

COMPANY REGISTRATION NO. 6324278

PERFORM GROUP LIMITED

QUARTERLY FINANCIAL REPORT

FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2017

**PERFORM GROUP LIMITED
QUARTERLY FINANCIAL REPORT**

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**PERFORM GROUP LIMITED
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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

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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.

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 14. Management’s discussion and analysis of the financial condition and results of operations of the Restricted Group is set out below.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND
RESULTS OF OPERATIONS OF THE RESTRICTED GROUP
FOR THE THREE MONTHS ENDED 30 JUNE 2017**

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE RESTRICTED GROUP FOR THE THREE MONTHS ENDED 30 JUNE 2017

Overview

Perform Group Limited is pleased to announce its results for the quarter ended 30 June 2017.

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), 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 use 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 14.

Income Statement

	3 months ended			LTM
	30 June 2017 £m	30 June 2016 £m	Movement £m	30 June 2017 £m
Revenue	80.8	69.7	11.1	309.4
Cost of sales	(40.7)	(37.0)	(3.7)	(160.1)
Gross profit	40.1	32.7	7.4	149.3
Administrative expenses	(45.6)	(22.5)	(23.1)	(149.2)
Group operating (loss)/profit	(5.5)	10.2	(15.7)	0.1
Analysed as:				
Adjusted EBITDA	14.4	14.0	0.4	47.4
Exceptional items	(12.1)	1.5	(13.6)	(12.3)
Long-term incentive schemes	(1.2)	(1.3)	0.1	(5.4)
EBITDA	1.1	14.2	(13.1)	29.7
Amortisation and depreciation	(4.9)	(4.0)	(0.9)	(21.6)
Acquisition-related amortisation	(1.7)	(0.0)	(1.7)	(8.0)
Group operating (loss)/profit	(5.5)	10.2	(15.7)	0.1
Net finance costs	(0.8)	(2.9)	2.1	(3.8)
Group (loss)/profit before tax	(6.3)	7.3	(13.6)	(3.7)
Tax charge	(0.2)	(4.4)	4.2	(2.1)
Group (loss)/profit after tax	(6.5)	2.9	(9.4)	(5.8)

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Revenue

	3 months ended			LTM
	30 June 2017 £m	30 June 2016 £m	Movement £m	30 June 2017 £m
Content	57.4	48.2	9.2	213.9
Media	15.2	15.2	-	67.1
Other	8.2	6.3	1.9	28.4
	80.8	69.7	11.1	309.4

Revenue increased by £11.1 million to £80.8 million for the three months ended 30 June 2017 ("Q2 2017") from £69.7 million for the three months ended 30 June 2016 ("Q2 2016").

Content revenue

Content revenues increased 19% (£9.2 million) to £57.4 million (Q2 2016: £48.2 million) reflecting the successful launch of the WTA and FIBA partnerships and the continued growth in data and news products.

Media revenue

Media revenue remained flat at £15.2 million (Q2 2016: £15.2 million) with 7% growth across Europe and APAC regions offset by the closure of the US video business and no major football tournament in Q2 2017 (Euro Championship in Q2 2016).

Other revenue

Other revenues increased by £1.9 million to £8.2 million (Q2 2016: £6.3 million) driven by an increase in revenue generated from the Groups "Sports Cloud" product.

Gross profit

Gross profit increased £7.4 million to £40.1 million (Q2 2016: £32.7 million) primarily due to the £11.1 million increase in revenues, offset by a £3.7 million increase in cost of sales to support the 19% growth in content revenues.

Administrative expenses

Administrative expenses increased £23.1 million to £45.6 million (Q2 2016: £22.5 million) due to the following:

- Operational costs increased £6.9 million to £25.6 million (Q2 2016: £18.7 million) principally to support the increase in content revenues and the launch of the new strategic rights partnerships in 2017;
- Depreciation and amortisation costs increased by £2.6 million to £6.6 million (Q2 2016: £4.0 million);
- Exceptional item costs increased £13.6 million to £12.1 million (Q2 2016: £1.5 million credit), primarily resulting from the closure of the US video business (see below).

Exceptional items

Exceptional items increased by £13.6 million to £12.1 million (Q2 2016: £1.5 million (credit)) due to the following:

- £12.0 million of costs related to the exit from the US third party ePlayer business in April 2017 (Q2 2016: £nil);
- £nil foreign exchange gain or loss upon revaluation of deferred consideration related to the Mackolik acquisition which was settled in Q2 2016 (Q2 2016: £1.6 million gain).

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE RESTRICTED GROUP FOR THE THREE MONTHS ENDED 30 JUNE 2017

Operating loss

Operating loss increased £15.7 million to £5.5 million (Q2 2016: £10.2 million profit) due to the £7.4 million increase in gross profit offset by a £23.1 million increase in administration expenses as explained above.

Net finance costs

Net finance costs decreased £2.1 million to £0.8 million (Q2 2016: £2.9 million). The Q2 2017 charge consists of the following:

- interest, bank fees and related charges (including the amortisation of arrangement fees due on the Group's senior secured notes and revolving credit facility) of £4.6 million (Q2 2016: £4.5 million);
- £nil accretion of deferred consideration related to the Mackolik acquisition which was settled in the second quarter of 2016 (Q2 2016: £0.8 million); offset by
- interest due from the Unrestricted Group of £3.8 million (Q2 2016: £2.2 million).

Taxation

The tax charge for the period is £0.2 million (Q2 2016: £4.4 million). This includes a current tax charge of £0.8 million (Q2 2016: £0.3 million) and a deferred tax credit of £0.6 million (Q2 2016: £4.7 million charge).

Loss after tax

Loss after tax increased by £9.4 million to £6.5 million (Q2 2016: £2.9 million profit) due to the increase in operating loss (£15.7 million) offset by the decrease in net finance costs (£2.1 million) and the decrease in the tax charge (£4.2 million).

