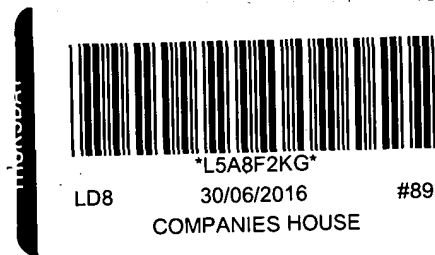


REGISTERED NUMBER: 08993464 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015
FOR
WZ (UK) LIMITED**



**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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WZ (UK) LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2015

DIRECTORS:

Mr J G Francis
Mr C S Phillips
Mr B I Cunneen
Mr M E Kesselman
Mr D C Bryson

SECRETARY:

Gibson Whitter Secretaries Limited

REGISTERED OFFICE:

Larch House
Parklands Business Park
Denmead
Hampshire
PO7 6XP

REGISTERED NUMBER:

08993464 (England and Wales)

AUDITORS:

BDO LLP, Statutory Auditor
Arcadia House
Maritime Walk
Ocean Village
Southampton
SO14 3TL

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

The directors present their strategic report for the year ended 31 December 2015.

REVIEW OF BUSINESS

The year to December 2015 symbolised a year of exceptional growth for WZ (UK), not only in sales count and sales revenue but also in staff numbers. The company managed their highest New Subscriptions Sales of 15,985 in November 2015, with renewal revenue trebling within the last 6 months. Which resulted in having to double our staff within the year too.

Marketing expenditure throughout 2015 has been the company's main driver of growth, with PPC advertising and affiliate traffic driving new sales. This approach will continue into 2016 as we continue to strategically position ourselves in an increasingly competitive market.

The balance sheet of the company at 31 December 2015 reports it is in an insolvent position. This is due to amounts owed to shareholders and deferred income as explained in note 1 to the financial statements. The directors are confident that this position will be reversed in time with the support and investment of the shareholders which has been evident during the year and which will continue throughout 2016 and beyond.

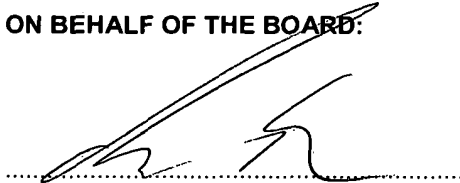
PRINCIPAL RISKS AND UNCERTAINTIES

The main ongoing risk to the company remains the competition it faces, dealing in a market that is increasing in size and number of competitors. This means the strategic positioning of company remains its main focus. Exchange rate fluctuations are naturally hedged within the company, with the majority of its income received and expenditure incurred being in USD, any obligations in non USD currencies are met via merchant receipts received in those other currencies.

Any liquidity and credit risks faced by the company are met through the support of the shareholders. The company has strong relationships with its main suppliers, who help ensure a consistent service to our customers.

For 2016 the company will continue to focus on growth and product development, with marketing spend ensuring we continue to achieve strong sales, an ever improving product to retain our customer base and loyal customers to reach expected renewal revenue levels.

ON BEHALF OF THE BOARD:


.....
Mr C S Phillips - Director

Date: 28 June 2016

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2015**

The directors present their report with the financial statements of the company for the year ended 31 December 2015.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2015.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2015 to the date of this report.

Mr J G Francis
Mr C S Phillips
Mr B I Cunneen
Mr M E Kesselman
Mr D C Bryson

Other changes in directors holding office are as follows:

Mr N G Baker ceased to be a director after 31 December 2015 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.


WZ (UK) LIMITED (REGISTERED NUMBER: 08993464)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2015**

AUDITORS

The auditors, BDO LLP, Statutory Auditor, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
Mr C S Phillips - Director

Date: 28 June 2016

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WZ (UK) LIMITED

We have audited the financial statements of WZ (UK) Limited for the year ended 31 December 2015 which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

The corresponding figures for the period ended 31 December 2014 are unaudited.

