NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2017 £'000	2016 £'000
Profit before income tax	2,436	1,472
Depreciation charges	368	242
Amortisation charges	437	90
Loss on disposal of fixed assets	8	7
Profit on disposal of Investments	(15)	–
Finance costs	665	366
Finance income	(12)	(24)
Share Based Payments Charge	69	-
	3,956	**2,153**
(Increase) in inventories	(6)	(25)
(Increase) in trade and other receivables	(17,208)	(3,457)
Increase in trade and other payables	16,043	5,985
Cash generated from operations	**2,785**	**4,656**

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

	2017 £'000	2016 £'000
Cash and cash equivalents		
Bank accounts	7,385	5,351
Bank Overdrafts	(45)	–
	7,340	**5,351**

	2016 £'000	2015 £'000
Cash and cash equivalents		
Bank accounts	5,351	10,002
Bank Overdrafts	–	(183)
	5,351	**9,819**

The notes form part of these financial statements

3. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU issued by the International Accounting Standards Board, under the historical cost convention.

The presentation currency used for the preparation of the financial statements is Sterling, which is the currency of choice of the principal investors of the Group.

The preparation of financial statements in conformity with IFRSs requires the use of certain accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Group's accounting policies (see Note 3.2 – Critical accounting estimates and judgements).

Description of the Business

Xpediator PLC is a public limited Company, incorporated in England and Wales, United Kingdom. The registered office is 700 Avenue West, Skyline 120 Great Notley, Braintree, Essex, CM77 7AA and the Company registration number is 10397171.

Going Concern

The directors have concluded that it is appropriate that the financial statements have been prepared on a going concern basis because at 31 December 2017, the Group had cash or cash equivalent totalling £7,340,000. The Group also has funding facilities in place which it does not envisage will be withdrawn thus there are sufficient funds available to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of the financial statements. The directors believe that based on the current budgets and forecast cash flows, there is sufficient resources to meet its liabilities as they fall due.

The financial statements have therefore been prepared on a going concern basis.

Basis of Consolidation

The Group financial statements consolidate the financial statements of Xpediator PLC and its subsidiaries drawn up to 31 December each year. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The Company has control over a subsidiary if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The financial statements of subsidiaries are prepared for the same reporting year as the parent Company, using consistent accounting policies. Intra-Group balances and transactions, including unrealised profits arising from intra-Group transactions, have been eliminated. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Non-controlling interests represent the equity in subsidiaries that is not attributable, directly or indirectly, to Xpediator PLC.

Subsequent to the merger accounting noted below the consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Merger accounting

On 25 May 2017 Xpediator Plc entered into a share swap agreement with the ultimate beneficiaries of Delamode Group Holdings Limited, whereby 4,000,000 new ordinary shares of £1.00 each were issued to the ultimate beneficiaries of Delamode Group Holdings Limited in exchange for their shares in Delamode Group Holdings Limited in the same proportion as their shareholding in Delamode Group Holdings Limited. The merger method of accounting is used to consolidate the results of Xpediator plc and Delamode Group Holdings Limited and subsidiaries.

The comparatives used within the consolidated financial statements reflect the financial performance and position of Delamode Group Holdings Limited. The impact of the use of merger accounting is to reflect the Group as though it had always been in existence. Therefore the prior year comparatives reflect those of Delamode Group Holdings Limited. In the current period, the results reflect those of the whole Group for the whole period. The only change to the reported balance sheet position is to reflect the share capital of Xpediator plc rather than that of Delamode Group Holdings Limited. The difference between the nominal value of the shares issued by Xpediator plc in consideration for the share capital of Delamode Group Holdings Limited is taken to the merger reserve. The net asset position of the Group at 31 December 2016 is increased by £50,000 from the £3,513,000 reported in the financial statements of Delamode Group Holdings Limited. This reflects the share capital of Xpediator plc prior to the share swap.

3. ACCOUNTING POLICIES CONTINUED

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3: Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held for sale in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

If the cost of the acquisition is less than the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities, the difference is recognised directly in the statement of comprehensive income.

Revenue Recongition

Revenue from the provision of services is recognised when the Group has completed the agreed upon procedures and transferred the significant risks and rewards of ownership to the buyer and it is probable that the Company will receive the previously agreed upon payment.

Revenue is recognised at the fair value of the consideration received or receivable net of VAT and other similar sales taxes and trade discounts. The policies adopted for the recognition of revenue are as follows:

Freight Forwarding

Revenue is recognised when the agreed freight forwarding service is considered delivered and control of the cargo has passed to the customer or another logistics services provider. The time of recognition varies depending on the service provided and the terms of transport agreed.

Warehouse

Revenue is recognised when the service is rendered. Invoicing varies by contract, but is typically in line with work performed. Calculation of accrued and deferred income is therefore necessary at period ends, with client billing arrangements not always coinciding with the Group's reporting periods. Judgement is required when determining the appropriate timing and amount of revenue that can be recognised, due to the different contractual arrangements in place.

Affinity

Revenue generated in the Affinity Division largely relates to the commission that the entity receives for managing the DKV fuel cards business. Commission revenues as an agent are recognised in the period that the service has been actually delivered. With regards the purchase of fuel, this is generally when the fuel has been drawn at the pump.

Gross Billings

Recoverable disbursements incurred on behalf of our Affinity Division customers based in Romania and the West Balkans which include fuel costs, toll charges and breakdown assistance. The gross billings figure is included within the Groups trade payables and receivables, but are excluded from Consolidated Income Statement revenue. Therefore, in order to make a more meaningful calculation of Days Sales Outstanding and Days Payable Outstanding, it is important to understand the level of billings going through the sales and purchase ledgers.

Non-controlling interests

The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

Goodwill

Goodwill arising on the acquisition of a business represents any excess of the fair value of the consideration over the fair value of the identifiable assets and liabilities acquired. The identifiable assets and liabilities acquired are incorporated into the consolidated financial statements at their fair value to the Group.

Goodwill is not amortised but tested for impairment annually. Any impairment is recognised immediately in the consolidated statement of comprehensive income and is not subsequently reversed. On disposal of a business, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3. ACCOUNTING POLICIES CONTINUED

Impairment of non-financial assets (excluding inventories and deferred tax assets)

Impairment tests on goodwill with indefinite useful economic lives are undertaken annually in November as part of the Group's budgeting process, except in the year of acquisition when they are tested at the year-end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest Group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill. Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Foreign currencies

The financial statements of the Group are presented in its reporting currency of Sterling. The functional currency of each Group entity is the currency of the primary economic environment in which the entity operates.

Transactions in foreign currencies during the period have been converted at the rates of exchange ruling on the date of the transaction. Assets and liabilities denominated in foreign currencies have been translated at the rates of exchange ruling on the balance sheet date. Any gains or losses arising from these conversions are credited or charged to the Consolidated Income Statement.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the translation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

Financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Company has not classified any of its financial assets as held to maturity.

Impairment of Financial Assets

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Loans and Other Receivables

The group's loans and other receivables comprise trade receivables and other receivables, cash and cash equivalents in the consolidated statement of financial position.

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Cash and cash equivalents

These include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts.

Available for sale

Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally the company's strategic investments in entities, qualifying as subsidiaries, associates or jointly controlled entities in separate financial statements of the Company. They are carried at fair value with changes in fair value, other than those arising due to exchange rate fluctuations and interest calculated using the effective interest rate, recognised in other comprehensive income.

3. ACCOUNTING POLICIES CONTINUED

Available for sale continued

Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognised in other comprehensive income, is recognised in profit or loss.

Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available-for-sale reserve.

On sale, the cumulative gain or loss recognised in other comprehensive income is reclassified from the available-for-sale reserve to profit or loss.

Financial liabilities

The Group classifies its financial liabilities into two categories:

Other financial liabilities

The Group's other financial liabilities include bank loans, trade and other payables and accruals. Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Fair value through profit and loss

This category only comprises of the element of deferred consideration on business combinations, which is contingent on the performance of the acquired businesses. The expected consideration payable is assessed at each balance sheet date with the movement in the expected liability being recorded in the income statement.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The company's ordinary shares are classified as equity instruments.

Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the consolidated income statement over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated income statement on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Externally acquired intangible assets

Externally acquired intangible assets, other than Goodwill, are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements below).

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life	Valuation method
Licences and trademarks	25 years	Multiple of historic profits
Customer Lists	8-10 Years	Excess Earning Model

3. ACCOUNTING POLICIES CONTINUED

Taxation

The charge for current tax is based on the taxable income for the period. The taxable result for the period differs from the result as reported in the statement of comprehensive income because it excludes items which are not assessable or disallowed and it further excludes items that are taxable and deductible in other years. It is calculated using tax rates that have been enacted or substantially enacted by the statement of financial position date.

Deferred income tax is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax assets are recognised only to the extent that future taxable profit will be available such that realisation of the related tax benefits is probable. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Freehold buildings	2% per annum straight line
Fixtures and fittings	20% per annum straight line/10% - 25% on reducing balance,
Computer equipment	33% per annum straight line/20% - 50% on reducing balance
Motor vehicles	33% per annum straight line/20% - 25% on reducing balance

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Capital management

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, invoice discounting and long term loan finance.

Investments

Unlisted investments are stated at cost less impairment losses.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the annual general meeting.

3. ACCOUNTING POLICIES CONTINUED

Holiday Pay Accrual

All employees accrue holiday pay during the calendar year, the board encourages all employees to use their full entitlement throughout the year, however in the unlikely case that an employee has untaken holiday pay this is accrued for at the daily salary costs, including costs of employment, such as social security.

