EUNETWORKS HOLDINGS LIMITED
(Company Registration Number: **09203914**)

eunetworks

ANNUAL REPORT 2017

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2017

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CORPORATE INFORMATION

Directors

Brady Rafuse
Richard Taylor
Jennifer Smith

Secretary

Richard Taylor

Registered Office

15 Worship Street
London
EC2A 2DT
United Kingdom

Company number

9203914

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

The Directors present their strategic report on the euNetworks group for the year ended 31 December 2017.

The Company is the holding company of euNetworks Group Limited and its subsidiaries ("the Group"), a position it has held since a group restructuring, completed in November 2016. Prior to the restructuring, the euNetworks group's operating business was held through a Singapore registered company then called euNetworks Group Limited. Figures in this Group Strategic Report and the Directors' Report compare the operating group's 2016 and 2017 results.

Review of the business

Principal activities

The principal activity of the Group is as a bandwidth infrastructure provider. The Group owns and operates 14 fibre based metropolitan networks across Europe, with these networks connected by euNetworks' long haul network. euNetworks leads the market in data centre connectivity, directly connecting over 350 data centres in Europe. euNetworks is also a leading cloud connectivity provider. The company offers a portfolio of metropolitan and long haul services including Dark Fibre, Wavelengths and Ethernet. Wholesale, finance, content, media, data centre and enterprise customers benefit from euNetworks' unique inventory of fibre and duct based assets that are tailored to fulfil their high bandwidth needs.

Results and performance

Revenue for the year was €138.1m, up from €126.9m in 2016, as a result of organic growth.

Gross margin for 2017 was 78.3% (2016: 78.2%).

Adjusted EBITDA was €49.5m (2016: €41.9m), where "Adjusted EBITDA" is defined as Earnings Before Interest, Tax, Depreciation, Amortisation and profit / loss on disposal of plant and equipment and long term incentive plan costs.

This increase in adjusted EBITDA mainly resulted from organic growth within the overall business. It was largely unaffected by currency as the net effect of the weakening of sterling against the Euro was immaterial: that is the group was naturally hedged in respect of this currency movement (meaning Sterling costs and revenue were materially similar numbers).

Adjusted EBITDA is stated after €1.1m (2016: €1.5m) of group restructuring and corporate development costs for taking the group private and the reorganisation of the group. 2017 also included abortive acquisition costs of €0.1m (2016: €nil).

The finance expense for the year was higher as a result of the increase in borrowings that were used to fund the capital investment programme of the group in its networks assets. It also includes the amortisation of debt raising costs, which were amortised over the expected life of the facility.

The Group's loss before taxation for the year was €0.4m compared with the 2016 profit of €6.8m this change was largely as a result of the recognition of the non-cash cost of the Long term incentive plan of €7.5m in 2017 (2016: €0.7m). The loss after tax for the year was €1.6m (2016 profit: €7.0m).

Customers

euNetworks delivers high bandwidth services to customers spanning the wholesale, finance, content, media, data centre and enterprise segments. During the financial year 2017, the Group grew sales with both existing and new customers.

Services provided

The Group delivers a focused product set centred on its core asset of owned fibre optic cables and associated equipment. These products are combined in ways to deliver targeted bandwidth solutions for customers.

Focused Products

Dark Fibre: The core asset of the business. euNetworks offers leased fibre by strand in the metropolitan and long haul networks.

Wavelengths: Transmission product, offering high capacity connectivity, typically between data centres. euNetworks offers this in the metropolitan and long haul networks.

Ethernet: Transmission product, offering private connections between data centres and many business locations.

Non-focused products include Colocation and Internet.

Bandwidth Solutions

euTrade: Ultra low latency services over euNetworks' dedicated network platform. Delivering industry leading services to the finance business segment.

DC Connect: Pre-deployed connectivity between key data centres in cities, with rapid service delivery. Available today in London, Frankfurt, Paris, the Netherlands and Manchester with further cities to follow.

Cloud Connect: Private and secure connection into the top cloud providers, with fixed, burstable and usage based billing options and online ordering available.

euSpectrum: A cost effective alternative to procuring long haul dark fibre while building a managed multi terabit backbone.

Private Connect: A dedicated private network, offering fibre and equipment to a single customer.

Key performance indicators ("KPIs")

The directors of the Group ("the Directors'") continue to review and manage both financial and non-financial KPIs on a regular basis. These KPIs include Revenue, Adjusted EBITDA, and gross margin.

	2017	**2016**	**Increase**
Revenue	€138.1m	€126.9m	8.8%
Adjusted EBITDA	€49.5m	€41.9m	18.1%
Gross margin	78.3%	78.2%	0.1%

Future developments

The Group will continue with its strategy of selling its focused product set to a targeted group of customers, combined with network expansion to increase our addressable market, both organically and inorganically through the acquisition of complementary businesses in adjacent geographies.

Principal Risks and Uncertainties

The management of the business and execution of the Group's strategy are subject to a number of commercial risks. Risks are reviewed by the Directors and appropriate processes put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Company and the Group.

The key business risks affecting the group are set out below.

Risk	Mitigants
Changes in technology or commercial models may impact demand for the company's services	• The company continues to closely monitor key secular industry trends driving demand, including the rollout of 5G, and developments in the Internet of things, Cloud Computing, artificial intelligence, big data, Virtual Reality, and ultra-high definition video. • The company actively monitors competitor activity on key routes with regards to its focussed products to ensure that its products and bandwidth solutions remain competitively positioned and differentiated. • The company works with suppliers to ensure that its cost base remains competitive, and to enable flexibility to respond to changing pricing and commercial dynamics.
The company's business plan relies on a continuation of above-market growth	• The company continues to expand its addressable market through ongoing network development. • The company pro-actively attracts customers looking for an alternative to incumbent carriers that are unable to offer the desired routes, services, and total cost of ownership. • The company tracks and monitors services at a customer level to ensure continued low customer churn. • The company actively targets high growth market segments e.g. Content and Financial Services.
Reliance on third parties to deliver certain services may impact operational service quality	• The company works closely with our third party suppliers to ensure third party service levels meet customers' operational and commercial performance needs. • The company constructs its own network where possible to reduce third party dependencies, and we have sufficient access to capital to support planned development projects. • The company actively seeks to recruit and retain the talent necessary to maintain our standard of operational excellence.

By order of the board

Brady Rafuse
Director

17 April 2018

The Directors present their report together with the audited financial statements for the year ended 31 December 2017.

Identification of information included in the Strategic Report

An indication of likely future developments in the business is set out in the Strategic Report.

Dividends

The Directors do not recommend payment of a dividend (2016 - €Nil).

Financial risk management objectives and policies

The Group uses financial instruments such as cash, borrowings, receivables and payables in order to raise finance for the Group's operations. The existence of these instruments exposes the Group to financial risks which are detailed below:

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved by cash balances together with bank debt facilities of €125m (2016: €80m) and a revolving credit facility of €50m (2016: €25m). Subsequent to year end, the Company further expanded debt facilities to €375m (see below under Post Balance Sheet Events)

At year end, the amount drawn on the debt was €100m on term loans and €nil on our revolving credit facility (2016: €80m with €78.1m drawn on the debt and €7m drawn of our €25m revolving credit facility).

Interest risk

The Group is exposed to interest rate fluctuations on its borrowings to the extent that the borrowings accrue interest at a fixed margin above Euribor, with a floor on Euribor of nil. At year end the amount drawn on the Group's debt facility totalled €100m on the term loans.

The company partially hedges its interest payments using rate caps on the Euribor.

Management do not consider either availability of future debt nor probable interest rate movements to be a significant risk to the business.

Credit risk

The principal credit risk for the Group arises from its trade receivables. In order to manage credit risk the finance team set credit limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controllers on a regular basis in conjunction with debt ageing and collection history.

Employee involvement

Information is provided to all employees regularly by means of on-going management communication channels using written material, face-to-face and video conference meetings and regular postings to an intranet. Employees are also made aware of their contribution through individual biennial performance appraisals.

Disabled persons

It is the policy of the Group to give full and fair consideration to applications for employment from disabled persons, to continue wherever possible the employment of members of staff who may become disabled and to ensure that suitable training, career development and promotion is afforded to such persons.

Research and Development

The Group continually invests in the improvement and development of new bandwidth solutions to address evolving customer requirements. The product management team works closely with customers, technology partners, industry analysts and staff to set the services strategy and prioritise the product roadmap.

Internal systems development is aligned to support the operational and service requirements for the Group.

Post Balance Sheet Events

On 11 January 2018 Stonepeak Infrastructure Partners acquired a majority interest in the Group. The transaction also provided the Group with up to $500 million of growth capital for both organic and inorganic development. Also as part of the transaction the Group further expanded its debt facilities to €375m (2016: the Group expanded its debt facilities to €175m).

