

EGO MIDCO LIMITED

Registered Company No. 06445055

Directors' Report and Financial Statements

Reporting period ended 30 June 2015



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EGO MIDCO LIMITED

DIRECTORS AND ADVISERS

Registered No. 06445055

DIRECTORS

Dan Caruso

Ken desGarennes

AUDITORS

Crowe Clark Whitehill LLP

St Bride's House

10 Salisbury Square

London EC4Y 8EH, UK

REGISTERED OFFICE

13-15 Harmsworth House

Bouverie Street

London EC4Y 8DP

EGO MIDCO LIMITED

STRATEGIC REPORT

On 15 May 2014, Ego Holdings Limited, the Company's ultimate parent company prior to that date, was acquired by Zayo Group Holdings, Inc. a company registered in the United States of America, which consequently became the ultimate parent company with effect from that date.

In connection with the acquisition, the Company changed its fiscal year end from 31 December to 30 June. Unless otherwise noted, operating results for the period ended 31 December 2013 (referred to as the "2013 period") cover the twelve months ended 31 December 2013 and operating results for the period ended 30 June 2015 (referred to as the "2015 period") cover the eighteen month period ended 30 June 2015.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

Principal activities

The principal activity of Ego Midco Limited (the "Company") is that of a holding company.

Review of the key developments during the period

The Company is the 100% equity owner of Ego Acquisitions Limited. During the period the Company has continued to operate in its capacity as a holding company for this investment. The Directors are satisfied with the performance of the Company and the present intention is to continue the development of the existing business of the Company.

Key performance indicators ("KPIs")

The key financial performance indicator used for internal performance analysis is detailed in the table below.

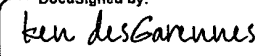
	Period ended	
	30 June 2015	31 December 2013
	£'000	£'000
Profit/(loss) for the period	10,940	(405)

The profit for the period arises from the net interest receipt partially offset by administrative costs of the Company.

FUTURE DEVELOPMENTS

The Company will continue to operate as a holding company for investments in Ego Acquisitions Limited.

By order of the board

DocuSigned by:

 Ken desCarrières

Director

13-15 Harmsworth House
 Bouverie Street
 London EC4Y8DP
 10 June 2016

EGO MIDCO LIMITED

DIRECTORS' REPORT

The directors present the annual report and audited financial statements for the eighteen month period ended 30 June 2015.

RESULTS AND DIVIDENDS

The profit/(loss) for the operating period, after taxation, amounted to £10,940 thousand (2013: loss £405 thousand). The directors do not recommend the payment of an ordinary dividend for the reporting period (2013: £nil).

FISCAL YEAR END

During the current financial period, the Company changed its fiscal year end to 30 June from 31 December. The results of operations for the period ended 31 December 2013 are derived from the twelve month period ended 31 December 2013. The results of operations for the period ended 30 June 2015 are derived from the eighteen month period ended 30 June 2015.

OWNERSHIP

On 15 May 2014, Ego Holdings Limited, the company's ultimate parent company prior to that date, was acquired by Zayo Group Holdings, Inc. a company registered in the United States of America, which consequently became the ultimate parent company with effect from that date.

DIRECTORS

The directors during the reporting period were as follows:

Christopher Smedley (resigned 15 May 2014)
Michael Ainger (resigned 15 May 2014)
Adrian Howe (resigned 15 May 2014)
Dan Caruso (appointed 15 May 2014)
Ken desGarennes (appointed 15 May 2014)
Scott Beer (appointed 15 May 2014, resigned 3 Nov 2015)

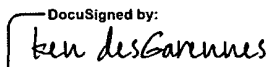
The current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit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

The directors benefited from qualifying third party indemnity provisions in place during the reporting period and at the date of this report.

AUDITORS

Pursuant to a shareholders' resolution the company is not obliged to reappoint its auditors annually and Crowe Clark Whitehill LLP was appointed as auditor to replace KPMG LLP.