Staff Pensions

The Company does not operate a pension scheme for its employees however it does make payments to defined contribution pension schemes on behalf of employees in the UK in accordance with auto enrolment legislation. The payments made are recognised as an expense in the period to which they relate.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3.1 Changes in accounting policies

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Group's future financial statements:

- IFRS 15 Revenue from Contracts with Customers, mandatory effective date 1 January 2018. IFRS 15 is intended to clarify the principles of revenue recognition and establish a single framework for revenue recognition. This supersedes IAS 18 Revenue and the core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Based on an assessment, the Group believes that the adoption of IFRS 15 will not have a significant impact on its consolidated financial performance. The Group's interim financial statements for the period ended 30 June 2018 will be prepared in accordance with IFRS 15
- IFRS 9 Financial Instruments will, on 1 January 2018, replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. It also introduces an expected credit loss model for the valuation of certain receivables. Based on an assessment, the Group believes that the adoption of IFRS 9 will not have a significant impact on its consolidated financial performance. The Group's interim financial statements for the period ended 30 June 2018 will be prepared in accordance with IFRS 9
- IFRS 16 Leases sets outs the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. It eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model where the lessee is required to recognise assets and liabilities for all material leases that have a term of greater than a year. The standard has a mandatory implementation date of 1 January 2019. Management are still estimating the likely impact of the new accounting standard.

3.2 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Principal estimates

- Fair value measurement of intangible assets acquired in business combination

  A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value. As there are no easily identifiable valuation methods for intangible assets such as customer relationships and licences, estimation is required in assessing the fair value when accounting for a business combination.

3. ACCOUNTING POLICIES CONTINUED

3.2 Critical accounting estimates and judgements continued

- Estimated impairment of goodwill
  The Group frequently tests whether goodwill has suffered any impairment. These calculations require the use of estimates, both in arriving at the expected future profitability of the entity and the application of a suitable discount rate in order to calculate the present value of these flows.
- Trade receivables
  The Group recognises trade receivables at fair value which are then subsequently impaired when the Group recognise that the debt will not be collected or the debt is greater than 90 days overdue which is based on the judgement of the local management. The amount of the impairment is the difference between the initial fair value balance and the amount which is expected to be recovered. This loss is recognised in the income statement within administration expenses.
- Deferred Tax
  Deferred tax assets have been recognised in relation to trading losses generated in the entities, these have been restricted to those instances where it is probable that taxable profit will be available against which the difference

Principal Judgements

- Share Swap Agreement with Delamode Group Holdings Limited
  On 25 May 2017 Xpediator Plc entered into a share swap agreement with the ultimate beneficiaries of Delamode Group Holdings Limited, whereby 4,000,000 new ordinary shares of £1.00 each were issued to the ultimate beneficiaries of Delamode Group Holdings Limited in exchange for their shares in Delamode Group Holdings Limited in the same proportion as their shareholding in Delamode Group Holdings Limited. The merger method of accounting is used to consolidate the results of Xpediator plc and Delamode Group Holdings Limited and subsidiaries. The comparatives used within the consolidated financial statements reflect the financial performance and position of Delamode Group Holdings Limited. The impact of the use of merger accounting is to reflect the Group as though it had always been in existence. Therefore the prior year comparatives reflect those of Delamode Group Holdings Limited. In the current period, the results reflect those of the whole Group for the whole period. The only change to the reported balance sheet position is to reflect the share capital of Xpediator plc rather than that of Delamode Group Holdings Limited. The difference between the nominal value of the shares issued by Xpediator plc in consideration for the share capital of Delamode Group Holdings Limited is taken to the merger reserve. The net asset position of the Group at 31 December 2016 is increased by £50,000 from the £3,513,000 reported in the financial statements of Delamode Group Holdings Limited. This reflects the share capital of Xpediator plc prior to the share swap.
- Deferred Contingent Consideration
  The Group believes that any deferred consideration payable to sellers who continue to be employed is not part of their remuneration package and forms part of the cost of investment. Amounts payable are irrespective of continued employment with the acquired Company or elsewhere within the Group. The classification is further determined based on a number of factors including the breakdown of the acquisition consideration and the level of remuneration payable to selling shareholder.

4. TURNOVER ANALYSIS BY COUNTRY

	2017 £'000	2016 £'000
Lithuania	36,167	18,285
United Kingdom	32,147	20,027
Romania	25,739	19,161
Bulgaria	13,538	10,383
Serbia	4,971	2,291
Other	3,735	2,611
Total Income	**116,297**	**72,758**

4. TURNOVER ANALYSIS BY COUNTRY CONTINUED

Non Current Assets by Country

	2017 £'000	2016 £'000
United Kingdom	12,948	601
Romania	3,531	3,265
Lithuania	91	72
Serbia	97	24
Bulgaria	54	43
Malta	5	87
Other	43	2
Total Non Current Assets	**16,769**	**4,094**

5. OTHER OPERATING INCOME

Other operating income arises mainly from sundry services executed by the Group, not being freight forwarding, warehousing or affinity services. Since this is not considered to be part of the main revenue generating activities, the Group presents this income separately from revenue.

	2017 £'000	2016 £'000
Recharges to Franchise members	437	214
Recovery of fines/penalties	138	210
Rental income	74	93
Other	9	39
Total	**658**	**556**

6. OPERATING PROFIT

	2017 £'000	2016 £'000
Operating profit is stated after charging/(crediting)		
Cost of inventories recognised as expense	53	69
Hire of plant and machinery	251	80
Rental payable under operating lease	2,255	1,752
Depreciation - owned assets	351	212
Depreciation - assets on hire purchase contracts	17	30
Amortisation of Intangible Assets	437	90
Auditors' remuneration - audit	227	214
Auditors' remuneration - non audit	63	-
Loss on disposal of property, plant and equipment.	8	7
Exceptional Items	912	654
Bad Debt Costs	599	289
Foreign exchange losses/(gains)	107	(111)
Staff expenses	13,358	8,433
Other administration expenses	7,042	4,222
Total	**25,680**	**15,941**

7. EMPLOYEE BENEFIT EXPENSES

	2017 £'000	2016 £'000
Employee benefit expenses (including directors) comprise:		
Wages and salaries	11,075	7,076
Short-term non-monetary benefits	117	75
Share Based Payments	69	–
Defined contribution pension cost	158	39
Social security contributions and similar taxes	1,939	1,243
	13,358	**8,433**

KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the Company.

	2017 £'000	2016 £'000
Salary	782	497
Short-term non-monetary benefits	16	13
Share Based Payments	69	–
Defined contribution pension cost	1	2
	868	**512**

DIRECTORS REMUNERATION

	2017 £'000	2016 £'000
Salary	367	100
Other remuneration	12	6
Share Based Payments	10	–
Total	**389**	**106**

Other remuneration comprises of private family medical cover, and insurance benefits.

Total remuneration regarding the highest paid Director is as follows:

	2017 £'000	2016 £'000
Total aggregate remuneration	**191**	**93**

The average number of employees (including directors) during the year was as follows:

	2017	2016
Freight Forwarding	313	287
Logistics	304	242
Other	70	45
Total	**687**	**574**

FOR THE YEAR ENDED 31 DECEMBER 2017

8. SEGMENTAL ANALYSIS

Types of services from which each reportable segment derives its revenues

In 2017 the Group had three main divisions: Transport Solutions, referred to as Affinity, Freight Forwarding, and Logistics & Warehousing. All revenue is derived from the provision of services.

- Freight Forwarding - This division is the core business and relates to the movement of freight goods across Europe. This division accounts for the largest proportion of the Group's business, generating 80% of its external revenues. (2016:81%)
- Affinity - This division is the Transport Solution's arm of the Group. It focuses on the reselling of DKV fuel cards, leasing, ferry crossings and other associated transport related services. This division accounts for 4% of the Group's business in terms of revenue (2016:5%)
- Logistics & Warehousing - This division is involved in the warehousing and domestic distribution; it generates 16% of the Group's external revenues in 2017 (2016:14%).

Factors that management used to identify the Group's reportable segments

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team comprising the Divisional CEOs, the Chief Executive Officer and the Finance Director.

No single customer accounted for more than 10% of the Group's total revenue.

Measurement of operating segment profit or loss.

The Group evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with IFRS.

Inter-segment sales are priced at market rates and at arm's length basis, along the same lines as sales to external customers. This policy was applied consistently throughout the current and prior period.

Revenue	Freight Forwarding 2017 £'000	Logistics & Warehousing 2017 £'000	Affinity 2017 £'000	Unallocated 2017 £'000	Total 2017 £'000
Gross Billings	**93,339**	**18,898**	**119,833**	–	**232,070**
Less recoverable disbursements	–	–	(115,251)	–	(115,251)
Total revenue	93,339	18,898	4,582	–	**116,819**
Inter-segmental revenue	–	(522)	–	–	**(522)**
Total revenue from external customers	**93,339**	**18,376**	**4,582**	**–**	**116,297**
Depreciation & amortisation	(235)	(530)	(38)	(2)	**(805)**
Segment Profit (excluding exceptional items)	2,434	932	1,952	(1,317)	**4,001**
Net Finance costs					**(653)**
Exceptional items					**(912)**
Profit before income tax					**2,436**

8. SEGMENTAL ANALYSIS CONTINUED

Revenue	Freight Forwarding 2016 £'000	Logistics & Warehousing 2016 £'000	Affinity 2016 £'000	Unallocated 2016 £'000	Total 2016 £'000
Gross Billings	**58,869**	**10,896**	**99,386**	**14**	**169,165**
Less recoverable disbursements	–	–	95,837	–	95,837
Total revenue	58,869	10,896	3,549	14	**73,328**
Inter-segmental revenue	–	(570)	–	–	**(570)**
Total revenue from external customers	**58,869**	**10,326**	**3,549**	**14**	**72,758**
Depreciation & amortisation	(125)	(176)	(30)	(1)	(332)
Segment Profit (excluding exceptional items)	**1,645**	**(37)**	**1,799**	**(939)**	**2,468**
Net Finance costs					**(342)**
Exceptional items					**(654)**
Profit before income tax					**1,472**

9. NET FINANCE COSTS

	2017 £'000	2016 £'000
Finance income:		
Deposit account interest	**12**	**24**
Finance costs:		
Unwind of discount on Deferred Consideration	295	–
Bank loan interest	363	362
Finance lease interest	7	4
	665	**366**
Net finance costs	**653**	**342**

10. INCOME TAX

Analysis of tax expense

	2017 £'000	2016 £'000
Current tax:		
Tax on profits for the year	825	272
Adjustments in respect of prior periods	(17)	-
Total current tax payable	808	272
Deferred tax credit	(157)	(39)
Total tax expense in consolidated statement of profit or loss	**651**	**233**

The reconciling items for the difference between the actual tax charge for the year and the standard rate of corporation tax in UK (the ultimate parent company's tax residency) applied to profits for the year are as follows:

	2017 £'000	2016 £'000
Profit before tax	2,436	1,472
Tax using the Company's domestic effective tax rate of 19.25% (2016:35%)	469	515
Expenses not deductible for tax purposes	404	427
Income not taxable	(15)	(1,129)
Movement in unrecognised deferred tax	109	859
Deferred tax asset not previously recognised	(82)	-
Adjustment in respect of prior periods	(17)	-
Other	(33)	22
Different tax rates applied in overseas jurisdictions	(184)	(461)
Total tax expense	**651**	**233**

Deferred Tax

Assets –Arising from Trading losses	2017 £'000	2016 £'000
Balance as at 1st January	106	54
Movement in the year as a result of trading	90	52
Balance as at 31st December	**196**	**106**

Liabilities	2017 £'000	2016 £'000
Balance as at 1st January	(332)	-
Recognised on the acquisition of Subsidiaries (note 32)	(958)	(301)
Release to P&L	67	13
Movement in Foreign Exchange	14	(44)
Balance as at 31st December	**(1,209)**	**(332)**

The deferred tax asset relates to losses carried forward at the rate of tax in the relevant jurisdiction.

