

Quadriga Worldwide Limited
Annual Report and
Financial Statements for the Period 1 April 2015 to 31 December 2015

Company number 00827164 (England and Wales)



Quadriga Worldwide Limited

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for the Period 1 April 2015 to 31 December 2015

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Quadriga Worldwide Limited

Company Information

for the Period 1 April 2015 to 31 December 2015

DIRECTORS:

P A Wilson
S A Moorer Jr
J G Naro

REGISTERED OFFICE:

Forum 1
Station Road
Theale
Berkshire
RG7 4RA

REGISTERED NUMBER:

00827164 (England and Wales)

AUDITORS:

KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
Reading
Berkshire
RG7 4SD

Quadriga Worldwide Limited

Strategic Report

for the Period 1 April 2015 to 31 December 2015

The directors present their strategic report for the period 1 April 2015 to 31 December 2015.

REVIEW OF BUSINESS

Turnover for the 9 month period ended 31 December 2015 amounted to £7.2 million (year ended 31 March 2015: £12.5 million) and the Company incurred an operating loss for the period of £2.4 million (year ended 31 March 2015: loss £14.1 million).

Strategy and future development

In July 2015 Exceptional Innovation B.V. completed the acquisition of Quadriga Holdings Limited and its subsidiaries, a leading international provider of managed guest services for the hospitality industry. Together with The SmarTV Company, an innovative developer of interactive entertainment solutions for commercial and consumer markets, it formed the Exceptional Innovation Group.

The combined companies form a global technology service provider that maximises guest engagement and satisfaction, enhances the entertainment experience, and increases revenue while delivering operational efficiencies for hotels. The group has its headquarters in the Netherlands and significant operating subsidiaries located in England and the United States, as well as regional offices in Europe and the Middle East.

Exceptional Innovation's goal is to continue to expand the Company's reach and offerings to give hoteliers one global vendor for all of their hospitality technology needs.

Key performance indicators

The Company's key performance indicators are Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) and the number of hotel rooms in which the Company's systems are installed.

Reconciliation of operating loss to EBITDA:

	Period 1.4.15 to 31.12.15 £'000	Unaudited Year Ended 31.3.15 As restated £'000
Operating loss before reorganisation costs	(1,744)	(14,122)
Depreciation of rental assets	677	1,411
Other amounts written off rental assets	17	91
Amortisation of intangible assets	-	2,682
Impairment of intangible assets	-	8,063
Depreciation of tangible fixed assets	430	614
EBITDA	<u>(620)</u>	<u>(1,261)</u>

The number of hotels rooms in which the Company's systems were installed fell by 10% in the financial period. This follows a 13% fall in the previous financial year.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors rely on the risk management of the group, the business and strategy of which are subject to a number of risks. The directors of the Company are of the opinion that the group has adopted a thorough risk management process that involves the formal review of all the risks identified below. Where possible, processes are in place to monitor and mitigate such risks.

The principal risks facing the group's business are:

Competitor action

The management seeks to compete effectively and maintain market share by continuously developing and updating its product portfolio and its relationships with key customers along with a regular review of actions from its competitors and developments in the marketplace.

Loss of key personnel

Regular operational reviews ensure that knowledge and key customer and supplier relationships are retained by the management of the group so that the impact of the loss of any employee or agent would be reduced.

Financial Risk Management

The group's operations expose it to a variety of financial risks that include economic uncertainty, credit risk, liquidity and cash flow risks, interest rate risk, and foreign exchange risk. The group has established a financial management framework which seeks to limit the adverse effects on financial performance by monitoring levels of debt finance and the related finance costs.

The group's assets primarily consist of rental and other fixed assets, trade debtors, installation of equipment in progress and cash. The group's liabilities primarily consist of trade creditors and accruals and a loan payable due to a third party.

Economic environment uncertainty

The management aim to mitigate the effects of uncertainty in the economic environment by seeking to:

- regularly review the Company's exposure to customer and supplier payment default risk;
- minimise the Company's exposure to fluctuations in hotel occupancy by engaging in fixed fee contracts.

Credit risk

The management actively mitigates the risk of payment default by seeking favourable payment methods and credit arrangements with its customers and by reviewing outstanding payments and provisions for payment default regularly.

