ZEGONA – 2015 RESULTS

ROBUST 2015 PERFORMANCE AT TELECABLE WITH ACCELERATING GROWTH MOMENTUM

London, England, 8 March 2016 – Zegona Communications plc (LSE: ZEG) announces results for period ending 31 December 2015.

	Zegona 2015 Consolidated[1]	Telecable 2015 Pro Forma[2]
Revenue	€53.0 million	€134.4 million
EBITDA*	€21.5 million	€65.0 million
Operating profit	€(7.7) million	€12.5 million

[1] From Zegona Communications plc's 2015 consolidated financial statements. These include the results of Telecable from its acquisition on 14 August 2015 and the central costs incurred by Zegona from its incorporation on 19 January 2015

[2] Unaudited Pro Forma management accounts results for Telecable for full 12 months ended 31 December 2015. A reconciliation between Telecable's 2015 Unaudited Pro Forma result and the audited Zegona 2015 consolidated financial statements is provided in Appendix C

Telecable acquisition performing well, with strong finish to 2015
- Results fully in line with Zegona pre-acquisition expectations
- Revenue up 2.7% to €134.4 million for full year
- Q4 year-on-year revenue growth highest in last 5 years at 5.0%
- EBITDA up 3.3% to €65.0 million for full year
- Cash Flow** up 2.4% to €36.1 million for full year

Accelerating growth expected in 2016
- Building on business momentum following strong Q4 2015 performance
- Underpinned by consumer price increase in January 2016 of €2 per month for fixed-line and bundled products
- Mid-single digit revenue growth, almost twice as fast as 2015
- Double digit Cash Flow growth

Strong cash returns to shareholders
- Policy of 4.5 pence dividend per ordinary share in 2016
- Incremental capital return potential via share buybacks and/or special distributions

Zegona pleased with progress to date
- Telecable, acquired in August 2015 for €640 million, continues to grow revenue, EBITDA and Cash Flow
- Zegona continues to see many attractive investment opportunities across European TMT landscape

Eamonn O'Hare, Zegona Chairman and CEO commented: "Telecable is our first acquisition and has made a great start under Zegona ownership. We are particularly pleased that the business delivered its 2015 financial targets fully in line with our pre-acquisition expectations. We are also encouraged by the growing momentum in the business, underpinned by the recent consumer price rise (the first in many years) and accelerating growth in its Mobile and Business divisions. Telecable's growth has outperformed other players in the Spanish market in recent years, and it is encouraging to see that track record being maintained. This performance, together with encouraging trends relating to price repair in the Spanish telecoms market and the improving economic environment, gives us the confidence that Telecable will accelerate growth across its key financial metrics in 2016. As a result, and underscoring our confidence in the cash flow of the business, we can now confirm a dividend of 4.5 pence per ordinary share in 2016, in line with the target set at the time of the Telecable acquisition."

"As we look out across the European TMT landscape, we continue to see the dynamic forces of consumer consumption, industry consolidation and convergence creating many attractive opportunities for additional acquisitions. However, driving shareholder value will always be our number 1 priority, and as a result, we remain very disciplined as we evaluate these various opportunities."

* EBITDA defined as operating profit/loss before interest, taxes, depreciation, amortization expenses and other costs per Appendix C

** Cash Flow is defined as EBITDA minus Capex on an accruals basis. Zegona considers EBITDA minus Capex to be a good proxy measure for the cash flow generated by the trading activities of its business and therefore this definition is used here and throughout this document

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Notes to Editors:

About Zegona

Zegona was established with the objective of acquiring businesses in the European Telecommunications, Media and Technology ("TMT") sector with a 'Buy-Fix-Sell' strategy to deliver attractive shareholder returns. Zegona is listed on The London Stock Exchange's Main Market and is led by former Virgin Media executives Eamonn O'Hare and Robert Samuelson.

Zegona's first acquisition was the €640 million purchase of Telecable, the leading quad play cable telecommunications operator in the Asturias region of Spain, which completed in August 2015. Zegona believes Telecable represents a compelling investment because of its market leading position in Asturias and strong cash generation, coupled with attractive dynamics in the Spanish telecoms market and Spanish economy. In 2015, Telecable delivered revenues of €134.4 million, EBITDA of €65.0 million and Cash Flow of €36.1 million*.

Conference Call Details

There will be a conference call for analysts and investors in London at 1:30 pm GMT. Analysts and investors can dial in to the presentation on +44 (0) 20 3427 1918 - passcode 7431363# for all participants. The associated presentation will be available to download from the results and presentations section of www.zegona.com from 12:00 noon GMT.

There will be a live webcast of the conference call available from the following link:
http://edge.media-server.com/m/p/845qv9b5

An on-demand webcast will be available from www.zegona.com

Forward-looking Statements

Certain statements in this Announcement are forward-looking statements which are based on Zegona's expectations, intentions and projections regarding its future performance, anticipated events or trends and other matters that are not historical facts. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Given these risks and uncertainties, prospective investors are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date of such statements and, except as required by applicable law, Zegona undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. The information contained in this Announcement is subject to change without notice and Zegona does not assume any responsibility or obligation to update publicly or review any of the forward-looking statements contained herein.

* Telecable unaudited Pro Forma results derived from management accounts

OVERVIEW***

GREAT START FOR ZEGONA

It has been an exciting and productive first year for Zegona. The Company was launched via an IPO in March 2015, with the objective of acquiring businesses in the European TMT sector with a 'Buy-Fix-Sell' strategy to deliver shareholder returns through fundamental business improvements.

Our first acquisition was the purchase of Telecable, the leading telecommunications operator in the Asturias region of Spain. Zegona acquired Telecable for €640 million in August 2015. Zegona believes Telecable represents a compelling investment because of, amongst other factors, Telecable's market leading position and strong cash generation, coupled with attractive dynamics in the Spanish telecoms market and a recovering Spanish economy. Since acquiring the business, Zegona has worked closely with the Telecable management team to further develop the business and the services it provides, and we have made significant progress in implementing a number of key strategic initiatives. These include (1) driving growth in consumer revenue with broadband speed upgrades and innovative TV services, (2) enhancing the mobile experience for all customers by doubling data allowances and expanding the Wifisfera WiFi service, (3) a renewed focus on business clients with a comprehensive change in management and product portfolio, and (4) a Capex productivity improvement programme that is focused on reducing costs associated with sales distribution, network maintenance and home installations.

Beyond Telecable, we continue to see many attractive investment opportunities across the European TMT sector. The dynamic forces of consumer consumption, industry consolidation and convergence are creating significant opportunities for additional acquisitions, and long-term growth in Zegona shareholder value.

TELECABLE 2015 PERFORMANCE

FINANCIAL OVERVIEW

In order to facilitate an understanding of Telecable's operational results, we present and discuss the pro forma financial and operating information of Telecable as if Telecable had been acquired by Zegona on 1 January 2015, together with comparative financial and operating information for the year ended 31 December 2014. These unaudited pro forma results are presented in Appendix A and Appendix B, and are discussed below.

