

Company No: 07867880

Curse Limited
Report and Financial Statements

31 December 2016

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COMPANY INFORMATION

DIRECTORS

Robert Mackenzie
Phaedra Andrews
Hubert Thieblot

SECRETARY

Mitre Secretaries Limited

REGISTERED OFFICE

60 Holborn Viaduct
London
EC1A 2FD

AUDITORS

Ernst & Young LLP
1 More London Place
London
SE1 2AF

BANKERS

National Westminster Bank
135 Bishopsgate
London
EC2M 3UR

DIRECTORS' REPORT
for the year ended 31 December 2016

The directors of Curse Limited ("the Company") present the annual report containing the Directors' Report and the financial statements for the year ended 31 December 2016. In accordance with S414B of the Companies Act 2006, the directors have taken advantage of the small companies exemption from preparing a Strategic Report.

In 2016, the Company adopted FRS 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'. The transition impact is summarised in note 14.

DIRECTORS

The directors who served the Company during the year and to the date of this report were as follows:

Robert Mackenzie	(appointed 1 September 2016)
Phaedra Andrews	(appointed 1 September 2016)
Hubert Thieblot	(resigned 1 September 2016, reappointed 12 April 2017)
George Castro Rodriguez	(appointed 22 February 2017, resigned 19 April 2017)

No directors held any interest in the share capital of the Company during the year.

DIVIDEND

The directors do not recommend the payment of any dividends (2015: £nil).

PRINCIPAL ACTIVITY

The principal activity of the Company is the sale of online advertising services.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is dependent on the continued success of the Amazon group companies. The principal risks and uncertainties they face include, among others, risks related to competition, management of growth, new products, services and technologies, potential fluctuations in operating results, international expansion, outcomes of legal proceedings and claims, seasonality, commercial agreements, acquisitions and strategic transactions, foreign exchange rates, system interruption, government regulation and taxation, and fraud. More information about the principal risks and uncertainties facing the group are included in Amazon.com, Inc.'s filings with the U.S. Securities and Exchange Commission, including its Annual Report on Form 10-K for the year to date 31 December 2016, and subsequent filings.

FUTURE DEVELOPMENTS

The directors aim to maintain the management policies and processes that support the principal activity of the Company. The Company is continually reviewing and refining these policies to improve the framework of financial control and manage costs effectively.

FINANCIAL RISK MANAGEMENT

The directors have not disclosed the Company's financial risk management objectives and policies nor the Company's exposure to price risk, credit risk, and cash flow risk as such information is not considered material for the assessment of the Company's assets, liabilities, financial position and loss for the financial year.

DISCLOSURE OF INFORMATION TO THE AUDITOR

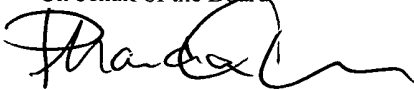
The directors who held office at the date of approval of this annual report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all steps that ought to have been taken as director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

DIRECTORS' REPORT (continued)
for the year ended 31 December 2016

AUDITOR

In accordance with section 485 of the Companies Act 2006, Ernst and Young LLP have accepted appointment as auditor of the Company.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Phaedra', followed by a long, sweeping horizontal stroke.

Phaedra Andrews
Director

Date: 15/06/2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 year. Under that law the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' and applicable law. 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 those 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.

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 to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CURSE LIMITED

We have audited the financial statements of Curse Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 14. 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 FRS 102 'The Financial Reporting Standard applicable in the United Kingdom 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, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- The Directors' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CURSE LIMITED (continued)

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Directors' Report.

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; or
- the directors were not entitled to take advantage of the small companies' exemptions in not preparing the Strategic Report.

Nicholas Jacques (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, (Statutory Auditor)
London

Ernst & Young LLP

Date: *15 June 2017*

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2016

	<i>Notes</i>	<i>2016</i> £	<i>2015</i> £
TURNOVER	2	1,017,481	1,347,887
Administrative expenses		<u>(1,281,087)</u>	<u>(1,261,078)</u>
OPERATING (LOSS) / PROFIT AND (LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(263,606)	86,809
Tax on (loss) / profit on ordinary activities	6	<u>20,745</u>	<u>(1,456)</u>
(LOSS) / PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		<u><u>(242,861)</u></u>	<u><u>85,353</u></u>