By order of the board

DocuSigned by:

Ken desGarennes

Director

13-15 Harmsworth House
Bouverie Street
London EC4Y8DP
10 June 2016

EGO MIDCO LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

EGO MIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF EGO HOLDINGS LIMITED

We have audited the financial statements of Ego Midco Limited for the eighteen month period ended 30 June 2015 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes set out pages 9 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic Report, Directors' Report and any other surround information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2015 and of its profit for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

EGO MIDCO LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Leo Malkin
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
St Bride's House
10 Salisbury Square
London EC4Y 8EH, UK

10 June 2016

EGO MIDCO LIMITED

PROFIT AND LOSS ACCOUNT

For the reporting period ended 30 June 2015

	<i>Notes</i>	2015	2013
		£'000	£'000
Administrative expenses	2	-	(7)
Operating loss		-	(7)
Interest receivable and similar income	3	24,005	13,835
Interest payable and similar expense	3	(9,717)	(13,798)
Net financing income		14,288	37
Profit on ordinary activities before tax		14,288	30
Tax on profit on ordinary activities	6	(3,348)	(435)
Profit/(loss) for the financial period		10,940	(405)

The above results are derived from continuing activities.

The results disclosed in the profit and loss account are on a historical cost basis.

The company has no recognised gains and losses in the current period other than those reported in the profit and loss account.

The notes on pages 9 to 15 form part of these financial statements.

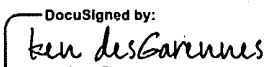
EGO MIDCO LIMITED

COMPANY REGISTERED NO. 06445053

BALANCE SHEET
 At 30 June 2015

		2015	2013
	<i>Note</i>	£'000	£'000
Fixed assets			
Investments	7	775	775
Debtors	8	146,529	124,167
Deferred tax	10	-	1,704
		<u>147,304</u>	<u>126,646</u>
Current assets			
Debtors	8	555	2,555
		<u>147,859</u>	<u>129,201</u>
Total assets			
		<u>147,859</u>	<u>129,201</u>
Creditors: Amounts falling due after more than one year			
Other interest-bearing loans and borrowings	9	(129,118)	(121,400)
		<u>18,741</u>	<u>7,801</u>
Net assets			
		<u>18,741</u>	<u>7,801</u>
Capital and reserves			
Share capital	11	775	775
Profit and loss account	12	17,966	7,026
Total shareholders' funds	12	<u>18,741</u>	<u>7,801</u>

The financial statements were approved by the Board of Directors and authorised for issue on 10 June 2016.

DocuSigned by:

 Ken des Garennes
 Director

The notes on pages 9 to 15 form part of these financial statements.

EGO MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2015

1. Accounting policies

Basis of preparing the financial statements

Following the change in control during the period, the company changed its year end from 31 December to 30 June 2015. Subsequent to this event, the company has assessed the accounting standards applied and brought it in line with its other UK companies to United Kingdom Generally Accepted Accounting Practice ("UK GAAP"). In undertaking this, the company has established the new accounting policies under UK GAAP as set out below and have not identified any material adjustments in the comparative financial information.

The financial statements are prepared under the historical cost convention and have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP").

A summary of the principal accounting policies is set out below. These have been applied consistently throughout the period and the preceding year.

Cash flow statement

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking and its cash flows appear in a consolidated cash flow statement in the financial statements of Zayo Group Holdings, Inc. which was the ultimate parent company at the balance sheet date, which are available to the public and can be obtained from the address stated in note 14.

Going concern

The company is expected to generate positive cash flows. On the basis of their assessment of the company's financial position, including in respect of material uncertainties, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or

EGO MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2015

1. Accounting policies (continued)

substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Investments

Investments in subsidiaries are stated at cost less provision for impairment in periods when events or changes in circumstances indicate the carrying value may not be recoverable.