The Group has potential deferred tax assets for trading losses totalling £813,000 (2016: £561,000) arising from certain subsidiaries across the Group. These assets have not been recognised due to insufficient certainty that the suitable profits will be generated in the foreseeable future.

The deferred tax liabilities relates to liabilities arising as part of the Group's acquisitions.

FOR THE YEAR ENDED 31 DECEMBER 2017

11. DISCONTINUED ACTIVITIES

In November 2016, the Group completed its disposal of its investment in Delamode Holdings BV and its subsidiaries in return for cash consideration of €500,000. (£439,000).

The Group had net assets of £Nil (2016 - £2,619,000), and the difference between the consideration received and asset value resulted in a distribution to owners during the year of £Nil (2016 - £2,180,000).

Delamode Holding BV is the only operation presented as discontinued operation in 2016 and was classified as held for sale in October 2015.

During the year the discontinued operations generated losses of £Nil prior to disposal, (2016: - £179,000)

The loss attributable to the disposed Group has been disclosed as a loss from discontinued operations and was determined as follows:

	2017 £'000	2016 £'000
Result of discontinued operations		
Revenue	–	427
Expenses other than finance costs	–	(639)
Finance Income	–	33
Loss for the year	**–**	**(179)**

12. EARNINGS PER SHARE

	2017	2016
Basic Weighted average number of shares	**94,004**	**80,000**
Diluted Weighted average number of shares	**94,328**	**80,000**

	£'000	£'000
Profit for the year attributable to owners of the	1,540	563
Company Earnings pence per share - basic	**1.64**	**0.70**
Earnings pence per share - diluted	**1.63**	**0.70**
Profit for the year attributable to owners of the Company	1,540	563
Exceptional items (note 30)	912	654
Amortisation of intangible assets arising from acquisitions (note 14)	330	-
Unwind of discount in deferred consideration (note 9)	295	-
Profit for the year attributable to owners of the Company excluding exceptional items	**3,077**	**1,217**
Earnings pence per share - basic excluding exceptional items	**3.27**	**1.52**
Earnings pence per share – diluted excluding exceptional items	**3.26**	**1.52**
Profit for the year attributable to owners of the Company	1,540	563
Losses for the year from discontinued operations	–	179
Profit for the year attributable to owners of the Company continuing operations	**1,540**	**742**
Basic earnings pence per share continuing operations	**1.64**	**0.93**
Diluted earnings pence per share continuing operations	1.63	0.93
Losses for the year from discontinued operations	-	(179)
Basic and diluted earnings pence per share discontinued operations	**–**	**(0.22)**

13. DIVIDENDS

	2017 £'000	2016 £'000
Interim dividend of 0.347p (2016: £21.62) per Ordinary shares	350	3,377

The directors are recommending a final dividend of 0.64p per Ordinary shares (2016: £nil) per share totalling £750,000 (2016: £nil) to be paid in August 2018 for the year. This dividend has not been accrued in the consolidated statement of Financial Position.

14. INTANGIBLE ASSETS

Group

COST	Licences £'000	Goodwill £'000	Customer Related £'000	Total £'000
At 1 January 2017	2,453	682	–	3,135
Additions	30	–	17	47
Acquired through Business Combination	–	6,829	5,670	12,499
Disposals	(6)	–	–	(6)
Exchange Differences	198	40	2	240
At 31 December 2017	**2,675**	**7,551**	**5,689**	**15,915**
AMORTISATION				
At 1 January 2017	243	–	–	243
Charge for the Year	107	–	330	437
Disposals	(6)	–	–	(6)
Exchange Differences	73	–	–	73
At 31 December 2017	**417**	**–**	**330**	**747**
NET BOOK VALUE				
At 31 December 2017	**2,258**	**7,551**	**5,359**	**15,168**
At 1 January 2017	2,210	682	–	2,892

COST	£'000	£'000	£'000	£'000
At 1 January 2016	138	–	–	138
Additions	50	–	–	50
Acquired through Business Combination	1,981	593	–	2,574
Exchange Differences	284	89	–	373
At 31 December 2016	**2,453**	**682**	**–**	**3,135**
AMORTISATION				
At 1 January 2016	125	–	–	125
Charge for the year	90	–	–	90
Exchange differences	28	–	–	28
At 31 December 2016	**243**	**–**	**–**	**243**
NET BOOK VALUE				
At 31 December 2016	**2,210**	**682**	**–**	**2,892**
At 1 January 2016	13	-	-	13

The goodwill included in the above note, relates to acquisition of Pallet Express Srl in January 2016, UK Buy in January 2017, Easy Managed Transport in March 2017, Benfleet Forwarding Limited in October 2017 and Regional Express Limited in November 2017.

14.INTANGIBLE ASSETS CONTINUED

Annual test for impairment

The Group carries out its impairment tests annually in November as part of the budget process and all newly acquired entities are also reviewed for impairment at the balance sheet date.

Upon acquisition the goodwill and other intangibles are calculated at CGU level, these are then measured based on forecasted cash flow projections, the first year of which is based on the CGU's current annual financial budget which has been approved by the board. The cash flow projections for years two to five have been derived based on a market growth rates that are considered to be in line with the market expectations.

The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

In determining the future free cash flow, the main drivers have been revenue and EBIT margins, with margins remaining at current level.

The directors have reviewed the future profit and cash flow forecasts for the next five years and applying a discount rate of between 15%-16% to the cash flow projections when determining the net present value of these cash flows, it believes there is sufficient headroom in the value of the business to not have to impair the goodwill.

The WACC of the Group has been calculated at a rate of between 15%-16% with each CGU being adjusted to take into consideration a specific Company risk factor. No impairment losses have been recognised in the year.

The Goodwill by CGU is shown below :-

Subsidiary Acquired	Value £'000
Pallex Express SRL	722
Easy Managed Transport Limited	2,258
Benfleet Forwarding Limited	3,407
Regional Express Limited	937
UK Buy	227
Total	**7,551**

15. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold property £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
COST					
At 1 January 2017	122	921	759	1,058	2,860
Additions	2	165	224	380	771
Additions acquired with subsidiary	15	30	19	9	73
Disposals	–	(2)	(176)	(19)	(197)
Exchange differences	3	12	14	11	40
Transfers between categories	-	(154)	-	154	–
At 31 December 2017	**142**	**972**	**840**	**1,593**	**3,547**
DEPRECIATION					
At 1 January 2017	–	508	504	662	1,674
Charge for year	3	117	89	159	368
Eliminated on disposal	–	(2)	(103)	(12)	(117)
Exchange differences	–	5	9	8	22
At 31 December 2017	**3**	**628**	**499**	**817**	**1,947**
NET BOOK VALUE					
At 31 December 2017	**139**	**344**	**341**	**776**	**1,600**
At 1 January 2017	122	413	255	396	1,186

15. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Group	Freehold property £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
COST					
At 1 January 2016	105	789	700	842	2,436
Additions	1	173	201	218	593
Additions acquired with Subsidiary	–	8	9	12	29
Disposals	–	(82)	(200)	(55)	(337)
Exchange differences	16	33	49	41	139
At 31 December 2016	**122**	**921**	**759**	**1,058**	**2,860**
DEPRECIATION					
At 1 January 2016	–	478	468	595	1,541
Charge for year	–	91	76	75	242
Eliminated on disposal	–	(78)	(74)	(34)	(186)
Exchange differences	–	17	34	26	77
At 31 December 2016	**–**	**508**	**504**	**662**	**1,674**
NET BOOK VALUE					
At 31 December 2016	**122**	**413**	**255**	**396**	**1,186**
At 1 January 2016	105	311	232	247	895

The net book value of assets held under finance leases is £86,055, (2016: £135,502) and the depreciation charged in the year for these assets was £17,279 (2016:£29,585).

16. SUBSIDIARIES

The subsidiaries of Xpediator PLC, all of which have been included in these combined financial statements, are as follows:

Name	Regostered Office	Country of incorporation	Proportion of ownership interest 2017	Proportion of ownership interest 2016
Delamode Holding Ltd	1	United Kingdom	100%	100%
Delamode Distribution UK Ltd	1	United Kingdom	51%	51%
Delamode PLC	1	United Kingdom	100%	100%
Delamode Property Ltd	1	United Kingdom	100%	100%
EshopWeDrop Limited	1	United Kingdom	100%	100%
Xpediator Services Limited	1	United Kingdom	100%	100%
Easy Managed Transport Limited	1	United Kingdom	100%	–
Benfleet Forwarding Limited	1	United Kingdom	100%	–
Regional Express Limited	1	United Kingdom	100%	–
Affinity Transport Solutions Srl	2	Romania	100%	100%
Delamode Moldova Srl	3	Moldova	100%	100%
Delamode Bulgaria EOOD	4	Bulgaria	90%	90%
Delamode Balkans DOO	5	Serbia	100%	100%
Affinity Balkans DOO	6	Montenegro	100%	100%
Delamode Macedonia	7	Macedonia	100%	100%
Delamode Baltics UAB	8	Lithuania	80%	70%
Delamode Estonia OÜ	9	Estonia	80%	70%
Delamode Romania Srl	2	Romania	100%	100%
Affinity Leasing IFN	2	Romania	99.95%	99.95%
EshopweDrop Holdings	10	Malta	100%	100%
EshopweDrop Baltics	9	Lithuania	100%	100%
Delamode Group Limited	10	Malta	100%	100%
Delamode Group Holdings Limited	10	Malta	100%	100%
Pallet Express Srl	11	Romania	100%	100%
Eshop Romania	2	Romania	100%	100%
Pallex Hungary	12	Hungary	100%	100%

Delamode Group Holdings Limited, Easy Managed Transport Limited, Benfleet Forwarding Limited and Regional Express Limited are the only Subsidiaries held directly by Xpediator PLC.

