Company Registration No 6324278

Perform Group Limited

Financial Report

For the year ended 31 December 2015

PERFORM GROUP LIMITED
FINANCIAL REPORT

CONTENTS

PERFORM GROUP LIMITED
FINANCIAL REPORT

DISCLAIMER

This document is for information purposes only and does not constitute an offer to sell or the solicitation of an offer to buy securities in Perform Group Limited or any of its subsidiaries (collectively the “Group”). Furthermore it does not constitute a recommendation by Perform Group Limited or any other party to sell or buy securities in any member of the Group or any other securities. All forward-looking statements attributable to Perform Group Limited or persons acting on their behalf are qualified in their entirety by these cautionary statements.

PERFORM GROUP LIMITED
FINANCIAL REPORT

INTRODUCTION

On 16 November 2015, Perform Group Financing plc (the “Issuer”), a wholly-owned subsidiary of Perform Group Limited (the “Parent” and, together with its subsidiaries, “Perform” or the “Group”), issued £175.0 million aggregate principal amount of 8.5% senior secured notes due 2020 (the “Notes”). On the same date, certain members of the Group entered into a new £50.0 million multi-currency senior secured revolving credit facility (the “RCF”) (together with the issuance of the Notes, the “Refinancing Transactions”).

The purpose of the Refinancing Transactions was to, amongst other things, fund the launch of its OTT Business (as defined in the Group’s offering memorandum dated 11 November 2015 (the “Offering Memorandum”)) (the “OTT Business Cash Investment”), repay the amounts drawn under, and terminate, the Group’s Existing Revolving Credit Facility (as defined in the Offering Memorandum) (the “Old RCF”) and to fund contractual commitments to pay contingent consideration in respect of certain of the Group’s acquisitions.

The Notes and the RCF are or will be (a) guaranteed on a senior secured basis by the Parent and certain of its subsidiaries (the “Guarantors”) and (b) secured on the first-ranking basis by security interests granted over certain assets of the Parent and the Guarantors, each as further described in the Offering Memorandum.

All of the Group’s subsidiaries with the exception of the OTT Business constitute the “Restricted Group”, which is subject to the covenants and restrictions contained in the indenture governing the Notes (the “Indenture”). The OTT Business constitutes the “Unrestricted Group”, which is not directly subject to the covenants under the Indenture. The amount of the OTT Business Cash Investment, and certain other activities in relation to the OTT Business are, therefore, outside of the Restricted Group for the purposes of the Indenture, but is reflected in the balance sheet of the Group.

The Parent is required under the Indenture to provide to holders of the Notes quarterly and annual financial statements covering its consolidated financial condition, and results of operations accompanied by a discussion and analysis of those results. This report represents the first of these annual financial statements.

The condensed consolidated financial statements contained within this report set out the financial condition and results of the Group, which comprises both the Restricted and Unrestricted Groups. A dis-aggregation of the Group between the Restricted and Unrestricted Groups is set out in note 17. Management’s discussion and analysis of the financial condition and results of operations of the Restricted Group is set out below.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE RESTRICTED GROUP FOR THE YEAR ENDED 31 DECEMBER 2015

PERFORM GROUP LIMITED
FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (RESTRICTED GROUP)

Overview

Perform Group Limited is pleased to announce its results for the year ended 31 December 2015.

Perform is a global market leader in the commercialisation of multimedia sports content across multiple Internet-enabled digital platforms. Perform uses proprietary content collection, production and distribution capabilities, alongside industry-leading digital products, to generate revenue through a mix of licensing content, media (display and video based advertising and sponsorship), subscription and, to a lesser extent, technology and production service fees. Perform's portfolio of digital sports media rights serves as the basis for its content business and parts of its media business. Perform seeks to leverage long-standing relationships with rights owners to acquire rights to a broad portfolio of sporting leagues, tournaments and events with differing schedules to drive its business.

Commentary on results

The following discussion of the Restricted Group's financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and the related notes, in particular the disaggregation of the Group's total financial condition and results between the Restricted and Unrestricted Group set out in note 17.

Income Statement

	2015 **£m**	2014 £m	Movement £m
Revenue	**261.1**	250.0	11.1
Cost of sales	**(139.6)**	(127.6)	(12.0)
Gross profit	**121.5**	122.4	(0.9)
Administrative expenses	**(108.4)**	(110.4)	2.0
Group operating profit	**13.1**	12.0	1.1
Analysed as:			
Adjusted EBITDA	**44.5**	48.6	(4.1)
Exceptional items	**(5.1)**	(12.8)	7.7
Share-based payments	**(4.2)**	(4.5)	0.3
EBITDA	**35.2**	31.3	3.9
Amortisation and depreciation	**(16.1)**	(12.5)	(3.6)
Acquisition-related amortisation	**(6.0)**	(6.8)	0.8
Group operating profit	**13.1**	12.0	1.1
Net finance costs	**(9.3)**	(3.9)	(5.4)
Group profit before tax	**3.8**	8.1	(4.3)
Tax credit/(charge)	**0.8**	(5.0)	5.8
Group profit after tax	**4.6**	3.1	1.5

Revenue

	2015 £m	2014 £m	Movement £m
Content	**170.5**	154.2	16.3
Media	**67.1**	70.1	(3.0)
Other	**23.5**	25.7	(2.2)
	261.1	250.0	11.1

Revenue increased by £11.1 million to £261.1 million for the year ended 31 December 2015 ("2015") from £250.0 million for the year ended 31 December 2014 ("2014").