BALANCE SHEET
as at 31 December 2016

	<i>Notes</i>	<i>2016</i> £	<i>2015</i> £
FIXED ASSETS			
Tangible assets	7	<u>3,215</u>	<u>2,035</u>
CURRENT ASSETS			
Debtors:			
amounts falling due within one year	8	466,996	534,816
Cash at bank and in hand		<u>2,346,141</u>	<u>1,516,516</u>
		2,813,137	2,051,332
CREDITORS: amounts falling due within one year	9(a)	<u>(2,486,310)</u>	<u>(1,480,600)</u>
NET CURRENT ASSETS		<u>326,827</u>	<u>570,732</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		330,042	572,767
CREDITORS: amounts falling due after more than one year	9(b)	<u>(136)</u>	<u>—</u>
NET ASSETS		<u><u>329,906</u></u>	<u><u>572,767</u></u>
CAPITAL AND RESERVES			
Called up share capital	12	351,000	351,000
Retained earnings		<u>(21,094)</u>	<u>221,767</u>
SHAREHOLDER'S FUNDS		<u><u>329,906</u></u>	<u><u>572,767</u></u>

Approved by the Board



Phaedra Andrews
Director

Date: 15/06/2017

Company Number: 07867880

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2016

	<i>Called up share capital</i>	<i>Retained earnings</i>	<i>Total share-holder's funds</i>
	£	£	£
At 1 January 2015	351,000	132,754	483,754
Profit for the year	—	85,353	85,353
Share based awards	—	3,660	3,660
At 31 December 2015	351,000	221,767	572,767
Loss for the year	—	(242,861)	(242,861)
Share based awards	—	14,260	14,260
Settlement of share based awards	—	(14,260)	(14,260)
At 31 December 2016	351,000	(21,094)	329,906

Curse Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

1. ACCOUNTING POLICIES

Statement of compliance

Curse Limited ("the Company") is a limited company incorporated and domiciled in England and Wales. The registered office of the Company is 60 Holborn Viaduct, London, EC1A 2FD.

The Company's financial statements have been prepared in compliance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ("FRS 102"), and with the Companies Act 2006.

The Company transitioned from previously extant FRSSE to FRS 102 as at 1 January 2016. The transition impact is summarised in note 14.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. The financial statements are presented in pounds sterling, which is the functional currency of the Company.

The Company has taken advantage of the following disclosure exemptions in FRS 102:

- The requirements of Section 7 *Statement of Cash Flows* and Section 3 *Financial Statement Presentation* paragraph 3.17(d)
- The requirements of Section 33 *Related Party Disclosures* paragraph 33.1A and 33.7
- The requirements of Section 11 *Basic Financial Instruments* paragraph 11.39 to 11.48A

The exemptions stated above are available to the Company as it is a member of a Group where the parent of that Group prepares publicly available consolidated financial statements.

Going concern

As at 31 December 2016, current assets exceed current liabilities and it is expected that this will continue for the foreseeable future. On this basis the directors have a reasonable expectation that the Company has adequate resources to continue as an operational business for the foreseeable future. The financial statements have therefore been prepared on a going concern basis.

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented.

Turnover

Turnover represents fees earned in respect of advertising services. Revenues are recognised as services are performed, in accordance with the terms of contractual arrangements with customers. Turnover is stated net of VAT and trade discounts.

Tangible fixed assets

All fixed assets are initially recorded at cost. Costs comprise the purchase price and any direct costs incurred in bringing the asset to its location and condition for its intended use.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life as follows:

Computer Equipment	-	2-4 years
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The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation is charged on all tangible fixed assets from the date that assets are put into service.

1. ACCOUNTING POLICIES (continued)

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

Operating leases

Rentals payable and lease incentives under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of comprehensive income.

Taxation

Taxation expense comprises current and deferred tax. Current and deferred taxation assets and liabilities are not discounted.

Current Tax

Current tax is the amount of income tax payable with respect to the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the end of the year.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is recognised on all timing differences at the reporting date with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted at the reporting date and that are expected to apply to the reversal of the timing difference.

Pension costs

The Company operates a defined contribution pension scheme. Contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

Share based awards

The fair value of equity-settled share based awards to eligible employees is determined at the date of grant and is expensed over the vesting period based on the Company's estimate of equity awards that will eventually vest. A corresponding entry is recognised in equity (further details set out in note 13).