1 700 Avenue West, Skyline 120, Braintree, Essex, CM77 7AA, United Kingdom
2 Bd. Timisoara, nr 111-115 Sector 6, Bucharest, 061327, Romania
3 Bd. Moscova 21/5 of. 1011 MD-2068, Chisinau, Republic of Moldova
4 8 Malashevska Street, 1202, Sofia, Bulgaria
5 Bulevar, Mihajla Pupina, 115v, 11070, Belgrade, Serbia
6 Dzordza, Vasingtona 51/43, Podgorica, 81000, Montenegro
7 Naum, Naumovski, Boce 50/2 -17, 1000 Skopje, Macedonia
8 Eiguliu G, 2 03150, Vilnius, Lithuania
9 Parnu mnt. 139/C-1 11317, Tallinn, Estonia
10 37A, Balzan Valley, Balzan, BZN 1408, Malta
11 Stefan cel Mare street, no. 193, Sibiu, 550321, Romania
12 1141 Budapest Szuglo utca 82, Hungary

17. NON-CONTROLLING INTERESTS

Non-Controlling interests held in the Group are as follows:

	2017	2016
Delamode Baltics UAB	20.0%	30.0%
Delamode Estonia OÜ	20.0%	30.0%
Delamode Bulgaria EOOD	10.0%	10.0%
Delamode Service Financare IFN	0.05%	0.05%
Delamode Distribution UK Limited	49.0%	49.0%

On 4th January 2017, the Group acquired 10.0% of the non-controlling interest in Delamode Baltics and its subsidiary Delamode Estonia OU for £209,000.

On the 28th December 2016, the Group acquired 24.3% of the non-controlling interest in Delamode Bulgaria EOOD for £630,446.

On the 28th July 2016, the Group acquired 5.0% of the non-controlling interest in Affinity Transport Solutions Srl for £1,784.

On the 15th January 2016, the Group acquired 50.0% of the non-controlling interest in Eshopwedrop Limited for £22,500.

The summarised financial information in relation to Delamode Bulgaria and Delamode Baltics before intra-Group eliminations, is presented below together with amounts attributable to NCI:

	Delamode Bulgaria £'000	Delamode Baltics UAB £'000
Share Capital	1	6
Reserves	75	270
Total NCI b/f 2016	**76**	**276**
Non-Controlling Interest in Results for the Year	71	134
Non-Controlling Interest in Dividends for the Year	(36)	(71)
Non-Controlling Interest in Translation adjustment on Opening reserves	5	9
Non-Controlling Interest in Translation adjustment on Results for the Year	2	2
Non-Controlling Interest Acquired reserves	–	5
Non-Controlling Interest Acquired in Share Capital	–	(2)
Minority Interest Acquired Reserve	–	(96)
Total NCI c/f 2017	**118**	**257**

17. NON-CONTROLLING INTERESTS CONTINUED

	Delamode Bulgaria		Delamode Baltics UAB	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Revenue	13,991	10,876	36,795	18,966
Cost of sales	(12,233)	(9,561)	(32,770)	(16,445)
Gross profit	**1,758**	**1,315**	**4,025**	**2,521**
Administrative expenses	(967)	(640)	(3,252)	(1,892)
Other income	–	5	27	2
Operating profit	**791**	**680**	**800**	**631**
Finance (costs)/income	(1)	(15)	(9)	1
Profit before tax	**790**	**665**	**791**	**632**
Tax Expense	(79)	(66)	(122)	(97)
Profit after tax	**711**	**599**	**669**	**535**
Profit after tax attributable to non-controlling interests	**71**	**205**	**134**	**161**

	Delamode Bulgaria		Delamode Baltics UAB	
For the period to 31 December 2017	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Assets:				
Non-Current Trade and receivables	–	12	103	80
Property plant and equipment	53	32	84	71
Inventories	8	–	–	–
Trade and other debtors	2,996	2,296	7,823	4,656
Cash and cash equivalents	588	410	23	591
	3,645	**2,750**	**8,033**	**5,398**
Liabilities:				
Trade and other payables	2,446	1,960	6,748	4,483
Loans and other borrowings	23	22	–	–
	2,469	1,982	6,748	4,483
Total Net Assets	**1,176**	**768**	**1,285**	**915**
Accumulated non-controlling interests	118	77	257	275

The NCI of all the other shareholders, that are not 100% owned by the Group are considered to be immaterial

18. INVESTMENTS

COST	Investment £'000
At 1 January 2017	16
Disposals	(15)
At 31 December 2017	1
NET BOOK VALUE	
At 31 December 2017	**1**

COST	£'000
At 1 January 2016	16
Translation adjustment	–
At 31 December 2016	**16**
NET BOOK VALUE	
At 31 December 2016	**16**

Investments represent investments in shares in unlisted companies.

The Group disposed of its unlisted investment in CWT Globelink on 4th August 2017 for cash consideration of £30,064.

19. INVENTORIES

Group	2017 £'000	2016 £'000
Raw materials	50	44

20. TRADE AND OTHER RECEIVABLES

Group	2017 £'000	2016 £'000
Current:		
Trade Receivables	46,533	26,746
Less: provision for impairment of trade receivables	(1,498)	(1,028)
	45,035	25,718
Current Financial Assets	2,295	1,180
Prepayments	1,128	390
Other receivables	3,348	1,309
Total	**51,806**	**28,597**
Non Current		
Trade and other receivables	**149**	**222**

Current Financial Assets relate to the security deposits held by DKV on behalf of the Group which are refundable on termination of the agreement which can be served giving three month's notice hence they are classed as current assets.

Included with trade debtors is a balance due from Simplu Romania of £263,000. This debt is guaranteed by the Directors of Delamode Holdings BV (which include Stephen Blyth and Shaun Godfrey), who are a related party to the Xpediator Group.

20. TRADE AND OTHER RECEIVABLES CONTINUED

The movements in the impairment allowance for trade receivables are as follows:

Group	2017 £'000	2016 £'000
At 1 January	1,028	2,616
Increase during the year	777	442
Impairment losses reversed	(178)	(153)
Receivable written off during the year as uncollectible	(129)	(1,877)
At 31 December	**1,498**	**1,028**

As at 31 December 2017 trade receivables of £14,644,000 (2016: £9,795,000) were past due but not impaired. They relate to the customers with no default history. The ageing analysis of these receivables is as follows:

	2017 £'000	2016 £'000
Up to 3 months	13,833	9,252
Over 3 months	811	543
	14,644	**9,795**

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Cash and cash equivalents are stated net of bank overdrafts in the cash flow statement.

Group	2017 £'000	2016 £'000
Bank accounts	7,385	5,351
Bank Overdrafts	(45)	–
	7,340	**5,351**

22. TRADE AND OTHER PAYABLES

Group	2017 £'000	2016 £'000
Current:		
Trade and other payables	42,446	24,673
Social security and other taxes	1,650	573
Other creditors	5,514	3,378
Deferred Consideration	1,840	–
Accruals and deferred income	1,363	543
Total Trade and other payables	**52,813**	**29,167**
Non Current		
Deferred Consideration	**1,666**	**–**

The deferred consideration of £1,840,000 (2016 - £nil) due within one year relates to the deferred consideration on the acquisitions of Easy Managed Transport Limited, Benfleet Forwarding Limited, Regional Express Limited and UK Buy. Of this balance, £1,078,000 is contingent on performance related criteria.

The deferred consideration of £1,666,000 (2016 - £nil) due in more than one year relates to the deferred consideration on the acquisitions of Easy Managed Transport Limited, Benfleet Forwarding Limited, Regional Express Limited and UK Buy. Of this balance, £952,000 is contingent on performance related criteria.

23. LOANS AND BORROWINGS

Group	2017 £'000	2016 £'000
Current:		
Finance leases	43	39
Bank loans	289	358
Invoice discounting facility	2,213	1,077
	2,545	**1,474**
Non-current:		
Finance Leases		
Finance Leases 1-2 years	64	69
Finance Leases 2-5 Years	24	–
Loans - 1-2 years	651	942
Loans - 2-5 years	1,006	971
Loans due after 5 years repayable by instalments	1,564	1,896
	3,309	**3,878**

The bank loan due after 5 years is due to be repaid by November 2026. Interest is being charged at a fixed rate of 6.4% and a variable rate of 1.1% above the Bank of England base rate.

The book value and fair value of loans and borrowings are as follows:

Non-Current	2017 £'000	2016 £'000
Finance leases and Bank borrowings		
- Secured	2,874	3,334
- Unsecured	435	544
	3,309	**3,878**
Current		
Finance lease and Bank borrowings:		
- Secured	2,502	1,410
- Unsecured	43	64
	2,545	1,474
Total loans and borrowings	**5,854**	**5,352**
Sterling	5,396	4,639
Other	458	713
	5,854	**5,352**

The Finance lease loans are secured against the assets on which the finance relates. Bank borrowings and overdrafts are secured by a fixed and floating charge over the Group's assets.