Content revenue increased by £16.3 million to £170.5 million (2014: £154.2 million) due to contractual inflationary increases in Watch&Bet contracts, the effect of new Watch&Bet customers acquired during the year and the upsell of additional football rights acquired. In addition the number of RunningBall events increased and new Opta customers were added.

Media revenue decreased by £3.0 million to £67.1 million (2014: £70.1 million) due to the positive impact of advertising revenues from the FIFA 2014 World Cup in 2014. In addition, structural changes affecting certain key advertising markets impacted the Group's ability to grow market share in the final quarter of 2015.

Other revenues decreased £2.2 million to £23.5 million (2014: £25.7 million) following the decision to exit from a number of contracts in the Group's non-strategic third party subscription and technology business.

Gross profit

Gross profit decreased £0.9 million to £121.5 million (2014: £122.4 million) due to the £11.1 million increase in revenues being offset by a £12.0 million increase in cost of sales primarily due to higher content costs. As a result gross margin fell from 49% in 2014 to 47% in 2015.

Administrative expenses

Administrative expenses decreased £2.0 million to £108.4 million (2014: £110.4 million) due to a decrease in exceptional items (£7.7 million) and share based payments (£0.3 million) offset by increased staff costs and technical costs (£3.2 million) and amortisation and depreciation (£2.8 million).

Exceptional items decreased £7.7 million to £5.1 million (2014: £12.8 million) due to the following:

- the foreign exchange revaluation of that deferred consideration (£2.9 million (credit) increase to £4.3 million (credit) (2014: £1.4 million (credit)));
- costs in relation to the Group's acquisition and corporate activities (primarily relating to the acquisition of the non-controlling interests in Perform Sporting News, Activaweb and other corporate activity) (£1.2 million decrease to £0.7 million (2014: £1.9 million)); and
- costs in relation to restructuring activities (£4.9 million decrease to £1.4 million (2014: £6.3 million)) and other items (£0.6 million decrease to £0.2 million (2014: £0.8 million).
- in 2014 there was an exceptional charge of £3.8 million relating to the Opta management incentive linked to the Group's 2013 acquisition of Opta. There was no such charge in 2015.

All the above were offset by the following:

- re-measurement of deferred consideration (primarily due in respect of the Group's Turkish business, Mackolik, following a better than expected performance in 2015) (£5.5 million increase to £7.0 million (2014: £1.5 million)).

Operating profit
Operating profit increased £1.1 million to £13.1 million (2014: £12.0 million) due to the decrease in administration expenses (£2.0 million) offset by the decrease in gross profit (£0.9 million).

Net finance costs
Net finance costs increased £5.4 million to £9.3 million (2014: £3.9 million) due to the following:

- interest and related costs primarily due to the drawdown under the old RCF and the interest due under the new Refinancing Transactions (£2.5 million increase to £4.3 million (2014: £1.8 million));
- revaluation charge for the Group's foreign exchange hedge due to the weakening of the Turkish Lira (£1.3 million during the year (2014: £nil));
- unwind of capitalised arrangement fees relating to the termination of the Group's previous term loan and facilities (£0.6 million increase to £1.2 million (2014: £0.6 million)); and
- foreign exchange loss on credit facilities (£2.5 million increase to £0.5 million charge during the year (2014: £2.0 million (credit)).

All the above were offset by the following:

- decrease in accretion of deferred consideration (£0.7 million decrease to £3.4 million (2014: £4.1 million)).
- Increase in interest receivable (£0.9 million increase to £1.4 million (credit) (2014: £0.5 million (credit))) primarily due to interest receivable from the Unrestricted Group.

Taxation
The tax credit for the year is £0.8 million (2014: £5.0 million charge). This comprises a current tax charge of £6.0 million (2014: £3.9 million) and a deferred tax credit of £6.8 million (2014: £1.1 million charge). The higher current tax charge is due to the split of profits between different jurisdictions in the year. The current year deferred tax credit primarily arises from deferred tax on acquisition intangibles and loss recognition.

Group profit after tax
Profit after tax increased by £1.5 million to £4.6 million (2014: £3.1 million) due to the increase in operating profit (£1.1 million) and the decrease in taxation (£5.8 million) offset by the increase in net finance costs (£5.4 million) for the reasons set out above.

PERFORM GROUP LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (RESTRICTED GROUP)

Cashflow

	2015 £m	2014 £m	Movement £m
Adjusted EBITDA	**44.5**	48.6	(4.1)
Movements in working capital	**(18.5)**	(13.3)	(5.2)
Corporation tax payments	**(4.2)**	(3.5)	(0.7)
Cash inflow from operating activities (pre exceptional items)	**21.8**	31.8	(10.0)
Exceptional items	**(4.4)**	(17.3)	12.9
Cash inflow from operating activities (post exceptional items)	**17.4**	14.5	2.9
Capital expenditure	**(21.5)**	(20.1)	(1.4)
Acquisition of subsidiaries	**(7.8)**	(6.6)	(1.2)
Investment income	**0.2**	0.5	(0.3)
Cash outflow from investing activities	**(29.1)**	(26.2)	(2.9)
Dividends paid to non-controlling interests	**(1.4)**	(1.1)	(0.3)
Acquisitions of non-controlling interests	**(30.9)**	(3.2)	(27.7)
Borrowings and drawdowns	**165.3**	-	165.3
Loan to Unrestricted Group	**(94.0)**	-	(94.0)
Repayments and arrangement fees	**-**	(47.0)	47.0
Interest and fees	**(1.7)**	(1.7)	-
Cash inflow/(outflow) from financing activities	**37.3**	(53.0)	90.3
Net increase/(decrease) in cash	**25.6**	(64.7)	90.3
Cash at start of period	**36.2**	101.0	(64.8)
Effect of foreign currency exchange rates	**(0.7)**	(0.1)	(0.6)
Cash at end of period	**61.1**	36.2	24.9

