

**GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
FOR
GALLERIA HOLDINGS LIMITED**

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GALLERIA HOLDINGS LIMITED

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for the Year Ended 31 December 2016

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GALLERIA HOLDINGS LIMITED

COMPANY INFORMATION
for the Year Ended 31 December 2016

DIRECTORS:

J Haataja
I Duncan Lewis
M J Karkkainen
T Pesonen

REGISTERED OFFICE:

2nd Floor, APV House, Speedwell Road
Parkhouse Industrial Estate East
Newcastle-Under-Lyme
Staffordshire
ST5 7RG

REGISTERED NUMBER:

04384051 (England and Wales)

AUDITORS:

KPMG LLP
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

GALLERIA HOLDINGS LIMITED

GROUP STRATEGIC REPORT for the Year Ended 31 December 2016

The directors present their strategic report of the company and the group for the year ended 31 December 2016.

I am very pleased to report 2016 was a pivotal year for Galleria as on May 16th 2016 we were acquired by one of our business partners RELEX, a supply chain optimisation company based in Helsinki in Finland. Bringing the two companies together is I believe a very positive step in a number of areas.

Firstly, RELEX provides a strong cross sell opportunity to its many customers across Europe with a very complimentary solution set to the RELEX supply chain customers, which offers increased access and speed to market. In addition, having the backing of Summit Partners private equity investors provides extensive development capital to enable the combined entity to further develop and market a unified retail planning solution to an ever-increasing market place. The company is debt free and well positioned to continue on its aggressive growth path.

The continued investment in our product solutions is key for future success with customers and in 2016 we continued to build breadth and depth across the product suite and in particular Floor Planning Studio. Throughout 2016 there has been a strong emphasis on developing our all new true SAAS offerings the first of which are scheduled for launch in quarter four 2017.

The introduction of Customer Centric Merchandising V8 has broadened the market appeal and has resulted in the ability to service retailers from small to very large and in sectors outside of the traditional food sector. In addition, collaboration with our retail customers and their suppliers is greatly enhanced by the new solutions which broadens the businesses appeal with the vendor community.

The sales wins are important in the business development as we continue to move to term licences with long term contracts with mid-market customers. We expect to see continued geographic expansion, accelerated as part of RELEX in 2017, which will result in additional investment in infrastructure of the business - sales, support and development.

The company's finances as part of the RELEX group are strong and investment in product and infrastructure continues to push the company forward. The market place is not without challenge but we see the business positioned for further expansion in 2017 and thereafter.

Key performance indicators

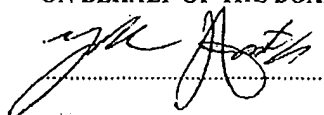
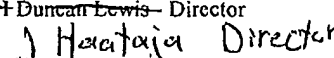
	2015 (£)	2016 (£m)
Revenue	3.6m	2.6m
Gross profit	3.4m	2.4m
Operating profit/ (loss)	0.4m	(1.1m)
Annual Recurring Revenue	1.5m	1.75m

Risk & Uncertainties

RELEX Solutions operates in an industry in which technological development is fast. The competitors' activities and customers' technology choices may have an impact on the company's success on the market.

The company's success is dependent on its product development. Developing new products and product versions to meet the customers' needs are essential in order to ensure that the company is successful in implementing its growth strategy. The company's product development projects carry a risk of delays, which would postpone the launch of new products and product versions, thus, hampering the implementation of the company's growth strategy.

ON BEHALF OF THE BOARD:


+ Duncan Lewis - Director

J Haataja Director

Date: 18/12/2017

GALLERIA HOLDINGS LIMITED

REPORT OF THE DIRECTORS for the Year Ended 31 December 2016

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2016.

DIVIDENDS

Particulars of recommended dividends are detailed in note 11 to the financial statements.

RESEARCH AND DEVELOPMENT

The Group undertakes research and development to develop new software. Research expenditure is included in the Statement of Comprehensive Income in the year it is incurred. Development expenditure is expensed in the same year that it is incurred unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is included in intangible assets and amortised over the life of the project.

