



Consolidated Financial Statements

**For the period from incorporation on
19 January 2015 to 31 March 2015**

ZEGONA COMMUNICATIONS PLC
CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

		For the period from 19 Jan 2015 to 31 Mar 2015
		<u>£'000</u>
Administrative expenses	6	<u>(136)</u>
Loss before income tax		<u>(136)</u>
Income tax expense	7	<u>-</u>
Loss for the period and total comprehensive loss for the period		<u>(136)</u>
Attributable to:		
Owners of the parent		<u><u>(136)</u></u>
Loss per ordinary share		
Basic (£)	14	(0.032)
Diluted (£)	14	(0.032)

ZEGONA COMMUNICATIONS PLC
CONSOLIDATED BALANCE SHEET

	As at 31 March
	Note <u>2015</u>
	£'000
Assets	
Non-current assets	
Property, plant and equipment	1
Current assets	
Trade and other receivables	9 93
Prepayments	305
Cash and cash equivalents	10 <u>28,975</u>
	<u>29,373</u>
Total assets	<u>29,374</u>
Capital and reserves attributable to the equity shareholders of the parent	
Share capital	12 250
Share premium	13 28,471
Share based payment reserve	13 2
Accumulated losses	13 <u>(136)</u>
Total equity	<u>28,587</u>
Current liabilities	
Trade and other payables	11 787
Core investor shares	16 <u>-</u>
Total liabilities	<u>787</u>
Total equity and liabilities	<u><u>29,374</u></u>

The notes on pages 5 to 14 form an integral part of these consolidated financial statements. The financial statements were approved by the Board of Directors on 26 July 2015 and were signed on its behalf by:

Robert Samuelson
 Director

ZEGONA COMMUNICATIONS PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Share based payment reserve	Accumulated losses	Total equity
Note	£'000	£'000	£'000	£'000	£'000
Balance at 19 January 2015	-	-	-	-	-
Loss for the period	-	-	-	(136)	(136)
Total comprehensive loss	-	-	-	(136)	(136)
Issue of share capital	250	28,471	-	-	28,721
Share-based payments	-	-	2	-	2
Balance at 31 March 2015	250	28,471	2	(136)	28,587

The notes on pages 5 to 14 form an integral part of these consolidated financial statements.

ZEGONA COMMUNICATIONS PLC
CONSOLIDATED CASH FLOW STATEMENT

	For the period from 19 Jan 2015 to 31 Mar 2015
Note	£'000
Cash flows from operating activities	
Loss before income tax	(136)
Adjustments to reconcile loss before income tax to net cash flows:	
Increase in trade and other receivables	(93)
Increase in prepayments	(305)
Increase in trade and other payables	336
Share based payment expense	2
Net cash used in operating activities	<u>(196)</u>
Cash flows from investing activities	
Purchase of property, plant and equipment	(1)
Net cash used in investing activities	<u>(1)</u>
Cash flows from financing activities	
Net proceeds from issue of share capital	29,172
Net cash generated from financing activities	<u>29,172</u>
Net increase in cash and cash equivalents	28,975
Cash and cash equivalents at beginning of the period	-
Cash and cash equivalents at the end of the period	<u>28,975</u>

The notes on pages 5 to 14 form an integral part of these consolidated financial statements.

ZEGONA COMMUNICATIONS PLC

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

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 and the address of the registered office is 20 Buckingham Street, London, WC2N 6EF. The Company is the holding company of Zegona Jersey Limited (collectively, the “Group”), a wholly owned subsidiary incorporated on the formation of the Group.

2. ACCOUNTING POLICIES

(a) Basis of preparation

The Company was incorporated on 19 January 2015.

The Historical Financial Information presents the financial track record of the Group for the period from 19 January 2015 until 31 March 2015 and is prepared for the purposes of re-admission to the AIM, the market of that name operated by the London Stock Exchange. This special purpose financial information has been prepared in accordance with the requirements of Schedule Two to the AIM Rules, 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 Historical Financial Information is prepared in accordance with IFRS under historical cost convention and is 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 historical financial information are set out below. The policies have been consistently applied throughout the period presented, unless otherwise stated.

(b) Going concern

This historical financial information relating to the Group has 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.

(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 the historical financial information 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 are 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.

ZEGONA COMMUNICATIONS PLC

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

2. ACCOUNTING POLICIES (CONTINUED)

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.

Standard	Effective Date
IFRS 9 – Financial instruments	1 January 2018*
IFRS 15 – Revenue from Contracts with Customers	1 January 2017*
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 19 – Defined Benefit Plans: Employee Contributions	1 February 2015
Amendments to IAS 27 – Equity Method in Separate Financial Statements	1 January 2016*
Annual improvements (2012)	1 February 2015
Annual improvements (2014)	1 January 2016*

(d) Basis of consolidation

Subsidiaries

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 in the historical financial information 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 in preparing the historical financial information.

