



Unaudited interim condensed consolidated
financial statements

For the six months ended 30 September 2016

GLOO NETWORKS PLC
Company number 09441537
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CHAIRMAN'S STATEMENT AND STRATEGIC REPORT

I am pleased to present to the shareholders the Interim Condensed Consolidated Financial Statements of Gloo Networks plc ("the Company") for the six months ended 30 September 2016, consolidating the results of Gloo Networks plc and Gloo Networks Jersey Limited (together, the "Group").

Strategy

The Company is a digital transformation company that aims to connect some of the world's most-loved content with its most-valued consumers. It intends to acquire trusted consumer brands in the media sector that appeal to attractive socio-economic groups and use data and technology to change their business models to ultimately unlock value and increase profitability. The Company intends to acquire and run businesses initially with an enterprise value in the range of £250 million to £1 billion and is led by digital transformation experts Rebecca Miskin (Chief Executive Officer), Bill Davis (Chief Financial Officer) who joined the Company on 1 July 2016, and Juan Lopez-Valcarcel (Chief Product and Operations Officer). Arnaud de Puyfontaine serves as Non-Executive Chairman of the Company.

The ongoing digital and technological disruption of the media and content industries remains a fundamental dynamic driving potential acquisition opportunities and verifying the Company's core investment hypothesis. Despite recent volatility in equity and currency markets, the Company remains well-positioned to secure a suitable platform acquisition, with a pipeline of opportunities currently under review.

The Directors continue to adopt a disciplined and rigorous approach to assessing acquisition opportunities, while controlling the Company's planned level of expenditures during the pre-acquisition phase.

Results

The Group's loss after taxation for the six months to 30 September 2016 was £1,608,584 (30 September 2015: £789,637). In the six months to 30 September 2016, the Group incurred £1,659,762 of administrative expenses, received interest of £51,178 and at the period end held a cash balance of £25,696,311.

Dividend Policy

The Company has not yet acquired a trading operation and the Directors therefore consider it inappropriate to make a forecast of the likely level of any future dividends. The Directors intend to determine the Company's dividend policy following completion of the Company's first acquisition and in any event, will only commence the payment of dividends when it becomes commercially prudent to do so.

Corporate Governance

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

Risks

The Directors have carried out a robust assessment of the principal risks facing the Group including those that would threaten its business model, future performance, solvency or liquidity. There have been no changes to the principal risks described in the Group's annual consolidated financial statements for the period ended 31 March 2016. The Directors are of the opinion that the risks are applicable to the six month period to 30 September 2016, as well as the remaining six months of the financial year. Further detail in relation to the risks faced by the Group can be found on pages 29-33 of the Audited Consolidated Financial Statements, on the Company's website www.gloonetworks.com.

Outlook

During the period, the Group has made encouraging progress with potential acquisition opportunities and the Directors look forward to providing further updates to shareholders in due course.

Arnaud de Puyfontaine

Rebecca Miskin

Non-Executive Chairman
10 November 2016

Chief Executive Officer
10 November 2016

We confirm to the best of our knowledge:

- the Unaudited Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34, "Interim Financial Reporting"; and
- the interim management report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7R and Disclosure and Transparency Rule 4.2.8R.

Neither the Company nor the directors accept any liability to any person in relation to the half-year financial report except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A and schedule 10A of the Financial Services and Markets Act 2000.

Details on the Company's Board of Directors can be found on the Company website at www.gloonetworks.com.

By order of the Board

Arnaud de Puyfontaine
Non-Executive Chairman
10 November 2016

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 September 2016 Unaudited £	Six months ended 30 September 2015 Unaudited £
Administrative expenses	4	(1,659,762)	(796,203)
Operating loss		(1,659,762)	(796,203)
Finance income		51,178	6,566
Finance costs		-	-
Finance income		51,178	6,566
Loss before income tax		(1,608,584)	(789,637)
Income tax		-	-
Loss for the period		(1,608,584)	(789,637)
Total other comprehensive income		-	-
Total comprehensive loss for the period		(1,608,584)	(789,637)
Attributable to:			
Owners of the parent		(1,608,584)	(789,637)
Loss per ordinary share	12		
Basic and diluted loss per share attributable to ordinary equity holders of the parent (£)		(0.0628)	(0.1453)

The Group's activities derive from continuing operations.

The notes on pages 9 to 15 form an integral part of these condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 September 2016 Unaudited £	As at 31 March 2016 Audited £
Assets			
Fixed assets			
Office equipment	5	1,286	-
Total fixed assets		1,286	-
Current assets			
Cash and cash equivalents	11	25,696,311	27,242,121
Other receivables	7,11	125,057	135,696
Total current assets		25,821,368	27,377,817
Total assets		25,822,654	27,377,817
Capital and reserves attributable to equity holders of the parent			
Share capital	9	256,000	256,000
Share premium	9	29,551,492	29,551,492
Share-based payment reserve	10	67,081	34,799
Retained earnings	10	(4,275,582)	(2,666,998)
Total equity		25,598,991	27,175,293
Current liabilities			
Trade and other payables	8	223,663	202,524
Total liabilities		223,663	202,524
Total equity and liabilities		25,822,654	27,377,817

The notes on pages 9 to 15 form an integral part of these condensed consolidated financial statements.

