Registration number: 11326942

EagleCrest Telecoms Limited

Annual Report and Consolidated Financial Statements

for the Period Ended 31 December 2018

EagleCrest Telecoms Limited
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EagleCrest Telecoms Limited
Company Information

Directors
A Osorio
D Anderson
J Cogley

Company secretary
Abogado Nominees Limited (appointed 24 April 2018)

Registered office
100 New Bridge Street
London
United Kingdom
EC4V 6JA

Company number
11326942

Independent auditors
PricewaterhouseCoopers LLP
The Atrium
1 Harefield Road
Uxbridge
Middlesex
UB8 1EX

Bankers
Barclays
Level 4, Apex Plaza,
Forbury Road
Reading
RG1 1AX

EagleCrest Telecoms Limited
Strategic Report for the Period Ended 31 December 2018

The directors present their strategic report for the period from incorporation on 24 April 2018 to 31 December 2018.

Principal activities
EagleCrest Telecoms Limited (the "Company") was incorporated on 24 April 2018 and is incorporated and domiciled in England. The address of its registered office is 100 New Bridge Street, London, United Kingdom, EC4V 6JA.

The principal activity of the Company is as a holding company. It wholly owns IslaLink Holding Iberia S.L.U (formerly EagleCrest Telecoms Iberia S.L.U) ("IslaLink") (together "the Group"). IslaLink provides route-redundant, mission-critical fibre infrastructure connecting the Balearic islands to mainland Spain.

IslaLink is a private company limited by shares and is incorporated and domiciled in Spain. The address of its registered office is: Street Goya 59, Madrid.

Significant events
On 26 April 2018, the Company, a wholly owned subsidiary of EagleCrest Portfolio Holdings LP, which is in turn wholly owned by EagleCrest Infrastructure Canada LP ("ECILP"), entered into an agreement to purchase IslaLink. The Company gained control of IslaLink when the acquisition completed on 9 July 2018. Accordingly, IslaLink has been consolidated as of that date.

Business review
The directors consider turnover and operating profit to be the key performance indicators of the Group. Turnover for the Group was €4,838,684 with a loss after tax of €2,192,528. The Group's performance was in line with expectations.

Principal risks and uncertainties
The principal activity of the Group is wholesale communications services, the technical availability of the equipment that is used to deliver services to clients is the key risk. If the business was to suffer an extended outage for a given period of time, this has the potential to damage the performance of the Group. The submarine infrastructure is buried in certain areas to reduce this risk. The Group is also part of the Atlantic Private Maintenance Agreement ("APMA") which ensures the appropriate repair ships are on standby should a critical failure occur.

Approved by the Board on September 27, 2019 and signed on its behalf by:

....
J Cogley
Director

The directors present their report and the audited consolidated financial statements for the period from 24 April 2018 to 31 December 2018.

Incorporation
The Company was incorporated on 24 April 2018.

Directors
The directors of the Company who were in office during the period and up to the date of signing the financial statements, unless otherwise stated, were:

A Osorio (appointed 24 April 2018)
D Anderson (appointed 24 April 2018)
J Cogley (appointed 24 April 2018)

Political donations
The Company did not make any political donations in the current period.

Cash flows and liquidity risk
Cash flows are controlled by a financial model (the "model"). The model ensures required balances are maintained and adequate levels of cash are retained within the Group.

Post balance sheet event
On 15 January 2019, EagleCrest Telecoms Limited admitted to the Official List of The International Stock Exchange its loan notes held by EagleCrest Portfolio Holdings LP amounting to €21,551,500, against which €4,610,000 has subsequently been repaid. The loan notes are due for repayment by 9 July 2028 and have a coupon rate of 5.44%.

Disclosure of information to auditors
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The directors confirm that there is no relevant information that they know and of which they know the auditors are unaware.

Directors' responsibilities statement
The directors are responsible for preparing the Annual 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 prepared both, the Group financial statements and the Company financial statements, in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 Group and Company and of the profit or loss of the Group and Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

Directors' responsibilities statement (continued)
The directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Independent Auditors
PricewaterhouseCoopers LLP were appointed auditors during the period. Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

Approved by the Board on September 27, 2019 and signed on its behalf by:

....
J Cogley
Director

Independent auditors' report to the members of EagleCrest Telecoms Limited

Report on the audit of the financial statements

Opinion

In our opinion, EagleCrest Telecoms Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2018 and of the group's and the company's loss and cash flows for the 8 month period (the "period") then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: Consolidated Statement of Comprehensive Income for the Period Ended 31 December 2018 , Consolidated Statement of Financial Position as at 31 December 2018, Company Statement of Financial Position as at 31 December 2018 , Consolidated Statement of Changes in Equity for the Period Ended 31 December 2018, Company Statement of Changes in Equity for the Period Ended 31 December 2018, Consolidated Statement of Cash Flows for the Period Ended 31 December 2018, Company Statement of Cash Flows for the Period Ended 31 December 2018; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that