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE RESTRICTED GROUP FOR THE THREE MONTHS ENDED 30 JUNE 2017

Cash flow

	3 months ended			LTM
	30 June 2017 £m	30 June 2016 £m	Movement £m	30 June 2017 £m
Adjusted EBITDA	14.4	14.0	0.4	47.4
Movements in working capital	(10.3)	(1.2)	(9.1)	(24.3)
Long-term incentive plan	(4.5)	(0.9)	(3.6)	(4.5)
Corporation tax payments	(2.6)	(0.9)	(1.7)	(5.7)
Cash (outflow)/inflow from operating activities (pre-exceptional items)	(3.0)	11.0	(14.0)	12.9
Exceptional items	(0.6)	(0.3)	(0.3)	(1.4)
Cash (outflow)/inflow from operating activities (post exceptional items)	(3.6)	10.7	(14.3)	11.5
Capital expenditure	(3.8)	(6.2)	2.4	(19.8)
Acquisition of subsidiaries	-	(3.4)	3.4	(1.8)
Finance income	0.1	0.0	0.1	0.4
Cash outflow from investing activities	(3.7)	(9.6)	5.9	(21.2)
Dividends paid to non-controlling interests	-	(2.2)	2.2	-
Acquisitions of non-controlling interests	-	(28.0)	28.0	-
Borrowings and drawdowns	14.0	26.0	(12.0)	14.0
Proceeds from issues of shares and other equity securities	-	-	-	34.1
Loan to Unrestricted Group	-	(26.0)	26.0	(34.1)
Interest and fees	(7.7)	(8.2)	0.5	(16.2)
Cash inflow/(outflow) from financing activities	6.3	(38.4)	44.7	(2.2)
Net decrease in cash	(1.0)	(37.3)	36.3	(11.9)
Cash at start of period	30.1	75.5	(45.4)	39.4
Effect of foreign currency exchange rates	(0.4)	1.2	(1.6)	1.2
Cash at end of period	28.7	39.4	(10.7)	28.7

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE RESTRICTED GROUP FOR THE THREE MONTHS ENDED 30 JUNE 2017

Operating activities (after exceptional items)

Cash flow from operating activities decreased £14.3 million to a £3.6 million outflow (Q2 2016: £10.7 million inflow) due to a £0.4 million increase in adjusted EBITDA to £14.4 million (Q2 2016: £14.0 million) offset by a £9.1 million decrease in working capital to £10.3 million outflow (Q2 2016: £1.2 million outflow). This is combined with an increase in long-term incentive plan payments of £3.6 million to £4.5 million (Q2 2016: £0.9 million), an increase in corporation tax payments of £1.7 million to £2.6 million (Q2 2016: £0.9 million) and an increase in payments of exceptional items of £0.3 million to £0.6 million (Q2 2016: £0.3 million).

Investing activities

Cash outflow from investing activities decreased £5.9 million to an outflow of £3.7 million (Q2 2016: £9.6 million outflow) due to a decrease in capital expenditure of £2.4 million to £3.8 million (Q2 2016: £6.2 million), and a decrease in payments for acquisitions of subsidiaries from £3.4 million to £nil (Q2 2016: £3.4 million outflow).

Financing activities

Cash flow from financing activities increased £44.7 million to £6.3 million inflow (Q2 2016: £38.4 million outflow) due to a decrease in dividends paid to non-controlling interests of £2.2 million to £nil (Q2 2016: £2.2 million outflow), a decrease in acquisitions of non-controlling interests of £28.0 million to £nil (Q2 2016: £28.0 million outflow), and a decrease in interest and fees paid of £0.5 million to £7.7 million outflow (Q2 2016: £8.2 million outflow), offset by a £14.0 million drawdown on the RCF (Q2 2016: £nil).

Debt and liquidity

As at 30 June 2017 the Restricted Group held cash of £28.7 million (Q2 2016: £39.4 million, Q4 2016: £31.5 million) and had net debt of £42.7 million (Q2 2016: £67.3 million, Q4 2016: £27.6 million) (representing net borrowings and accrued interest of £209.9 million (Q2 2016: £199.0 million, Q4 2016: £194.8 million) offset by borrowings provided to the Unrestricted Group including accrued interest receivable of £167.2 million (Q2 2016: £125.7 million, Q4 2016: £167.2 million).

**PERFORM GROUP LIMITED
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**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE TOTAL GROUP
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2017 (UNAUDITED)**

PERFORM GROUP LIMITED

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2017 (UNAUDITED)**

	Notes	6 months ended		3 months ended	
		30 June 2017 £'000	30 June 2016 £'000	30 June 2017 £'000	30 June 2016 £'000
All results relate to continuing operations					
Revenue		172,373	131,333	93,219	67,194
Cost of sales		(123,024)	(79,269)	(65,774)	(38,568)
Gross profit		49,349	52,064	27,445	28,626
Administrative expenses		(141,192)	(60,022)	(74,152)	(27,384)
Group operating (loss)/profit		(91,843)	(7,958)	(46,707)	1,242
Finance income		259	204	128	91
Finance costs	4	(16,888)	(9,887)	(9,469)	(5,272)
Group loss before tax		(108,472)	(17,641)	(56,048)	(3,939)
Taxation credit/(charge)		(2,022)	(5,638)	(1,314)	(5,721)
Group loss for the period after tax		(110,494)	(23,279)	(57,362)	(9,660)
<i>Group loss for the period attributable to:</i>					
Owners of the Parent		(110,417)	(24,451)	(57,319)	(9,954)
Non-controlling interests		(77)	1,172	(43)	294
		(110,494)	(23,279)	(57,362)	(9,660)

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2017 (UNAUDITED)**

	6 months ended		3 months ended	
	30 June 2017 £'000	30 June 2016 £'000	30 June 2017 £'000	30 June 2016 £'000
Group loss for the period	(110,494)	(23,279)	(57,362)	(9,660)
<i>Items that may be reclassified subsequently to profit or (loss):</i>				
Exchange differences on translating foreign operations goodwill and acquisition intangibles held in foreign currencies	4,530	14,515	2,963	7,245
Total comprehensive loss for the period	(105,964)	(8,764)	(54,356)	(2,415)
<i>Total comprehensive loss for the period attributable to:</i>				
Owners of the Parent	(105,887)	(9,936)	(54,313)	(2,709)
Non-controlling interest	(77)	1,172	(43)	294
	(105,964)	(8,764)	(54,356)	(2,415)

PERFORM GROUP LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2017 (UNAUDITED)