Cash inflow from operating activities (after exceptional items)
Cash inflows from operating activities increased £2.9 million to £17.4 million (2014: £14.5 million) primarily due to £12.9 million lower exceptional payments of £4.4 million (2014: £17.3 million) relating to the Group's 2014 cost reduction and restructuring program and non-recurring Opta management incentive. This is offset by a £4.1 million decrease in Adjusted EBITDA of £44.5 million (2014: £48.6 million), £5.2 million increase in working capital of £18.5 million (2014: £13.3 million) due to a catch up of creditor payments and £0.7 million increase in corporation tax payments of £4.2 million (2014: £3.5 million).

Investing activities
Cash outflow from investing activities increased £2.9 million to £29.1 million (2014: £26.2 million) due to a £1.4 million increase in capital expenditure of £21.5 million (2014: £20.1 million), £1.2 million increase in deferred consideration payments for subsidiaries of £7.8 million (2014: £6.6 million) and a £0.3 million decrease in investment income of £0.2 million (2014: £0.5 million).

Financing activities
Cash from financing activities increased £90.3 million to an inflow of £37.3 million (2014: £53.0 million outflow) primarily due to the drawdown of £175 million on the Group's senior secured notes offset by discount and arrangement fees (2014: £47 million repayment of the Group's previous term loan and facilities). This is offset by a £94.0 million loan to the Unrestricted Group (2014: nil), £27.7 million increase in acquisition payments of non-controlling interests of £30.9 million (2014: £3.2 million) primarily due to the purchase of the non-controlling interest of Perform Sporting News and £0.3 million increase in dividend payments to the non-controlling shareholders of Mackolik of £1.4 million (2014: £1.1 million).

Debt and liquidity
As at 31 December 2015 the Restricted Group held cash of £61.1 million and had net debt of £70.7 million (representing net borrowings of £165.8 million offset by £94.0 million of borrowings provided to the Unrestricted Group and £1.1 million interest payable by the Unrestricted Group).

PERFORM GROUP LIMITED
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE TOTAL GROUP
FOR THE YEAR ENDED 31 DECEMBER 2015 (UNAUDITED)

PERFORM GROUP LIMITED
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015 (UNAUDITED)

	Notes	2015 £'000	2014 £'000
All results relate to continuing operations			
Revenue		**259,316**	249,998
Cost of sales		**(139,611)**	(127,628)
Gross profit		**119,705**	122,370
Administrative expenses		**(113,047)**	(110,372)
Group operating profit		**6,658**	11,998
Investment income	4	**234**	464
Finance income	5	**-**	2,035
Finance costs	6	**(10,648)**	(6,430)
Group (loss)/profit before tax		**(3,756)**	8,067
Taxation credit/(charge)	7	**2,022**	(5,046)
Group (loss)/profit for the year after tax		**(1,734)**	3,021
Group (loss)/profit attributable to:			
Owners of the Parent		**(3,841)**	412
Non-controlling interests		**2,107**	2,609
		(1,734)	3,021

PERFORM GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015 (UNAUDITED)

	2015 **£'000**	2014 £'000
(Loss)/profit for the year	**(1,734)**	3,021
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations, goodwill and intangible assets held in foreign currencies	**(11,443)**	(7,508)
Total comprehensive loss for the year	**(13,177)**	(4,487)
Total comprehensive loss for the year attributable to:		
Owners of the Parent	**(15,284)**	(7,096)
Non-controlling interests	**2,107**	2,609
	(13,177)	(4,487)

PERFORM GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2015 (UNAUDITED)

	Issued share capital £'000	Share premium £'000	Merger relief reserve £'000	Capital redemption reserve £'000	Profit and loss account £'000	FX reserve £'000	Other reserve £'000	Total to owners of the Parent £'000	Non-controlling interests £'000	Total equity £'000
At 1 January 2014	7,299	68,323	93,533	38,342	37,553	(1,086)	48,117	292,081	3,497	295,578
Profit for the year	-	-	-	-	412	-	-	412	2,609	3,021
FX on translating foreign operations and goodwill	-	-	-	-	-	(7,508)	-	(7,508)	-	(7,508)
Total comprehensive loss for the year	-	-	-	-	412	(7,508)	-	(7,096)	2,609	(4,487)
Credit to equity for share based payments	-	-	-	-	3,372	-	-	3,372	-	3,372
Deferred tax on share-based payment	-	-	-	-	68	-	-	68	-	68
Payment of dividends to non-controlling interests							1,876	1,876	(1,876)	-
Share capital issued	57	-	-	-	(57)	-	-	-	-	-
At 31 December 2014	**7,356**	**68,323**	**93,533**	**38,342**	**41,348**	**(8,594)**	**49,993**	**290,301**	**4,230**	**294,531**
(Loss)/profit for the year	-	-	-	-	(3,841)	-	-	(3,841)	2,107	(1,734)
FX on translating foreign operations and goodwill	-	-	-	-	-	(11,443)	-	(11,443)	-	(11,443)
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	(3,841)	(11,443)	-	(15,284)	2,107	(13,177)
Payment of dividends to non-controlling interests	-	-	-	-	-	-	1,394	1,394	(1,394)	-
Adjustment arising from change in non-controlling interest	-	-	-	-	(19,494)	-	(7,222)	(26,716)	(2,085)	(28,801)
At 31 December 2015	**7,356**	**68,323**	**93,533**	**38,342**	**18,013**	**(20,037)**	**44,165**	**249,695**	**2,858**	**252,553**