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
WZ (UK) LIMITED**

Matters on which we are required to report by exception

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

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

BDO LLP

Arbinder Chatwal (Senior Statutory Auditor)
for and on behalf of BDO LLP, Statutory Auditor
Arcadia House
Maritime Walk
Ocean Village
Southampton
SO14 3TL

Date: **28/6/16**

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

WZ (UK) LIMITED (REGISTERED NUMBER: 08993464)

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

		Year Ended 31.12.15 \$	Period 11.4.14 to 31.12.14 \$
	Notes		
TURNOVER	2	4,588,819	1,476
Cost of sales		<u>2,957,206</u>	<u>96,033</u>
GROSS PROFIT/(LOSS)		1,631,613	(94,557)
Administrative expenses		<u>29,534,138</u>	<u>599,359</u>
OPERATING LOSS and LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(27,902,525)	(693,916)
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(27,902,525)</u>	<u>(693,916)</u>

The notes form part of these financial statements

WZ (UK) LIMITED (REGISTERED NUMBER: 08993464)

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	Year Ended 31.12.15 \$	Period 11.4.14 to 31.12.14 \$
LOSS FOR THE YEAR		(27,902,525)	(693,916)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(27,902,525)</u>	<u>(693,916)</u>

The notes form part of these financial statements

WZ (UK) LIMITED (REGISTERED NUMBER: 08993464)

**BALANCE SHEET
31 DECEMBER 2015**

	Notes	31.12.15 \$	31.12.14 \$
FIXED ASSETS			
Tangible assets	6	268,614	234,271
CURRENT ASSETS			
Debtors	7	2,064,213	4,405,240
Cash at bank		<u>658,929</u>	<u>1,049,110</u>
		2,723,142	5,454,350
CREDITORS			
Amounts falling due within one year	8	<u>6,269,634</u>	<u>95,448</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(3,546,492)</u>	<u>5,358,902</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(3,277,878)</u>	<u>5,593,173</u>
CREDITORS			
Amounts falling due after more than one year	9	<u>818,563</u>	<u>3,864</u>
NET (LIABILITIES)/ASSETS		<u>(4,096,441)</u>	<u>5,589,309</u>
RESERVES			
Share premium	11	16,000,000	1,000,000
Capital contributions	11	8,500,000	5,283,225
Retained earnings	11	<u>(28,596,441)</u>	<u>(693,916)</u>
SHAREHOLDERS' FUNDS		<u>(4,096,441)</u>	<u>5,589,309</u>

The financial statements were approved and authorised for issue by the Board of Directors on 28 June 2016 and were signed on its behalf by:


.....
Mr C S Phillips - Director

The notes form part of these financial statements

WZ (UK) LIMITED (REGISTERED NUMBER: 08993464)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Retained earnings \$	Share premium \$	Capital contributions \$	Total equity \$
Changes in equity				
Issue of share capital	-	1,000,000	-	1,000,000
Total comprehensive income	(693,916)	-	-	(693,916)
Non-repayable capital contributions	-	-	5,283,225	5,283,225
Balance at 31 December 2014	<u>(693,916)</u>	<u>1,000,000</u>	<u>5,283,225</u>	<u>5,589,309</u>
Changes in equity				
Issue of share capital	-	15,000,000	-	15,000,000
Total comprehensive income	(27,902,525)	-	-	(27,902,525)
Non-repayable capital contributions	-	-	3,216,775	3,216,775
Balance at 31 December 2015	<u>(28,596,441)</u>	<u>16,000,000</u>	<u>8,500,000</u>	<u>(4,096,441)</u>

The notes form part of these financial statements

WZ (UK) LIMITED (REGISTERED NUMBER: 08993464)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

		Year Ended 31.12.15 \$	Period 11.4.14 to 31.12.14 \$
Cash flows from operating activities	Notes		
Cash generated from operations	1	<u>(22,081,221)</u>	<u>(1,442,795)</u>
Net cash from operating activities		<u>(22,081,221)</u>	<u>(1,442,795)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(79,555)	(242,427)
Sale of tangible fixed assets		4,927	-
Related party loan repayment/(advance)		<u>3,548,893</u>	<u>(3,548,893)</u>
Net cash from investing activities		<u>3,474,265</u>	<u>(3,791,320)</u>
Cash flows from financing activities			
Share issue		15,000,000	1,000,000
Non-repayable capital contributions		<u>3,216,775</u>	<u>5,283,225</u>
Net cash from financing activities		<u>18,216,775</u>	<u>6,283,225</u>
(Decrease)/increase in cash and cash equivalents		<u>(390,181)</u>	<u>1,049,110</u>
Cash and cash equivalents at beginning of year	2	<u>1,049,110</u>	-
Cash and cash equivalents at end of year	2	<u><u>658,929</u></u>	<u><u>1,049,110</u></u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Year Ended 31.12.15 \$	Period 11.4.14 to 31.12.14 \$
Loss before taxation	(27,902,525)	(693,916)
Depreciation charges	40,924	8,156
Profit on disposal of fixed assets	(638)	-
	(27,862,239)	(685,760)
Increase in trade and other debtors	(1,207,866)	(856,347)
Increase in trade and other creditors	6,988,884	99,312
Cash generated from operations	(22,081,221)	(1,442,795)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2015