Independent auditors' report to the members of EagleCrest Telecoms Limited (continued)

Reporting on other information (continued)

there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

John Dashwood (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
30 September 2019

EagleCrest Telecoms Limited Group
Consolidated Statement of Comprehensive Income for the Period Ended 31 December 2018

	Note	2018
		€
Revenue	4	4,838,684
Cost of sales	4	(3,413,998)
Gross profit		1,424,686
Administrative expenses	4	(2,767,042)
Operating loss		(1,342,356)
Interest payable	4	(982,218)
Loss for the year before tax		(2,324,574)
Tax expense	5	132,046
Loss for the year and total comprehensive expense for the period		(2,192,528)

The above results were derived from continuing operations.

The notes on pages 17 to 39 form an integral part of these financial statements.

EagleCrest Telecoms Limited
Consolidated Statement of Financial Position as at 31 December 2018

	Note	31 December 2018 €
Assets		
Non-current assets		
Property, plant and equipment	8	**20,101,765**
Intangible assets	9	**39,219,351**
Non-current financial assets	7	**79,410**
Prepayments	7	**306,911**
Total non-current assets		**59,707,437**
Current assets		
Trade and other receivables	7	**1,159,843**
Cash and cash equivalents	6	**5,347,796**
Total current assets		**6,507,639**
Total assets		**66,215,076**
Liabilities		
Current liabilities		
Trade and other payables	11	**3,009,945**
Amounts owed to group undertaking	11, 13	**573,174**
Total current liabilities		**3,583,119**
Non-current liabilities		
Other payables	11	**10,325,029**
Amounts owed to parent undertaking	11, 13	**21,551,500**
Deferred consideration	11, 17	**11,300,000**
Deferred tax	16	**4,701,971**
Total non-current liabilities		**47,878,500**
Total liabilities		**51,461,619**
Equity		
Share capital	12	**3**
Share premium	12	**16,945,982**
Accumulated losses		**(2,192,528)**
Equity attributable to owners of the Company		**14,753,457**
Total equity and liabilities		**66,215,076**

The financial statements on pages 10 to 39 were approved by the Board of Directors on September 27, 2019 and signed on its behalf by:

....
J Cogley
Director

The notes on pages 17 to 39 form an integral part of these financial statements.

EagleCrest Telecoms Limited
(Registration number: 11326942)
Company Statement of Financial Position as at 31 December 2018

	Note	31 December 2018 €
Assets		
Non-current assets		
Investments	10, 17	**16,945,982**
Total non-current assets		**16,945,982**
Current assets		
Trade and other receivables	7	**22,142,550**
Cash and cash equivalents	6	**6**
Total current assets		**22,142,556**
Total assets		**39,088,538**
Liabilities		
Current liabilities		
Trade and other payables	11	**34,450**
Intercompany payable	11, 13	**573,174**
Total current liabilities		**607,624**
Non-current liabilities		
Intercompany payable	11, 13	**21,551,500**
Total non-current liabilities		**21,551,500**
Total liabilities		**22,159,124**
Equity		
Share capital	12	**3**
Share premium	12	**16,945,982**
Accumulated losses		**(16,571)**
Equity attributable to owners of the Company		**16,929,414**
Total equity and liabilities		**39,088,538**

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company Income Statement. The loss for the Company for the period was €16,571.

The financial statements on pages 10 to 39 were approved by the Board of Directors on September 27, 2019 and signed on its behalf by:

....
J Cogley
Director

The notes on pages 17 to 39 form an integral part of these financial statements.

EagleCrest Telecoms Limited
Consolidated Statement of Changes in Equity for the Period Ended 31 December 2018

	Share capital	Share Premium	Accumulated losses	Total
	€	€	€	€
Balance, 24 April 2018	-	-	-	-
Share capital issued	3	16,945,982	-	16,945,985
Total comprehensive loss	-	-	(2,192,528)	(2,192,528)
At 31 December 2018	**3**	**16,945,982**	**(2,192,528)**	**14,753,457**

The notes on pages 17 to 39 form an integral part of these financial statements.

