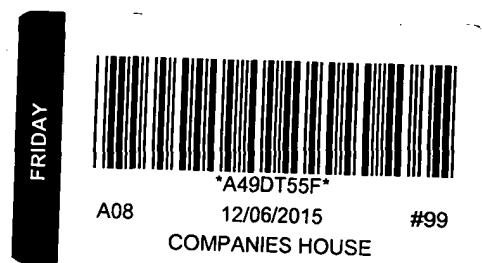


QSAT Caledonian Broadband Limited

Directors' Report and Financial Statements

For the year ended 30 June 2013



IBDO

Beaux Lane House
Mercer Street Lower
Dublin 2
Ireland

QSAT Caledonian Broadband Limited

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QSAT Caledonian Broadband Limited

Directors and other information

Directors	Niall Quinn David Whelan
Secretary	David Whelan
Company number	06580907
Registered address	Memery Crystal 44 Southampton Buildings London WC2A 1AP United Kingdom
Auditors	BDO Beaux Lane House Mercer Street Lower Dublin 2 Ireland

QSAT Caledonian Broadband Limited

Directors' Report

The directors submit their annual report together with the audited financial statements of the company for the year ended 30 June 2013.

Principal activity and review of the business

The principal activity of the company is the provision of broadband services and associated products.

Results and state of affairs

These are set out in the profit and loss account and balance sheet on pages 8 and 9 respectively.

Dividends

The directors do not recommend the payment of a dividend.

Post balance sheet events

On 26 February 2014 the group in which the company is part of signed a binding contract with its principal partner which the directors are confident will significantly improve the profitability of the business going forward.

Future developments

The directors do not anticipate any changes in the nature of the business.

Directors and secretary and their interests

The directors and secretary who held office during the year hold no direct interest in the company.

David Whelan holds a 10% interest in the shares of the immediate parent company, Alphasat Communications Limited, a company registered in Ireland.

Niall Quinn holds a 50% interest in the shares of the ultimate parent company, Q Sat Holdings Limited, a company registered in Ireland.

There have been no changes in shareholdings since the year end.

QSAT Caledonian Broadband Limited

Directors' Report - continued

Auditors

BDO, who were appointed during the year, are deemed to be reappointed under Section 487 (2) of the Companies Act 2006.

Special provision relating to small companies

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Registered office

The registered office is Memery Crystal, 44 Southampton Building, London, WC2A 1AP, United Kingdom.

On behalf of the board:



David Whelan

Director

Date: 04 June 2015

QSAT Caledonian Broadband Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of the affairs of the company and of the profit or loss for that year. In preparing these financial statements the directors are required to:

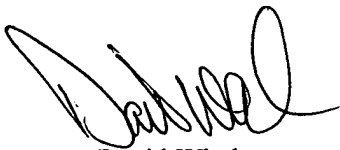
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

On behalf of the board:



David Whelan

Director

Date: 04 June 2015

Independent auditors' report to the members of QSAT Caledonian Broadband Limited

We have audited the financial statements of QSAT Caledonian Broadband Limited for the period ended 30 June 2013 on pages 8 to 14 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. 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 Section 495 and 496 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 auditors' 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 auditors

As explained more fully in the Statement of Directors' Responsibilities on page 5, 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 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 includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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.

Opinion

In our opinion, the financial statements:

- give a true and fair view of the state of affairs of the company at 30 June 2013, and of the results for the period then ended;
- and have been properly prepared in accordance with United Kingdom General Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Other Offices:

Four Michael Street
Limerick

Michael Costello (Managing Partner)
Katharine Byrne
Maurice Carr
Kevin Doyle
John Gilmor Gavin

Jim Hamilton
Sinead Heaney
Diarmuid Hendrick
Liam Hession
Gerard Holtiday

Ken Kilmartin
Teresa Morahan
Paul Nestor
John O'Callaghan
Con Quigley

Peter Carroll
Eddie Doyle
Stewart Dunne
Ivor Feerick
Brian Gartlan
David Giles
Derry Gray

Denis Herlihy
David McCormick
Brian McNery
Ciarán Medlar
David O'Connor
Peter O'Neill
Patrick Sheehan
Noel Taylor

Chartered Accountants



**Independent auditors' report to the members of QSAT Caledonian Broadband Limited
(continued)**

Opinion on matters prescribed by the Companies Act 2006

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

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.