PERFORM GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015 (UNAUDITED)

	Notes	2015 £'000	2014 £'000
Non-current assets			
Goodwill		**189,073**	195,546
Acquisition intangibles		**54,288**	61,975
Other intangible assets		**24,588**	19,808
Property, plant and equipment		**14,827**	11,621
Deferred tax asset		**11,223**	7,389
		293,999	296,339
Current assets			
Trade and other receivables		**99,160**	74,374
Cash and cash equivalents	9	**129,549**	36,246
		228,709	110,620
Total assets		**522,708**	406,959
Current liabilities			
Trade and other payables		**(55,819)**	(55,604)
Current acquisition-related financial liabilities	11	**(31,547)**	(10,038)
Current borrowings	9	**(1,859)**	(1,840)
Current tax liabilities		**(5,758)**	(4,881)
		(94,983)	(72,363)
Net current assets		**133,726**	38,257
Non-current liabilities			
Non-current acquisition-related financial liabilities	11	**-**	(24,581)
Non-current borrowings	9	**(163,987)**	-
Deferred tax liability		**(11,185)**	(15,484)
		(175,172)	(40,065)
Total liabilities		**(270,155)**	(112,428)
Net assets		**252,553**	294,531
Equity			
Called-up share capital	10	**7,356**	7,356
Share premium		**68,323**	68,323
Merger relief reserve		**93,533**	93,533
Capital redemption reserve		**38,342**	38,342
Retained earnings		**18,013**	41,348
Foreign exchange reserve		**(20,037)**	(8,594)
Other reserve		**44,165**	49,993
Equity attributable to owners of the Parent		**249,695**	290,301
Non-controlling interests		**2,858**	4,230
Total equity		**252,553**	294,531

PERFORM GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015 (UNAUDITED)

	2015	2014
	£'000	£'000
Operating activities		
Group operating profit	**6,658**	11,998
Increase in trade and other receivables	**(26,366)**	(9,012)
Decrease in trade and other payables	**(8,457)**	(4,230)
Depreciation and amortisation (including acquisition intangible amortisation)	**22,101**	19,268
Employee share-based payment	**4,675**	4,476
Exceptional items	**5,085**	12,823
Corporation tax payments	**(4,206)**	(3,537)
Cash flow from operating activities (prior to exceptional items)	**(510)**	31,786
Exceptional Opta management incentive	**-**	(7,250)
Payments in respect of exceptional items	**(4,418)**	(9,999)
Cash flow from operating activities (after exceptional items)	**(4,928)**	14,537
Investing activities		
Purchases of property, plant and equipment	**(9,328)**	(9,374)
Purchase of intangible assets	**(15,418)**	(10,711)
Acquisition of subsidiaries (net of cash acquired)	**(7,818)**	(6,596)
Investment income	**234**	464
Cash flow used in investing activities	**(32,330)**	(26,217)
Financing activities		
Dividend paid to non-controlling interests	**(1,394)**	(1,144)
Acquisition of non-controlling interests	**(30,896)**	(3,214)
Finance lease capital repayments	**-**	(54)
Borrowings (net of discount)	**171,500**	-
Arrangement fees	**(6,241)**	(1,337)
Borrowings capital repayment	**-**	(45,580)
Interest and finance lease charges paid	**(1,672)**	(1,693)
Cash flow from/(used in) financing activities	**131,297**	(53,022)
Net increase/(decrease) in cash and cash equivalents in the year (all continuing operations)	**94,039**	(64,702)
Cash and cash equivalents at start of year	**36,246**	100,993
Effect of foreign currency exchange rates	**(736)**	(45)
Cash and cash equivalents at end of year	**129,549**	36,246

PERFORM GROUP LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (UNAUDITED)

1. General Information

These condensed consolidated financial statements for the year ended 31 December 2015 do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the year to December 2014 has been delivered to the Registrar of Companies. The auditor reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

2. Accounting policies

Basis of preparation
The annual financial statements of Perform Group Limited are prepared in accordance with IFRS as adopted by the European Union and as issued by the International Accounting Standards Board (IASB) and the Group's accounting policies. The condensed set of consolidated financial statements included in this financial report contain financial information and selected notes prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union.

Significant accounting policies
The accounting policies applied by the Group in this condensed set of consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2014.

New and Revised IFRSs in issue but not yet effective
At the date of authorisation of the financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective and have also not yet been adopted by the EU.

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and had not yet been adopted by the EU:

IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers*
IAS 16	*Leases*

The directors do not expect that the adoptions of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments, IFRS 15 may have an impact on revenue recognition and related disclosures and IAS 16 will also have an impact as operating leases will be recorded on the balance sheet. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of IFRS9, IFRS 15 and IAS 16 until a detailed review has been completed.

2. Accounting policies (continued)

Going concern
This condensed set of consolidated financial statements includes a summary of the Group's financial position and its cash flow. The Directors believe the Group is well placed to manage its business risks successfully. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing this condensed set of consolidated financial statements.

