow from operating activities		
Cash generated from operations	46,210	31,923
Interest paid on operating activities	-	-
Income taxes paid	(5,689)	(3,694)
Net cash inflow from operating activities	40,521	28,229
Cash flows from investing activities		
Acquisition of subsidiary, net of cash	(3)	-
Payments for property, plant and equipment	(3,214)	(3,308)
Payments for intangible assets	-	(164)
Net cash outflow from investing activities	(3,217)	(3,472)
Cash flows from financing activities		
Proceeds from borrowing	455,482	-
Proceeds from parent company	614	-
Repayment of borrowings	(446,710)	(12,749)
Interest and other financing costs paid on financing activities	(34,709)	(13,290)
Net cash outflow from financing activities	(25,323)	(26,039)
Net increase (decrease) in cash and cash equivalents	11,981	(1,282)
Cash and cash equivalents at the beginning of the financial year	12,973	14,496
Effects of exchange rate changes on cash and cash equivalents	168	(241)
Cash and cash equivalents at end of year	25,122	12,973

Company	2016	2015
Cash flow from operating activities		
Cash generated from operations	(3,521)	9
Interest paid on operating activities	-	-
Income taxes paid	-	(9)
Net cash inflow from operating activities	(3,521)	-
Net cash outflow from investing activities	-	-
Cash flows from financing activities		
Proceeds from parent company	3,521	-
Net cash outflow from financing activities	3,521	-
Net increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the financial year	-	-
Cash and cash equivalents at end of year	-	-

The notes on pages 17 to 45 form part of these financial statements.

(All amounts are in €'000 unless otherwise stated)

Notes to the consolidated financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the consolidated financial statements.

1.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The consolidated financial statements have been prepared under the historical cost rules.

The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (€'000), except when otherwise indicated.

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own income statement. The Company made a loss for the year of €50,326 (2015: loss of €444).

1.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2016.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these three elements of control. During the accounting year and as at 31 December 2016, the Company held a 100% shareholding (either directly or indirectly) in all subsidiaries in the Group. Full disclosure of the Company's direct and indirect subsidiaries, including their country of incorporation and nature of business, is listed in note 10 to these consolidated financial statements.

The acquisition method of accounting has been adopted on all of the Company's prior acquisitions. Under this method, consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(All amounts are in €'000 unless otherwise stated)

Notes to the consolidated financial statements *(continued)*

1.3 Accounting estimates and judgements

The Group's critical accounting policies under IFRS have been set by management with the approval of the Board.

The application of these policies requires estimates and assumptions to be made concerning the future and judgements to be made on the applicability of policies to particular situations. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Under IFRS an estimate or judgement may be considered critical if it involves matters that are highly uncertain, where different estimation methods could reasonably have been used, or if changes in the estimate that would have a material impact on the Group's results are likely to occur from period to period. The critical judgements required when preparing the Group's accounts are as follows:

(i) Provisions – as disclosed in note 23, the Group has made provisions for decommissioning costs and an onerous lease. The rationale behind these provisions is discussed in note 23. The directors believe that these provisions are appropriate based on information currently available.

(ii) Impairment of assets – Property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recovered. When a review for impairment is conducted the recoverable amount of an asset or cash-generating unit is determined based on the high of fair value, less costs to sell, and value in use calculations prepared on the basis of management's assumptions and estimates. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the cash generating unit and the choice of a suitable discount rate in order to calculate the present value.

(iii) Goodwill – The Group tests annually whether goodwill has suffered any impairment and the Group's goodwill value has been supported by detailed value-in-use calculations relating to the recoverable amounts of the underlying cash generating units. These calculations require the use of estimates; however as recoverable amounts far exceed carrying values, including goodwill, there is no sensitivity with regard to impairment.

(iv) Rebates – The Group issues rebates to customers based on the volume of revenue generated over a pre-defined period. Judgments are made where rebate arrangements span the end of a reporting period. Rebates are accrued based upon management judgment as to the extent to which revenue targets will be met for the remainder of any pre-defined rebate period outstanding at the end of the reporting period.

(v) Exceptional items – The Group has assessed costs incurred in the year and separately disclosed items those which meet the definition of exceptional items as per policy Note 1.9. The 2016 costs include the costs associated with the sale of the Group to UPS, an onerous lease and a significant VAT reclaim which management consider to be outside the normal scope of the Groups' ordinary activities.