Significant management judgement

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expense. The directors have concluded that the judgements made during the year are not significant and that any estimation uncertainty does not give rise to a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS**for the year ended 31 December 2016****2. TURNOVER**

Turnover by geographical segment has not been disclosed because, in the opinion of the directors, it would be prejudicial to the interests of the Company to do so.

3. OPERATING (LOSS) / PROFIT

This is stated after charging:

	<i>2016</i>	<i>2015</i>
	<i>£</i>	<i>£</i>
Depreciation of owned tangible fixed assets	819	719
Operating lease rentals - land and buildings	14,724	13,159
Auditor's remuneration - audit of the financial statements	27,972	8,250
Net loss on foreign currency translation	109,218	8,049
	<u>109,218</u>	<u>8,049</u>

4. STAFF COSTS

	<i>2016</i>	<i>2015</i>
	<i>£</i>	<i>£</i>
Wages and salaries	85,672	198,345
Social security costs	22,973	25,884
Staff pension contributions	13,487	15,095
Equity settled share based awards (note 13)	14,260	3,660
	<u>136,392</u>	<u>242,984</u>

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

	<i>2016</i>	<i>2015</i>
	<i>No.</i>	<i>No.</i>
Management and administration staff	<u>3</u>	<u>4</u>

5. DIRECTORS EMOLUMENTS

The directors' emoluments have been borne by the parent company, Amazon.com, Inc, or one of its affiliated companies. These directors do not consider that they have received any remuneration for their services to the Company for the year ended 31 December 2016 (31 December 2015: £nil).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016
6. TAXATION
(a) Tax on (loss) / profit on ordinary activities

	2016	2015
	£	£
Current Tax:		
UK corporation tax	—	21,138
Adjustment in respect of previous periods	(20,881)	(19,682)
Total current tax	<u>(20,881)</u>	<u>1,456</u>
Deferred Tax:		
Origination and reversal of timing differences	160	—
Impact of change in tax rates	(24)	—
Total deferred tax	<u>136</u>	<u>—</u>
Tax on (loss) / profit on ordinary activities	<u>(20,745)</u>	<u>1,456</u>

(b) Reconciliation of tax on profit on ordinary activities

The tax on (loss) / profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

	2016	2015
	£	£
(Loss) / profit on ordinary activities before taxation	<u>(263,606)</u>	<u>86,809</u>
(Loss) / profit on ordinary activities multiplied by the standard rate of UK corporation tax of 20% (2015: 20.25%)	(52,721)	17,579
Effects of:		
Expenses not deductible for tax	2,531	3,559
Adjustment to tax in respect of prior years	(20,881)	(19,682)
Reversal of unrecognised deferred tax asset	407	—
Effect of rate change on current year movement of deferred tax	(24)	—
Losses carried back	20,881	—
Unutilised losses carried forward	29,062	—
Total tax on (loss) / profits on ordinary activities	<u>(20,745)</u>	<u>1,456</u>

Curse Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

6. TAXATION (continued)

(c) Deferred tax

The deferred tax liability recognised in the financial statements is as follows:

	2016	2015
	£	£
Depreciation in advance of capital allowances	(268)	—
Other timing differences	132	—
Total deferred tax liability recognised in the financial statements	<u>(136)</u>	<u>—</u>
		£
Deferred tax asset / (liability) at 1 January 2016		—
Deferred tax charge in the profit and loss account		(136)
Deferred tax liability at 31 December 2016		<u>(136)</u>

The main UK corporation tax rate remained at 20% throughout 2016. In his Summer Budget 2016, the Chancellor of the Exchequer announced that the UK rate of Corporation Tax will be reduced from its current rate of 20% to 19% for the year beginning 1 April 2017, and then to 17% for the year beginning 1 April 2020.

The Summer Finance Bill 2016 received Royal Assent on 15 September 2016 and therefore any deferred tax assets and liabilities existing at 31 December 2016 are measured at a rate of 17%.

During the year beginning 1 January 2017, the expected net decrease in deferred tax assets is £nil.