EagleCrest Telecoms Limited
Company Statement of Changes in Equity for the Period Ended 31 December 2018

	Share capital	Share Premium	Accumulated losses	Total
	€	€	€	€
At 24 April 2018	-	-	-	-
Share capital issued	3	16,945,982	-	16,945,985
Total comprehensive loss	-	-	(16,571)	(16,571)
At 31 December 2018	**3**	**16,945,982**	**(16,571)**	**16,929,414**

The notes on pages 17 to 39 form an integral part of these financial statements.

EagleCrest Telecoms Limited
Consolidated Statement of Cash Flows for the Period Ended 31 December 2018

	Note	2018
		€
Operating activities		
Loss for the period before tax		**(2,324,574)**
Adjustments:		
Depreciation and amortization expense	4	**1,682,815**
Finance costs	4	**573,174**
Taxation	5	**(24,786)**
Increase in trade and other receivables	7, 17	**(396,697)**
Decrease in trade and other payables	11, 17	**(15,882,725)**
Net cash used in operating activities		**(16,372,793)**
Investing activities		
Purchase of tangible fixed assets	8	**(129,754)**
Acquisition of subsidiary	17	**(20,700,000)**
Cash acquired on acquisition of subsidiary	17	**4,628,330**
Purchase of financial assets		**(2,298)**
Net cash used in investing activities		**(16,203,722)**
Financing activities		
Loans received from group companies	15	**21,551,500**
Proceeds from issue of ordinary shares, net of issue costs	12	**16,945,985**
Interest paid	4	**(573,174)**
Net cash used in financing activities		**37,924,311**
Net increase in cash and cash equivalents		**5,347,796**
Cash and cash equivalents at 24 April 2018		**-**
Cash and cash equivalents at 31 December 2018	**6**	**5,347,796**

The notes on pages 17 to 39 form an integral part of these financial statements.

EagleCrest Telecoms Limited
Company Statement of Cash Flows for the Period Ended 31 December 2018

	Note	2018
		€
Operating activities		
Loss for the period		**(16,571)**
Adjustments:		
Increase in trade and other receivables	7	**(591,050)**
Increase in trade and other payables	11	**607,624**
Net cash used in operating activities		**3**
Investing activities		
Investment in IslaLink Holding Iberia	10	**(16,945,982)**
Loans issued to group companies	14	**(21,551,500)**
Net cash used in investing activities		**(38,497,482)**
Financing activities		
Loans received from group companies	15	**21,551,500**
Proceeds from issue of ordinary shares, net of issue costs	12	**16,945,985**
Net cash used in financing activities		**38,497,485**
Net movement in cash and cash equivalents		**6**
Cash and cash equivalents at 24 April 2018		**-**
Cash and cash equivalents at 31 December 2018	**6**	**6**

The notes on pages 17 to 39 form an integral part of these financial statements.

1. General information

EagleCrest Telecoms Limited (the "Company") was incorporated on 24 April 2018 and is a private company limited by share capital and domiciled in England. The company has not prepared financial statements for any previous period. The address of its registered office is:

100 New Bridge Street
London
United Kingdom
EC4V 6JA

Company Number
11326942

2. Accounting policies

Statement of compliance

The Group financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the EU ("adopted IFRS's") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), and include the following accounting policies noted below.

Functional Currency

The financial statements for the period ended 31 December 2018 are presented in Euros (€), which is the currency of the primary economic environment in which the Group operates and is considered the functional and presentation currency of the Company.

Basis of preparation

The financial statements have been prepared in accordance with adopted IFRSs and under historical cost accounting rules.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The Company was incorporated on 24 April 2018 and therefore, there are no comparative financial statements.

Changes in accounting policy

New IFRS standards, amendments and IFRIC interpretations issued.

<u>New IFRS standards considered by the company</u>

The group has applied the following standards and amendments for its financial statements period starting on 24 April 2018, date of incorporation of the parent company of this group:

<u>IFRS 9 Financial Instruments:</u>

The adoption of IFRS 9 Financial Instruments from incorporation resulted in changes in accounting policies. IFRS 9 sets out the requirements that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

2. Accounting policies (continued)

Changes in accounting policy (continued)

On the date of initial application of IFRS 9, the group's management has assessed which business models apply to the financial assets held by the group and has classified its financial instruments into the appropriate IFRS 9 categories. There are no significant changes and no impacts as a result of the adoption of these standards.

IFRS 15 Revenue from Contracts with Customers
The group has adopted IFRS15 Revenue from Contracts with Customers from its incorporation. This standard established a comprehensive framework for determining when to recognise revenue and how much revenue to recognise. The core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is allocated to single performance obligations based on their standalone selling prices and recognised when (or as) the obligation is satisfied.