	31.12.15 \$	1.1.15 \$
Cash and cash equivalents	658,929	1,049,110

Period ended 31 December 2014

	31.12.14 \$	11.4.14 \$
Cash and cash equivalents	1,049,110	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

FRS 102 is mandatory for accounting periods beginning on or after 1 January 2015 but may be applied early to periods ending on or after 31 December 2012. By virtue of being a small company under Companies Act 2006 definitions, WZ (UK) Limited does not have to adopt FRS 102 until the period beginning 1 January 2016. However, it has taken the option to apply the standard early in the preparation of these financial statements. Information on the impact of first-time adoption of FRS 102 is given in note 16.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

The financial statements have been prepared under the historical cost convention.

Going concern

The company incurred a net loss of \$27,902,525 (2014: \$693,916) for the financial year ended 31 December 2015 and has used significant cash in operating activities during the year. Net cash used in operating activities was \$22,081,221 for the year ended 31 December 2015. Management expects the company to continue to incur net losses and have significant cash outflows for at least the next 12 months. The validity of the company to continue as a going concern depends on the shareholders' undertaking to provide continuing financial support. In particular, The Endurance International Group Holdings, Inc. acquired a controlling interest in the Company on 6 January 2016 and has undertaken to provide continuing financial support to the company for at least 12 months from approval of the financial statements. The Endurance International Group Holdings, Inc. has given a written undertaking to provide funds to the company to meet its obligations.

These financial statements have been prepared assuming the company will continue as a going concern due to the support received from The Endurance International Group Holdings, Inc.

Turnover

The company generates revenue primarily from selling subscriptions for cloud-based website builder services. The subscriptions are provided under contracts pursuant to which the company has ongoing obligations to support the subscriber. These contracts range from service periods of between 1 and 24 months and typically require payment in advance. The company recognises the associated revenue ratably over the service period. This includes revenue in respect of add-ons (upgrades to the basic website builder service).

The company offers multiple element arrangements where its website builder service includes a domain name registration with the price of subscription, although the subscriber has the option of not claiming this inclusive domain name registration. The sale of a domain name provides a subscriber with the exclusive use of the domain name, which are obtained by one of the registrars owned by The Endurance International Group Holdings, Inc. (a shareholder) on the subscriber's behalf. Inclusive domain registration fees are not refundable to the subscriber, in that the cost of inclusive domain names is deducted from any refund of subscriptions. In multiple element arrangements the company uses the stand-alone selling prices or, in the absence of such information, management's best estimate of selling prices to determine the fair value of the separate element within the arrangement. The estimated selling price of an inclusive domain name is set with reference to the published price quoted on the company's terms of service.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES - continued

Turnover (continued)

Revenue is allocated to each deliverable based on the fair value of each individual element. Revenue from the sale of a domain name registration element is recognised when the service commences and the subscriber is given access to the domain name. This is upon payment by the subscriber as there are no remaining company obligations once the sale to the subscriber occurs and the company has full discretion on the sales price and bears all credit risk. Domain revenue is recognised on a gross basis due to the company having control over the price at which domain sales are recognised, having control over which registrar to use and being actively involved in the process of obtaining the domain name and supplying this to the subscriber.

The company also generates revenue from the sale of premium domain name registrations, which are sold separately and are not part of a multi element arrangement. The revenue recognition is the same as for standard domain sales described above. Refunds are not given for premium name registrations.

Revenue is measured excluding discounts, rebates, value added tax and other sales taxes.

The company offers refunds under certain conditions in accordance with the terms of service. A full or pro rata refund is given depending on the date of cancellation and type of subscription. Upon refund, the subscriber is returned the relevant proportion of their subscription, less the cost of the inclusive domain name as described above. Any associated deferred revenue is extinguished.

Direct costs of revenue

The company's direct costs of revenue include only those costs directly incurred in connection with the provision of its cloud-based website builder products and services. The direct costs of registering domain names are expensed as incurred.

Engineering costs

Engineering costs incurred in the maintenance of the company's technology infrastructure are expensed as incurred. These are included within administrative expenses.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with remaining maturities of three months or less at the date of purchase.