FUTURE DEVELOPMENTS

Likely future developments in the business of the entity have been disclosed in the strategic report on page 2.

DIRECTORS

I Duncan Lewis has held office during the whole of the period from 1 January 2016 to the date of this report.

Other changes in directors holding office are as follows:

J Haataja - appointed 16 May 2016
M J Karkkainen - appointed 16 May 2016
T Pesonen - appointed 16 May 2016
R J Abbott - resigned 16 May 2016
M Humphreys – resigned 14 July 2017

FINANCIAL INSTRUMENTS

Information relating to financial risk management is disclosed in the strategic report on page 2.

DISCLOSURE IN THE STRATEGIC REPORT

The strategic report can be found on page 2 of these financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

GALLERIA HOLDINGS LIMITED

REPORT OF THE DIRECTORS
for the Year Ended 31 December 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES – continued

- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

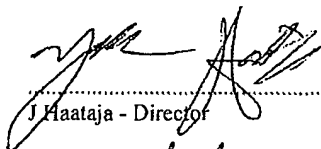
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are each aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are 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 group's auditors are aware of that information.

AUDITORS

The auditors, KPMG LLP, are deemed to be re-appointed under Section 487 (2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:


.....
J. Haataja - Director

Date: 18/12/2017
.....



KPMG LLP
1 St Peter's Square
Manchester
M2 3AE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GALLERIA HOLDINGS LIMITED

We have audited the financial statements of Galleria Holdings Limited for the year ended 31 December 2016 set out on pages 7 to 26. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 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 Directors' Responsibilities Statement set out on page 3, 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 group's and of the parent company's affairs as at 31 December 2016 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RELEX SOLUTIONS UK LIMITED (continued)

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



Roger Nixon (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

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GALLERIA HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the Year Ended 31 December 2016

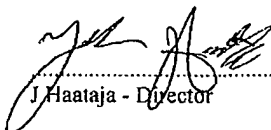
	Notes	31.12.16 £	Restated* 31.12.15 £
TURNOVER	4	2,613,453	3,611,603
Cost of sales		<u>(217,414)</u>	<u>(227,491)</u>
GROSS PROFIT		2,396,039	3,384,112
Administrative expenses		<u>(3,449,642)</u>	<u>(2,975,358)</u>
OPERATING (LOSS)/PROFIT	6	(1,053,603)	408,754
Interest receivable and similar income	7	<u>-</u>	<u>907,355</u>
		(1,053,603)	1,316,109
Interest payable and similar expenses	8	<u>(60,587)</u>	<u>(78,136)</u>
(LOSS)/PROFIT BEFORE TAXATION		(1,114,190)	1,237,973
Tax on (loss)/profit	9	<u>(521)</u>	<u>(26,465)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(1,114,711)	1,211,508
OTHER COMPREHENSIVE INCOME			
Cancelled dividends		<u>-</u>	<u>231,939</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(1,114,711)</u>	<u>1,443,447</u>

CONSOLIDATED BALANCE SHEET

31 December 2016

	Notes	31.12.16 £	31.12.15 £
FIXED ASSETS			
Intangible assets	12	2,714,204	2,904,680
Tangible assets	13	<u>84,169</u>	<u>82,599</u>
		2,798,373	2,987,279
CURRENT ASSETS			
Debtors	15	1,177,607	371,242
Cash at bank and in hand		<u>35,920</u>	<u>614,211</u>
		1,213,527	985,453
CREDITORS			
Amounts falling due within one year	16	<u>(2,761,485)</u>	<u>(1,026,769)</u>
NET CURRENT LIABILITIES		<u>(1,547,958)</u>	<u>(41,316)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,250,415	2,945,963
CREDITORS			
Amounts falling due after more than one year	17	<u>-</u>	<u>(500,000)</u>
NET ASSETS		<u>1,250,415</u>	<u>2,445,963</u>
CAPITAL AND RESERVES			
Called up share capital	20	2,675	3,278
Share premium	21	77,498	77,498
Capital redemption reserve	21	7,510	6,907
Other reserves	21	1,490,973	1,236,620
Retained earnings	21	<u>(328,241)</u>	<u>1,121,660</u>
		<u>1,250,415</u>	<u>2,445,963</u>