Liquidity and cash flow risks

Liquidity risk is monitored on an ongoing basis by undertaking cash flow forecasting procedures. In order to ensure continuity of funding, the management seeks to maintain sufficient cash reserves and un-drawn committed borrowing facilities.

Interest rate risk

The exposure of the group to interest rate fluctuations is managed by maintaining funding flexibility through a combination of cash pooling, shareholder funding and borrowings while obtaining a large degree of certainty in its commitments by borrowing extensively under fixed rates.

Foreign exchange risk

The majority of the group's transactions originate in Sterling and Euro, or in the domestic currency of the overseas undertaking involved, with a minimal exposure to foreign exchange fluctuations. The group seeks to further reduce this risk by, where possible, matching foreign currency receipts with payments. The overseas undertakings have a minimal exposure to currency risk as their monetary assets and liabilities are held in their functional currencies, which is mainly Euros.

ON BEHALF OF THE BOARD:

.....
S A Moorer Jr - Director

Date: 13 May 2016

Quadriga Worldwide Limited

Directors' Report

for the Period 1 April 2015 to 31 December 2015

The directors present their annual report and the audited financial statements of Quadriga Worldwide Limited ("the Company") for the period ended 31 December 2015.

PRINCIPAL ACTIVITY

The principal activity of the Company is creating on-property value via accessible guest facing technologies and services for the hospitality industry in the United Kingdom and Europe. The Company has one overseas branch in Portugal. The deployed systems and services provide functionality in the areas of internet and network connectivity, guest entertainment, hotel services and communications.

DIVIDENDS

The directors do not recommend the payment of a dividend (Year ended 31 March 2015: £nil).

DIRECTORS

P A Wilson has held office during the whole of the period from 1 April 2015 to the date of this report.

Other changes in directors holding office are as follows:

D G E Naylor-Leyland - resigned 9 July 2015

R D Taylor - resigned 9 July 2015

S A Moorer Jr - appointed 9 July 2015

J G Naro - appointed 9 July 2015

The group provided qualifying third party indemnity provisions to one or more of the directors during the financial period and at the date of this report.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

ON BEHALF OF THE BOARD:

.....
S A Moorer Jr - Director

Date: 13 May 2016

Statement of Directors' Responsibilities
for the Period 1 April 2015 to 31 December 2015

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of
Quadriga Worldwide Limited

We have audited the financial statements of Quadriga Worldwide Limited for the period ended 31 December 2015 on pages seven to twenty four. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Other matter – Prior period financial statements

In forming our opinion on the financial statements, which is not modified, we note that the prior period financial statements were not audited. Consequently, International Standards on Auditing (UK and Ireland) require the auditor to state that the corresponding figures contained within these financial statements are unaudited.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period is consistent with the financial statements. Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, these reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Neil Hughes (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Arlington Business Park
Theale, Reading
Berkshire, RG7 4SD

Date: 13 May 2016

Quadriga Worldwide Limited

Profit and Loss account and other Comprehensive Income
for the Period 1 April 2015 to 31 December 2015

	Notes	Period 1.4.15 to 31.12.15 £'000	Unaudited Year Ended 31.3.15 £'000
TURNOVER	2	7,194	12,514
Cost of sales	5	<u>(4,752)</u>	<u>(19,643)</u>
GROSS PROFIT/(LOSS)		2,442	(7,129)
Administrative expenses	5	<u>(4,186)</u>	<u>(6,993)</u>
		(1,744)	(14,122)
Cost of fundamental reorganisation	6	<u>(644)</u>	-
OPERATING LOSS		(2,388)	(14,122)
Interest receivable and similar income	7	<u>14</u>	<u>2</u>
		(2,374)	(14,120)
Interest payable and similar charges	8	<u>(19)</u>	<u>(148)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,393)	(14,268)
Tax on loss on ordinary activities	9	<u>35</u>	<u>36</u>
LOSS FOR THE FINANCIAL PERIOD		(2,358)	(14,232)
OTHER COMPREHENSIVE INCOME			
Translation		(23)	50
Tax relating to other comprehensive income		<u>-</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX		<u>(23)</u>	<u>50</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(2,381)	<u>(14,182)</u>
Prior year adjustment	10	<u>(11,285)</u>	
TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT		<u>(13,666)</u>	