The movements in the finance leases and borrowings are as follows:

Group	2017 £'000	2016 £'000
At 1 January	**5,352**	**7,340**
New finance lease and borrowings in the year	1,198	319
Finance leases and borrowings repaid during the year	(696)	(2,307)
At 31 December	**5,854**	**5,352**

24. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price risk, and
- Liquidity risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Bank overdrafts
- Floating-rate bank loans
- Fixed rate bank loans
- Bank loan

Financial instruments by category

Financial Assets	**Loans and receivables**	
	2017 £'000	**2016 £'000**
Cash and cash equivalents	7,385	5,351
Trade and other receivables	50,678	28,534
Total Financial Assets	**58,063**	**33,885**

Financial Liabilities	**Fair value through profit and loss**		**Loans and other payables**	
	2017 £'000	**2016 £'000**	**2017 £'000**	**2016 £'000**
Trade and other payables	-	-	50,973	29,499
Loans and Borrowings	-	-	5,854	5,352
Bank overdraft	-	-	45	-
Deferred consideration	1,476	-	2,030	-
Total Financial Liabilities	**1,476**	**-**	**58,902**	**34,851**

Financial instruments not measured at fair value

These include cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates their fair value.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk) credit risk and liquidity risk. The financial risks relate to the following financial instruments: debtors, cash and cash equivalents and trade and other creditors. The accounting policies with respect to these financial instruments are described above.

Risk management is carried out by the directors under policies approved at the AGM. The directors identify and evaluates financials risks in close co-operation with the company's operating units. The directors provide principles for overall risk management.

The reports on the risk management are produced periodically to the key management personnel of the Company.

24. FINANCIAL INSTRUMENTS – RISK MANAGEMENT CONTINUED

(a) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, the most suitable bank in the local territory is selected.

A significant amount of cash is held with the following institutions:

Cash at bank	2017* Rating	2017 £'000	2016 £'000
Barclays Bank	A	2,656	–
Lloyds Bank	BBB+	182	516
Raiffeisenbank	BBB+	1,418	1,802
RBS	BBB-	319	–
HSBC	A	261	–
Bank of Transylvania	BB	232	179
Unicredit Bulbank	BBB	216	251
Alpha Bank	CCC+	67	48
SEB bankas AB	A+	7	291
DNB bankas AB	A+	–	290
Other		497	489
Total		**5,855**	**3,866**

*Based on Standard & Poor Rating

Short term deposits	2017 Rating	2017 £'000	2016 £'000
Lloyds Bank	BBB+	1,485	1,485

Reconciliation of cash in bank and deposits to balance sheet	2017 £'000	2016 £'000
Cash at bank	5,855	3,866
Short term deposits	1,485	1,485
	7,340	**5,351**

(b) Market risk

(i) Price risk

Certain aspects of the commercial terms relating to the Affinity division are, directly linked to the commodity costs of fuel purchased by their clients at roadside fuelling stations across Europe. As such there is a risk arising from price changes relating to the fuel prices offered at the respective fuelling stations. In order to manage this risk the Company partially hedges the way it charges its commissions.

The table below shows the sensitivity analysis to possible changes in fuel prices to which the Group is exposed at the end of each year, with all other variables remaining constant. This arises due to the commercial arrangements the Affinity division has with its clients, whereby it will generate income in the form of commissions based on the value of fuel purchased by its clients.

Petrol price risk effect on net profit sensitivity analysis:	2017 £'000	2016 £'000
Price increased by 10%	130	95
Price decreased by 10%	(130)	(95)

The Group is exposed to the market risk with respect to its operating income which is subject to changes in performance, exchange fluctuations and other market influences both economic and political. The directors manage this risk by reviewing on a regular basis market fluctuations arising on the Group's activities.

24. FINANCIAL INSTRUMENTS - RISK MANAGEMENT CONTINUED

(ii) Cash flow and fair value interest rate risk

As the Company has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

The risk associated with interest-bearing debts is mitigated by utilising a mix of fixed and variable interest rate loans.

The Group's cash flow and fair value interest rate risk is periodically monitored by the directors. The cash flow and fair value risk policy is approved by the directors.

Receivables and trade and other payables are interest free and have settlement dates within one year.

A sensitivity analysis is normally based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated – for example, change in exchange rates and change in market values.

(iii) Foreign exchange risk

Foreign exchange risk arises because the Group has operations located in various parts of the world whose functional currency is not the same as the presentational currency of the Group. Foreign exchange risk also arises when individual companies enter into transactions denominated in a currency other than their functional currency. Certain assets of the Group comprise amounts denominated in foreign currencies. Similarly, the Company has financial liabilities denominated in foreign currency. In general, the Company seeks to maintain the financial assets and financial liabilities in each of the foreign currencies at a reasonably comparable level, thereby providing a natural hedge against foreign exchange risk.

	GBP £'000	Euro £'000	RON £'000	MLD LEU £'000	BGN LEV £'000	RSD Dinar £'000	HUF Forints £'000	MKD Denar £'000	Total £'000
At 31 December 2017									
Financial assets	15,580	28,185	9,218	131	3,413	1,337	18	181	**58,063**
Financial Liabilities	20,036	28,678	6,054	33	2,363	1,461	39	238	**58,902**
At 31 December 2016									
Financial assets	6,520	19,846	3,548	369	2,636	810	4	102	**33,835**
Financial liabilities	9,159	19,751	2,423	254	1,955	1,200	25	84	**34,851**

An analysis of the Group's exposure to foreign exchange risk, illustrating the impact on the net financial assets of a 10% movement in each of the key currencies to which the Group is exposed, is shown below

Foreign currency risk sensitivity analysis:	**2017 £'000**	**2016 £'000**
Euro		
Strengthened by 10%	49	10
Weakened by 10%	(49)	(10)
Romanian Lei		
Strengthened by 10%	316	113
Weakened by 10%	(316)	(113)
Moldavian Leu		
Strengthened by 10%	10	12
Weakened by 10%	(10)	(12)
Serbian Dinar		
Strengthened by 10%	(12)	(39)
Weakened by 10%	12	39
Bulgarian Lev		
Strengthened by 10%	105	68
Weakened by 10%	(105)	(68)
Macedonian Denar		
Strengthened by 10%	6	2
Weakened by 10%	(6)	(2)

24. FINANCIAL INSTRUMENTS – RISK MANAGEMENT CONTINUED

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash flow for operations. The Group manages its' risk to shortage of funds by monitoring forecast and actual cash flows.

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, invoice discounting and long term loan finance.

At 31 December 2017	Up to 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Trade and other payables	50,973	–	–	–
Loans and borrowings	2,545	715	1,030	1,564
Deferred consideration	569	738	–	–
Total	**54,087**	**1,453**	**1,030**	**1,564**

At 31 December 2016	Up to 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Trade and other payables	29,167	–	–	–
Loans and borrowings	1,614	1,130	1,247	2,087
Total	**30,781**	**1,130**	**1,247**	**2,087**

25. CALLED UP SHARE CAPITAL

Ordinary Shares of 5p each	2017 Number	2017 £000s	2016 Number	2016 £000s
At the beginning of the year	80,000,000	4,000	80,000,000	4,000
Issued During the Year	37,431,144	1,872	–	–
At the end of the year	**117,431,144**	**5,872**	**80,000,000**	**4,000**
50,000 deferred shares of £1.00 each	50,000	50	50,000	50
At the end of the year	**117,481,144**	**5,922**	**80,050,000**	**4,050**

The share capital at the 31 December 2016 represents the shares issued as consideration for Delamode Group Holdings Limited which under merger accounting is treated as if they had always been in issue.

On 25 May 2017, the Company entered into a share swap agreement whereby the ultimate beneficiaries of Delamode Group Holding Limited swapped their shares in Delamode Group Holding Limited for shares in Xpediator Plc. This created 4,000,000 ordinary shares of £1.00 being issued to the shareholders of the Company.

On the 7 August 2017 these shares were converted into 80,000,000 ordinary shares of 5 pence each.

On the 11th August 2017, the Company issued 20,833,333 of 5 pence shares following the listing on the Alternative Investment Market. The Company raised Gross Proceeds of £5,000,000 to assist with further acquisitions. Costs of £421,000 have been taken to the share premium reserve.

On 25th October 2017, the Company issued 9,219,858 of 5 pence shares (market value of £2,600,000) shares to the shareholders' of Benfleet Forwarding Limited as part of the consideration for the acquisition of the Company.

On 3rd November 2017, the Company issued 377,953 of 5 pence shares (market value of £120,000) to the shareholders' of Regional Express Limited as part of the consideration for the acquisition of the Company.

On the 30 November 2017, the Company issued a further 7,000,000 5 pence shares following an addition round of funding. The Company raised gross proceeds of £2,800,000 to assist with further acquisitions and working capital requirements. Costs of £195,000 have been taken to the share premium reserve.

The deferred shares are non-voting shares and have no rights to any distribution or dividend payments.

FOR THE YEAR ENDED 31 DECEMBER 2017

26. RESERVE DESCRIPTION AND PURPOSE

Retained earnings: All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Translation reserve: represents the difference arising on the translation of the net assets and results of subsidiaries into the presentation currency.

Merger Reserves: represents the difference between the nominal value of consideration paid for shares acquired in entities under common control and the nominal value of those shares. This arises as a result of the business combination falling outside the scope of IFRS 3 and merger accounting being applied in place of acquisition accounting. In addition, the premium on the fair value in excess of the nominal value of shares issued in consideration of business combinations is credited to the merger reserve.

Share premium is the amount subscribed for share capital in excess of nominal value.

Equity reserve represents the cost of the share options granted that have not yet been exercised.

27. SHARE-BASED PAYMENTS

The Company has granted Directors' and key management share option plans. These are unapproved schemes so they do not satisfy the requirements of schedule 4, ITEPA. A summary of the options plans is shown below. All options will vest between 1 to less than 5 years.

Name	Share Option No	Option Price £	Vesting Period	Expiry Date
Alex Borrelli	416,667	0.24	May 2019	May 2019*
Geoff Gillo	208,333	0.24	May 2019	May 2019*
Dana Antohi	729,167	0.05	July 2018	August 2018
SP Angel	55,250	0.24	July 2022	August 2022

* The expiry date is 10 days after the approval of the Group's consolidated audited accounts for the year ending 31 December 2018.

All share options have been granted in the current year.

