



Consolidated Financial Statements

For the period from incorporation on
19 January 2015 to 30 June 2015

ZEGONA COMMUNICATIONS PLC

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I am pleased to present to the shareholders the consolidated unaudited financial statements of the Group for the period from incorporation on 19 January 2015 to 30 June 2015.

Strategy

Zegona was established with the objective of acquiring a concentrated portfolio of businesses in the European Telecommunications, Media and Technology sector with enterprise values up to £3 billion. Utilising a "Buy-Fix-Sell" strategy, we aim to deliver attractive shareholder returns focussing on strategically sound businesses that require active change to realise full value, creating significant long-term returns through fundamental business improvements. Zegona's first acquisition which completed on 14 August 2015 is discussed further below.

Results

The Group's loss after taxation for the period from incorporation to 30 June 2015 was £690,661. In the period to 30 June 2015, the Group incurred £693,825 of administrative expenses, received interest of £3,164 and at the period end held a cash balance of £27,826,877.

Acquisition

During the period, the Directors identified and pursued an attractive opportunity to acquire Telecable de Asturias S.A. ("Telecable"), which completed on 14 August 2015.

In order to fund the €640 million acquisition of Telecable, a further 192,326,724 Ordinary Shares of £0.01 were issued, and all Ordinary Shares were re-admitted to trading on the AIM market of the London Stock Exchange on 14 August 2015. Shortly following re-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.

Telecable was founded in 1995 and is headquartered in Oviedo, in the Asturias region of Spain. It is the leading "quad-play" telecommunications operator in Asturias, with more than 164,000 customers as of 31 December 2014, offering television, broadband internet, mobile telecommunications and fixed line telecommunications services to residential and business customers.

For the year ended 31 December 2014, Telecable generated revenues of EUR 130.9 million, adjusted EBITDA (adjusted for impairment and gains/losses on disposal of noncurrent assets, changes in fair value of financial instruments, exchange differences, impairment losses and gains/losses on disposal of financial instruments and other non-recurring costs or income) of EUR 62.9 million and an adjusted EBITDA margin of 48.1 per cent.

The Company is working closely with the Telecable management team to enhance the service offerings made to customers and further develop the business.

In line with the Company's strategy, the board continues to consider and evaluate further acquisition opportunities.

Dividend Policy

The Company is targeting a dividend on its ordinary shares of 4.5p per ordinary share in 2016, equivalent to a 3 per cent. yield on the 14 August 2015 placing price. It is anticipated that the first dividend payment will be an interim dividend for the six months to 30 June 2016, which will be paid in the third quarter of 2016. This is a target, not a forecast, and there is no guarantee that this return will be made. Thereafter, the company intends to implement a progressive dividend payment policy.

The company will principally depend on dividends received on shares held by it in its operating subsidiaries, interest on intercompany loans provided to its subsidiaries or receipts from the future disposal of assets, in order to pay dividends to its shareholders. Payments of such dividends (including the targeted dividend of 4.5p per ordinary share in 2016) will be dependent on the availability of any dividends or other distributions from subsidiaries, or the successful completion of disposals. The company can therefore give no assurance that it will be able to pay dividends going forward, or as to the amount or timing of such dividends, if any.

Directors

The Directors of the Company who served during the period and subsequent to the date of this report are:

Eamonn O'Hare, Chairman and CEO

Date of appointment: 19 January 2015

Eamonn has spent over two decades as a Board member and senior executive of some of the world's fastest growing consumer and technology businesses. From 2009 to 2013 he was CFO and main board director of the UK's leading entertainment and communications business, Virgin Media Inc. Eamonn helped lead the successful transformation of this business and its strategic sale to Liberty Global for US\$24 billion, crystallising US\$14 billion of incremental shareholder value. From 2005 to 2009, he served as the UK Chief Financial Officer of one of the world's largest retailers, Tesco plc. Before joining Tesco, Eamonn was CFO and main board director of Energis Communications and helped lead the turnaround of this high profile UK telecommunications company. Prior to this, he spent 10 years at PepsiCo Inc. in senior executive roles in Europe, Asia and the Middle East. Eamonn's early career was spent in the Aerospace industry with companies that included Rolls-Royce and British Aerospace.

Eamonn is a Director of Tele2 AG, one of Europe's fastest growing telecom operators offering mobile, fixed telephony, broadband and content services. He also serves on the main board of Dialog Semiconductor Plc, a leading edge consumer technology business that provides critical components for the world's most successful mobile device brands. He is a non-executive director and chairman of the audit committee.

Eamonn has a degree in Aerospace Engineering from the Queen's University Belfast and an M.B.A from the London Business School.