The notes form part of these financial statements

Balance Sheet
31 December 2015

		As at 31.12.15 £'000	Unaudited As at 31.3.15 as restated £'000
	Notes		
FIXED ASSETS			
Intangible assets	11	-	-
Tangible assets	12	2,140	2,872
Investments	13	-	-
		<u>2,140</u>	<u>2,872</u>
CURRENT ASSETS			
Stocks	14	1,463	1,663
Debtors	15	7,981	8,594
Cash at bank		<u>37</u>	<u>340</u>
		9,481	10,597
CREDITORS			
Amounts falling due within one year	16	<u>(31,083)</u>	<u>(30,493)</u>
NET CURRENT LIABILITIES		<u>(21,602)</u>	<u>(19,896)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(19,462)</u>	<u>(17,024)</u>
PROVISIONS FOR LIABILITIES	18	<u>(153)</u>	<u>(210)</u>
NET LIABILITIES		<u>(19,615)</u>	<u>(17,234)</u>
CAPITAL AND RESERVES			
Called up share capital	19	57,577	57,577
Share premium		1,032	1,032
Retained earnings		<u>(78,224)</u>	<u>(75,843)</u>
SHAREHOLDERS' DEFICIT		<u>(19,615)</u>	<u>(17,234)</u>

The financial statements were approved by the Board of Directors on 13 May 2016 and were signed on its behalf by:

.....
S A Moorer Jr - Director

The notes form part of these financial statements

Quadriga Worldwide Limited

Statement of Changes in Equity
for the Period 1 April 2015 to 31 December 2015

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Total equity £'000
Balance at 1 April 2014 (unaudited)	57,577	(50,376)	1,032	8,233
Prior year adjustment	-	(11,285)	-	(11,285)
As restated	57,577	(61,661)	1,032	(3,052)
Changes in equity				
Total comprehensive income	-	(14,182)	-	(14,182)
Balance at 31 March 2015 (Unaudited)	57,577	(75,843)	1,032	(17,234)
Changes in equity				
Total comprehensive income	-	(2,381)	-	(2,381)
Balance at 31 December 2015	57,577	(78,224)	1,032	(19,615)

The notes form part of these financial statements

Quadriga Worldwide Limited

Cash Flow Statement
for the Period 1 April 2015 to 31 December 2015

		Period 1.4.15 to 31.12.15 £'000	Unaudited Year Ended 31.3.15 £'000
Cash flows from operating activities	Notes		
Cash generated from operations	23	61	2,105
Tax received		<u>35</u>	<u>24</u>
Net cash from operating activities		<u>96</u>	<u>2,129</u>
 Cash flows from investing activities			
Purchase of intangible fixed assets		-	(1,370)
Purchase of tangible fixed assets		(388)	(807)
Interest received		<u>-</u>	<u>2</u>
Net cash used in investing activities		<u>(388)</u>	<u>(2,175)</u>
 Decrease in cash and cash equivalents		 (292)	 (46)
Cash and cash equivalents at beginning of period	24	340	429
Effect of foreign exchange rate changes		<u>(11)</u>	<u>(43)</u>
Cash and cash equivalents at end of period	24	<u>37</u>	<u>340</u>

The notes form part of these financial statements

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" as issued in August 2014. The amendments to Financial Reporting Standard 102 issued in July 2015 and effective immediately have been applied.

In the transition to Financial Reporting Standard 102 from old UK GAAP the Company has made no measurement and recognition adjustments. Please see note 26. The Company is limited by shares and is incorporated and domiciled in the UK. The presentation currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest thousand pounds.

In the previous financial year the Company prepared and filed unaudited financial statements, relying on the audit exemption set out in s479A of the Companies Act 2006.

Going Concern

The Company had net current liabilities of £21.6 million at the balance sheet date. This is primarily due to amounts owing to other group undertakings.