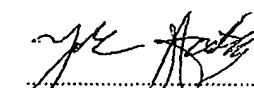
The financial statements were approved by the Board of Directors on 18/12/2017 and were signed on its behalf by:


J. Haataja - Director

COMPANY BALANCE SHEET
31 December 2016

	Notes	31.12.16	31.12.15
		£	£
FIXED ASSETS			
Intangible assets	12	-	-
Tangible assets	13	-	-
Investments	14	<u>2,586,562</u>	<u>2,586,562</u>
		2,586,562	2,586,562
CURRENT ASSETS			
Debtors	15	313,111	276,437
Cash at bank		<u>2,984</u>	<u>5,558</u>
		316,095	281,995
CREDITORS			
Amounts falling due within one year	16	<u>(1,670,630)</u>	<u>(705,495)</u>
NET CURRENT LIABILITIES		<u>(1,354,535)</u>	<u>(423,500)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,232,027	2,163,062
CREDITORS			
Amounts falling due after more than one year	17	<u>-</u>	<u>(500,000)</u>
NET ASSETS		<u>1,232,027</u>	<u>1,663,062</u>
CAPITAL AND RESERVES			
Called up share capital	20	2,675	3,278
Share premium	21	77,498	77,498
Capital redemption reserve	21	7,510	6,907
Other reserves	21	-	(254,353)
Retained earnings	21	<u>1,144,344</u>	<u>1,829,732</u>
		<u>1,232,027</u>	<u>1,663,062</u>

The financial statements were approved by the Board of Directors on 18/12/2017 and were signed on its behalf by:


J. Haataja - Director

GALLERIA HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 December 2016

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 January 2015	6,088	384,605	77,498
Changes in equity			
Redemption of shares	(2,810)	(500,000)	-
Dividends	-	(206,392)	-
Total comprehensive income	-	1,443,447	-
Balance at 31 December 2015	<u>3,278</u>	<u>1,121,660</u>	<u>77,498</u>
Changes in equity			
Reclassification of other reserve	-	(254,353)	-
Redemption of shares	(603)	(1)	-
Dividends	-	(80,836)	-
Total comprehensive income	-	(1,114,711)	-
Balance at 31 December 2016	<u>2,675</u>	<u>(328,241)</u>	<u>77,498</u>
	Capital redemption reserve £	Other reserves £	Total equity £
Balance at 1 January 2015	4,097	1,256,620	1,728,908
Changes in equity			
Redemption of shares	2,810	(20,000)	(520,000)
Dividends	-	-	(206,392)
Total comprehensive income	-	-	1,443,447
Balance at 31 December 2015	<u>6,907</u>	<u>1,236,620</u>	<u>2,445,963</u>
Changes in equity			
Reclassification of other reserve	-	234,353	-
Redemption of shares	603	-	(1)
Dividends	-	-	(80,836)
Total comprehensive income	-	-	(1,114,711)
Balance at 31 December 2016	<u>7,510</u>	<u>1,470,973</u>	<u>(1,250,415)</u>

GALLERIA HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 December 2016

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 January 2015	6,088	418,838	77,498
Changes in equity			
Redemption of shares	(2,810)	(500,000)	-
Dividends cancelled	-	231,940	-
Dividends	-	(206,392)	-
Loss for the year	-	1,885,346	-
Balance at 31 December 2015	<u>3,278</u>	<u>1,829,732</u>	<u>77,498</u>
Changes in equity			
Redemption of shares	(603)	(1)	-
Reclassification of other reserve	-	(234,353)	-
Dividends	-	(80,836)	-
Profit for the year	-	(350,198)	-
Balance at 31 December 2016	<u>2,675</u>	<u>1,144,344</u>	<u>77,498</u>
	Capital redemption reserve £	Other reserves £	Total equity £
Balance at 1 January 2015	4,097	(234,353)	272,168
Changes in equity			
Redemption of shares	2,810	(20,000)	(520,000)
Dividends cancelled	-	-	231,940
Dividends	-	-	(206,392)
Profit for the year	-	-	1,885,346
Balance at 31 December 2015	<u>6,907</u>	<u>(254,353)</u>	<u>1,663,062</u>
Changes in equity			
Redemption of shares	603	-	(1)
Reclassification of other reserve	-	254,353	-
Dividends	-	-	(80,836)
Profit for the year	-	-	(350,198)
Balance at 31 December 2016	<u>7,510</u>	<u>-</u>	<u>1,232,027</u>