The main sources of revenue of the Group are the following: Circuits (Capacity), Indefeasible Right of Use (IRUs), Operations & Maintenance (O&M), Racks and they are all recognised over the time considering when the services are rendered, except for other revenue recognised at the point in time considering when the goods or services are rendered and or transferred.

Management have undertaken a review of all revenue streams across the business and applied the requirements established in the new revenue standard. Management has assessed the effect of applying the new standard on the group's financial statements and has identified that it will not have an impact in the financial statements, except for the effect of the financial component included in the IRUs. According to when performance obligations are satisfied, there is no material change in the timing of revenue recognition when comparing to previous accounting policies to those now under IFRS 15.

The subsidiary of the group, BalaLink at acquisition date adopted IFRS 15 using the modified retrospective method; and an amount of 1.4 million euros adjustment was made to the cumulative effect from initial application of the retained earnings, this impact is included in the business combination.

Impact of standards issued but not yet applied by the entity

Certain new accounting standards and interpretations have been published that are not mandatory for period ended 31 December 2018 and have not yet been applied in the consolidated financial statements:

2. Accounting policies (continued)

Changes in accounting policy (continued)

	Summary and impact on Group's financial statements
Title of Standard	IFRS 16 Leases
Nature of change	IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.
Impact	The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of 1.4 million euros. The impact related to the first application of such standard results approximately in the recognition of an asset and a liability for future payments in an amount around 1.5 million euros and this affect the Group's profit and classification of cash flows. The group is also considering that some commitments are covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.
Mandatory application date	Mandatory for financial years commencing on or after 1 January 2019. The group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other standards that are not yet effective and that are expected to have a significant impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Going concern
The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

Basis of consolidation
The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings from the date of acquisition of 9 July 2018 to 31 December 2018.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2. Accounting policies (continued)

Basis of consolidation (continued)

Investment and other financial assets

i) Classification

The Group classified its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit and loss), and
- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOIC).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

2. Accounting policies (continued)

Investment and other financial assets (continued)

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit and loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in the statement of comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line items in the statement of comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit and loss and presented net within other gains/(losses) in the period in which is arises.

Revenue recognition
Revenue is allocated to single performance obligations based on their standalone selling prices and recognised when (or as) the obligation is satisfied.

The main sources of the Group are the following: Circuits (Capacity), Indefeasible Right of Use (IRUs), Operations & Maintenance (O&M), Racks and they are all recognised over the time considering when the services are rendered and or transferred.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenues are recorded at the fair value of the consideration to be received and represent the amounts receivable for the delivered goods and the services rendered in the ordinary course of the Group's activities, less returns, rebates, discounts and value tax.

Revenues derived from fixed-price contracts corresponding to the provision of services for the construction and operation of submarine fibre optic networks for the transport of voice, data, internet and television are generally recognised in the period in which the services are provided over the term of the contract.

Deferred income (Long-term and Short-term)
Corresponds to income from contracts for the transfer of optical fibres to customers and are charged to income on a straight-line basis over the term of the contracts, between 10 and 25 years.

2. Accounting policies (continued)

Corporate Income Tax
The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Business Combinations
The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and

2. Accounting policies (continued)

Business Combinations (continued)

- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:
- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired

Is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment include buildings and technical facilities relating to the groups principal activity and is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of property plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

2. Accounting policies (continued)

Property, plant and equipment (continued)

The estimated useful lives are:

	Useful lives (years)
Buildings	15 – 35
Technical installations	15 – 35
Other installations	4
Furniture	10
Computer equipment	4

Intangible assets

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Licenses and customer contracts

Separately acquired licenses are shown at historical cost. Licenses and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. These costs are amortised over their estimated useful lives that are considered to be 5 years for license and the term of the contracts for the customer contracts asset which include renewals until the useful life of the asset associated.

Investments
Investments in securities are classified on initial recognition as available-for-sale and are carried at fair value, except where their fair value cannot be measured reliably, in which case they are carried at cost, less any impairment.

Unrealised holding gains and losses other than impairments are recognised in other comprehensive income. On maturity or disposal, net gains and losses previously deferred in accumulated other comprehensive income are recognised in income.

2. Accounting policies (continued)

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Trade payables and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing. Interest expense is recognised on the basis of the effective interest method and is included in transaction costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Related Parties

In general, transactions between group companies are initially accounted for at fair value. In your case, if the agreed price differs from its fair value, the difference is recorded according to the economic reality of the operation. The subsequent evaluation is carried out in accordance with the provisions of the corresponding standards.