3. Exceptional items

	2015	2014
	£'000	£'000
Costs in relation to the Group's acquisitions and bid defence	**726**	1,888
Costs in relation to management incentive on acquisition	**-**	3,750
Re-measurement of acquisition-related financial liability	**6,978**	1,494
FX revaluation of acquisition-related financial liability	**(4,250)**	(1,412)
Costs in relation to restructuring activities	**1,415**	6,335
Other	**216**	768
	5,085	12,823

Exceptional items of £5.1 million were recognised in the year (2014: £12.8 million) relating to the following:

- re-measurement of deferred consideration (primarily due in respect of Mackolik following a better than expected performance during 2015) of £7.0 million (2014: £1.5 million);
- costs in relation to the Group's acquisition and corporate activities of £0.7 million – primarily relating to the acquisition of the non-controlling interests in Perform Sporting News, Activaweb and other corporate activity (2014: £1.9 million); and
- costs in relation to restructuring activities of £1.4 million (2014: £6.3 million) and other items of £0.2 million (2014: £0.8 million);
- foreign exchange revaluation of deferred consideration of £4.3 million (credit) (2014: £1.4 million (credit)); and
- In addition in 2014 there was an exceptional charge of £3.8 million relating to the Opta management incentive linked to the Group's 2013 acquisition of Opta. The payment, of £7.3 million, to satisfy the Opta management incentive was made in October 2014. There are no further charges or payments due.

4. Investment income

	2015	2014
	£'000	£'000
Interest receivable	**234**	464

5. Finance income

	2015	2014
	£'000	£'000
Exceptional foreign exchange gain on Euro credit facility	**-**	2,035

Portions of the Group's previous term loan and facilities were denominated in foreign currency. During 2014 the revaluation of the Euro denominated elements of the Group's previous term loan and facilities resulted in a gain of £2.0 million. Refer to note 6 for the exceptional foreign exchange losses on foreign credit facilities in 2015.

6. Finance costs

	2015	2014
	£'000	£'000
Interest, bank fees and related charges	**4,251**	1,753
Accretion of deferred consideration	**3,426**	4,067
Exceptional finance costs:		
Accelerated amortisation of arrangement fees	**1,219**	610
Revaluation of foreign exchange hedge	**1,291**	-
Foreign exchange loss on debt facility	**461**	-
Total finance costs	**10,648**	6,430

Finance costs of £10.6 million were recognised in the year (2014: £6.4 million) relating to the following:

- interest, bank fees and related charges (including the amortisation of arrangement fees) due on the Group's senior secured notes and previous term loan and facilities of £4.3 million (2014: £1.8 million);
- accretion of deferred consideration of £3.4 million (2014: £4.1 million);
- accelerated unwind of capitalised arrangement fees of £1.2 million (2014: £0.6 million) relating to the termination of the Group's previous term loan and facilities (in the case of 2014, the write off of the Group's previous debt facilities that were repaid in August 2014);
- revaluation of the Group's foreign exchange hedge (forward purchasing 48 million Turkish Lira to part fund the acquisition of the remaining 49% of Mackolik in 2016) of £1.3 million (2014: nil) due to the weakening of the Turkish Lira; and
- the loss on the US dollar denominated portion of the Group's previous RCF of £0.5 million (2014: nil).

7. Taxation

The Group's effective tax rate is 54% for the full year to 31 December 2015 (2014: 63%).

8. Acquisitions

Perform Sporting News

On 20 March 2015, the Group acquired the remaining 35% interest in Perform Sporting News Limited, taking its holding to 100%. The consideration paid for this 35% interest was $40 million plus $6 million primarily in relation to dividends and repayment of the original shareholder loan. The consideration for the remaining 35% has been accounted for directly within the profit and loss reserve. In addition, the remaining balances associated with Perform Sporting News contained within the non-controlling interest and other reserves have been re-cycled to the profit and loss reserve.

Activaweb SAS

On 15 June 2015, the Group acquired the remaining 49% of Activaweb SAS, taking its holding to 100%. The consideration paid for the 49% interest was €4.9 million.

As the original share purchase was treated as 100% acquisition, the consideration paid for the final 49% share was offset against deferred consideration.

9. Net (debt)/funds

	2015 **£'000**	2014 £'000
Cash and cash equivalents	**129,549**	36,246
Borrowings	**(165,846)**	(1,840)
Net (debt)/funds	**(36,297)**	34,406

On 16 November 2015, Perform Group Financing plc, a wholly-owned subsidiary of Perform Group Limited, issued £175.0 million aggregate principal amount of 8.5% senior secured notes due 2020. On the same date, certain members of the Group entered into a new multi-currency revolving credit facility of £50.0 million (the "RCF") (and together with the Issuance of the Notes, the "Refinancing Transactions").

The purpose of the Refinancing Transactions was to, amongst other things, fund the launch of the OTT Business (as defined in the Group's Offering Memorandum dated 11 November 2015 (the "Offering Memorandum")), repay the amounts drawn under, and terminate, the Old RCF and to fund contractual commitments to pay contingent consideration in respect of certain of the Group's historic acquisitions.

The senior secured notes were issued at a discount of £3.5 million and were subject to directly attributable arrangement fees of £7.8 million. The carrying value of the discount and fees at 31 December 2015 is £11 million. Interest of £1.9 million has also accrued but not been paid at 31 December 2015. The carrying value of borrowings is presented net of fees but includes accrued interest.

10. Share capital

	2015	2014
	£'000	£'000
Issued, allotted and fully paid		
A Ordinary shares of 2 and 7/9ths pence each	**6,423**	6,423
M Ordinary shares of 2 and 7/9ths pence each	**933**	933
I Ordinary shares of 2 and 7/9ths pence each	**-**	-
	7,356	7,356

	2015	2014
	'000	'000
Issued, allotted and fully paid		
A Ordinary shares of 2 and 7/9ths pence each	**231,221**	231,221
M Ordinary shares of 2 and 7/9ths pence each	**33,592**	33,592
I Ordinary shares of 2 and 7/9ths pence each	**5**	-
	264,818	264,813

The Company's share capital consists of three classes of equity shares – 'A' shares, 'M' shares and 'I' shares.