GALLERIA HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 December 2016

	Notes	31.12.16 £	Restated* 31.12.15 £
Cash flows from operating activities			
Cash generated from operations	1	(847,932)	1,327,362
Interest paid		(60,587)	(78,136)
Tax paid		<u>(27,164)</u>	<u>(3,307)</u>
Net cash from operating activities		<u>(935,683)</u>	<u>1,245,919</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(355,378)	(897,188)
Purchase of tangible fixed assets		(34,165)	(59,937)
Interest received		<u>-</u>	<u>1,355</u>
Net cash from investing activities		<u>(389,543)</u>	<u>(955,770)</u>
Cash flows from financing activities			
New loans in year		-	500,000
Loan repayments in year		(503,340)	(600,000)
Amount introduced by directors		-	97,000
Amount withdrawn by directors		(97,000)	-
Share buyback		(1)	(520,000)
Loan from Parent Group		1,428,111	-
Equity dividends paid		<u>(80,836)</u>	<u>(206,392)</u>
Net cash from financing activities		<u>746,934</u>	<u>(729,392)</u>
Decrease in cash and cash equivalents		<u>(578,291)</u>	<u>(439,243)</u>
Cash and cash equivalents at beginning of year	2	<u>614,211</u>	<u>1,053,454</u>
Cash and cash equivalents at end of year	2	<u><u>35,920</u></u>	<u><u>614,211</u></u>

GALLERIA HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 December 2016

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.12.16	Restated 31.12.15
	£	£
(Loss)/profit before taxation	(1,114,190)	1,237,973
Depreciation and amortisation charges	578,449	782,705
(Gain)/loss on foreign exchange	-	4,270
Finance costs	60,587	78,136
Finance income	-	(907,355)
	(475,154)	1,195,729
(Increase)/decrease in trade and other debtors	(806,013)	422,018
Increase/(decrease) in trade and other creditors	433,235	(290,385)
Cash generated from operations	(847,932)	1,327,362

2. 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:

Year ended 31 December 2016

	31.12.16	1.1.16
	£	£
Cash and cash equivalents	35,920	614,211

Year ended 31 December 2015

	31.12.15	1.1.15
	£	£
Cash and cash equivalents	614,211	1,053,454

GALLERIA HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31 December 2016

1. STATUTORY INFORMATION

Galleria Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

Galleria Holdings Limited is an intermediary holding company which holds investments in several subsidiaries, two of which are trading.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with FRS 102 - *'The Financial Reporting Standard applicable in the UK and Republic of Ireland'* and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over twenty years from the year of acquisition. The results of companies acquired or disposed of are included in the statement of comprehensive income after or up to the date that control passes respectively. As a consolidated comprehensive income statement is published, a separate comprehensive income statement for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Going concern

The Group's business activities, together with the factors likely to affect its future development and position are set out in the Strategic Report on page 2. The financial statements have been prepared on the basis of the Group being a going concern on the basis that the Directors have satisfied themselves that despite being in a net current liability position, the Group has sufficient resources to be able to settle financial obligations as they arise. In addition, the Group's parent company have extended financial support for a period of eighteen months from the date of approval of the financial statements.

Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

GALLERIA HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2016

3. ACCOUNTING POLICIES - continued

As described in the accounting policies of the financial statements, depreciation of intangible and tangible assets has been based on estimated useful lives and residual values deemed appropriate by the directors. Estimated useful lives and residual values are reviewed annually and revised as appropriate. Revisions take into account actual asset lives and residual values as evidenced by disposals during current and prior accounting periods.

Revenue recognition

Turnover represents the value of work done for customers including attributable profit and after adjusting for all foreseeable future losses but excluding Value Added Tax.

Revenue in respect of maintenance agreements is recognised on a straight-line basis over the term of the agreement. Revenue relating to professional services at a predetermined rate is recognised as the service is provided. Revenue not recognised in the profit and loss account under these policies is classified as deferred income within the Balance Sheet.

Revenue in respect of software licences is recognised on shipment and substantial acceptance by the customer, when there are no significant vendor obligations remaining, and when the fee is fixed and determinable.

Revenue in respect of fixed price implementation projects is recognised on a percentage completion basis. Pre-contract fees are recognised on completion of the associated work.

Income is recognised on other services as and when the work is invoiced, with adjustment to match revenue to the period in which the service was provided.

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its estimated useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed five years.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill - 20 years
Development costs - Life of project

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

GALLERIA HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued **for the Year Ended 31 December 2016**

3. 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.

Plant and machinery	- Straight line over 3 - 7 years
Fixtures and fittings	- 20% on cost
Computer equipment	- 20% on cost

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in the comprehensive income statement in the period in which it arises.

Employees benefits

The Group provide a range of benefits to employees.

Short term benefits, including holiday pay, are recognised as an expense in the comprehensive income statement in the period in which they are incurred.

Financial instruments

A financial asset or liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, when it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

GALLERIA HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2016

3. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Research and development

Research expenditure is written off in the period in which it is incurred.

Development expenditure incurred is capitalised as an intangible asset only when all of the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- There is the intention to complete the intangible asset and use or sell it;
- There is the ability to use or sell the intangible asset;
- The use or sale of the intangible asset will generate probable future economic benefits;
- There are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Expenditure that does not meet the above criteria is expensed as incurred.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

4. TURNOVER

Turnover arises entirely from the supply of retail software and subsequent maintenance.

Turnover attributable to geographical markets outside the United Kingdom amounted to 65.7% (2015: 79%) for the year.

GALLERIA HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2016

5. EMPLOYEES AND DIRECTORS

	31.12.16	31.12.15
	£	£
Wages and salaries	2,235,610	1,054,802
Social security costs	160,448	197,182
Other pension costs	<u>71,501</u>	<u>13,240</u>
	<u>2,467,559</u>	<u>1,265,224</u>

The average monthly number of employees during the year was as follows:

	31.12.16	31.12.15
Administrative staff	<u>48</u>	<u>52</u>

The average number of employees by during the year was 48 (2015 - 52).

Wages and salaries includes a share option charge of £61,218, of which £50,196 relates to directors and is included within Directors' remuneration below.

	31.12.16	31.12.15
	£	£
Directors' remuneration	676,394	74,707
Directors' pension contributions to money purchase schemes	<u>57,790</u>	<u>6,812</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>3</u>
------------------------	----------	----------

Information regarding the highest paid director for the year ended 31 December 2016 is as follows:

	31.12.16
	£
Emoluments	596,618
Pension contributions to money purchase schemes	<u>50,000</u>

6. OPERATING (LOSS)/PROFIT

The operating loss (2015 - operating profit) is stated after charging/ (crediting):

	31.12.16	31.12.15
	£	£
Other operating leases	76,249	53,073
Depreciation - owned assets	32,595	25,549
Goodwill amortisation	168,000	168,000
Development costs amortisation	377,854	589,156
Auditors' remuneration	25,000	10,400
Foreign exchange differences	<u>(118,111)</u>	<u>46,104</u>

GALLERIA HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2016

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	31.12.16	Restated 31.12.15
	£	£
Reduction in loan liability	-	906,000
Bank interest	-	<u>1,355</u>

During the prior year, a reduction in the loan amount due to RDBC Investments, in the form of loan notes, was negotiated by the Directors, with £906,000 being released to the profit and loss account as finance income. See note 25 for discussion of prior year restatement.