3. Use of estimate and critical accounting judgements

The preparation of the financial statements in compliance with IFRSs requires management to make certain estimates and assumptions that they consider reasonable and realistic. Estimates and judgements are inherent in, but not limited to the following: the existence and valuation of customer contracts of the company, fair value of financial assets and liabilities and evaluation of impairments. Despite regular reviews of these estimates and assumptions, based in particular on past achievements or anticipations, facts and circumstances may lead to changes in these estimates and assumptions, which could impact the reported amount of the assets, liabilities, equity or earnings.

The key estimates and assumptions used by the company are discussed below:

Useful economic lives and impairment of intangible assets
The annual amortisation charge for intangible assets includes that for Goodwill, software licences and customer contracts and is estimated over the useful economic lives of each. The useful economic lives and impairment provision is reassessed annually. They are amended when necessary to reflect current estimates. See Note 9 for the carrying amounts of each and Note 2 for their useful economic lives.

Recognition of deferred tax assets and liabilities
The Group has recognised deferred tax assets during the year, which relates to adoption of IFRS 15, carried forward tax losses and temporary differences as detailed in Note 16. The group has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the subsidiary.

Allocation of goodwill on acquisition
Following the acquisition of Islalink Holding Iberia S.L.U. (Previously EagleCrest Telecoms Iberia, S.L.U) on 9 July 2018 the company has placed a value on the net identifiable assets and liabilities acquired. The company has recognised goodwill on acquisition. This has been detailed in Note 17 and has been considered for impairment as per above.

4. Revenue, expenses and interest payable

Revenue
The whole of the Group's revenue is attributable to its market in Spain and is derived from the principal activity of fibre infrastructure.

Expenses
The operating loss before tax expense:

	2018 Group €
Audit fees	27,000
Operating lease expenses	160,026
Depreciation expenses	849,002
Amortisation expense	833,813
Gain on FOREX	3,813

4. Revenue, expenses and interest payable (continued)

Interest payable
The interest payable expense is made up of the following:

	2018 Group €
Interest payable to parent company	**573,175**
Interest payable to other parties	**409,043**

Personnel cost

The breakdown of the staff cost during 2018 within the group is as follows:

	2018
Wages, salaries and similar remuneration	883,588
Social Security	118,646
Other Social Securities	42,888
Total	**1,045,122**

See Note 19 for further information on directors remuneration.

5. Tax expense

Tax credit included in loss	**2018 €**
Current tax	
UK corporation tax at 19% (2017:20%)	(59,672)
Foreign tax on profits in the year	34,886
Total Current tax	**(24,786)**
Deferred tax	
Non deductible expenses	(76,832)
Fixed assets	233,664
Total deferred tax	**156,832**
Tax charge on loss	**132,046**

5. Tax expense (continued)

Numerical reconciliation of income tax expense to prima facie tax payable:

	2018
	€
Current tax charge at 19%	**(441,669)**
Effects of:	
Non-deductible expenses	59,386
Other permanent differences	500,195
Difference arising from tax rates applied overseas	58,093
Subtotal	**176,005**
Unused tax losses	(43,959)
Current income tax expense	**132,046**

The subsidiary, IslaLink Holding Iberia S.L.U., during 2018 generated carry forward losses for an amount of €2,010,513, which were not recognised considering that they cannot be used because it is not probable that they will obtain future tax profits that allow its utilisation and because (see below for more information) it will form part of a new tax consolidated group in 2019 where the use of pre-existent carryforward losses are not permitted.

In December 2018, the decision was made to become a consolidated group for the purpose of the Corporate Income Tax (CIT) and the Value Added Tax (VAT) from the year 2019. This consolidated tax group is represented by the sole shareholder of the group, EagleCrest Telecoms Limited and was approved by the Tax Authorities on 30 January 2019 for the VAT and 27 February 2019 for the CIT.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date arising in the UK have been measured using these enacted tax rates and reflected in these financial statements. Deferred taxes at the balance sheet date arising overseas have been measured using the local enacted tax rates.

6. Cash and cash equivalents

	Group	Company
	2018	2018
	€	€
Cash in bank	5,347,796	6

7. Trade and other receivables

Trade and other receivables as at 31 December 2018 as are follows:

Due within one year	**Group** **€**	**Company** **€**
Trade receivables	**594,923**	**-**
Other financial assets	**17,497**	**-**
Prepayments	**235,567**	**-**
Tax repayable	**311,853**	**-**
Amounts due from group companies (Note 17)	**-**	**21,551,500**
Interest due from group companies	**-**	**591,047**
Other receivables	**3**	**3**
Balance, 31 December 2018	**1,159,843**	**22,142,550**

Due after more than one year	**Group** **€**	**Company** **€**
Prepayments	**306,911**	**-**
Other financial assets	**79,405**	**-**
Derivative financial assets	**5**	**-**
Balance, 31 December 2018	**386,321**	**-**

The fair value of those trade and other receivables classified as financial instrument loans and receivables are disclosed in the Note 21. The Group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in Note 24.