Robert Samuelson, Executive Director and COO

Date of appointment: 19 January 2015

Robert Samuelson was Executive Director Group Strategy of Virgin Media Inc. from 2011 to 2014, during which time he was centrally involved in the sale of the business to Liberty Global and in the post merger integration process. Prior to this, Robert was a Managing Partner at Virgin Group with global responsibility for developing and realising returns from Virgin's telecommunications and media businesses. Before joining Virgin Group, Robert was a Director at Arthur D Little Ltd, where he co-led the European Corporate Finance practice, providing strategic advice to major European telecommunications operators. His early career was spent with British Aerospace and Royal Ordnance in engineering and production management roles.

Robert studied Natural Sciences at Cambridge University and has an M.B.A. from Cranfield School of Management.

Mark Brangstrup Watts – Non-Executive Director

Date of appointment: 19 January 2015

Mark Brangstrup Watts founded Marwyn, the asset management and corporate finance group, in 2002 with James Corsellis. Mark is joint managing partner of Marwyn Capital LLP, which provides corporate finance advice, and Marwyn Investment Management LLP, which provides asset management solutions and investment advisory services. Mark is a director of Marwyn Asset Management Limited, a regulated fund manager and also a trustee of the Marwyn Trust, a charity focused on initiatives supporting education and entrepreneurship for young people in disadvantaged communities. Marwyn has launched 15 companies in partnership with experienced management teams across a variety of sectors, typically executing buy and build strategies. Mark has held board positions on several Official List and AIM listed companies, including Entertainment One Limited, Advanced Computer Software plc, Inspicio plc and Talarius plc.

Mark was educated at London University, holds the Securities Institute Corporate Finance Certificate and the Investment Management Certificate and he serves on the Committee of the Royal Academy School.

Murray Scott– Independent Non-Executive Director

Date of appointment: 31 July 2015

Before joining the Company, Murray acted as chief financial officer of the UK and Global Products sub-division of BT Global Services (a provider of IT services to large multi-nationals). Murray also acted as the finance representative on the Portfolio Board, tasked with optimising the performance of the Global Services division. During his time with BT Global Services, he also acted in two further roles; as head of finance to the Converged Services division and as chief financial officer of the Enterprise division. Murray's prior experience in the data and telecommunications sector includes acting as finance director EMEA for Equant NV (a data network provider to large multinationals) and as group financial controller for Interoute Telecommunications plc, managing the global finance function.

Murray studied Natural Sciences at Cambridge University and qualified as a Chartered Accountant with KPMG in London.

Corporate Governance

The Directors recognise the importance of sound corporate governance commensurate with the size of the Group and the interests of the shareholders.

Committees

The Board established an audit and risk committee and a nomination and remuneration committee on 13 August 2015. At present, the committees are chaired by Mark Brangstrup Watts with Murray Scott and Robert Samuelson as members. The committees have duties and responsibilities formally delegated to them by the Board which are set out in their respective terms of reference.

Audit and risk committee

The audit and risk committee will be primarily responsible for ensuring that the financial performance of the Company is properly measured and reported on, and for reviewing reports from the auditors relating to the Company's accounting and internal controls and for reviewing the effectiveness of the Company's systems of internal control and risk management.

Nomination and remuneration committee

The nomination and remuneration committee will be primarily responsible for identifying, and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise, as well as monitoring and approving all elements of the executive Directors' remuneration and performance management.

Outlook

Since 31 March 2015, the Group has continued to perform broadly in line with its expectations for 2015, with no significant variations in key financial or operating metrics.

Excluding costs associated with the acquisition of the Telecable Group, the Company's costs have been in line with expectations since its admission to AIM on 19 March 2015.

The Directors are confident about the prospects of the Group going forward, and expect that it is well placed to implement the strategies identified by the Directors to continue to grow the business.

Admission to the Official List

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.

		Period to 30 June 2015
	Note	£
Interest income		3,164
Revenue		3,164
Administrative Expenses	6	(693,825)
Loss before income tax		(690,661)
Income tax expense	7	-
Loss for the period and total comprehensive loss for the period attributable to equity holders of the parent		(690,661)
Earnings per share		
Basic and diluted loss per share (£)	14	0.043

The Group's activities derive from continuing operations.

The notes on pages 9 to 17 form an integral part of these consolidated financial statements.