(All amounts are in €'000 unless otherwise stated)

Notes to the consolidated financial statements *(continued)*

1.4 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value less the amount of any non-controlling interest in the acquiree. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

1.5 Going concern

The financial statements have been prepared on a going concern basis. The Group is reliant on the continued support of its ultimate parent company via UPS Corporate Finance Sarl, which has confirmed that it is its present intention to provide sufficient funds to enable the Group to continue its normal trading activities and pay its debts as and when they fall due for the foreseeable future, being at least one year from the date of approval of these financial statements.

The financial statements do not reflect any adjustment should the going concern basis not be appropriate.

1.6 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

The Group's deferred tax asset is classified as non-current asset on the consolidated statement of financial position.

(All amounts are in €'000 unless otherwise stated)

Notes to the consolidated financial statements *(continued)*

1.7 Fair value measurement

The Group measures financial instruments and non-financial assets at fair value at each Reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilise the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

1.8 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and that it can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, net of rebates, excluding taxes and pass through cost (such as duties) and taking into account contractually defined terms of payment. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue from the sale of services is recognised when services have been completed and proof of delivery has been obtained. Revenue excludes value added tax and equivalent taxes and duty made on behalf of customers.

1.9 Exceptional items

Exceptional items are non-recurring material items which are outside the normal scope of the Groups ordinary activities such as professional advisor fees incurred as part of a Group restructure. Such items are disclosed separately within the consolidated financial statements.

(All amounts are in €'000 unless otherwise stated)

Notes to the consolidated financial statements *(continued)*

1.10 Foreign currencies

The Group's consolidated financial statements are presented in euros, which is also the parent Company's functional currency. For each branch or entity, the Group determines its functional currency and items included in the financial statements of each of these entities are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation; the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in Other Comprehensive Income (OCI) until the net investment is disposed of, at which time, the cumulative amount is classified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items are measured at historical cost in a foreign currency and are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Any goodwill arising on the acquisition of a foreign operation subsequent to 1 January 2014 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the statement of profit or loss.

Income statements and cash flow statements of foreign entities are translated into the Group's presentation currency at sales-weighted average exchange rates for the year and their balance sheets are translated at the exchange rates prevailing on 31 December.

1.1 Taxation

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities within 12 months of the reporting date. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

(All amounts are in €'000 unless otherwise stated)

Notes to the consolidated financial statements *(continued)*

1.11 Taxation *(continued)*

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and it establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences. The carry forward of unused tax credits and unused tax losses is recognised to the extent that it is probable that taxable profit will be available in future years.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- Receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(All amounts are in €'000 unless otherwise stated)

Notes to the consolidated financial statements *(continued)*

1.12 Property, plant and equipment

Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to Provisions (Note 23) for further information about the recognised decommissioning provision.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

• Motor vehicles	25% per annum
• Computer equipment	33.3% per annum
• Plant and equipment	15% per annum
• Plant facilities	20% per annum

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

1.13 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. The Group does not act as a lessor in any of its lease agreements.

(All amounts are in €'000 unless otherwise stated)

Notes to the consolidated financial statements (continued)

1.14 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the statement of profit or loss when it is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible assets as follows:

- | | |
|--------------------------|---------------------|
| • Software development | 25% per annum |
| • Exclusivity agreements | Period of agreement |

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

1.15 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit (CGU)'s fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Group based its impairment calculation on the fair value less cost to sell due to the fact the Group was acquired within the year and therefore this recent market transactions was used to determine the recoverable amount. Impairment losses of continuing operations are recognised in the statement of profit or loss in those expense categories consistent with the function of the impaired asset.

(All amounts are in €'000 unless otherwise stated)

Notes to the consolidated financial statements (continued)

1.15 Impairment of non-financial assets (continued)

Assets excluding goodwill

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

1.16 Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

1.17 Cash and liquid resources

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

1.18 Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(All amounts are in €'000 unless otherwise stated)

Notes to the consolidated financial statements *(continued)*

1.18 Provisions *(continued)*

Onerous lease provisions

The Group carries an onerous lease provision which recognises the liability associated with a lease contract on a building that has been vacated. The provision is based on a review of the lease contract and management's estimate of the timing of any sub-lease agreements on the property. The provision is provided for at the present value of expected costs over the remaining lease term using estimated cash flows.

Decommissioning liability

The Group records provisions for decommissioning costs on depots and other buildings where contractual obligations exist to rectify any modifications made to the premise. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset. The cash flows are discounted at the current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed in the statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied, are added to or deducted from the cost of the asset.

1.19 Post retirement benefits

The Group contributes to a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The amount charged to the income statement represents the contributions payable to the schemes in respect of the accounting year.