Telecable's financial results in 2015 were fully in line with our pre-acquisition expectations. Total revenue for the year was €134.4 million, which represents 2.7% growth vs. 2014. This revenue growth was driven by impressive performance in the Mobile and Business divisions, as well as upselling products and enhancing the overall value proposition to consumer customers. Telecable's EBITDA reached €65.0 million in 2015, representing 3.3% growth vs. 2014, and EBITDA as a percentage of revenue increased to 48.4% in 2015. Total Capex for the year was €28.9 million, resulting in Cash Flow of €36.1 million.

Telecable's Q4 2015 growth was particularly strong, with revenue and EBITDA growth of 5.0% and 3.3%, respectively. Telecable's Q4 revenue growth was its highest Q4 revenue growth in the last 5 years.

CONSUMER*

Telecable's Consumer business generated revenue of €99.0 million in 2015, which was a 1.3% increase vs. 2014. Telecable's stable, high value customer base, continuing growth in RGUs (456,000 RGUs at the end of 2015) and improved consumer ARPU (up from €56.8 per month in 2014 to €57.4 per month in 2015) were important drivers of this revenue performance. We expect ARPU to continue to grow in 2016, and to accelerate with the €2 per month price increase for fixed-line and bundled products which came into effect in January 2016. Telecable also improved its consumer proposition in 2015. These improvements included doubling customers' minimum broadband speed to 200 Mbps, launching a 500 Mbps broadband service, increasing set-top box penetration to a record 33%**, and expanding the premium content available to Telecable customers (including La Liga and Champions League Football).

* Includes Consumer Mobile
** Set-top box penetration is defined as the number of Consumer customers with Telecable's TV set-top box divided by the total Consumer customer base
*** References to Telecable's performance on pages 3 to 9 are based on Telecable unaudited pro forma results, derived from management accounts, as defined on page 1 and reconciled to Zegona consolidated financial statements in Appendix C.

CONSUMER MOBILE

Consumer Mobile is a key area of growth for Telecable. Mobile revenue increased to €26.1 million in 2015, representing a 17.0% increase vs. 2014. This revenue increase was driven by a significant expansion in postpaid lines (16.1% growth vs. 2014) and an increase in postpaid ARPU (1.6% growth vs. 2014). Mobile penetration within Telecable's fixed consumer customers increased to a record 51% in 2015. Quad play penetration is also now at a record 35%. In addition, Telecable continued to expand its Wifisfera WiFi service, increasing the traffic carried by 60% in 2015. This significantly enhanced customers' experience and Telecable's economics. Continuing these trends is important, as they contribute to a customer base with lower churn and higher overall value to Telecable. We expect mobile to continue its impressive growth, given Telecable's relatively low market share of only 16%.

BUSINESS*

Zegona has placed a high priority on growing Telecable's SOHO and enterprise segments. Business revenue increased to €35.5m in 2015, which represents a 7.0% increase vs. 2014. This revenue growth was driven by a 5.3% increase in the number of business customers in 2015 and business ARPU growth of 1.6%. RGUs grew even faster (10.3% growth vs. 2014) as each customer subscribed to more products on average. We believe there is significant additional potential to grow business customers and revenue, given Telecable's relatively low market share of 31%.

CAPEX

Telecable continues to invest in its business, with capital expenditure of €28.9 million in 2015 (an increase of 4.5% vs. 2014). This Capex included customer premise equipment and installation costs of €8.4 million, distribution commission costs of €7.1 million, and network and IT costs of €7.0 million. Capex also included €6.4 million investment in specific strategic projects, with significant investments being made in Telecable's TV platform and OTT service, extending the Wifisfera WiFi coverage, developing enhanced mobile services, and in installations for large business accounts. Capex as a percentage of revenue in 2015 was 21.5%.

NET DEBT

Telecable's net debt as of 31 December 2015 was €266.8 million, consisting of a €274.0 million Senior Credit Facility and €0.8 million other debt, offset by cash balances of €8.0 million at Telecable. Zegona held an additional €6.2 million of cash at end 2015, reducing Zegona's total net debt to €260.6 million at year-end 2015. This represents a net debt reduction of €10.0 million since we closed the Telecable acquisition in August 2015. Telecable's Senior Credit Facility is non-amortizing, with a bullet repayment due in August 2022. Telecable also has full availability of a €20 million revolving credit facility (currently undrawn).

MOODY'S CREDIT RATING

Moody's assigned Telecable a B1 corporate family rating (CFR) in January 2016. This rating is in line with or better than many far larger European cable operators and is the highest rating of any European TMT company of Telecable's size. Moody's in-depth review as part of its debt ratings service confirmed the underlying strength of Telecable's business.

TELECABLE 2016 FINANCIAL OUTLOOK

Building on the strong start in 2015, Zegona continues to have great confidence in Telecable's business momentum, leading to expectations of accelerating growth in revenue and Cash Flow during 2016. This confidence is based on the combination of:

- ***Product and service enhancements:*** These are driving increased growth in the number of products per customer across both the Consumer and Business divisions, contributing to ARPU gains.
- ***Strong Q4 2015 performance:*** The financial performance achieved at the end of 2015 demonstrated the growing momentum in the business and the ability of Telecable to continue to generate significant cash flow and reduce its financial leverage through 2016.
- ***Industry price repair:*** As we anticipated when acquiring Telecable, we are seeing the early stages of price repair in the Spanish telecoms market. All major telecom operators increased consumer prices during 2015 and Telefonica, Vodafone and Orange have all recently announced further price increases for 2016. In addition, Telecable increased consumer prices in January 2016, with Consumer fixed-line and bundled offer prices rising by €2 per month.
- ***Further recovery of the Spanish economy:*** The European Commission has forecast Spanish GDP growth of 2.7% in 2016, well ahead of the Euro area average of 1.8%.

* Includes Business Mobile and Other Revenue of €0.4m

Based on these factors, we confirm the following financial outlook for Telecable in 2016:

Revenue
We aim to deliver mid-single digit revenue growth on a full year basis.

Cash Flow
We aim to deliver double digit Cash Flow growth on a full year basis.

Net Leverage Target
We aim to maintain our net debt within a range of 3-4x EBITDA*.

ZEGONA'S 2015 CONSOLIDATED FINANCIAL STATEMENTS

Zegona's 2015 consolidated financial statements include the results of Telecable from its acquisition on 14 August 2015 and the central costs incurred by Zegona in its operations from its incorporation on 19 January 2015. These central costs totalled €13.4 million in 2015 and include (1) €7.1 million advisory and other professional fees, primarily in relation to the acquisition of Telecable, (2) €3.3 million foreign exchange hedging costs to fix the Euro FX rate for the acquisition of Telecable between transaction exchange and its completion, and (3) €3.0 million related to Zegona's underlying central costs.