The Company has granted share options to the non-executive directors over 416,667 Ordinary Shares (Alex Borrelli) and 208,333 Ordinary Shares (Geoff Gillo). The options may only be exercised in whole and not part and exercise of the options are conditional on the earnings per share of the Company in each of the two years ending 31 December 2017 and 31 December 2018 increasing by 10 per cent. or more on the previous year. For Alex Borrelli, the options are also conditional on him being a director of the Company on the date that the consolidated audited accounts of the Company for the year ending 31 December 2018 are published and for Geoff Gillo, on him being a non-executive director of the Company on such date. The exercise price of the options is the Placing Price. (£0.24)

The Company has granted options to Dana Antohi over 729,167 Ordinary Shares. The options are exercisable for a period of 30 days commencing on the first anniversary of the date of grant of the options, following which, if not exercised, the options will lapse. The options may only be exercised over all the options and not part. The exercise price of the options is £0.05.

The Company has also granted to SP Angel warrants to subscribe for 55,250 Ordinary Shares at the Placing Price, £0.24, exercisable at any time during the period of five years from Admission.

Options will normally lapse on cessation of employment. However, exercise is permitted for a limited period following cessation of employment for specified reasons, such as redundancy, retirement, ill-health, and, in other circumstances, at the discretion of the Remuneration Committee.

The weighted average grant fair value during the year was £0.125 per option. The outstanding options have a weighted average contractual life of 11 months, and exercise price between £0.05 and £0.24.

27. SHARE-BASED PAYMENTS CONTINUED

Options were valued using the Black-Scholes option pricing model. No performance conditions were included in the fair value calculations. The fair value per option granted and the assumptions used in the calculations are as follows:-

	2017	2016
Risk Free Investment	1.97%	–
Expected Life	18 months	–
Expected Volatility	43.63%	–

Weighted Average Share Price

For 2017 options granted, a volatility of 43.63% has been used reflecting the historical based on share transactions since listing. The maximum vesting period was used as a basis to determine the expected life of the option. The risk-free rate was based on the Government Gilts rates in effect at the time of the grant.

The Group recognised total expenses of £68,857 (2016 - £nil) relating to equity-settled share-based payments in 2017.

28. LEASES

The Group utilises finance leases and hire purchase agreements to acquire property, plant and equipment. Future minimum amounts repayable are shown below:

	2017 £'000	2016 £'000
Hire purchase contracts		
Gross obligations repayable:		
Within one year	48	41
Between one and five years	92	73
	140	**114**
Finance charges repayable:		
Within one year	5	2
Between one and five years	4	4
	9	**6**
Net obligations repayable:		
Within one year	43	39
Between one and five years	88	69
	131	**108**
Net obligations included within:		
Current liabilities	43	39
Non-current Liabilities	88	69
	131	**108**

Operating leases – lessee

In addition to finance leases the Group has various operating leases which are shown below. The ownership of the operating leases will not pass to the lessee at the end of the agreement.

The total future value of minimum lease payments is due as follows:

	2017 £'000	2016 £'000
Non-cancellable operating leases – Non Rent		
Payable		
Within one year	285	124
Between one and five years	559	257
In more than five years	7	-
	851	**381**
Non-cancellable operating leases – Rent		
Payable		
Within one year	1,956	811
Between one and five years	6,446	2,628
In more than five years	2,855	2,512
	11,257	**5,951**

	2017 £'000	2016 £'000
Minimum lease payments		
Receivable		
Not later than one year	37	37
Later than one year and not later than five years	43	41
Later than five years	–	–
	80	**78**

29. RELATED PARTY TRANSACTIONS

Delamode Holding BV, is indirectly owned by Shaun Godfrey, Sandu Grigore, and Cogels Investment BV, all of whom are shareholders of Xpediator PLC.

Delamode International Kft, Delamode Hungary, Kft and Delamode Consulting Srl are all subsidiaries of Delamode Holding BV.

Delamode Properitati Srl, a Company owned by Delamode Holding BV, is the landlord of one of the Group's leasehold properties in Romania. Rent payable under the current lease is at market rates. Shaun Godfrey, Richard Myson and Cogels Investment BV are shareholders of Xpediator PLC.

On the 16th January 2016 the Group acquired 100% of the share capital of Pallet Express Srl for £2,058,000 these shares were owned by the current shareholders of the Group in the same proportion of their current Group shareholding, the details of this acquisition is disclosed in note 32.

During the year Group companies entered into the following transactions with related parties who are not members of the Group.

	Sales		Purchases		Amounts owed by		Amounts owed to	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Related Party								
Delamode Holding BV	55	-	-	8	55	-	646	330
Delamode Propretati, Srl	3	2	315	397	9	8	2	85
Delamode Hungary Kft	-	-	-	-	21	21	15	15
Delamode Consulting	-	-	-	-	-	-	-	29
Companies in which directors or their immediate family have a significant controlling interest								
Affinity Group Limited	2	4	-	-	45	43	-	7
COGELs Investment BV	-	-	-	-	235	243	-	60
Directors								
Shaun Godfrey	-	-	14	-	-	31	14	58
Richard Myson	1	-	-	-	-	-	1	1
Sandu Grigore	-	-	-	-	-	2	-	-

The maximum amount owed to the Group by the directors at any time during 2017 was as follows;

	2017 £'000	2016 £'000
Affinity Group Limited	45	43
COGELs Investment BV	243	243
Shaun Godfrey	31	127
Richard Myson	1	1
Sandu Grigore	2	23
Stephen Blyth	-	1,185

Details of directors' remuneration and the remuneration of Key Management Personnel are given in note 7.

All related party transactions were made at an arm's length basis.

30. EXCEPTIONAL ITEMS

As a result of the group's decision to seek admission to the Alternative Investment Market in the UK, it incurred costs for legal and consultancy fees relating to this process in the year totalled £672,000. (2016: £654,000). These costs relate to external accountancy, legal support and corporate advisors and are non-recurring.

In addition, the Group has incurred non-recurring costs of £240,000 (2016 - £nil) relating to the acquisitions of Easy Managed Transport Limited, Benfleet Forwarding Limited and Regional Express Limited. These costs relate to external accountancy, legal support, professional fees and stamp duty payable to local tax authorities.

31. SUBSEQUENT EVENTS

In April 2018 the Group incorporated an new entity in Latvia, which is a wholly owned subsidiary of Delamode Baltics UAB.

32. BUSINESS COMBINATIONS

Easy Managed Transport

On 10 March 2017 the Group acquired 100% of the voting equity of Easy Managed Transport Limited (EMT), a Company whose principal activity is the provision of domestic distribution for garment consignment in the UK.

The principal reason for this acquisition was to enable the Group to consolidate and enhance their distribution services for their fashion related clients.

The total consideration paid for the entity is split into the following components:

- Cash on completion
- Plus Earn-Out payments payable over two years,

The deferred earn out consideration is calculated as follows, both of which are subject to a maximum and minimum payment:-

- 50% of the Company's operating profit before tax multiplied by 2.5 in respect of the First Earn-Out Year
- 50% of the Company's operating profit before tax multiplied by 2.5 in respect of the Second Earn-Out year

Fair Value assessment

As part of the fair value assessment of the Intangible assets of EMT, it was identified that the only intangible asset category to apply, is the customer related intangible assets. The fair value calculation of customer related intangible asset was determined by using the income approach based on the expected future cash flows. This was then discounted to determine the present value.

The weighted average cost of capital used in determining the present value, was 21.0%, which reflected the business and market risks factors.

The outcome of the fair value calculation was to derive a customer related intangible asset with a value of £2,872,000.

Economic useful life

When determining the economic useful life of the customer relationships the historical length of relationships with existing customers and those reported by listed companies in the sector was considered as well as an annual attrition rate of 10.0%.

Based on these factors, it was concluded that the useful economic life for customer relationships in relation to EMT would be up to 10 years.

32. BUSINESS COMBINATIONS CONTINUED

Deferred tax

As a result of the creation of the customer related intangible asset, there is a deferred tax liability, which was calculated as the sum of the fair values of the intangible assets multiplied by the tax rate. An average long-term tax rate of 17.0% was used as to determine this. This resulted in a deferred tax liability of £488,000.

Deferred Consideration

The deferred consideration consists of the

- payment relating to the earn out period and;
- amount by which the Completion Net Asset exceeds Target Net Assets

In determining the present value of the earn out payment, the first payment which is due in July 2018 was calculated using a cost of capital equal to the long term debt of 6.8% and the second earn out payment, due to be paid in July 2019, was calculated by using the WACC of 21.0%.

Using the forecasted results for the respective periods the initial present value of the deferred consideration relating to the earn out was calculated to be £2,188,000.

In relation to determining the present value of the amount by which the completion net asset exceeds the target, a cost of capital equal to the long term debt % of 6.8% was used given that this payment is due to be paid with the first earn out payment in July 2018.

The present value of the excess net asset equated to £198,000.

Acquisition costs of £96,000 have been expensed to the income statement and are show as part of the exceptional expenses.

Goodwill

When determining the goodwill arising on the acquisition the following provisional fair values were assessed.

	£'000
Purchase Consideration	
Initial Consideration – Cash	5,128
P.V. of Net Assets Adjustment - to be settled in cash	198
P.V. of Deferred Consideration - to be settled in ordinary shares	2,188
Total Consideration for Equity	**7,514**

Allocation of Assets and Liabilities Acquired

Intangible Assets	
Customer-related Intangible Assets	2,872
Other Assets	
Fixed Assets	23
Current Assets (excluding Cash)	645
Cash	2,850
Liabilities	
Assumed Liabilities	(646)
Deferred Tax Liability for Intangible Assets	(488)
Goodwill	**2,258**

The goodwill recognised will not be deductible for tax purposes.

Since the acquisition date, EMT has contributed £2,903,000 to Group revenues and £579,000 to Group profit.

32. BUSINESS COMBINATIONS CONTINUED

Benfleet Forwarding Limited

On 26 October 2017 the Group acquired 100% of the voting equity of Benfleet Forwarding Limited (Benfleet), a Company whose specializes in the movement of flooring, machinery, household goods and garments.

The principal reason for this acquisition was to enable the Group to consolidate and enhance their distribution services and to operate in these new markets.