(All amounts are in €'000 unless otherwise stated)

Notes to the consolidated financial statements (continued)

2 Analysis of revenue

All revenue is derived from the principal activity of the Group, which the Directors believe represents a single class of business.

Revenue arose in the following regions:

	2016	2015
EMEA	102,066	93,307
North America*	32,073	31,505
Latin America*	39,477	37,840
Asia/Pacific	39,573	33,721
	213,189	196,373

*Due to the highly integrated nature of operations, the revenue generated in Miami (2016: 36,245, 2015: 33,333) has been reported under Latin America.

3 Exceptional items

Items that, in the opinion of the Directors, are material either by virtue of their size or their nature, or that are non-recurring are considered to be exceptional items and warrant separate disclosure in the financial statements in order to fully understand the underlying performance of the Group. These items are presented within the line items to which they best relate. During the year, the exceptional items as detailed below have been included in total operating costs in the consolidated income statement and the applicable expense by nature (refer to note 4).

Exceptional items recognised in arriving at operating profit were follows:

	Note	2016	2015
Professional fees relating to capital structuring		-	414
VAT claim refunded (net of professional fees incurred)	A	(787)	(487)
Onerous lease provision	B	335	383
Deferred bonus	C	1,434	341
Sale of Maze 1 Group	D	56,174	-
		57,156	651

- A. A €787 credit was received in the year relating to a VAT reclaim, and the credit is shown net of €28 of professional advisor fees directly related to the VAT claim.
- B. In 2015, the Group recognised an onerous lease provision on an operating lease that expires in a future year. The provision was measured net of the expected operating lease income of a prospective sub-tenant. The movement in the provision was recognised in the current year and classified as exceptional to be consistent with treatment in the prior year. See Note 23 for movement in the provision in the year.
- C. The Group recognised an additional €1,434 in connection with a deferred bonus plan. The plan is contingent on certain performance obligations of the Group's management which were realised on the acquisition of Maze 1 Group by UPS. The deferred bonus was paid out 6 months after the acquisition of Maze 1 group on 21 December 2016.
- D. The majority of this balance represents the Management incentive bonuses payable on sale of Maze 1 group to UPS (€44,976) as well as professional fees incurred as part of the transaction (€10,877). The remaining amount relates to other expenses incurred relating to the transaction for example travel costs.

(All amounts are in €'000 unless otherwise stated)

Notes to the consolidated financial statements (continued)

4 Operating expenses

<i>Expenses by nature</i>	<i>2016 (excluding exceptional items)</i>	<i>Exceptional items</i>	<i>2016 (including exceptional items)</i>
Transportation expenses	99,753	-	99,753
Salary and other employment costs	45,637	52,060	97,697
Consumables and Durables packaging expense	7,454	-	7,454
Premises costs (including operating lease payments)	6,645	335	6,980
Advertising and selling expenses	3,995	-	3,995
Amortisation and depreciation	3,808	-	3,808
IT and communication costs	2,594	-	2,594
Professional fees, including audit	1,996	-	1,996
Other administrative expenses	2,808	4,761	7,569
Total Operating expenses	174,690	57,156	231,846

<i>Expenses by nature</i>	<i>2015 (excluding exceptional items)</i>	<i>Exceptional items</i>	<i>2015 (including exceptional items)</i>
Transportation expenses	91,468	-	91,468
Salary and other employment costs	44,209	341	44,550
Consumables and Durables packaging expense	6,619	-	6,619
Premises costs (including operating lease payments)	6,061	383	6,444
Advertising and selling expenses	4,140	-	4,140
Amortisation and depreciation	3,906	-	3,906
IT and communication costs	2,559	-	2,559
Professional fees, including audit	2,014	-	2,014
Other administrative expenses	1,034	(73)	961
Total Operating expenses	162,010	651	162,661

Auditor remuneration

During the year the Group (including its overseas subsidiaries) received the following services from the Company's auditor and its associates:

<i>Services provided by the Company's auditor and its associates</i>	<i>2016</i>	<i>2015</i>
Fees for the audit of the parent Company and consolidated financial statements	23	31
Fees for other services:		
The audit of Company's subsidiaries	188	261
Other Audit related services	-	46
Other non-audit related services including restructuring and financing	976	74
Tax advisory services	258	59
Tax compliance services	42	37
	1,487	508

(All amounts are in €'000 unless otherwise stated)

Notes to the consolidated financial statements (continued)

5 Employees

Salary and other employment costs

	2016	2015
Wages and salaries	33,479	31,968
Social security costs	4,735	4,426
Pension costs	661	705
Employee related expenses	3,838	4,520
Other employment benefits	2,924	2,931
Exceptional bonuses	52,060	-
	97,697	44,550

Average number of people employed

The average number of persons employed by the Group during the year, including Directors, analysed by category as follows:

Group	2016 Number	2015 Number
Management	5	5
Administrative	194	183
Operational	464	410
	663	598

Company

The average number of persons employed by the Company during the year, including Directors, was five (2015: five). No salary costs were incurred in the year by the Company as these were incurred by a subsidiary.