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.16	31.12.15
	£	£
Bank loan interest	<u>60,587</u>	<u>78,136</u>

9. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss for the year was as follows:

	31.12.16	31.12.15
	£	£
Current tax:		
UK corporation tax	521	26,465
Deferred tax	-	-
Tax on (loss)/profit	<u>521</u>	<u>26,465</u>

Reconciliation of total tax (credit)/charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.16	31.12.15
	£	£
(Loss)/profit before tax	<u>(1,114,190)</u>	<u>1,237,973</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	(222,838)	247,595
Effects of:		
Expenses not deductible for tax purposes	49,120	100,240
Incentives relief	-	(347,795)
Tax losses carried forward	141,194	-
Other	<u>33,045</u>	<u>26,425</u>
Total tax (credit)/charge	<u>521</u>	<u>26,465</u>

GALLERIA HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2016

10. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

11. DIVIDENDS

Equity dividends on ordinary shares paid during the year amounted to £80,836 (2015: £206,391).

There were no dividends proposed before the year end which remained outstanding as at the year end date.

12. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Development costs £	Totals £
COST			
At 1 January 2016	3,209,065	4,406,899	7,615,964
Additions	-	355,378	355,378
At 31 December 2016	<u>3,209,065</u>	<u>4,762,277</u>	<u>7,971,342</u>
AMORTISATION			
At 1 January 2016	2,284,283	2,427,001	4,711,284
Amortisation for year	<u>168,000</u>	<u>377,854</u>	<u>545,854</u>
At 31 December 2016	<u>2,452,283</u>	<u>2,804,855</u>	<u>5,257,138</u>
NET BOOK VALUE			
At 31 December 2016	<u>756,782</u>	<u>1,957,422</u>	<u>2,714,204</u>
At 31 December 2015	<u>924,782</u>	<u>1,979,898</u>	<u>2,904,680</u>

Development costs are capitalised when the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the expected life of the product.

The company has no intangible assets.

GALLERIA HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2016

13. TANGIBLE FIXED ASSETS

Group	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 January 2016	296,291	24,453	25,554	346,298
Additions	<u>34,165</u>	<u>-</u>	<u>-</u>	<u>34,165</u>
At 31 December 2016	<u>330,456</u>	<u>24,453</u>	<u>25,554</u>	<u>380,463</u>
DEPRECIATION				
At 1 January 2016	259,602	2,485	1,612	263,699
Charge for year	<u>22,957</u>	<u>4,890</u>	<u>4,748</u>	<u>32,595</u>
At 31 December 2016	<u>282,559</u>	<u>7,375</u>	<u>6,360</u>	<u>296,294</u>
NET BOOK VALUE				
At 31 December 2016	<u>47,897</u>	<u>17,078</u>	<u>19,194</u>	<u>84,169</u>
At 31 December 2015	<u>36,689</u>	<u>21,968</u>	<u>23,942</u>	<u>82,599</u>

The company has no tangible assets.

14. FIXED ASSET INVESTMENTS

Company	Shares in group undertakings £
COST	
At 1 January 2016 and 31 December 2016	<u>2,586,562</u>
NET BOOK VALUE	
At 31 December 2016	<u>2,586,562</u>
At 31 December 2015	<u>2,586,562</u>

GALLERIA HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2016

14. FIXED ASSET INVESTMENTS - continued

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Relex Solutions UK Limited

Registered office: United Kingdom

Nature of business: Software development, sales & consultancy

	%
Class of shares:	holding
Ordinary	100.00

Galleria Retail Technology Solutions Limited changed its name to Relex Solutions UK Limited on 1 February 2017.