	Called-up share capital £'000	Share premium £'000	Merger relief reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Foreign exchange reserve £'000	Other reserves £'000	Equity attributable to owners of the Parent £'000	Non- controlling interests £'000	Total Equity £'000
At 1 January 2016	7,356	68,323	93,533	38,342	18,013	(20,037)	44,165	249,696	2,858	252,554
(Loss)/profit for the year	-	-	-	-	(79,715)	-	-	(79,715)	1,004	(78,711)
FX on translating foreign operations, goodwill and intangible assets	-	-	-	-	-	21,532	-	21,532	-	21,532
Total comprehensive (loss)/profit for the year	-	-	-	-	(79,715)	21,532	-	(58,183)	1,004	(57,179)
Payment of dividends to non-controlling interests	-	-	-	-	-	-	2,258	2,258	(2,258)	-
Issuance of derivative liability	-	-	-	-	(8,000)	-	-	(8,000)	-	(8,000)
Share capital / premium issued	129	33,987	-	-	-	-	-	34,116	-	34,116
Adjustment arising from change in non-controlling interest	-	-	-	-	46,382	-	(46,423)	(41)	(2,217)	(2,258)
At 31 December 2016	7,485	102,310	93,533	38,342	(23,321)	1,495	-	219,844	(613)	219,231
Loss for the year	-	-	-	-	(110,417)	-	-	(110,417)	(77)	(110,494)
FX on translating foreign operations, goodwill and intangible assets	-	-	-	-	-	4,530	-	4,530	-	4,530
Total comprehensive loss for the year	-	-	-	-	(110,417)	4,530	-	(105,887)	(77)	(105,964)
Issuance of derivative liability	-	-	-	-	(16,000)	-	-	(16,000)	-	(16,000)
At 30 June 2017	7,485	102,310	93,533	38,342	(149,738)	6,025	-	97,957	(690)	97,267

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017 (UNAUDITED)**

	Notes	30 June 2017 £'000	31 December 2016 £'000	30 June 2016 £'000
Non-current assets				
Goodwill		210,519	203,243	197,952
Acquisition intangibles		50,780	54,277	55,395
Other intangible assets		38,849	34,022	31,097
Property, plant and equipment		32,108	23,923	21,365
Deferred tax asset		5,867	5,867	7,487
		338,123	321,332	313,296
Current assets				
Trade and other receivables		50,922	48,410	37,055
Prepayments		260,510	157,672	94,815
Cash and cash equivalents	5	137,028	134,880	74,730
		448,460	340,962	206,600
Total assets		786,583	662,294	519,896
Current liabilities				
Trade and other payables		(135,557)	(124,302)	(69,924)
Derivative liability		(24,000)	(8,000)	-
Current borrowings	5	(310,595)	(103,609)	(1,859)
Current tax liabilities		(1,392)	(3,827)	(3,966)
		(471,544)	(239,738)	(75,749)
Net current (liabilities)/assets		(23,084)	101,224	130,851
Non-current liabilities				
Non-current borrowings	5	(207,946)	(192,817)	(191,157)
Deferred tax liability		(9,826)	(10,508)	(11,450)
		(217,772)	(203,325)	(202,607)
Total liabilities		(689,316)	(443,063)	(278,356)
Net assets		97,267	(219,231)	241,540
Equity				
Called-up share capital	6	7,485	7,485	7,356
Share premium		102,310	102,310	68,323
Merger relief reserve		93,533	93,533	93,533
Capital redemption reserve		38,342	38,342	38,342
Retained earnings		(149,738)	(23,321)	39,953
Foreign exchange reserve		6,025	1,495	(5,522)
Equity attributable to owners of the Parent		97,957	219,844	241,985
Non-controlling interests		(690)	(613)	(445)
Total equity		97,267	219,231	241,540

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2017 (UNAUDITED)**

	6 months ended		3 months ended	
	30 June 2017 £'000	30 June 2016 £'000	30 June 2017 £'000	30 June 2016 £'000
Operating activities				
Group operating (loss)/profit	(91,843)	(7,958)	(46,707)	1,242
Increase in trade and other receivables	(107,350)	(31,685)	(37,603)	(10,126)
Increase/(Decrease) in trade and other payables	754	10,549	(24,484)	(6,244)
Depreciation and amortisation (including acquisition intangibles amortisation)	17,623	10,053	8,882	4,404
Employee long-term incentive scheme charges	3,151	2,813	1,583	1,481
Employee long-term incentive scheme payments	(5,329)	(834)	(5,329)	(834)
Exceptional items	12,148	1,351	12,082	(1,545)
Corporation tax payments	(5,112)	(3,169)	(3,000)	(903)
Cash outflow from operating activities (prior to exceptional items)	(175,958)	(18,880)	(94,576)	(12,525)
Payments in respect of exceptional items	(625)	(740)	(625)	(318)
Cash outflow from operating activities (after exceptional items)	(176,583)	(19,620)	(95,201)	(12,843)
Investing activities				
Purchases of property, plant and equipment	(11,076)	(10,974)	(5,825)	(4,144)
Purchases of intangible assets	(14,919)	(10,954)	(8,279)	(7,444)
Acquisition of subsidiaries (net of cash acquired)	-	(3,391)	-	(3,391)
Investment income	259	131	128	18
Cash outflow from investing activities	(25,736)	(25,188)	(13,976)	(14,961)
Financing activities				
Dividend paid to non-controlling interests	-	(2,247)	-	(2,247)
Acquisition of non-controlling interests	-	(27,956)	-	(27,956)
Borrowings (net of bank fees and costs)	214,000	26,000	164,000	26,000
Interest, bank fees and related charges	(8,604)	(8,820)	(8,247)	(8,167)
Cash inflow from financing activities	205,396	(13,023)	155,753	(12,370)
Net increase/(decrease) in cash and cash equivalents in the period (all continuing operations)	3,077	(57,831)	46,576	(40,174)
Cash and cash equivalents at start of period	134,880	129,549	92,126	112,889
Effect of foreign currency exchange rates	(929)	3,012	(1,674)	2,015
Cash and cash equivalents at end of period	137,028	74,730	137,028	74,730

PERFORM GROUP LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 30 JUNE 2017 (UNAUDITED)

1. General Information

These condensed consolidated financial statements for the three and six months ended 30 June 2017 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 31 December 2016 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 2016.

New and Revised IFRSs in issue but not yet effective

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	<i>Financial Instruments</i>
IFRS 15	<i>Revenue from Contracts with Customers</i>
IFRS 16	<i>Leases</i>
Amendments to IAS 7	<i>Disclosure initiative</i>
Amendments to IAS 12	<i>Recognition of deferred tax assets for unrealised losses</i>
Amendments to IAS 40	<i>Transfers of Investment Property</i>
Amendments to IFRS 2	<i>Classification and measurement of share-based payment transactions</i>
Amendments to IFRS 4	<i>Applying IFRS 9 Financial Instruments with IFRS 4 Customer Contracts</i>
IFRIC 22	<i>Foreign currency transactions and advance consideration</i>

Annual Improvements to IFRSs: 2014 - 2016

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 and the Group's forecasts and projections, taking account of future funding needs and 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.

Having made appropriate enquiries, the Directors are confident of securing additional funding sufficient to cover its operational and investment needs. Future funding sources currently being considered include shareholder loans, external equity investment and refinancing of its existing senior secured notes.