The Company is a subsidiary of the group headed by Exceptional Innovation Intermediate B.V. ("the Group"). The directors of Exceptional Innovation Intermediate B.V. ("the parent company directors") have considered the Group's liquidity, capital resources, principal risks and uncertainties and the group's cash flow forecasts, in particular with reference to the period to the end of June 2017. Those forecasts take into account a EUR 30.0 million Term and Revolving Facilities Agreement entered into by the Group in July 2015. The Board has been informed by the parent company directors that they are satisfied that each of those cash flow forecasts, taking into account reasonably possible judgements and sensitivities associated with those forecasts and the Group's current funding and facilities, alongside the Group's funding strategy, show that the Group will continue to operate for the foreseeable future.

The Board has received appropriate assurances from Exceptional Innovation B.V. (EI BV), a parent company and member of the Group, that EI BV will provide financial support to the extent required to ensure that the Company continues as a going concern. EI BV has confirmed that its undertaking is valid for a minimum of twelve months from the date of signing of these Financial Statements for the period ended 31 December 2015. The Board, having made suitable enquiries of the parent company directors, are satisfied that they can rely upon the assurances from EI BV. Consequently, these financial statements are prepared on a going concern basis.

Prior Year Adjustment

A prior year error was detected during the current financial period and, in accordance with the requirements stated in section 10 of Financial Reporting Standard 102, an adjustment has been made retrospectively and certain comparative figures in the balance sheet have been restated. For details please refer to note 10.

Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Preparation of consolidated financial statements

The financial statements contain information about Quadriga Worldwide Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Exceptional Innovation Coöperatief, an entity registered in the Netherlands.

1. ACCOUNTING POLICIES - continued

Turnover

Turnover consists principally of amounts (excluding value added tax) derived from the rental of in-room equipment (including software) to hotels and is recognised on a straight line basis over the contract life. Income from hotel guests viewing of Pay-TV and other in-room technology based services is recognised as turnover as the service is provided. Turnover also includes amounts derived from the maintenance of this equipment, recognised rateably over the maintenance term and amounts derived from the outright sale of in-room equipment which is recognised on acceptance of the goods by the customer.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Rental assets	3 to 7 years
Office equipment	5 years
Computer equipment	3 years
Fixtures and fittings	5 to 10 years

Stock

Stock is stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Research expenditure is charged to the profit and loss account as incurred. Development expenditure is capitalised only where there is a clearly defined project, the expenditure is separately identifiable, the technical feasibility of the related project is considered reasonably certain and where it is anticipated with sufficient certainty that further development costs to be incurred on the same project, together with related production, selling and administrative costs, will be more than covered by a future revenue stream.

Capitalised development expenditure is amortised over the period economic benefits are expected to be derived, which is between 3 and 7 years depending on the nature of the project and the timing of the future revenue stream.

1. ACCOUNTING POLICIES - continued

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The assets and liabilities of overseas branches are translated at the closing exchange rates. Profit and loss accounts of the branches are consolidated at the average rates of exchange during the period. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post-retirement benefits

The Company operates a defined contribution scheme.

The amount charged against profits represents the contributions payable to the Company defined contribution scheme in respect of the accounting period.

Provisions

A provision is recognised in the Balance Sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Investments

Investments in subsidiary undertakings are stated at cost less any provision for impairment.

2. TURNOVER

The directors consider that the Company has substantially one class of business being the supply of equipment and software enabling the provision of in-room technology based services to hotels and similar services.

The geographical analysis of turnover was as follows:

	Period 1.4.15 to 31.12.15 £'000	Unaudited Year Ended 31.3.15 £'000
UK	6,920	11,978
Rest of Europe	274	536
	<u>7,194</u>	<u>12,514</u>

Notes to the Financial Statements - continued
for the Period 1 April 2015 to 31 December 2015

3. **STAFF NUMBER COSTS**

The average number of persons, including directors, employed by the Company during the financial period, analysed by category, was as follows:

	Period 1.4.15 to 31.12.15 Number	Unaudited Year Ended 31.3.15 Number
Sales	12	9
Operations and administration	71	72
Research and development	6	9
	<u>89</u>	<u>90</u>

The aggregate payroll costs of these persons were as follows:

	Period 1.4.15 to 31.12.15 £'000	Unaudited Year Ended 31.3.15 £'000
Wages and salaries	2,961	4,598
Redundancy costs	-	198
Social security costs	458	544
Other pension costs	137	208
	<u>3,556</u>	<u>5,548</u>

Pension costs

The Company is the principal employer in the Prudential Stakeholder Scheme for Quadriga Worldwide Limited under which post-retirement benefits are provided under a defined contribution scheme operated by the Company. This scheme was established on 23 August 2007. The charge to the profit and loss account in respect of the financial period was £137,000 (Unaudited year ended 31 March 2015: £208,000). Pension contributions of £29,000 (Unaudited year ended 31 March 2015: £28,000) were accrued as at 31 December 2015.