A reconciliation between Telecable's unaudited 2015 Pro Forma results and Zegona's 2015 consolidated financial statements is provided in Appendix C.

ZEGONA SHAREHOLDER REMUNERATION

On 4 March 2016, Zegona's Board of Directors approved a policy to declare a dividend of 4.5 pence per ordinary share for 2016. This is in line with the target dividend set at the time of the Telecable acquisition in August 2015. Half of the 4.5 pence dividend is expected to be paid in October 2016 with the balance expected to be paid in March 2017. It is Zegona's intention to pursue a progressive dividend policy.

Zegona anticipates that Telecable will generate significant excess cash in 2016. This excess cash is the cash generated by the business after paying interest, tax and Zegona's dividend. In line with our strategic objectives, Zegona continues to evaluate a number of potentially attractive investment opportunities in the European TMT sector. To the extent the excess cash is not required to execute these potential new opportunities, it is Zegona's intention to distribute the excess cash to shareholders.

On 4 March 2016, Zegona's Board of Directors authorised the Company to put in place the necessary mechanisms for a capital returns programme to enable the Company to distribute its excess cash to shareholders, through share repurchases and/or special distributions. Zegona will seek formal shareholder approval for any capital returns programme at Zegona's next Annual General Meeting.

* Telecable EBITDA for last two quarters annualised, as defined in the Senior Credit Facility

APPENDICES

A – Telecable Summary Pro Forma Financial Results (Unaudited)

B – Telecable Summary Pro Forma Operating Results (Unaudited)

C – Reconciliation of Telecable's Unaudited 2015 Pro Forma Results to Zegona's 2015 Consolidated Financial Statements

D – Condensed Consolidated Statement of Comprehensive Income

E – Condensed Consolidated Statement of Financial Position

F – Condensed Consolidated Statement of Changes in Equity

G – Condensed Consolidated Statement of Cash Flows

H – Notes to the Condensed Consolidated Financial Statements

A) TELECABLE SUMMARY PRO FORMA FINANCIAL RESULTS (UNAUDITED)

	Q4			Full Year		
Figures in € million	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
Consumer Revenue	25.1	24.4	2.9%	99.0	97.7	1.3%
Business Revenue	9.3	8.4	11.1%	35.5	33.1	7.0%
Total Revenue	**34.4**	**32.8**	**5.0%**	**134.4**	**130.9**	**2.7%**
Direct Costs	7.5	5.7	31.0%	24.5	21.0	17.0%
Gross Profit	**26.9**	**27.0**	**(0.6%)**	**109.9**	**109.9**	**0.0%**
Other Costs	10.7	11.4	(5.9%)	44.9	47.0	(4.4%)
EBITDA	**16.2**	**15.7**	**3.3%**	**65.0**	**62.9**	**3.3%**
Capex	7.3	7.1	3.2%	28.9	27.7	4.5%
Cash Flow	**8.9**	**8.6**	**3.3%**	**36.1**	**35.2**	**2.4%**

	Q4	Q1	Q2	Q3	Q4
	2014	**2015**	**2015**	**2015**	**2015**
Figures in € million					
Consumer Revenue	24.4	24.4	24.7	24.9	25.1
Business Revenue	8.4	8.7	8.6	8.8	9.3
Total Revenue	**32.8**	**33.0**	**33.3**	**33.7**	**34.4**
Direct Costs	5.7	5.6	5.3	6.1	7.5
Gross Profit	**27.0**	**27.5**	**27.9**	**27.6**	**26.9**
Other Costs	11.4	11.5	11.2	11.5	10.7
EBITDA	**15.7**	**16.0**	**16.7**	**16.2**	**16.2**
Capex	7.1	8.1	6.2	7.4	7.3
Cash Flow	**8.6**	**7.9**	**10.5**	**8.8**	**8.9**

Notes

Consumer includes Consumer Fixed and Consumer Mobile

Business includes SoHo, Enterprise and Other Revenue

EBITDA defined as operating profit/loss before interest, taxes, depreciation, amortization expenses and other costs per Appendix C

Cash Flow defined as EBITDA minus Capex

All figures are rounded to the nearest 1 decimal place

B) TELECABLE SUMMARY PRO FORMA OPERATING RESULTS (UNAUDITED)

	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Full Year 2015	Full Year 2014
Consumer *							
Revenue (€m)	24.4	24.4	24.7	24.9	25.1	99.0	97.7
Customers (AOP K)	144	145	144	143	142	144	143
RGUs (K)	454	456	458	457	456	456	454
RGUs/Customer	3.14	3.15	3.18	3.19	3.23	3.23	3.14
ARPU (€/month)	56.3	56.1	56.9	57.9	58.8	57.4	56.8
Consumer Mobile							
Revenue (€m)	5.9	6.2	6.5	6.8	6.7	26.1	22.3
Postpaid Customers (AOP K)	70	72	73	75	77	74	67
Postpaid Lines (AOP K)	93	96	99	103	108	102	88
Postpaid ARPU (€/month)	20.9	21.1	21.5	21.6	20.6	21.2	20.9
Mobile Penetration (%)	45%	46%	47%	49%	51%	51%	45%
Quad Play (%)	31%	31%	32%	33%	35%	35%	31%
Business **							
Revenue (€m)	8.3	8.6	8.5	8.7	9.3	35.1	32.8
Customers (AOP K)	19	20	20	20	21	20	19
RGUs (K)	83	85	87	90	91	91	83
RGUs/Customer	4.23	4.29	4.36	4.39	4.44	4.44	4.23
ARPU (€/month)	143	145	142	144	150	145	143

Notes

* Includes Consumer Mobile

** Includes Business Mobile

Consumer Customers: Residential customers with fixed and/or mobile services activated
RGU: Revenue generating unit. This includes all services (fixed voice, fixed broadband, pay-TV and mobile) and is measured at the end of the period

ARPU: Average revenue per user. It includes fixed and mobile revenues per user, with mobile ARPU measured on a per line basis.