Directors

The Directors of the company during the year were:

Brady Rafuse
Joachim Piroth (resigned 11 January 2018)
Richard Taylor
Jennifer Smith (appointed 12 March 2018)

Directors' responsibilities

The Directors are responsible for preparing the strategic report, 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 group and company financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

DIRECTORS' REPORT

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 are also responsible for safeguarding the assets of the company and accordingly for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

Each of the Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

On behalf of the Board of Directors

Brady Rafuse
Director
17 April 2018

Opinion

We have audited the financial statements of EUNETWORKS HOLDINGS LIMITED ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2017 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated and Company Statement of Financial Position, Consolidated and Company Statement of Cash Flows, Consolidated and Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 2017 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we

identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

As explained more fully in the Directors responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:
https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Julian Frost (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
17 April 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 €'m	2016 €'m
Revenue	4	138.1	126.9
Cost of sales		(29.9)	(27.6)
Gross profit		108.2	99.3
Administrative expenses	5	(101.3)	(87.6)
Operating profit		6.9	11.7
Analysed as:			
Adjusted EBITDA		49.5	41.9
Depreciation	11	(32.4)	(28.3)
Amortisation	12	(2.1)	(2.2)
(Loss)/profit on disposal of plant and equipment	5	(0.6)	1.0
Long term incentive plan	6	(7.5)	(0.7)
Operating profit		6.9	11.7
Financial costs	8	(7.3)	(4.9)
(Loss)/Profit before income tax		(0.4)	6.8
Income tax (charge)/credit	10	(1.2)	0.2
(Loss)/Profit for the year		(1.6)	7.0
Other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss)/profit for the year		(1.6)	7.0

The notes on pages 20 to 63 form part of these financial statements.

EUNETWORKS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

Company Registration Number: **09203914**	**Note**	**2017**	**2016**
		€'m	**€'m**
Assets			
Non-current assets			
Plant and equipment	11	279.5	245.9
Intangible assets	12	33.2	34.0
Deferred tax assets	28	2.3	3.4
Prepayments	13	1.2	1.0
Total non-current assets		316.2	284.3
Current assets			
Infrastructure assets held for resale	15	0.1	0.2
Trade receivables	16	19.2	13.1
Other receivables	17	1.0	1.2
Prepayments	13	3.7	4.3
Cash and cash equivalents	18	15.2	22.0
Total current assets		39.2	40.8
Total assets		355.4	325.1
Equity and liabilities			
Equity			
Share capital	19	-	-
Share premium	20	225.7	225.7
Employee share option reserve	21	23.5	16.0
Foreign currency translation reserve	21	0.7	0.7
Merger reserve	21	53.9	53.9
Profit and loss reserve	21	(107.7)	(106.1)
Total equity		196.1	190.2
Non-current liabilities			
Interest bearing borrowings	23	97.2	77.9
Provisions	24	3.0	3.2
Deferred revenue	25	19.5	15.2
Trade and other payables	26	-	0.1
Deferred tax liabilities	28	3.9	4.5
Total non-current liabilities		123.6	100.9
Current liabilities			
Obligations under finance leases	22	-	0.8
Interest bearing borrowings	23	-	4.4
Deferred revenue	25	6.8	5.5
Trade and other payables	26	28.5	23.3
Income tax payable		0.4	-
Total current liabilities		35.7	34.0
Total liabilities		159.3	134.9
Total equity and liabilities		355.4	325.1

The notes on pages 20 to 63 form part of these financial statements. The financial statements were approved by the Board and authorised for issue on 17 April 2018 and signed on its behalf by

Brady Rafuse

EUNETWORKS HOLDINGS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

Company Registration Number: **09203914**

	Note	2017	2016
		€'m	€'m
Assets			
Non-current asset			
Investments in subsidiaries	14	225.7	225.7
Current assets			
Other receivables	17	0.2	-
Total current assets		0.2	-
Total assets		225.9	225.7
Equity and liabilities			
Capital and reserves			
Share capital	19	-	-
Share premium	20	225.7	225.7
Employee share option reserve	21	0.9	-
Profit and loss reserve	21	(0.9)	-
Total equity		225.7	225.7
Current liabilities			
Trade and other payables	26	0.2	-
Total current liabilities		0.2	-
Total equity and liabilities		225.9	225.7

The loss for the financial year of the parent company, euNetworks Holdings Limited, was €0.9m (2016: €Nil). As permitted by section 408 of the Companies Act 2006, no separate Income Statement is presented in respect of the company.

The notes on pages 20 to 63 form part of these financial statements. The financial statements were approved by the Board and authorised for issue on 17 April 2018 and signed on its behalf by

Brady Rafuse

EUNETWORKS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 €'m	2016 €'m
Operating activities			
(Loss)/profit before tax		(0.4)	7.0
Add back:			
Depreciation of plant and equipment	11	32.4	28.3
Amortisation of intangibles	12	2.1	2.2
Long term incentive plan	6	7.5	0.7
Financial costs	8	7.3	4.9
Loss/(Profit) on disposal of plant and equipment		0.6	(1.0)
Operating cash flows before movements in working capital		49.5	42.1
Changes in working capital	27	4.1	(6.0)
Income tax (expense)/refund		(0.3)	0.1
Net cash generated from operating activities		53.3	36.2
Investing activities			
Purchase of plant and equipment		(65.3)	(49.8)
Purchase of intangible assets	12	(1.3)	(1.1)
Payment of deferred purchase consideration		(0.2)	(0.4)
Net cash outflow on acquisition of subsidiary net of cash acquired		-	-
Net cash used in investing activities		(66.8)	(51.3)
Financing activities			
Debt raised		100.0	37.0
Repayment of debt		(85.1)	(1.6)
Share buyback		-	(5.8)
Repayment of finance lease obligations		(0.8)	(0.2)
Interest paid		(6.9)	(4.0)
Net cash generated from financing activities		7.2	25.4
Effect of exchange rates on cash and cash equivalents		(0.5)	(1.0)
Net (decrease)/increase in cash and cash equivalents		(6.8)	9.3
Cash and cash equivalents at beginning of the year		22.0	12.7
Cash and cash equivalents at end of the year	18	15.2	22.0

The notes on pages 20 to 63 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 €'m	2016 €'m
Operating activities			
(Loss)/Profit before income tax		(0.9)	-
Add back:			
Long term incentive plan		0.9	-
Operating cash flows before movements in working capital		-	-
Net cash from operating activities		-	-
Investing activities			
Net cash used in investing activities		-	-
Financing activities			
Net cash from financing activities		-	-
Effect of exchange rates on cash and cash equivalents		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the year		-	-
Cash and cash equivalents at end of the year	18	-	-

The notes on pages 20 to 63 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

			Reserves				
	Share capital €'m	Share premium €'m	Employee share option reserve €'m	Foreign currency translation reserve €'m	Merger reserve €'m	Profit and loss reserve €'m	Total equity €'m
Group							
2017							
At 1 January 2017	-	225.7	16.0	0.7	53.9	(106.1)	190.2
Loss for the year, representing total comprehensive income for the year	-	-	-	-	-	(1.6)	(1.6)
Contributions by and distributions to owners:							
- Share options expense (Note 6)	-	-	7.5	-	-	-	7.5
Total contributions by and distributions to owners	-	225.7	23.5	0.7	53.9	(107.7)	196.1
At 31 December 2017	-	225.7	23.5	0.7	53.9	(107.7)	196.1

The notes on pages 20 to 63 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

			Reserves				
	Share capital €'m	Share premium €'m	Employee share option reserve €'m	Foreign currency translation reserve €'m	Merger reserve €'m	Profit and loss reserve €'m	Total equity €'m
Group							
2016							
At 1 January 2016	-	225.7	15.3	0.7	53.9	(113.1)	182.5
Profit for the year, representing total comprehensive income for the year	-	-	-	-	-	7.0	7.0
Contributions by and distributions to owners:							
- Share options expense (Note 6)	-	-	0.7	-	-	-	0.7
Total contributions by and distributions to owners	-	-	0.7	-	-	-	0.7
At 31 December 2016	-	225.7	16.0	0.7	53.9	(106.1)	190.2

The notes on pages 20 to 63 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Share capital	Share premium	Employee share option reserve	Profit and loss reserve	Total equity
	€'m	€'m	€'m	€'m	€'m
Company					
2017					
At 1 January 2017	-	225.7	-	-	225.7
Loss for the year, representing total comprehensive income for the year				(0.9)	(0.9)
Contributions by and distributions to owners					
- Share options expense	-	-	0.9	-	0.9
Total contributions by and distributions to owners	-	225.7	0.9	(0.9)	225.7
At 31 December 2017	-	225.7	0.9	(0.9)	225.7

The notes on pages 20 to 63 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Share capital	Share premium	Accumulated losses	Total equity
	€'m	€'m	€'m	€'m
Company				
2016				
At 1 January 2016	-	-	-	-
Profit for the year, representing total comprehensive income for the year	-	-	-	-
Contributions by and distributions to owners				
Issue of share capital	-	225.7	-	225.7
Total contributions by and distributions to owners	-	-	-	-
At 31 December 2016	-	225.7	-	225.7

The notes on pages 20 to 63 form part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

euNetworks Holdings Limited (the "Company") is a limited liability company incorporated and domiciled in the United Kingdom. The registered office of the Company is at 15 Worship Street, London, EC2A 2DT, United Kingdom.