4. **DIRECTORS' EMOLUMENTS**

The remuneration of directors in respect of qualifying services was as follows:

	Period 1.4.15 To 31.12.15 £'000	Unaudited Year Ended 31.3.15 £'000
Directors' emoluments	164	478
Compensation for loss of office	293	25
Pension contributions to money purchase schemes	11	19
	<u>468</u>	<u>522</u>

Notes to the Financial Statements - continued
for the Period 1 April 2015 to 31 December 2015

4. DIRECTORS' EMOLUMENTS - continued

The remuneration of the highest paid director was £354,000 (Unaudited year ended 31 March 2015: £209,000). During the period ended 31 December 2015 there were 3 directors (Unaudited year ended 31 March 2015: 2 directors) accruing benefits under money purchase schemes. Mr S A Moorer Jr and Mr J G Naro are remunerated from another group company.

5. EXPENSES AND AUDITOR REMUNERATION

Loss on ordinary activities before taxation is stated after charging/(crediting):

		Period 1.4.15 to 31.12.15 £'000	Unaudited Year Ended 31.3.15 £'000
Cost of sales	Note		
Amortisation of intangible fixed assets	11	-	2,682
Other cost of sales		4,058	7,396
Impairment of intangible fixed assets		-	8,063
Depreciation of rental assets	12	677	1,411
Other amounts written off rental assets		17	91
		<u>4,752</u>	<u>19,643</u>
		Period 1.4.15 To 31.12.15 £'000	Unaudited Year Ended 31.3.15 £'000
Administrative expenses	Note		
Staff costs	3	3,556	5,548
Depreciation of other tangible fixed assets	12	430	614
Rentals payable under operating leases - plant and machinery		59	92
Rentals payable under operating leases - other		85	204
Auditor's remuneration		121	-
Other expenses		2,327	2,286
Management recharges to fellow undertakings of the group		(2,392)	(1,751)
		<u>4,186</u>	<u>6,993</u>

Having regard to the nature of the company's business, the analysis of operating costs as prescribed by the Companies Act 2006 is not meaningful. In the circumstances, as prescribed by section 410 of the Companies Act 2006, the directors have adapted the prescribed format to the requirements of the Company's business. Included within net operating expenses is £590,000 (Unaudited year ended 31 March 2015: £494,000) in respect of expenditure on research and development, and amortisation of capitalised development costs of £nil (Unaudited year ended 31 March 2015: £2,682,000). Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Quadriga Holdings Limited.

6. COST OF FUNDAMENTAL REORGANISATION

During the period the Company has incurred costs amounting to £644,000 relating to the fundamental reorganisation of the Exceptional Innovation group.

Quadriga Worldwide Limited

Notes to the Financial Statements - continued
for the Period 1 April 2015 to 31 December 2015

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period 1.4.15 to 31.12.15 £'000	Unaudited Year Ended 31.3.15 £'000
Deposit account interest	-	2
Net foreign exchange gain	<u>14</u>	<u>-</u>
	<u>14</u>	<u>2</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	Period 1.4.15 to 31.12.15 £'000	Unaudited Year Ended 31.3.15 £'000
Interest on amounts due to group undertakings	19	31
Net foreign exchange loss	<u>-</u>	<u>117</u>
	<u>19</u>	<u>148</u>

9. TAXATION

	Period 1.4.15 to 31.12.15 £'000	Unaudited Year Ended 31.3.15 £'000
UK corporation tax		
Current tax credit on loss on ordinary activities	-	-
Overseas tax		
Provision against withholding taxes	(35)	(36)
Withholding tax paid	<u>-</u>	<u>-</u>
Tax credit	<u>(35)</u>	<u>(36)</u>