Further information on the terms of the group loan within the company can be found in Note 14.

8. Property, plant and equipment

Breakdown for property, plant and equipment for the period consist of the following:

Group	Land and buildings €	Technical installations and other tangible assets €	Total €
Cost			
Balance as at 24 April 2018	-	-	-
Additions for the period-ended 31 December 2018	4,700	125,054	129,754
Business combination (Note 17)	1,551,439	15,405,854	16,957,293
Fair value uplift on acquisition (Note 17)	-	3,863,720	3,863,720
Cost as at 31 December 2018	**1,556,139**	**19,394,628**	**20,950,767**
Accumulated depreciation			
Balance as at 24 April 2018	-	-	-
Depreciation for the period-ended 31 December 2018	47,280	801,722	849,002
Accumulated depreciation as at 31 December 2018	**47,280**	**801,722**	**849,002**
Net book value as at 31 December 2018	**1,508,859**	**18,592,906**	**20,101,765**
Net book value as at 24 April 2018	-	-	-

The Company had no property, plant or equipment as at 31 December 2018.

9. Intangible assets

The intangible asset was acquired as part of the IslaLink purchase (see Note 17 for details). They are recognised at their fair value at the date of acquisition and are subsequently amortised straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives.

Group	Goodwill €	Customer relationships €	Software €	Total €
Cost				
Balance as at 24 April 2018	-	-	-	-
Business combination (Note 17)	20,771,388	19,277,921	3,855	40,053,164
Cost as at 31 December 2018	**20,771,388**	**19,277,921**	**3,855**	**40,053,164**
Accumulated amortisation				
Balance as at 24 April 2018	-	-	-	-
Amortisation for the period-ended 31 December 2018	-	832,982	831	833,813
Cost as at 31 December 2018	**-**	**832,982**	**831**	**833,813**
Net book value as at 31 December 2018	**20,771,388**	**18,444,939**	**3,024**	**39,219,351**
Net book value as at 24 April 2018	**-**	**-**	**-**	**-**

The Company had no intangible assets as at 31 December 2018.

10. Investments

Company	Investments in subsidiary €
Cost	
Balance as at 24 April 2018	-
Acquisitions during the period (Note 17)	16,945,982
Cost as at 31 December 2018	**16,945,982**

The above represents the company's investment within their wholly owned subsidiary, IslaLink Holding Iberia S.L.U. (formerly EagleCrest Telecoms Iberia, S.L.U.). This is a private company limited by share capital and domiciled in Spain. The address of its registered office is: street Goya 59, Madrid.

The figures also include the those of BalaLink S.A.U., which is a wholly owned subsidiary of IslaLink Holding Iberia S.L.U. (formerly EagleCrest Telecoms Iberia, S.L.U.). This is a private company limited by share capital and domiciled in Spain. The address of its registered office is: street Goya 59, Madrid.

11. Trade and other payables

Total current liabilities for the period are as follows:

Due within one year	**Group €**	**Company €**
Trade payables	395,711	-
Accrued expenses	34,450	34,450
Interest payable to group companies	573,174	573,174
Other taxation and social security	473,912	-
Other payables	2,105,872	-
Balance, 31 December 2018	**3,583,119**	**607,624**

Due after more than one year	**Group €**	**Company €**
Trade payables	20,131	-
Amounts payable to group companies	21,551,500	21,551,500
Other payables	10,304,898	-
Deferred consideration	11,300,000	-
Balance, 31 December 2018	**43,176,529**	**21,551,500**

The fair value of the trade and other payables classified as financial instruments are disclosed in Note 21. The Group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in the Note 24.

Further information on the terms of the group loan within the company can be found in Note 15.

12. Share capital

	No.	**2018 €**
Ordinary of €1 each	3	3

On incorporation on 24 April 2018 the Company issued 2 ordinary £1 shares at par value.

On 9 July 2018 the Company issued a further 1 ordinary £1 share for an amount totalling €16,945,982. The amount in excess of par value has been treated as share premium.