The principal activities of the Company are those of investment holding and acting as a corporate manager, advisor and administrative centre to support the business development and marketing of the businesses of its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

The euNetworks group of companies (the "Group") operates high capacity fibre networks, provides high capacity communications infrastructure and networking solutions and services. The Group is as a bandwidth infrastructure provider. The Group owns and operates 14 fibre based metropolitan networks across Europe, with these networks connected by euNetworks' long haul network. euNetworks leads the market in data centre connectivity, directly connecting over 350 data centres in Europe. euNetworks is also a leading cloud connectivity provider. The company offers a portfolio of metropolitan and long haul services including Dark Fibre, Wavelengths and Ethernet. Wholesale, finance, content, media, data centre and enterprise customers benefit from euNetworks' unique inventory of fibre and duct based assets that are tailored to fulfil their high bandwidth needs

In particular, the Group operates a network which combines a 'long-haul' inter-city network linking Germany, the Netherlands, the United Kingdom, Ireland, France, Belgium, Austria, Sweden, Denmark, Switzerland and high density 'last-mile' metropolitan optical fibre networks in London, Frankfurt, Munich, Berlin, Stuttgart, Hamburg, Düsseldorf, Cologne, Paris, Amsterdam, Rotterdam, Utrecht, Manchester and Dublin. Duct infrastructure is in place in The Hague and Hanover. The Group also has a nationwide network in Germany.

The Group delivers a focused product set centred around its core asset of owned fibre optic cables and associated equipment. These products are combined in ways to deliver targeted bandwidth solutions for customers.

The Group also operates a secure data centre facility in Amsterdam and 24 colocation sites in Germany.

The functional and presentational currency for the company and the group is the Euro. This reflects the primary trading currency of the business.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), International Accounting Standards and Interpretations issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("adopted IFRSs").

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group and Company's accounting policies. The areas where significant judgements and estimates have been made in preparing the Financial Statements and their effect are disclosed in note 3.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Euros ("€"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements. Euro is the presentation currency of the Group as the major part of the Group's business has been carried out in Euros. All values presented are rounded to the nearest million ("€'m"), except when indicated otherwise.

a) New standards - Amendments to published standards and interpretations to existing standards effective from 1 January 2016

No new standards, amendments to published standards or interpretations of existing standards effective from 1 January 2016 had a material impact on the financial statements.

b) Standards and interpretations issued but not yet effective

IFRS 15 - Revenue from Contracts with Customers (Issued 28 May 2014, applicable from January 2018)

The standard is effective for periods commencing on or after 1 January 2018. This standard introduces a new revenue recognition model and replaces IAS 18 'Revenue', IAS 11 'Construction Contracts', IFRIC 13 'Customer Loyalty Programmes', IFRIC 15 'Agreements for the Construction of Real Estate', IFRIC 18 'Transfer of Assets from Customers' and SIC-31 'Revenue – Barter Transactions Involving Advertising Services'.

While the introduction of IFRS 15 is expected to have a significant impact for many companies, the Directors have carefully considered the potential effects in the context of the Group's revenues and have concluded that on adoption there will be no significant changes to the way in which the Group's performance obligations to customers are identified or deemed to be satisfied and, therefore, no material impact on the revenues recognised in the financial statements.

IFRS 16 - Leasing (Issued 13 January 2016. applicable from January 2019)

The standard is effective for periods commencing on or after 1 January 2019 and will be adopted by the Group in the year ended 31 December 2019. Under the provisions of the standard most leases, including the majority of those previously classified as operating leases, will be brought on to the statement of financial position, as both a right-of-use asset and a largely offsetting lease liability. The right-of-use asset and lease liability are both based on the present value of lease payments due over the term of the lease, with the asset being depreciated in accordance with IAS 16 'Property, Plant and Equipment' and the liability increased for the accretion of interest and reduced by lease payments.

IFRS 16 is expected to have a significant impact on the amounts recognised in the Group's consolidated financial statements. On adoption of IFRS 16 the Group will recognise within the balance sheet a right of use asset and lease liability for all applicable leases. Within the income statement, rent expense will be replaced by depreciation and interest expense. This will result in a decrease in cost of sales and an increase in finance costs. The standard will also impact a number of statutory measures such as operating profit and cash generated from operations, and alternative performance measures used by the Group.

The full impact of IFRS 16 is currently under review, including understanding the practical application of the principles of the standard. It is therefore not practical to provide a reasonable estimate of the financial effect until this review is complete.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (continued)

IFRS 9 Financial Instruments

The standard is effective for periods commencing on or after 1 January 2018. Under the provisions of this standard, where the group has chosen to measure borrowings at fair value through profit or loss, the portion of the change in fair value due to changes in the group's own credit risk will be recognised in other comprehensive income rather than within profit or loss. If this standard had been adopted in the current year, there would be no material difference recognised in other comprehensive income rather than within the income statement.

The standard also broadens the scope of what can be included within a hedge relationship, which may enable the group's regulatory swaps to be designated within cash flow hedge relationships. If the standard had been adopted in the current year with all such swaps being designated an all hedges being fully effective, fair value losses of nil would have been recognised in other comprehensive income rather than within the income statement.

In addition, the standard requires entities to use an expected credit loss model for impairment of the financial assets instead of an incurred credit loss model. This is expected to impact the way in which the group provides for bad and doubtful receivables. Work in this area is ongoing and it is not currently possible to quantify the expected impact as this will be dependent on the design of the model and the economic circumstances at the point of implementation; however, the current expectation is that it is unlikely to have a material impact on the overall level of provisions.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Company has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the

2. Summary of significant accounting policies **(continued)**

difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

2.3 Merger Accounting

The Company was incorporated on 4 September 2014.

On 26 October 2016 euNetworks 1 Pte Limited, then called euNetworks Group Limited and the holding company of the euNetworks operating companies ("euNetworks Singapore"), completed a Scheme of Arrangement. Following the Scheme of Arrangement, EUN Holdings LLP (the parent of the Company) held 429,885,322 shares in euNetworks Singapore and euNetworks Group Limited (a direct subsidiary of the Company, "euNetworks UK") held the balance of 7,632,097 shares.

Following completion of the Scheme of Arrangement, in November 2016 the 429,885,322 shares in euNetworks Singapore held by EUN Holdings LLP were exchanged for 2 shares in the Company. The Company then exchanged these shares for 2 shares in euNetworks UK, resulting in the entire share capital of euNetworks Singapore being held by euNetworks UK.

Accordingly, following the restructuring, the operating companies of the Group which had been wholly owned by euNetworks Singapore for the year ended 31 December 2015 were wholly owned by the Company.

In these financial statements, except where reference is made to the figures only for the Company without its subsidiaries, the comparative figures for 2016 include the whole group as it was before the Scheme of Arrangement and subsequent restructuring (as it is the same operating business) adjusted where necessary in the balance sheet to reflect the effects of merger accounting.

Consequently the previously recognised book values and assets and liabilities of euNetworks Group Limited (now euNetworks 1 Pte Limited) have been retained and the consolidated financial statements for period ended 31 December 2016 have been presented as if euNetworks Holdings Limited had always been the parent company of the Group.

In determining the appropriate accounting treatment for the transaction, the Directors considered IFRS 3 “Business Combinations”. However, they concluded that this transaction fell outside of the scope IFRS 3 since the transaction described above represents a combination of entities under common control.

Paragraph 10 of IAS8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’ requires management to use its judgement in developing and applying a policy that is relevant, reliable, represents faithfully the transaction, reflects the economic substance of the transaction, is neutral, is prudent, and is complete in all material respects when selecting the appropriate methodology for consolidation accounting.

2. Summary of significant accounting policies (Continued)

2.3 Merger Accounting (continued)

Section 19.27 to 19.33 of FRS 102 Group Reconstructions (UK) permits merger accounting as a result of a group reconstruction when an addition of a new parent Company does not alter the relative rights of the shareholders and is facilitated entirely by a share for share exchange.

The result is that the merged group is treated as if it has have been combined throughout the current and comparative accounting periods. Merger accounting principles for these combinations gave rise to a merger reserve in the consolidated statement of financial position, being the difference between the nominal value of the new shares issued by the parent company for the acquisition of the shares of the subsidiary and the subsidiaries own share capital.

2.4 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration. Contingent consideration classified as a financial liability is remeasured subsequently to fair value through profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date.

Where a business combination is achieved in stages, the group's previously held interests in the acquired entity are re-measured to fair value at the acquisition date (i.e. the date the group attains control) and the resulting gain or loss, if any, is recognised in profit or loss.

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

2.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is presented net of estimated customer returns, rebates, other similar allowances and sales related taxes.

2. Summary of significant accounting policies (Continued)

2.5 Revenue recognition (continued)

Rendering of network services

Revenue from rendering services in connection with the fibre networks and data centre colocation services of the Group is recognised when the services are performed. Payments received in advance for such services are deferred and recognised based on actual usage.

Installation fees are deferred as unearned income and recognised over the period of the contract.