2. Operating loss

Included in operating losses are the following:

	2015 £'000	2013 £'000
Auditor's remuneration		
Audit of these financial statements	-	7

The audit fee has been borne by other group companies for the eighteen month period ended 30 June 2015.

3. Finance income and expense

	2015 £'000	2013 £'000
Interest receivable and similar income		
Interest on loan notes	24,005	13,835
Total interest receivable and similar income	<u>24,005</u>	<u>13,835</u>
Interest payable and similar expense		
Interest on loan notes	4,890	13,002
Interest on loan from Zayo Group International Ltd	1,223	-
Interest on loan from Geo Networks Limited	3,604	796
Total interest payable and similar expense	<u>9,717</u>	<u>13,798</u>

4. Directors' remuneration

During the period none of the Directors received any emoluments in respect of their services to the Company.

In the current period, there were no directors on the Company's payroll. All directors during the current period were remunerated by other group companies in respect of services rendered to the Company.

EGO MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2015

5. Staff costs

The Company had no employees during the period (2013: nil).

6. Taxation

	2015 £'000	2013 £'000
Group relief credit - current period	1,644	(2,257)
Group relief charge - prior years	-	652
Deferred tax charge	1,704	2,013
Deferred tax credit - reduction in rates	-	27
Tax on profit on ordinary activities	<u>3,348</u>	<u>435</u>

Reconciliation of effective tax rate

The difference between the total tax calculated by applying the standard rate of UK corporation tax to the profit before tax and the actual charge for the period of £3,348 is summarised below:

	2015 £'000	2013 £'000
Profit before tax	14,288	30
Tax on profit at UK corporation tax rate of 20% (2013: 23.25%)	2,857	7
Effects of:		
Prior year group relief	-	652
Deferred tax adjustment in respect of prior years	491	1,287
Reduction in deferred tax rates	-	27
Non-taxable intra-group income	-	(3,217)
Non-deductible interest expense	-	1,679
Current tax charge for the period/year	<u>3,348</u>	<u>435</u>

EGO MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2015

7. Investments

Subsidiaries and associated undertakings:	2015	2013
	£'000	£'000
Cost		
At 30 June and 31 December	775	775
Impairment		
At 30 June and 31 December	-	-
Net book value		
At 30 June 2015 and 31 December 2013	<u>775</u>	<u>775</u>

Company	Country of Incorporation	Class of shares held	Ownership	
			2015	2013
Ego Acquisitions Limited	UK	Ordinary	100%	100%
Geo Network Limited*	UK	Ordinary	100%	100%
Geo Metro Limited**	UK	Ordinary	100%	100%
FibreSpeed Limited**	UK	Ordinary	100%	100%
Emerald Bridge Fibre Limited**	UK	Ordinary	50%	50%

* - Held indirectly through Ego Acquisitions Limited

** - Held indirectly through Geo Network Limited

Aggregate share

	Activity	Period Ended	Loss after tax £'000	capital and reserves £'000
Ego Acquisitions Limited	Telecommunications	30 June 2015	(19,982)	(84,076)
Geo Network Limited	Telecommunications	30 June 2015	14,054	31,253
Geo Metro Limited	Telecommunications	30 June 2015	923	2,390
FibreSpeed Limited	Telecommunications	30 June 2015	533	317
Emerald Bridge Fibre Limited	Telecommunications	30 June 2015	(1,479)	(734)

Investments in subsidiaries are tested annually for impairment. An impairment loss is recognised when the carrying value exceeds the recoverable amount of the investment. The recoverable amount is the higher of an investment's fair value less costs to sell and value in use.

EGO MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2015

8. Debtors

	2015 £'000	2013 £'000
Amounts due from other group undertakings		
Fixed rate unsecured loan notes 2015	61,800	61,800
Deferred interest on loan notes	84,728	62,367
Group relief receivable	258	2,257
Other	298	298
	<u>147,084</u>	<u>126,722</u>
 Amounts falling due after more than one year	 146,529	 124,167
Current	<u>555</u>	<u>2,555</u>
	<u>147,084</u>	<u>126,722</u>

The fixed rate unsecured loan notes comprise £41,150,000 of Series A and £20,650,000 of Series B interest bearing loan notes subscribed to on 6 February 2008.