13. Transactions with related parties

The detail on the balances and transactions with related parties is as follows;

Company

Transactions

	€ **2018**
IslaLink Holding Iberia S.L.U	599,515
Total interest income from related parties	**599,515**
EagleCrest Portfolio Holdings LP	573,175
Total interest payable from related parties	**573,175**

Balances

	€ **2018**
Amounts due from related party within one year	
Loan receivable from IslaLink Holding Iberia S.L.U (Note 14)	21,551,500
Interest receivable from IslaLink Holding Iberia S.L.U	591,047
Unpaid share capital due	3
Total due from related parties	**22,142,550**

	€ **2018**
Debt due to related party within one year	
Interest payable to EagleCrest Portfolio Holdings LP	573,174
Debt due to related party after more than one year	
Loan payable to EagleCrest Portfolio Holdings LP (Note 15)	21,551,500
Total debt due to related parties	**22,124,674**

13. Transactions with related parties (continued)

Group

Transactions

	€ 2018
EagleCrest Portfolio Holdings LP	573,175
Total interest payable from related parties	**573,175**

Balances

	€ 2018
Debt due to related party within one year	
Interest payable to EagleCrest Portfolio Holdings LP	573,174
Debt due to related party after more than one year	
Loan payable to EagleCrest Portfolio Holdings LP (Note 15)	21,551,500
Total debt due to related parties	**22,124,674**

14. Intercompany loan receivable

On 9 July 2018, the Company loaned €21,551,500 to its wholly owned subsidiary, IslaLink Holding Iberia. Interest on the loan accrues at a rate of 5.69% per annum with the maturity date of 9 July 2028. This loan is unsecured.

	Group €	Company €
Balance, 24 April 2018	-	-
Additions during the period	-	21,551,500
Balance, 31 December 2018	**-**	**21,551,500**

15. Intercompany loan payable

On 9 July 2018, the Company borrowed €21,551,500 from its parent, EagleCrest Portfolio Holdings LP. Interest on the loan accrues at a rate of 5.444% per annum with the maturity date of 9 July 2028. This loan is unsecured.

	Group €	Company €
Balance, 24 April 2018	-	-
Additions during the period	21,551,500	21,551,500
Balance, 31 December 2018	**21,551,500**	**21,551,500**

16. Deferred tax balances

The movement of the deferred tax assets and liabilities is as follows:

	At 24 April 2018 €	(Charged)/ credited Business acquisition (Note 17) €	(Charged)/ credited to statement of comprehens-ive income €	At 31 December 2018 €
Deferred tax assets:				
Revenue from customer contracts IFRS 15 adoption	-	461,653	(959)	460,694
Carry forward losses	-	230,535	(57,841)	172,694
Temporary non-deductible depreciation and amortisation	-	234,419	(18,032)	216,387
Total Deferred tax assets	**-**	**926,607**	**(76,832)**	**849,775**
Deferred tax liabilities:				
Property, plant and equipment	-	(965,930)	25,419	(940,511)
Customer relationships	-	(4,819,480)	208,245	(4,611,235)
Total Deferred tax liability	**-**	**(5,785,410)**	**233,664**	**(5,551,746)**
Net Deferred tax	**-**	**(4,858,803)**	**156,832**	**(4,701,971)**

17. Business acquisition

On 9 July 2018, the Company acquired 100% of the issued share capital of IslaLink Holdings Iberia (formerly IslaLink S.L.U.) for purchase consideration of €32,000,000. This took the form of completion consideration of €20,000,000, a deferred consideration of €11,300,000 and other amounts payable of €700,000. Details of the purchase consideration and the net identifiable assets acquired are as follows:

	2018
	€
Investment, consideration paid directly to the previous owners	20,000,000
Deferred consideration	11,300,000
Other amounts	700,000
Total	**32,000,000**
Less:	
Deferred consideration	(11,300,000)
Management transaction bonus net amount	(249,710)
Withholding amount	(190,290)
Completion consideration	**20,260,000**
Management transaction bonus net amount	249,710
Withholding amount	190,290
Facilities agreement amount	15,374,422
Hedging agreement amount	164,300
W&I Policy	185,763
Transaction costs	1,709,250
Cash acquired	363,747
Total consideration	**38,497,482**
Investment in subsidiary (Note 10)	16,945,982
Loan to subsidiary (Note 7)	21,551,500
Total consideration	**38,497,482**

17. Business acquisition (continued)

Book value of assets acquired	2018 €
Cash and cash equivalents	4,628,330
Trade and other receivables	647,449
Current deferred expenses	247,677
Property, plant and equipment	16,957,293
Intangible assets	3,855
Other financial assets	77,077
Derivative	35
Non-current deferred expense	174,931
Deferred tax assets	926,607
Trade and other payables	(952,922)
Current deferred income	(1,672,318)
Current financial debts	(2,684,272)
Current other debts	(94,337)
Accruals	(747,042)
Non-current financial debts	(284,427)
Non-current other debts	(12,508,231)
Non-current deferred income	(10,847,324)
Net identifiable liabilities acquired (book value)	**(6,127,619)**
Fair value adjustments	
Goodwill	20,771,388
Deferred tax liability	(5,785,410)
Extension cable value	3,863,720
Customer contracts	19,277,921
Total net identifiable assets acquired	**32,000,000**

There were no other fair value adjustments during the period 31 December 2018.