Postpaid Customers: Consumer customers with mobile lines activated

Postpaid Lines: Postpaid mobile lines activated

Mobile Penetration: Fixed and mobile customers over fixed customers and is measured at the end of the period
Quad Play: Customers with four services (pay-TV, fixed voice, broadband and mobile) over total customer base and is measured at the end of the period
AOP: Average number over the relevant period

C) RECONCILIATION OF TELECABLE'S UNAUDITED 2015 PRO FORMA RESULTS TO ZEGONA'S 2015 CONSOLIDATED FINANCIAL STATEMENTS

	Telecable Full Year 2015	Telecable 1 January 2015 - 14 August 2015	Telecable 15 August 2015 - 31 December 2015	Zegona central costs for period to 31 December 2015	Consolidated results
Figures in € million					
Total Revenues for reconciliation	**136.6***	**83.6**	**53.0**		**53.0**
EBITDA	**65.0**	**40.5**	**24.5**	**(3.0)**	**21.5**
Depreciation of Property, Plant and Equipment	(24.9)	(14.2)	(10.7)		
Amortisation of Intangible Assets	(16.1)	(7.7)	(8.5)		
Loss on disposal of Property, Plant and Equipment	(3.2)	(1.5)	(1.7)		
Non-recurring Staff Costs***	(6.7)	(6.4)	(0.3)		
Non-recurring External Services****	(1.7)	(0.8)	(0.9)		
Non-recurring project costs				(7.1)	
Operating Profit/(Loss)	**12.5**	**10.1**	**2.4**	**(10.1) ** **	**(7.7)**
Capex	**28.9**	**16.6**	**12.3**		**12.3**
Cash Flow	**36.1**	**23.9**	**12.2**	**(3.0)**	**9.2**

* Total revenues, based on management accounts, are €134.4m as reported in the Telecable's unaudited 2015 Pro Forma financial results. The Telecable Full Year 2015 figure of €136.6m includes €2.5m of interconnection and portability revenues in line with IFRS accounting treatment and excludes €0.4m of Other Revenue. Telecable's Pro Forma results net off the interconnection and portability revenues and an equivalent level of costs, whereas these revenues and costs are both included in Zegona's 2015 consolidated financial statements. Other Revenues related to film investment and marketing campaign related revenues are included in Telecable's Pro Forma results, but are not included in revenue in Zegona's 2015 consolidated financial statements but are recorded before operating profit.

** Difference from the total Zegona central costs of €13.4m relates to €3.3m of foreign exchange hedging costs which are finance costs and therefore not included in the Operating Profit/(Loss).

*** Non-recurring Staff Costs are costs incurred in relation to the sale of Telecable to Zegona and include staff exit costs, one-off staff bonus and ratchet payments, and staff indemnity payments.

**** Non-recurring External Services are costs incurred in relation to the sale of Telecable to Zegona and include costs for the vendor due diligence reports and other one-off professional fees.

D) CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Consolidated for the period from 19 January 2015 to 31 December 2015 €000
Revenue	52,966
Cost of sales	(31,737)
Gross profit	**21,229**
Other income	321
Selling and distribution expenses	(10,963)
Administrative expenses	(9,316)
Impairment losses and losses on disposal of assets	(1,703)
Other operating expenses	(7,229)
Operating Loss	**(7,661)**
Finance costs	(8,803)
Finance income	51
Exchange differences	(24)
Loss for the period before income tax	**(16,437)**
Income tax	1,545
Loss for the period attributable to equity holders of the parent	**(14,892)**
Other comprehensive income	
Exchange differences on translation of foreign operations	(263)
Other comprehensive loss for the period	**(263)**
Total comprehensive loss for the period, net of tax, attributable to equity holders of the parent	**(15,155)**

E) CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Consolidated as at 31 December 2015 €000
Assets		
Non-current assets		
Property, plant and equipment	5	134,910
Intangible assets	6	575,445
Non-current financial assets	9	1,605
		711,960
Current assets		
Inventories	7	373
Trade and other receivables		10,148
Cash and cash equivalents		14,264
		24,785
Total assets		**736,745**
Equity and Liabilities		
Equity		
Share capital	11	2,738
Share premium	11	386,045
Share based payment reserve	12	25
Foreign currency translation reserve	12	(263)
Retained earnings	12	(14,892)
Total equity attributable to equity holders of the parent		**373,653**
Current liabilities		
Trade and other payables		24,352
Current financial liabilities	10	16,891
Deferred revenue	14	229
		41,472
Non-current liabilities		
Non-current financial liabilities	9	265,648
Deferred revenue	14	2,727
Deferred tax liabilities		53,245
		321,620
Total liabilities		**363,092**
Total equity and liabilities		**736,745**

F) CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital €000	Share premium €000	Share based payment reserve €000	Accumulated losses €000	Foreign currency translation reserve €000	Total equity €000
At incorporation on 19 January 2015		-	-	-	-	-	-
Loss for the period		-	-	-	(14,892)	-	(14,892)
Other comprehensive loss		-	-	-	-	(263)	(263)
Issue of share capital	11	2,738	386,045	-	-	-	388,783
Share-based payments		-	-	25	-	-	25
Balance at 31 December 2015		**2,738**	**386,045**	**25**	**(14,892)**	**(263)**	**373,653**

G) CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Consolidated for the period from 19 January 2015 to 31 December 2015 €000
Operating activities	
Loss before income tax	(16,437)
Reconciliation of loss before income tax to operating cash flows:	
Depreciation and impairment of property, plant and equipment	10,656
Amortization of intangible assets	8,494
Share based payment expense	25
Net foreign exchange differences	24
Losses on derecognition or disposal of non-current assets	1,703
Finance income	(51)
Finance costs	8,803
Working capital adjustments	
(Increase)/decrease in trade and other receivables and prepayments	(10,148)
(Increase)/decrease in inventories	(373)
Increase/(decrease) in trade and other payables	311
Interest paid	(3,944)
Income tax paid	-
Net cash flows used in operating activities	**(937)**
Investing activities	
Purchase of property, plant and equipment	(6,598)
Purchase of intangible assets	(5,579)
Acquisition of a subsidiary, net of cash acquired	(632,585)
Net cash flows used in investing activities	**(644,762)**
Financing activities	
Proceeds from issue of share capital	392,417
Costs directly attributable to equity raise	(11,506)
Proceeds from loans and borrowings	282,539
Loss on extinguishment of FX option	(3,340)
Net cash flows from financing activities	**660,110**
Net increase in cash and cash equivalents	14,411
Net foreign exchange difference	(147)
Cash and cash equivalents at beginning of the period	-
Cash and cash equivalents at the end of the period	**14,264**

H) NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

The consolidated financial statements of Zegona Communications plc (the “Company” or the “Parent”) and its subsidiaries (collectively, the “Group”) for the period ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 7 March 2016. The Company is incorporated in England and Wales and domiciled in the United Kingdom. It is a public limited company with company number 09395163 and has its registered office at 20 Buckingham Street, London, WC2N 6EF.

2. Significant Accounting Policies

(a) Basis of preparation

The Company was incorporated on 19 January 2015. The Consolidated Financial Statements represent the period from 19 January 2015 until 31 December 2015. While the financial information included in this preliminary announcement has been computed in accordance with International Financial Reporting Standards as adopted for use by the EU (IFRS), this announcement does not itself contain sufficient information to comply with IFRS. The Company expects to publish full financial statements that comply with IFRS in due course.

The financial information set out on pages 10 to 27 does not constitute the Company's statutory accounts for the period ended 31 December 2015, but is derived from those accounts. Statutory accounts for 2015 will be delivered to the Registrar of Companies following the company's annual general meeting. The auditor has reported on those accounts; the auditor’s report was unqualified, did not draw attention to any matters by way of emphasis without qualifying its report and did not contain statements under s498(2) or (3) of the Companies Act 2006.