ZEGONA COMMUNICATIONS PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION



		At 30 June 2015
	Note	£
Assets		
Non-current assets		
Property, plant and equipment		760
Current assets		
Cash and cash equivalents	10	27,826,877
Other receivables	9	103,544
Prepayments		225,469
Total current assets		28,155,890
Total assets		28,156,650
Equity and Liabilities		
Capital and reserves attributable to equity holders of the parent		
Share capital	12	250,000
Share premium	12	28,436,325
Share based payment reserve	13	4,417
Accumulated losses		(690,661)
Total Equity		28,000,081
Current liabilities		
Trade and other payables	11	156,569
Total liabilities		156,569
Total equity and liabilities		28,156,650

The notes on pages 9 to 17 form an integral part of these consolidated financial statements.

The financial statements were approved by the Board of Directors on 23 September 2015 and were signed on its behalf by:

Eamonn O'Hare
 Director

Robert Samuelson
 Director

	Note	Share capital	Share premium	Share based payment reserve	Accumulated losses	Total equity
		£	£	£	£	£
At incorporation on 19 January 2015		-	-	-	-	-
Total comprehensive loss for the period		-	-	-	(690,661)	(690,661)
Issue of share capital	12	250,000	28,436,325	-	-	28,686,325
Share-based payments	15	-	-	4,417	-	4,417
Balance at 30 June 2015		250,000	28,436,325	4,417	(690,661)	28,000,081

The notes on pages 9 to 17 form an integral part of these consolidated financial statements.

For the period
from 19 Jan 2015
to 30 June 2015
£

Cash flows from operating activities

Loss before income tax	(690,661)
Adjustments to reconcile loss before income tax to net cash flows:	
Increase in other receivables	(103,544)
Increase in prepayments	(225,469)
Increase in trade and other payables	156,569
Depreciation	95
Share based payment expense	4,417
Net cash used in operating activities	<u>(858,593)</u>

Cash flows from investing activities

Purchase of property, plant and equipment	(855)
Net cash used in investing activities	<u>(855)</u>

Cash flows from financing activities

Net proceeds from issue of share capital	28,686,325
Net cash generated from financing activities	<u>28,686,325</u>
Net increase in cash and cash equivalents	27,826,877
Cash and cash equivalents at beginning of the period	-
Cash and cash equivalents at the end of the period	<u><u>27,826,877</u></u>

The notes on pages 9 to 17 form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Zegona Communications plc (the “Company”) is an Investing Company incorporated in England and Wales and domiciled in the United Kingdom. It is a public limited company with its registered office at 20 Buckingham Street, London, WC2N 6EF. The Company wholly owns Zegona Jersey Limited (collectively, the “Group”), which was incorporated on the formation of the Group.

2. 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 30 June 2015 and have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union, and with those parts of the Companies Act 2006 as applicable to companies reporting under IFRS.

The Consolidated Financial Statements are prepared in accordance with IFRS under historical cost convention and are presented in British pounds sterling, which is the presentational and functional currency of the Company.

The principal accounting policies adopted in the preparation of the Consolidated Financial Statements are set out below. The policies have been consistently applied throughout the period presented.

(b) 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. As the Group has significant cash reserves, the Directors have concluded it remains appropriate to use the going concern basis.

(c) New standards and amendments to International Financial Reporting Standards

Standards, amendments and interpretation effective and adopted by the Group:

The accounting policies adopted in the presentation of these consolidated financial statements reflect the adoption of the following new standards for annual periods beginning on or after 1 January 2014.

Amendments to IFRS 10, 11, 12 and IAS 27 re: investment entity consolidation and IAS 39 re: novation of derivatives which were not applicable to the Group. The Group does not offset any assets and liabilities and therefore the amendment to IAS 32 is also not applicable. The amendment to IAS 36 has been adopted by the Group but has had no effect on the Group’s results.

Standards issued but not yet effective:

The following standards are issued (* subject to EU endorsement) but not yet effective. The Group intends to adopt these standards, if applicable, when they become effective. It is not expected that any of these standards will have a material impact on the Group.

2. ACCOUNTING POLICIES (CONTINUED)

Standard	Effective Date
Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions	1 February 2015
Annual improvements (2012)	1 February 2015
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016*
Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations	1 January 2016*
Amendments to IAS 1 – Disclosure Initiative	1 January 2016*
Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016*
Amendments to IAS 27 – Equity Method in Separate Financial Statements	1 January 2016*
Annual improvements (2014)	1 January 2016*
IFRS 15 – Revenue from Contracts with Customers	1 January 2017*
IFRS 9 – Financial instruments	1 January 2018*

(d) Basis of consolidation

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.

(e) Cash and cash equivalents

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

(f) 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.

(g) Corporation tax

Corporation tax for the period presented comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the period, 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 provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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.

2. ACCOUNTING POLICIES (CONTINUED)

(h) 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.

(i) 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 become unconditionally entitled to the awards.