AI Perform Holdings LLP, a portfolio company of Access Industries, holds all of the 'A' shares, which represent 87% of the equity share capital of the Company.

'M' shares are held by members of management, its employees and public shareholders that did not participate in the offer for the Company's shares by an affiliate of Access Industries in November 2014.

'A' and 'M' shareholders have equal voting rights and are entitled to dividends on a pro rata basis and *pari passu*.

The Group also has a class of currently non-voting 'I' shares held by certain members of its senior management that comprise a *de minimis* amount of our total share capital.

11. Deferred consideration and associated acquisition-related liabilities

The following table summarises and reconciles acquisition-related deferred consideration recorded in the financial statements (and includes the Group's estimated future dividend payments to the owners of the non-controlling interest in Mackolik):

	At 1 January 2015 £'000	Recognised on acquisition or re-measured £'000	Unwind of discount applied to FV initial liability £'000	Service related charge £'000	Payment £'000	FX £'000	At 31 December 2015 £'000	Due in < 1 year £'000	Due after > 1 year £'000
Mackolik	22,614	7,772	2,824	29	(1,394)	(3,384)	28,461	28,461	-
Spox	1,158	(498)	-	-	(690)	30	-	-	-
Voetbalzone	7,108	(296)	440	-	(3,646)	(520)	3,086	3,086	-
Activaweb	3,739	-	119	-	(3,482)	(376)	-	-	-
	34,619	**6,978**	**3,383**	**29**	**(9,212)**	**(4,250)**	**31,547**	**31,547**	**-**

2014 comparative information:

	At 1 January 2014 £'000	Recognised on acquisition or re-measured £'000	Unwind of discount applied to FV initial liability £'000	Service related charge £'000	Payment £'000	FX £'000	At 31 December 2014 £'000	Due in < 1 year £'000	Due after > 1 year £'000
Mackolik	22,400	(177)	2,298	44	(1,144)	(807)	22,614	1,512	21,102
WatchandTrade	3,214	-	-	-	(3,214)	-	-	-	-
Spox	1,121	-	112	-	-	(75)	1,158	1,158	-
Opta	3,500	-	-	3,750	(7,250)	-	-	-	-
Voetbalzone	5,231	1,713	1,206	-	(706)	(336)	7,108	3,890	3,218
Activaweb	-	3,526	407	-	-	(194)	3,739	3,478	261
	35,466	**5,062**	**4,023**	**3,794**	**(12,314)**	**(1,412)**	**34,619**	**10,038**	**24,581**

12. Financial instruments fair value disclosure

Financial instruments that are measured at fair value in the consolidated financial statements require disclosure of fair value measurements by level based on the following fair value measurement hierarchy:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair values of financial assets and liabilities are based on quoted market prices where available. Where the market value is not available, the Group has estimated relevant fair values on the basis of publicly available information from outside sources or on the basis of discounted cash flow models where appropriate.

The Group holds senior secured notes and RCF (refer to note 9 for further details) categorised as Level 1 and a foreign exchange hedge (forward purchasing 48 million Turkish Lira to part fund the acquisition of the remaining 49% of Mackolik in 2016) categorised as Level 2. All other financial instruments of the Group are categorised as Level 3. There have been no transfers of assets or liabilities between levels of the fair value hierarchy during the year.

The senior secured notes have a carrying value of £165.8 million and a fair value of £166.9 million as at 31 December 2015.

With the exception of the senior secured notes, the directors consider that the carrying values of financial assets and liabilities recorded at amortised cost in the consolidated financial statements are appropriately equal to their fair value.

The only Level 3 financial instruments held by the Group during the year are for acquisition-related financial liabilities. Fair values have been derived by discounting estimated future cash flows. The table below is a reconciliation of the Level 3 fair value measurements for the year ended 31 December 2015:

	2015 **£'000**	2014 £'000
1 January	**34,619**	35,466
Recognised on acquisition	**-**	3,526
Re-measured	**6,978**	1,536
Unwind of discount	**3,383**	4,023
Service related charge	**29**	3,794
Payment	**(9,212)**	(12,314)
Foreign exchange	**(4,250)**	(1,412)
31 December	**31,547**	34,619

13. Share-based payments

A total charge of £4.7 million (2014: £4.5 million) relating to the Group's share-based payment schemes has been included in the income statement.

In June 2014, 672,226 of the Group's 2011 performance share plan vested. The total value of the shares awarded (calculated with reference to the fair value of each share at grant) was £1.7 million. The cumulative Income Statement charge in respect of these schemes (calculated with reference to the fair value of each share at grant) was £1.4 million at 31 December 2013. As a result, in accordance with IFRS 2, a final charge of £0.3 million was charged to the profit & loss in the year to 31 December 2014 in respect of this plan.

The Group's change of control resulted in the vesting or partial vesting of the Group's 2012, 2013 and 2014 performance share plans in October 2014. The number of shares vested under each plan was calculated based on the number of shares awarded (as adjusted for bad leavers for whose share awards had lapsed) multiplied by a time pro-rating and an assessment of the performance criteria. The shares that vested were settled by the issue of new Perform shares. Access Industries' offer applied to the shares that were awarded to the participants. The total value of the shares awarded (calculated with reference to the fair value of each share at grant) was £5.0 million. The cumulative profit & loss charge in respect of these schemes (calculated with reference to the fair value of each share at grant) as at 31 December 2013 was £1.6 million. As a result, in accordance with IFRS 2, a final charge of £3.5 million was charged to the Income Statement in the year to 31 December 2014 in respect of these vested 2012, 2013 and 2014 plans.