Sale of items of network infrastructure

The Group, in the course of its ordinary activities, routinely sells items of network infrastructure which it had previously held for use in its network services. The proceeds from such sales are recognised as revenue.

Revenue is recognised when significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transaction (including future costs) can be measured reliably. The enterprise retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Data centre power revenues

The Group purchases the supply of power to a data centre for both its own use and for the supply of power to the customers' server equipment held in that centre. The Group makes separate charges to its customers, in addition to those it raises for the supply of colocation facilities, to recover the element of power cost that relates to the use of power by customer equipment. Such recharges are recognised as revenue in the period in which the power is consumed.

2.6 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the tax authorities and calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2. Summary of significant accounting policies (Continued)

2.6 Income tax (continued)

Deferred tax (continued)

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the statement of profit or loss and other comprehensive income, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Sales tax

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

- when the sales taxation that is incurred on purchase of assets or services is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;

  and

- receivables and payables that are stated with the amount of sales tax included.

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

2.7 Employee benefits

Defined contribution plans

Payments to defined contribution retirement benefit plans are recognised as an expense in the statement of profit or loss and other comprehensive income in the same financial year as the employment that gives rise to the contributions.

2. Summary of significant accounting policies (Continued)

2.7 Employee benefits (continued)

Employees' leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave expected to be settled wholly within 12 months from the reporting date as a result of services rendered by employees up to the end of the financial year.

2.8 Borrowing costs

Borrowing costs are charged to profit over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Euros using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

On disposal of a foreign operation, the accumulated foreign exchange reserve relating to that operation is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.10 Plant and equipment

All items of plant and equipment are initially recognised at cost. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and

2. Summary of significant accounting policies (Continued)

2.10 Plant and equipment (continued)

condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent expenditure on an item of plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other costs of servicing are recognised in profit or loss when incurred.

Plant and equipment are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Office equipment and furniture	over 3 to 10 years
Network equipment	over 3 to 20 years
Telecommunication networks	over 20 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of the financial year.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss and other comprehensive income.

The Group capitalises costs directly associated with expansions and improvements of the Group's telecommunications network and customer installations, costs associated with network construction and provisioning of services. This includes employee related costs. The Group amortises such costs over an estimated useful life of 3 to 20 years.

The Group transfers infrastructure assets from plant and equipment to inventories at their carrying amount at the date on which the intended use of the asset changes from network service delivery to infrastructure sale of assets. These items are carried at the lower of net book value and fair value less cost to sell.

2.11 Intangible assets

Externally acquired intangible assets such as software are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such

2. Summary of significant accounting policies (Continued)

2.11 Intangible assets (Continued)

intangibles are arrived at by using appropriate valuation techniques.

Development costs are capitalised based on an assessment on whether they meet the criteria laid down in IAS38 for capitalisation. Capitalised development costs are amortised over their useful life. The useful life is based on management estimates of the period that the asset will generate revenue and is periodically reviewed for appropriateness.

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition.

Goodwill on subsidiaries is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash- generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of the goodwill allocated to the unit and then to the assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of gain or loss on disposal.

Customer Contracts

Customer contracts acquired are recognised at their fair value at the acquisition date. The customer contracts have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the contract period of up to 15 years.

Software licences

Acquired software licenses are initially capitalised at costs which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use, including employee related costs. Direct expenditure which enhances or extends the performance of the software beyond its specifications and which can be reliably measured is added to the original cost of the software. Costs associated with maintaining the software are recognised as an expense as incurred.

Software licenses are subsequently carried at costs less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 4 years.

Trademarks

Trademarks are stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 5 years, which is the shorter of their estimated useful lives and periods of contractual rights.

2. Summary of significant accounting policies (Continued)

2.12 Subsidiaries

Investment in subsidiaries is stated at cost less impairment in value, if any, in the Company's separate statement of financial position.

Amounts owing by subsidiaries where settlements are neither planned for nor expected in the foreseeable future are treated as part of the investment cost in the subsidiary and are presented as such (see also Note 14).

2.13 Impairment of non-financial assets excluding goodwill

At the end of each financial year, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset (or cash-generating unit) is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.14 Assets classified as held-for-sale

Assets classified as held-for-sale are carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

2.15 Financial instruments

Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

2. Summary of significant accounting policies (Continued)

2.15 Financial instruments (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial assets

All financial assets are recognised on a trade date where the purchase of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs.

Loans and receivables

Non-derivative financial assets which have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method, less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group’s and Company’s loans and receivables in the statement of financial position comprise trade and other receivables and cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash with banks and financial institutions. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.15 Financial instruments (Continued)

Financial assets (continued)

Impairment of financial assets (continued)

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity, except for impairment losses on equity instruments at cost which are not reversed.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classifies ordinary shares as equity instruments.

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of treasury shares.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

2. Summary of significant accounting policies (Continued)

2.15 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as fair value through profit or loss if the financial liability is either held for trading, including derivatives not designated are effective as a hedging instrument; or it is designated as such upon initial recognition.

Other financial liabilities

Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (Note 2.8).

Trade and other payables

Trade and other payables, including payables to related parties, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Where financial instruments are redeemed prior to maturity, the difference between the redemption proceeds and the carrying value at the date of redemption is recognised in profit or loss. Where financial instruments are converted to equity the increase in equity is recorded at the carrying value of the financial liability at the date of conversion.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

2. Summary of significant accounting policies (Continued)

2.16 Provisions (continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

Provisions for dilapidations are recognised when the Group has a present obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.17 Leases

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised as plant and equipment of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position of the Group as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the consolidated statement of profit or loss, unless they are issue costs, in which case they are initially recognised as a reduction in the proceeds of the associated capital instrument (Note 2.8).

Operating leases

The Group as lessor

Rental income from operating leases (net of any incentives given to lessees) is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which user benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Rentals payable under operating leases (net of any incentives received from lessors) are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2.18 Share-based payments

The Group issued equity-settled share-based payments to certain employees.

2.18 Share-based payments (continued)

Equity-settled share-based payments are measured at the fair value of the equity instruments (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured using either the Black-Scholes or the Monte Carlo pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

2.19 Related parties

A related party is defined as follows:

(a) A person or a close of member of that person's family is related to the Group and Company if that person:
- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions apply:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employees are also related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. Critical accounting judgments and key sources of estimation uncertainty (continued)

3.1 Critical judgments made in applying the accounting policies

The following are the critical judgments, apart from those involving estimates that management has made in the process of applying the Group's accounting policies and which have a significant effect on the amounts recognised in the financial statements.

(i) Leases

Leases are classified as an operating lease if the duration of the arrangements are for less than a major part of the facilities' useful lives and the present value of the minimum payments under the arrangement does not amount to at least substantially all of the fair value of the facilities. The classification of leases may change if there are significant changes from previous estimates of the facilities' useful lives and the present value of the minimum payments. The Group uses all readily available information in estimating the useful lives and present value of minimum payments.

(ii) Income taxes

The management has exercised significant judgment when determining the Group's and the Company's provisions for income taxes. These involve assessing the probabilities that deferred tax assets resulting from deductible temporary differences, unutilised tax losses and unabsorbed tax allowances, if any, can be utilised to offset future taxable income. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of action. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income.

Given the wide range of international business arrangements, the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate adjustments to tax income and expense in future periods. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group and Company domicile. The carrying amount of the Group's income tax payable as at 31 December 2017 is €0.4m (2016: €Nil) and the carrying amounts of deferred tax assets and liabilities as at 31 December 2017 are disclosed in Note 28 to the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and reported amounts of revenue and expense within the next financial year, are discussed below.

(i) Depreciation of plant and equipment

The Group depreciates the plant and equipment, using the straight-line method, over their estimated useful lives after taking into account their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's plant and equipment. The residual value reflects management's estimated amount that the

3. Critical accounting judgments and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(i) Depreciation of plant and equipment (continued)

Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the useful economic lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's plant and equipment are disclosed in Note 11 to the financial statements (note: a 10% increase in depreciation would result in an additional depreciation charge in the year of €3.2m).

(ii) Impairment of plant and equipment

At the end of each financial year, an assessment is made whether there is objective evidence that plant and equipment is impaired.

An impairment exists when the carrying value of plant and equipment exceed their recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The recoverable of plant and equipment is determined based on value-in-use, by discounting the expected future cash flows for each cash generating units ("CGU"). Management considers that the Network business and the 'Data Centre and colocation business' each constitute a CGU.

The expected future cash flows are based on financial budgets approved by Management for a period up to 4 years (2016: 4 years) using a discount rate of 9.69% (2016: 9.69%) and a long term growth rate of 3.5% (2016: 6.94%). Based on this, Management estimated that recoverable of plant and equipment are in excess of its carrying value and accordingly no allowance for impairment was deemed necessary for plant and equipment as at 31 December 2017. The carrying amounts of the Group's plant and equipment are disclosed in Note 11 to the financial statements.

(iii) Impairment of intangible assets

At the end of each financial year, an assessment is made whether there is objective evidence that the intangible assets are impaired.