9. Other interest-bearing loans and borrowings

	2015 £'000	2013 £'000
Amounts due to other group undertakings		
Fixed rate unsecured loan notes 2015	-	61,800
Deferred interest on loan notes	-	38,559
Loan from Geo Networks Limited	16,996	11,996
Interest on Loan from Geo Networks Limited	2,559	955
Fixed rate unsecured Series A PIK notes 2015	-	7,686
Interest on Series A PIK notes	-	404
Loan from Zayo Group International Ltd	108,340	-
Interest on loan from Zayo Group International Ltd	1,223	-
	<u>129,118</u>	<u>121,400</u>

The fixed rate unsecured loan notes comprise £41,150,000 of Series A and £20,650,000 of Series B interest bearing loan notes issued on 6 February 2008, and £1,485,613 of Series A PIK notes issued in December 2011 and £6,200,000 issued in December 2013. The fixed rate unsecured loan notes and the related interest on the notes were settled in connection with Zayo Group Holding Inc.'s acquisition of Ego Holdings Limited on May 15, 2014 and re-issued to Zayo Group International Limited.

EGO MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2015

9. Other interest-bearing loans and borrowings (Continued)

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Carrying amount and face value	
				2015 £'000	2013 £'000
Series A Loan Notes	GBP	12.0%	2015	-	41,150
Series B Loan Notes	GBP	12.5%	2015	-	20,650
Series A PIK Notes	GBP	12.0%	2015	-	7,686
Loan from Geo Networks	GBP	12.0%	2015	16,996	11,996
Loan from Zayo Group Int'l	GBP	1%	2020	108,340	-
				<u>125,336</u>	<u>81,482</u>

The Company has agreed formal loan repayment terms for its loan from Geo Networks and Zayo Group International Limited. The maturity date on the loan from Geo Networks is 31 December 2015, however the parent undertaking has agreed to extend repayment terms indefinitely.

10. Deferred tax asset

	2015 £'000	2013 £'000
Group relief		
Deferred tax asset 1 January	1,704	3,744
Deferred tax credit	(1,704)	(2,040)
Deferred tax asset 30 June 2015 and 31 December 2013	<u>-</u>	<u>1,704</u>

11. Share capital

	2015 Number	2013 Number
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>775,000</u>	<u>775,000</u>
	2015 £'000	2013 £'000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>775</u>	<u>775</u>

EGO MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2015

12. Reserves

	<i>Share capital £'000</i>	<i>Retained earnings/(loss) £'000</i>	<i>Total shareholders funds £'000</i>
At 1 January 2014	775	7,026	7,801
Profit for the period		10,940	10,940
At 30 June 2015	<u>775</u>	<u>17,966</u>	<u>18,741</u>

Reconciliation of movement in shareholders' funds

	2015 £'000	2013 £'000
Opening shareholder funds	7,801	7,396
Profit / loss for the period	<u>10,940</u>	<u>(405)</u>
Closing shareholder funds	<u><u>18,741</u></u>	<u><u>7,801</u></u>

13. Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Zayo Group Holdings, Inc. (which was the entity's ultimate parent company at the balance sheet date) on the grounds that all of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements which are available to the public and can be obtained from the address stated in note 14.

14. Ultimate parent undertaking

The company's immediate parent company is Ego Holdings Limited, a company incorporated in the United Kingdom. At the balance sheet date the company's ultimate parent undertaking was Zayo Group Holdings, Inc. a company incorporated in the United States of America. The group financial statements for Zayo Group Holdings, Inc. can be obtained from 1805 29th Street, Suite. 2050 Boulder, Colorado 80301, United States of America.