The financial statements were approved by the Board of Directors on 10 November 2016 and were signed on its behalf by:

Rebecca Miskin
Director

Bill Davis
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £	Share Premium £	Share based payment reserve £	Retained earnings £	Total equity £
Balance as at 1 April 2016		256,000	29,551,492	34,799	(2,666,998)	27,175,293
Loss for the half-year		-	-	-	(1,608,584)	(1,608,584)
Issue of share capital	9	-	-	-	-	-
Share issue costs	9	-	-	-	-	-
Share redemption	9	-	-	-	-	-
Share-based payments	13	-	-	32,282	-	32,282
Balance as at 30 September 2016 (unaudited)		<u>256,000</u>	<u>29,551,492</u>	<u>67,081</u>	<u>(4,275,582)</u>	<u>25,598,991</u>

	Note	Share capital £	Share Premium £	Share based payment reserve £	Retained earnings £	Total equity £
Balance as at 1 April 2015		2	200,000	-	(235,959)	(35,957)
Loss for the half-year		-	-	-	(789,637)	(789,637)
Issue of share capital	9	305,996	30,264,000	-	-	30,569,996
Share issue costs	9	-	(913,933)	-	-	(913,933)
Share redemption	9	(49,998)	-	-	-	(49,998)
Share-based payments	13	-	-	604	-	604
Balance as at 30 September 2015 (unaudited)		<u>256,000</u>	<u>29,550,067</u>	<u>604</u>	<u>(1,025,596)</u>	<u>28,781,075</u>

The notes on pages 9 to 15 form an integral part of these condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity
		£	£	£	£	£
Balance as at 1 October 2015		256,000	29,550,067	604	(1,025,596)	28,781,075
Loss for the period		-	-	-	(1,641,402)	(1,641,402)
Issue of share capital	9	-	-	-	-	-
Share issue costs	9	-	1,425	-	-	1,425
Share redemption	9	-	-	-	-	-
Share-based payments	13	-	-	34,195	-	34,195
Balance as at 31 March 2016		<u>256,000</u>	<u>29,551,492</u>	<u>34,799</u>	<u>(2,666,998)</u>	<u>27,175,293</u>

The notes on pages 9 to 15 form an integral part of these condensed consolidated financial statements.

GLOO NETWORKS PLC

Company number 09441537

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended 30 September 2016 Unaudited	Six months ended 30 September 2015 Unaudited
		£	£
Cash flows from operating activities			
Operating loss		(1,659,762)	(796,203)
Adjustments to reconcile operating loss to net cash flows:			
Decrease / (increase) in trade and other receivables	7	10,639	(46,803)
Increase in trade and other payables	8	21,139	142,145
Share-based payment expense	13	32,282	604
Depreciation expense	5	71	-
Net cash used in operating activities		(1,595,631)	(700,257)
Investing activities			
Purchase of office equipment	5	(1,357)	-
Net cash flows used in investing activities		(1,357)	-
Cash flows from financing activities			
Bank interest received		51,178	6,566
Redemption of reclassified preference shares to equity	9	-	(49,998)
Proceeds from issue of share capital	9	-	30,569,996
Share issue costs	9	-	(913,933)
Net cash generated from financing activities		51,178	29,612,631
Net (decrease) / increase in cash and cash equivalents		(1,545,810)	28,912,374
Cash and cash equivalents at beginning of the period		27,242,121	156,699
Cash and cash equivalents at the end of the period	11	25,696,311	29,069,073

The notes on pages 9 to 15 form an integral part of these condensed consolidated financial statements.

1. GENERAL INFORMATION

Gloo Networks plc (the “Company”) is a digital transformation company incorporated in England and Wales and domiciled in the United Kingdom. It is a public limited company with company number 09441537 and has its registered office at 20 Buckingham Street, London, WC2N 6EF. The Company wholly owns Gloo Networks Jersey Limited (collectively, the “Group”), which was incorporated on the formation of the Group.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES

(a) Basis of preparation

The Company was incorporated on 16 February 2015.

The Interim Condensed Consolidated Financial Statements represent for the six months ended 30 September 2016 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 March 2016 which are available on the Company’s website, www.gloonetWORKS.com.

All comparative figures included in the Interim Condensed Consolidated Financial Statements are for the period from 1 April 2015 to 30 September 2015, or are as at 31 March 2016.