18. Auditors' remuneration

Fees payable to the Group's auditors for the audit of the Group's financial statements is €27,000 for the period ended 31 December 2018.

19. Directors' and employee remuneration

During the period ended 31 December 2018, all the directors were employed by and received all remuneration from other Fiera Infrastructure Inc. undertakings. The directors perform directors' duties for multiple entities in the Fiera Infrastructure Inc. group, as well as their employment duties within Fiera Infrastructure Inc. group businesses. Consequently, allocating their employment compensation accurately across all these duties would not be feasible. Accordingly, no separate remuneration has been disclosed.

20. Contingencies

As of 31 December 2018, the Board of Directors of the Group have no knowledge of possible contingent liabilities.

The Group has deposited various technical guarantees and guarantees granted by financial institutions mainly to suppliers, customers and official bodies, as a guarantee of compliance with the commitments made, which as of 31 December 2018 amounted to €3,282,400.

As of the date of these financial statements, the subsidiary BalaLink S.A.U., has an open judicial procedure since 2013 by claiming to the entity Canarias Submarine Link, S.L. an amount of €816,229 for services rendered. This claim is currently at the Supreme Court after having accepted the filed appeal.

21. Classification of financial and non-financial assets and financial and non-financial liabilities

The classification of financial assets and financial liabilities by accounting categorisation for the period ending 31 December 2018 was as follows:

	Group 2018 €	Company 2018 €
Financial liabilities measured at amortised cost		
Trade and other payables	24,126,612	-
Intercompany payable	22,124,674	22,124,674
	46,251,286	22,124,674
Financial assets measured at amortised cost		
Property, plant and equipment	20,101,765	-
Intangible assets	39,219,351	-
Trade and other receivables	594,926	3
Intercompany receivable	-	22,142,547
	59,916,042	22,142,550
Financial assets held at fair value		
Cash and cash equivalents	5,347,796	6
	5,347,796	6

22. Commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are as follows;

	Group 2018 €	Company 2018 €
Within one year	397,749	-
Later than one year but not later than five years	961,397	-
	1,359,146	-

23. Parent and ultimate parent undertaking

The Company's immediate parent is EagleCrest Portfolio Holdings LP. The ultimate parent is EagleCrest Infrastructure Canada LP. These statements are not consolidated at either of these levels.

24. Financial risk management

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The Company's principal financial assets which are subject to credit risk are cash and cash equivalents, restricted cash and investments. The carrying amounts of financial assets on the statement of financial position, other than derivative financial instruments represent the Company's maximum exposure to credit risk at the statement of financial position date.

The credit risk on cash and cash equivalents and restricted cash is limited because the counterparties are commercial banks or financial institutions with high credit ratings assigned by independent credit rating agencies. The Company's credit risk is attributable primarily to its investments in IslaLink S.L.U. IslaLink S.L.U's primary source of revenue arises from fibre infrastructure connecting the Balearic Islands to mainland Spain and therefore the credit risk is limited.

25. Events after the Reporting Period

On 15 January 2019, EagleCrest Telecoms Limited admitted to the Official List of The International Stock Exchange its loan notes held by EagleCrest Portfolio Holdings LP amounting to €21,551,500, against which €4,610,000 has subsequently been repaid. The loan notes are due for repayment by 9 July 2028 and have a coupon rate of 5.44%.

On 17 January 2019, it was decided that IslaLink Holding Iberia, S.L. (formerly EagleCrest Telecoms Iberia, S.L.U) would distribute the existing excess cash of approximately €4.5 million. IslaLink Holding Iberia, S.L.management estimates that after the study of the different distribution mechanisms, partial and early repayment of the loan between the parties will prevail. At the date of these financial statements, IslaLink Holding Iberia, S.L. made two early repayments of the loan with EagleCrest Telecoms Limited for an amount of €3,873,174 and €725,000.

On 25 February 2019, the Mercantile Registry of Madrid approved the request to change the corporate name of the subsidiary company, renaming it IslaLink Holding Iberia, S.L. (previously EagleCrest Telecoms Iberia, S.L.).