Emphasis of matter and Going concern

The company has received written confirmation from its parent company, Alphasat Communications Limited that it will not call on its intercompany creditor of £82,458 for at least twelve months from the date of approval of these financial statements unless sufficient funds are available to repay this balance in part or in full.

Stewart Dunne (Senior Statutory Auditor)

for and on behalf of BDO

Statutory Auditor

Dublin, Ireland.

AI223876

Date: 04/06/2015

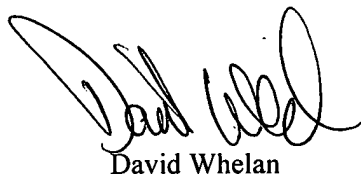
QSAT Caledonian Broadband Limited

**Profit and Loss Account
for the year ended 30 June 2013**

	Note	2013 £	2012 £
Turnover	1	551,030	608,761
Cost of sales		(668,517)	(202,440)
Gross (loss)/profit		<u>(117,487)</u>	406,321
Administrative expenses		(4,056)	(270,264)
Exceptional items	3	3,087,546	-
Profit on ordinary activities before taxation		<u>2,966,003</u>	136,057
Taxation	4	-	(681,344)
Profit/(loss) for the financial year		<u><u>2,966,003</u></u>	<u><u>(545,287)</u></u>

The notes on pages 10 - 14 form part of these financial statements.

The financial statements were authorised and approved for issue by the board on: 04 June 2015



David Whelan

Director

QSAT Caledonian Broadband Limited

Balance Sheet as at 30 June 2013

	Note	2013 £	£	2012 £	£
Current assets					
Debtors	5	955		271,942	
Cash at bank and in hand		<u>85</u>		<u>-</u>	
		1,040		271,942	
Creditors: amounts falling due within one year	6	<u>(88,224)</u>		<u>(3,325,129)</u>	
Net liabilities			<u>(87,184)</u>		<u>(3,053,187)</u>
Capital and reserves					
Called up share capital	7		100		100
Profit and loss account	8		<u>(87,284)</u>		<u>(3,053,287)</u>
Shareholders' deficit	9		<u>(87,184)</u>		<u>(3,053,187)</u>

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

The notes on pages 10 - 14 form part of these financial statements.

The financial statements were authorised and approved for issue by the board on: 04 June 2015



David Whelan

Director

QSAT Caledonian Broadband Limited

Notes to the Financial Statements for the year ended 30 June 2013

1. Accounting policies

1.1 Basis of preparation and going concern

The financial statements are prepared under the historical cost convention and on the Going Concern basis and in accordance with applicable UK accounting standards and with the Companies Act 2006.

The net balance sheet deficit at 30 June 2013 amounts to £87,184 (2012: £3,053,187). The company does not have any external debt and its deficit arises from intercompany recharges from other group companies, namely Alphasat Communications Limited and QSAT Broadband UK Limited.

The company has received written confirmation from these companies that they will not call on their intercompany creditors of £82,458 for at least twelve months from the date of approval of these financial statements unless sufficient funds are available to repay this balance in part or in full.

1.2. Turnover and revenue recognition

Turnover is generated from the provision of broadband services to customers and installation fees.

Turnover generated from broadband services represents the total invoice value, excluding value added tax, of sales made during the year falling within the company's ordinary activities. Turnover is recognised as the service is provided to customers.

Installation fees are recognised upon completion of the on-site installation.

1.3. Taxation

The charge for deferred taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions;

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.
- Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

QSAT Caledonian Broadband Limited

Notes to the Financial Statements for the year ended 30 June 2013

1.4. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences arising are dealt with in the profit and loss account.

1.5. Cash flow statement

The company has taken advantage of the exemption from the requirement to produce a cash flow statement in FRS 1 on the grounds that the company is a small company.