Trade debtors

Trade debtors is composed of cash due from credit card companies for unsettled transactions charged to subscriber credit cards. As these amounts reflect authenticated transactions that are fully collectible, the company does not maintain an allowance for doubtful accounts.

Tangible fixed assets

Tangible fixed assets are recorded at cost and depreciated using the straight-line method over the estimated useful life of the assets. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- 20% on cost
Fixtures and fittings	- 25% on cost

Upon retirement or sale, the cost of assets disposed of and the related accumulated depreciation are eliminated from the company's accounts and any resulting gain or loss is credited or charged to the income statement. Repairs and maintenance costs are expensed as incurred.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. ACCOUNTING POLICIES - continued

Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Foreign currencies

The directors have reviewed the functional currency of the company and concluded that it is US Dollars and therefore the financial statements have been prepared in this currency.

Assets and liabilities in foreign currencies are translated into US dollars at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into US dollars at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result. Share capital, share premium and capital contributions are translated at the date of the transaction and not subsequently re-translated at future balance sheet dates.

Leased assets: lessee

Where assets are financed by leasing agreements that give rights approximately to ownership (finance leases), the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES - continued**Sales and marketing expenses**

The company engages in sales and marketing through various online marketing channels, which include affiliate and search marketing as well as online partnerships. The company expenses sales and marketing costs as incurred as they relate primarily to pay-per-click (PPC) advertising costs and commissions. These are included within administrative expenses.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date. No accrual has been made in these financial statements as it is considered immaterial.

Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In respect of revenue recognition management have considered the detailed criteria for the recognition of revenue from the sale of goods set out in FRS 102 Section 23 Revenue and, in particular, the degree of involvement the company has over the subscription term. In respect of the website builder service (including the sale of add-ons), the directors are satisfied that the company is involved in the provision of the service over the life of the subscription term and therefore revenue is recognised ratably over the service period. In respect of domain name sales, the directors are satisfied that the company does not have any remaining obligations once the sale to the subscriber occurs and therefore revenue is recognised when the subscriber is billed (i.e. upfront). The above revenue policy describes how the company arrives at an estimated selling price for inclusive domain name sales which are classified as a separate element. Given selling prices are readily available, the directors do not consider there to be any significant judgement or estimate in the setting of these prices.

2. TURNOVER

The proportion of turnover that is attributable to markets outside the UK is 76.29% (31.12.14: 82.24%).

3. STAFF COSTS

	Year Ended 31.12.15 \$	Period 11.4.14 to 31.12.14 \$
Wages and salaries	1,008,322	415,864
Social security costs	81,175	32,132
	<u>1,089,497</u>	<u>447,996</u>

WZ (UK) LIMITED (REGISTERED NUMBER: 08993464)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

3. STAFF COSTS - continued

The average monthly number of employees during the year was as follows:

	Year Ended 31.12.15	Period 11.4.14 to 31.12.14
Administrative	<u>14</u>	<u>8</u>

4. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	Year Ended 31.12.15	Period 11.4.14 to 31.12.14
	\$	\$
Other operating leases	204,983	26,405
Depreciation - owned assets	40,924	8,156
Profit on disposal of fixed assets	(638)	-
Auditors' remuneration	23,022	-
Foreign exchange differences	<u>316,151</u>	<u>24,447</u>
Directors' remuneration	<u>121,607</u>	<u>-</u>

5. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2015 nor for the period ended 31 December 2014.

Reconciliation of total tax charge included in profit and loss

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

	Year Ended 31.12.15	Period 11.4.14 to 31.12.14
	\$	\$
Loss on ordinary activities before tax	<u>(27,902,525)</u>	<u>(693,916)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2014 - 20%)	(5,580,505)	(138,783)
Effects of:		
Capital allowances in excess of depreciation	(9,469)	(25,006)
Tax losses not recognised as a deferred tax asset	<u>5,589,974</u>	<u>163,789</u>
Total tax charge	<u>-</u>	<u>-</u>

WZ (UK) LIMITED (REGISTERED NUMBER: 08993464)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