Impairment exist when the carrying value of intangible assets, comprising of customer contracts, trademarks, software and goodwill, exceed their recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value-in-use. The recoverable amounts of intangible assets are determined based on value-in-use, by discounting the expected future cash flows for each CGU. Management considers that the Network business and the Data Centre and colocation business each constitute a CGU.

The recoverable amount is sensitive to discount rate used for discontinued cash flow model as well as the expected future cash inflows and the growth rates used. For further details of assumptions applied in the impairment assessment of intangible assets and carrying amounts of Group's intangible assets, refer to Note 12 to the financial statements.

(iv) Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made whether there is objective evidence that the investments in subsidiaries are impaired. Management's assessment

3. Critical accounting judgments and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(iv) Impairment of investments in subsidiaries (continued)

is based on the estimation of the value-in-use of the CGU by forecasting the expected future cash flows for a period up to 4 (2016: 4) years, using a suitable discount rate in order to calculate the present value of those cash flows. The Company's carrying amount of investments in subsidiaries at 31 December 2017 was €225.7m (2016: €225.7m).

(v) Allowance for doubtful receivables

The policy for allowances for doubtful receivables of the Group and the Company is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group and the Company were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the trade and other receivables are disclosed in Notes 16 and 17 to the financial statements.

(vi) Equity-settled share-based payments

The charge for equity-settled share-based payments is calculated in accordance with estimates and assumptions which are described in Note 31 to the financial statements. The option valuation model used required highly subjective assumptions to be made including the future volatility of what was the euNetworks Group Limited share price, expected dividend yields, risk-free interest rates and expected staff turnover. The management drew upon a variety of external sources to aid them in determination of the appropriate data to use in such calculations.

4. Revenue

	2017	**2016**
	€'m	**€'m**
Network services and sale of network infrastructure	124.8	111.2
Colocation services	13.3	15.7
	138.1	126.9

4. Revenue (continued)

Geographical information

Revenue based on the geographical location of customers are as follows:

	2017 €'m	2016 €'m
Germany	51.6	50.5
United Kingdom	29.2	25.0
Ireland	20.0	18.0
Netherlands	16.3	16.7
United States of America	9.4	7.5
Switzerland	2.9	2.8
France	2.7	2.4
Others	6.0	4.0
	138.1	126.9

5. Administrative expenses

	2017 €'m	2016 €'m
Network operating expenses	29.1	27.7
Staff costs (note 6)	32.1	23.5
Other expenses	5.0	6.9
Depreciation and amortisation	34.5	30.5
Loss/(Profit) on disposal of plant and equipment	0.6	(1.0)
	101.3	87.6

Network operating expenses include those costs that relate to the general operation and maintenance of the Group's network assets, and network related charges.

6. Staff costs

	2017 €'m	2016 €'m
Wages and salaries	26.4	24.0
Social security costs	3.5	3.0
Pension costs	0.7	0.6
Long term incentive plan	7.5	0.7
Termination costs	0.1	0.2
Other staff costs	0.4	0.4
	38.6	28.9
Less: costs capitalised to software/network equipment	(6.5)	(5.4)
	32.1	23.5

Wages and salaries include Directors' remuneration and Directors' fees. Other staff costs include costs of recruitment and costs of interim staff.

6. Staff costs (continued)

The average number of employees (including directors) during the year were:	2017	2016
Administration	44	42
Operations	121	112
Sales and marketing	99	83
	264	237

The company has no employees.

7. Key management personnel

The key management personnel, who have authority for planning, directing and controlling the activities of the Group are the directors of the company

	2017	2016
	€'m	€'m
Short term employee benefits	1.6	1.9
Post-employment benefits	0.1	0.1
Long term incentive plan	3.8	1.4
	5.5	3.4

There were 3 directors in the group's defined contribution plan (2016: 3) during the year. Group pension contributions of €114k (2016: €53k) were paid to a money purchase scheme on their behalf.

The total amount payable to the highest paid director in respect of emoluments including the attributed value for the long term incentive plan was €3,497k (2016: €2,055k).

8. Financial costs

	2017	2016
	€'m	€'m
Foreign exchange movements	0.4	0.9
Debt raise costs written off	3.3	1.2
Interest on bank loan	3.6	2.7
Other net interest	-	0.1
	7.3	4.9

9. Auditors' remuneration

	2017	2016
	€'m	€'m
Group and company audit	0.3	0.3
Tax advisory	0.1	0.1
Tax compliance	0.1	0.1
	0.5	0.5

10. Income tax expense/(credit)

	2017	2016
	€'m	€'m
Current tax:		
- Current year	0.7	0.4
- Overprovision in prior year	-	-
Deferred income tax:		
- Current year	0.5	(0.6)
- Adjustment in respect of prior year	-	-
	1.2	(0.2)

Domestic income tax is calculated at 19% (2016: 20%) of the estimated assessable loss for the year. Taxable for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax expense varied from the amount of income tax expense determined by applying the UK income tax rate of 19% (2016: 20%) to profit before income tax as a result of the following differences:

	2017	2016
	€'m	€'m
(Loss)/Profit before income tax	(0.4)	6.8
Income tax at statutory rate	(0.1)	1.4
Tax effect of:		
- Different tax rates of overseas operations	-	-
- Movement on unrecognised deferred tax	0.6	(2.0)
Movement on recognised deferred tax	0.7	-
- Expenses not deductible for tax purposes	-	0.4
Total taxation charge/(credit)	1.2	(0.2)

The tax rates of overseas operations range from 12.5% to 33% (2016: 12.5% to 33%).

11. Plant and equipment

	Telecom-munications networks €'m	Network equipment €'m	Office furniture and equipment €'m	Assets under construct-ion	Total €'m
Group					
2017					
Cost					
Balance at 1 January 2017	362.8	93.5	4.6	-	460.9
Additions	36.8	25.6	0.6	3.0	66.0
Balance at 31 December 2017	399.6	119.1	5.2	3.0	526.9
Accumulated depreciation					
Balance at 1 January 2017	(183.3)	(28.3)	(3.4)	-	(215.0)
Depreciation	(19.1)	(12.9)	(0.4)	-	(32.4)
Balance at 31 December 2017	(202.4)	(41.2)	(3.8)	-	(247.4)
Carrying amount					
At 31 December 2017	197.2	77.9	1.4	3.0	279.5
2016					
Cost					
Balance at 1 January 2016	342.0	69.5	4.1	-	415.6
Additions	29.8	24.3	0.6	-	54.7
Written off	(9.0)	(0.3)	(0.1)	-	(9.4)
Balance at 31 December 2016	362.8	93.5	4.6	-	460.9
Accumulated depreciation					
Balance at 1 January 2016	(174.3)	(18.2)	(3.1)	-	(195.6)
Depreciation	(17.6)	(10.4)	(0.3)	-	(28.3)
Written off	8.6	0.3	-	-	8.9
Balance at 31 December 2016	(183.3)	(28.3)	(3.4)	-	(215.0)
Carrying amount					
At 31 December 2016	179.5	65.2	1.2	-	245.9

As at 31 December 2017, network equipment of the Group with carrying amount of €nil (2016: €0.6m) were acquired under finance lease arrangements (Note 22).

12. Intangible assets

	Customer contracts	Trademarks	Software	Goodwill	Total
	€'m	€'m	€'m	€'m	€'m
Group					
2017					
Cost					
Balance at 1 January 2017	17.2	0.5	8.4	24.1	50.2
Additions	-	-	1.3	-	1.3
Balance at 31 December 2017	17.2	0.5	9.7	24.1	51.5
Accumulated amortisation					
Balance at 1 January 2017	(9.5)	(0.4)	(6.3)	-	(16.2)
Amortisation	(1.0)	-	(1.1)	-	(2.1)
Balance at 31 December 2017	(10.5)	(0.4)	(7.4)	-	(18.3)
Carrying amount					
At 31 December 2017	6.7	0.1	2.3	24.1	33.2
2016					
Cost					
Balance at 1 January 2016	17.2	0.5	7.3	24.1	49.1
Additions	-	-	1.1	-	1.1
Balance at 31 December 2016	17.2	0.5	8.4	24.1	50.2
Accumulated amortisation					
Balance at 1 January 2016	(8.4)	(0.4)	(5.2)	-	(14.0)
Amortisation	(1.1)	-	(1.1)	-	(2.2)
Balance at 31 December 2016	(9.5)	(0.4)	(6.3)	-	(16.2)
Carrying amount					
At 31 December 2016	7.7	0.1	2.1	24.1	34.0

12. Intangible assets (Continued)

Impairment testing on goodwill

The goodwill has been allocated to two CGUs, which are also the reportable operating segments, for impairment testing as follows:

- Network business
- Data Centres and colocation

The carrying amounts of goodwill allocated to each CGU is as follows:

	Network business		**Data Centres and colocation**		**Total**	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
	€'m	**€'m**	**€'m**	**€'m**	**€'m**	**€'m**
Goodwill	20.0	20.0	4.1	4.1	24.1	24.1

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for these value-in-use calculations are those regarding the discount rates, growth rates and expected changes to revenue and costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in revenue and costs are based on past practices and expectations of future changes in the market.