Accordingly, the Directors continue to adopt the going concern basis in preparing this condensed set of consolidated financial statements.

PERFORM GROUP LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 30 JUNE 2017 (UNAUDITED)

3. Exceptional items

	6 months ended		3 months ended	
	30 June 2017 £'000	30 June 2016 £'000	30 June 2017 £'000	30 June 2016 £'000
Exceptional costs in relation to closure of US ePlayer	11,968	-	11,968	-
Dilapidation costs upon exit from property leases	180	-	114	-
Costs in relation to the Group's acquisitions	-	1,046	-	70
FX revaluation of acquisition-related financial liability	-	151	-	(1,615)
Re-measurement of acquisition-related financial liability	-	154	-	-
Total exceptional items	12,148	1,351	12,082	(1,545)

Exceptional items of £12.1 million were recognised in the six months to 30 June 2017 (Q2 2016: £1.4 million (charge)) due to the following:

- £12.0 million of exceptional costs in relation to the closure of the US ePlayer business (Q2 2016: £nil);
- £0.2 million of dilapidation costs upon exit from property leases (Q2 2016: £nil);
- £nil foreign exchange gain or loss upon revaluation of deferred consideration in relation to the Mackolik acquisition due to this being settled in Q2 2016 (Q2 2016: £0.2 million (loss)); and
- Re-measurement of the Mackolik acquisition related financial liability of £nil due to this being settled in Q2 2016 (Q2 2016: £0.2 million).

Exceptional items of £12.1 million were recognised in the three months to 30 June 2017 (Q2 2016: £1.5 million (gain)) due to the following:

- £12.0 million of exceptional costs in relation to the closure of the US ePlayer business (Q2 2016: £nil);
- £0.1 million of dilapidation costs upon exit from property leases (Q2 2016: £nil); and
- £nil foreign exchange gain or loss upon revaluation of deferred consideration in relation to the Mackolik acquisition due to this being settled in the second quarter of 2016 (Q2 2016: £1.6 million (gain)).

These costs are considered exceptional by the Directors as they are items that are material in size and are infrequent in occurrence.

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4. Finance costs

	6 months ended		3 months ended	
	30 June 2017 £'000	30 June 2016 £'000	30 June 2017 £'000	30 June 2016 £'000
Interest, bank fees and related charges	9,918	9,015	5,151	4,522
Interest on shareholder loan	6,970	-	4,318	-
Accretion of deferred consideration	-	1,741	-	750
Exceptional finance costs:				
Revaluation of foreign exchange hedge	-	(869)	-	-
Total finance costs	16,888	9,887	9,469	5,272

Finance costs of £16.9 million were recognised in the six month period to 30 June 2017 (Q2 2016: £9.9 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 revolving credit facility of £9.9 million (Q2 2016: £9.0 million);
- Interest on the Shareholder Loan (refer to note 5 for further details) of £7.0 million (Q2 2016: £nil); and
- £nil accretion of deferred consideration on the Mackolik acquisition due to this being settled in Q2 2016 (Q2 2016: £1.7 million); and
- £nil revaluation of foreign exchange hedge (Q2 2016: £0.9 million (gain)).

Finance costs of £9.5 million were recognised in the three month period to 30 June 2017 (Q2 2016: £5.3 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 revolving credit facility of £5.2 million (Q2 2016: £4.5 million).
- Interest on the Shareholder Loan (refer to note 5 for further details) of £4.3 million (Q2 2016: £nil); and
- £nil accretion of deferred consideration on the Mackolik acquisition due to this being settled in Q2 2016 (Q2 2016: £0.8 million).

PERFORM GROUP LIMITED

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5. Net debt

	30 June 2017 £'000	31 December 2016 £'000	30 June 2016 £'000
Cash and cash equivalents	137,028	134,880	74,730
Borrowings	(518,541)	(296,426)	(193,016)
Net debt	(381,513)	(161,546)	(118,286)

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 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 historical acquisitions.

The senior secured notes were issued at a discount of £3.5 million and were subject to directly attributable arrangement fees of £6.8 million. The carrying value of the discount and fees at 30 June 2017 is £6.9 million (Q4 2016: £8.0 million, Q2 2016: £9.0 million). Interest of £1.9 million (Q4 2016: £1.9 million, Q2 2016: £1.8 million) has also accrued but not been paid at 30 June 2017. The carrying value of borrowings is presented net of fees but includes accrued interest.

The RCF was subject to directly attributable fees of £1.0 million, and the carrying value of the fees as at 30 June 2017 is £0.7 million (Q4 2016: £0.8 million, Q2 2016: £0.9 million).

On 10 August 2016, Perform Investment Limited, a wholly owned subsidiary of the Group and part of the Unrestricted Group, entered a loan facility agreement ("the Facility") with AI International S.á.r.l, part of Access Industries, the Group's principal shareholder (the "Shareholder Loan"). Perform Investment Limited can utilise the Facility by drawing down in two tranches of up to £50.0 million, the first tranche of which was drawn down on 10 August 2016, and the second tranche on 21 December 2016. The amount drawn down has been presented within current borrowings on the balance sheet. The Facility attracts an interest rate of 8%, which is compounded annually. Any amounts outstanding in relation to the Facility will be repaid on the earlier of 12 August 2019 or upon the occurrence of certain equity conversion events.

As at the end of the reporting period, the Shareholder Loan was amended and restated from £100.0 million to £300.0 million, all of which was drawn down by 30 June 2017. In addition, subsequent to the end of the reporting period, the Shareholder Loan was amended and restated from £300.0 million to £350.0 million, with the additional £50.0 million loaned being drawn down at the same time. None of the principal terms of the Shareholder Loan were altered as part of the amendment and restatement.

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6. Share capital

	30 June 2017 £'000	31 December 2016 £'000	30 June 2016 £'000
Issued, allotted and fully paid			
A Ordinary shares of 2 and 7/9ths pence each	6,432	6,432	6,432
M Ordinary shares of 2 and 7/9ths pence each	924	924	924
I Ordinary shares of 2 and 7/9ths pence each	-	-	-
Z Ordinary shares of 2 and 7/9ths pence each	129	129	-
	7,485	7,485	7,356

	30 June 2017 No. of shares	31 December 2016 No. of shares	30 June 2016 No. of shares
Issued, allotted and fully paid			
A Ordinary shares of 2 and 7/9ths pence each	231,539	231,539	231,539
M Ordinary shares of 2 and 7/9ths pence each	33,274	33,274	33,274
I Ordinary shares of 2 and 7/9ths pence each	5	5	5
Z Ordinary shares of 2 and 7/9ths pence each	4,635	4,635	-
	269,453	269,453	264,818

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

AI Perform Holdings LLP, a portfolio company of Access Industries, holds all of the 'A' shares, which represent approximately 85.93% of the equity share capital of the Company.