(j) 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. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Consolidated Financial Statements under IFRS requires the Directors to consider estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

For the period and at the period end, the Directors do not consider that they have made any significant estimates, judgement or assumptions that would affect the balances reported in these financial statements.

4. SEGMENT INFORMATION

The Board of Directors is the Group's chief operating decision-maker. As the Group had not yet made an acquisition as of 30 June 2015, the Group is organised and operates as one segment.

5. EMPLOYEES AND DIRECTORS

(a) Staff costs for the Group during the period:

	For the period from 19 Jan 2015 to 30 June 2015 £
Wages and salaries	323,638
Post employment benefits	54,076
Other employment related expenses	50,425
Employer national insurance	49,430
Total employment cost expense	477,569

5. EMPLOYEES AND DIRECTORS (CONTINUED)

(b) Directors' emoluments

The Board considers the Directors of the Company to be the key management personnel of the Group.

The highest paid Director, Eamonn O'Hare, received emoluments of £172,713 during the period, of which £28,462 related to pension benefits. Eamonn received a fixed annual salary of £500,000, effective from the date of the Company's admission to AIM on 19 March 2015, payable monthly in arrears, plus a pension contribution of 20 per cent. of fixed annual salary and a contribution of £13,000 per annum in relation to car allowance and private medical insurance.

(c) Key management compensation

The following table details the aggregate compensation paid in respect of the members of the Board of Directors including the Executive Directors.

	For the period from 19 Jan 2015 to 30 June 2015 £
Salaries and short term employee benefits	253,372
Post employment benefits	48,385
	<u>301,757</u>

(d) Employed persons

The average monthly number of persons employed by the Group (including Directors) during the period was as follows:

	Number of employees
Directors	2
Other	2
	<u>4</u>

(e) Pension benefits

The amount recognised as an expense for the payments made into employees private pension arrangements was £25,615. The amount paid in lieu of payment into a private pension arrangement was £28,462.

6. EXPENSES BY NATURE

	For the period from 19 Jan 2015 to 30 June 2015 £
Staff related costs	477,569
Office costs	32,410
Legal and professional fees	144,783
Share based payment expense	3,917
Other expenses	35,146
Total administrative expenses	<u>693,825</u>

7. INCOME TAX EXPENSE

	For the period from 19 Jan 2015 to 30 June 2015 £
Analysis of credit in period	
Current tax on loss for the period	-
Total current tax	-
Reconciliation of effective rate and tax charge:	
	For the period from 19 Jan 2015 to 30 June 2015 £
Loss on ordinary activities before tax	(690,661)
Loss on ordinary activities multiplied by the rate of corporation tax in the UK of 21%	(690,661)
Effects of:	
Losses carried forward for which no deferred tax asset is recognised	(690,661)
Total taxation credit	-

8. INVESTMENTS

(a) Principal subsidiary undertakings of the Group

The Company directly owns the whole of the issued and fully paid ordinary share capital of its subsidiary undertaking.

The principal subsidiary undertaking of the Company as at 30 June 2015 is presented below:

Subsidiary	Nature of business	Country of incorporation	Proportion of ordinary shares held by parent	Proportion of ordinary shares held by the Group
Zegona Jersey Limited	Incentive vehicle	Jersey	100%	100%

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

9. OTHER RECEIVABLES

	As at 30 June 2015 £
Amounts falling due within one year:	
VAT recoverable	103,544
	<u>103,544</u>

All receivables are current. There is no material difference between the book value and the fair value of the other receivables.

10. CASH AND CASH EQUIVALENTS

	As at 30 June 2015 £
Cash and cash equivalents	
Cash at bank	27,826,877
	<u>27,826,877</u>

Credit risk is managed on a Group basis, Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum short-term credit rating of P-1, as issued by Moody's are used by the Group.

11. TRADE AND OTHER PAYABLES

	As at 30 June 2015 £
Trade payables	31,370
Wages and salaries	67,700
Other tax and national insurance payable	57,499
	<u>156,569</u>
Trade and other payables due within 1 year	156,569
Trade and other payables due after 1 year	-
	<u>156,569</u>

There is no material difference between the book value and the fair value of the trade and other payables.

12. CALLED UP SHARE CAPITAL

	As at 30 June 2015 £
Allotted, called up and fully paid	
25 million ordinary shares of £0.01 each	250,000
	<u>250,000</u>

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 at 30 June 2015 totalled £28,436,325.

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.

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.

13. 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.

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 as further described in Note 15.

14. LOSS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year. 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 (refer note 15) and Core Investor shares (refer note 16) have not been included in the calculation of diluted earnings per share because they are antidilutive for the period presented.