6 Finance income and costs

	2016	2015
Interest expense:		
- Bank borrowings	(33,930)	(33,869)
- Other interest payable	(335)	(457)
- Net foreign exchange losses on financing activities	(502)	-
Finance costs	(34,767)	(34,326)
Finance income:		
- Net foreign exchange gains on financing activities	-	1,300
- Bank interest receivable	29	2
Finance income	29	1,302
Net finance costs	34,738	(33,024)

(All amounts are in €'000 unless otherwise stated)

Notes to the consolidated financial statements (continued)

7 Net foreign exchange gains

The exchange differences charged to the income statement are included as follows:

Group	2016	2015
Net foreign exchange (loss)/gains on operating activities	(610)	252
Net foreign exchange (loss)/gains on financing activities	(502)	1,300
Net foreign exchange gains	(1,112)	1,552

8 Income tax expense

Group	2016	2015
Income tax:		
<i>UK corporation tax</i>		
Current tax on profits for the year	3,040	4,165
Double taxation relief	(3,040)	(4,165)
<i>Foreign corporation tax</i>		
Current tax on profits for the year	4,731	5,812
Adjustments in respect of previous years	(655)	(1,324)
Total current tax	4,076	4,488
Deferred tax (note 12):		
Re-measurement of deferred tax	(3,173)	2,335
Total deferred tax	(3,173)	2,335
Income tax expense	903	6,823

The tax charge for the year is higher than the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%). The differences are explained below.

Group	2016	2015
Profit / (loss) before tax	(53,395)	688
Current tax at 20.00% (2015: 20.25%)	(10,679)	139
<i>Tax effects of:</i>		
- Expenses not deductible for tax purposes	3,675	2,771
- Higher rates of overseas tax net of double taxation relief	1,691	1,647
- Accelerated Capital Allowances and other timing differences	468	530
- Tax losses carried forward	10,761	1,698
- Utilisation of tax losses	(1,185)	(973)
Re-measurement of deferred tax	(3,173)	2,335
Adjustment in respect of previous years	(655)	(1,324)
Tax charge	903	6,823

The UK Government has announced a staged reduction in the main rate of corporation tax. From 1 April 2014 the main rate of corporation tax was reduced from 23% to 21% and from 1 April 2015 it reduced to 20% and further reductions to 19% and 17% are scheduled from 1 April 2017 and April 2020 respectively.

(All amounts are in €'000 unless otherwise stated)

Notes to the consolidated financial statements (continued)

8 Income tax expense (continued)

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Consistent with our business objectives, the Group are committed to acting in a responsible manner in relation to our tax affairs. Our tax policies and objectives ensure the Group only engage in reasonable tax planning, which is aligned with our commercial and operational activities, and complies with the letter and spirit of the law. The Group do not engage in aggressive and abusive tax planning and are committed to an open, transparent and professional relationship with tax authorities.

9 Investments

Company:	2016	2015
Cost at beginning of the year	1	1
Cost at end of the year	1	1

Investments in Group undertakings are recorded at cost, which is the fair value of the consideration paid. The Group had the following subsidiaries at 31 December 2016.

Name	Country of incorporation / registration	Nature of business	Ordinary shares directly held by the Company (%)	Ordinary shares directly held by the Group (%)
Maze 2 Limited	England	Intermediate holding company	100%	
Maze 3 Limited	England	Intermediate holding company		100%
Iridium France S. A. S.	France	Intermediate holding company		100%
Platinum France Investissements S. A. S.	France	Intermediate holding company		100%
Marken Services Limited	England	Head office financing company		100%
De Facto 1341 Limited	England	Intermediate holding company		100%
Marken Time Critical Express SA (Argentina)	Argentina	Trading company		100%
Marken S. A. S.	France	Trading company		100%
Marken Limited	England	Trading company		100%
Marken Time Critical Express Limited	England	Trading company		100%
Marken Time Critical Express (Beijing) Limited	China	Trading company		100%
Marken Switzerland AG	Switzerland	Trading company		100%
Marken LLP	USA	Trading partnership		100%
Marken Time Critical Express GmbH	Germany	Trading company		100%
Marken Germany GmbH	Germany	Trading company		100%
Marken Korea LLC	South Korea	Trading company		100%
Marken LLC (Russia)	Russia	Trading company		100%
Marken (South America) Limited	England	Trading company		100%
Marken Brasil Serviços de Cadeia de suprimentos Ltda	Brasil	Trading company		100%
Marken Customs Brokerage LLC	USA	Dormant		100%

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent Company does not differ from the proportion of ordinary shares held.