'M' shares are held by members of management, its employees and other shareholders, who represent approximately 12.35% of the equity share capital of the Company.

On 20 September 2016, a private investor made an investment of £35.0 million in the capital of the Company in exchange for the issuance of 4,634,502 of a new class of 'Z' ordinary shares in the capital of the Company, which comprises 1.72% of the share capital of the Company upon completion of the investment.

A', 'M' and 'Z' shareholders have equal voting rights.

The Group also has two classes of non-voting shares being 'I' shares, which are held by certain members of its senior management, and deferred shares. The 'I' shares and deferred shares comprise a *de minimis* amount of our total share capital, both individually and in aggregate.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 30 JUNE 2017 (UNAUDITED)

7. Deferred consideration and associated acquisition-related liabilities

The acquisition-related deferred consideration was settled in the second quarter 2016. As such there is £nil deferred consideration as at 30 June 2017. The following tables show the 2016 acquisition-related deferred consideration recorded in the 2016 financial statements for comparative purposes:

	At 1 January 2016 £'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 2016 £'000	Due in < 1 year £'000	Due after > 1 year £'000
Mackolik	28,461	154	1,644	-	(30,202)	(57)	-	-	-
Voetbalzone	3,086	-	97	-	(3,391)	208	-	-	-
	31,547	154	1,741	-	(33,593)	151	-	-	-

	At 1 January 2016 £'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 30 June 2016 £'000	Due in < 1 year £'000	Due after > 1 year £'000
Mackolik	28,461	154	1,644	-	(30,202)	(57)	-	-	-
Voetbalzone	3,086	-	97	-	(3,391)	208	-	-	-
	31,547	154	1,741	-	(33,593)	151	-	-	-

8. 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 based on publicly available information from outside sources or based on discounted cash flow models where appropriate.

The Group holds senior secured notes and RCF (refer to note 6 for further details) categorised as Level 1. 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 £168.1 million (Q2 2016: £165.9 million, Q4 2016: £167.0 million) and a fair value of £183.5 million (Q2 2016: £158.8 million, Q4 2016: £176.2 million) as at 30 June 2017.

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.

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9. Financial instruments fair value disclosure (continued)

The Group held Level 3 instruments during the prior year related to acquisition-related financial liabilities. Fair values have been derived by discounting the estimated future cash flows. The table below is a reconciliation of the acquisition-related financial liabilities measurements for the year ended 31 December 2016:

	2016 £'000
1 January	31,547
Re-measured	154
Unwind of discount	1,741
Payment	(33,593)
Foreign exchange	151
31 December	-

In connection with the Shareholder Loan received from AI International S.á.r.l, as described further in note 5, the Company granted its immediate parent company, AI Perform Holdings LLP, an option to convert the loan to equity, subject to certain conditions. The option to convert to equity feature meets the definition of a derivative over own equity, a Level 3 financial instrument. Derivatives embedded in other financial instruments are carried on the balance sheet at fair value from the inception of the host contract. The Group has accounted for the initial fair value of the derivative as a current liability, with a corresponding debit being recording in equity, within the profit and loss reserve account. Any subsequent revaluation of the derivative liability will be recorded through the profit and loss account.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of a derivative is calculated by discounting the maximum derivative value by a return on equity discount factor. The table below is a reconciliation of the derivatives over own equity measurements for the period ended 30 June 2017:

	2017 £'000	2016 £'000
1 January	8,000	-
Issuance of derivative liability	16,000	-
30 June	24,000	-

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10. Long-term incentive schemes

A total charge relating to the Group's long-term incentive schemes of £3.2 million (Q2 2016: £2.8 million) has been included in the income statement for the six months ended 30 June 2017 and a charge of £1.6 million (Q2 2016: £1.5 million) for the three months ended 30 June 2017.

In order to ensure appropriate retention following the takeover in October 2014 by Access Industries, it was agreed, with regards to the 2013 and 2014 performance share plans, that the Group will make cash payments equal to the difference between what the award holders received on vesting of their awards (with reference to the £2.60 price paid per share by Access), and what would have been 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 and 83% of the 2014 awards were converted into replacement cash awards. These cash awards would become payable, 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 was to be determined by the level of business performance against revenue and Adjusted EBITDA targets. The total value of these awards at inception was calculated as £7.3 million and this has been recognised over the vesting period, the total of which ended in Q1 2017. As such, charges have been recognised in respect of these cash replacement schemes of £0.4 million for the six months ended 30 June 2017 (Q2 2016: £1.5 million) and £nil for the three months ended 30 June 2017 (Q2 2016: £0.7 million).

Furthermore, the Group put in place long-term cash-based schemes in April 2015, April 2016 and April 2017 that will vest in April 2018, April 2019 and April 2020 respectively. The amount of the payment will be determined by the level of business performance against revenue and Adjusted EBITDA targets over a three year period and the cost of each scheme will be spread over the vesting period. As such, charges have been recognised in respect of these schemes of £2.8 million in the six months ended 30 June 2017 (Q2 2016: £1.3 million) and £1.6 million in three months ended 30 June 2017 (Q2 2016: £0.8 million).

11. Contingent liabilities

There were no contingent liabilities at 30 June 2017 (Q2 2016: £nil, Q4 2016: £nil).

12. Related parties

Refer to note 5 for details related to the Shareholder Loan for transactions with the Group's principal shareholder, during and subsequent to the reporting period.

There are no additional related party transactions to disclose.

13. Post balance sheet events

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

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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14. 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 three and six months ended 30 June 2017 is set out in the following tables.