	For the period from 19 Jan 2015 to 30 June 2015
Group	
Loss attributable to the owners of the parent	(690,661)
Weighted average number of ordinary shares in issue	15,902,688
Weighted average number of ordinary shares for diluted earnings per share	15,902,688

15. SHARE BASED PAYMENTS

Arrangements were put in place shortly after the Company's formation to create incentives for those who are expected to make key contributions to the success of the Group. The Group's success depends upon the sourcing of attractive investment opportunities, the improvement of the target businesses, and their subsequent sale to realise attractive returns for shareholders. Accordingly, an incentive scheme was created to reward key contributors to the creation of value. At the period end, a total of £4,417 was recorded in the share based payment reserve.

Management Shares

Eamonn O'Hare, Robert Samuelson and Howard Kalika have been issued Management Shares (A Ordinary Shares) in Zegona Jersey Limited pursuant to their employee arrangements with the Group.

Exercise

The holders of Management Shares may exercise their rights at certain dates. On exercise, Management shares are entitled to a return of 15 per cent. of the growth in equity value of the Company subject to shareholders achieving a 5 per cent. preferred return per annum on a compounded basis on their net invested capital.

There are five measurement periods during which the exercise may occur; the first being from three to five years post the first acquisition by the Company (or any subsidiary thereof), the second and subsequent measurement periods, which are subject to shareholder approval, are three to five years from the earlier of the date of the exercise of the shares' rights to value and the end of the previous period if no such exercise has taken place.

The Management Shares' value is expected to be delivered by the Company issuing new Ordinary Shares of equivalent value although the Company has the right at all times to settle such value in cash.

The rights of the Management Shares may be exercised at other specific times including winding up or takeover, or change of control of the Company.

On a winding up or takeover

Management shares are entitled to a return of 15 per cent. of the growth in equity value of the Company subject to shareholders achieving a 5 per cent. preferred return per annum on a compounded basis on their net invested capital. The growth in equity value takes into account new shares issued, dividends and capital returned to shareholders.

Board change of control

In a situation where the majority of the Company's board of directors comprises individuals to whom 50 per cent. of the holders of the A shares have not consented (including at least two shareholders holding at least 5 per cent. of the Management Shares), the Management Shares are entitled to a return of 15 per cent. per annum of the growth in equity value of the Company regardless of whether the preferred return has been achieved.

Holding of Management Shares

5,000,000 Management Shares have been allotted and issued, as shown in the table below.

	Participation in growth in equity value	Issue Price	Number of Management shares	Nominal value of Participation shares
Eamonn O'Hare	9.15%	£16,165	3,050,000,000	£305
Robert Samuelson	4.58%	£8,083	1,525,000,000	£153
Howard Kalika	1.27%	£253	425,000,000	£42
			<u>5,000,000,000</u>	<u>£500</u>

16. CORE INVESTOR SHARES

Marywn Long Term Incentive LP ("MLTI") has been issued Core Investor Shares (B Ordinary Shares) in Zegona Jersey Limited. The B shares carry no voting rights.

The rights attached to the Core Investor Shares may be exercised by MLTI in the period from three to five years after the first acquisition or upon an earlier Takeover, Board Change of Control (where the employment contracts with both Founder Directors have also terminated) or Winding Up of the Company. Core Investor Shares are entitled to a return of 5 per cent. per annum of the growth in equity value of the Company subject to shareholders achieving a 5 per cent. preferred return per annum on a compounded basis on their net invested capital.

The value is expected to be delivered by the Company issuing new Ordinary Shares of equivalent value although the Company has the right at all times to settle such value in cash.

If on the date that MLTI exercises its Core Investor Shares, the Core Investor holds an Equity Interest in which it has invested in aggregate an amount less than five times the investment cost of the Equity Interest it held at 19 March 2015, MLTI will only be entitled to exercise its Core Investor Shares for an aggregate value equivalent to up to a maximum of 3 per cent. of the growth in equity value.

17. RELATED PARTY TRANSACTIONS

In the opinion of the Directors, there is no single controlling party.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, or the parties are under common control or influence, in making financial or operational decisions.

Mark Brangstrup Watts is a managing partner of Marwyn Capital LLP which provides corporate finance advice and various office and finance support services to the Company. During the period Marwyn Capital LLP was paid a total of £250,000 (net of VAT as applicable) of which £24,255 was included in placing costs and taken against share premium. The remaining amount relates to services provided to 19 March 2016 and has been amortised accordingly. The total cost taken to the statement of comprehensive income during the period was £51,915. Marwyn Capital LLP was owed an amount of £nil at the balance sheet date; and

Mark Brangstrup Watts is an ultimate beneficial owner of Axio Capital Solutions Limited which provides company secretarial, administrative and accounting services to the Group. During the period Axio Capital Solutions Limited charged £88,585 in respect of services supplied, of which £35,004 was included in placing costs and taken against share premium. Axio Capital Solutions Limited was owed an amount of £13,181 at the balance sheet date.