	Period 1.4.15 to 31.12.15 £'000	Unaudited Year Ended 31.3.15 £'000
Reconciliation of tax credit		
Loss on ordinary activities before taxation	(2,393)	(14,268)
Current tax credit at 20% (31 March 2015: 21%)	(479)	(2,996)
Effects of:		
Disallowed expenses	7	7
Utilised tax losses carried forward	472	2,989
Overseas taxation	<u>(35)</u>	<u>(36)</u>
Tax credit	<u>(35)</u>	<u>(36)</u>

9. TAXATION (continued)

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. These reductions will reduce the Company's unrecognised deferred tax asset accordingly.

Unrecognised deferred tax assets

No deferred tax asset has been recognised on the timing differences set out below as, in the opinion of the directors the ability of the Company to obtain the tax benefit is dependent upon suitable profits arising in the future, that are either not currently foreseen or which cannot be estimated with sufficient certainty.

	Period 1.4.15 to 31.12.15 £'000	Unaudited Year Ended 31.3.15 £'000
Timing difference between net book value of fixed assets and capital allowance pool	6,575	5,721
Other timing differences	42	113
Losses carried forward	4,660	2,770
	11,277	8,604

10. PRIOR YEAR ADJUSTMENT

For the financial year ended 31 March 2015 the results of the Company and its subsidiaries were included in the consolidated financial statements of Quadriga Holdings Limited. For the financial year ended 31 March 2014 the results of the Company and its subsidiaries were included in the consolidated financial statements of Interactive Hotel Services Limited. In these prior years the Company prepared and filed unaudited Company only financial statements, relying on the audit exemption set out in s479A of the Companies Act 2006.

In those previous financial years the directors conducted an impairment review of the Company's investments in its subsidiaries and concluded that there was no impairment, other than the £2,024,000 recorded in an earlier period. However, a subsequent review of the calculations, performed after the accounts had been filed, indicates an additional impairment of £11,285,000 in the carrying value of the investments as at 31 March 2014 (i.e. the net book value at that time should have been recorded as £nil).

The error was detected during the current financial period and, in accordance with the requirement stated in section 10 of Financial Reporting Standard 102, the impairment is now recognised retrospectively and certain comparative figures in the balance sheet have been restated (a reduction in the net book value of investments and in net assets and equity of £11,285,000) as shown in Note 13.

Notes to the Financial Statements - continued
for the Period 1 April 2015 to 31 December 2015

11. INTANGIBLE FIXED ASSETS

	Development costs £'000
COST	
At 1 April 2015 (unaudited) and 31 December 2015	<u>28,894</u>
AMORTISATION	
At 1 April 2015 (unaudited) and 31 December 2015	<u>28,894</u>
NET BOOK VALUE	
At 31 December 2015	<u>-</u>
At 31 March 2015 (unaudited)	<u>-</u>

12. TANGIBLE FIXED ASSETS

	Rental assets £'000	Other assets £'000	Totals £'000
COST			
At 1 April 2015 (unaudited)	13,979	13,357	27,336
Additions	297	91	388
Disposals	(3,807)	-	(3,807)
Exchange differences	<u>6</u>	<u>-</u>	<u>6</u>
At 31 December 2015	<u>10,475</u>	<u>13,448</u>	<u>23,923</u>
DEPRECIATION			
At 1 April 2015 (unaudited)	12,646	11,818	24,464
Charge for period	677	430	1,107
Eliminated on disposal	(3,794)	-	(3,794)
Exchange differences	<u>6</u>	<u>-</u>	<u>6</u>
At 31 December 2015	<u>9,535</u>	<u>12,248</u>	<u>21,783</u>
NET BOOK VALUE			
At 31 December 2015	<u>940</u>	<u>1,200</u>	<u>2,140</u>
At 31 March 2015 (unaudited)	<u>1,333</u>	<u>1,539</u>	<u>2,872</u>

13. **FIXED ASSET INVESTMENTS**

	Subsidiary undertakings £'000 as restated
COST	
At the beginning and the end of the financial period	<u>13,309</u>
IMPAIRMENT	
At the beginning and the end of the financial period	<u>13,309</u>
NET BOOK VALUE	
At 31 December 2015	<u>-</u>
At 31 March 2015 (Unaudited)	<u>-</u>

An impairment charge of £11,285,000 was processed during the current period as a prior year adjustment as explained in Note 10.