In order to ensure appropriate retention arrangements are in place following the takeover it has been agreed, with regards to the 2013 and 2014 plans, that the Group will make cash payment equal to the difference the Award holders received on vesting of their awards (with reference to the £2.60 price paid per share by Access), and what they would have received on full vesting of their awards (also calculated at £2.60 per share). Accordingly, after accounting for leavers, 50% of the April 2013 awards, 83% of the 2014 awards would be converted into replacement cash awards. These cash awards will be paid, subject to the participants continued employment and the meeting of financial performance criteria, on or around, the same date that the unvested portions of the PSP awards would otherwise have come to maturity, being April 2016 for the 2013 awards and April 2017 for the 2014 awards.

The amount of the cash awards will be determined by the level of business performance against revenue and Adjusted EBITDA targets. Accordingly the total value of these awards was calculated as £7.3 million and this is being spread over the vesting period. As such charges of £3.4 million have been recognised in respect of these cash replacement for the year ended 31 December 2015 (2014: £0.6 million).

Furthermore, the Group has put in place a long-term cash-based scheme in April 2015 that will vest in April 2018. The amount of the payment will be determined by the level of business performance against revenue and EBITDA targets over the three years and the cost of the scheme will be spread over the vesting period. As such charges of £1.3 million have been recognised in respect of these singular schemes in the year to 31 December 2015.

13. Share-based payments (continued)

In addition in 2014 there was a final accelerated charge of £0.1 million relating to the Group's cancelled share save scheme.

14. Contingent liabilities

There were no contingent liabilities at the year end (2014: nil).

15. Related parties

There have been no material changes in the related party transactions described in the last annual report aside from those disclosed elsewhere in this interim statement.

16. Post balance sheet events

In February 2016 the Group entered into a 16 year strategic partnership with FIBA, the International Basketball Federation starting from 2017. The Group will distribute and sell all media-related rights to FIBA's national men's and women's team competitions. As part of the arrangement, Perform will provide a guaranteed minimum rights payment and invest in live production, broadcast services and data and editorial distribution.

There have been no other material post balance sheet events to disclose.

17. Disaggregation of the restricted and unrestricted groups

A disaggregation of the Group's results and financial condition between the Restricted and Unrestricted Group for the year ended 31 December 2015 is set out in the following tables.

Income Statement	**31 December 2015**				31 December 2014
	Restricted Group £'000	**Unrestricted Group £'000**	**Elimination £'000**	**Total Group £'000**	Total Group £'000
Revenue	**261,066**	**-**	**(1,750)**	**259,316**	249,998
Cost of sales	**(139,611)**	**-**	**-**	**(139,611)**	(127,628)
Gross profit	**121,455**	**-**	**(1,750)**	**119,705**	122,370
Administrative expenses	**(108,327)**	**(5,720)**	**1,000**	**(113,047)**	(110,372)
Group operating profit/(loss)	**13,128**	**(5,720)**	**(750)**	**6,658**	11,998
Investment income	**1,350**	**-**	**(1,116)**	**234**	464
Finance income	**-**	**-**	**-**	**-**	2,035
Finance costs	**(10,648)**	**(1,116)**	**1,116**	**(10,648)**	(6,430)
Group profit/(loss) before tax	**3,830**	**(6,836)**	**(750)**	**(3,756)**	8,067
Taxation credit/(charge)	**754**	**1,268**	**-**	**2,022**	(5,046)
Group profit/(loss) after tax	**4,584**	**(5,568)**	**(750)**	**(1,734)**	3,021
Adjusted EBITDA	**44,526**	**(5,257)**	**(750)**	**38,519**	48,565
Exceptional items	**(5,085)**	**-**	**-**	**(5,085)**	(12,823)
Share-based payments	**(4,213)**	**(462)**	**-**	**(4,675)**	(4,476)
EBITDA	**35,228**	**(5,719)**	**(750)**	**28,759**	31,266
Amortisation and depreciation	**(16,144)**	**(1)**	**-**	**(16,145)**	(12,516)
Acquisition-related amortisation	**(5,956)**	**-**	**-**	**(5,956)**	(6,752)
Group operating profit/(loss)	**13,128**	**(5,720)**	**(750)**	**6,658**	11,998

PERFORM GROUP LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (UNAUDITED)

