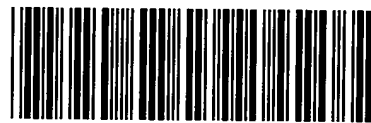


Company Number: 03089644

Diplomat Freight Services Limited
Directors' Report and Financial Statements
for the year ended 31 December 2015

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Diplomat Freight Services Limited
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Diplomat Freight Services Limited

DIRECTORS AND OTHER INFORMATION

Directors

John W Rodenhouse Jr (American)
Bernard O'Rourke (Irish)
Marc Krens (American)

Company Secretary

Dean Richard Bromiley

Company Number

03089644

Registered Office and Business Address

3/4 Bower Terrace,
Tonbridge Road
Maidenstone
Kent
ME16 8RY
United Kingdom

Auditors

HLB McKeogh Gallagher Ryan
Chartered Accountants and Statutory Auditors
45 O'Connell Street
Limerick
Ireland

Bankers

Barclays Bank plc
1 Churchill Place
London
E14 5HP
United Kingdom

Solicitors

Gibson Dunn
Telephone House
2-4 Temple Avenue
London
EC4Y OHB
United Kingdom

Diplomat Freight Services Limited

Company Number: 03089644

STATEMENT OF FINANCIAL POSITION

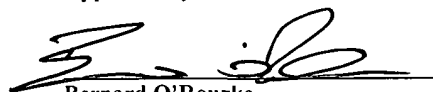
as at 31 December 2015

	Notes	2015 \$	2014 \$
Fixed Assets			
Tangible assets	7	66,785	610
Investments	8	268,031	268,031
		<u>334,816</u>	<u>268,641</u>
Current Assets			
Trade and other receivables	9	5,646,582	2,216,963
Cash and cash equivalents		840,771	400,441
		<u>6,487,353</u>	<u>2,617,404</u>
Creditors: Amounts falling due within one year	10	<u>(6,752,346)</u>	<u>(2,369,656)</u>
Net Current (Liabilities)/Assets		<u>(264,993)</u>	<u>247,748</u>
Total Assets less Current Liabilities		<u><u>69,823</u></u>	<u><u>516,389</u></u>
Equity			
Called up share capital	12	3	3
Retained earnings		69,820	516,386
Shareholders' Funds		<u><u>69,823</u></u>	<u><u>516,389</u></u>

The directors of the company have elected not to include a copy of the Income Statement within the financial statements.

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Approved by the Board and authorised for issue on 26 June 2016 and signed on its behalf by


Bernard O'Rourke
Director

Diplomat Freight Services Limited
STATEMENT OF CHANGES IN EQUITY
as at 31 December 2015

	Share capital	Retained earnings	Total
	\$	\$	\$
At 1 January 2014	3	430,204	430,207
Profit for the year	-	16,087,210	16,087,210
Payment of dividends	-	(16,001,028)	(16,001,028)
At 31 December 2014	<u>3</u>	<u>516,386</u>	<u>516,389</u>
Loss for the year	-	(446,566)	(446,566)
At 31 December 2015	<u><u>3</u></u>	<u><u>69,820</u></u>	<u><u>69,823</u></u>

1. GENERAL INFORMATION

Diplomat Freight Services Limited is a company limited by shares incorporated in the United Kingdom. The registered office address is 3/4 Bower Terrace, Tonbridge Road, Maidenstone, Kent, ME16 8RY, United Kingdom. The nature of the company's operations and its principal activities are set out in the Directors' Report on pages 4 to 5. The company has transitioned its functional and presentational currency from Great British Pound to United States Dollar as the majority of the company's transactions were in United States dollars.

2. ACCOUNTING POLICIES

Statement of compliance

The financial statements of the company for the year ended 31 December 2015 have been prepared on a going concern basis. The Financial Reporting Framework that has been applied in their preparation is the Companies Act 2006 and the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 101 Reduced Disclosure Framework) issued by the Financial reporting Council and promulgated by Chartered Accountants Ireland. These are the first financial statements that comply with FRS 101.

The company is a qualifying entity for the purposes of FRS 101.

The company's date of transition to FRS 101 was 1 January 2014. The company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the company in these financial statements.

FRS 101 sets out amendments to EU-adopted IFRS that are necessary to achieve compliance with the Acts. The impact of these amendments to the company's previously adopted accounting policies in accordance with EU-adopted IFRS was not material on the shareholders' equity as at the date of transition and as at 31 December 2015 and on the profit for the year ended 31 December 2014

The disclosure exemptions applied by the company in the preparation of these financial statements in accordance with FRS 101 are as follows:

- The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between members of a group.
- Paragraph 17 of IAS 24 'Related Party Disclosures' (Key management compensation)
- IAS 7, 'Statement of cashflows'

Basis of preparation

The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Revenue

Turnover represents revenue earned under a wide variety of contracts to provide professional services.