The subsidiary undertakings in which the Company had an interest (*direct interest) at 31 December 2015 were:

	Country of incorporation	Class	% of shares held
Quadriga Belgium NV	Belgium	Ordinary *	99.5%
Quadriga Benelux BV	Netherlands	Ordinary	100%
Quadriga Business Espana SA	Spain	Ordinary	100%
Quadriga Danmark AS	Denmark	Ordinary	100%
Quadriga Deutschland GmbH	Germany	Ordinary	100%
Quadriga EMEA Limited	England	Ordinary *	100%
Quadriga EMEA Romania S.R.L.	Romania	Ordinary	100%
Quadriga Finland Oy	Finland	Ordinary	100%
Quadriga France SAS	France	Ordinary	93%
Quadriga Hellas Hotel Technologies S.A.	Greece	Ordinary	4%
Quadriga Holdings BV (holding company)	Netherlands	Ordinary	100%
Quadriga Italia S.p.a.	Italy	Ordinary	67%
Quadriga Latvija SIA	Latvia	Ordinary	100%
Quadriga ME FZ LLC	U.A.E.	Ordinary	100%
Quadriga Norge AS	Norway	Ordinary	100%
Quadriga Overseas Holdings Limited (holding company)	England	Ordinary *	100%
Quadriga Poland SP z o.o.	Poland	Ordinary	100%
Quadriga Suisse SA	Switzerland	Ordinary	100%
Quadriga Svenska AB	Sweden	Ordinary	100%
Quadriga Technology Limited (dormant)	England	Ordinary *	100%
Smooovie TV Europe SAS	France	Ordinary	100%
Thorn France Holdings SAS (holding company)	France	Ordinary	100% (*15%)
UAB Quadriga Inroom Technologies	Lithuania	Ordinary	100%

The principal activity of the subsidiary undertakings listed above is (unless otherwise indicated) creating on-property value via accessible guest facing technologies and services for the hospitality industry in Europe, North America, Middle East, Africa and Asia. The deployed systems and services provide functionality in the areas of internet and network connectivity, guest entertainment, hotel services and communications.

Notes to the Financial Statements - continued
for the Period 1 April 2015 to 31 December 2015

14. **STOCKS**

	As at 31.12.15 £'000	Unaudited As at 31.3.15 £'000
Stocks	1,026	1,243
Work-in-progress	<u>437</u>	<u>420</u>
	<u>1,463</u>	<u>1,663</u>

15. **TRADE AND OTHER DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	As at 31.12.15 £'000	Unaudited As at 31.3.15 £'000
Trade debtors	1,391	1,565
Amounts owed by group undertakings	4,193	4,199
Amounts owed by participating interests	-	1,070
Other debtors	56	24
Net VAT recoverable and other tax debtors	1	11
Prepayments and accrued income	<u>2,340</u>	<u>1,725</u>
	<u>7,981</u>	<u>8,594</u>

16. **TRADE AND OTHER CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	As at 31.12.15 £'000	Unaudited As at 31.3.15 £'000
Trade creditors	2,229	1,046
Customer deposits and rentals in advance	779	414
Amounts owed to group undertakings	26,988	26,779
Social security and other taxes	-	271
Other creditors	300	414
Accruals and deferred income	<u>787</u>	<u>1,569</u>
	<u>31,083</u>	<u>30,493</u>

Notes to the Financial Statements - continued
for the Period 1 April 2015 to 31 December 2015

17. FINANCIAL INSTRUMENTS

The Company's principal financial instruments, which exclude short-term debtors and creditors, comprise loans and cash. The main purpose of these financial instruments is to raise finance for the Company's operations.

