Supplementary Note to the Annual Report and Financial Statements for Zinc Media Group Plc for the year ended 30 June 2017- that would have followed note 24 on page 52 of the consolidated financial statements had it been included in the original financial statements

25) Guarantee in relation to subsidiary audit exemption

On 22nd September 2017, the Directors of the Company provided guarantees in respect of its trading subsidiary companies in accordance with section 479C of the Companies Act 2006. As a result, the following subsidiary entities of the Company are exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A of the Companies Act 2006:

Blakeway Productions Limited (02908076)

Brook Lapping Productions Limited (02800925)

Zinc Communicate Limited (06271341)

Films of Record Limited (01446899)

Reef Television Limited (03500852)

Ten Alps Communications Limited (03136090)

Ten Alps TV Limited (02888301)

Directors' Statement in relation to the above supplementary note

- The above note revises in certain respects the original annual report and financial statements of the for the year ended 30 June 2017 and is to be treated as forming part of those accounts.
- The annual financial statements of the Company have been revised as at the date of the original annual report and financial statements and not as at the date of revision and accordingly do not deal with events between those dates.

This supplementary note was approved by the board of directors on...11/4/18. and signed on its behalf by:

David Galan

Date 11/4/18

RSM

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZINC MEDIA GROUP PLC

Opinion

We have audited the revised financial statements of the group and parent company ("the financial statements") for the year ended 30 June 2017 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of changes in equity, the consolidated and company statements of financial position, the consolidated statement of cash flows and notes to the revised financial statements, including a summary of significant accounting policies.

These revised financial statements replace the original financial statements approved by the directors on 17 November 2017 and consist of the attached supplementary note together with the original financial statements which were circulated to shareholders on 20 November 2017.

The financial reporting framework that has been applied in the preparation of the revised group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the revised parent company financial statements is applicable law and the United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

The revised financial statements have been prepared under The Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved.

In our opinion:

- the revised financial statements give a true and fair view, seen as at the date the original financial statements were approved, of the state of the group's and of the parent company's affairs as at 30 June 2017 and of the group's loss for the year then ended;
- the revised group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union, seen as at the date the original financial statements were approved;
- the revised parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice seen as at the date the original financial statements were approved; and
- the revised financial statements have been prepared in accordance with the requirements of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the revised financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the revised financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the revised financial statements is not appropriate; or
- the directors have not disclosed in the revised financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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 original financial statements are authorised for issue.

Emphasis of matter – revision to incorporate disclosure about subsidiary undertakings exempt from audit under s479A of the Companies Act 2006

We drew attention to the supplementary note to these revised financial statements which describes the need for revision to incorporate the disclosure required by section 479A of the Companies Act 2006 that some of the subsidiary undertakings of the Company are exempt from audit by virtue of this section. The original financial statements were approved on 17 November 2017 and our previous audit report was signed on that date. We have not performed a subsequent events review for the period from the date of our previous auditor's report to the date of this report. Our opinion is not modified in this respect.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the revised financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud), including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the revised financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill and intangible assets

Risk:
The Group has completed a number of acquisitions, the most significant of which was in relation to Reef Television Limited in July 2015. The recoverability of the goodwill arising on these acquisitions is dependent on individual businesses acquired sustaining sufficient profitability in the future. Due to the inherent uncertainty involved in forecasting future cash flows and selection of an appropriate discount rate, which are the basis of the assessment of recoverability, this is a significant risk area that our audit is focused on.

Refer to note 11 to the revised financial statements for the disclosures relating to the goodwill and the related impairment calculations.

Our response:
Our audit procedures included testing of the discounted cash flow model, challenging the judgements and assumptions used by management in the calculation and performing sensitivity analysis on the cash flow model.

We have used our knowledge of comparable companies and market data to challenge the assumptions, in particular the inputs and methodology in determining the discount rate used to calculate the present value of projected future cash flows.

We considered the historical accuracy of key assumptions by comparing the accuracy of the previous estimates of profitability to the actual amounts realised. We assessed management's sensitivity of key assumptions, including the forecast profitability and the discount rate and considered whether the disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions were adequate and properly reflected the risks inherent in the valuation of goodwill.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures and to evaluate the effects of misstatements, both individually and on the revised financial statements as a whole. During planning we determined a magnitude of uncorrected misstatements that we judge would be material for the revised financial statements as a whole (FSM). During planning FSM was calculated at £178,000, which was not changed during the course of our audit. We agreed with the Audit Committee that we would report to them all unadjusted differences in excess of £5,000, as well as differences below those thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Group and its control environment, including Group-wide controls, and assessing the risks of material misstatement. The revised financial statements were audited on a consolidated basis using Group materiality. The scope of our audit covered 100% of both consolidated loss before tax and consolidated net assets.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the revised financial statements and our auditor's report thereon. Our opinion on the revised financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the revised financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the revised financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the revised financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the revised financial statements are prepared is consistent with the revised financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In our opinion, the original financial statements for the year ended 30 June 2017 failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in the statement contained in the supplementary note.

RSM

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company revised 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.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 16 of the revised financial statements, the directors are responsible for the preparation of the revised financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of revised financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the revised financial statements, the directors are responsible for assessing the group's and the parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the revised financial statements
Our objectives are to obtain reasonable assurance about whether the revised financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 revised financial statements.

A further description of our responsibilities for the audit of the revised financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

We are also required to report whether in our opinion the original financial statements failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors. The audit of revised financial statements includes the performance of procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

RSM

This report is made solely to the company's members, as a body, in accordance with the Companies (Revision of Defective Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

DAVID CLARK (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

Date: 11 April 2018