Charter sales are for the charter of part or all of an aircraft. The revenue is recognised at the date of the charter flight and includes expenses and disbursements, but excludes value added tax.

General freight sales are for the transportation of goods. The revenue is recognised on delivery of these goods and includes expenses and disbursements, but excludes value added tax.

Special projects include contracted sales with guaranteed levels of income over a period of time. The revenue is recognised when the company obtains the right to consideration in exchange for its performance under these contracts, and includes expenses and disbursements, but excludes value added tax.

Leasing and hire purchase commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Consolidation

The financial statements relate to the results of Diplomat Freight Services Limited as an individual company and do not contain consolidated financial statements as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its immediate parent, DFS Europe Holding BV, a company incorporated in the Netherlands.

Equity Instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at historical cost or at valuation, less accumulated depreciation. Historical cost represents purchase price together with any incidental costs of acquisition. The charge to depreciation is calculated to write off the original cost or valuation of property, plant and equipment, less their estimated residual value, over their expected useful lives as follows:

Fixtures, fittings and equipment	-	20% Straight line
Motor vehicles	-	20% Straight line
Computer equipment	-	20% Straight line

At each reporting end date, the company 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 company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and 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 for which the estimates of future cash flows have not been adjusted.

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 (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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 (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Investments in subsidiaries

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. Income from other investments are recognised in the financial statements when they have been appropriately approved or authorised by the shareholders and are no longer at the discretion of the company. Interim dividends declared by the directors are recognised when paid.

Financial Instruments

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

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 have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the income statement.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the Statement of Financial Position bank overdrafts are shown within Creditors.

Taxation

Current tax represents the amount expected to be paid or recovered in respect of taxable profits for the year and is calculated using the tax rates and laws that have been enacted or substantially enacted at the Statement of Financial Position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax in the future, or a right to pay less tax in the future. Timing differences are temporary differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured on an undiscounted basis at the tax rates that are anticipated to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Foreign currencies

(a) Functional and presentational currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ("The functional currency"). The company's financial statements are presented in United States dollars, which is the company's functional and presentation currency.

(B) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transactions or valuations where items are remeasured. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rates prevailing at the balance sheet date. All exchange movements are recognised in the income statement.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The 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 only affects that period or in the period of the revision and future periods if the revision affects both current and future periods. There were no material assumptions in the period under review.

4. GOING CONCERN

The company reported a loss \$489,135 for the year ended 31st December 2015 and at that date had net liabilities of \$1,861,713.

The financial statements have been prepared on a going concern basis. The holding company has provided the company with a letter confirming that it will provide such financial support as necessary to ensure that the company meets all its liabilities as they fall due for at least 12 months following the date of signature of these financial statements. Accordingly the directors consider that it is appropriate to prepare the financial statements on a going concern basis.

5. DEFERRED TAX

At the year end the company had an unrecognised deferred tax asset made up of the as follows:

	2015	2014
	\$	\$
Unutilised tax losses	-	20,941

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which the deferred tax asset can be utilised. The directors do not have sufficient evidence at this time to support the recognition of this deferred tax asset.

6. EMPLOYEES AND REMUNERATION

Number of employees

The average number of persons employed (including executive directors) during the year was as follows:

	2015 Number	2014 Number
Finance	1	1
Senior Management	1	1
Operations	2	2
	<u>4</u>	<u>4</u>

7. PROPERTY, PLANT AND EQUIPMENT

	Fixtures, fittings and equipment \$	Motor vehicles \$	Computer equipment \$	Total \$
Cost				
At 1 January 2015	12,013	-	-	12,013
Additions	1,486	65,360	2,118	68,964
At 31 December 2015	<u>13,499</u>	<u>65,360</u>	<u>2,118</u>	<u>80,977</u>
Depreciation				
At 1 January 2015	11,403	-	-	11,403
Charge for the year	610	2,179	-	2,789
At 31 December 2015	<u>12,013</u>	<u>2,179</u>	<u>-</u>	<u>14,192</u>
Carrying value				
At 31 December 2015	<u>1,486</u>	<u>63,181</u>	<u>2,118</u>	<u>66,785</u>
At 31 December 2014	<u>610</u>	<u>-</u>	<u>-</u>	<u>610</u>

8. INVESTMENTS IN SUBSIDIARIES

	Group and participating interests/ joint ventures \$	Total \$
Investments		
Cost		
At 31 December 2015	<u>268,031</u>	<u>268,031</u>
Carrying amount		
At 31 December 2015	<u>268,031</u>	<u>268,031</u>
At 31 December 2014	<u>268,031</u>	<u>268,031</u>

8.1. Holdings of 20% or more

The company holds 20% or more of the share capital of the following company:

Name	Country of incorporation	Nature of business	Details of investment	Proportion held by company
Subsidiary undertaking				
DFS Middle East FZE	Dubai	Global Logistics Solutions	Ordinary	100

The investments in subsidiaries are all stated at cost less allowance for impairment.