(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.

ZEGONA COMMUNICATIONS PLC
NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

2. ACCOUNTING POLICIES (CONTINUED)

(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.

(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 insurance plans on behalf of employees as contractually agreed, or the equivalent contribution is paid in cash to the employee. The company 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 Group's historical financial information 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.

ZEGONA COMMUNICATIONS PLC
NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

4. SEGMENT INFORMATION

The Board of Directors is the Group's chief operating decision-maker. As the Group has not yet made an acquisition, 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 31 Mar 2015
	<u>£'000</u>
Wages and salaries	49
Post employment benefits	3
Share based payment expense	2
Employer national insurance	6
Total employment cost expense	<u><u>60</u></u>

(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 £22,994 during the period, of which £3,462 related to pension benefits. Eamonn will receive 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 £12,500 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 31 Mar 2015
	<u>£'000</u>
Salaries and short term employee benefits	42
Post employment benefits	3
	<u>45</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	3
Other	1
	<u>4</u>

ZEGONA COMMUNICATIONS PLC
NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

5. EMPLOYEES AND DIRECTORS (CONTINUED)

(e) Pension benefits

The amount recognised as an expense for the payments made into employees private pension arrangements was £3,115. The amount paid in lieu of payment into a private pension arrangement was £3,462.

6. EXPENSES BY NATURE

	Note	For the period from 19 Jan 2015 to 31 Mar 2015
		£'000
Wages and salaries		58
Office costs		15
Legal and professional fees		53
Share based payment expense	15	2
Other expenses		8
Total administrative expenses		<u>136</u>

7. INCOME TAX EXPENSE

Analysis of credit in period	For the period from 19 Jan 2015 to 31 Mar 2015
	£'000
Current tax on loss for the period	-
Total current tax	<u>-</u>

Reconciliation of effective rate and tax charge:

	For the period from 19 Jan 2015 to 31 Mar 2015
	£'000
Loss on ordinary activities before tax	(136)
Loss on ordinary activities multiplied by the rate of corporation tax in the UK of 21%	<u>(29)</u>
Effects of:	
Losses carried forward for which no deferred tax asset is recognised	<u>29</u>
Total taxation credit	<u>-</u>

ZEGONA COMMUNICATIONS PLC
NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

8. INVESTMENTS

(a) Principal subsidiary undertakings of the Group

The Company substantially owns directly or indirectly the whole of the issued and fully paid ordinary share capital of its subsidiary undertakings.

Principal subsidiary undertakings of the Group as at 31 March 2015 are 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. TRADE AND OTHER RECEIVABLES

	As at 31 March 2015
	<u>£'000</u>
Amounts falling due within one year:	
VAT recoverable	92
Other receivables	<u>1</u>
	<u><u>93</u></u>

All receivables are current.

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

10. CASH AND CASH EQUIVALENTS

	As at 31 March 2015
	<u>£'000</u>
Cash and cash equivalents	
Cash at bank	<u>28,975</u>
	<u><u>28,975</u></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.

ZEGONA COMMUNICATIONS PLC
NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

11. TRADE AND OTHER PAYABLES

	As at 31 March 2015
	<u>£'000</u>
Trade payables	730
Wages and salaries	30
Other tax and national insurance payable	27
	<u>787</u>
Trade and other payables due within 1 year	787
Trade and other payables due after 1 year	-
	<u><u>787</u></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 31 March 2015
	<u>£'000</u>
Allotted, called up and fully paid	
25 million ordinary shares of £0.01 each	250
	<u>250</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 £25,793.35. 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 £1,278,842.

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 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.

ZEGONA COMMUNICATIONS PLC

NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

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 31 Mar 2015
Group	
Loss attributable to the owners of the parent (£'000)	(136)
Weighted average number of ordinary shares in issue	4,242,753
Weighted average number of ordinary shares for diluted earnings per share	4,242,753

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.

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.

ZEGONA COMMUNICATIONS PLC
NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

15. SHARE BASED PAYMENTS (CONTINUED)

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	4.59%	£8,083	1,525,000,000	£153
Howard Kalika	1.28%	£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.

ZEGONA COMMUNICATIONS PLC
NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

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 charged £27,979 (excluding VAT) in respect of services supplied and was owed an amount of £265,775 at the balance sheet date; and

Mark Brangstrup Watts is an ultimate beneficial owner of Axio Capital Solutions Limited which provides company secretarial services to the Company and company secretarial, registered agent and accounting services to the Group. During the period Axio Capital Solutions Limited charged £30,918 in respect of services supplied and was owed an amount of £30,918 at the balance sheet date.

18. AUDITOR'S REMUNERATION

In the period to 31 March 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 31 March 2015 that require disclosure or adjustment in these financial statements.

20. POST BALANCE SHEET EVENTS

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