The key assumptions adopted for the testing include:

(a) Pre-tax discount rate - management assessed its weighted average cost of capital and adjusted this rate for asset specific risks as at 31 December 2017 in determining an appropriate pre-tax discount rate for impairment purposes. The resulting discount rate calculated was 9.69% (2016: 9.69%).

(b) Cash flows – Value-in-use calculations are based on cash flows expected to be generated by the Group over the next 4 years (2016: 4), and is aligned with the long-term forecast approved by the Board of Directors on 12 February 2014. The long-term forecast approved by the Board incorporates forecast operating cash flows for the networks business and data centres and colocation. All cash flow projections were completed in Euros.

(c) The terminal value growth rate applied is 3.5% (2016: 6.94%).

(d) Sensitivity testing has been performed on the value-in-use model applied for a reasonably possible change in key assumptions. For both the Network business and Data Centre and colocation CGUs, the model showed sufficient headroom over the carrying value of assets, further indicating no impairment loss is required at 31 December 2017.

The testing carried out at the end of the year indicated that both the Network business and Data Centre and colocation assets and associated goodwill were not impaired.

13. Prepayments

	Group	
	2017	2016
	€'m	€'m
Non-current	1.2	1.0
Current	3.7	4.3
	4.9	5.3

Prepayments mainly pertain to network expense, fibre and office rentals and insurance paid in advance.

The Company had no prepayments.

14. Investments in subsidiaries

	Company	
	2017	2016
	€'m	€'m
Unquoted equity shares, at cost	225.7	225.7
	225.7	225.7

The details of the subsidiaries are as follows:

Name	Country of incorporation and operation	Registered office	Principal activities
euNetworks Group Limited	United Kingdom	15 Worship Street London, EC2A 2DT	Investment holding company
euNetworks 1 Pte Limited	Singapore	50 Raffles Place #32-01 Singapore Land Tower, Singapore 0489623	Investment holding company/Data network services
euNetworks 2 Pte Limited	Singapore	50 Raffles Place #32-01 Singapore Land Tower, Singapore 0489623	Non-trading company
euNetworks GmbH	Germany	Theodor-Heuss-Allee 112, 60486 Frankfurt am Main, Deutschland	Data network services
euNetworks (BVI) Limited	British Virgin Islands	PO Box 957 Offshore Incorporation Centre, Road Town, Tortola, BVI	Investment holding company (Liquidated 24 February 2017)
euNetworks Ireland Private Fiber Limited	Ireland	Suite D16 (2nd floor M), The Cubes Offices, Beacon South Quarter, Sandyford, Dublin 18, Ireland	Data network services

14. Investments in subsidiaries (continued)

Name	Country of incorporation and operation	Registered office	Principal activities
euNetworks B.V.	The Netherlands	Paul van Vlissingenstraat 16, 1096BK Amsterdam, The Netherlands	Data network services
euNetworks Data Centres BV	The Netherlands	Paul van Vlissingenstraat 16, 1096BK Amsterdam, The Netherlands	Data centre services
euNetworks DCH BV	The Netherlands	Paul van Vlissingenstraat 16, 1096BK Amsterdam, The Netherlands	Data centre services
euNetworks Fiber UK Limited	United Kingdom (England)	15 Worship Street London, EC2A 2DT	Data network services
euNetworks IFT Limited	Ireland	Suite D16 (2nd floor M), The Cubes Offices, Beacon South Quarter, Sandyford, Dublin 18, Ireland	Data network services
European Fiber Networks Asset GmbH	Germany	Theodor-Heuss-Allee 112, 60486 Frankfurt am Main, Deutschland	Infrastructure provision
European Fiber Networks “GND” GmbH	Germany	Theodor-Heuss-Allee 112, 60486 Frankfurt am Main, Deutschland	Infrastructure provision
euNetworks Managed Services GmbH	Germany	Theodor-Heuss-Allee 112, 60486 Frankfurt am Main, Deutschland	Data network services
euNetworks SAS	France	15 rue Beaujon 75008 Paris, France	Data network services
euNetworks BVBA	Belgium	Blvd Louis Schmidtlaan119, Bus 3, Brussels 1040	Data network services
euNetworks AG	Switzerland	c/o Kämpfen Rechtsanwälte Gerechtigkeitsgasse 23, 8001 Zürich, Switzerland	Data network services
euNetworks S.r.l	Italy	Viale Abruzzi, 94, 20131 Milan, Italy	Data network services

Note:

The Company has an effective equity interest of 100% in all subsidiaries as at 31 December 2017 and 2016.

15. Infrastructure assets held for resale

The infrastructure assets held for resale of is €0.1m at 31 December 2017 (2016: €0.2m) comprised specific network assets.

16. Trade receivables

	Group	
	2017	**2016**
	€'m	**€'m**
Amounts due from third parties	19.5	13.5
Allowance for doubtful trade receivables	(0.3)	(0.4)
	19.2	13.1

Allowances made in respect of estimated irrecoverable amounts are determined by reference to past default experience.

The Group does not hold collateral as security for its trade receivables.

Movements in allowance for doubtful trade receivables are as follows:

	Group	
	2017	**2016**
	€'m	**€'m**
Balance at 1 January	0.4	0.3
(Deducted)/added against allowance	(0.1)	0.1
Balance at 31 December	0.3	0.4

The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2017	**2016**
	€'m	**€'m**
Days due		
0 – 90 days	4.8	3.8
91 – 180 days	0.8	1.1
181 days and over	0.8	0.6
Total	6.4	5.5

Management considers that the carrying amount of trade receivables in the financial statements approximates to their fair values.

Trade receivables that were past due and not impaired are substantial companies with good collection track record with the Group.

16. Trade receivables (continued)

The currency profiles of the Group's trade receivables as at 31 December are as follows:

	Group	
	2017	2016
	€'m	€'m
Euro	15.9	9.9
Pound sterling	2.9	2.6
United States dollar	0.2	0.3
Swiss franc	0.2	0.3
	19.2	13.1

17. Other receivables

	Group		Company	
	2017	**2016**	**2017**	**2016**
	€'m	**€'m**	**€'m**	**€'m**
Deposits	0.8	0.7	-	-
Sundry receivables	0.2	0.5	0.2	-
	1.0	1.2	0.2	-

The currency profiles of the Group's and Company's other receivables as at 31 December are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	€'m	€'m	€'m	€'m
Euro	0.9	0.9	0.2	-
Pound sterling	0.1	0.2	-	-
Swiss franc	-	0.1	-	-
	1.0	1.2	0.2	-

The Company had no other receivables.

18. Cash and cash equivalents

	Group		Company	
	2017	**2016**	**2017**	**2016**
	€'m	**€'m**	**€'m**	**€'m**
Bank balances	13.7	19.7	-	-
Short-term deposits	1.5	2.3	-	-
	15.2	22.0	-	-

The currency profiles of the Group's and Company's cash and cash equivalents as at 31 December are as follows:

18. Cash and cash equivalents (continued)

The currency profiles of the Group's and Company's cash and cash equivalents as at 31 December are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	€'m	€'m	€'m	€'m
Euro	10.6	17.9	-	-
Pound Sterling	2.4	2.3	-	-
Singapore Dollar	0.9	0.2	-	-
Others	1.3	1.6	-	-
	15.2	22.0	-	-

Bank deposits are mainly deposits with banks with high credit ratings assigned by international rating agencies. The majority of these deposits are bank accounts that guarantee services provided by certain suppliers and are therefore in place month to month as long the Group uses those suppliers.

19. Share capital

Group	**2017**	**2016**	**2017**	**2016**
	No. of ordinary shares		**€'m**	**€'m**
Issued and paid up:				
At 1 January	102	102	-	-
Issued in the year	-	-	-	-
At 31 December	102	102	-	-

Company	**2017**	**2016**	**2017**	**2016**
	No. of ordinary shares		**€'m**	**€'m**
Issued and paid up:				
At 1 January	102	100	-	-
Issued in the year	-	2	-	-
At 31 December	102	102	-	-

20. Share premium

Group	2017	2016
	€'m	€'m
Issued and paid up:		
At 1 January	225.7	225.7
On shares Issued in the year	-	-
At 31 December	225.7	225.7

Company	2017	2016
	€'m	€'m
Issued and paid up:		
At 1 January	225.7	-
On shares Issued in the year	-	225.7
At 31 December	225.7	225.7

On 26 October 2016 2 ordinary £1 shares were issued in exchange for 429,885,322 shares in euNetworks 1 Pte limited (formerly euNetworks Group Limited). The share premium represents the difference between the 2 £1 ordinary shares and the net asset value relating to the 429,885,322 in euNetworks 1 Pte limited (formerly euNetworks Group Limited).

21. Reserves

(i) Share capital

The nominal value of the issued and paid up share capital.

(ii) Share premium

The amount subscribed for share capital in excess of nominal value.

(iii) Employee share option reserve

The employee share option reserve of the Group arose on the grant of share options (now expired or cancelled) of euNetworks 1 Pte Limited and is dealt with in accordance with the accounting policies set out in Note 2.18 to the financial statements.