18. AUDITOR'S REMUNERATION

In the period to 30 June 2015, the Company's auditor has charged non-audit fees totalling £54,000 in relation to the Company's admission to AIM. To date, no audit fees have been recorded.

19. COMMITMENTS AND CONTINGENT LIABILITIES

There were no commitments or contingent liabilities outstanding at 30 June 2015 that require disclosure or adjustment in these financial statements.

20. POST BALANCE SHEET EVENTS

Change of name of subsidiary

As of 6 July 2015, the subsidiary of the Company changed its name from Zegona Jersey Limited to Zegona Limited.

Appointment of Director

On 31 July 2015, Murray Scott was appointed to the board as an independent non-executive director.

Issue of share capital and purchase of Telecable

On 14 August 2015, in order to fund the acquisition of Telecable, a further 192,326,724 Ordinary Shares of £0.01 were issued 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. The purchase of Telecable by the Company was completed on 14 August 2015.

Admission to the Official List

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.

The Company is reliant on key executives and personnel

The Directors believe that the loss of services of any existing key executives or key personnel, for any reason, or failure to attract and retain necessary personnel, could adversely impact the business, prospects, financial condition, results of operations and development of the Company.

The Company may not successfully identify and complete further suitable acquisition opportunities in the future

If the Company fails to complete a proposed acquisition (for example, because it has been outbid by a competitor) it may be left with substantial unrecovered transaction costs. Furthermore, the Company may fail to complete an acquisition for reasons beyond its control. Any such event will result in a loss to the Company of the related costs incurred, which could materially adversely affect subsequent attempts to identify and acquire another target business.

Success of the Company's strategy is not guaranteed

The Company's level of profit will be reliant upon the performance of the assets acquired and the Company's strategy from time to time. The success of the Company's strategy depends on the Directors' ability to identify investments in accordance with the Company's investment objectives and to access and interpret business and market data correctly. No assurance can be given that the strategy to be used will be successful under all or any market conditions, that the Directors will be able to identify further opportunities meeting the Company's investing criteria, that the Company will be able to invest its capital on attractive terms or that the Company will be able to generate positive returns for shareholders.

The Company may be unable to complete desired acquisitions or to fund the operations of further target businesses if it does not obtain additional funding

The Company may be unable to raise the additional funds required to implement its strategy in the future. To the extent that additional equity or debt financing is necessary to implement the Company's strategy and remains unavailable or only available on terms that are unacceptable to the Company, the Company may be compelled either to restructure or abandon a particular acquisition target, proceed with acquisitions on less favourable terms, or may be forced to curtail or abandon expansion, activities and/or business development or change its financial policies, including dividend payments, which could adversely impact the business, prospects, financial condition, results of operations and development of the Company and the returns to its shareholders.

If additional funds are raised by issuing equity securities, material dilution to the then existing shareholdings may result. The level and timing of future expenditure will

depend on a number of factors, many of which are outside of the Company's control.

If the Company acquires less than either the whole voting control of, or less than the entire equity interest in, a target company or business, its decision-making authority to implement its plans may be limited and third party minority shareholders may dispute the Company's strategy

Such acquisition may also involve the risk that such third parties may become insolvent or unable or unwilling to fund additional investments in the target. Such third parties may also have interests which are inconsistent or conflict with the Company's interests, or they may obstruct the Company's strategy for the target or propose an alternative strategy. Any third party's interests may be contrary to the Company's interests. In addition, disputes among the Company and any such third parties could result in litigation or arbitration. Any of these events could impair the Company's objectives and strategy, which could have a material adverse effect on the continued development or growth of the acquired company or business.

Investments in private companies are subject to a number of risks

In the future, the Company may invest in or acquire further privately held companies or assets. These may:

- be highly leveraged and subject to significant debt service obligations, stringent operational and financial covenants and risks of default under financing and contractual arrangements, which may adversely affect their financial condition;
- have limited operating histories and smaller market shares than publicly held businesses making them more vulnerable to changes in market conditions or the activities of competitors;
- be more dependent on a limited number of management and operational personnel, increasing the impact of the loss of any one or more individuals; and/or
- require additional capital.

All or any of these factors may have a material adverse effect on the business, prospects, financial condition and results of operations of the Company.

Material facts or circumstances may not be revealed in the due diligence process

There can be no assurance that the due diligence undertaken with respect to acquisitions will reveal all relevant facts that may be necessary to evaluate such acquisition including the determination of the price the Company may pay, or to formulate a business strategy. Furthermore, the information provided during due diligence may be incomplete, inadequate or inaccurate.