Financial assets

The Company has only floating rate financial assets, comprising interest bearing cash deposits. There are no interest free financial assets in either financial period. The currency profile of financial assets at the end of the financial period was:

	As at 31.12.15 £'000	Unaudited As at 31.3.15 £'000
Cash Sterling	13	219
Cash Euro	24	120
Cash Other	-	1
	<u>37</u>	<u>340</u>

18. PROVISIONS FOR LIABILITIES

Provisions

	Overseas tax liabilities £'000
At the beginning of the financial period (Unaudited)	210
Paid during the period	(23)
Reclassified from accruals	1
Credited to the profit and loss account	<u>(35)</u>
At the end of the financial period	<u>153</u>

Overseas tax liabilities

The provision will be utilised depending on the outcome of discussions with the authorities in the relevant territories and will be subject to on-going reviews as the timing of outflows are uncertain.

19. SHARE CAPITAL

Allotted and called up Number:	Class:	nominal value:	As at 31.12.15 £'000	Unaudited As at 31.3.15 £'000
50,418,755	Ordinary (fully paid up)	£1	50,419	50,419
13,013,921	Ordinary (55p paid up)	£1	7,158	7,158
			<u>57,577</u>	<u>57,577</u>

20. ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The immediate parent company is Quadriga Holdings Limited, a company incorporated in the United Kingdom. On 9 July 2015 Exceptional Innovation B.V. completed the acquisition of Quadriga Holdings Limited and its subsidiaries (which included Quadriga Worldwide Limited) to form the Exceptional Innovation Group.

The ultimate parent company is ST Holdings LLC a company incorporated in the United States of America. The directors regard SA Moorer Jr as the ultimate controlling party by virtue of his ownership and control of the ultimate parent company ST Holdings LLC. Consolidated accounts are not prepared for ST Holdings LLC.

The largest group of which the company is a member and for which group financial statements are prepared is that headed by Exceptional Innovation Coöperatief U.A.. The smallest group of which the company is a member and for which group financial statements are prepared is that headed by Exceptional Innovation Intermediate B.V.. Copies of the financial statements are available to the public and may be obtained from Forum 1, Station Road, Theale, Berkshire, RG7 4RA.

21. CAPITAL COMMITMENTS

There were no capital commitments at the end of the financial period (Year ended 31 March 2015: £nil).

22. LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases were as follows:

	As at 31.12.15 £'000	Unaudited As at 31.3.15 £'000
Land and buildings - operating leases which expire:		
Within one year	13	115
In two to five years	812	13
	<u>825</u>	<u>128</u>
Other - operating leases which expire:		
Within one year	16	14
In two to five years	75	82
	<u>91</u>	<u>96</u>
Total commitments	<u>916</u>	<u>224</u>

Notes to the Financial Statements - continued
for the Period 1 April 2015 to 31 December 2015

23. **RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	Period 1.4.15 to 31.12.15 £'000	Unaudited Year Ended 31.3.15 £'000
Loss before taxation	(2,393)	(14,268)
Depreciation charges	1,107	4,706
Loss on disposal of fixed assets	14	278
Decrease in provisions	(57)	(91)
Impairment of intangible fixed assets	-	8,063
Finance costs	19	148
Finance income	(14)	(2)
	(1,324)	(1,166)
Decrease in stocks	200	1,071
Decrease in trade and other debtors	594	2,555
Increase/(decrease) in trade and other creditors	591	(355)
Cash generated from operations	61	2,105

24. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Period ended 31 December 2015	31.12.15 £'000	Unaudited 1.4.15 £'000
Cash and cash equivalents	37	340
 Year ended 31 March 2015	 Unaudited 31.3.15 £'000	 Unaudited 1.4.14 as restated £'000
Cash and cash equivalents	340	429

25. **ACCOUNTING ESTIMATES AND JUDGEMENTS**

Key sources of estimation uncertainty

The estimated recoverable amount of overdue trade debtors and the future selling price of stock are key sources of estimation uncertainty. There are no other key assumptions concerning the future and other key sources of estimation uncertainty at the Balance Sheet date that may cause material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical accounting judgements in applying the Company's accounting policies

There are no critical accounting judgements in applying the Company's accounting policies.

26. FIRST YEAR ADOPTION

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the 9 month period ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 March 2015.

In preparing its FRS 102 balance sheet, the Company has not been required to adjust any amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). The assets, liabilities and shareholders equity previously reported in the 31 March 2015 financial statements remain unchanged as result of adoption of FRS 102.