In 2015 a new Management Equity Plan was set up by the Company's then ultimate holding company, EUN Holdings LLP, the interests in which, could be realised on EUN Holdings LLP realising its investment. This Management Equity Plan is separate to the 2009 Employee Share Options Scheme. Under IFRS however, for accounting purposes, this Management Equity Plan has been treated as a modification of the historic scheme.

(iv) Foreign currency translation reserve

The foreign currency translation reserve account comprises all foreign exchange differences arising from the translation of the financial statements of the companies in the Group whose functional currencies are different from that of the Group's presentation currency.

(v) Profit and loss reserve

The profit and loss reserve contains the gains and losses recognised in the consolidated income statement.

21. Reserves (continued)

(vi) Merger reserve

The merger reserve is created on merger accounting for the difference between the nominal value of the new shares in the parent company and the subsidiaries own share capital.

22. Obligations under finance leases

The Group has finance leases for certain items of plant and equipment. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group		
	Minimum lease payments	**Future finance charges**	**Present value of minimum lease payments**
	€'m	**€'m**	**€'m**
2017			
Within one year	-	-	-
Within one to five years	-	-	-
			-
Current			-
Non-current			-
			-
2016			
Within one year	0.8	-	0.8
Within one to five years	-	-	-
	0.8	-	0.8
Current			0.8
Non-current			-
			0.8

The finance lease terms ranged from 5 to 18 years.

The average effective interest rate charged during the financial year is 7.25% (2016: 7.25%) per annum. Interest rates are fixed at the contract date. As at the end of the financial year, the fair values of the Group's finance lease obligations approximate their carrying amounts.

The leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the leased assets, which will revert to the lessors in the event of default by the Group.

The Company has no obligation under finance leases.

23. Interest bearing borrowings

	Group	
	2017	2016
	€'m	€'m
Current:		
Bank loan	-	4.4
Non-current:		
Bank loan	97.2	77.9
	97.2	82.3

	2017	2016
	€'m	€'m
Bank Loan as above	97.2	82.3
Add: unamortised debt raise costs	2.8	2.8
Gross Bank loan	100.0	85.1
Maturity of the loan		
Within 1-2 years	5.0	5.3
Within 2-5 years	95.0	8.5
Over 5 years	-	71.3
	100.0	85.1

Bank loan

The Group's secured bank loans are secured by a fixed and floating charge over certain of the Group's assets.

The average effective borrowing rates during the financial year is Euribor plus 3.0% (2016: 3.5%) per annum and have a maturity date of 4 years from financial year 2017.

The group has undrawn committed borrowings available at 31 December 2017, for which all conditions have been met, of €75m on a floating rate with an expiry in more than 2 years (2016: €18m on a floating rate with an expiry in more than 2 years).

The bank loan is denominated in Euro.

Costs taken to the balance sheet in respect of this debt, to be amortised over its life, were €2.8m (2016: €2.8m) and these deferred costs have been netted off against the debt in the consolidated statement of financial position.

Management estimates that the carrying amount of the bank loan approximates its fair value due to frequent re-pricing.

The Company has no interest bearing borrowings.

24. Provisions

	Group	
	2017	2016
	€'m	€'m
At 1 January	3.2	3.3
Reversal of provision during the year	(0.2)	(0.1)
At 31 December	3.0	3.2

The provision for restoration costs was in relation to the rebuilding obligations that exist on the 24 (2016: 25) points of presence locations in Germany.

The Company has no provisions.

25. Deferred revenue

	Group	
	2017	2016
	€'m	€'m
The deferred revenue will be released		
- within one financial year	6.8	5.5
Total current deferred revenue	6.8	5.5
- Between two and five financial years	11.3	10.8
- more than five financial years	8.2	4.4
Total non-current deferred revenue	19.5	15.2
Total deferred revenue	26.3	20.7

Deferred revenue comprises dark fibre leases, operational and maintenance services as well as installation fees.

26. Trade and other payables

	Group		Company	
	2017	2016	2017	2016
Current Liabilities	€'m	€'m	€'m	€'m
Trade payables - owed to third parties	3.1	4.4	-	-
Other payables - owed to third parties	3.1	2.4	0.2	-
Deferred purchase consideration	0.2	0.3	-	-
Accrued expenses	22.1	16.2	-	-
	28.5	23.3	0.2	-
Non-current liabilities				
Deferred purchase consideration	-	0.1	-	-

No interest is charged on the trade and other payables.

26. Trade and other payables (continued)

The currency profiles of the Group's and Company's trade and other payables as at 31 December are as follows:

	Group			Company
	2017	2016	2017	2016
	€'m	€'m	€'m	€'m
Euro	24.5	22.5	0.2	-
Pound Sterling	3.4	0.4	-	-
Singapore Dollar	-	-	-	-
Swiss Franc	0.6	0.5	-	-
	28.5	23.4	0.2	-

Management considers that the carrying amount of trade and other payables in the financial statements approximates their fair value.

27. Changes in working capital

	Group	
	2017	**2016**
	€'m	**€'m**
Trade receivables	(6.1)	(2.1)
Other receivables and prepayments	(0.6)	0.2
Trade and other payables	5.4	(2.8)
Deferred revenue	5.6	(1.2)
Provisions	(0.2)	(0.1)
	4.1	(6.0)

28. Deferred tax assets

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position of the Group as follows:

	Group	
	2017	**2016**
	€'m	**€'m**
Deferred tax assets		
- to be recovered after one year	2.3	3.4
Deferred tax liabilities		
- to be settled after one year	(3.9)	(4.5)

28. Deferred tax assets (continued)

The movements in deferred tax liabilities are as follows:

	Difference in amortisation of intangibles	Difference in depreciation for tax purposes	Provisions	Total
	€'m	€'m	€'m	€'m
Group				
2017				
At beginning of financial year	2.7	1.6	0.2	4.5
Charged to profit or loss	(0.6)	-	-	(0.6)
At end of financial year	2.1	1.6	0.2	3.9
2016				
At beginning of financial year	3.2	1.6	0.2	5.0
Charged to profit or loss	(0.5)	-	-	(0.5)
At end of financial year	2.7	1.6	0.2	4.5

At the end of the financial year, the Group had unutilised tax losses of approximately €122.5m (2016: €139.1m) which are available for offset against future taxable profits. A deferred tax asset of €2.3m (2016: €3.4m) has been recognised in respect of €14.1m (2016: €23.2m) of such losses.

No deferred tax asset has been recognised in respect of the remaining €108.4m (2016: €115.9m) tax losses due to uncertainty of their future realisation. These losses may be carried forward indefinitely subject to agreement by relevant tax authorities.

The Company has not recognised, nor has available any deferred tax assets or liabilities.

29. Commitments

Operating lease commitments

Group as lessee

The Group has entered into commercial non-cancellable leases on properties (office rooms, points of presence), dark fibre, data centre space, motor vehicles and items of small machinery where it is not in the best interests of the Group to purchase these assets. The leases have an average life of between 3 and 10 years with renewal terms included in the contracts. Renewals are at the option of the specific entity that holds the lease. There are no restrictions placed upon the lessee by entering into these leases.

	Group			
	2017 Land and buildings	2017 Other	2016 Land and buildings	2016 Other
	€'m	€'m	€'m	€'m
Not later than one year	4.0	20.6	4.0	18.6
Later than one year and not later than five years	11.9	41.0	13.0	29.8
Later than five years	7.0	26.4	9.2	22.0
	22.9	88.0	26.2	70.4

The operating leases predominantly relate to leases of fibre networks.

The operating lease charge for the year was €31.6m (2016: €28.0m).

Group as lessor

The Group has entered into commercial leases on its network properties. The following table sets out the future minimum lease payments receivable under non-cancellable operating leases as at 31 December as follows:

	Group	
	2017	2016
	€'m	€'m
Not later than one year	21.9	20.5
Later than one year and not later than five years	39.4	42.6
Later than five years	21.7	22.9
	83.0	86.0

29. Commitments (continued)

Capital commitments

As at the end of the financial year, commitments in respect of capital expenditure are as follows:

	Group	
	2017	2016
	€'m	€'m
Capital expenditure contracted but not provided for		
- Commitments for the acquisition of plant and equipment	16.4	10.0

30. Related parties disclosures

Key management personnel remuneration is disclosed in Note 7.

On 26 October 2016 euNetworks 1 Pte Limited, then called euNetworks Group Limited and the holding company of the euNetworks operating companies ("euNetworks Singapore"), completed a Scheme of Arrangement. Following the Scheme of Arrangement, EUN Holdings LLP (the then parent of the Company) held 429,885,322 shares in euNetworks Singapore and euNetworks Group Limited (a direct subsidiary of the Company, "euNetworks UK") held the balance of 7,632,097 shares.

Following completion of the Scheme of Arrangement, in November 2016 the 429,885,322 shares in euNetworks Singapore held by EUN Holdings LLP were exchanged for 2 shares in the Company. The Company then exchanged these shares for 2 shares in euNetworks UK, resulting in the entire share capital of euNetworks Singapore being held by euNetworks UK.