In the opinion of the directors, the value to the company of the unlisted investments is not less than the book amount shown above.

9. RECEIVABLES	2015 \$	2014 \$
Trade receivables	249,087	935,061
Amounts owed by group companies	5,028,145	463,205
Amounts owed by connected parties (Note 20)	39,577	16,206
Taxation (Note 17)	36,652	67,631
Other debtor	157,270	538,845
Prepayments and accrued income	135,851	196,015
	<u>5,646,582</u>	<u>2,216,963</u>

All debtors fall due within one year. Debtors are stated net of impairment in respect of doubtful debts.

Amounts due from group companies are unsecured, interest free, have no fixed repayment date and are repayable on demand.

10. CREDITORS	2015 \$	2014 \$
Amounts falling due within one year		
Trade creditors	94,489	93,712
Amounts owed to group companies	6,594,222	2,233,253
Taxation (Note 17)	6,415	11,869
Accruals	57,220	30,822
	<u>6,752,346</u>	<u>2,369,656</u>

Trade and other creditors are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

Tax and social insurance are subject to the terms of the relevant legislation. Interest accrues on late payment at the rate of 0.0274% per day. No interest was due at the financial year end.

The terms of accruals are based on the underlying contracts.

Amounts owed to group companies are unsecured, interest free, have no fixed repayment date and are payable on demand.

11. TAXATION	2015	2014
	\$	\$
Receivables:		
VAT	36,652	10,680
Corporation tax	-	56,951
	<u>36,652</u>	<u>67,631</u>
Creditors:		
Corporation tax	28	-
PAYE / NI	6,387	11,869
	<u>6,415</u>	<u>11,869</u>

12. SHARE CAPITAL	2015	2014
	\$	\$
Description	Number of shares	Value of units
Allotted, called up and fully paid		
Ordinary shares	2	£1 each
	<u>3</u>	<u>3</u>

The company has one class of ordinary shares which carries no right to fixed income.

13. CAPITAL COMMITMENTS

The company had no material capital commitments at the year-ended 31 December 2015.

14. RELATED PARTY TRANSACTIONS

The company has availed of the exemption contained in FRS 101 "Reduced Disclosure Framework" not to disclose transactions with related companies which are wholly owned within the group. A summary of transactions and balances with other related entities are as follows:

	Balance 2015	Movement in year	Balance 2014	Maximum in year
	\$	\$	\$	\$
Heathwick Limited	<u>39,577</u>	<u>23,371</u>	<u>16,206</u>	<u>145,909</u>

Heathwick Limited is a related party by virtue of John Rodenhouse being a common director and shareholder.

The company recorded sales of €18,613 with Heatwick Limited during the year.

15. PARENT AND ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of DFS Europe Holdings BV, a company registered in the Netherlands.

The company's ultimate parent undertaking is The Diplomat Group LLC.

The address of The Diplomat Group LLC is 105 Eastern Avenue, Suite 101, Annapolis, Maryland, USA 21403.

The Diplomat Group LLC is under the control of John W Rodenhouse Jr., by virtue of his beneficial ownership of that company.

The parent of the largest group in which the results are consolidated is DFS Europe Holdings BV.

DFS Europe Holdings BV is registered in Netherlands.

16. EVENTS AFTER END OF REPORTING PERIOD

There have been no significant events affecting the company since the year-end.

17. KEY MANAGEMENT PERSONNEL

The following persons were those authority and responsibility for planning, directing and controlling the activities of the company during the year ended 31 December 2015, unless otherwise indicated:

John W Rodenhouse Jr
Marc Krens
Dean Richard Bromiley
Bernard O'Rourke

Key management personnel consist of those people who have authority and responsibility for planning, directing and controlling the activities of the company and include the company's directors.

18. AUDIT REPORT INFORMATION

As the Income Statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with S444 (5B) of the Companies Act 2006.

The Auditor's Report was unqualified.
The senior statutory auditor was Eoin Gallagher.
The auditor was HLB McKeogh Gallagher Ryan, Chartered Accountants and Statutory Auditor.