Galleria Retail Technology Solutions Inc

Registered office: United States of America

Nature of business: Software - pre-sales activities

	%
Class of shares:	holding
Ordinary	100.00

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.16	31.12.15	31.12.16	31.12.15
	£	£	£	£
Trade debtors	950,491	274,613	-	-
Amounts owed by group undertakings	-	-	296,296	242,291
Other debtors	6,043	7,534	126	2,626
Tax	352	-	-	-
VAT	-	-	16,689	-
Prepayments and accrued income	220,721	89,095	-	31,520
	<u>1,177,607</u>	<u>371,242</u>	<u>313,111</u>	<u>276,437</u>

COMPANY

Amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

GALLERIA HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2016

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.16	31.12.15	31.12.16	31.12.15
	£	£	£	£
Bank loans and overdrafts (see note 18)	-	7	-	-
Other loans (see note 18)	-	3,333	-	3,333
Trade creditors	147,215	116,008	-	10,799
Amounts owed to Parent Group	1,428,111	-	1,579,078	560,873
Tax	-	26,295	-	20,654
Social security and other taxes	53,484	109,444	-	-
VAT	61,818	-	-	-
Other creditors	2,998	2,033	100	-
Directors' current accounts	-	97,000	-	97,000
Accruals and deferred income	1,067,859	672,649	91,452	12,836
	<u>2,761,485</u>	<u>1,026,769</u>	<u>1,670,630</u>	<u>705,495</u>

Amounts owed to the Parent Group are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

There is a cross guarantee in place between all companies in the Galleria group, namely Galleria Holdings Limited and Galleria Retail Technology Solutions Limited.

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

	Group		Company	
	31.12.16	31.12.15	31.12.16	31.12.15
	£	£	£	£
Other loans (see note 18)	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>

18. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	31.12.16	31.12.15	31.12.16	31.12.15
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	-	7	-	-
Other loans	<u>-</u>	<u>3,333</u>	<u>-</u>	<u>3,333</u>
	<u>-</u>	<u>3,340</u>	<u>-</u>	<u>3,333</u>
Amounts falling due between one and two years:				
Other loans - 1-2 years	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>

19. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

GALLERIA HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2016

Group

	Non-cancellable operating leases	
	31.12.16	31.12.15
	£	£
Within one year	75,509	56,721
Between one and five years	<u>160,660</u>	<u>162,609</u>
	<u>236,169</u>	<u>219,330</u>

20. CALLED UP SHARE CAPITAL

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £0.01 each	-	-	121,032	1,210
Ordinary A shares of £0.01 each	-	-	75,352	754
Ordinary B shares of £0.01 each	-	-	93,657	937
Ordinary C shares of £0.01 each	-	-	12,600	126
Ordinary D shares of £0.01 each	-	-	12,600	126
Ordinary E shares of £0.01 each	-	-	12,600	126
Ordinary shares of £0.00000001 each				
	<u>267,605,116,560</u>	<u>2,675</u>	-	-
	<u>267,605,116,560</u>	<u>2,675</u>	<u>327,841</u>	<u>3,278</u>

During the year the Ordinary A, Ordinary B, Ordinary C, Ordinary D and Ordinary E shares were converted into Ordinary shares. Ordinary shares of £0.01 were each converted into 1,000,000 Ordinary shares of £0.00000001.

During the year the company purchased 60,235,829,263 Ordinary shares for £1 and then duly cancelled these shares.

The Ordinary shares carry voting rights, rights to dividends, rights to participate in a distribution and are non-redeemable.

21. RESERVES

Group

	Retained earnings £	Share premium £	Capital redemption reserve £	Other reserves £	Totals £
At 1 January 2016	1,121,660	77,498	6,907	1,236,620	2,442,685
Reclassification	(254,353)	-	-	254,353	-
Deficit for the year	(1,114,711)	-	-	-	(1,114,711)
Dividends	(80,836)	-	-	-	(80,836)
Purchase of own shares	(1)	-	603	-	602
At 31 December 2016	<u>(328,241)</u>	<u>77,498</u>	<u>7,510</u>	<u>1,490,973</u>	<u>1,247,740</u>