The Consolidated Financial Statements are prepared under historical cost convention and are presented in Euros. The functional currency of the Company is British pounds sterling. The Directors have chosen to present the consolidated financial statements of the Group in Euros as the Company’s operational subsidiary, Telecable de Asturias, S.A., has a functional and presentational currency of Euros. All values are rounded to the nearest thousand (€000), except when otherwise indicated.

(b) Basis of consolidation and accounting policies

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial information of subsidiaries is fully consolidated from the date that control commences until the date that control ceases.

Intragroup balances, and any gains and losses or income and expenses arising from intragroup transactions are eliminated on consolidation.

The principal accounting policies set out below have been applied consistently by the Group entities in preparing the financial statements of the Group from which the information contained in this preliminary announcement has been extracted.

(c) Going concern

This Consolidated Financial Statements have been prepared on a going concern basis, which assumes that the Group will continue to be able to meet its liabilities as they fall due for the foreseeable future.

The Directors have considered all available information about the possible future outcomes of events and changes of conditions and the realistically possible responses to such events and conditions that are available to the Directors. Based on their considerations, the Board consider that there are no material uncertainties affecting the ability of the Group to continue in business or meet its liabilities as they fall due for the next 12 months and therefore believe it is appropriate to prepare the financial statements on the going concern basis.

(d) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(e) Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(f) Foreign currencies

The Group's consolidated financial statements are presented in Euros. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

On consolidation, the assets and liabilities of the Company and its subsidiary, Zegona Limited, are translated into Euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

(g) Revenue and expenses

Revenue and expense are recognised on an accrual basis, i.e. when the actual flow of the goods and services they represent occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, less any discounts and taxes.

Revenue

Revenue from sales are recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods, and neither continuing managerial involvement nor effective control is maintained over the goods sold.

Revenue associated with the provision of services is recognised by reference to the stage of completion of the transaction at the reporting date, provided that the outcome of the transaction can be estimated reliably.

Group revenue is generated from the provision of services in connection with landline phones, television, broadband internet, data and mobile phones for residential and corporate customers, chiefly as combined sales, and also from phone interconnection services to other operators.

The Group assesses its revenue agreements in line with specific criteria to determine whether it acts as principal or agent. The Group concluded that it acts as principal in all its revenue agreements.

Traffic revenue, both landline and mobile, is recognised in the period during which it is earned.

Regular monthly charges for services are taken to results on a straight-line basis in the period during which the service was provided. Variable consumption revenue is recognised in the period during which it is earned, and revenue from flat-rate consumption is recognised in the period covered by the rate concerned.

Interconnect revenue is recognised in the period during which phone traffic is generated.

Provision of mobile devices – revenue is recognised at the time the devices are delivered. Moreover, depending on the handset model contracted by the customer and the rate plan associated with it, supplementary revenue is generated that is recognised on a straight-line basis in the period during which the service is provided. The cost of the handset is recognised at the time the devices are delivered to customers. Any other potential losses on a contract with a customer arising from provision of a handset or from the contract in general are taken to results at the outset.

Other operating income

The other operating income streams are related, mainly, to revenues associated with the provision of services, recognised in line with the policy stated above.

Finance income
Interest income from financial assets is recognised using the effective interest method, dividend income is recognised when the shareholder's right to receive payment has been established. In any event, interest and dividend revenue on financial assets accrued after the date of acquisition is recognised as income in the consolidated statement of profit or loss.

(h) Property, plant and equipment
Property, plant and equipment is measured initially at acquisition or production cost and subsequently carried net of any accumulated depreciation and any impairment losses.

The costs of upkeep and maintenance of property, plant and equipment are charged to the consolidated statement of profit or loss in the period in which they are incurred. Conversely, the costs of expansion, modernisation or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised as an increase in the cost of corresponding assets. Replacements or renewals are recorded as an addition to property, plant and equipment and the units replaced or renewed are derecognised.

Work carried out by the Group for its own assets is booked at the accumulated cost produced by adding the acquisition price of raw materials and other consumables, with other costs directly attributable to these items. Replacements or renewals are recorded as an addition to property, plant and equipment and the units replaced or renewed are derecognised.

The Group applies the criterion of transferring property, plant and equipment undergoing construction to property, plant and equipment in operation, depending on the time at which each facility is ready to provide a service.

Property, plant and equipment in operation is depreciated systematically on the basis of the estimated useful life of the items, and the cost of the assets is distributed on a straight-line basis over the estimated useful lives as follows:

Plant and equipment	**Years of estimated useful life**
Civil engineering work	20
Headend	5 to 10
Backbone	20
Distribution centres	8.3
Nodes	10
Distribution network	15
Installation in homes	10.5
Customer-home equipment	6.67
Fixtures and fittings	
Furnishings, tools	10
Computer hardware	4
Land and buildings	
Buildings and other structures	40

Derecognition of property, plant and equipment
Items of property, plant and equipment are derecognised when they are sold or when no future economic profit is expected to be obtained from their continuing use. The gain or loss arising on the disposal or derecognition of an item of property, plant and equipment is determined as the difference between the proceeds from the sale and the carrying amount of the asset, and is recognised in the consolidated statement of profit or loss.

(i) Intangible assets
Intangible assets are measured initially at acquisition or production cost. After initial recognition, intangible assets are carried at cost, less accumulated amortisation and any accumulated impairment. Amortisation of intangible assets is recognised within the following items in the consolidated statement of profit or loss:

Nature of asset	**Recognition of amortisation**
Intangible associated with services provided	Cost of sales
Customer relationships and branding	Selling and distribution expenses
Film rights	Other operating expenses

Development
An intangible asset generated internally as the result of development activities (or of the development phase of an internal project) will be recognised if, and only if, all the following aspects have been demonstrated:

- The technical feasibility of completing development of the intangible asset so that it will be available for use or sale;
- The intention to complete development of the intangible asset concerned, to use or sell it;
- Its ability to use or sell the intangible asset;
- The way in which the intangible asset will generate probable future economic benefits;
- The availability of technical, financial and other resources required to complete development and to use or sell the intangible asset;
- The ability to reliably measure the expenditure attributable to the intangible asset during its development; and
- The amount initially recognised as intangible assets generated internally is the sum of the expenses incurred since the date on which the intangible assets first met the aforementioned recognition criteria. When an intangible asset generated internally does not meet the criteria for recognition, the development costs are recorded as period expenses.

Following initial recognition, intangible assets generated internally are recognised at cost less accumulated amortisation and impairment losses, on the same criteria as intangible assets that are acquired separately. The maximum period of amortisation is five years.

Rights to use
This item represents rights to use Oviedo City Council's ducting systems, and concessions for private use of the public radio spectrum, amortised over a period of between 25 and 20 years respectively, in accordance with their durations.

Industrial property and trademarks
The Group recognises the value associated with the "Telecable" trademark under which it sells its products and which has been recognised in the context of the business combination completed in 2015.