The total consideration paid for the entity is split into the following components:

- Cash on completion
- Shares issued on completion
- Plus Earn-Out payments payable over two years

The deferred consideration earn out is calculated as follows, both of which are subject to a maximum and minimum payment:-

- 50% of the Company's operating profit before tax multiplied by 2.5 in respect of the First Earn-Out Year
- 50% of the Company's operating profit before tax multiplied by 2.5 in respect of the Second Earn-Out year

Fair Value assessment

As part of the fair value assessment of the Intangible assets of Benfleet forwarding, it was identified that the only intangible asset category to apply, is the customer related intangible assets. The fair value calculation of customer related intangible asset was determined by using the income approach based on the expected future cash flows. This was then discounted to determine the present value.

The weighted average cost of capital used in determining the present value, was 19.0%, which reflected the business and market risks factors.

The outcome of the fair value calculation was to derive a customer related intangible asset with a value of £1,838,000.

Economic useful life

When determining the economic useful life of the customer relationships the historical length of relationships with existing customers and those reported by listed companies in the sector was considered as well as an annual attrition rate of 10.0%.

Based on these factors, it was concluded that the useful economic life for customer relationships in relation to Benfleet Forwarding would be up to 6 years.

Deferred tax

As a result of the creation of the customer related intangible asset, there is a deferred tax liability, which was calculated as the sum of the fair values of the intangible assets multiplied by the tax rate. An average long-term tax rate of 17.0% was used as to determine this. This resulted in a deferred tax liability of £312,000.

Deferred Consideration

The deferred consideration consists of the

- payment relating to the earn out period and;
- amount by which the Completion Net Asset exceeds Target Net Assets

In determining the present value of the earn out payment, the first payment which is due in May 2018 was calculated using a cost of capital equal to the long term debt of 6.8% and the second earn out payment, due to be paid in May 2019, was calculated by using the WAC of 17.0%.

Using the forecasted results for the respective periods the present value of the initial deferred consideration relating to the earn out was calculated to be £624,000.

Acquisition costs of £109,000 have been expensed to the income statement and are show as part of the exceptional expenses.

32. BUSINESS COMBINATIONS CONTINUED

Goodwill

When determining the goodwill arising on the acquisition the following

	£'000
Purchase Consideration	
Initial Consideration - cash	3,950
Initial Consideration – shares	2,600
P.V. of Deferred Consideration - to be settled in cash	624
Total Consideration for Equity	**7,174**
Allocation of Assets and Liabilities Acquired	
Intangible Assets	
Customer-related Intangible Assets	1,838
Other Assets	
Fixed Assets	5
Current Assets (excluding cash)	4,691
Cash	1,565
Liabilities	
Assumed Liabilities	(4,020)
Deferred Tax Liability for Intangible Assets	(312)
Goodwill	**3,407**

The goodwill recognised will not be deductible for tax purposes.

Since the acquisition date, Benfleet has contributed £5,513,000 to Group revenues and £402,000 to Group profit.

Regional Express Limited

On 3 November 2017 the Group acquired 100% of the voting equity of Regional Express Limited, a Company whose specializes in the road, sea and air freight services as well as organizing Amazon sellers VAT registration, customs clearances and transport of goods from the USA and the Far East.

The principal reason for this acquisition was to enable the Group to consolidate and enhance their distribution services and to operate in these new markets.

The total consideration paid for the entity is split into the following components:

- Cash deferred on completion
- Shares issued on completion
- Plus Earn-Out payments payable over two years,

The deferred Earn Out consideration is calculated as follows, both of which are subject to a maximum and minimum payment:-

- 50% of the Company's operating profit before tax multiplied by 2.5 in respect of the First Earn-Out Year
- 50% of the Company's operating profit before tax multiplied by 2.5 in respect of the Second Earn-Out year

Fair Value assessment

As part of the fair value assessment of the Intangible assets of Regional Express Limited it was identified that the only intangible asset category to apply, is the customer related intangible assets. The fair value calculation of customer related intangible asset was determined by using the income approach based on the expected future cash flows. This was then discounted to determine the present value.

The weighted average cost of capital used in determining the present value, was 17.0%, which reflected the business and market risks factors.

The outcome of the fair value calculation was to derive a customer related intangible asset with a value of £737,000.

32. BUSINESS COMBINATIONS CONTINUED

Economic useful life

When determining the economic useful life of the customer relationships the historical length of relationships with existing customers and those reported by listed companies in the sector was considered as well as an annual attrition rate of 10.0%.

Based on these factors, it was concluded that the useful economic life for customer relationships in relation to Regional Express Limited would be up to 8 years.

Deferred tax

As a result of the creation of the customer related intangible asset, there is a deferred tax liability, which was calculated as the sum of the fair values of the intangible assets multiplied by the tax rate. An average long-term tax rate of 17.0% was used as to determine this. This resulted in a deferred tax liability of £125,000.

Deferred Consideration

The deferred consideration consists of the

- payment relating to the earn out period and;
- amount by which the Completion Net Asset exceeds Target Net Assets

In determining the present value of the earn out payment, the first payment which is due in November 2018 was calculated using a cost of capital equal to the long term debt of 6.8% and the second earn out payment, due to be paid in November 2019, was calculated by using the WACC of 17.0%.

Using the forecasted results for the respective periods the present value of the initial deferred consideration relating to the earn out was calculated to be £368,000.

Acquisition costs of £35,000 have been expensed to the income statement and are show as part of the exceptional expenses.

Goodwill

When determining the goodwill arising on the acquisition the following calculations were used.

	£'000
Purchase Consideration	
Initial Consideration – cash	1,080
Initial Consideration – shares	120
Net Cash Adjustment	123
P.V. of Deferred Consideration - to be settled in cash and shares	368
Total Consideration for Equity	**1,691**
Allocation of Assets and Liabilities Acquired	
Intangible Assets	
Customer-related Intangible Assets	737
Other Assets	
Fixed Assets	52
Current Assets (Excluding Cash)	593
Cash	319
Liabilities	
Assumed Liabilities	(822)
Deferred Tax Liability for Intangible Assets	(125)
Goodwill	**937**

The goodwill recognised will not be deductible for tax purposes.

Since the acquisition date, Regional Express has contributed £1,541,000 to Group revenues and £62,000 to Group profit.

32. BUSINESS COMBINATIONS CONTINUED

UK Buy

On 6th January 2017, the Group agreed to purchase the intellectual property of UK Buy, which traded under the name of Gerviva UAB, an entity incorporated in Lithuania. Providing B2C distribution for clients in the Baltic region.

UKbuy allows Lithuanian clients to purchase goods from UK e-retailers and arranges for delivery to their chosen address in Lithuania.

They were a direct competitor to Eshopwedrop, "Eshop" in Lithuania and provided an identical service to those clients. Since its commencement the entity had grown to level which saw it deliver approximately 3,000 parcels per week, significantly higher than that of Eshop.

As such in order to develop the business the Group decided it would acquire the intellectual property and intangible assets of the business and absorb the activity into the Eshop operations.

As the transaction involved the purchase of a substantial part of the business, then this has been accounted for as a Business Combination under the definition of IFRS 3 "Business Combinations".

Goodwill

When determining the goodwill arising on the acquisition the following calculations were used.

	£'000
Purchase Consideration	
Initial Consideration - cash	91
P.V. of Deferred Consideration - to be settled in cash	326
Total Consideration for Equity	**417**
Allocation of Assets and Liabilities Acquired	
Intangible Assets	
Customer-related Intangible Assets	223
Liabilities	
Deferred Tax Liability for Intangible Assets	(33)
Goodwill	**227**

The goodwill recognised will not be deductible for tax purposes.

The maximum consideration payable for the business is £417,000, of which £91,000 has been paid at the balance sheet date.

32. BUSINESS COMBINATIONS CONTINUED

Pallet Express Srl

On 18 January 2016 the Group acquired 100% of the voting equity instruments of Pallet Express, a Company whose principal activity is the provision of a franchise network for domestic distribution in Romania.

The consideration paid for this acquisition was £2,058,000.

The principal reason for this acquisition was to enable the Group to consolidate and enhance their supply chain network in the CEE region.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	£'000
Intangible Assets - Systems	–
Intangible Assets - Licences	1,981
Property, plant and equipment	29
Other	16
Inventories	5
Trade Receivables	255
Cash	185
Trade Payables	(255)
Loans	(445)
Others	(5)
Deferred tax liability	(301)
Total net assets	**1,465**

On acquisition of Pallet Express Srl the software was not considered to be appropriate for the business and as such the entire carrying value of this asset has been impaired.

The Company also held the Master Franchise license with Pallex Holding UK which had a carrying value of £103,000. This has been adjusted to reflect the fair value of this asset and as such the asset has been restated with a book value of £1,981,000.

Fair value of consideration paid in cash	2,058
Net asset acquired	(1,465)
Exchange differences	129
Goodwill recognised	**722**

The goodwill recognized will not be deductible for tax purposes.

Since the acquisition date, Pallex has contributed £4,302,000 (2016 -£2,658,000) to Group revenues and £507,000 (2016 -£449,000) to Group profit.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
ASSETS			
NON-CURRENT ASSET			
Property, plant and equipment	3	3	–
Investments	4	38,562	–
Trade and other receivables	5	111	–
Deferred tax		51	–
		38,727	**–**
CURRENT ASSETS			
Trade and other receivables	5	288	50
Cash and cash equivalents		962	–
		1,250	50
TOTAL ASSETS		**39,977**	**50**
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	8	5,922	50
Share Premium	9	5,792	–
Equity Reserve	9	19	–
Merger Reserve	9	20,083	–
Retained earnings	9	415	–
		32,231	**50**
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred Consideration Due After One Year	7	1,503	–
CURRENT LIABILITIES			
Trade Creditors and Other Payables	6	6,243	–
Total Liabilities		7,746	**–**
TOTAL EQUITY AND LIABILITIES		**39,977**	**50**

The Company made a profit in the year of £765,000 (2016 - £nil).