If the due diligence investigation fails correctly to identify material issues and liabilities that may be present in a target company or business, or if the Company considers such material risks to be commercially acceptable relative to the opportunity, and the Company proceeds with an acquisition, the Company may subsequently incur substantial impairment charges or other losses. In addition, following an acquisition, the Company may be subject to significant, previously undisclosed liabilities of the acquired business that were not identified during due diligence and which could contribute to poor operational performance, undermine any attempt to restructure the acquired company or business in line with the Company's business plan and have a material adverse effect on the Company's financial condition and results of operations.

The Company may be unable to refocus and improve the operating and financial performance of acquired businesses

The success of the Company's acquisitions will depend on the Company's ability to implement the necessary strategic, operational and financial change programmes in order to refocus the business and improve its performance. Implementing change programmes within an acquired business may require significant modifications, including changes to business assets, operating and financial processes, business systems, management techniques and personnel, including senior management. There is no certainty that the Company will be able to successfully implement such change programmes within a reasonable timescale and cost, and any inability to do so could have a material adverse impact on the Company's performance and prospects.

The Company is a holding company whose principal source of operating cash will be income received from Telecable

The Company is dependent on the income generated by Telecable to meet the Company's expenses, operating cash requirements and any debt costs. The amount of distributions and dividends, if any, which may be paid from any operating subsidiary to the Company will depend on many factors, including such subsidiary's results of operations and financial condition, limits on dividends under applicable law, its constitutional documents, documents governing any indebtedness of the Company and other members of the Group, and other factors which may be outside the control of the Company. If the Group is unable to generate sufficient cash flow, the Company may be unable to pay its expenses or make distributions and pay dividends on the Ordinary Shares.

The Company may be subject to foreign investment and exchange risks

The Company's functional currency is pounds sterling, but its presentational currency is Euros following the acquisition of Telecable. As a result, the Company's consolidated financial statements will carry the

Company's assets in Euros. Any business the Company acquires may denominate its financial information, conduct operations or make sales in currencies other than Euros. When consolidating a business that has functional currencies other than Euros, the Company will be required to translate, inter alia, the balance sheet and operational results of such business into Euros. Due to the foregoing, changes in exchange rates between Euros and other currencies could lead to significant changes in the Company's reported financial results from period to period. Among the factors that may affect currency values are trade balances, levels of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political or regulatory developments. Although the Company may seek to manage its foreign exchange exposure, including by active use of hedging and derivative instruments, there is no assurance that such arrangements will be entered into or available at reasonable cost at all times when the Company wishes to use them or that they will be sufficient to cover the risk.

The Company may not be able to sell acquired businesses under attractive terms or at all

There is no certainty that buyers will exist when the Company is looking to sell or that the Company will be able to identify and attract them. There is also no certainty that any buyer will be willing and able to enter into a transaction on terms which the Company considers attractive and is willing to accept. If such terms cannot be agreed, the Company may be unwilling or unable to sell these businesses, and the level and timing of returns to the Company and its shareholders may be materially adversely impacted.

The incurrence of indebtedness in connection with any future acquisition could lead to a decline in post acquisition operating results

The incurrence by the Company of substantial indebtedness in connection with any future acquisitions could result in:

- default and foreclosure on the Enlarged Group's assets, if its cash flow from operations was insufficient to pay its debt obligations as they became due; or
- an inability to obtain additional financing, if any indebtedness incurred contained covenants restricting its ability to incur additional indebtedness.

The occurrence of any or a combination of these, or other, factors could have a material adverse effect on the Group's financial condition and results of operations.

Orderly market arrangements

The Directors and certain other shareholders have agreed for a 12 month period following the Company's IPO in respect of all of their Ordinary Shares, and the vendors of Telecable who received Consideration Shares have agreed for a six month period after completion of the Telecable acquisition in relation to 40 per cent. of their Ordinary Shares and for a period of 12 months following completion of the Telecable acquisition in relation to the remainder of their Ordinary Shares, subject to certain exceptions, and among other things, not to dispose of such Ordinary Shares. Those shareholders may, following the expiry of the applicable initial lock-in period, sell their Ordinary Shares without restriction. The market price of Ordinary Shares could decline significantly as a result of any sales of Ordinary Shares by such shareholders following expiry of such period (or otherwise) or the perception that these sales could occur.

The interests of significant shareholders may conflict with those of other shareholders

A limited number of shareholders may have significant holdings of Ordinary Shares. Accordingly, such shareholders will possess sufficient voting power to have significant influence on matters requiring shareholder approval. The interests of such significant shareholders may conflict with those of other holders of Ordinary Shares.