6. TANGIBLE FIXED ASSETS

	Improvements to property \$	Fixtures and fittings \$	Totals \$
COST			
At 1 January 2015	128,913	113,514	242,427
Additions	26,344	53,211	79,555
Disposals	<u>(525)</u>	<u>(4,050)</u>	<u>(4,575)</u>
At 31 December 2015	<u>154,732</u>	<u>162,675</u>	<u>317,407</u>
DEPRECIATION			
At 1 January 2015	-	8,156	8,156
Charge for year	-	40,924	40,924
Eliminated on disposal	<u>-</u>	<u>(287)</u>	<u>(287)</u>
At 31 December 2015	<u>-</u>	<u>48,793</u>	<u>48,793</u>
NET BOOK VALUE			
At 31 December 2015	<u>154,732</u>	<u>113,882</u>	<u>268,614</u>
At 31 December 2014	<u>128,913</u>	<u>105,358</u>	<u>234,271</u>

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.15 \$	31.12.14 \$
Trade debtors	-	1,338
Other debtors	1,519,683	4,327,895
VAT	535,241	72,585
Prepayments	<u>9,289</u>	<u>3,422</u>
	<u>2,064,213</u>	<u>4,405,240</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.15 \$	31.12.14 \$
Trade creditors	114,913	56,654
Related party creditors	381,822	-
Social security and other taxes	34,212	14,584
Other creditors	9,611	1,333
Deferred income	2,977,218	13,237
Accrued expenses	<u>2,751,858</u>	<u>9,640</u>
	<u>6,269,634</u>	<u>95,448</u>

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.12.15 \$	31.12.14 \$
Deferred income	<u>818,563</u>	<u>3,864</u>

WZ (UK) LIMITED (REGISTERED NUMBER: 08993464)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.15 \$	31.12.14 \$
12,067,676	Ordinary	£0.00000001	<u>-</u>	<u>-</u>

On 24 August 2015 the company's share capital was sub-divided into 10,000,000 £0.00000001 shares.

On 24 August 2015 the company issued 2,067,676 £0.00000001 shares for a premium of £4.6122 (\$7.2545) per share, generating share premium of \$15,000,000.

In the period ended 31 December 2014, the company issued 4,900 shares (prior to the subdivision in 2015 noted above) for a premium of \$204.08163 per share, generating share premium of \$1,000,000.

11. RESERVES

	Retained earnings \$	Share premium \$	Capital contributions \$	Totals \$
At 1 January 2015	(693,916)	1,000,000	5,283,225	5,589,309
Deficit for the year	(27,902,525)	-	-	(27,902,525)
Cash share issue	-	15,000,000	-	15,000,000
Non-repayable capital contributions	<u>-</u>	<u>-</u>	<u>3,216,775</u>	<u>3,216,775</u>
At 31 December 2015	<u>(28,596,441)</u>	<u>16,000,000</u>	<u>8,500,000</u>	<u>(4,096,441)</u>

The capital contributions relate to non-repayable capital contributions received from the company's shareholders.

12. LEGAL PROCEEDINGS

From time to time we are involved in legal proceedings or subject to claims arising in the ordinary course of our business. There is currently an open patent infringement claim which has been lodged against the company. However, the directors are unable to assess as to whether the ultimate outcome to the company is either "probable" or "remote". The directors are also unable to give an estimate of the amount or range of potential loss, if any, which might result to the company if the outcome were unfavourable and therefore no provision has been recognised in relation to this legal claim. Regardless of the outcome, litigation can have an adverse impact on us because of defence and settlement costs, diversion of management resources and other factors.

13. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the year ended 31 December 2015 and the period ended 31 December 2014:

	31.12.15 \$	31.12.14 \$
Mr C S Phillips		
Balance outstanding at start of year	649,600	-
Amounts advanced	-	649,600
Amounts repaid	(649,600)	-
Balance outstanding at end of year	<u>-</u>	<u>649,600</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

14. RELATED PARTY DISCLOSURES

The Endurance International Group Holdings, Inc.

A shareholder and ultimate parent company from 6 January 2016

The amount owed to The Endurance International Group Holdings, Inc. at the balance sheet date, and included in accruals, relates to WZ (UK) Limited advertising expenses of \$250,993 paid by The Endurance International Group Holdings, Inc. on WZ (UK) Limited's behalf.

The Endurance International Group Holdings, Inc. advanced non-repayable capital contributions to the company of \$1,225,000 (2014: \$2,940,000). During 2015, 1,013,161 shares were issued to The Endurance International Group Holdings, Inc. at a premium of \$7.2549 or \$7,350,000. During 2014, 4,900 (now 4,900,000 following subdivision in 2015) shares were issued to The Endurance International Group Holdings, Inc. at a premium of \$204.0816 or \$1,000,000.