17. Disaggregation of the restricted and unrestricted groups (continued)

Balance Sheet	As at 31 December 2015				As at 31 December 2014
	Restricted Group £'000	Unrestricted Group £'000	Elimination £'000	Total Group £'000	Total Group £'000
Non-current assets					
Goodwill	**189,073**	**-**	**-**	**189,073**	195,546
Acquisition intangibles	**54,288**	**-**	**-**	**54,288**	61,975
Other intangible assets	**21,145**	**4,193**	**(750)**	**24,588**	19,808
Property, plant and equipment	**13,722**	**1,105**	**-**	**14,827**	11,621
Loan to Unrestricted Group	**95,116**	**-**	**(95,116)**	**-**	-
Deferred tax asset	**9,955**	**1,268**	**-**	**11,223**	7,389
	383,299	**6,566**	**(95,866)**	**293,999**	296,339
Current assets					
Trade and other receivables	**82,402**	**17,176**	**(418)**	**99,160**	74,374
Cash and cash equivalents	**61,080**	**68,469**	**-**	**129,549**	36,246
	143,482	**85,645**	**(418)**	**228,709**	110,620
Total assets	**526,781**	**92,211**	**(96,284)**	**522,708**	406,959
Current liabilities					
Trade and other payables	**(53,574)**	**(2,663)**	**418**	**(55,819)**	(55,604)
Current acquisition-related financial liabilities	**(31,547)**	**-**	**-**	**(31,547)**	(10,038)
Current borrowings	**(1,859)**	**-**	**-**	**(1,859)**	(1,840)
Current tax liabilities	**(5,758)**	**-**	**-**	**(5,758)**	(4,881)
	(92,738)	**(2,663)**	**418**	**(94,983)**	(72,363)
Net current assets	**50,744**	**82,982**	**-**	**133,726**	38,257
Non-current liabilities					
Non-current acquisition-related financial liabilities	**-**	**-**	**-**	**-**	(24,581)
Non-current borrowings	**(163,987)**	**-**	**-**	**(163,987)**	-
Non-current borrowings from Restricted Group	**-**	**(95,116)**	**95,116**	**-**	-
Deferred tax liability	**(11,185)**	**-**	**-**	**(11,185)**	(15,484)
	(175,172)	**(95,116)**	**95,116**	**(175,172)**	(40,065)
Total liabilities	**(267,910)**	**(97,779)**	**95,534**	**(270,155)**	(112,428)
Net assets/(liabilities)	**258,871**	**(5,568)**	**(750)**	**252,553**	294,531
Equity					
Called up share capital	**7,356**	**-**	**-**	**7,356**	7,356
Share premium	**68,323**	**-**	**-**	**68,323**	68,323
Merger relief reserve	**93,533**	**-**	**-**	**93,533**	93,533
Capital redemption reserve	**38,342**	**-**	**-**	**38,342**	38,342
Retained earnings	**24,331**	**(5,568)**	**(750)**	**18,013**	41,348
Foreign exchange reserve	**(20,037)**	**-**	**-**	**(20,037)**	(8,594)
Other reserve	**44,165**	**-**	**-**	**44,165**	49,993
Equity attributable to owners of the Parent	**256,013**	**(5,568)**	**(750)**	**249,695**	290,301
Non-controlling interest	**2,858**	**-**	**-**	**2,858**	4,230
Total equity	**258,871**	**(5,568)**	**(750)**	**252,553**	294,531

PERFORM GROUP LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (UNAUDITED)

17. Disaggregation of the restricted and unrestricted groups (continued)

Cash Flows	**31 December 2015**				31 December 2014
	Restricted Group £'000	**Unrestricted Group £'000**	**Elimination £'000**	**Total Group £'000**	Total Group £'000
Operating activities					
Group operating profit	**13,128**	**(5,720)**	**(750)**	**6,658**	11,998
Increase in trade and other receivables	**(9,148)**	**(17,218)**	**-**	**(26,366)**	(9,012)
(Decrease)/increase in trade and other payables	**(9,403)**	**946**	**-**	**(8,457)**	(4,230)
Depreciation and amortisation (including acquisition intangible amortisation)	**22,100**	**1**	**-**	**22,101**	19,268
Employee share-based payment	**4,213**	**462**	**-**	**4,675**	4,476
Exceptional items	**5,085**	**-**	**-**	**5,085**	12,823
Corporation tax payments	**(4,206)**	**-**	**-**	**(4,206)**	(3,537)
Cash inflow/(outflow) from operating activities (prior to exceptional items)	**21,769**	**(21,529)**	**(750)**	**(510)**	31,786
Exceptional Opta management incentive	**-**	**-**	**-**	**-**	(7,250)
Payments in respect of exceptional items	**(4,418)**	**-**	**-**	**(4,418)**	(9,999)
Cash inflow/(outflow) operating activities (after exceptional items)	**17,351**	**(21,529)**	**(750)**	**(4,928)**	14,537
Investing activities					
Purchases of property, plant and equipment	**(8,218)**	**(1,110)**	**-**	**(9,328)**	(9,374)
Purchases of intangible assets	**(13,276)**	**(2,892)**	**750**	**(15,418)**	(10,711)
Acquisition of subsidiaries (net of cash acquired)	**(7,818)**	**-**	**-**	**(7,818)**	(6,596)
Investment income	**234**	**-**	**-**	**234**	464
Cash outflow from investing activities	**(29,078)**	**(4,002)**	**750**	**(32,330)**	(26,217)
Financing activities					
Dividend paid to non-controlling interests	**(1,394)**	**-**	**-**	**(1,394)**	(1,144)
Acquisition of non-controlling interests	**(30,896)**	**-**	**-**	**(30,896)**	(3,214)
Borrowings (net of bank fees and costs)	**165,259**	**-**	**-**	**165,259**	(1,391)
Loan to Unrestricted Group	**(94,000)**	**94,000**	**-**	**-**	-
Borrowings capital repayments	**-**	**-**	**-**	**-**	(45,580)
Interest, bank fees and related charges	**(1,672)**	**-**	**-**	**(1,672)**	(1,693)
Cash inflow/(outflow) from financing activities	**37,297**	**94,000**	**-**	**131,297**	(53,022)
Net increase/(decrease) in cash and cash equivalents in the period (all continuing operations)	**25,570**	**68,469**	**-**	**94,039**	(64,702)
Cash and cash equivalents at start of period	**36,246**	**-**	**-**	**36,246**	100,993
Effect of foreign currency exchange rates	**(736)**	**-**	**-**	**(736)**	(45)
Cash and cash equivalents at end of period	**61,080**	**68,469**	**-**	**129,549**	36,246