Income Statement	6 months to 30 June 2017			
	Restricted Group £'000	Unrestricted Group £'000	Elimination £'000	Total Group £'000
Revenue	156,471	28,827	(12,925)	172,373
Cost of sales	(84,746)	(51,203)	12,925	(123,024)
Gross profit/(loss)	71,725	(22,376)	-	49,349
Administrative expenses	(79,354)	(62,046)	208	(141,192)
Group operating loss	(7,629)	(84,422)	208	(91,843)
Finance income	7,589	32	(7,362)	259
Finance costs	(9,372)	(14,878)	7,362	(16,888)
Group loss before tax	(9,412)	(99,268)	208	(108,472)
Taxation charge	(713)	(1,309)	-	(2,022)
Group loss after tax	(10,125)	(100,577)	208	(110,494)
Adjusted EBITDA	20,251	(79,172)	-	(58,921)
Exceptional items	(12,148)	-	-	(12,148)
Long-term incentive schemes	(2,332)	(819)	-	(3,151)
EBITDA	5,771	(79,991)	-	(74,220)
Amortisation and depreciation	(10,060)	(4,431)	208	(14,283)
Acquisition-related amortisation	(3,340)	-	-	(3,340)
Group operating loss	(7,629)	(84,422)	208	(91,843)

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14. Disaggregation of the Restricted and Unrestricted groups (continued)

Income Statement	6 months to 30 June 2016			Total Group £'000
	Restricted Group £'000	Unrestricted Group £'000	Elimination £'000	
Revenue	136,333	-	(5,000)	131,333
Cost of sales	(76,958)	(7,311)	5,000	(79,269)
Gross profit/(loss)	59,375	(7,311)	-	52,064
Administrative expenses	(52,087)	(7,935)	-	(60,022)
Group operating profit/(loss)	7,288	(15,246)	-	(7,958)
Finance income	4,716	56	(4,568)	204
Finance costs	(9,882)	(4,573)	4,568	(9,887)
Group profit/(loss) before tax	2,122	(19,763)	-	(17,641)
Taxation charge	(4,265)	(1,373)	-	(5,638)
Group loss after tax	(2,143)	(21,136)	-	(23,279)
Adjusted EBITDA	20,668	(14,409)	-	6,259
Exceptional items	(1,351)	-	-	(1,351)
Long-term incentive payments	(2,516)	(297)	-	(2,813)
EBITDA	16,801	(14,706)	-	2,095
Amortisation and depreciation	(7,771)	(540)	-	(8,311)
Acquisition-related amortisation	(1,742)	-	-	(1,742)
Group operating profit/(loss)	7,288	(15,246)	-	(7,958)

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14. Disaggregation of the Restricted and Unrestricted groups (continued)

Income Statement	3 months to 30 June 2017			
	Restricted Group £'000	Unrestricted Group £'000	Elimination £'000	Total Group £'000
Revenue	80,755	19,275	(6,811)	93,219
Cost of sales	(40,674)	(31,911)	6,811	(65,774)
Gross profit/(loss)	40,081	(12,636)	-	27,445
Administrative expenses	(45,584)	(28,776)	208	(74,152)
Group operating loss	(5,503)	(41,412)	208	(46,707)
Finance income	3,789	20	(3,681)	128
Finance costs	(4,615)	(8,535)	3,681	(9,469)
Group loss before tax	(6,329)	(49,927)	208	(56,048)
Taxation charge	(223)	(1,091)	-	(1,314)
Group loss after tax	(5,552)	(51,018)	208	(57,362)
Adjusted EBITDA	14,366	(38,526)	-	(24,160)
Exceptional items	(12,082)	-	-	(12,082)
Long-term incentive payments	(1,173)	(410)	-	(1,583)
EBITDA	1,111	(38,936)	-	(37,825)
Amortisation and depreciation	(4,951)	(2,476)	208	(7,219)
Acquisition-related amortisation	(1,663)	-	-	(1,663)
Group operating loss	(5,503)	(41,412)	208	(46,707)

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14. Disaggregation of the Restricted and Unrestricted groups (continued)

Income Statement	3 months to 30 June 2016			Total Group £'000
	Restricted Group £'000	Unrestricted Group £'000	Elimination £'000	
Revenue	69,694	-	(2,500)	67,194
Cost of sales	(37,040)	(4,028)	2,500	(38,568)
Gross profit/(loss)	32,654	(4,028)	-	28,626
Administrative expenses	(22,452)	(4,932)	-	(27,384)
Group operating profit/(loss)	10,202	(8,960)	-	1,242
Finance income	2,402	24	(2,335)	91
Finance costs	(5,270)	(2,337)	2,335	(5,272)
Group profit/(loss) before tax	7,334	(11,273)	-	(3,939)
Taxation charge	(4,348)	(1,373)	-	(5,721)
Group profit/(loss) after tax	2,986	(12,646)	-	(9,660)
Adjusted EBITDA	13,987	(8,405)	-	5,581
Exceptional items	1,545	-	-	1,545
Share-based payments	(1,322)	159	-	(1,481)
EBITDA	14,210	(8,564)	-	5,642
Amortisation and depreciation	(3,936)	(396)	-	(4,332)
Acquisition-related amortisation	(72)	-	-	(72)
Group operating profit/(loss)	10,202	(8,960)	-	1,242

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14. Disaggregation of the Restricted and Unrestricted groups (continued)

Balance Sheet	As at 30 June 2017			
	Restricted Group £'000	Unrestricted Group £'000	Elimination £'000	Total Group £'000
Non-current assets				
Goodwill	210,519	-	-	210,519
Acquisition intangibles	50,780	-	-	50,780
Other intangible assets	23,009	16,382	(542)	38,849
Property, plant and equipment	15,372	16,736	-	32,108
Loan to Unrestricted Group	174,578	-	(174,578)	-
Deferred tax asset	5,838	29	-	5,867
	480,096	33,147	(175,120)	338,123
Current assets				
Trade and other receivables	42,336	8,586	-	50,922
Prepayments	78,902	181,608	-	260,510
Cash and cash equivalents	28,674	108,354	-	137,028
	149,912	298,548	-	448,460
Total assets	630,008	331,695	(175,120)	786,583
Current liabilities				
Trade and other payables	(101,501)	(34,056)	-	(135,557)
Derivative liability	(24,000)	-	-	(24,000)
Current borrowings	(1,959)	(308,636)	-	(310,595)
Current tax liabilities	(1,155)	(237)	-	(1,392)
	(128,615)	(342,929)	-	(471,544)
Net current assets/(liabilities)	21,297	(44,381)	-	(23,084)
Non-current liabilities				
Non-current borrowings	(207,946)	-	-	(207,946)
Payable to Restricted Group	-	(174,578)	174,578	-
Deferred tax liability	(9,826)	-	-	(9,826)
	(217,772)	(174,578)	174,578	(217,772)
Total liabilities	(346,387)	(517,507)	174,578	(689,316)
Net assets/(liabilities)	283,621	(185,812)	(542)	97,267
Equity				
Called up share capital	7,485	-	-	7,485
Share premium	102,310	-	-	102,310
Merger relief reserve	93,533	-	-	93,533
Capital redemption reserve	38,342	-	-	38,342
Retained earnings	37,843	(187,039)	(542)	(149,738)
Foreign exchange reserve	4,798	1,227	-	6,025
Equity attributable to owners of the Parent	284,311	(185,812)	(542)	97,957
Non-controlling interest	(690)	-	-	(690)
Total equity	283,621	(185,812)	(542)	97,267