Further issues of shares may result in immediate dilution

The Company may issue additional Ordinary Shares in subsequent public offerings or private placements to fund acquisitions. Statutory pre-emption rights prevent the issue of shares for cash consideration without such shares being offered to shareholders first, subject to the disapplication of such pre-emption rights by a special resolution of the shareholders. Existing shareholders may not be offered the right or opportunity to participate in any such future share issues (if such a special resolution is approved by Shareholders, or if Ordinary Shares are issued for non-cash consideration), which may dilute existing shareholders' interests in the Company.

The Company will be subject to restrictions in offering its Ordinary Shares as consideration for an acquisition in certain jurisdictions and may have to provide alternative consideration, which may have an adverse effect on its operations

The Company may offer its Ordinary Shares or other securities as part of the consideration to fund, or in connection with, future acquisitions. However, certain jurisdictions may restrict the Company's use of its Ordinary Shares or other securities for this purpose, which could result in the Company needing to use alternative sources of consideration. Such restrictions may limit the Company's available acquisition opportunities or make certain acquisitions more costly.

Dividend payments on the Ordinary Shares are not guaranteed

The Company is targeting a dividend on its Ordinary Shares of 4.5p per Ordinary Share in 2016. This is a target, not a forecast, and there is no guarantee that this return will be made. Thereafter, the Company intends to implement a progressive dividend payment policy. The Company will principally depend on dividends received on shares held by it in its operating subsidiaries, interest on intercompany loans provided to its subsidiaries, or receipts from the future disposal of assets, in order to pay dividends to its shareholders. Payments of such dividends (including the targeted 4.5p per Ordinary Share dividend in 2016) will be dependent on the availability of any dividends or other distributions from such subsidiaries, or the successful completion of such disposals, and will be subject to the limitations on dividends set out in the loan agreement entered into as part of the acquisition of Telecable. The Company can therefore give no assurance that it will be able to pay dividends going forward or as to the amount or timing of such dividends, if any.

The Company may be unable to transfer to an appropriate listing venue

Following, or at a similar time to, the completion of any further material acquisition, or at another time at the Company's discretion, the Directors may seek to transfer from the Company's Standard Listing to a Premium Listing or other appropriate listing venue, subject to fulfilling the relevant eligibility criteria at the time. There can be no guarantee that the Company will meet such eligibility criteria or that a transfer to a Premium Listing or other appropriate listing venue will be achieved. For example, such eligibility criteria may not be met, due to the circumstances and internal control systems of the acquired business or if the Company acquires less than a controlling interest. In addition there may be a delay, which could be significant, between the completion of an acquisition and the date upon which the Company is able to seek or achieve a Premium Listing or a listing on another stock exchange. A change of, or failure to change, listing venue in these circumstances may have an adverse effect on the valuation of the Ordinary Shares.

The Group's operations may be affected by a number of key risks

- The Group's business may be affected by adverse conditions in the Spanish economy. Any deterioration of the Spanish economy, and in particular a deterioration of the economy in the Asturias region, could result in declines in the Group's revenues without a corresponding decrease in costs and Telecable could as a result suffer a material adverse effect to its business, prospects and financial performance.
- The Spanish residential fixed-line telecommunications, mobile telecommunications, broadband internet and television markets as well as the Spanish business telecommunications market

- are highly competitive and may become more competitive in the future, which could result in lower prices for the Group's products and the loss of current and potential subscribers, which would result in reduced revenues and could materially adversely affect its profitability.
- The Group's growth prospects depend on demand for residential and business telecommunications services, which is difficult to predict and may be negatively impacted by worsening economic conditions.
 - If the Group fails to introduce new or enhanced products and services successfully, its revenues and margins could be lower than expected.
 - The sectors in which the Group competes are subject to rapid and significant changes in technology and the results of technological changes are difficult to predict, and could potentially have a material adverse effect on its ability to provide competitive services.
 - Fibre deployment plans announced by some of the Group's competitors could make the telecommunications business in the Asturias region more competitive in the future, which could result in lower prices for the Group's products and the loss of existing customers.
 - Certain of the Group's key contracts are expiring soon and if it is unable to renew these key contracts, its growth and profitability could be harmed.
 - The Group's business depends on equipment and service suppliers who may fail to provide necessary equipment and services on a timely basis, discontinue their products, or seek to charge prices that are not competitive, any of which could adversely affect its business or profitability.
 - The Group's business may be adversely affected if it fails to carry out continuous maintenance and improvement of its network, systems and operations.
 - If the Group loses or is unable to obtain certain permits, licences or authorisations necessary for its operations, it may not be able to carry on parts of its current or planned business.

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