Considering that telecommunications innovations are beginning to focus on multimedia services, and thus many companies are deciding to change their image and also their brand name, the Directors have estimated that the remaining useful life of the "Telecable" trademark is 30 years.

Computer Software
The Group recognises costs incurred to acquire or develop software programmes under this heading. Maintenance costs of computer applications are recognised with a charge to the statement of profit or loss for the year in which they are incurred. Computer software is amortised on a straight-line basis over three years unless a specific contract has a different duration when this will be used. This item includes Customer Management System usage rights, amortised in accordance with the duration of the contract, which is normally three years.

Other intangible assets
Optic fibre usage rights are amortised on a straight-line basis over ten years.

Film operating rights for six cinema productions are amortised over a period of between two and three years on a decreasing basis (sum-of-years' digits method), depending on periods during which TCA will obtain earnings from these rights.

Cost of contracts with customers: the Group recognises a number of commissions paid to distributors in connection with the capture of new landline and mobile customers when there is a direct and unequivocal link and it is certain the costs can be recovered. This is amortised on a straight-line basis over a period of 12 months for commissions associated with landline services and a period of 18 months for commissions associated with mobile services, as this is the legal minimum contract period.

Customer relations intangibles have arisen from the acquisition of Telecable in 2015. These intangible assets are amortised over a period of twelve years.

Derecognition of intangible assets
An intangible asset is derecognised when it is disposed of, or no future economic benefits are expected when it is used or sold. The gain or loss on the derecognition of an intangible asset is calculated as the difference between the net profit on the sale and the carrying amount of the asset, and is recognised in the consolidated statement of profit or loss when the asset is derecognised.

(j) Impairment of non-financial assets
At the end of each reporting period (for goodwill and intangible assets with indefinite useful lives) or whenever there are indications of impairment, the Group tests its intangible assets and items of property, plant and equipment for impairment to determine whether their recoverable amount has fallen below their carrying amount. The recoverable amount is the greater of fair value less costs to sell and value in use. An impairment loss is recognised when the carrying amount exceeds the recoverable amount.

Value in use is the present value of expected future cash flows, calculated using a risk-free market rate of interest, adjusted for the risks specific to the asset. The recoverable amount of assets that do not generate cash flows, primarily independent of cash flows from other assets or groups of assets, is calculated for the cash-generating units to which the assets belong.

If an impairment loss has to be recognised for a cash-generating unit to which all or part of an item of goodwill has been allocated, the carrying amount of the goodwill relating to that unit is written down first. If the impairment loss exceeds the carrying amount of this goodwill, the carrying amount of the other assets in the cash-generating unit is then reduced, on the basis of their carrying amount, down to the limit of the greatest of the following values: fair value less costs to sell, value in use and zero.

Where an impairment loss subsequently reverses (not permitted in the specific case of goodwill), the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount; however, the increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss been recognised in previous years. This reversal of an impairment loss is recognised as income.

The Group makes appropriate provision when the recoverable value is less than the carrying amount, provided the latter cannot be recovered by generating sufficient income to cover all the costs and expenses incurred by usage of the asset.

(k) 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 asset. All other leases are classified as operating leases.

Finance leases
In finance leases in which the Group acts as lessee, the cost of the leased assets (depending on the nature of the leased assets) is presented in the consolidated balance sheet and, simultaneously, a liability is recognised for the same amount. This amount will be the lesser of the fair value of the leased assets and the present value, at the inception of the lease, of the agreed minimum lease payments, including the price of the purchase option when it is reasonably certain that it will be exercised. The calculation does not include contingent rent, the service cost or the taxes that can be passed on by the lessor. The total finance charge on the lease is recognised in the consolidated profit or loss for the year in which it is incurred, using the "effective interest rate method". Contingent rent is recognised as an expense for the period in which it is incurred.

The assets recognised for these types of transactions are depreciated on the basis of their nature using similar criteria to those applied to other items of property, plant and equipment.

Operating leases
Costs arising from operating leases are recognised in the statement of profit or loss for the year when they are incurred.

Any collections or payments that might be made when arranging an operating lease will be treated as prepaid lease collections or payments, which will be allocated to profit or loss over the lease term in accordance with the time pattern in which the benefits of the leased asset are provided or received.

(l) Inventories
Inventories are chiefly comprised of mobile handsets, and are measured at their acquisition price on a "FIFO" basis or at their net realisable value, whichever is lower. Trade discounts, rebates, other similar items and interest included in the amount payable is deducted in determining the acquisition cost.

Net realisable value represents the estimated selling price less all estimated costs of completion and the costs to be incurred in the marketing, sale and distribution of the product.

The Group makes the appropriate valuation adjustments, and recognises them as an expense in the statement of profit or loss when the net realisable value of the inventories is lower than their acquisition cost.

(m) Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

(n) Investments
Investments are stated at cost less any provision for diminution in value.

(o) Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from the proceeds.

(p) Corporation tax
Corporation tax represents the sum of current and deferred tax for the period.

Current tax is the expected tax payable on the taxable income for the period. Taxable profit differs from profit reported in the Consolidated Statement of Profit or Loss because some items of income and expense are taxable or deductible in different years, or may never be taxable or deductible. The Group's current tax is calculated using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to taxes payable in respect of previous periods.

Deferred tax is the tax expected to be payable or recoverable in the future arising from 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. It is accounted for using the balance sheet liability method.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is calculated on the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the period end date, and is not discounted.

(q) Loss per ordinary share
The Group presents basic earnings per ordinary share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

(r) Share based transactions
Equity-settled share based payments to Directors and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value is expensed through administrative expenses, with a corresponding increase in equity through the share based payment reserve, on a straight line basis over the period that the employees or others providing similar services become unconditionally entitled to the awards.

(s) Pension benefits
The Group pays contributions to privately administered pension plans on behalf of employees as contractually agreed, or the equivalent contribution is paid in cash to the employee. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an expense on the accruals basis.

3. SEGMENT INFORMATION
For management purposes, the Group is organised into two segments, the Telecable Group and the remaining subsidiaries of the Group (the "Central Costs Segment"). The results of each segment are reported to the Board which is considered to be the chief operating decision maker. The information presented to the Board does not include a detailed analysis of the assets and liabilities of each segment and as such this information has not been presented. Segment performance is based on operating profit or loss.

The Telecable Group represents the operational side of telecommunications business of the Group, whereas the Central Costs Segment incorporates the remaining subsidiaries which represent the administrative segment of the Group and are mainly cost bearing entities and holding companies. Management receives information separately for each segment, as well as on a fully consolidated basis on a monthly basis.

Information on reportable segments is set out below.