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14. Disaggregation of the Restricted and Unrestricted groups (continued)

Balance Sheet	As at 31 December 2016			
	Restricted Group £'000	Unrestricted Group £'000	Elimination £'000	Total Group £'000
Non-current assets				
Goodwill	203,243	-	-	203,243
Acquisition intangibles	54,277	-	-	54,277
Other intangible assets	22,725	12,047	(750)	34,022
Property, plant and equipment	16,449	7,474	-	23,923
Loan to Unrestricted Group	167,215	-	(167,215)	-
Deferred tax asset	5,838	29	-	5,867
	469,747	19,550	(167,965)	321,332
Current assets				
Trade and other receivables	46,348	2,062	-	48,410
Prepayments	65,780	91,892	-	157,672
Cash and cash equivalents	31,489	103,391	-	134,880
	143,617	197,345	-	340,962
Total assets	613,364	216,895	(167,965)	662,294
Current liabilities				
Trade and other payables	(91,907)	(32,395)	-	(124,302)
Derivative liabilities	(8,000)	-	-	(8,000)
Current borrowings	(1,943)	(101,666)	-	(103,609)
Current tax liabilities	(3,909)	82	-	(3,827)
	(105,759)	(133,979)	-	(239,738)
Net current assets	37,858	63,366	-	101,224
Non-current liabilities				
Non-current borrowings	(192,817)	-	-	(192,817)
Payable to Restricted Group	-	(167,215)	167,215	-
Deferred tax liability	(10,508)	(0)	-	(10,508)
	(203,325)	(167,215)	167,215	(203,325)
Total liabilities	(309,084)	(301,194)	167,215	(443,063)
Net assets	304,280	(84,299)	(750)	219,231
Equity				
Called up share capital	7,485	-	-	7,485
Share premium	102,310	-	-	102,310
Merger relief reserve	93,533	-	-	93,533
Capital redemption reserve	38,342	-	-	38,342
Retained earnings	63,888	(86,459)	(750)	(23,321)
Foreign exchange reserve	(665)	2,160	-	1,495
Other reserve	-	-	-	-
Equity attributable to owners of the Parent	304,893	(84,299)	(750)	219,844
Non-controlling interest	(613)	-	-	(613)
Total equity	304,280	(84,299)	(750)	219,231

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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14. Disaggregation of the Restricted and Unrestricted groups (continued)

Balance Sheet	As at 30 June 2016			
	Restricted Group £'000	Unrestricted Group £'000	Elimination £'000	Total Group £'000
Non-current assets				
Goodwill	197,952	-	-	197,952
Acquisition intangibles	55,395	-	-	55,395
Other intangible assets	24,038	7,809	(750)	31,097
Property, plant and equipment	15,510	5,855	-	21,365
Loan to Unrestricted Group	125,684	-	(125,684)	-
Deferred tax asset	7,487	-	-	7,487
	426,066	13,664	(126,434)	313,296
Current assets				
Trade and other receivables	34,725	2,330	-	37,055
Prepayments	45,114	49,701	-	94,815
Cash and cash equivalents	39,385	35,345	-	74,730
	119,224	87,376	-	206,600
Total assets	545,290	101,040	(126,434)	519,896
Current liabilities				
Trade and other payables	(67,821)	(2,103)	-	(69,924)
Current borrowings	(1,859)	-	-	(1,859)
Current tax liabilities	(3,966)	-	-	(3,966)
	(73,646)	(2,103)	-	(75,749)
Net current assets	45,578	85,273	-	130,851
Non-current liabilities				
Non-current borrowings	(191,157)	-	-	(191,157)
Payable to Restricted Group	-	(125,684)	125,684	-
Deferred tax liability	(11,450)	-	-	(11,450)
	(202,607)	(125,684)	125,684	(202,607)
Total liabilities	(276,253)	(127,787)	125,684	(278,356)
Net assets/(liabilities)	269,037	(26,747)	(750)	241,540
Equity				
Called up share capital	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	67,406	(26,703)	(750)	39,953
Foreign exchange reserve	(5,478)	(44)	-	(5,522)
Equity attributable to owners of the Parent				
	269,482	(26,747)	(750)	241,985
Non-controlling interest	(445)	-	-	(445)
Total equity	269,037	(26,747)	(750)	241,540

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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14. Disaggregation of the Restricted and Unrestricted groups (continued)

Cash Flows	6 months to 30 June 2017			
	Restricted Group £'000	Unrestricted Group £'000	Elimination £'000	Total Group £'000
Operating activities				
Group operating loss	(7,629)	(84,422)	208	(91,843)
Increase in trade and other receivables	(11,111)	(96,239)	-	(107,350)
Decrease/(increase) in trade and other payables	831	(77)	-	754
Depreciation and amortisation (including acquisition-related amortisation)	13,400	4,431	(208)	17,623
Employee long term incentive schemes	2,332	819	-	3,151
Exceptional items	12,148	-	-	12,148
Long-term incentive payments	(4,500)	(829)	-	(5,329)
Corporation tax payments	(4,126)	(986)	-	(5,112)
Cash inflow/(outflow) from operating activities (prior to exceptional items)	1,345	(177,303)	-	(175,958)
Payments in respect of exceptional items	(625)	-	-	(625)
Cash inflow/(outflow) operating activities (after exceptional items)	720	(177,303)	-	(176,583)
Investing activities				
Purchases of property, plant and equipment	(3,643)	(7,433)	-	(11,076)
Purchases of intangible assets	(5,567)	(9,352)	-	(14,919)
Finance income	227	32	-	259
Cash outflow from investing activities	(8,983)	(16,753)	-	(25,736)
Financing activities				
Borrowings (net of bank fees and costs)	14,000	200,000	-	214,000
Interest, bank fees and related charges	(8,090)	(514)	-	(8,604)
Cash inflow from financing activities	5,910	199,486	-	205,396
Net (decrease)/increase in cash and cash equivalents in the period (all continuing operations)	(2,353)	5,430	-	3,077
Cash and cash equivalents at start of period	31,489	103,391	-	134,880
Effect of foreign currency exchange rates	(462)	(467)	-	(929)
Cash and cash equivalents at end of period	28,674	108,354	-	137,028