Information for 31 March 2016 is based on the statutory accounts for the period ended 31 March 2016, which were delivered to the Registrar of Companies and on which the auditors’ report was unqualified and did not contain a statement under section 498(2) or 498(3) of the Companies Act.

The balances for the six months ended 30 September 2015 are directly comparable to those reported for the six months ended 30 September 2016.

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

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

The accounting policies adopted in the preparation of the Interim Condensed Consolidated Financial Statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the period ended 31 March 2016, which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union, except for the adoption of new standards and interpretations effective as of 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these new standards and amendments apply for the first time in 2016, they do not have a material effect on the Interim Condensed Consolidated Financial Statements of the Group.

Standard	Effective date (period commencing)
Amendments to IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to IAS 1 - Disclosure Initiative	1 January 2016
Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IAS 27 - Equity Method in Separate Financial Statements	1 January 2016
Annual improvements (2012-2014)	1 January 2016
Amendments to IAS 16 and IAS 41 - Bearer plants	1 January 2016

Standard	Effective date (period commencing)
IFRS 14 Regulatory Deferral Accounts	1 January 2016*
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities - Applying the Consolidation Exception	1 January 2016

Standards issued but not yet effective:

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

Standard	Effective date (period commencing)
IFRS 15 - Revenue from Contracts with Customers	1 January 2018*
IFRS 9 - Financial instruments	1 January 2018*
IFRS 16 – Leases	1 January 2019*

*subject to EU endorsement

3. SEGMENT INFORMATION

The Board of Directors is the Group's chief operating decision-maker. As the Group had not yet made an acquisition as of 30 September 2016, the Group is organised and operates as one segment.

4. EXPENSES BY NATURE

	Six months ended 30 September 2016	Six months ended 30 September 2015
	£	£
Expenses by nature		
Staff related costs	726,469	380,138
Office costs	45,565	43,680
Legal & professional fees	529,086	184,974
Share-based payment expense	32,302	604
Other expenses	326,340	186,807
	<u>1,659,762</u>	<u>796,203</u>

5. FIXED ASSETS

	As at 30 September 2016
Office equipment	£
Cost	
At 1 April 2016	-
Additions	1,357
	<u>1,357</u>
Accumulated depreciation	
At 1 April 2016	-
Charge for the year	(71)
	<u>(71)</u>
Net book value	
At 1 April 2016	-
	<u><u>1,286</u></u>

6. INVESTMENTS

Principal subsidiary undertakings of the Group

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

The principal subsidiary undertaking of the Company as at 30 September 2016 is presented below:

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

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

The Company's subsidiary has issued Participation shares to management as is detailed in Note 13.

Company	£
Cost or valuation 30 September 2016	<u>800</u>
Net book value at 30 September 2016	<u><u>800</u></u>

7. OTHER RECEIVABLES

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

	As at 30 September 2016	As at 31 March 2016
	<u>£</u>	<u>£</u>
Amounts falling due within one year		
VAT recoverable	43,631	114,011
Prepayments	79,367	19,626
Other receivables	2,059	2,059
	<u><u>125,057</u></u>	<u><u>135,696</u></u>

8. TRADE AND OTHER PAYABLES

	As at 30 September 2016	As at 31 March 2016
	£	£
Trade payables	109,879	113,925
Accruals	77,675	27,150
Other tax and national insurance payable	32,438	26,542
Other creditors	3,671	34,907
	<u>223,663</u>	<u>202,524</u>

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

9. SHARE CAPITAL

	As at 30 September 2016	As at 31 March 2016
	£	£
Allotted, called and fully paid		
25.6 million ordinary shares of £0.01 each	256,000	256,000
	<u>256,000</u>	<u>256,000</u>

On incorporation, 200 ordinary shares of £0.01 each and 49,998 preference shares of £1.00 each in the capital of the Company were issued. The ordinary shares were each issued at a premium of £1,000 per ordinary share and the preference shares were issued at nominal value. Since then, the Company has issued the following shares:

- (i) 250 ordinary shares at a premium of £1,000 on 29 April 2015;
- (ii) 224,995 ordinary shares at a premium of £1.19 per share on 6 July 2015;
- (iii) 1 ordinary share at a premium of £1.49 on 6 July 2015;
- (iv) 374,554 ordinary shares by way of bonus issue out of the Company's share premium; and

Upon the Company's admission to AIM, a further 25,000,000 ordinary shares were issued at £1.20 per share resulting in total premium on transaction of £29,750,000. Total transaction costs taken to share premium in relation to this issue of shares were £912,508.

On 6 July 2015 the holders of the redeemable preference shares signed a deed of waiver to irrevocably and unconditionally waive their rights to redeem the 49,998 redeemable preference shares of £1.00 each held by them in the Company. The financial effect of this waiver was that the redeemable preference shares were reclassified at the date of the waiver from a liability to equity as the Company was no longer under an obligation to repay the redeemable preference shares on demand from the holders. These shares were fully redeemed on admission to AIM.