GALLERIA HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2016

21. RESERVES - continued

Company

	Retained earnings £	Share premium £	Capital redemption reserve £	Other reserves £	Totals £
At 1 January 2016	1,829,732	77,498	6,907	(254,353)	1,659,784
Reclassification	(254,353)	-	-	254,333	-
Deficit for the year	(350,198)	-	-	-	(350,199)
Dividends	(80,836)	-	-	-	(80,836)
Purchase of own shares	(1)	-	603	-	602
At 31 December 2016	<u>1,144,344</u>	<u>77,498</u>	<u>7,510</u>	<u>-</u>	<u>1,229,352</u>

As at 1 January 2016, Group Other reserves comprised a merger reserve of £1,490,973 and an interest in own shares reserve of £(254,353). The Company Other reserves comprised of the same own share reserve (£254,353). The interest in own shares reserve arose due to the consolidation of an EBT under the parent company's control, in accordance with UITF 32. The reserve represented the shares held by the EBT in the company. The EBT was dissolved in the year, resulting in the own share reserve being reclassified to retained earnings.

The merger reserve arises on consolidation and relates to the acquisition of subsidiaries. The reserve is supported by the assets of the subsidiary companies. This reserve is a non-distributable reserve which will become distributable on sale of the subsidiaries.

22. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors were outstanding as at 31 December 2016 and 31 December 2015:

	31.12.16 £	31.12.15 £
I Duncan Lewis		
Balance outstanding at start of year	(75,700)	-
Amounts advanced	-	(75,700)
Amounts repaid	75,700	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>(75,700)</u>
M Humphreys		
Balance outstanding at start of year	(21,300)	-
Amounts advanced	-	(21,300)
Amounts repaid	21,300	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>(21,300)</u>

GALLERIA HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2016

23. ULTIMATE PARENT COMPANY

On 16 May 2016 the entire share capital of Galleria Holdings Limited was purchased by Retail Logistics Excellence - Relex Oy, a company incorporated in Finland. Retail Logistics Excellence - Relex Oy is regarded by the directors as being the company's ultimate parent company.

There is no one controlling interest in the ultimate parent company.

24. SHARE-BASED PAYMENT TRANSACTIONS

The following share options were held at the year end:

	Number of employees holding options at 1 January 2016	Issued	Cancelled	Exercised	Number of employees holding options at 31 December 2016
Tranche 2 - expires 31 July 2016	11	-	11	-	-
Tranche 3 - expires 31 July 2017	1	-	1	-	-
Tranche 6 - expires 31 July 2019	3	-	3	-	-
Tranche 7 - expires 31 August 2021	4	-	4	-	-
Option programme 1/2016 - expires 30 September 2020	-	2	-	-	2
	19	2	19	-	2

During the year the parent company, Retail Logistics Excellence - Relex Oy created a new share option scheme known as 1/2016. Under this scheme a director and an employee of the company became entitled to subscribe for a total of 4,871 ordinary shares. The adjusted unrestricted market value of the securities at date of grant are £51.12, the options are to be exercised on 30 September 2020 and the exercise price is EUR1 per share.

The share option charge is being recognised over four years and the charge for the year levied by Relex Logistics Excellence - Relex Oy to the Group is £61,218.

25. PRIOR YEAR RESTATEMENT

During the year it was identified that a gain on settlement of the loan due to RBDC Investments of £906,000 was presented as other operating income within the prior year profit and loss account rather than as interest receivable and similar income. This has been adjusted in the comparative numbers in the current year. This reclassification adjustment has no tax impact and no effect on net assets or retained earnings as at 31 December 2015 or prior periods. The effect of the adjustment on 2015 profit and loss account is set out in detail below:

	Prior to restatement	Restatement	Restated
Profit and loss account			
Other operating income	906,000	(906,000)	-
Interest receivable and similar income	1,355	906,000	907,355
Profit before tax	1,237,973	-	1,237,973

It was also identified that this non-cash gain of £906,000 arising on the settlement of the above liability was incorrectly included in the cash inflows from operating activities and cash outflows from financing activities. This was corrected in current year resulting in an increase in cash flows from financing activities by £906,000 and a decrease in cash flows from operating activities by the same amount.