Accordingly, following the restructuring, the operating companies of the Group which had been wholly owned by euNetworks Singapore for the year ended 31 December 2016 were wholly owned by the Company.

31. Share option scheme

The euNetworks 1 Pte Limited 2009 Employee Share Option Scheme was cancelled in December 2014. Payments were made under an options proposal made in connection with a corporate event of that company to those who held vested share options and these were then cancelled. No payments were made for unvested share options and these were cancelled with no further compensation.

In 2015 a new Management Equity Plan was set up by the Company's then ultimate holding company, EUN Holdings LLP, the interests in which, could be realised on EUN Holdings LLP realising its investment. This Management Equity Plan was separate to the 2009 Employee Share Options Scheme. Under IFRS however, for accounting purposes, this Management Equity Plan has been treated as a modification of the historic scheme.

32. Financial risk management objectives and policies

The Group's activities expose it to credit risks, market risks (including foreign currency risks and interest rate risks) and liquidity risks. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Group uses financial instruments such as foreign currency forward contracts and interest rate swaps to hedge certain financial risk exposures.

32. Financial risk management objectives and policies (continued)

The Board of Managers of EUN Holdings LLP was, during the year, responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then established the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits in accordance with the objectives and underlying principles approved by the Board of Managers.

Financial risk management is carried out by a central finance team in accordance with the policies set by the management. Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between cost of risks occurring and the cost of managing risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis as indicated below.

Credit risk

Credit risk is the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, trade receivables are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group has no significant concentration of credit risk because trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial conditions of trade receivables.

For banks and financial institutions, only independently rated and regulated parties are accepted. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management.

With respect to credit risk arising from the other financial assets of the Group and the Company, which comprise cash and cash equivalents and other receivables, the Group's exposure to credit risk arises from default of the counterparties, with a maximum exposure equal to the carrying amount of these instruments. The management does not expect counterparties to fail to meet their obligations.

Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group and the Company manage the liquidity risk by maintaining a level of cash and cash equivalents deemed adequate to finance the Group's and the Company's business operations, future capital expenditure and for working capital purposes. The Group's and the Company's objectives are to maintain a balance between continuing of funding and flexibility through the use of convertible bond issues and may consider other fund raising exercise such as right issues, private placements or equity-related exercise.

The Group prepares weekly rolling cash flow forecasts which are reviewed by management. Liquidity is managed centrally by the Group finance function. The following table detail the Group's and Company's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of

32. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

financial instruments based on the earlier of the contractual date or when the Group is expected to receive (or pay). The table includes both interest and principal cash flows.

	Effective interest rate	Up to 3 months	Between 3 and 12 months	1 to 2 years	2 to 4 years	Over 4 years	Total
	%	€'m	€'m	€'m	€'m	€'m	€'m
Group							
Financial assets							
Cash and cash equivalents		15.2	-	-	-	-	15.2
Trade and other receivables		20.2	-	-	-	-	20.2
As at 31 December 2017		35.4	-	-	-	-	35.4
Cash and cash equivalents	0	22.0	-	-	-	-	22.0
Trade and other receivables	0	14.3	-	-	-	-	14.3
As at 31 December 2016		36.3	-	-	-	-	36.3
Financial liabilities							
Trade and other payables		28.4	0.1	-	-	-	28.5
Obligations under finance leases		-	-	-	-	-	-
Bank loan		-	-	5.0	20.0	75.0	100.0
As at 31 December 2017		28.4	0.1	5.0	20.0	75.0	128.5
Trade and other payables	0	23.0	0.3	0.1	-	-	23.4
Obligations under finance leases	8	0.5	0.3	-	-	-	0.8
Bank loan	4	1.1	4.3	8.5	71.2	-	85.1
As at 31 December 2016		24.6	4.9	8.6	71.2	-	109.3

The Company did not have any financial obligations during the year (see note 36 Post Balance Sheet Events for events).

32. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Interest rate risk

Interest rate risk is the risk that fluctuations in interest rates could result in changes in interest income and expense as well as the value of financial instruments.

The Group's income and operating cash flows are substantially independent of changes in market interest rate. The Group has no significant interest-bearing assets and liabilities other than the bank loan drawn down during the financial year.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings. The Group does use derivative financial instruments to hedge its interest rate risk.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks for non-derivative instruments at the end of the financial year. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the financial year was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 5% change in the interest rates from the end of the financial year, with all variables held constant.

	Increase Consolidated statement of profit or loss and other comprehensive income	
	2017	**2016**
	€'m	**€'m**
Group		
Bank Loan		
Interest rate increases by 5%	(5.0)	(4.3)
Interest rate decreases by 5%	3.0	3.0

Foreign currency risk

Foreign currency risk is the risk that changes in exchange rates could result in fluctuation in the value of assets, liabilities, revenue and costs where the underlying transactions and balances are held in foreign currency.

The Group mainly operates in the Euro zone, most of the transactions in relation to the European business are concluded in Euro and the functional currency of all subsidiaries is Euro.

The Group did not use derivative financial instruments to hedge its foreign currency risk in financial year 2017 and 2016.

32. Financial risk management objectives and policies (Continued)

Foreign currency sensitivity analysis

The Group is mainly exposed to Pound sterling. During 2017 this exposure was mitigated by the fact that Pound sterling revenue and Pound sterling costs were closely matched and therefore the Group was naturally hedged.

The following table details the Group's sensitivity to a change of 10 eurocent against the Pound sterling. The sensitivity analysis assumes an instantaneous change of 10 eurocent for a Pound sterling in the foreign currency exchange rates from the statement of financial position date, with all variables held constant.

	Increase Consolidated statement of profit or loss and other comprehensive income	
	2017	**2016**
	€'m	**€'m**
Group		
Pound Sterling		
Strengthens against Euro	0.9	0.5
Weakens against Euro	(0.9)	(0.5)

33. Fair value of financial assets and financial liabilities

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

A summary of the financial instrument held by category is provided below:

	2017	**2016**
	€'m	**€'m**
Group		
Financial assets		
Cash and cash equivalents	15.2	22.0
Trade and other receivables	20.2	14.3
Total loans and receivables	35.4	36.3
Financial liabilities		
Trade and other payables	28.5	23.4
Obligations under finance leases	-	0.8
Interest bearing borrowings	97.2	82.3
Total financial liabilities at amortised cost	125.7	106.5

33. Fair value of financial assets and financial liabilities (continued)

	2017	2016
	€'m	€'m
Company		
Financial assets		
Cash and cash equivalents	-	-
Trade and other receivables	0.2	-
Total loans and receivables	0.2	-
Financial liabilities		
Trade and other payables	0.2	-
Obligations under finance leases	-	-
Interest bearing borrowings	-	-
Total financial liabilities at amortised cost	0.2	-

34. Capital management policies and objectives

The management's policy is to ensure that the Group is able to continue as a going concern and to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group regards the equity attributable to shareholders as capital. Equity is represented by net assets.

The Group's management reviews the capital structure on a regular basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. The Group balances its overall capital structure through new share issues, the issue of new debt and the redemption of existing debt. The Group's overall strategy remains unchanged from 2016.

	Group	
	2017	2016
	€'m	€'m
Interest bearing borrowings	97.2	82.3
Obligations under finance leases	-	0.8
Cash and cash equivalents	(15.2)	(22.0)
Net debt	82.0	61.1
Total equity	196.1	190.2
Total capital	278.1	251.3
Gearing ratio	29.5%	24.3%

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings less cash and cash equivalents. The total capital is calculated as equity plus net debt.

The Board regularly reviews the funding profile of the Group and determines the issue or redemption of financial instruments to meet the Group's funding requirement while ensuring an appropriate balance between debt and equity.

34. Capital management policies and objectives (continued)

There are no further changes in the Group's approach to capital management during the financial year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

35. Ultimate parent undertaking

The Directors considered EUN Holdings LLP a limited liability partnership registered in Delaware in the United States of America to be the immediate and ultimate parent undertaking as at the year end.

As at the date of signing these financial statements the Directors consider Stonepeak Infrastructure Fund II Cayman (S) Upper LP a Cayman Islands limited partnership to be the ultimate parent undertaking.

As at 31 December 2017 in the opinion of the directors, EUN Holdings LLP was the controlling party.

As at the date of signing these financial statements in the opinion of the Directors Michael Dorrell and Trent Vichie are the controlling parties.

36. Post balance sheet event

On 11 January 2018 Stonepeak Infrastructure Partners acquired a majority interest in the Group. The transaction will also provide the Group with up to $500 million of committed growth capital for both organic and inorganic development. Also as part of the transaction the Group further expanded its debt facilities to €375m.

Also on 11 January 2018 an ordinary resolution was passed so that each ordinary share of £1.00 in the capital of the Company (being 102 ordinary shares of £1.00, fully paid) be subdivided into 10,000 ordinary share of £0.0001 each (resulting in 1,020,000 ordinary shares of £0.0001 each, fully paid), such shares having the same rights and being subject to the same restrictions as the existing ordinary shares each in the capital of the Company as set out in the Company's articles of association for the time being.