	31.12.15	31.12.14
	\$	\$
Amount due to related party at the balance sheet date	<u>250,993</u>	<u>-</u>

Just Develop It Limited

A shareholder

During the year the company incurred staff costs from Just Develop It Limited totalling \$246,589 (31.12.14: \$48,701).

During the year the company incurred rent from Just Develop It Limited totalling \$204,983 (31.12.14: \$26,404).

Just Develop It Limited advanced non-repayable capital contributions to the company of \$1,275,000 (2014: \$Nil). During 2015, 1,054,514 shares were issued to Just Develop It Limited at a premium of \$7.2549 or \$7,650,000.

The amount owed from Just Develop It Limited at the balance sheet date relates to non-interest bearing related party loans which are repayable on demand.

The net balance due from Just Develop It Limited shown below comprises an amount of \$589,453 (31.12.14: \$3,550,231) included in other debtors and \$48,202 (31.12.14: \$31,361) included in trade creditors.

	31.12.15	31.12.14
	\$	\$
- Amount due from related party at the balance sheet date	<u>541,251</u>	<u>3,518,870</u>

Mr C S Phillips

A shareholder and director

The amount owed from Mr C S Phillips at 31.12.14 related to a security for a credit card facility which the company paid for on behalf of Mr C S Phillips.

	31.12.15	31.12.14
	\$	\$
Amount due from related party at the balance sheet date	<u>-</u>	<u>649,600</u>

WZ (UK) LIMITED (REGISTERED NUMBER: 08993464)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

14. RELATED PARTY DISCLOSURES - continued

First Search Marketing Limited

A company which had common shareholder/directors

The company was not a related party under common control at the year end due to a change in shareholdings during the year.

During the year the company incurred pay per click marketing costs from First Search Marketing Limited totalling \$10,564,041 (31.12.14: \$nil).

The amount due from First Search Marketing Limited at the balance sheet date, included in other debtors, relates to payments on account for marketing costs and accrued marketing costs.

	31.12.15	31.12.14
	\$	\$
Amount due from related party at the balance sheet date	<u>364,593</u>	<u>-</u>

Fortifico Limited

A company under common control

During the year the company incurred software costs from Fortifico Limited totalling \$58,684 (31.12.14: \$nil).

The amount owed to Fortifico Limited at the balance sheet date relates to trade creditors.

	31.12.15	31.12.14
	\$	\$
Amount due to related party at the balance sheet date	<u>22,570</u>	<u>-</u>

WebZai Limited

An affiliated company (also part of The Endurance International Group Holdings, Inc.)

During the year the company incurred licence royalties payable to WebZai Limited totalling \$381,822 (31.12.14: \$nil).

The amount due to WebZai Limited at the balance sheet date below is included in related party creditors.

	31.12.15	31.12.14
	\$	\$
Amount due to related party at the balance sheet date	<u>381,822</u>	<u>-</u>

P.D.R Solutions FZC (and its brand LogicBoxes)

An affiliated company (also part of The Endurance International Group Holdings, Inc.)

P.D.R. acts as the domain registrar for domain names sold as part of the company's website builder services. During the year the company incurred domain registration costs payable to P.D.R. of \$788,266. There were no balances outstanding at the balance sheet date.

15. POST BALANCE SHEET EVENTS

On 6 January 2016, The Endurance International Group Holdings, Inc. acquired a controlling interest in the company by acquiring an additional 8.5% for \$2,082,599.97, bringing its ownership percentage to 57.5%.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

16. ULTIMATE CONTROLLING PARTY

There was an option agreement in place between the shareholders during the year which, if certain conditions were met, would have given The Endurance International Group Holdings, Inc. the right to exercise their option to acquire an additional 8.5% and therefore become the majority shareholder. However, the shareholders agreed that these conditions were not met until after the year end, which is when The Endurance International Group Holdings, Inc. acquired the additional stake as detailed in Note 15. During the year ended 31 December 2015, the company was not under the control of any one individual through share ownership. However certain of the company's shareholders had control of the company through proxy. This gave the following parties joint control of the company - Just Develop It Limited, N Baker, J Francis, B Rolison, S MacDonald, T Barrett and D Short.

17. FIRST YEAR ADOPTION OF FRS 102

The adoption of FRS 102 has resulted in no changes in the equity as at 11 April 2014, the loss for the period ended 31 December 2014 or the equity as at 31 December 2014.