2. Turnover

The turnover and profit before taxation are attributable in full to the one principal activity of the company.

3. Exceptional items

	2013	2012
	£	£
Write off of intercompany balances due to the company	(417,159)	-
Write off of intercompany balances owing by the company	3,504,705	-
	3,087,546	-

QSAT Caledonian Broadband Limited

**Notes to the Financial Statements
for the year ended 30 June 2013**

4. Taxation

	2013 £	2012 £
Domestic current year taxation		
U.K corporation tax	-	681,344
Total current tax	-	681,344

The tax assessed for the year is higher than the standard rate of corporation tax. The difference is explained below.

Profit on ordinary activities before tax	2,966,003	136,057
Tax on ordinary activities at effective corporation tax rate of 23% (2012: 25.5%)	682,181	34,695
Effects of:		
Expenses not deductible for tax purposes	15	-
Non-taxable income arising from intercompany write off	(651,813)	-
New losses this year available for relief against other income	(30,383)	-
Change in tax rate		49,552
Tax losses carried forward not recognised		597,097
Current tax charge for year	-	681,344

5. Debtors

	2013 £	2012 £
Trade debtors	855	-
Other debtors	100	-
Amounts due from related parties (note 14)	-	271,942
	955	271,942

6. Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	5,766	-
Amounts due to related parties (note 14)	82,458	3,325,129
	88,224	3,325,129

QSAT Caledonian Broadband Limited

**Notes to the Financial Statements
for the year ended 30 June 2013**

7. Share Capital

	2013	2012
	£	£
Authorised equity		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
	<u>100</u>	<u>100</u>
Allotted, called up and unpaid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
	<u>100</u>	<u>100</u>

8. Reserves

	Profit and loss account	Total
	£	£
At beginning of year	(3,053,287)	(3,053,287)
Profit for the financial year	2,966,003	2,966,003
At end of year	<u>(87,284)</u>	<u>(87,284)</u>

9. Reconciliation of movements in shareholders' funds

	2013	2012
	£	£
Profit/(loss) for the year	2,966,003	(545,287)
Opening shareholders' deficit	(3,053,187)	(2,507,900)
Closing shareholders' deficit	<u>(87,184)</u>	<u>(3,053,187)</u>

10. Capital commitments

The directors confirm that no capital commitments existed at the year end.

11. Financial commitments

The directors confirm that no financial commitments existed at the year end.

12. Contingent liability

The directors confirm that no contingent liabilities existed at the year end.

QSAT Caledonian Broadband Limited

Notes to the Financial Statements for the year ended 30 June 2013

13. Parent company and ultimate parent company

The directors consider Alphasat Communications Limited, a company having its registered office at Blanchardstown, Dublin 15, Ireland, to be the immediate parent company by virtue of its shareholding in the company.

The directors consider QSAT Holdings Limited, a company having its registered office at Blanchardstown, Dublin 15, Ireland, to be the ultimate parent company by virtue of its shareholding in the parent company.

14. Related party transactions

During the year, the company received services and funding from QSAT Broadband UK Limited, a company incorporated in the United Kingdom under common ownership, to the value of £64,674. At the year end, the balance owing to QSAT Broadband UK Limited was £64,674.

During the year, the company received services and funding from Alphasat Communications Limited, a company incorporated in Ireland under common ownership, to the value of £481,944 and £464,160 was repaid. At the year end, the balance owing to Alphasat Communications Limited was £17,784.

At 1 July 2012 the company was owed £271,942 by companies in the Avanti Communications Group and owed £3,325,129 in return. In the period from 1 July to 17 October 2012, there were further transactions with this group, resulting in an amount due to the company of £417,159 and due by the company of £3,504,705. On 18 October 2012, the ordinary shares of this company were transferred to Alphasat Communications Limited, a company incorporated in Ireland. As part of the sale all related party balances with the Avanti Communications Group were written off and treated as an exceptional item in the financial statements.

15. Approval of financial statements

The financial statements were authorised and approved for issue by the board on: 04 June 2015