The share premium account at 30 September 2016 totalled £29,551,492, (31 March 2016: £29,551,492).

All issued shares are fully paid. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at general meetings of the Company.

At 30 September 2016, 150 (31 March 2016: 130) Participation shares were issued as disclosed in Note 13.

10. RESERVES

The following describes the nature and purpose of each reserve within shareholders' equity:

Share premium

The amount subscribed for share capital in excess of nominal value less any costs directly attributable to the issue of new shares.

Retained earnings

Cumulative net gains and losses recognised in the Interim Condensed Consolidated Statement of Comprehensive Income.

Share-based payment reserve

The Share-based payment reserve is the cumulative amount recognised in relation to the equity settled share-based payment scheme as further described in Note 13.

11. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

The Group has the following categories of financial instruments at the period end:

	As at 30 September 2016	As at 31 March 2016
	£	£
Loans and receivables		
Cash and cash equivalents	25,696,311	27,242,121
Other receivables	125,057	135,696
	<u>25,821,368</u>	<u>27,377,817</u>
Financial liabilities at amortised costs		
Trade payables	109,879	113,925
	<u>109,879</u>	<u>113,925</u>

The fair value and book value of the financial assets and liabilities are equal.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Treasury activities are managed on a Group basis under policies and procedures approved and monitored by the Board. These are designed to reduce the financial risks faced by the Group which primarily relate to movements in interest rates.

12. LOSS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the profit attributable to equity holders of the company by the number of ordinary shares in issue during the period. Diluted earnings per share is calculated by adjusting the number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Participation shares (refer Note 13) have not been included in the calculation of diluted earnings per share because they are antidilutive for the period presented.

12. LOSS PER ORDINARY SHARE (CONTINUED)

	For the period from 1 April to 30 September 2016	For the period from 1 April to 30 September 2015
	£	£
Group		
Loss attributable to the owners of the parent	(1,608,584)	(789,637)
Number of ordinary shares /Weighted average number of ordinary shares in issue	25,600,000	5,435,591
Basic and diluted loss per share	(0.0628)	(0.1453)

13. SHARE-BASED PAYMENTS

Implementation of share incentive plan – Participation shares

Arrangements were put in place shortly after the Company's formation to create incentives for those who are expected to make key contributions to the success of the Group. The Group's success depends upon the sourcing of attractive investment opportunities, the improvement of the target businesses, and their subsequent growth or sale to realise attractive returns for shareholders. Accordingly, an incentive scheme was created to reward key contributors to the creation of value. At the period end, a total of £67,081 was recorded in the share-based payment reserve. This is based on a grant date fair value of £226,200, spread over the vesting period and recognised for the period between the grant date and the reporting date. During the six months to 30 September 2016, the fair value has increased, due to an issue of new Participation shares to Bill Davis, by £76,000.

Valuation of Participation shares

The Participation shares allocated pursuant to employee shareholder agreements with Gloo Networks Jersey Limited, have been accounted for in accordance with IFRS 2, "Share-Based Payments".

	Nominal price per share	Number of Participation shares	Subscription price	Fair value at grant date
	£		£	£
Marwyn Long Term Incentive LP	1	50	2,000	50,550
Rebecca Miskin	1	50	50	50,550
Juan Lopez - Valcarcel	1	20	20	20,220
Puyfamily Société Civile - Arnaud de Puyfontaine	1	10	2,000	28,880
Bill Davis	1	20	20	76,000
		150	4,090	226,200

14. RELATED PARTY TRANSACTIONS

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

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

Mark Brangstrup Watts and James Corsellis are managing partners of Marwyn Capital LLP which provides corporate finance advice and various office and finance support services to the Company. During the period Marwyn Capital LLP was paid a total of £150,562 (net of VAT as applicable). Marwyn Capital LLP was owed an amount of £25,018 at the balance sheet date; and

Mark Brangstrup Watts and James Corsellis are the ultimate beneficial owners of Axio Capital Solutions Limited which provides company secretarial, administrative and accounting services to the Group. During the period Axio Capital Solutions Limited charged £42,595 in respect of services supplied. Axio Capital Solutions Limited was owed an amount of £32,859 at the balance sheet date.

15. COMMITMENTS AND CONTINGENT LIABILITIES

There were no commitments or contingent liabilities outstanding at 30 September 2016 that require disclosure or adjustment in these financial statements.

16. POST BALANCE SHEET EVENTS

There have been no material post balance sheet events that would require disclosure or adjustment to these financial statements.

Corporate Finance Adviser

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London, WC2N 6DF

Company Secretary and Administrator

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Principal Bankers

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Registrars

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