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 JUNE 2017 (UNAUDITED)**

14. Disaggregation of the Restricted and Unrestricted groups (continued)

Cash Flows	6 months to 30 June 2016			Total Group £'000
	Restricted Group £'000	Unrestricted Group £'000	Elimination £'000	
Operating activities				
Group operating profit/(loss)	7,288	(15,246)	-	(7,958)
Decrease/(Increase) in trade and other receivables	3,977	(35,662)	-	(31,685)
Increase in trade and other payables	10,096	453	-	10,549
Depreciation and amortisation (including acquisition intangible amortisation)	9,513	540	-	10,053
Employee share-based payment	2,516	297	-	2,813
Exceptional items	1,351	-	-	1,351
Long-term incentive payments	(834)	-	-	(834)
Corporation tax payments	(3,169)	-	-	(3,169)
Cash inflow/(outflow) from operating activities (prior to exceptional items)	30,738	(49,618)	-	(18,880)
Payments in respect of exceptional items	(740)	-	-	(740)
Cash inflow/(outflow) operating activities (after exceptional items)	29,998	(49,618)	-	(19,620)
Investing activities				
Purchases of property, plant and equipment	(4,622)	(6,352)	-	(10,974)
Purchases of intangible assets	(6,827)	(4,127)	-	(10,954)
Acquisition of subsidiaries (net of cash acquired)	(3,391)	-	-	(3,391)
Finance income	113	18	-	131
Cash outflow from investing activities	(14,727)	(10,461)	-	(25,188)
Financing activities				
Dividend paid to non-controlling interests	(2,247)	-	-	(2,247)
Acquisition of non-controlling interests	(27,956)	-	-	(27,956)
Borrowings (net of bank fees and costs)	26,000	-	-	26,000
Loan to Unrestricted Group	(26,000)	26,000	-	-
Interest, bank fees and related charges	(8,820)	-	-	(8,820)
Cash (outflow)/inflow from financing activities	(39,023)	26,000	-	(13,023)
Net decrease in cash and cash equivalents in the period (all continuing operations)	(23,752)	(34,079)	-	(57,831)
Cash and cash equivalents at start of period	61,080	68,469	-	129,549
Effect of foreign currency exchange rates	2,057	955	-	3,012
Cash and cash equivalents at end of period	39,385	35,345	-	74,730

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 JUNE 2017 (UNAUDITED)**

14. Disaggregation of the Restricted and Unrestricted groups (continued)

Cash Flows	3 months to 30 June 2017			
	Restricted Group £'000	Unrestricted Group £'000	Elimination £'000	Total Group £'000
Operating activities				
Group operating loss	(5,503)	(41,412)	208	(46,707)
Increase in trade and other receivables	1,486	(39,089)	-	(37,603)
Increase in trade and other payables	(11,800)	(12,667)	-	(24,467)
Depreciation and amortisation (including acquisition-related amortisation)	6,614	2,476	(208)	8,882
Employee long term incentive schemes	1,173	410	-	1,583
Exceptional items	12,082	-	-	12,082
Long-term incentive payments	(4,500)	(829)	-	(5,329)
Corporation tax payments	(2,627)	(373)	-	(3,000)
Cash outflow from operating activities (prior to exceptional items)	(3,075)	(91,484)	-	(94,576)
Payments in respect of exceptional items	(625)	-	-	(625)
Cash outflow operating activities (after exceptional items)	(3,700)	(91,484)	-	(95,201)
Investing activities				
Purchases of property, plant and equipment	(884)	(4,941)	-	(5,825)
Purchases of intangible assets	(2,871)	(5,408)	-	(8,279)
Finance income	108	20	-	128
Cash outflow from investing activities	(3,647)	(10,329)	-	(13,976)
Financing activities				
Borrowings (net of bank fees and costs)	14,000	150,000	-	164,000
Interest, bank fees and related charges	(7,733)	(514)	-	(8,247)
Cash inflow from financing activities	6,267	149,486	-	155,753
Net (decrease)/increase in cash and cash equivalents in the period (all continuing operations)	(1,080)	47,656	-	46,576
Cash and cash equivalents at start of period	30,143	61,984	-	92,126
Effect of foreign currency exchange rates	(389)	(1,285)	-	(1,674)
Cash and cash equivalents at end of period	28,674	108,355	-	137,028

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 JUNE 2017 (UNAUDITED)**

14. Disaggregation of the Restricted and Unrestricted groups (continued)

Cash Flows	3 months to 30 June 2016			
	Restricted Group £'000	Unrestricted Group £'000	Elimination £'000	Total Group £'000
Operating activities				
Group operating profit/(loss)	10,202	(8,960)	-	1,242
Decrease/(Increase) in trade and other receivables	4,313	(14,439)	-	(10,126)
(Decrease)/increase in trade and other payables	(5,541)	(703)	-	(6,244)
Depreciation and amortisation (including acquisition intangible amortisation)	4,008	396	-	4,404
Employee share-based payment	1,322	159	-	1,481
Exceptional items	(1,545)	-	-	(1,545)
Long-term incentive payments	(834)	-	-	(834)
Corporation tax payments	(903)	-	-	(903)
Cash inflow/(outflow) from operating activities (prior to exceptional items)	11,022	(23,547)	-	(12,525)
Payments in respect of exceptional items	(318)	-	-	(318)
Cash inflow/(outflow) operating activities (after exceptional items)	10,704	(23,547)	-	(12,843)
Investing activities				
Purchases of property, plant and equipment	(2,063)	(2,081)	-	(4,144)
Purchases of intangible assets	(4,095)	(3,349)	-	(7,444)
Acquisition of subsidiaries (net of cash acquired)	(3,391)	-	-	(3,391)
Investment income	-	18	-	18
Cash outflow from investing activities	(9,549)	(5,412)	-	(14,961)
Financing activities				
Dividend paid to non-controlling interests	(2,247)	-	-	(2,247)
Acquisition of non-controlling interests	(27,956)	-	-	(27,956)
Borrowings (net of bank fees and costs)	26,000	-	-	26,000
Loan to Unrestricted Group	(26,000)	26,000	-	-
Borrowings capital repayments	-	-	-	-
Exceptional finance exchange loss on existing debt facility	-	-	-	-
Interest, bank fees and related charges	(8,167)	-	-	(8,167)
Cash (outflow)/inflow from financing activities	(38,370)	26,000	-	(12,370)
Net increase/(decrease) in cash and cash equivalents in the period (all continuing operations)				
	(37,215)	(2,959)	-	(40,174)
Cash and cash equivalents at start of period	75,540	37,349	-	112,889
Effect of foreign currency exchange rates	1,060	955	-	2,015
Cash and cash equivalents at end of period	39,385	35,345	-	74,730