The company has not recognised a deferred tax asset in respect of certain tax losses carried forward as there is uncertainty regarding the realisation of the related tax benefit through future taxable income.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016
7. TANGIBLE ASSETS

	<i>Computer Equipment</i>	<i>Total</i>
	£	£
<i>Cost:</i>		
1 January 2016	3,594	3,594
Additions	1,999	1,999
31 December 2016	<u>5,593</u>	<u>5,593</u>
<i>Depreciation:</i>		
1 January 2016	1,559	1,559
Charge for the year	819	819
31 December 2016	<u>2,378</u>	<u>2,378</u>
<i>Net book value:</i>		
1 January 2016	<u>2,035</u>	<u>2,035</u>
31 December 2016	<u>3,215</u>	<u>3,215</u>

8. DEBTORS

	<i>2016</i>	<i>2015</i>
	£	£
<i>Amounts falling due within one year</i>		
Trade debtors	430,782	526,729
Amounts owed by group undertakings	4,453	—
Other debtors	3,325	8,087
Prepayments and accrued income	7,555	—
Corporation tax receivable	20,881	—
	<u>466,996</u>	<u>534,816</u>

9. CREDITORS

	<i>2016</i>	<i>2015</i>
	£	£
<i>(a) Amounts falling due within one year</i>		
Trade creditors	—	97,340
Amounts owed to group undertakings	2,399,215	1,227,910
Corporation tax payable	—	21,138
Other taxation and social security	17,815	23,786
Accruals	69,280	110,426
	<u>2,486,310</u>	<u>1,480,600</u>

Curse Limited**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016****9. CREDITORS (continued)**

	2016	2015
<i>(b) Amounts falling due after one year</i>	£	£
Deferred tax liability	136	—
	<u>136</u>	<u>—</u>

10. COMMITMENTS UNDER OPERATING LEASES

The commitments under non-cancellable operating leases are as follows:

	2016	2015
	<i>Land and buildings</i>	<i>Land and buildings</i>
	£	£
Within one year	10,000	12,508
	<u>10,000</u>	<u>12,508</u>

11. ULTIMATE PARENT COMPANY

The immediate parent company is Curse LLC., which is incorporated in the United States. The address of this company is 410 Terry Avenue North, Seattle, WA 98109-5210, USA.

The Company regards Amazon.com, Inc, a company incorporated in the United States, as its ultimate holding company and controlling party. The largest and the smallest group in which the results of the Company are consolidated is headed by Amazon.com, Inc. Copies of the group consolidated financial statements of Amazon.com, Inc. are available at 410 Terry Avenue North, Seattle, WA 98109-5210, USA.

12. SHARE CAPITAL

	2016		2015	
	No.	£	No.	£
Called up share capital				
Ordinary shares of £1 each	351,000	351,000	351,000	351,000

13. SHARE BASED AWARD PLANS

On 29 August 2016, Curse Inc., the Company's immediate parent company, merged with Cantaloupe Mergersub Inc. to form Curse LLC. Prior to this date, Curse, Inc. ("Curse") granted equity awards, in the form of stock options, to employees of Curse and its subsidiaries which include Curse Limited, pursuant to the Curse, Inc 2008 Stock Option Plan (the "2008 Plan").

Equity awards were evidenced by, and subject to the terms and conditions of, an agreement between the recipient and Curse, as well as the terms and conditions of the applicable plan (and, where applicable, sub-plans in jurisdictions where local tax law or other regulations merit their adoption, such as in the UK). The following paragraphs describe the terms and conditions that were generally applicable to equity awards granted by Curse under the 2008 Plan.

Stock options under the 2008 Plan were granted with a fixed exercise price and were exercisable over four years. The fair value of the stock options granted was determined using the Fundamental Analysis and the Transaction Analysis valuation methodology.

In August 2016, the vesting was accelerated for all 30,000 granted stock options, at a weighted average exercise price of US\$1.07. All share options were subsequently cancelled.

14. TRANSITION TO FRS 102

This is the first year that the Company has presented its results under FRS 102. Financial statements for the period ended 31 December 2015 were prepared in accordance with the Financial Reporting Standard for Smaller Entities ("FRSSE") (effective January 2015). The date of transition to FRS 102 is 1 January 2015. The effect of this transition is an equity settled share based payment expense of £3,660 in 2015 and £14,260 in 2016, with a corresponding entry posted to Retained Earnings. Under FRS 102, equity settled share based payments are recorded at the date of grant, with the expense recognised over the vesting period. Only cash settled share based payments are recognised under the FRSSE framework. Please refer to note 13 for further details on the schemes that are operated by the Company.