Stephen Blyth
CEO

Richard Myson
CFO

14 May 2018

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share Capital £'000s	Share Premium £'000s	Equity Reserve £'000s	Merger Reserve £'000s	Retained Earnings £'000s	Total £'000s
Equity as at 1st December 2016		–	–	–	–	–	-
Issue of Share Capital		50	–	–	–	–	50
Equity as at 31st December 2016		**50**	**–**	**–**	**–**	**–**	**50**
Contributions by and distribution to owners							
Dividends Paid		–	–	–	–	(350)	(350)
Issue of New Ordinary Shares	8	1,392	5,792	–	–	–	7,184
Share Swap with Delamode Group Holdings	9	4,000	–	–	17,842	–	21,842
Share Based Payment Charge		–	–	19	–	–	19
Share Based Consideration on Acquisitions	8	480	–	–	2,241	–	2,721
Total contribution by and distributions to owners		5,922	5,792	19	20,083	(350)	31,466
Profit for the year		–	–	–	–	765	765
Equity as at 31 December 2017		**5,922**	**5,792**	**19**	**20,083**	**415**	**32,231**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10)(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a Group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

Merger accounting

On 25 May 2017 Xpediator PLC entered into a share swap agreement with the ultimate beneficiaries of Delamode Group Holdings Limited, whereby 4,000,000 new ordinary shares of £1.00 each were issued to the ultimate beneficiaries of the Delamode Group Holdings Limited in exchange for their shares in Delamode Group Holdings Limited in the same proportion as their shareholding in Delamode Group Holdings Limited.

Going concern

The directors have concluded that it is appropriate that the financial statements have been prepared on a going concern basis given the cash balances as at 31 December 2017, and funding facilities in place across the Group, which it does not envisage will be withdrawn thus there are sufficient funds available to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of the financial statements. The financial statements have therefore been prepared on a going concern basis.

The directors believe that based on the current budgets and forecast cash flows, there is sufficient resources to meet its liabilities as they fall due.

1. ACCOUNTING POLICIES CONTINUED

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Computer Equipment – 25% on reducing balance

Fixed assets are stated at cost less depreciation and provision for impairment. Cost includes interest on the funding of major assets until the construction of the asset is complete.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Employee benefit costs

The Company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. If payment of the receivable is postponed under an extended payment deadline fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 3 months. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are stated at face value.

Non-current liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, being the amount received taking account of any premium or discount, less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest in the income statement over the period of the borrowings using the effective interest method.

Investments

Fixed Asset investments are stated at cost less provisions for diminution in value.

Financial Instruments

The Company does not hold or issue derivative financial instruments for trading purposes.

Share-based Payments

The Company Operates equity-settled share-based options plans. The fair value of the employee services received in exchange for the participation in the plan is recognised as an expense in the profit and loss account. The corresponding credit has been recognised in the profit and loss account reserve.

The fair value of the employee is based on the fair value of the equity instrument granted. This expense is spread over the vesting period of the instrument.

FOR THE YEAR ENDED 31 DECEMBER 2017

2. STAFF COSTS

Compensation consists of 2 executive Directors, 2 non-executive Directors and 1 other employee.

	2017 £'000	2016 £'000
Employee benefit expenses (including directors) comprise:		
Salaries	165	–
Short-term non-monetary benefits	1	–
Share Based Payments	19	–
Social security contributions and similar taxes	17	–
	202	–

3. FIXED ASSETS

COST

	Computer Equipment £'000
At 1 January 2017	–
Additions	3
At 31 December 2017	**3**

DEPRECIATION

	Computer Equipment £'000
At 1 January 2017 & At 31 December 2017	-
Net Book Value at 31 December 2017	3
NET BOOK VALUE	
At 31 December 2017	**3**

4. FIXED ASSET INVESTMENTS

	Subsidiary Undertakings £'000s
At 1st January 2017	–
Additions During the Year	38,562
At 31st December 2017	**38,562**

The fixed asset investments additions are as follows:-

	£'000
Delamode Group Holdings Limited	21,842
Easy Managed Transport Limited	7,650
Benfleet Forwarding Limited	7,337
Regional Express Limited	1,733
Total	**38,562**

Details on the registered office of the above companies is provided in note 16 to the Group accounts.

FOR THE YEAR ENDED 31 DECEMBER 2017

5. DEBTORS

	2017 £'000	2016 £'000
Current:		
Trade Debtors	55	50
Amounts owed by Group	144	–
Undertakings Prepayments	22	–
Other Debtors	67	–
Total Trade and other payables	**288**	**50**
Non Current		
Trade and other receivables	**111**	–

6. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £'000	2016 £'000
Current:		
Trade Creditors	135	-
Amounts owed by Group Undertakings	4,297	-
Other Taxes and Social Security	18	-
Accruals and Deferred Income	102	-
Deferred Consideration	1,677	–
Other Creditor	14	-
	-	-
Total Trade and other payables	**6,243**	**-**

The deferred consideration of £1,677,000 (2016 - £nil) due within one year relates to the deferred consideration on the acquisitions of Easy Managed Transport Limited, Benfleet Forwarding Limited and Regional Express Limited. Of this balance, £945,000 is contingent on performance related criteria.

7. CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017 £'000	2016 £'000
Deferred Consideration on Acquisitions	1,503	-

The deferred consideration of £1,503,000 (2016 - £nil) due in more than one year relates to the deferred consideration on the acquisitions of Easy Managed Transport Limited, Benfleet Forwarding Limited and Regional Express Limited. Of this balance, £789,000 is contingent on performance related criteria.

8. SHARE CAPITAL

See Consolidated accounts note 25 for share capital section.

FOR THE YEAR ENDED 31 DECEMBER 2017

9. RESERVES

Retained earnings: All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Merger Reserves: represents the difference between the net asset value of Delamode Group Holdings Limited and the nominal value of the shares issued by Xpediator Plc in consideration for the acquisition of Delamode Group Holdings Limited. In addition the premium on the fair value in excess of the nominal value of shares issued in consideration for business combinations is credited to the merger reserve.

Share premium is the amount subscribed for share capital in excess of nominal value,

Equity reserve represents the cost of the share options granted that have not yet been exercised.

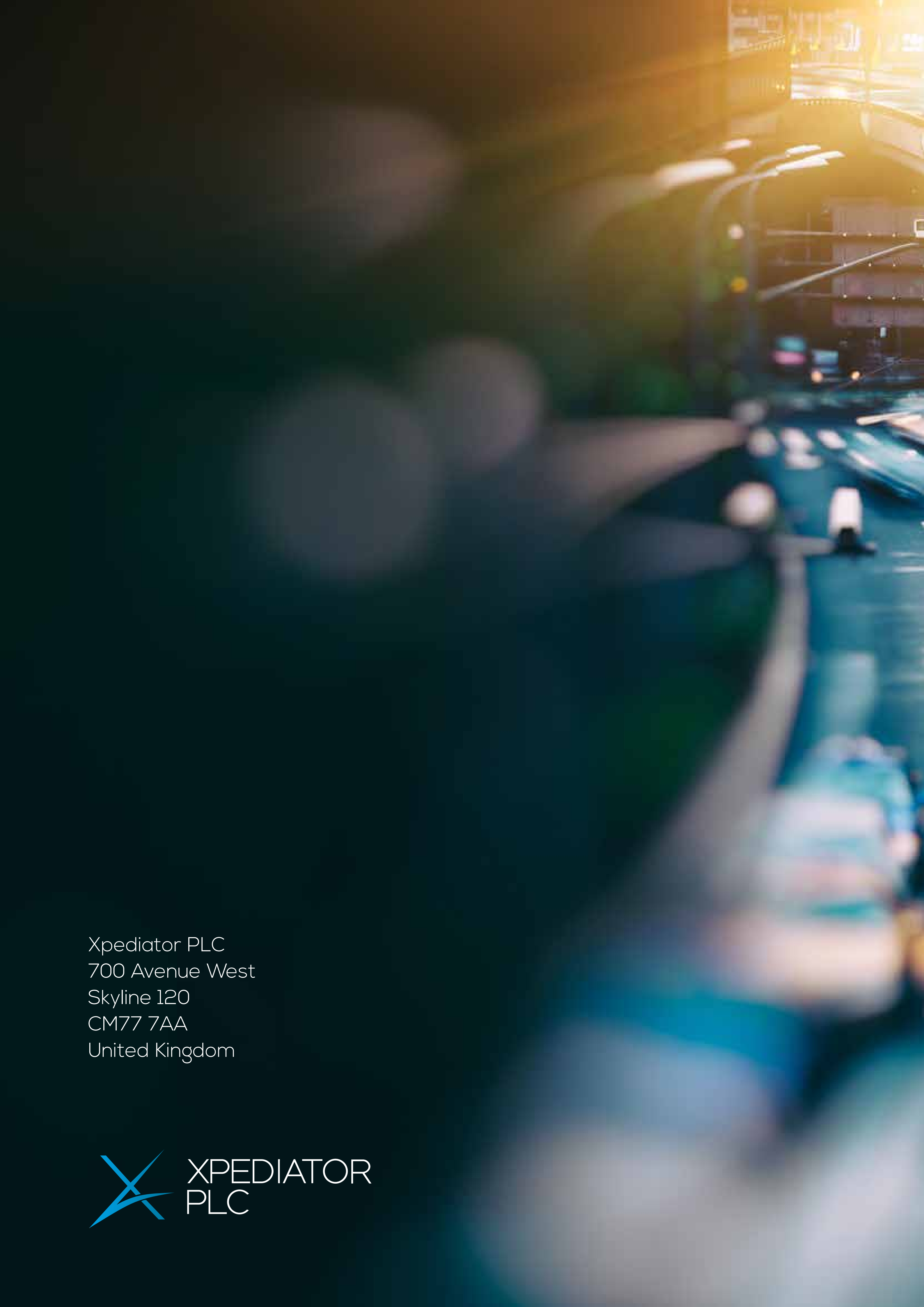
10. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the disclosure of related party transactions with wholly owned fellow Group Companies. Related party transactions with key management personnel (including Directors) are shown in note 29 of the consolidated financial statements.

11. SHARED-BASED PAYMENTS

Share-based payments arrangements for employees are set out in the Directors Report (Remuneration note).

Details of the share options in existence are shown in note 27 of the Consolidated Financial Statements.



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