For the period to 31 December 2015	Telecable Group	Central Costs	Adjustments and eliminations	Consolidated
	€000	€000	€000	€000
Revenue				
External customers	52,966	-	-	52,966
Inter-segment	-	355	(355)	-
Total revenue	**52,966**	**355**	**(355)**	**52,966**
Revenue by customer				
Handset sales	315	-	-	315
Services provided to residential customers	38,734	-	-	38,734
Services provided to business customers	13,917	-	-	13,917
Services to group companies	-	355	(355)	-
Total revenue	**52,966**	**355**	**(355)**	**52,966**
Income/(expenses)				
Depreciation and amortisation	(19,149)	(1)	-	(19,150)
Interest income	34	5,015	(4,998)	51
Interest expense	(10,461)	-	4,998	(5,463)
Income tax	1,545	-	-	1,545
Segment Loss	**(6,841)**	**(8,051)**	**-**	**(14,892)**

Inter-segment revenues are eliminated upon consolidation and reflected in the ‘adjustments and eliminations’ column. All Revenues earned by the Telecable Group were generated in Spain, with all revenue earned by the Central Costs Segment generated in the United Kingdom.

4. ACQUISITIONS

The entire share capital of Telecable de Asturias, S.A. (“Telecable”) was acquired on 14 August 2015. The results of the acquired entity have been consolidated in the Group’s financial statements from 14 August 2015, and contributed €53 million of revenue and a loss of €6.8 million to the results of the Group.

The purchase price allocation as well as the aggregate consideration in respect of the purchase of interests in Telecable, net of cash acquired are set out in the table below:

Net Assets Acquired	**€000**
Identifiable intangible assets	233,400
Property plant and equipment	139,955
Other non-current assets	1,616
Working capital	(24,270)
Other current assets & liabilities	(2,506)
Government Grants	1,376
Deferred tax liabilities	(54,792)
Net Identifiable assets acquired	**294,779**
Goodwill	345,678
Total Consideration	**640,457**
Cash paid to exiting shareholders	360,712
Net debt on completion	271,873
Net cash paid on acquisition	**632,585**
Value of shares in management rollover	7,872
	640,457

Telecable is deemed to be one individual Cash Generating Unit (“CGU”) due to services only being provided in one area of Spain. Results of the Telecable Group are presented in one segment for the purposes of management reporting. The services provided by Telecable are similar to each other and the management of Telecable operate the business as a whole.

Identifiable intangible assets of €233.4 million consisted of customer contracts and relationships of €208.9 million, brand of €18.6 million and software and other intangible assets of €5.9 million.

The Group incurred acquisition-related costs of €6.5 million of legal fees and due diligence costs which were not directly attributable to the equity raise and therefore these costs have been included in other operating expenses. Costs directly attributable to the equity raise have been taken against share premium as detailed in note 11.

The goodwill arising can be attributed to the growing momentum in the business, the Spanish economy and the wider telecoms market combined with the opportunity to accelerate growth in the mobile and business divisions alongside implementing a series of strategic initiatives to drive incremental value. No amount of goodwill is expected to be deductible for tax purposes.

5. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	**Plant and equipment**	**Fixtures and fittings**	**Under construction**	**Total**
Cost	**€000**	**€000**	**€000**	**€000**	**€000**
On incorporation	**-**	**-**	**-**	**-**	**-**
Business combinations	3,677	130,129	3,826	2,322	139,954
Additions	-	6,891	149	(442)	6,598
Disposals	-	(5,663)	(1)	-	(5,664)
Closing balance	**3,677**	**131,357**	**3,974**	**1,880**	**140,888**
Accumulated depreciation					
On incorporation	-	-	-	-	-
Charge for the period	(43)	(10,237)	(376)	-	(10,656)
Disposals	-	4,677	1	-	4,678
Closing balance	**(43)**	**(5,560)**	**(375)**	**-**	**(5,978)**
Net book value					
At 31 December 2015	**3,634**	**125,797**	**3,599**	**1,880**	**134,910**

6. INTANGIBLE ASSETS AND GOODWILL

Cost	Goodwill €000	Development costs €000	Patents, licences, trademarks and similar €000	Customer relationships €000	Other intangible assets €000	Under construction €000	Total €000
On incorporation	-	-	-	-	-	-	-
Business combinations	345,678	2,232	18,580	208,893	3,058	635	579,076
Additions	-	1,266	1	-	4,696	(384)	5,579
Disposals	-	-	-	-	(785)	-	(785)
Impairment					(324)		(324)
Closing balance	**345,678**	**3,498**	**18,581**	**208,893**	**6,645**	**251**	**583,546**
Accumulated amortisation							
On incorporation	-	-	-	-	-	-	-
Amortisation	-	(353)	(237)	(6,629)	(1,275)	-	(8,494)
Impairment	-	-	-	-	-	-	-
Disposals	-	-	-	-	393	-	393
	-	**(353)**	**(237)**	**(6,629)**	**(882)**	**-**	**(8,101)**
Net book value							
At 31 December 2015	**345,678**	**3,145**	**18,344**	**202,264**	**5,763**	**251**	**575,445**

The main additions in the period were the cost of acquisition of contracts with customers amounting to €3.4 million, development of software necessary to Group activity amounting to €1.3 million and development costs on TV Everywhere projects amounting to €1.3 million.

The amortisation of patents, trade-marks and development costs and the amortisation of customer relationships is included in selling and distribution expenses in the consolidated statement of profit or loss.

Impairment recognised during the period corresponds to certain Film operating rights that the Group does not expect to recover.

7. INVENTORIES

Inventories are chiefly composed of mobile handsets, SIM cards and accessories for the mobile business.

8. INVESTMENTS

The consolidated financial statements of the Group include:

Subsidiary	Nature of business	Country of incorporation	Ordinary shares held directly by Parent	Ordinary shares held indirectly by Parent
Zegona Limited (formerly Zegona Jersey Limited)	Incentive company	Jersey	100%	-
Zegona (Lux) S.A.R.L.	Financing company	Luxembourg	-	100%
Zegona (Ireland) Limited	Financing company	Ireland	-	100%
*Parselaya S.L.	Holding company	Spain	-	100%
*Telecable Capital Holding, S.L.U.	Holding company	Spain	-	100%
*Telecable de Asturias, S.A.	Telecommunications services	Spain	-	100%

* Together “Telecable”, “Telecable Group” or “Spanish group”

There are no restrictions on the Company’s ability to access or use the assets and settle the liabilities of the Company’s subsidiaries.