(All amounts are in €'000 unless otherwise stated)

Notes to the consolidated financial statements (continued)

10 Intangible assets

	Software	Goodwill	Exclusivity agreements	Total
Cost				
At 1 January 2016	6,241	385,941	169	392,351
Additions	772	-	170	942
Disposals	-	-	-	-
Currency translation	112	-	-	282
At 31 December 2016	7,125	385,941	339	393,405
Accumulated amortisation				
At 1 January 2016	3,581	172,623	169	176,373
Amortisation charge and impairment	1,318	-	57	1,375
Disposal	-	-	-	-
Currency translation	249	-	-	249
At 31 December 2016	5,148	172,623	226	177,997
Net book value				
At 31 December 2015	2,660	213,318	-	215,977
At 31 December 2016	1,977	213,318	113	215,408

Amortisation of €1,375 (2015: €1,475) is included in operating expenses in the income statement.

Impairment tests for goodwill

The Group based its impairment calculation on the fair value less cost to sell due to the fact the Group was acquired within the year and therefore this recent market transactions was used to determine the recoverable amount. Impairment losses of continuing operations are recognised in the statement of profit or loss in those expense categories consistent with the function of the impaired asset.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit (CGU)'s fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Group based its impairment calculation on the fair value less cost to sell due to the fact the Group was acquired within the year and therefore this recent market transactions was used to determine the recoverable amount. No impairment was recognised in the year.

(All amounts are in €'000 unless otherwise stated)

Notes to the consolidated financial statements (continued)

11 Property, plant and equipment

Group	Motor vehicles	Computer equipment	Plant and equipment	Plant facilities	Total
Cost					
At 1 January 2016	388	1,925	2,948	6,624	11,885
Additions	0	558	239	1,474	2,271
Disposals	(53)	(84)	(212)	(1)	(350)
Currency translation	29	(51)	(35)	213	157
At 31 December 2016	365	2,348	2,940	8,310	13,963
Depreciation					
At 1 January 2016	218	928	798	3,333	5,277
Depreciation charge	67	603	436	1,328	2,433
Disposals	(53)	(84)	(207)	-	(343)
Currency translation	32	(48)	(37)	28	(26)
At 31 December 2016	264	1,399	990	4,688	7,341
Net book value					
At 31 December 2015	170	997	2,150	3,291	6,608
At 31 December 2016	101	949	1,950	3,621	6,621

The depreciation charge of €2,508 (2015: €2,431) has been recorded within total operating costs in the year. For further information, refer to note 4 of these consolidated financial statements.

(All amounts are in €'000 unless otherwise stated)

Notes to the consolidated financial statements (continued)

12 Deferred tax

The analysis of deferred tax assets is as follows:

Group	2016	2015
Recognised deferred tax asset:		
Deferred tax assets to be recovered after more than 12 months	1,937	351
Deferred tax assets to be recovered within 12 months	1,936	350
	3,873	701

The deferred tax balance at 31 December 2016 has been calculated based on the applicable overseas rates of corporation tax and the UK rates of 17%.

The gross movement on the deferred income tax account is as follows:

Group	2016	2015
At 1 January	701	3,036
Income statement credit / (charge)	3,172	(2,335)
At 31 December	3,873	701

Deferred income tax assets are recognised for tax losses carry forwards and other timing differences to the extent that the realisation of the related tax benefit through future taxable profits is considered probable by the Directors. The Group has a deferred tax asset at 31 December 2016 of €56,607 (2015: €48,078) which has not been recognised in the consolidated financial statements. The analysis of the unrecognised deferred tax assets is as follows:

Group	2016	2015
Accelerated capital allowances	643	1,271
Short term timing differences	9,668	9,786
Tax losses carried forward	43,933	37,021
Unrecognised deferred tax asset	54,244	48,078

There are currently no deferred income tax liabilities in respect of withholding tax and other taxes that would be payable on unremitted earnings of certain subsidiaries.