The registered offices of the subsidiary companies are as follows:

Company	Registered office
Zegona Limited (formerly Zegona Jersey Limited)	One Waverley Place, Union Street, St Helier, Jersey JE1 1AX
Zegona (Lux) S.A.R.L.	37A, Avenue J.F Kennedy,L-1885, Luxembourg
Zegona (Ireland) Limited	B3 Fitzwilliam Business Centre, 26 Upper Pembroke Street, Dublin 2, Ireland
Parselaya S.L.	Calle Zurbarán, 9 28010, Madrid
Telecable Capital Holding, S.L.U.	Calle Marqués de Pidal , 11 Oviedo
Telecable de Asturias, S.A.	Calle Marqués de Pidal , 11 Oviedo

9. FINANCIAL INSTRUMENTS

The classification by category of the financial instruments held by the Group at 31 December 2015 is as follows:

Loan and receivables	Group - Current €000	Group - Non current €000
Loans	-	1,557
Other financial assets	52	46
Trade and other receivables	7,174	-
Cash and cash equivalents	14,264	-
	21,490	1,603
Available for sale		
Investments	-	2
Financial assets	**21,490**	**1,605**
Other financial liabilities		
Bank borrowings	1,519	265,017
Trade and other payables	20,740	-
Guarantees	-	19
Other borrowings	15,372	612
Financial liabilities	**37,631**	**265,648**

The Directors consider that the carrying amounts, mainly calculated at amortised cost, of the financial assets and liabilities recognised in the consolidated financial statements equate to their fair values.

The Group's assets and liabilities carried at fair value above at 31 December 2015 are categorised as Level 2 fair value measurement.

10. BORROWINGS

Carrying value of Group's short and long-term borrowings are as follows:

Short term borrowings	Consolidated as at 31 December 2015 €000
Bank borrowings	1,519
Advances refundable to the Spanish Ministry of Industry	139
Other borrowings	15,233
	16,891
Long term borrowings	
Bank borrowings	265,017
Advances refundable to the Spanish Ministry of Industry	612
	265,629
Total Borrowings	**282,520**

There is no material difference between the book value and the fair value of financial liabilities.

Bank loans include a Senior Secured Facility Agreement signed on 27 of July by Parselaya, S.L (Spanish Group holding), effective on the acquisition of Telecable on 14 August 2015, which includes a facility of €274 million which matures in August 2020 and a revolving credit facility up to €20 million which was undrawn as at 31 December 2015 and remains undrawn at the date of this report. This revolving credit facility is available until 2021.

This facility bears a market interest rate plus a spread that varies depending on the achievement of certain ratios.

	Weighted average interest rate for the period
Senior Secured Facility Agreement	4.5%

The Senior Secured Facility Agreement is guaranteed by a pledge over Telecable's shares and certain receivables and would be executed should Parselaya not meet its payment commitments and /or financial performance ratios.

Other borrowings relate to amounts payable to the Group's fixed asset suppliers.

Maturity of borrowings

Maturity profile in relation to the Group's financial liabilities is as follows:

	€000		
	Bank Loans	**Other Financial Borrowings**	**Total**
Within one year	1,519	15,372	16,891
In one or two years	-	139	139
In two or three years	-	139	139
In three or four years	-	103	103
In four or five years	-	103	103
More than 5 five years	274,000	236	274,236
	275,519	**16,092**	**291,611**
Effect of discount/financing rates	(8,983)	(108)	(9,091)
	266,536	**15,984**	**282,520**

The Directors consider that the carrying amounts, mainly calculated at amortised cost, of the financial assets and liabilities recognised in the consolidated financial statements equate to their fair values.

11. CALLED UP SHARE CAPITAL

	As at 31 December 2015	**As at 31 December 2015**
Allotted, called up and fully paid	**£000**	**€000**
196,044,960 ordinary shares of £0.01 each (in € at historic rate)	1,960	2,738
	1,960	2,738

On incorporation, 10 ordinary shares of £0.01 were issued at £1.20 per share resulting in share premium of £11.90. On 21 January 2015, a further 21,665 ordinary shares of £0.01 were issued at £1.20 resulting in total share premium of £25,793.25. On 19 March 2015, upon the Company's admission to AIM, a further 24,978,325 ordinary shares were issued at £1.20 per share resulting in total share premium of 29,750,000. Total transaction costs taken to share premium in relation to this issue of shares were £1,313,675, accordingly, the share premium account totalled £28,436,325 post admission to AIM.

On 25 February 2015 on conversion of the Company to a plc, the Company issued 50,000 redeemable preference shares of £1 each. On admission to AIM on 19 March 2015, they were redeemed in full. No cash was received or paid in this regard.

On 14 August 2015, in order to fund the acquisition of Telecable, a further 167,326,724 Ordinary Shares of £0.01 were issued for £1.50 per share and all Ordinary Shares were re-admitted to trading on the AIM market of the London Stock Exchange. Shortly following Admission, the Company issued a further 3,718,236 Ordinary Shares of £0.01 each as part consideration for the acquisition of Telecable (the "Consideration Shares"). The Consideration Shares were admitted to trading on AIM on 17 August 2015.

On 29 September 2015 the entire issued share capital of the Company was admitted to the Official List (by way of Standard Listing under Chapter 14 of the Listing Rules) of the United Kingdom Listing Authority, and was admitted to trading on the London Stock Exchange plc's main market for listed securities.

All issued shares are fully paid. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at general meetings of the Company.

Share premium	
25,000,000 ordinary shares issued at a premium of £1.19 (£000)	29,750
171,044,960 ordinary shares issued at a premium of £1.49 (£000)	254,857
Total share premium (£000)	**284,607**
Less directly attributable costs (£000)	(8,238)
Total share premium (£000)	**276,369**
Converted into € at historic rate (€000)	**386,045**

12. RESERVES

The following describes the nature and purpose of each reserve within shareholders' equity:

Share premium
The amount subscribed for share capital in excess of nominal value less any costs directly attributable to the issue of new shares. Share premium has been translated into € at historic rate ruling on 14 August 2015, the date of the acquisition of Telecable.

Retained earnings
Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

Share based payment reserve
The share based payment reserve is the cumulative amount recognised in relation to the equity settled share based payment scheme.

Foreign currency translation reserve
The foreign currency translation reserve includes the foreign exchange differences arising from the translation of the Company's accounts from functional currency to presentational currency, and the consolidation of subsidiaries.

13. LOSS PER ORDINARY SHARE
Basic earnings per ordinary share is calculated by dividing the loss attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Management Shares and Core Investor shares have not been included in the calculation of diluted earnings per share because they are not dilutive for the period presented.

Group	**For the period from 19 Jan 2015 to 31 December 2015** **€**
Loss attributable to the owners of the parent	(14,891,659)
Weighted average number of ordinary shares in issue	89,455,159
Diluted earnings per share	(0.166)

Management and Core Investor Shares in the share capital of the Company's subsidiary Zegona Limited have been issued during the period. Details of these were provided in the Company's financial statements for the period from incorporation to 30 June 2015, which are available on the Company's website www.zegona.com. On exercise, the value of these shares is expected to be delivered by the Company issuing new Ordinary Shares although the Company has the right at all times to settle such value in cash. Should the value be satisfied by the issue of Ordinary Shares, this will have a dilutive effect in the future.

14. DEFERRED REVENUE

Deferred revenue includes a twenty-year Optical Fibre lease agreement for which the total lease fee has been received in advance. Deferred revenue relating to this agreement has been split between current and non-current as follows;

Deferred Revenue	Consolidated as at 31 December 2015 €000
Current	229
Non-current	2,727
Total	2,956